







# **CEO INTRODUCTION**

It is my delight to be leading a passionate team who strives to deliver great outcomes for our clients, by connecting employers and employees of Australia's black coal mining industry, with their long service leave entitlements.

This 2019-20 Corporate Plan sets out our commitment and priorities for the next four years, and the results to which we are accountable to deliver.

Our goals remain unchanged. As we progress and mature as a contemporary, solutions-based operation, we remain committed to the strategic objectives we set following our change in business model in 2017.

The foundations we laid at the beginning are now enabling us to move into our implementation phase with clarity and focus. The four pillars guiding the transformation of our operations; seamless interactions, trusted educator, investment excellence, and innovative operations are underpinned by our overarching commitment to our team, outlined through our workforce strategy. It is rewarding to lead the team through change to deliver the value to the industry that we promised. That promise is to provide a portable long service leave scheme, that is easy to do business with, continuously improving through innovation and engagement, delivering on our roles of regulator, educator and administrator. All, whilst ensuring the investment portfolio is protected, secured, and generating returns in line with our investment objectives.

Heading into our third year of significant change, resilience and patience are words that describe our organisation well. At the forefront of our decisions and strategy is our commitment to sustainable change and change management, for our workforce, clients and stakeholders. As our business evolves and our focus shifts to delivery and implementation, we are ensuring our initiatives are carefully planned for, resourced and communicated. Through business intelligence tools we are accountable to ensuring our initiatives are successfully embedded and our benefits are realised in line with our objectives.

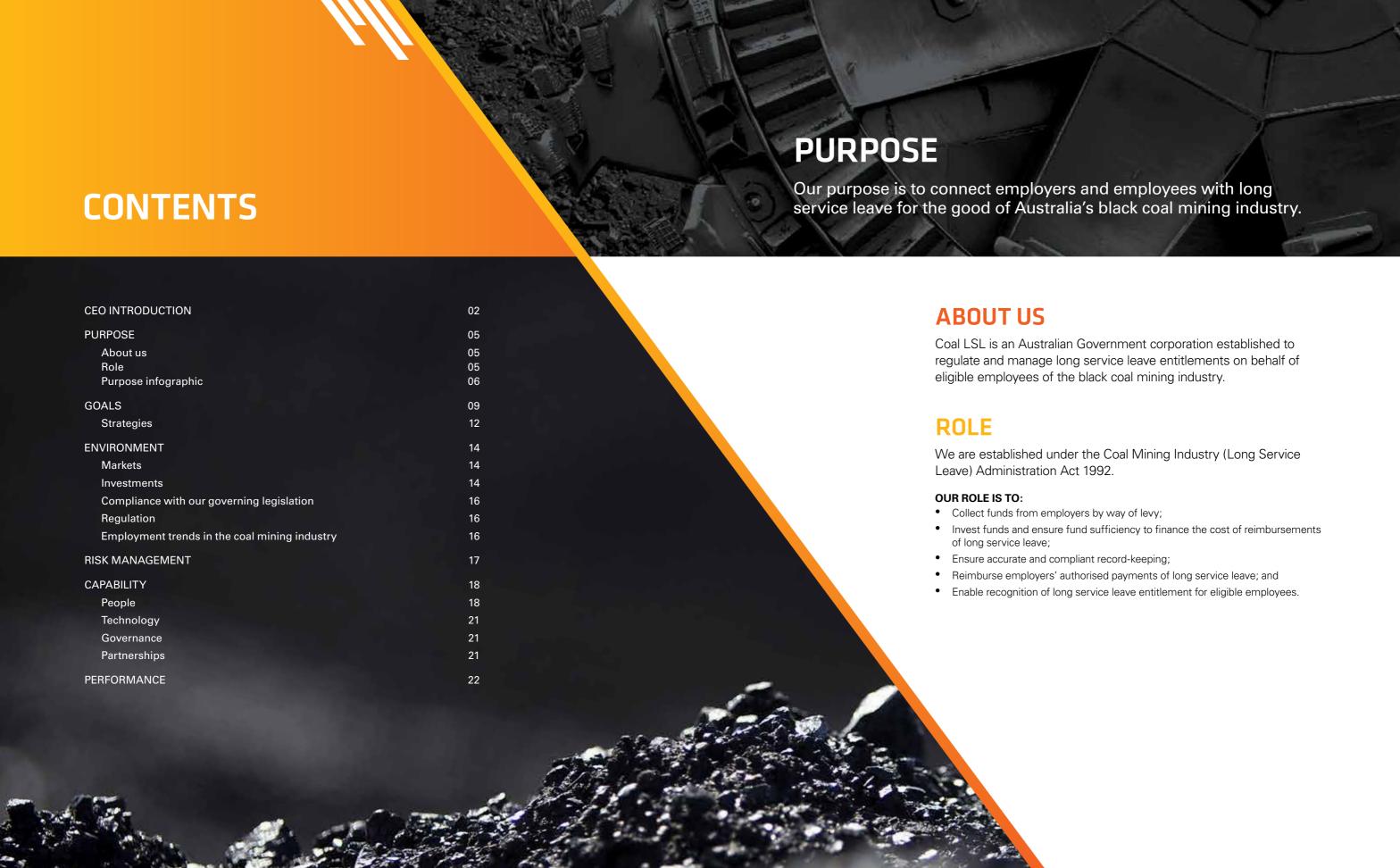
Our stakeholders are important to us; as the trusted educator and industry partner we have a desire to lead by progressing with new education programs on our scheme, helping the industry better understand our legislation, their obligations and their entitlements that are held by us. We are the experts of our legislation and its mechanics, and we aim to continue to break down the myths of the scheme through further simplified communication channels.

