

# Protect

## ANNUAL REPORT

2021/2022



NO SMOKING

FUEL OIL TANK

10  
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# ABOUT US

Preferred by more than 40,000 workers and 1,200 employers throughout Australia, Protect is the leading industry severance scheme across the electrical, metals, maritime, rail, fire rescue and 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.



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

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SUE CARTER  
PROTECT CHAIRMAN



## CHAIRMAN'S REVIEW

After another COVID-interrupted year as well as the war in Ukraine impacting financial markets, it is pleasing to report that the Funds are in a sound financial position. The consolidated balance sheet remains positive, which means there are sufficient assets available to pay all members and, in addition, our cashflow remains strong.

The Funds experienced a negative investment return of -1.25% for the financial year. The Trustees' priority is to protect members' funds and as a result the investment portfolio is relatively conservative. This has served us well by protecting us from more severe losses. The losses experienced for the year were mostly unrealised and came in the second half of the financial year following the outbreak of war in the Ukraine.

The first half of the financial year involved extensive COVID lockdowns across most of Australia, including our home state of Victoria. Management worked with the ATO to extend our arrangement for

hardship payments to workers affected by COVID. As these payments were not redundancy or severance payments but were in effect an early access to a member's redundancy fund, we required approval from the Australian Taxation Office. The arrangement allowed the Fund to make three payments of \$2,000 to workers who were stood down as a result of COVID restrictions. Payments peaked in September and October of 2021 when the construction industry was subjected to shut downs. During these two months alone, the Fund made 713 payments. The ATO's approval for this arrangement expired on 30 June 2022.

During the year there were no changes to the membership of the Board. Protect's seven-member Board and its Committees continued regular meetings online during lockdowns before resuming face-to-face meetings early in 2022. The Board reviews the financial and investment position of the Funds, sets and monitors strategy and oversees risk management and policy. Once again, the Board functioned cohesively and despite the difficulties of operating remotely it was kept well informed by management.

*The first half of the financial year involved extensive COVID lockdowns across most of Australia, including our home state of Victoria*





**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 \$345.5 million in total assets, which is sufficient to cover all liabilities of \$335.4 million – the major component of which is members' entitlements of \$327.2 million. The Board's current policy is to maintain a 5% buffer above the value of members' entitlements to protect against unexpected movements in investment markets.

The Board has maintained very high levels of cash and holds a majority of funds in easily accessible (liquid) assets, which provided comfort in our ability to deal with the potential for rising redundancy claims through the various peaks triggered by lockdowns.

Under the current trust deeds, the Trustees may distribute surplus earnings to the funds' sponsors. For the 2021-22 year, the Trustees resolved to distribute a surplus after considering coverage of members entitlements, as described above. Distributions were declared for the ETU Victoria (\$3 million), NECA Victoria (\$1 million) and the AMWU (\$1.28 million).

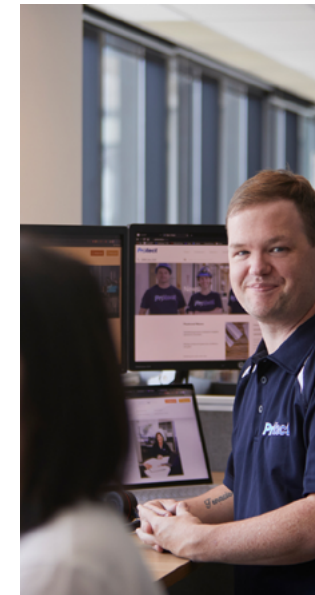
Protect operates a relatively conservative investment portfolio, with 60% of assets allocated to more conservative asset classes such as cash and fixed interest. This ensures funds remain accessible to pay severance claims each year.

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 an agreement with ETU Victoria, to provide further protection for the Funds. The agreement allows 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.

Finally, with COVID-related disruption to the operations of the Funds now hopefully a thing of the past, I acknowledge the significant achievement of CEO Michael Connolly, our staff and my fellow board members in working through the challenges of the past two years. The fact that we have emerged in a strong financial position and having implemented a new Administration System during successive lockdowns is a reflection of the resilience and teamwork shown by all involved. Your efforts are very much appreciated – Thankyou.





MICHAEL CONNOLLY  
PROTECT CEO



# CEO REVIEW OF OPERATIONS

## *A year of significant change*

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The 2021-22 financial year was a year of significant change – some change driven by circumstance and other changes by choice.

Changes to work practices have been a feature of the past two years. We've dealt with all staff working from home and connecting remotely – navigating rules around who had permission to travel, who could work in the office as well as vaccination requirements. This has since evolved into a 'hybrid' workforce at Protect to allow staff to work from home for two days per week and from the office for three days per week. Through this time, we maintained our customer service levels over the phones and emails, while processing contributions and claims regardless of where staff were located.

