

# **Protect**

## **ANNUAL REPORT**

2022/2023



# ABOUT US

Preferred by more than 50,000 workers and 1,200 employers throughout Australia, Protect is the leading industry severance scheme across the electrical, metals, maritime, rail, fire rescue and civil construction industries.

Our primary purpose is to support employers, workers and their families during any period of unemployment, illness, injury or personal difficulty.

We achieve this by offering a range of services, including:

- administering a redundancy and severance scheme
- facilitating income protection insurance
- offering counselling services, and
- assisting employers with compliance obligations.

# Protect

**Working hard to provide vital financial security for workers when they need it most.**

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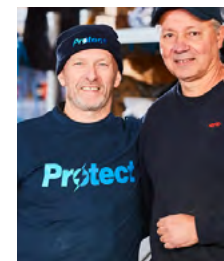
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**SUE CARTER**  
PROTECT CHAIRMAN



## CHAIRMAN'S REVIEW

A year of positive investment returns and membership growth have contributed to a strong financial position at the end of the 2022/23 year. The positive balance sheet and the strong cash flow of the fund continue to provide comfort that members' funds are secure so that severance entitlements can be paid when needed.

### BOARD CHANGES

This report marks my last as Chairman of the Board. I have stepped down as Chairman from 31 August 2023 but will remain as an Independent Director and Chairman of the Audit and Risk Committee. I am grateful for the support and stability of the Board over my time as Chairman since October 2019. I am pleased that Mark Engeman, a Director since April 2019, has been appointed as the new Chairman. Mark's experience with Protect to date has provided an excellent platform to lead the Board.

On behalf of the Board, I would like to express our gratitude to Dean Mighell for his enormous contribution to the Protect group. Dean retired from the Board in February 2023, having been a Director since Protect's (then Elecnet's) formation in 1997.

Dean was the inaugural Chairman of the Board/s from our inception through to early 2016. He remained as a Director and the Chair of the Investment and Finance Committee from February 2016 until his retirement.

*A year of positive investment returns and membership growth have contributed to a strong financial position at the end of the 2022/23 year*

Under Dean's stewardship as Board Chairman and then Director, the funds under management have grown to over \$330 million, having paid out \$649 million in claims to over 105,000 workers since inception.

On behalf of the Protect group, we extend our thanks to Dean for his contribution to Protect and its members and we offer our best wishes for the future.

We have welcomed Ivan Balta onto the Board to represent the ETU's Victorian branch to fill the vacancy left by Dean.

A major change introduced by the Board during the year was to increase the initial claim limit from \$6,500 to \$10,000 for termination claims. Where a termination benefit is paid, the initial claim is made, followed by a subsequent claim 28 days later for the balance remaining in the member's account. The limit was set to provide an amount sufficient to cover the 28-day gap. The change in the limit was initiated to bring this payment more in line with current wage levels.

**\$649M**  
**PAID IN CLAIMS**  
**TO OVER**  
**105,000**  
**WORKERS**  
**SINCE**  
**2000**





## SUE CARTER

PROTECT CHAIRMAN



### FINANCIAL PERFORMANCE

Protect’s foremost concern is to ensure there are sufficient funds available to pay members’ entitlements. As at 30 June, Protect’s funds held \$374.4 million in total assets, which is sufficient to cover all liabilities of \$370.6 million – the major component of which is members’ entitlements of \$358.1 million.

In order to protect members’ funds, the Board takes a conservative approach to investing the funds contributed. Despite the conservative strategy, the fund achieved an investment return of 6.8%.

Under Protect’s Trust Deeds, the Trustees hold the authority to allocate surplus earnings to the sponsors of the funds. For the fiscal year 2022-23, the Trustees, decided to distribute a surplus after assessing that members’ entitlements are covered. Consequently, distributions were declared as follows: ETU Victoria \$5.18 million; NECA Victoria \$1.73 million; and AMWU \$0.57 million.

With a conservative investment portfolio, strong cash flow and positive balance sheet, the Funds are in a good position to continue to service our members.

### FACILITY AGREEMENTS

The Board has in place agreements with the ETU Victoria and NECA Victoria, to provide further protection for the funds. The agreements allow for funds to be drawn if further funding is required as a result of a shortfall due to severe investment market conditions. The facility has not been called upon.

Thank you to the CEO, Michael Connolly, the management team, staff and my fellow Directors for your efforts, teamwork and professionalism, not only for the past financial year but the entire duration of my time as Chairman. I look forward to staying closely involved albeit in a different role.



MICHAEL CONNOLLY  
PROTECT CEO



# CEO REVIEW OF OPERATIONS

## *Another year of growth for Protect*

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It's pleasing to report again on another year of growth for Protect in 2022-23. The number of workers with a Protect severance account increased by 25% during the financial year, a result of growth in three distinct areas.

First, we continued the growth in our 'heartland' of the Victorian electrical industry where the number of severance accounts grew by 10%. Second, we grew outside of Victoria, with ETU NSW & ACT branch bringing across over 2,000 members in its first year since joining the fund. The third growth avenue was the continued expansion into new industries such as civil construction, led by the AWU – which has brought in 400 members this year, on top of 1,000 in the previous year.

Part of the reason for the influx is the reputation we have established for strong customer service levels, particularly during the difficulties experienced in the COVID-affected years.

We have been able to maintain our customer service levels with a 'hybrid' arrangement for Protect staff, who work from home for two days per week and from the office for three days per week. Phone calls

and emails, processing employer contribution returns and paying workers' claims are done regardless of where staff are located. The year also saw a return to normal activities by our field staff who were able to resume site visits in person after two years of pandemic interruptions.

Internally, we launched a new Customer Relationship Management (CRM) system to replace the previous system which was over a decade old. This was a significant period of learning both for our members and staff as we introduced new processes and changed the look and feel of the screens. We thank our members for their patience as we continue to adapt and improve.

One very tangible measure of the new system is the proportion of workers lodging a claim online. The new CRM introduced more types of claims that could be lodged online. As a result, 83% of claims were lodged electronically, either via our website or the smartphone App, which is up from 68%. Online claiming assists with accuracy and increases the probability of a quicker payment.

During the financial year, we paid 4,878 redundancy and severance claims to our members. This is slightly above the long-term average, driven mostly by the influx of new members rather than a decline in employment.

“ The number of workers with a Protect severance account increased by 25% during the financial year.



**MICHAEL CONNOLLY**  
PROTECT CEO



## INCOME PROTECTION INSURANCE

We administer income protection insurance on behalf of various unions. We continue to assist members in understanding the policy and the process for lodging a claim.