We understand the importance of our scheme, nearing a 70-year birthday since its inception in 1949. A valued asset to all parties, managed with good corporate governance, ensuring longevity and sustainability well into the future.

I am pleased to present the Coal LSL Corporate Plan 2019-20 (the Corporate Plan).

Darlene Perks Chief Executive Officer

# STATEMENT OF PREPARATION AND COVERAGE PERIOD We, the Board, as the accountable authority of the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL), are pleased to present the 2019 Corporate Plan, which covers the periods 2019-20 to 2022-23, as required under paragraph 35(1)(b) of the Public Governance, Performance and Accountability Act 2013. CORPORATE PLAN 2019/20







### **PURPOSE**

Our purpose is to connect employers and employees with long service leave for the good of Australia's black coal mining industry.

### RISK MANAGEMENT

Our approach assesses business objectives and the associated inputs – such as processes, people, technology and knowledge – to identify and manage uncertainties and limitations.

### STRATEGIC GOALS

The four pillars guiding our transformation to deliver on our purpose.



Delivering a seamless and user-friendly experience for our clients



TRUSTED EDUCATOR

Delivering on our role as experts and regulator of our scheme



EXCELLENCE

Delivering financial sustainability of the Fund



INNOVATIVE OPERATIONS

Delivering operations effectively and consistently by focusing on continuous improvement

### ENVIRONMENT

The factors
outside
our control
requiring
consideration
to ensure our
decisions and
strategies
remain relevant.

### **CAPABILITY**

The ability to achieve our strategy is underpinned by our core capabilities. How we manage, utilise and mature those capabilities will continue to impact our delivery, growth and capacity to continuously improve.





### **SEAMLESS INTERACTIONS**

#### WE ARE EASY TO DO BUSINESS WITH

It is important for our clients to have simple, streamlined and consistent interactions with us. We want working with Coal LSL to be a seamless and user-friendly experience that gives people the information they need through timely, practical transactions – whatever form they take.

To this end, we continue to focus on implementing systems to help us achieve this. We are committed to deliver an enhanced service model that provides ready access to client information.