I'm grateful to the Protect staff for their resilience in adapting to the different working conditions and for trialing different work from home arrangements throughout the year, including 90 days of lockdowns between mid-July and late October.

## NEW DOCKLANDS ADDRESS

We relocated our office during the lockdown period in September 2021. While in many ways the move was

made more difficult due to Melbourne's lockdowns, any disruption was minimised by the fact that staff were already working from home.

After 20+ years in North Melbourne, our office is now located at Level 7, 380 Docklands Drive, Docklands. The move was prompted by our former landlord, the Electrical Trades Union, requiring extra space to expand their impressive training facility in North Melbourne, The Centre for U.

## NEW IT SYSTEM

Another change we experienced was a launch of a new IT system as well as an upgraded smartphone App. While the launch took place just after the end of the financial year, the work in developing and testing and training occurred during 2021-22.

We're grateful to our members for their understanding and patience as we closed the office on consecutive Fridays to train staff, then again in the days prior to the launch. My thanks also goes to our Business Manager, Gerard Nicolle and his team for managing the project, especially in keeping the project moving during times of remote work. I thank Gerard for his five years' service to Protect and wish him the best in his retirement.

“ Employment is returning to normal levels with the pandemic-peaks of redundancies behind us.



**MICHAEL CONNOLLY**  
PROTECT CEO



### SEVERANCE TRENDS

Despite the closure of the construction industry in several states around September 2021, the numbers of employed workers in the Victorian electrical industry slowly increased and by 30 June 2022 it was almost back to pre-pandemic levels. As mentioned by the Chairman, we continued to adapt and extend our program of hardship payments to affected workers during this time.

During the financial year, we paid 4,226 redundancy and severance claims to our members. This is slightly below the long-term average which indicates employment is returning to normal levels and that the pandemic-peaks of redundancies are behind us.

### INCOME PROTECTION INSURANCE

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

### COUNSELLING, ALCOHOL AND DRUG AWARENESS

Protect's long standing relationship with Hunterlink continues as *Protect Counselling*. This is a free, confidential service available to members 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.

### DIRECTORS, STAFFING AND SERVICE PROVIDERS

In closing I thank the Board for their ongoing support of Management and staff as well as for their understanding and counsel in dealing with the uncertainty of the past few pandemic-ridden years.

I am grateful to have a strong team of staff who remain member-focused and committed to maintaining our service levels regardless of the uncertain circumstances, from any location!





# ■ 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 establishing a 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



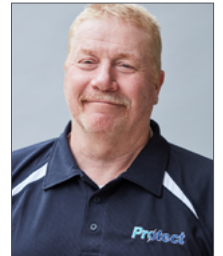
### WE ARE ETHICAL

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's origins are in the electrical trades industry, which still forms the majority of our membership base.

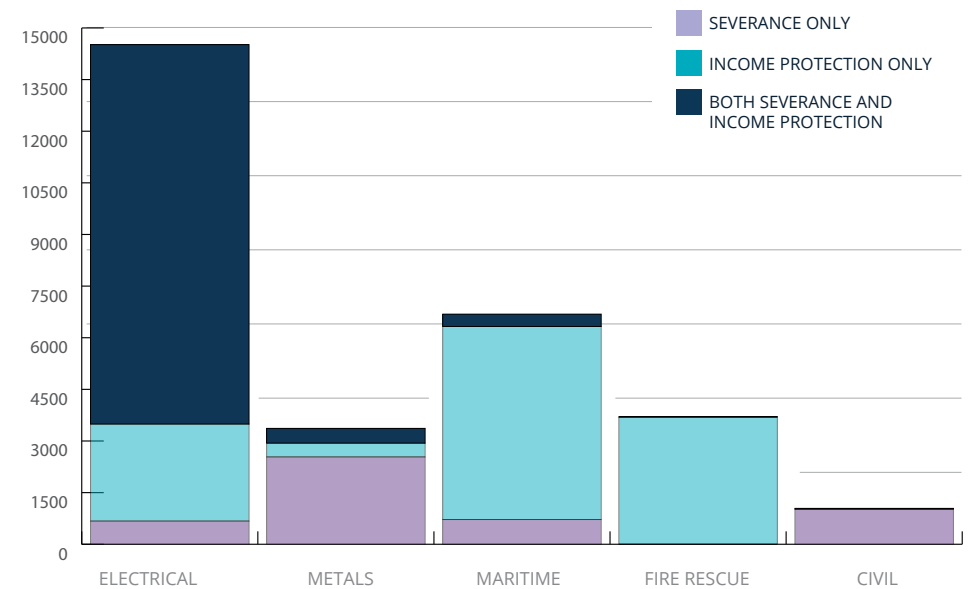
Membership grew by 12% over the year as some normality in employment returned after the pandemic. The main growth avenue was with new members from the Civil Construction industry, with the support of the AWU.