During the financial year, the Victorian firefighters did not renew their insurance arrangements. However, New Zealand firefighters joined us after the end of the financial year.

## COUNSELLING, ALCOHOL AND DRUG AWARENESS

Through our severance and income protection services, we deal with people who have lost their jobs or are experiencing an extended layoff through injury or illness. This situation may lead to mental health issues or addiction. Mental health support remains an important part of our overall service.

This year, we launched a new initiative - a Mental Health Awareness Dinner in October 2022. This brought together the many industries we service to focus on mental health. Proceeds from the dinner were donated to a charity which supports mental health. This year our chosen charity is Dads in Distress, a support group for separated fathers, who received \$15,000.

Protect's long-standing relationship with Hunterlink continues as "Protect Counselling". This is a free, confidential service available to members (employers and workers) and their families.

We have also continued with a complimentary service with Alcohol and Drug Awareness Australia (ADA). Protect members have access to online educational videos as well as a 'friendly ear' telephone support line.

## BOARD OF DIRECTORS

In closing, I thank the Board for their continued support of the management team and our staff. I'm grateful to our outgoing Chairman, Sue Carter, for her leadership and counsel. I'm also pleased that Sue will remain on the board, where her experience is invaluable.

Dean Mighell, a director, former Chairman and one of the founders of Protect nearly 25 years ago, retired from the Board. He was instrumental in establishing the Fund and seeing it evolve into the organisation we see today. It was a pleasure to work with Dean over the last six years of his tenure and we look forward to continuing the legacy he was instrumental in creating.



# ■ STRATEGY AND PURPOSE

*The Protect Board and management team reviewed and confirmed our statement of purpose during the year. This statement formed the basis for our strategic plan.*

## PROTECT'S PURPOSE

*To support employers, workers and their families in our Sponsors' industries during any period of unemployment, illness, injury, personal difficulty, career transition or skill development.*

### WE AIM TO ACHIEVE OUR PURPOSE BY OFFERING

#### A RANGE OF SERVICES INCLUDING:

- ▶ Administering a redundancy and severance scheme
- ▶ Facilitating income protection insurance
- ▶ Offering counselling services and other services which support the wellbeing of members, and
- ▶ Assisting employers with their compliance obligations

## PROTECT'S VISION AND STRATEGY

*Our vision is to be the best Worker Entitlement Fund in Australia.*

### WE CAN ACHIEVE OUR VISION BY BEING:

#### ▶ The fund of choice for workers and employers

- offering competitive services to existing and new customers, throughout Australia

To achieve this, our strategic plan outlines a GROWTH PLAN

#### ▶ Member focussed

- by providing responsive, secure, accurate and efficient service
- contemporary technology and sensible processes
- appropriately resourced to deliver customer service

To achieve this, our strategic plan outlines a CUSTOMER AND EFFICIENCY PLAN

#### ▶ The best governed fund

- up to date with IT security and member privacy
- compliant with legal obligations
- strong governance framework with comprehensive policies and business rules
- trustworthy and transparent

To achieve this, our strategic plan outlines a GOVERNANCE PLAN

#### ▶ Socially responsible, community minded, industry supportive and a great place to work

- continue to support community organisations
- continuously improving, sustainable operation
- invest responsibly

To achieve this, our strategic plan outlines a PEOPLE AND COMMUNITY PLAN

#### ▶ Preserving capital to protect members' funds, with income and capital growth applied to:

- pay costs of administration
- investment strategy to protect against market fluctuations
- meet sponsor expectations

To achieve this, our strategic plan outlines an INVESTMENT AND FINANCE PLAN



# ■ OUR VALUES

*While the strategic plan articulates **what** we aim to achieve, our values set out **how** we go about it, in terms of our interactions with our members, stakeholders and between ourselves as employees of Protect.*



## WE ARE SUPPORTIVE

Available and responsive



## WE ARE RESPECTFUL

Courteous and fair



## WE ARE A TEAM

Approachable



## WE ARE ETHICAL

Doing what we say we will do



## WE IMPROVE

Open to receiving feedback



*Each of the values is accompanied by a series of guidelines and explanatory notes to show how we can demonstrate that value.*





# MEMBER PROFILES & MEMBER SERVICES

## DIVISIONS

Protect originated in the electrical trades industry, which is still the cornerstone of our membership base. Over the past year, we saw a noteworthy 12% growth in membership, signalling a return to some normality in employment post-pandemic.

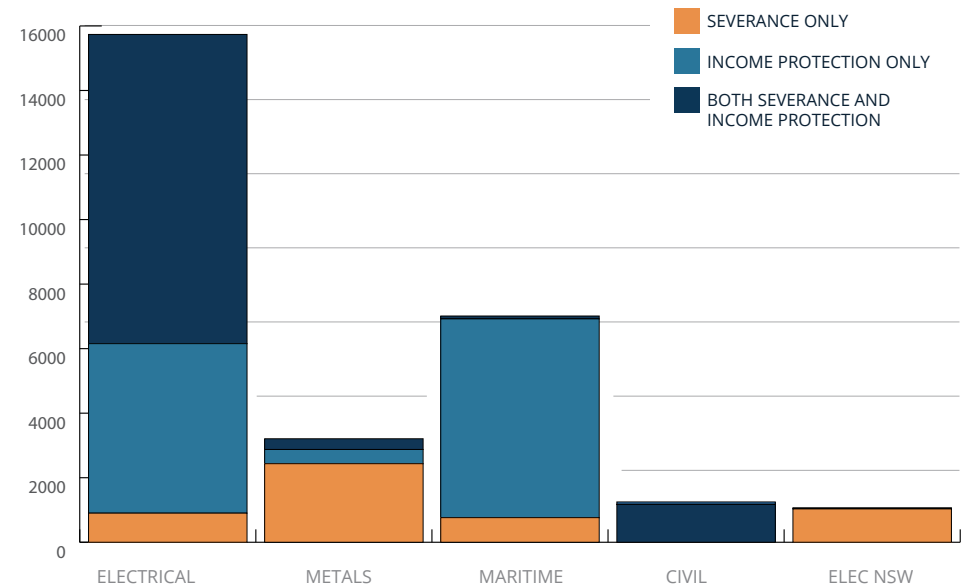
In recent years, Protect's reach has extended beyond the traditional boundaries of electrical trades, embracing workers from diverse sectors such as Metals, Manufacturing, Maritime, and Civil Construction. Our expansion was most pronounced in the Civil Construction industry, where new members found a home with the support of the AWU.