We are creating systems to proactively keep clients informed with updates, news and relevant changes. This includes new self-service options and integrated systems. We are focused on delivering a variety of quick and easy ways to transact with us through multi-channels. However, consistency across the various delivery methods is a must and remains an important consideration for us.

We are focusing on creating value in our services and, wherever possible, customising services according to client needs. Underpinning these objectives is the creation of a sustainable relationship model focused on building and maximising relationships. The insights gained from our relationships will enable us to continually refine and polish the entire client experience.



#### TRUSTED EDUCATOR

### WE ENGAGE AND SHARE OUR KNOWLEDGE AS A RESPECTED REGULATOR

As our business transformation continues we will continue to strengthen and build our role as a regulator, engaging strategically with our stakeholders.

Building relationships with our stakeholders is vital to the success of our business. We have worked hard to improve in this area, enabling us to deliver a deeper awareness and understanding of the scheme and its fundamental value to the industry. These relationships are imperative and will stand us in good stead as we enhance our role as the regulator and consolidate our stance on non-compliance.

We are working to further mature our compliance framework. With a proactive approach, this framework will see us continue to engage constructively and meaningfully with clients to help them understand their obligations and entitlements.



### **INVESTMENT EXCELLENCE**

# WE INVEST FUNDS TRANSPARENTLY FOR LEVY STABILITY AND FUNDING ADEQUACY

Our corporate objective is to maintain a surplus in the Fund of 115% (+/-5%).

Our investment strategy is calibrated based on the Fund's investment and corporate objectives. This translates into our four investment objectives as follows:

- To maximise the long-term investment return, subject to maintaining adequate return driver diversification, portfolio liquidity and the risk constraints stated below (objectives 3 and 4);
- 2. To obtain a net return from investment that exceeds inflation, as measured by the Consumer Price Index, by at least 3% per annum over rolling eight-year periods;
- 3. To limit the probability of an annual loss to no more than one in four years on average; and
- 4. To limit the expected return in very poor years to no worse than -12% per annum.

We embed our investment objectives in the strategic asset allocation for the Fund, which we review annually to ensure it remains suitable.



### **INNOVATIVE OPERATIONS**

# WE WILL IMPROVE OUR SERVICE DELIVERY BY PURSUING OPERATIONAL EXCELLENCE

Our commitment to continually improve what we do and strengthen our role as a contemporary, relevant business will see us drive operational excellence. Streamlining our processes and reducing the need for constant manual interventions remains a strong motivation for us to continually improve.

We will continue to identify ways we can innovate and respond rapidly to changing business needs, client expectations and future digital initiatives. Using data and analytics to inform our decisions, we will further capitalise on our enhanced internal capability in this area to identify where we can automate sustainable, consistent processes to give us the flexibility of moving resources into value-add services.

Our pursuit for excellence and continual improvement means investing in the development and implementation of core business frameworks. Delivering consistent processes and experiences is a key focus. It also means investment in our organisational change capability. The ability for our workforce to identify, adopt and embed change is critical to ensure we realise the benefits and outcomes we require.

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# BUILDING A COMMITTED WORKFORCE WITH CUSTOM CAPABILITY

A high-performance culture focused on continuous learning and improvement will enable us to build competency, foster a culture of shared values and commitment and to attract, engage and retain a capable and motivated team.

We remain focused on four key areas: health and wellbeing, capability development, leadership and sustainability.

It's also important our workforce is not only flexible, but also widely respected for its industry expertise and service. We will achieve this by purposefully building agility and channelling the right skills and people in the appropriate area of the business as needed.

# ENGAGING WITH OUR STAKEHOLDERS POSITIVELY AND MEANINGFULLY

Our strategy centres on building and expanding our relationships with stakeholders. Quality engagement is vital to the overall success of our business, and refining and building strength in these connections remains a strategic priority.

Positive, meaningful and informed engagement allows for a deeper awareness and understanding of our scheme and the fundamental value it provides to the industry. We will continue to refine and build strength in our connections.