In more recent years, Protect's services have been provided to industries outside of electrical trades, namely metal workers as well as maritime, fire rescue and civil construction workers.

- ▶ In the **electrical** division, most workers are part of the redundancy and severance scheme and also receive income protection insurance.
- ▶ Most **metals** and **civil construction** workers are members of the redundancy and severance scheme.
- ▶ Most **maritime** workers and **firefighters** are covered by income protection insurance.

*The main growth avenue was with new members from the Civil Construction industry*

MEMBERS BY ACCOUNT TYPE BY INDUSTRY

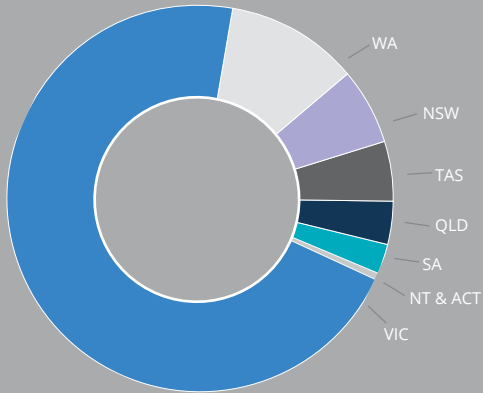


This chart shows our membership for each division and represents workers actively employed. In addition to the 29,351 employed workers, there are a further 15,587 workers on our records with an open account but not currently working with a Protect-contributing employer.

↑12%

29,351  
EMPLOYED WORKERS

44,938  
OPEN ACCOUNTS



EMPLOYED WORKERS BY STATE: JUNE 2021

## 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 500 members in six states.

## SEVERANCE AND REDUNDANCY SCHEME

A tax ruling late in 2019 enabled payments to be made to workers based on the event which caused their employment to terminate. If a worker is made redundant, a redundancy payment will be applicable. If a worker's employment is terminated or the worker resigns, a termination payment applies.

A Genuine Redundancy payment provides a tax-free redundancy component, with a higher claim limit than under the termination payment.

A genuine redundancy claim may only be made in limited circumstances such as a redundancy, retirement or upon death.

A Termination payment is available in a wider range of circumstances, although with a limit on the initial claim and with income tax applicable on the payment.

Late in the financial year, the Board made a decision to increase the initial claim limit from \$6,500 to \$10,000 from 1 October 2022. This applies to termination payments, not genuine redundancy payments and was done to better reflect current wage levels for the 28-day waiting period between an initial claim and subsequent claim.

## INCOME PROTECTION INSURANCE

Protect administers a range of income protection policies, tailored for members in the electrical, metals, civil construction, fire rescue 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 policy holder and Lloyds of London. ATC Insurance Solutions administers the claims process and pays the claims.

## WELLBEING SERVICES

Protect's members engage with us when they are experiencing a difficult time, such as loss of work or an injury or illness affecting their ability to work and therefore their livelihood. These circumstances can then trigger a myriad of stressors that may include relationship issues, drug and alcohol dependency and financial problems. It therefore makes sense for Protect to offer wellbeing services to assist workers in difficult times.

Hunterlink provides the Protect Counselling service, available to Protect employers, workers and their immediate families. The program provides 24/7 access to professionals, at no cost to members. Outsourcing ensures delivery by trained professionals and that counselling sessions are independent and confidential, in no way linked to Protect.



A Hunterlink counselling portal is linked on Protect's website or direct contact can be made with counsellors on the free call line 1300 725 881.

Protect members and their family also have the opportunity to utilise Alcohol and Drug Awareness Australia (ADA) resources, which include videos and phone support services.



This valuable service is free of charge and provides members with access to a variety of educational videos on topics including alcohol and drug addiction. The videos are designed to enhance members' knowledge and awareness of addiction-related issues. Additionally, members can access ADA's confidential phone line on 1800 232 287, which offers a friendly ear support service. This service connects members with counsellors who have real-life experience of addiction and can provide confidential advice and support.



## FIELD TEAM SUPPORT

Protect has a team of seven field officers who provide support to employers and workers at their workplace.

Our Employer Relations Manager works with employers to assist with the registration process and to help employers and their staff with the monthly online contribution process.

The remaining members of the Field Team visit workers, employers and unions to provide information about the benefits of Protect's services including severance, insurance and counselling, and how to claim these benefits.

At times, the Field Team will visit workers at home or in hospital at their request, to support them in the claiming process.

Five team members are based in Melbourne and one in Perth. After year-end, Protect employed an additional field officer in Sydney.



## MEMBER SERVICES SUPPORT

The Member Services Team is 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](#))







**SUE CARTER**

Independent Director, Independent Chairman

Sue joined the Board in February 2016 and in October 2019 took over as Board Chair.