Within the Electrical division, a substantial portion of workers utilise both the redundancy and severance scheme and income protection insurance. Most Metals and Civil Construction workers use Protect as their redundancy and severance fund, while Maritime workers use Protect for comprehensive income protection insurance.

The accompanying chart provides a breakdown of our membership across each division, specifically highlighting actively employed workers. Beyond the 30,336 individuals currently employed, an additional 25,150 workers are on our records, maintaining an open account despite not presently being engaged with a Protect-contributing employer. This composition underscores the breadth and inclusivity of Protect's commitment to serving an expanding set of industries.

*Expansion was most pronounced in the Civil Construction industry*

MEMBERS BY ACCOUNT TYPE BY INDUSTRY

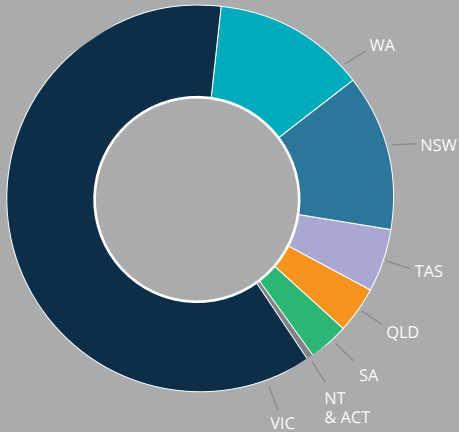


↑12%

**30,336**  
EMPLOYED WORKERS

**55,486**  
OPEN ACCOUNTS

EMPLOYED WORKERS BY STATE: JUNE 2023



## AUSTRALIA WIDE

Protect has members in all Australian States and Territories. While our home State is Victoria, we have a strong presence in Western Australia and at least 1,000 members in six States.

## SEVERANCE AND REDUNDANCY SCHEME

In the latter part of 2019, a pivotal tax ruling paved the way for payments to workers based on the circumstances surrounding the termination of their employment. Specifically, if a worker faces redundancy, an applicable redundancy payment comes into effect. Alternatively, in cases of termination or resignation, a termination payment is triggered.

Distinguishing between the two, a Genuine Redundancy payment encompasses a tax-free redundancy component, featuring a higher initial claim limit than the corresponding termination payment. However, it's essential to note that a genuine redundancy claim is confined to specific scenarios such as redundancy itself, retirement or death.

On the other hand, a Termination payment applies to a broader range of circumstances, albeit with a cap on the initial claim and subject to income tax.

Notably, late in the financial year, the Board opted to raise the initial claim limit from \$6,500 to \$10,000 starting from October 1, 2022. This adjustment specifically pertains to termination payments, not genuine redundancy payments, and reflects an effort to align more closely with prevailing wage levels during the 28-day waiting period between an initial claim and any subsequent claims.

## INCOME PROTECTION INSURANCE

Protect administers a range of income protection policies, tailored for members in the electrical, manufacturing, firefighting and maritime industries. The insurance policies are held by the relevant union and are issued by ATC Insurance Solutions.

Protect's role is to register new members and collect insurance premiums from employers which are then passed onto ATC Insurance Solutions. Protect's field officers visit work sites and employers to inform workers and employers of the policy benefits and the claiming process.

ATC Insurance Solutions develops the policy together with the policyholder and Lloyds of London. ATC Insurance Solutions administers the claims process and pays the claims.





## WELLBEING SERVICES Counselling and Alcohol and Drug Awareness Support

Protect members turn to us during challenging periods, whether it be the loss of employment, the threat of job insecurity, or the impact of injury or illness on their work and livelihood. These situations can often lead to additional hardships, resulting in relationship strains, dependencies on substances, and financial difficulties.

Recognising the challenges faced by our members, Protect is committed to providing a supportive environment through our counselling service. Operated independently, our counselling program ensures members have 24/7 access to seasoned professionals, all at no cost. This service extends not only to Protect employers and workers but also encompasses their immediate families.

Hunterlink Counselling is our chosen long-term, external provider specialising in independent counselling services. Hunterlink safeguards the confidentiality and impartiality of the counselling process. This outsourcing guarantees that the professionals involved remain wholly independent of Protect, promoting an environment of trust and openness.

For the convenience of our members, a dedicated Hunterlink Counselling portal is easily accessible on Protect's website. Alternatively, individuals can directly connect with counsellors through the toll-free helpline on 1300 725 881.

Furthermore, Protect members can obtain more support through Alcohol & Drug Awareness Australia (ADA), an additional resource offering educational videos and support services. This complimentary service empowers members and their families to gain insights into alcohol and drug addiction through a collection of informative videos, facilitated by individuals with firsthand experience in these areas. Additionally, members can leverage ADA's friendly ear support service—an entirely confidential phone line where they can engage in conversations with counsellors with real-life experience, ensuring a supportive and understanding connection for those seeking assistance.

Through these services, Protect remains committed to making mental health resources readily available and easily navigable for those in need.



## FIELD TEAM SUPPORT

Protect boasts a dedicated team of seven field officers to offer invaluable on-site support to both employers and workers.

Our Employer Relations Manager collaborates closely with employers, guiding them through the registration process and providing assistance in navigating the monthly online contribution procedures for employers and their staff.

The remaining field team members undertake crucial roles, engaging with workers, employers, and unions to share information about the benefits of Protect's services. This includes explaining the severance and insurance claiming process and referrals to the counselling services. Our field team exhibits flexibility by extending their services to visit workers either at home or in a hospital upon request, ensuring personalised support throughout the claiming process.

Geographically dispersed to meet the needs of our diverse membership, five team members are stationed in Melbourne, with an additional representative in Perth. Responding to the growing demand in New South Wales, Protect expanded its field team in 2022, welcoming a new field officer in Sydney to cater specifically to our increasing membership in the region. This strategic expansion aligns with our commitment to delivering localised and accessible support to our members across the country.



## MEMBER SERVICES SUPPORT

Our Member Services team are the frontline for employer and worker contact. Our team is available on 1300 444 249 and is a starting point for enquiries or arranging a visit from our field team.

The team is equipped to assist members with severance claims, changing contact details and checking account balances. Our Smartphone App provides workers with the ability to view balances and edit some contact details themselves.



