

Protect

ANNUAL REPORT

2023/2024



ABOUT US

Preferred by more than 60,000 workers and 1,200 employers throughout Australia and New Zealand, Protect is the leading industry severance scheme and provider of income protection insurance 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.



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

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MARK ENGEMAN
PROTECT CHAIRMAN



CHAIRMAN'S REVIEW

The Protect Severance Scheme continues to expand its role as a vital safety net for workers during periods of unemployment. The Funds adopt a conservative investment strategy to safeguard workers' entitlements, and the current cash flow remains robust, providing strong assurance that we can fulfil our obligations when they are most needed.

BOARD CHANGES

I am honoured to present my inaugural report as Chairman of the Board, following my appointment on 31 August 2023. It has been a privilege to succeed Sue Carter, whose outstanding leadership as Chairman set a high standard. Sue continues to contribute to the Board as an Independent Director and Chair of the Audit and Risk Committee.

The 2023/24 year also saw the retirement of Peter Smith, a NECA representative who served on the Board since 2010. The Board deeply appreciates Peter's significant contributions to the Scheme and the broader electrical industry, and we wish him all the best in his retirement. NECA has appointed Stewart Joyce, a member of the NECA National Executive Council, to take Peter's place on the Board.

ADMINISTRATIVE CHANGES

During the year, Management engaged extensively with the Australian Taxation Office (ATO) to secure a new Private Ruling on Genuine Redundancy Payments, as the previous ruling was set to expire. The ATO indicated it would not renew the Ruling in its existing form. Following a detailed consultation process, we introduced administrative adjustments that preserve tax-free genuine redundancy payments for members. These efforts culminated in obtaining a new Private Ruling, ensuring continued certainty for members. The changes will take effect after 31 March 2025, with member communications already underway.

We've introduced administrative adjustments that preserve tax-free genuine redundancy payments for members



MARK ENGEMAN
PROTECT CHAIRMAN



FINANCIAL PERFORMANCE

Throughout the year, the Board reaffirmed its commitment to a conservative investment approach, designed to limit exposure to downside risks while still capturing growth opportunities. The investment portfolio has also been streamlined to enable consolidated management, replacing smaller, separate portfolios for each division (e.g., electrical, metals, civil, maritime, etc.).

Protect's primary objective remains the protection of members' funds, ensuring that sufficient resources are available to meet entitlements. As of 30 June, Protect held \$429.8 million in total assets, covering liabilities of \$423.3 million, including members' entitlements of \$408.2 million.

In line with strong governance practices, KPMG audits the financial statements annually and in addition conducts an annual review. This rigorous oversight assures both the accuracy of financial reporting and the robustness of controls that minimise the risk of fraud. Following the close of the financial year, the Board commenced an externally facilitated Board Evaluation. Although the final report is pending, initial discussions suggest that the Board continues to operate at a high standard.

Under the Trust Deeds, Trustees may allocate surplus earnings to the Funds' sponsors after ensuring adequate coverage of members' entitlements. For the 2023-24 year, the Trustees resolved to declare distributions to sponsors, including the ETU Victoria (\$1.5 million), VEID-NECA Victoria (\$0.5 million), and the AMWU (\$0.3 million).

With a prudent investment strategy, strong cash flow, and a positive balance sheet, the Funds remain well-positioned to support our members.

FACILITY AGREEMENTS

The Board maintains agreements with ETU Victoria and NECA Victoria to provide additional safeguards for the Funds. These agreements allow for supplementary funding in the event of severe investment market conditions. To date, these facilities have not been utilised.

Finally, I would like to thank our CEO, Michael Connolly, along with the management team, staff, and my fellow directors, for their dedication, collaboration, and professionalism throughout the year.



MICHAEL CONNOLLY
PROTECT CEO



CEO REVIEW OF OPERATIONS

Protect continues to experience significant growth

Protect continues to experience significant growth, with the number of employed members rising by 19% as of 30 June 2024 compared to the previous year. This growth has been fuelled by an influx of electrical workers in New South Wales joining the severance fund, along with New Zealand firefighters selecting Protect and ATC Insurance Solutions for their income protection insurance needs.

The surge in Severance Fund membership has led to a record-breaking volume of claim payments. Over the year, 6,639 workers received a total of \$61 million in benefits, underscoring the critical role of the Fund in supporting individuals during job transitions, especially amidst rising cost-of-living pressures.

Membership in the Fund has nearly doubled since 2016, reflecting a 97% increase. Despite this substantial growth, we have successfully maintained our service standards without increasing staff numbers. The introduction of a new Customer Relationship Management (CRM) system in mid-2022 has greatly enhanced the availability of online services. Today, 85% of members lodge claims digitally through our website or smartphone app, simplifying and streamlining the process.

As highlighted by the Chairman, the financial year concluded with renewed clarity regarding taxation arrangements for members, albeit accompanied by some administrative updates. Additional communication outlining the steps for claiming entitlements will be shared with members in early 2025.