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](#)



**MARK ENGEMAN**

Independent Director

Appointed to the Protect Board as an Independent Director in April 2019, Mark Engeman's background is in financial markets. As of October 2019, Mark is Chair of Protect's Audit and Risk 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. He is currently 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.



**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.



**DEAN MIGHELL**

Director representing the ETU

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.



**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.



**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 in investments. Dean Mighell is Chair of this Committee.

## INVESTMENT SUB COMMITTEE

Directors Carter, Smith and Mighell 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.

## AUDIT AND RISK COMMITTEE

Four directors, Engeman, Carter, Graham 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 remuneration of directors, management and staff as well as policies. Sue Carter chaired this committee which meets one or two times per year.

## MEETING ATTENDANCE

	MEETINGS ATTENDED / MEETINGS HELD			
	Board	I&F	A&R	HR&R
<b>Carter</b>	9/9	7/7	3/3	0
<b>Mighell</b>	8/9	7/7		
<b>Filazzola</b>	9/9	7/7		0
<b>Purnell</b>	8/9	7/10		0
<b>Smith</b>	9/9	7/7	3/3	
<b>Engeman</b>	7/9	5/7	3/3	0
<b>Watson</b>	9/9	7/7	3/3	

## 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 for 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 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 metals 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.



**GERARD NICOLLE**

Business Manager

*(Retired 2022)*

Gerard joined Protect in June 2017 after being the Operations & IT Manager at a similar organisation for over 12 years. He has experience managing several projects including the successful development and implementation of online contribution and client management software.

Gerard holds a Bachelor of Business (Administration and Marketing).



**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 CRM system.



# KEY INDICATORS

## MEMBERS FUNDS

The Protect schemes have total assets of \$345.5 million which is adequate to cover member entitlements of \$327.2 million, as well as other operating liabilities.

If claims were to continue being paid to members at the current rate of \$50.6 million per year, total assets represent 6.4 years' worth of claims.

In addition, the schemes are able to draw funds from ETU Victoria, via a facility agreement, to ensure any shortfall of members funds in the future would be covered.

## INVESTMENTS

### ASSET ALLOCATION & ASSET CLASS PERFORMANCE

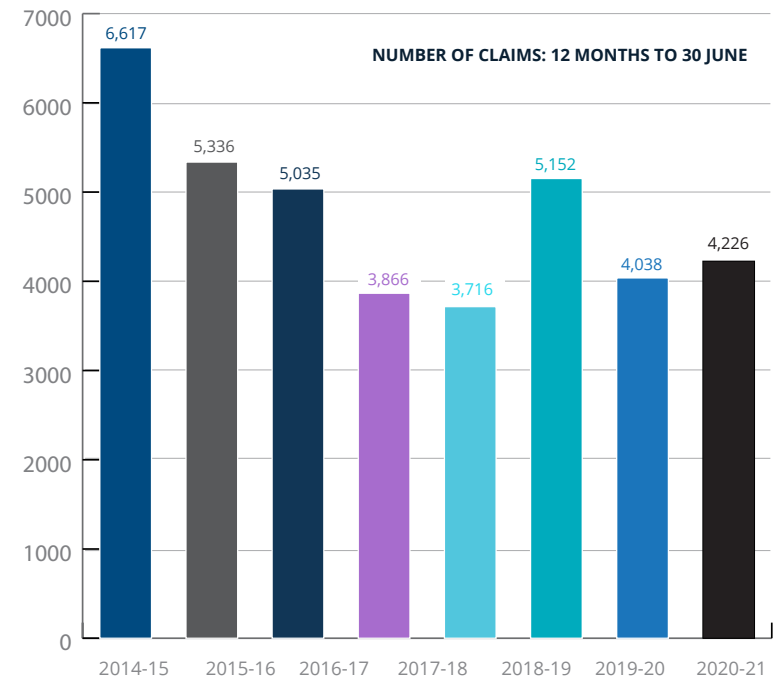
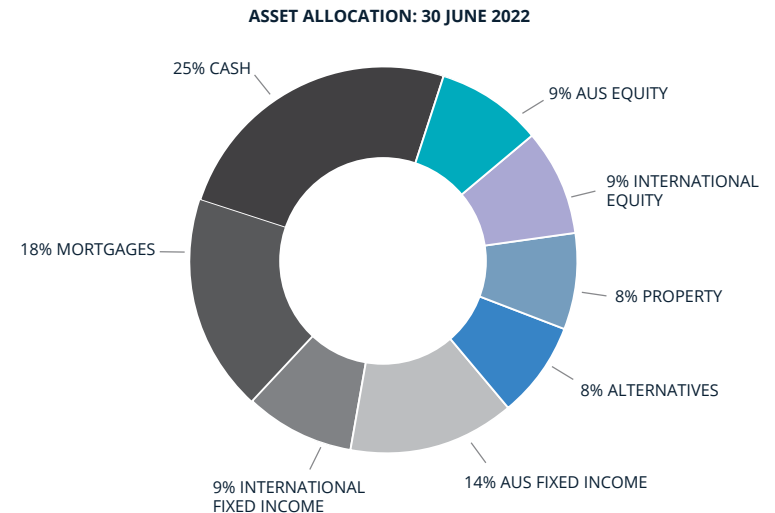
At 30 June 2022, 33% of assets were allocated in 'growth' categories (blue) and 67% in income categories (grey), compared to the Board's targets of 40% and 60% in growth and income assets respectively. This conservative approach aims to provide a stronger protection on members' funds and better protection from the risk of severe downturns in equities markets. To provide further protection through diversification, funds are invested across in multiple investments in each category.