Where we can, we will share our valuable industry insights in simple, accessible ways that are meaningful to our stakeholders.

# EDUCATING CLIENTS ON THEIR OBLIGATIONS AND ENTITLEMENTS

We are focused on embedding our existing education program into a multi-faceted learning framework while continuing to explore new ways of maximising stakeholder participation. Based on participation, this framework will continue to assist us to build stronger connections to the industry. With a focus on providing clarity on our purpose, it will deliver long-term improvements in our overall outcomes.

Our proactive management of employer non-compliance to the scheme has resulted in significant increases in registered employers. This will continue to be an area of attention and remains as our preferred method of engagement.

However, as an industry regulator we need to maintain a multi-faceted approach to compliance to ensure equity across the board and while we have already seen positive results from our proactive, consultative approach to non-registered employers, non-compliance still occurs. As we take a stronger stance on non-compliance, we will also adapt an approach employing enforcement and legal procedures where necessary.

### OPTIMISING OUR SYSTEMS FOR DIGITAL TRANSFORMATION

We are clear on our digital transformation roadmap and we have established the core foundations to enable its delivery. For the past year, we focused on upgrading our core systems and preparing for the implementation of new platforms and these efforts have provided us with a solid basis for transformation.

Our roadmap consists of integrated platforms providing a basis on which we can achieve advances and improvements through new technologies and services. Using system integration will enable us to optimise internal processes and provide a seamless experience for our clients.

Our approach is one of continual improvement and refinement, demonstrating functionality and managing our risks through iterative delivery.

Although we have increased our data capability and are using this intelligence to inform our decisions, we continue to strive for real-time data that will enable us to be proactive, insightful and provide services that are consistently aligned to stakeholder expectations.

## EXCEEDING OUR BUSINESS TARGETS THROUGH OPTIMISED INVESTMENT STRATEGIES

Strong, structured governance is critical for achieving long-term consistent, above-average investment performance.

We are continuing to focus on optimising our investment capability at the Board, Committee and Executive levels. Ongoing Director education, a clear delegation framework, strong internal capabilities, efficient processes and strong relationships with our service providers all combine to position us to deliver investment returns beyond those outlined by our benchmarks.

As part of our processes, we regularly monitor the investment environment. We review our strategic asset allocation at least annually to ensure our investment portfolio is well diversified across asset classes. We also review our manager combinations and the strategies we are invested in to ensure diversification within asset classes.

Our focus for the year ahead includes:

- 1. Ensuring the investment portfolio is as resilient as it can be given the investment environment is likely to be late cycle a period characterised by growing volatility. As the Fund will experience negative operating cash-flow, priority will be given to efficient cash management and downside protection.
- 2. Optimising investment management reporting to ensure it is as succinct and timely as possible to facilitate efficient decision making. The process began last financial year. The reporting framework was reviewed and augmented to include trigger points for when reviews and further actions are required beyond the scheduled reviews. Our reporting framework will continue to evolve this year.

# **ENVIRONMENT**

The environment in which we operate is shaped by shifting social, economic and political trends. It is our responsibility to our stakeholders and clients to remain in tune with this diverse and dynamic environment, and ensure our decisions and strategies remain relevant. Staying nimble and responsive to the individual influences and circumstances forming the context in which we are operating is key to meeting our strategic objectives.

### **MARKETS**

According to the International Energy Agency's (IEA) latest coal market report, Coal 2018, global coal demand is forecast to remain stable over the next five years. Declines in Europe and North America have been offset by strong growth in India and Southeast Asia.

For the second year in a row we have continued to achieve real revenue growth from increased employer registrations. By continuing to concentrate on our proactive approach to compliance and industry education, we predict this trend will continue over the life of this plan.

### **INVESTMENTS**

Maintaining fund sufficiency to meet our future liabilities (the payment of long service leave entitlements) is impacted by the success of our investment strategy.

