

Senate Standing Committee on Education and Employment

Opening Statement

Coal Mining Industry (Long Service Leave Funding) Corporation

(Coal LSL) – Ms Darlene Perks, CEO

24 March 2021

Coal LSL is pleased to appear before the Committee today.

Appearing with me is Mr Peter Kembrey, General Manager Legal.

Coal LSL plays an important role in the Australian coal mining ecosystem, safeguarding portable long service leave benefits for eligible employees in this country's second largest export industry.

The scheme, which now holds records for more than 129,000 employees – 53,000 of them currently working in the industry – gives this workforce the benefit of entitlement portability – something that is not available to many Australian workers.

The actual benefits of this scheme are generous: after reaching eight years qualifying service (with flexibility of allowing for extended break periods), employees can access up to 455 hours of leave – equating to roughly around 13 weeks. This is a benefit that extends equally to the casual workforce as well as full-time employees.

Coal LSL's records tell us more than 75,000 coal workers have moved from employer to employer during their careers. That is, within the Coal LSL scheme more than 75,000 have benefited from the concept of portability and continuity of service during their work lives.

We also know that almost 51,000 eligible employees have reached the eight years qualifying service and have been able to access paid long service leave within the scheme; this includes nearly \$7 million paid by the scheme in the last four years directly to employees whose employers have become insolvent. When you consider the Macquarie University research that tells us that on average, only one in four Australians stay with the same employer long enough

to access traditional long service leave benefits, it's easy to see the significant value Coal LSL brings to this industry.

Last year, during the pandemic, when the working lives of people were disrupted by Covid-19, more than 2.2 million hours of LSL were accessed by coal workers in Australia – and of those, 1.4 million hours were taken by employees while they were still employed. It is evident the scheme helped many coal workers bridge a gap during a period of uncertainty and upheaval.

Coal LSL is a corporate Commonwealth entity and is structured to regulate and manage the Fund. We have been doing so since 1992, superintending a vital industry benefit that was established in 1949 to provide respite to its workers.

Coal LSL currently has close to \$2 billion in funds under management - funds which are held and managed in accordance with the approved Investment Policy.

We operate within several pieces of governing legislation, with the six directors of the Board appointed by the responsible minister.

We are 100% industry funded.

Since insourcing our operations in 2017, we have continued to improve and streamline our processes to better serve both employees and employers. For example, we are currently reviewing our complaints framework.

It has been put to us that some casual employees are being disadvantaged by the scheme.

We are taking this seriously and are currently well into an employer audit program that is being conducted by PwC to ascertain if there is systematic under reporting of casual hours by employers, and if so, how widespread it might be.

If under reporting is found, we will take the appropriate action against those employers.

There is a misconception that Coal LSL operates the same way as a superannuation fund. This is not the case.

Coal LSL collects payroll levies on behalf of the Commonwealth, as defined in the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992*. Employer levies are pooled and used to finance the projected current and future long service leave payments. Importantly, employees' individual records are valued in hours; and when they take leave, they are paid their LSL hours at their most recent wage rate by their employer. Coal LSL has no discretion over this wage rate.

The Fund's financial position is independently actuarially assessed every three years, with the assessment considering critical assumptions such as long-term investment returns, wages growth and workforce movements. The actuarial position informs the Board and the Minister on the appropriate long term payroll levy to be imposed on employers in order to meet the Fund's objective and its purpose to connect employers and employees with long service leave entitlements.

Thank you.

Darlene Perks