For the past three financial years, the Board has maintained a very high proportion in cash, as well as other 'liquid' assets in order to mitigate the risk of a significant call on funds triggered by the pandemic. Such a call did not eventuate to anywhere near the extent we had planned for and the Board is now aiming to reduce cash holdings back to the target level of 15% by investing in the other asset categories.

## SEVERANCE CLAIMS

The number of severance and redundancy claims remains slightly below the long-term average. 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 \$50.7 million, just \$1.4 million higher than the previous year.



# KEY INDICATORS

**\$68.4M**  
CONTRIBUTIONS

**\$50.7M**  
CLAIMSPAID

## CONTRIBUTIONS

Employers contributed \$68.4 million to the severance scheme, up from \$60.4 million the previous year. This reflects both rising employment as well as new members in the Civil Construction sector.

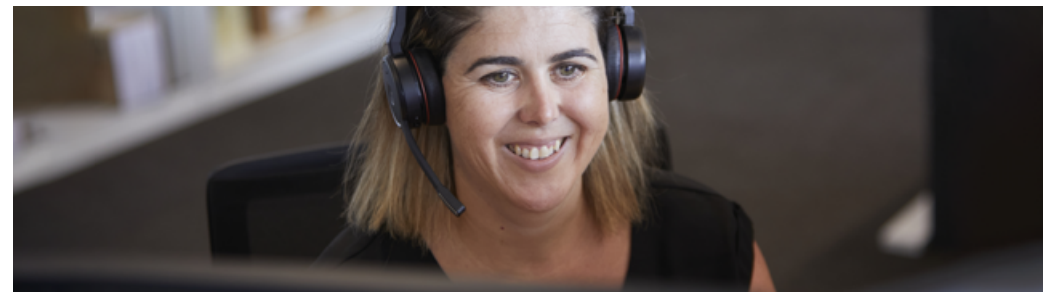
## ONLINE SERVICES

The demand for online services has been on the rise, as indicated by more than half of all claims being submitted online.

Previously, only “initial claims” were available to be submitted online until the new IT system was introduced in 2022-23. The improved system now allows for almost all claim types to be submitted online.

68% of all claim types are submitted online, with initial claims being submitted online in 90% of cases through either the Protect website or Smartphone App. Due to the pandemic’s limitations on face-to-face interactions, there has been a significant increase in relying on online lodgement of workers’ severance and redundancy claims.

ALL CLAIMS	ONLINE	PAPER	INITIAL CLAIMS	ONLINE	PAPER
2016-17	28%	72%	2016-17	40%	60%
2017-18	48%	52%	2017-18	66%	34%
2018-19	52%	48%	2018-19	72%	28%
2019-20	53%	47%	2019-20	73%	27%
2020-21	67%	33%	2020-21	88%	12%
2021-22	68%	32%	2021-22	90%	10%



# KEY INDICATORS

## MEMBER GROWTH

*The pandemic has reinforced the importance of a severance/redundancy scheme and income protection insurance to see workers through difficult times.*

The number of employed workers increased by 12% overall, across all industries. 3% of this increase came from the influx of Civil Construction workers. Our largest Division, Electrical, increased by 6% in member numbers. The Metals and Maritime divisions increased by 10% and 17% respectively. The pandemic has reinforced the importance of a severance/redundancy scheme and income protection insurance to see workers through difficult times.

### ELECTRICAL

Most members have both a severance/redundancy account as well as income protection insurance. The Electrical division is Protect's largest and original sector. The industry movements generally reflect changes in the broader construction industry cycle and this year is another example. An increase in member of 860 or 6% reflects strengthening employment, mainly in large infrastructure projects in Victoria.

### METALS

Membership increased by 313 from last year after being relatively stagnant in recent years. Most members have a severance/redundancy account.