The investment environment is likely to be late cycle, which can be a challenging environment characterised by increased volatility. Nevertheless, since early 2019, monetary authorities, especially in the US and China, have adopted more accommodative monetary policy settings which should help the global economy regain growth momentum, and in turn, result in improved earnings growth. This may elongate the cycle but it is prudent for a downturn in the longer term to make contingency plans.

It is likely to be challenging for the Fund to generate 6% p.a., which is what the actuary has assumed in the recent actuarial review.

We will focus on developing and enhancing our investment processes to ensure the investment portfolio is well diversified across asset classes, strategies, managers and geographies, and therefore remains in the best possible position to withstand volatile investment markets.



# COMPLIANCE WITH OUR GOVERNING LEGISLATION

Established in 1949, the portable long service leave scheme has had several iterations and legislative amendments over time.

As a result, there has historically been confusion about obligations and entitlements, particularly relating to the application of the legislation, within our broader client base of registered and non-registered employers, and yet to be identified eliqible employees.

Over the past year Coal LSL has worked collaboratively with industry representatives to identify and agree on proposed changes to our enabling legislation. The changes we propose will facilitate clear, consistent and compliant operational processes and business rules. They will ensure the continued relevance of the scheme, provide clarity and ongoing efficiency, as well as effective administration for employers, eligible employees and Coal LSL as an entity.

An Industry Working Party, together with our Board, will recommend the changes for consideration by our Minister and government in 2019.

### **REGULATION**

As a corporate Commonwealth entity, we are bound by government frameworks, which means the regulatory environment in which we operate is highly influenced by the national political environment.

With a recently elected Federal Government in place, we are aware there may be regulatory or policy changes we need to adapt to. We are alert to the possibility and what it may mean for us and, at the same time, we are staying attuned to our ongoing relevance to the black coal mining industry.

In this environment it is paramount we maintain the integrity of our governance framework and ensure it remains current. We do so by continuously dedicating resources and investment in legislative alerts, monitoring and compliance management software.

# EMPLOYMENT TRENDS IN THE COAL MINING INDUSTRY

Changes to the functions and services and how they are being provided to the coal mining industry are a significant factor in understanding the coverage of the scheme and in applying the definition of 'eligible employee'.

Coal mine operators continue with the trend of contracting or outsourcing many functions and services directly connected with the day-to-day operations of a mine. The use of casual and permanent labour hire personnel to perform work alongside the mine operator's own employees remains evident in the current environment.

As the regulator of this scheme, the onus is on us to keep pace and remain at the forefront of industry changes. It is our role to ensure the definition of 'eligible employee' is correctly applied to employees of contractors, outsourced service providers and labour hire firms.



We have integrated risk management seamlessly into our strategic, operational and project deliverables. We believe this culminates in a holistic view on current and emerging risk.

Our approach assesses business objectives and the associated inputs – such as processes, people, technology and knowledge – to identify and manage uncertainties and limitations. Our risk approach:

- Is proactive;
- Allows for focus on risk causation and mitigation;
- Provides a sound framework for accountability and delegation for risk management; and
- Enables the promulgation and escalation of critical risk information.

We are risk-intelligent, adopting a philosophy of learning from our mistakes and wins, and sharing this knowledge. We look for opportunities to improve risk management and internal controls, with regular reports on controls assurance.

Throughout this plan, resources are allocated to manage our risks appropriately. For 2019–20, in the context of this plan, we view our strategic risks as:

- Funding adequacy;
- · Operational efficiency and accuracy;
- Employer compliance;
- Client experience and service;
- Stakeholder management; and
- Organisational culture.

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# **CAPABILITY**

In the past two years our optimised business model has seen us build on the strengths of our people, processes, governance, culture and technology. We are aware that our value draws on how we manage, mature and utilise those capabilities in the years to come so we can continue to grow, innovate and improve outcomes.

The dynamic industry we operate in, and our continued transformation, demands we keep enhancing our capabilities in the coming years. We need to build on our strengths, leverage key learnings and continue to develop.