# ■ BOARD AND GOVERNANCE

*The Protect entities operate under the same Board of Trustees and comprise of:*

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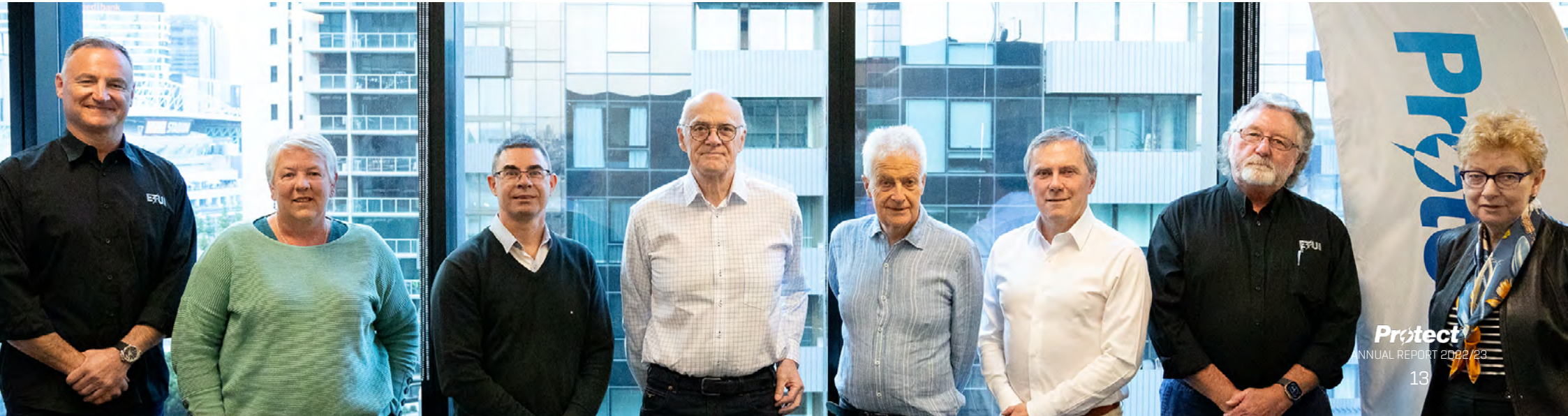
Two independent Directors,  
including an independent Chairman



Two Directors are nominated to represent  
the National Electrical and Communications  
Association Victorian Chapter (NECA)



Three Directors represent the  
Electrical Trades Union in Victoria (ETU)





**MARK ENGEMAN**  
Independent Director

Mark Engeman's background is in financial markets. He was appointed to the Protect Board as an Independent Director in April 2019 and became Board Chairman on 1 September 2023. Mark is also Chair of Protect's Investment Committee.

Mark's experience comes from a range of financial market and technology roles with CRA Limited, State Bank Victoria, Australian Wheat Board and SunGard data systems. Most recently he was the Deputy Managing Director and Corporation Secretary at Treasury Corporation Victoria.

Holding both a Bachelor of Economics from Monash University and an MBA from Melbourne Business School, Mark is also a member of the Australian Institute of Company Directors (AICD), the Australian Institute of Superannuation Trustees (AIST) and a CPA.



**SUE CARTER**  
Independent Director, Independent Chairman

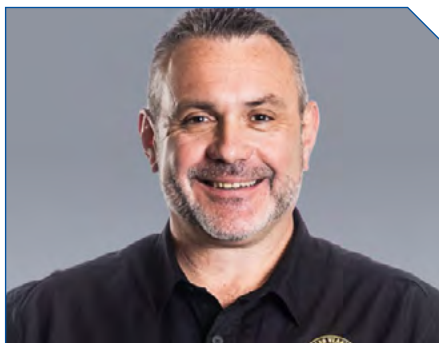
Sue joined the Board in February 2016 and in October 2019 took over as Board Chair. After four years in the role, Sue stepped aside as Chair and remains on the Protect Board as an Independent Director. From 1 September 2023 Sue became Chair of the Audit & Risk Committee.

A Chartered Accountant, Sue previously worked with KPMG in the UK and at ANZ Funds Management in senior finance roles. She is a past ASIC Regional Commissioner for Victoria and past director of several companies including the Professional Indemnity Insurance Company Australia, Aware Super, ANZ Australian Staff Superannuation and Treasury Corporation of Victoria.

Sue is currently a director of the Medical Indemnity Protection Society and Odyssey House Victoria. Sue is a past Australian Institute of Company Directors (AICD) Company Director's Course facilitator in directors' duties, financial reporting, decision-making and Board processes.

A Fellow of the AICD (FAICD), Sue holds a Masters Degree in Organisation Psychology from RMIT and a Graduate Diploma in Applied Finance and Investment.

[View the Chairman's Review](#)



**DANNY FILAZZOLA**

Director representing the ETU

Danny was appointed to the Protect Board in October 2017, the same year he was elected President of the Electrical Trade Union Victorian Branch. Previously a shop steward, Training Officer and Organiser, Danny chairs the ETU State Council and serves as a Divisional and National Councillor. Danny sits on the ETU FARR (The Finance, Audit, Risk and Remuneration) Committee and is a Director and Principal Officer of the Centre for U.

Additionally, Danny is the Joint Chair of Future Energy Skills a not-for-profit industry led organisation serving and working in partnership with Victoria's electro-technology, electricity generation and supply, gas supply and new energy technology sectors. He also sits on several State Government Committees.



**GRAEME WATSON**

Director representing the ETU

Appointed to the Protect Board in February 2021, Graeme has over 50 years industry experience in Australian and International electricity sectors and competency-based training standards. Graeme is a qualified company Director.

As a Lineworker delegate Graeme was elected as a ETU Vic State Organiser and Councillor in 1978. He was Managing Director of the union owned training and development business from 1999 then re-elected onto State Council in early 2000's, State Executive in 2010 then Treasurer in 2012. Graeme is a member of the ETU Vic Finance & Risk Committee and a Director for the Centre for U. Graeme is an ETU VIC Life Member.



**IVAN BALTA**

Director representing the ETU

Appointed to the Protect Board in March 2023, Ivan has over 35 years of experience in the electrical industry. In 2006 Ivan became an Organiser with the ETU Victorian Branch representing electrical workers in the contracting industry sector. In 2015, Ivan was appointed as Assistant Secretary where he organised in the CBD and Docklands - areas that have the highest concentration of large-scale developments in Victoria.

Ivan now heads up the new infrastructure division which oversees all the major projects in Victoria worth billions of dollars.

A qualified company Director, Ivan is a member of the ETU VIC Finance & Risk Committee and serves as a Divisional Councillor.



**DEAN MIGHELL**

Director representing the ETU

*(Retired 2023)*

Dean Mighell was an A Grade electrician, ETU Shop Steward and OHS Representative when he became a full time ETU Organiser in September 1988.

Dean was elected State Secretary of the ETU Victorian Branch from 1995 to 2013.