### MARITIME

Protect mainly provides income protection insurance for Maritime workers across Australia, which saw 17% growth in numbers over the financial year, including growth severance account numbers.

### FIRE RESCUE

Victorian Firefighters joined Protect from late 2018 as Income Protection members. The year saw a further 7% increase in workers covered by income protection insurance.

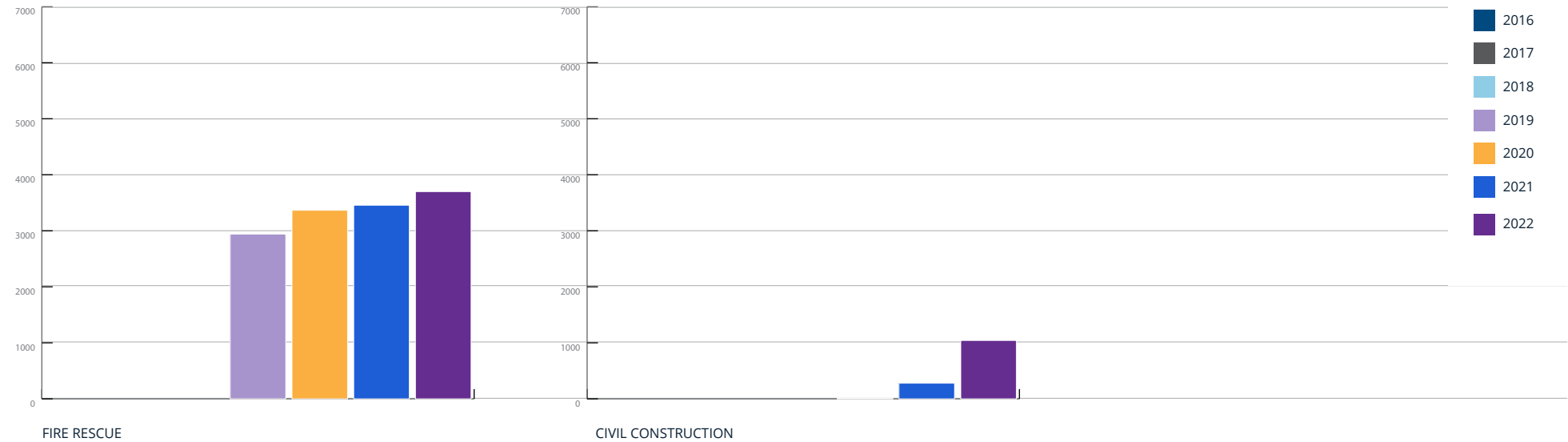
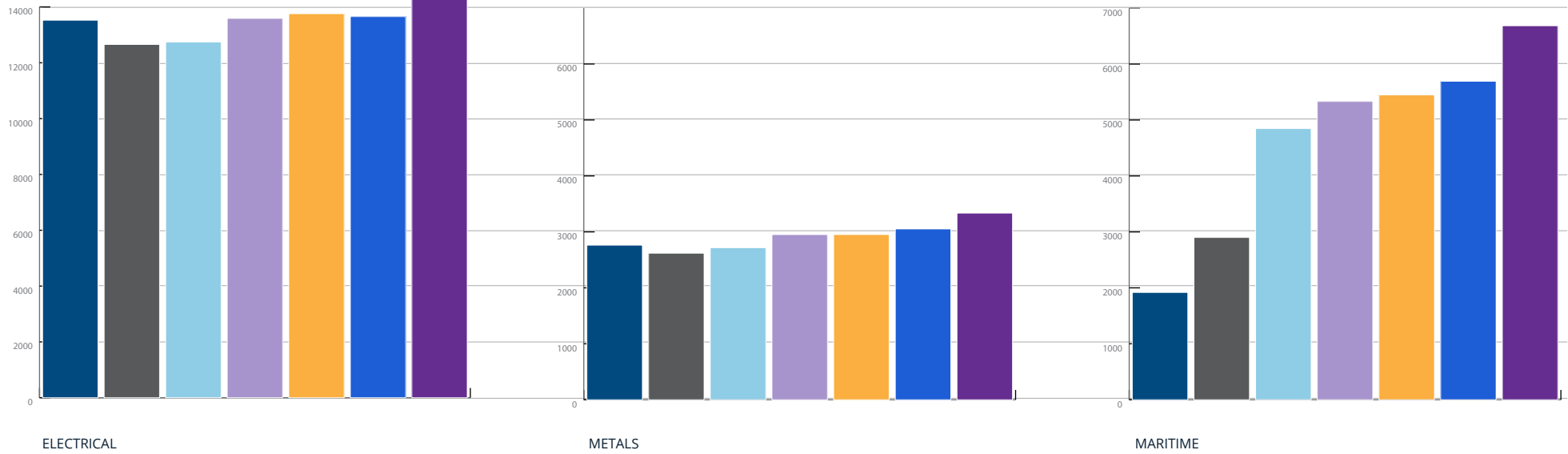
### CIVIL CONSTRUCTION

In 2019-20 Protect welcomed members from the Civil Construction sector as part of the severance and redundancy scheme. Membership has now risen to over 1,000 members which has now risen to over 1,000 members who are part of the severance and redundancy scheme.