### **PEOPLE**

At Coal LSL we aspire for a high-performance culture in which everyone understands what is expected of them, is empowered and strives to achieve. We are focused on developing an engaging and inspiring environment with a clear mission to create a strong employee value proposition and help us attract, engage and retain a capable and motivated workforce.

Our Workforce Strategy sets out how we intend to develop our workforce capability over the life of this plan. The strategy sets out our priorities and areas of focus including:

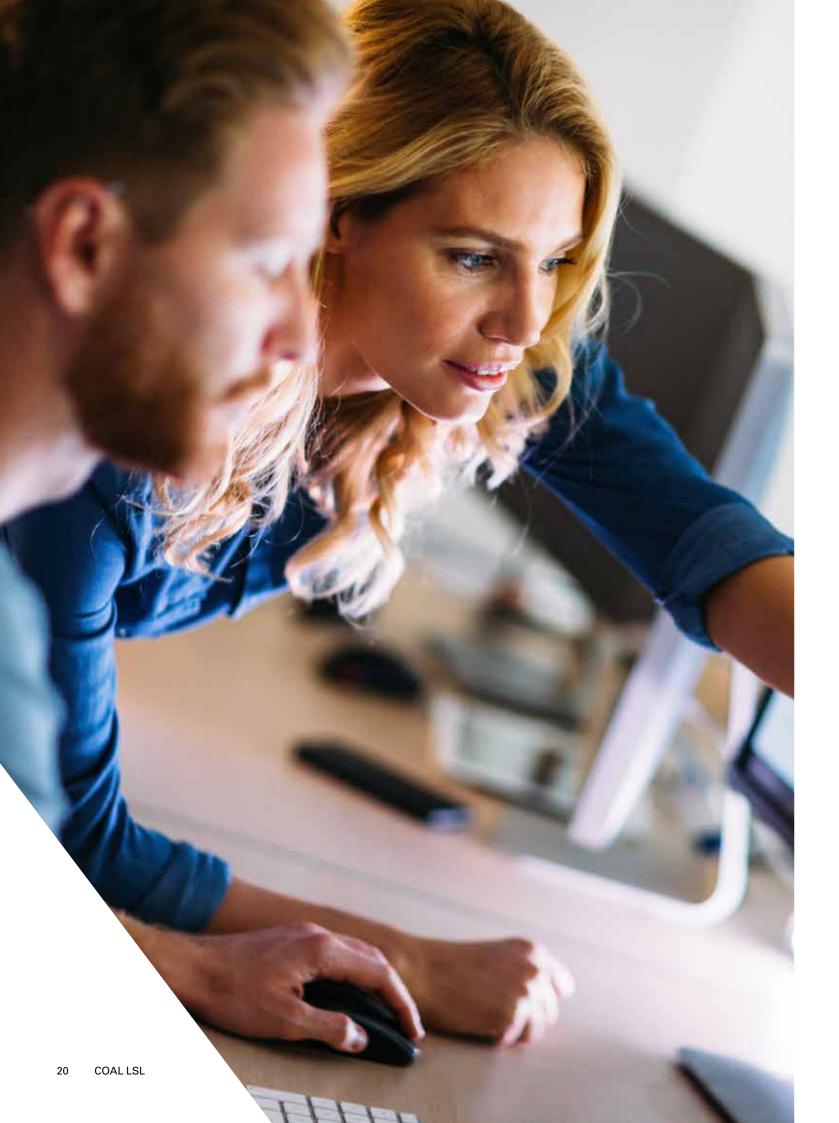
- Health and wellbeing providing our employees with the opportunity to improve their own health by giving them tools and information to make positive choices;
- Capability development ensuring we have the right skills and competencies in the business at the right time, and encouraging continuous learning and improvement;
- Leadership creating a collective leadership model by establishing shared goals, trust and a system that draws upon the appropriately-skilled people, aiming for excellence; and
- Sustainability ensuring the employee frameworks we create today are adaptable and can be enhanced and built upon as workforce trends shift.