In 2015, Dean established a charity called 'The Path of the Horse' located in Trentham Victoria that provides therapy services to veterans, emergency service workers and those seeking better mental health. Dean is a qualified Psychotherapist (PACFA Registered) and works with horses as assistants in his therapy model.

Dean retired from the Board in February 2023 after a tenure as a director since Protect's inception in 1997.

**PETER SMITH**

Director representing NECA

Peter has had fifty years' experience in the Building and Construction Specialist Subcontracting Industry in the areas of electrical and fire protection services.

His experience has ranged from construction site to general management roles, he has also had responsibility for a business with sales in excess of \$140 million and 400 staff.

**MICHAEL PURNELL**

Director representing NECA

Mike was appointed as a Director of Protect in July 2015. He is a NECA Councillor and a Life Member of the NECA Victorian Branch.

As a Director, Mike currently serves on several Boards in the commercial and not-for-profit environment. He is an experienced Director, General Manager, Regional Chief Financial Officer, and Corporate Advisor. Much of that experience was as a General Manager in the electrical contracting industry with Nilsen (Vic) for 13 years. He has a finance/accounting background being a CPA and is a member of the Australian Society of Accountants and Australian Institute of Company Directors.



# ■ COMMITTEES

*Protect's Board operates several sub-committees.  
Each operates within a documented charter outlining the committee's composition and role.*

Protect's Board operates several sub-committees. Each operates within a documented charter outlining the committee's composition and role.

Committees generally do not have decision making authority, unless a specific delegation is provided by the Board.

Recommendations are made by the committee to the Board.

The [CEO](#) and the [Company Secretary / Chief Financial Officer](#) attend all meetings. Meetings provide for an 'in-camera' session to allow for Directors' discussion without management present.

## INVESTMENT AND FINANCE COMMITTEE

All seven members of the Board sit on this Committee which currently meets monthly. An advisor from Pitcher Partners Investment Services attends most meetings to update the Committee on investment performance and recommend changes to the investments. Dean Mighell was the chair of the Committee until his retirement in February 2023, when Mark Engeman took over the role as Committee Chairman.

## INVESTMENT SUB COMMITTEE

Directors Carter, Smith and Mighell (until his retirement) sit on this Committee which deals with urgent investment matters requiring action in between formal Board meetings, via correspondence. Decisions of the Committee are tabled at the following Board meeting. Danny Filazzola joined the Committee on the retirement of Dean Mighell.

## AUDIT AND RISK COMMITTEE

Four directors, Engeman, Carter, Watson and Smith sit on this Committee. This Committee meets with Protect's auditors and discusses matters of governance, risk management and policy. The Committee meets three to four times per year. Mark Engeman chaired this Committee during the year.

## HR & REMUNERATION COMMITTEE

Directors, Carter, Engeman, Purnell and Filazzola sit on this Committee. The Committee discusses the remuneration of directors, management and staff as well as policies. Sue Carter chairs this Committee which met after year end.

## MEETING ATTENDANCE

### MEETINGS ATTENDED / MEETINGS HELD

	Board	I&F	A&R	HR&R
<b>Carter</b>	9/9	6/6	3/3	2/2
<b>Engeman</b>	8/9	5/6	3/3	2/2
<b>Filazzola</b>	8/9	5/6		1/1
<b>Mighell#</b>	5/5	4/4		
<b>Purnell</b>	9/9	6/6		2/2
<b>Smith</b>	9/9	6/6	3/3	
<b>Watson</b>	9/9	6/6	3/3	
<b>Balta##</b>	4/4	2/2		1/1

# Until retirement on February 28, 2023  
## Joined from 1 March 2023

## CONFLICT MANAGEMENT

Protect has a conflict management policy which was reviewed and confirmed by the Board during the year. A register of conflicts of interest is tabled at each Board meeting and directors sign an annual declaration confirming the register is accurate. Each Board and Committee meeting agenda has a standing item to allow directors to declare any actual or potential conflicts.

## RISK MANAGEMENT

A risk management policy, framework and register have been developed to ensure appropriate management and Board oversight of risk. A risk paper on various topical risks is presented at most Board and Committee meetings to allow for a detailed report on the matter and ensure that adequate risk mitigation controls and activities are in place.



**MICHAEL CONNOLLY**  
Chief Executive Officer

Appointed in April 2017, Michael has extensive experience in the worker entitlements industry, having previously been Company Secretary and Manager Corporate Strategy of CoINVEST Ltd for over a decade.

His experience covers corporate governance, strategy and information technology including leadership of several major projects.

Michael has previously held a management role in the finance team of an international manufacturer and has also worked in the investment industry.

Michael holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment and is a Graduate of the Australian Institute of Company Directors.

[View the CEO's Review](#)



**SELENE SHARP**  
Chief Financial Officer  
and Company Secretary

Selene joined Protect in January 2010 when Protect's administration was brought in-house. Selene holds a Bachelor of Business and is a Chartered Accountant. Prior to working at Protect, Selene worked for two of Australia's top accounting firms achieving the level of Client Director.

Selene was appointed Company Secretary on 14 March 2017.



**GARY ROBB**  
Industry Liaison Officer

Gary joined Protect in November 2011 to lead the Field Officer team with the aim of growing the Scheme, specifically targeting the manufacturing division (AMWU).

Previously elected Assistant State Secretary/Metal Secretary of the AMWU Victorian Branch, Gary also served as a Director on the Board of a similar organisation for two years and was an Executive of the Victorian Trades Hall for six years.



**PAULO RAMOS**  
Chief Technology Officer

Paulo joined Protect in October 2010 having worked in IT management roles in the finance and banking sectors.

Paulo holds a Bachelor of Computer Science and is currently undertaking a postgraduate qualification in Cyber Security Governance and Risk Management.

With experience in cloud infrastructure, network security and project management, he is responsible for leading the Protect IT strategy roadmap and implementing innovative and emerging technologies.

He spearheaded the Protect Carbon Neutral Project, successfully leading the team to gain Climate Active Carbon Neutral Organisation certification in 2017, becoming the first severance scheme in Australia to do so.



**LISA KOIKAS**  
Chief Operations Officer

Lisa joined Protect as a Member Services Officer in June 2008.

In 2010, Protect's administration was brought in-house, and Lisa commenced as the Member Services Team Leader, later promoted to Administration Manager and, most recently, Chief Operations Officer.

With extensive experience in the finance and banking sector, Lisa is responsible for the management of the Member Services Team, including the functionality and improvement of the IT CRM system.