**EMPLOYED WORKERS BY INDUSTRY**



# ■ PROTECT IN THE COMMUNITY

*Protect is the proud official sponsor of the Victoria Thunder Wheelchair Rugby team and the Victoria Wheelchair Rugby Cup*



## CARBON NEUTRAL

In 2016, an internal initiative began when a group of Protect employees identified the environment, sustainability and the community as areas of importance and concern.

A working group was formed with the support of the CEO and Board to find ways for Protect to improve in these areas. The group identified National Carbon Offset Standard (NCOS), Carbon Neutral Program - now known as Climate Active, as a program of credibility that would help Protect work toward desired changes.

Within the next 12 months, the team defined Protect's carbon footprint with assistance from an external auditor. They also identified a community based, sustainability focused, Timor-Leste carbon offset initiative, 'WithOneSeed'.

We are waiting approval from Climate Active and expect confirmation that Protect has achieved Climate Active Carbon Neutral Organisation certification for the sixth consecutive year. Since implementing the Carbon Neutral project, we estimate to have avoided 341 tonnes of CO2 emissions.

This certification reflects Protect's commitment to corporate social and environmental responsibility, and it is a credit to the leadership team's support of the working group's vision and dedication. Protect continues to lead the severance industry in demonstrating a commitment to sustainability and the community.



## DISABILITY SPORT AND RECREATION

Disability Sport and Recreation is 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.

Protect is the proud official sponsor of the Victoria Thunder Wheelchair Rugby team and the Victoria Wheelchair Rugby Cup.

It was extremely pleasing to see several of the Victorian players represent Australia's "Steelers" wheelchair rugby team at the Tokyo Paralympics in 2021.



## 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 members participates 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 which 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 which 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.

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 has \$345.5 million in assets, with \$335.4 million in total liabilities, including \$327.2 million in 'Members Funds' – being the amounts owing to all workers in the event of severance or redundancy.

The Statement of Profit and Loss shows a loss of \$4.3 million. The major source of income is investment revenue, which was significantly down as investment markets suffered globally due to the pandemic and outbreak of war in Ukraine. \$11.9 million in investment losses are unrealised.

In addition, Protect's Board of Trustees aimed for a more conservative investment approach, as well as retaining high levels of cash in preparation for rising

redundancies. This impacted the return on Funds. The Trust Deeds of the entities allow for the Trustee to distribute surplus income to the Funds' sponsors. The surplus income is the amount in excess of the amount needed to fund severance payments to workers. The Trust distributions are comparable to companies paying dividends to their shareholders. The distribution decisions will only be made to the extent that workers' funds are not eroded. In other words, the remaining assets are at least 100% of the liabilities.

As the Trusts had a surplus of assets over the liabilities owing to workers, the Trustees declared trust distributions to the ETU Victoria (\$3 million), NECA Victoria (\$1 million) and AMWU Victoria (\$1.28 million), as detailed in Notes 3 and 6.

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 which 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.

To our knowledge, NECA directs its distributions from Protect into a Victorian Education Fund. That Fund is governed by an investment charter and policy and an investment committee. We are advised that NECA Victoria has expenditure criteria for that Fund. The funds, we understand, are directed to investing in training for the industry and NECA members. We are informed that recent examples of expenditure include establishment of training colleges, development of training courses in business management, development of training facilities, technical training in new technologies, participation in the development of industry standards such as AS3000, roadshows to support and educate industry participants in those standards (varying between 2,000 and 3,500 participants per annum), development of wellness courses, OH&S training and systems recognising the need for safe sites and the many legislative requirements.



# FINANCIAL SUMMARY

## Protect Group Consolidated Statement of Profit & Loss For the year ended 30 June 2022

	2022	2021
<b>Revenue and other income</b>		
Investment revenue *	309,983	32,513,078
Other income	1,173,906	503,068
	<b>1,483,889</b>	<b>33,016,146</b>
<b>Operating expenses</b>		
Administration fees	5,432,729	4,701,252
Advertising & promotion	755,144	608,114
Depreciation and amortisation	96,361	111,868
Technology expenses	506,487	305,933
Directors fees <i>NOTE 5</i>	519,204	454,304
Interest paid	87,342	107,266
Investment advisor fees	465,163	437,271
Other expenses	931,897	820,611
	<b>8,794,327</b>	<b>7,546,619</b>
<b>Operating profit for the year before tax</b>	(7,310,438)	25,469,527
Tax expense	3,044,461	(5,747,595)
Transfers to reserves		
<b>Profit for the year after tax</b>	<b>(4,265,977)</b>	<b>19,721,932</b>