We continue to invest in an enhanced in-house capability in specialist skill areas. This year, our focus is on capabilities to deliver an improved client experience. We are investing in more service orientated roles to add value to our client relationships and increasing our skills in areas such as employer compliance and communications.

Investing in our internal change management capability is also a priority. We need our workforce to shift and adapt as our business transforms and we are not leaving this to chance. Building an internal change framework and network to support, mentor and guide our team will enable successful delivery and the embedding of change across our organisation.

Most importantly, our focus on organisational culture remains at the forefront of our decisions. We are investing in a cultural audit, to gain insight of where we are excelling and where there are areas for development. We will demonstrate our values of trust and transparency by sharing the results with our team, and collectively deciding on how we can continue to move forward for the benefit of individuals and the organisation.





### **TECHNOLOGY**

Technology is an essential component of our operational foundations. Through it we provide a common platform for people, processes and systems that support our business goals.

Improving our technology capability and delivering our digital roadmap remains a key focus for the business.

Over the past year, we have focused on enhancing our core systems to improve service delivery and optimise processes. This required an investment in core system upgrades which have resulted in enhanced ability to integrate with other systems and deliver faster system enhancements. These upgrades to our core platforms provide the foundation for our digital transformation.

We are now shifting to investment into improving stakeholder experiences and delivering enhanced, seamlessly integrated digital services. We will focus on enhancing customer interaction and elevating our value proposition.

Our approach to this digital transformation has been one of agility and flexibility. We continue to focus on delivering small changes often, learning from each iteration, and building capability that allows us to respond and adapt to change quickly.

### **GOVERNANCE**

Our effective governance framework is one of our core capabilities. We have embedded our governance practices into all aspects of our business operations. The frameworks enable effective mechanisms to support informed decision making, consistency of processes and reliable reporting.

Our Board of Directors forms a core element of our governance framework. The Board comprises six directors appointed by the Minister with equal representation from employer and employee organisations. Its structure affords it a unique and valuable capability as a reliable conduit to the industry – benefitting from two-way insight and making informed decisions in the best interests of Coal LSL.

### **PARTNERSHIPS**

Our capability is enhanced through the strong relationships we have built with trusted partners who provide specialist services and insights to our business. We draw value from our established network of outsourced providers who know our business and whose professional capabilities we call on when needed to help us deliver on our objectives.

### **PERFORMANCE**



### **SEAMLESS INTERACTIONS**

#### WE MAKE WORKING WITH US EASY

#### **OUTCOMES**

- Enhanced client experience that would be described authentically by clients as 'seamless'.
- Increased digital interactions and services.
- Improved accessibility of information/content.
- More robust relationships with employers.

#### **DELIVERY STRATEGIES**

- Deliver Digital Transformation Strategy to increase digital services options.
- Deliver Stakeholder Engagement Strategy to increase information/content available via multiple channels.
- Deliver Client Strategy to provide a seamless onboarding experience.

#### PERFORMANCE MEASURES

- (i) Client satisfaction positive measure against baseline.
- (ii) Digital services increase in the number and utilisation of self-service options.
- (iii) Information increase access to information (website and other collateral) provided by Coal LSL.

MEASURE		2019–20	2020–21	2021–22	2022–23
(i)	CLIENT SATISFACTION	Improved response from baseline	Improved response from prior year	Improved response from prior year	Improved response from prior year
(ii)	SELF-SERVICE FUNCTIONALITY	Increase in number of options available	Increase in number of options available	Transition to business improvement cycle	_
(ii)	SELF-SERVICE USE	_	Baseline measure	Increase in use	Increase in use
(iii)	WEBSITE USE	Increase in website use	Measured increase in website use	Transition to business improvement cycle	_



### TRUSTED EDUCATOR

# WE ENGAGE AND SHARE OUR KNOWLEDGE AS A RESPECTED REGULATOR

#### **OUTCOMES**

- · Increased awareness of the scheme.
- Improved employer compliance with our legislation.
- Enhanced engagement with clients and stakeholders.