# KEY INDICATORS

## MEMBERS FUNDS

The collective assets of the Protect schemes stand at \$374.4 million, demonstrating a robust financial position that comfortably covers member entitlements amounting to \$358.1 million, along with other operational liabilities.

Maintaining the current claims payment rate of \$56.7 million per year, the total assets equate to 6.6 years' worth of claims coverage. Additionally, as a strategic safeguard, the schemes have the capacity to access funds from ETU Victoria through a facility agreement.

This arrangement ensures that any potential shortfall in members' funds in the future can be effectively addressed, further reinforcing the financial resilience and prudence of the Protect schemes.

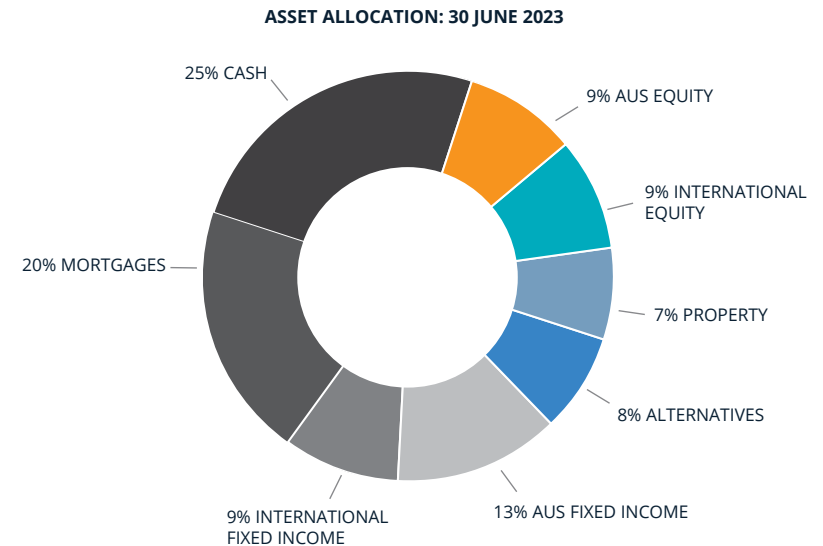
## INVESTMENTS

### ASSET ALLOCATION & ASSET CLASS PERFORMANCE

Protect strategically allocates 40% of the funds assets into 'growth' investments with the remaining 60% in 'income' assets, reflecting a prudent and conservative approach.

As of June 30, 2023, 33% of assets were allocated to 'growth' categories (shown in colour) and 67% in income categories (grey). These proportions, while not precisely aligned with the Board's 40:60 target, the overarching goal is to focus on the protection of our members' funds, offering resilience against the potential impact of severe downturns in investment markets. To further bolster this defence through diversification, funds are strategically invested across multiple investments within each category.

Over the past three financial years, the Board maintained a high proportion of cash and other 'liquid' assets. This strategic decision aimed to mitigate the risk of a significant draw on funds, a precaution initially driven by concerns about potential pandemic-induced financial strains. However, the anticipated strain did not materialise to the extent projected. Consequently, the Board is now shifting back to its strategic targets by reducing cash holdings back to the target level of 15%. This adjustment will be achieved through investments in other asset categories.



# KEY INDICATORS

**\$92.8M**  
CONTRIBUTIONS

**\$56.7M**  
CLAIMS PAID

## SEVERANCE CLAIMS

The number of severance and redundancy claims of 4,878 for the year remains close to the long-term average of 4,762. Claims were marginally higher than the prior year but well below the COVID-driven peak of 2019-20.

The total value of claims paid out during the year was \$56.7 million, an increase of \$6M on the previous year, driven by higher membership in the NSW Electrical and the Victorian Civil contracting sectors, as well as wage growth.

## CONTRIBUTIONS

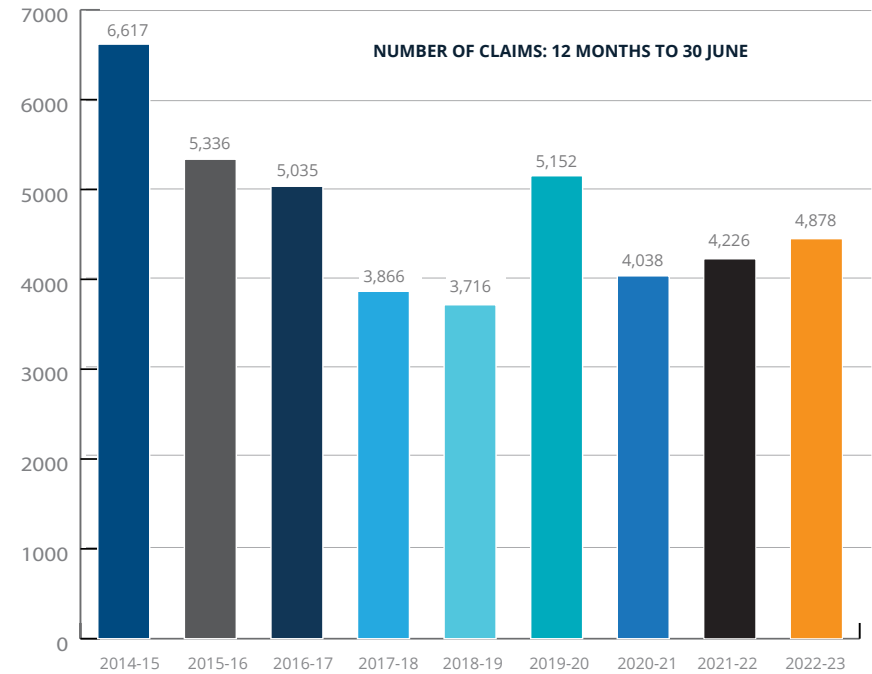
Employers contributed \$92.8 million to the severance scheme, up from \$68.4 million the previous year. While this indicates some employment growth, the main factor was the members from the Civil Construction sector and the NSW Electrical sector transferring their account balances from other funds.

## ONLINE SERVICES

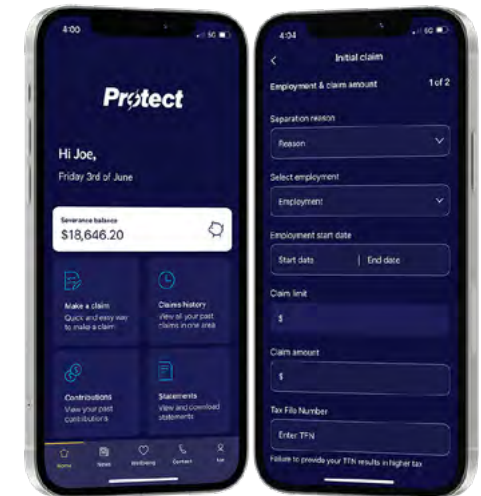
Demand for online services continues to increase with more than 8 out of 10 claims submitted online.