\* Investment revenue includes unrealised losses on investments of \$11,984,417

# FINANCIAL SUMMARY

## Protect Group Consolidated Statement of Financial Position For the year ended 30 June 2022

	2022	2021
<b>Current assets</b>		
Cash and cash equivalents	76,713,845	77,515,900
Receivables	12,237,075	13,204,930
Investments	NOTE 1 248,304,231	244,340,778
Current tax assets	-	-
Other assets	7,486,555	4,686,229
<b>Total current assets</b>	<b>344,741,706</b>	<b>339,747,837</b>
<b>Non-current assets</b>		
Intangible assets	782,109	547,910
<b>Total non-current assets</b>	<b>782,109</b>	<b>547,910</b>
<b>Total assets</b>	<b>345,523,815</b>	<b>340,295,747</b>

	2022	2021
<b>Current liabilities</b>		
Trade & other payables	7,395,098	5,056,032
Tax liabilities	NOTE 2 531,515	4,686,835
Beneficiary entitlements	NOTE 3 245,415	3,394,504
Members funds	NOTE 4 327,234,033	307,529,226
<b>Total current liabilities</b>	<b>320,666,597</b>	<b>299,962,022</b>
<b>Total liabilities</b>	<b>335,406,061</b>	<b>320,666,597</b>
<b>Net assets</b>	<b>10,117,754</b>	<b>19,629,150</b>
<b>Trust Funds</b>		
Settled sum	11	11
Reserves	2,850,348	2,179,720
Accumulated surplus	7,267,395	17,449,419
<b>Total trust funds</b>	<b>10,117,754</b>	<b>19,629,150</b>

# FINANCIAL SUMMARY

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

### NOTE 1 - INVESTMENTS

	2022	2021
Shares in listed corporations	88,170,116	52,971,246
Managed funds	53,702,153	80,711,810
Unlisted property trusts	32,187,504	22,843,767
Other investments	74,244,458	51,914,087
<b>Total investments</b>	<b>248,304,231</b>	<b>212,440,910</b>

### NOTE 2 - TAX LIABILITIES

	2022	2021
Provision for tax payable	286,067	322,295
Provision for deferred tax	245,447	4,364,540
<b>Total investments</b>	<b>531,514</b>	<b>4,686,835</b>

Income tax is payable at trustee tax rates of 47%

### NOTE 3 - BENEFICIARY ENTITLEMENTS

	2022	2021
<i>Distributions owing to beneficiaries at year end</i>		
ETU Victorian Branch	-	2,151,751
NECA Victorian Chapter	-	717,250
AMWU Victoria	245,415	525,503
<b>Total beneficiary entitlements</b>	<b>245,415</b>	<b>3,394,504</b>

### NOTE 4 - MEMBERS FUNDS

	2022	2021
Electrical Division	263,413,931	250,297,871
Manufacturing (Metals) Division	50,598,733	49,286,004
Maritime Division	5,991,497	5,368,814
Civil Division	7,229,872	2,576,536
<b>Total members funds</b>	<b>327,234,033</b>	<b>307,529,226</b>



# FINANCIAL SUMMARY

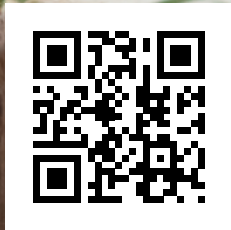
## NOTE 5 - DIRECTORS FEES

	2022	2021
<i>Total meetings for the financial year</i>		
ETU Victoria (2 Directors)	131,728	115,262
NECA Victoria (2 Directors)	131,728	115,262
Dean Mighell (ETU representative & Finance Committee Chair)	75,744	66,276
Susan Carter (Independent Chair)	104,260	91,228
Mark Engeman (Independent & Audit Chair)	75,744	66,276
<b>Total Directors fees</b>	<b>519,204</b>	<b>454,304</b>

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

## NOTE 6 - OTHER RELATED PARTY TRANSACTIONS

	2022	2021
Administration fees paid to Protect Services Pty Ltd	5,432,729	4,701,252
Industry sponsorship fees paid to NECA Victoria	116,000	85,500
Industry sponsorship fees paid to ETU Victoria	170,500	165,000
Industry sponsorship fees paid to AMWU Vic Branch	208,572	199,286
Industry sponsorship fees paid to MUA WA Branch	32,500	-
Distributions paid out to ETU Victorian Branch	5,151,751	-
Distributions paid out to NECA Victorian Chapter	1,717,250	-
Distributions paid out to AMWU	1,525,503	-



## CONTACT US

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