#### **DELIVERY STRATEGIES**

- Deliver multi-channel communication and learning opportunities.
- · Deliver client and stakeholder engagement strategies.
- Introduce a client relationship program.

#### PERFORMANCE MEASURES

- (i) Scheme awareness increase in client awareness measured via:
  - > Brand awareness and recognition.
  - > Applications for eligibility positive measure.
- (ii) Employer compliance increase in employers meeting their obligations:
  - > New employer registrations positive measure.
  - Recovery of back levies positive measure.
- (iii) Client and stakeholder engagement increase in the number of engagement activities.

MEASURE		2019–20	2020–21	2021–22	2022–23
(i)	BRAND RECOGNITION	_	Baseline	Greater than previous year	Greater than previous year
(i)	RECOGNITION OF ELIGIBLE SERVICE Positive measure		Positive measure	Positive measure	Positive measure
(ii)	NEW EMPLOYER REGISTRATIONS	Positive measure	Positive measure	Positive measure	Positive measure
(ii)	RECOVERY OF BACK LEVIES	Positive measure	Positive measure	Positive measure	Positive measure
(iii)	CLIENT AND STAKEHOLDER ENGAGEMENT	Baseline measure	Increase in number of engagement activities	Increase in number of engagement activities	Increase in number of engagement activities

# PERFORMANCE CONTINUED



### **INVESTMENT EXCELLENCE**

# WE INVEST FUNDS TRANSPARENTLY FOR LEVY STABILITY AND FUNDING ADEQUACY

#### **OUTCOMES**

- Achieved performance objectives by delivering long-term consistent, above-average investment performance.
- Sustainable management of the Fund's liabilities through clear focus on the Fund surplus.

#### **DELIVERY STRATEGIES**

- Review and implementation of strategic asset allocation.
- Enhanced monitoring and interactions with investment managers.
- Ongoing review and refinement of investment governance structure.

#### **PERFORMANCE MEASURES**

- (i) Fund surplus.
- (ii) Investment returns against objectives.

MEASURE		2019–20	2020–21	2021–22	2022–23
(i)	FUND	115%	115%	115%	115%
	SURPLUS	(+/-5% Tolerance)	(+/-5% Tolerance)	(+/-5% Tolerance)	(+/-5% Tolerance)
(ii)	INVESTMENT	CPI + 3%	CPI + 3%	CPI + 3%	CPI + 3%
	PORTFOLIO	Over rolling	Over rolling	Over rolling	Over rolling
	RETURN	8-year period	8-year period	8-year period	8-year period



### **INNOVATIVE OPERATIONS**

# WE WILL IMPROVE OUR DELIVERY BY PURSUING OPERATIONAL EXCELLENCE

#### **OUTCOMES**

- · Optimised core business frameworks and systems.
- Increased service while maintaining a relative cost base within benchmarks.
- Delivered effective, consistent, streamlined processes.

#### **DELIVERY STRATEGIES**

- Progress the Workforce Strategy to build organisational capabilities.
- Progress the Digital Transformation strategy to reduce manual interventions.
- Deliver process improvements and cost effectiveness strategies.
- Develop and implement business frameworks to deliver consistent processes.

#### PERFORMANCE MEASURES

- (i) Operational costs within budget.
- (ii) Business frameworks developed.
- (iii) Improvement in service delivery metrics.

MEA	SURE	2019–20	2020–21	2021–22	2022–23
(i)	OPERATIONAL EXPENDITURE	Operational expenditure within approved budget	Operational budget within benchmarks	Operational budget within benchmarks	Operational budget within benchmarks
(ii)	BUSINESS FRAMEWORKS	Develop frameworks	Implement frameworks	Improvement of frameworks	Improvement of frameworks
(iii)	SERVICE DELIVERY – FUND ADMINISTRATION	Reduction in standard processing times	Reduction in standard processing times	Transition to business improvement cycle	_