Until the release of the new IT system in 2022-23, 'initial claims' were the only type of claim available online. The new system now allows for almost all claim types to be submitted online.

Now, 83% are submitted online, either via Protect's website or the Smartphone App. The pandemic, which restricted face-to-face contact, resulted in a noticeable jump in 2020-21 in online lodgement of workers' severance and redundancy claims. The new IT system has opened up more options for online submissions, resulting in another jump.



ALL CLAIMS	ONLINE	PAPER
2016-17	28%	72%
2017-18	48%	52%
2018-19	52%	48%
2019-20	53%	47%
2020-21	67%	33%
2021-22	68%	32%
2022-23	83%	17%



# KEY INDICATORS

## MEMBER GROWTH

The total number of employed workers increased by 3%, reaching a collective count of 30,336 across diverse industries. The Electrical sector in New South Wales experienced a large surge, contributing a net increase of 1,815 to our membership.

A similar level of growth was seen in the Victorian electrical industry, where an additional 1,669 workers joined our ranks.

The Civil sector continued its upward trend, with a net increase of 426 workers, or a substantial 29% growth. These gains more than compensated for the loss in membership resulting from Victorian Firefighters opting not to renew their income protection arrangements.

The pandemic has underscored the pivotal role of a robust severance/redundancy scheme and income protection insurance in providing a safety net for workers navigating challenging times.

Within the Electrical industry, the majority of our members have both severance/redundancy accounts and income protection insurance. The Victorian Electrical division, being Protect's largest and original sector, reflects broader industry cycles. This year's net increase of 1,669 members (10%) is indicative of robust employment, particularly in significant infrastructure projects in Victoria. Additionally, the influx of members from New South Wales further contributes to our growth.

In the Metals industry, membership saw an uptick of 129 compared to the previous year, marking a departure from the relatively stagnant trend observed in recent years. Here, most members have a severance/redundancy account.

For the Maritime industry, Protect primarily extends its support through income protection insurance, with an 8% growth in numbers over the financial year.

*The Victorian Electrical division is Protect's largest and original sector.*



# EMPLOYED WORKERS BY INDUSTRY



## DISABILITY SPORT AND RECREATION

2023 was the 10th year of Protect's involvement as the major sponsor of the Victorian Wheelchair Rugby Cup and the Victoria Thunder Wheelchair Rugby team.

The sport is organised by Disability Sport and Recreation (DSR), the health-promoting peak organisation for the disability sport and recreation sector in Victoria. Their mission is to provide and promote positive health outcomes for Victorians with a disability, through participation in sport and recreation.

*As a further sign of Protect's support for the sport and to mark our 10th year of involvement, we donated eight wheelchair rugby chairs for juniors.*

*Enabling DSR to establish a world-first junior development program for wheelchair rugby players.*



## CARBON NEUTRAL

In 2016, Protect employees identified the environment, sustainability and the community as areas of importance and concern. With the support of the CEO and Board, a working group identified ways Protect could meaningfully improve its standing and increase its involvement in the three areas.

The National Carbon Offset Standard (NCOS), now known as Climate Active (an Australian Government Initiative) was selected as a credible program that would help Protect achieve desired changes.

Over the following 12 months, the team established Protect's carbon footprint, an arduous task achieved with the assistance of an external auditor. Additionally, the team discovered a community-based, sustainability-focused, Timor-Leste carbon offset initiative, 'WithOneSeed'.

In 2022, Protect achieved the Climate Active Carbon Neutral Organisation certification for the sixth consecutive year.

Over the last seven years, we estimate to have avoided 413 tonnes of CO2 emissions because of the Carbon Neutral project. It is a credit to the Protect leadership team's support of the group's vision, dedication and commitment that this certification is renewed whilst also leading the organisation and severance industry in demonstrating their corporate social and environmental responsibility.



## BALLARAT CYCLE CLASSIC

Protect continues to sponsor the Ballarat Cycle Classic, a ride-run-walk event around the Victorian Regional city of Ballarat each February. A Protect team of staff, families and Protect members participate each year.

The annual event raises funds for the Fiona Elsey Cancer Research Institute in Ballarat.

Protect sponsors the Alex McCallum Perpetual Trophy, awarded to the team that collectively covers the most distance during the event. The trophy is named after the late Alex McCallum, a former CEO of Protect and a keen cyclist.

## FUTURE ENERGY SKILLS

Protect sponsors Future Energy Skills, a not-for-profit organisation who provide training, assessment and consultation services that ensure electricians enter the trade safely and with a high standard of skills.

Through this sponsorship, an annual award is provided to the student who has overcome significant barriers in attaining their qualification.



# FINANCIAL SUMMARY

The following financial summary provides the consolidated financial results of two severance Funds: The Protect Severance Scheme (PSS) and the Protect Severance Scheme No 2 (PSS2), collectively referred to as the "Protect Group".

Members may request a full set of accounts of both entities by request to the Company Secretary via [admin@protect.net.au](mailto:admin@protect.net.au)

The Protect Group currently holds assets totalling \$374.4 million, with total liabilities standing at \$370.6 million. Within this, \$358.1 million represents to 'Members Funds, to meet obligations in the event of severance or redundancy.

The Statement of Profit and Loss highlights a post-tax profit of \$5.98 million, with the major source being investment revenue, which increased from \$0.3 million in the previous year to \$21.4 million. This figure includes \$3.9 million in unrealised gains.

The Protect Board of Trustees has adopted a more conservative investment approach, coupled with a deliberate strategy to maintain heightened cash reserves in anticipation of potential increased redundancies during the pandemic, which never eventuated.

The Trustees have the authority to distribute surplus income to the Funds' sponsors. This surplus income is defined as the amount exceeding the necessary funds earmarked for severance payments to

workers and to meet other liabilities. The trust distributions are a similar concept to companies paying dividends to shareholders. Importantly, these distribution decisions are contingent upon safeguarding workers' funds, ensuring that the remaining assets consistently represent at least 100% of the liabilities.

Given the surplus of assets over liabilities owed to workers, the Trustees have declared trust distributions to ETU Victoria (\$5.18 million), NECA Victoria (\$1.73 million), and AMWU Victoria (\$0.57 million).

When trust distributions are declared, Protect's trust distribution payments to the ETU Victoria are directed into the ETU's special purpose trust, the 'distress, hardship, welfare and training fund' – which operates under a trust deed that prevents it from expenditure on political or industrial matters. Instead, we understand the fund is utilised to provide benefits such as ambulance cover, funeral benefits, domestic violence and autism support and training. This support mechanism is in place for tens of thousands of workers and their families. This is an excellent example of funds being used to reinvest in the electrical industry by providing genuine services.

NECA directs its distributions from Protect to investing in training for the industry (for apprentices and licenced electricians), supporting the licencing process in Victoria, participating in shaping laws and standards that guide the industry and supporting NECA members.

# FINANCIAL SUMMARY

## Protect Group Consolidated Statement of Profit & Loss For the year ended 30 June 2023

	2023	2022
<b>Revenue and other income</b>		
Investment revenue *	21,358,283	309,983
Other income	563,661	1,173,906
	<b>21,921,944</b>	<b>1,483,889</b>
<b>Operating expenses</b>		
Administration fees	5,663,840	5,432,729
Advertising & promotion	1,061,191	755,144
Depreciation and amortisation	215,792	96,361
Technology expenses	702,526	506,487
Directors costs <i>NOTE 5</i>	622,532	519,204
Interest paid	112,319	87,342
Investment advisor fees	486,910	465,163
Other expenses **	3,626,998	931,897
	<b>12,492,108</b>	<b>8,794,327</b>
<b>Operating profit for the year before tax</b>	9,429,836	(7,310,438)
Tax expense	(3,452,313)	3,044,461
Transfers to reserves		
<b>Profit for the year after tax</b>	<b>5,977,523</b>	<b>(4,265,977)</b>

\* Investment revenue includes unrealised losses on investments of \$3,900,252

\*\* Other expenses include realised loss on investments of \$3,028,803

# FINANCIAL SUMMARY

## Protect Group Consolidated Statement of Financial Position For the year ended 30 June 2023

	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	70,658,905	76,713,845
Receivables	3,680,115	12,237,075
Investments	<i>NOTE 1</i> 284,342,970	248,304,231
Current tax assets	62,800	-
Other assets	14,835,385	7,486,555
<b>Total current assets</b>	<b>373,580,175</b>	<b>344,741,706</b>
<b>Non-current assets</b>		
Intangible assets	811,719	782,109
<b>Total non-current assets</b>	<b>811,719</b>	<b>782,109</b>
<b>Total assets</b>	<b>374,391,894</b>	<b>345,523,815</b>

	2023	2022
<b>Current liabilities</b>		
Trade & other payables	6,962,857	7,395,098
Tax liabilities	<i>NOTE 2</i> 3,193,772	531,515
Beneficiary entitlements	<i>NOTE 3</i> 2,413,979	245,415
Members funds	<i>NOTE 4</i> 358,054,317	327,234,033
<b>Total current liabilities</b>	<b>370,624,925</b>	<b>335,406,061</b>
<b>Total liabilities</b>	<b>370,624,925</b>	<b>335,406,061</b>
<b>Net assets</b>	<b>3,766,969</b>	<b>10,117,754</b>
<b>Trust Funds</b>		
Settled sum	11	11
Reserves	57,953	2,850,348
Accumulated surplus	3,709,005	7,267,395
<b>Total trust funds</b>	<b>3,766,969</b>	<b>10,117,754</b>

# FINANCIAL SUMMARY

## Protect Group Notes to Financial Statements For the year ended 30 June 2022

### NOTE 1 - INVESTMENTS

	2023	2022
Shares in listed corporations	43,580,914	88,170,116
Managed funds	158,936,765	53,702,153
Unlisted property trusts	18,757,362	32,187,504
Other investments	63,067,929	74,244,458
<b>Total investments</b>	<b>284,342,970</b>	<b>248,304,231</b>

### NOTE 2 - TAX LIABILITIES

	2023	2022
Provision for tax payable	1,082,997	286,067
Provision for deferred tax	2,110,775	245,447
<b>Total investments</b>	<b>3,193,772</b>	<b>531,514</b>

Income tax is payable at trustee tax rates of 47%

### NOTE 3 - BENEFICIARY ENTITLEMENTS

	2023	2022
<i>Distributions owing to beneficiaries at year end</i>		
ETU Victorian Branch	1,554,887	2,151,751
NECA Victorian Chapter	518,326	717,250
AMWU Victoria	340,766	245,415
<b>Total beneficiary entitlements</b>	<b>2,413,979</b>	<b>3,114,416</b>

### NOTE 4 - MEMBERS FUNDS

	2023	2022
Electrical VIC Division	274,299,412	263,413,931
Metals Division	51,974,830	50,598,733
Maritime Division	8,160,717	5,991,497
Civil Division	13,254,948	7,229,872
Electrical NSW/ACT Division	10,364,410	
<b>Total members funds</b>	<b>358,054,317</b>	<b>327,234,033</b>

# FINANCIAL SUMMARY

## NOTE 5 - DIRECTORS FEES

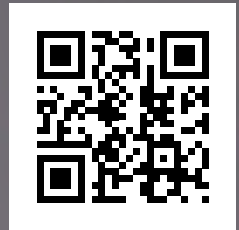
Total meetings for the financial year

	2023	2022
ETU Victoria (2 Directors)	153,682	131,728
NECA Victoria (2 Directors)	131,728	131,728
Dean Mighell (Resigned 28 February 2023)	50,496	75,744
Susan Carter (Independent Chair)	104,260	104,260
Mark Engeman (Independent & Audit Chair)	79,036	75,744
<b>Total Directors fees</b>	<b>519,202</b>	<b>519,204</b>

*(Directors are also paid fees from a related entity, Protect Services)*

## NOTE 6 - OTHER RELATED PARTY TRANSACTIONS

	2023	2022
Administration fees paid to Protect Services Pty Ltd	5,597,047	5,663,840
Industry sponsorship fees paid to NECA Victoria	95,000	116,000
Industry sponsorship fees paid to ETU Victoria	187,500	170,500
Industry sponsorship fees paid to AMWU Vic Branch	210,000	208,572
Distributions paid out to ETU Victorian Branch	6,629,984	5,151,751
Distributions paid out to NECA Victorian Chapter	2,209,965	1,717,250
Distributions paid out to AMWU	1,655,625	1,525,503



## CONTACT US

**ADDRESS:**

Level 7, 380 Docklands Drive  
Docklands VIC 3008

**EMAIL / WEB:**

[info@protect.net.au](mailto:info@protect.net.au)  
[www.protect.net.au](http://www.protect.net.au)

**PHONE:**

1300 344 249