“ A surge in severance membership has led to a record-breaking volume of claim payments



**\$61M
PAID IN
CLAIMS TO
6,639
WORKERS
OVER THE
YEAR**

MICHAEL CONNOLLY
PROTECT CEO



INCOME PROTECTION INSURANCE

Protect administers income protection insurance on behalf of several unions. We remain dedicated to assisting members by clarifying policy details and guiding them through the claims process.

Our newest membership category is our 1,500+ New Zealand firefighters who are now covered by Income Protection Insurance.

COUNSELLING, ALCOHOL AND DRUG AWARENESS

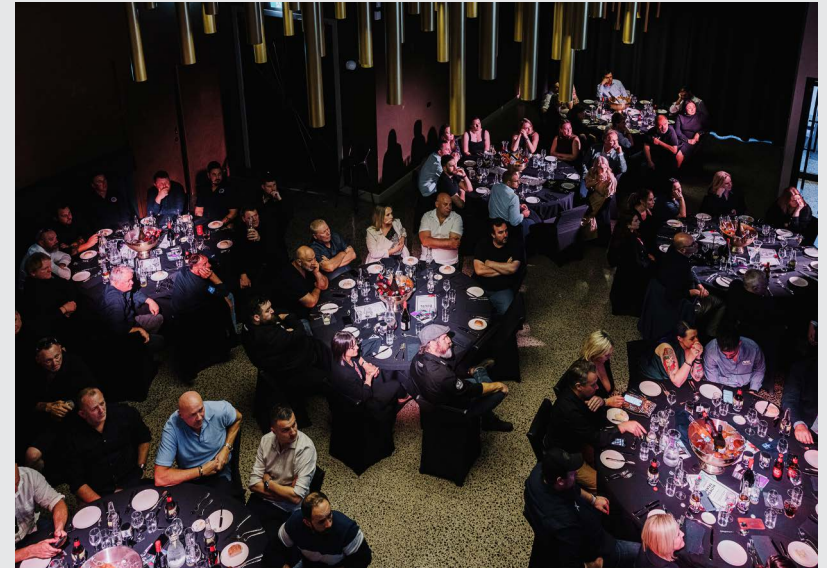
Our severance and income protection services often support individuals facing job loss or extended absences from work due to injury or illness—circumstances that can lead to mental health challenges or substance dependency. Providing mental health resources continues to be a cornerstone of our member services. Our longstanding partnership with Hunterlink operates as “Protect Counselling,” offering free and confidential support to both employers and workers, as well as their families. This valuable service addresses a wide range of personal and professional challenges.

Additionally, our collaboration with Alcohol and Drug Awareness Australia (ADAA) remains a key component of our support framework. Members benefit from access to online educational videos and a telephone helpline offering compassionate and confidential assistance.

In October 2023, we reinforced our commitment to mental health advocacy by hosting another Mental Health Awareness Dinner. This annual event unites the diverse industries we serve, to spotlight mental health challenges and raise funds for critical causes. 100% of proceeds from this year’s dinner were donated to [The Living Room](#), a charity dedicated to supporting youth at risk of homelessness.

BOARD OF DIRECTORS

In conclusion, I extend my gratitude to the Board for their unwavering support of the management team and staff. Our team continues to demonstrate remarkable adaptability in managing technological advancements, onboarding new members, and navigating evolving work environments. Their dedication ensures the delivery of outstanding customer service, characterised by timely claim processing and responsive telephone support.



■ 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

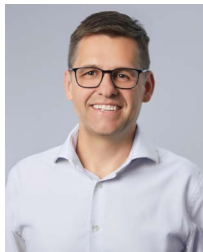
- continue to support community organisations
- continuously improving, sustainable operation
- invest responsibly

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



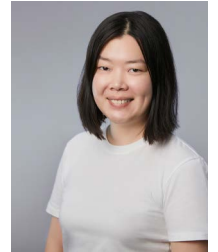
WE ARE ETHICAL

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 was established for the Victorian electrical trades industry, which continues to form the foundation of our membership base. Over the past year, membership in this sector grew by an impressive 11.5%, driven largely by employment on Victorian infrastructure projects.

In recent years, Protect has progressively expanded its reach beyond the traditional electrical trades, with workers joining from various industries, including metals, manufacturing, maritime, and civil construction. Income Protection insurance, provided by ATC Insurance Solutions and administered by Protect, has also extended into New Zealand, with coverage now provided to 1,465 New Zealand firefighters.

Further membership growth came from New South Wales electricians, with member numbers rising to over 2,500 from 1,815 in the previous year.

Within the Victorian Electrical division, a significant proportion of workers are covered by both the redundancy and severance scheme and income protection insurance. NSW Electrical members only have redundancy and severance accounts which is the same for most workers in the metals and civil construction industries. In the Maritime sector, the primary focus is on comprehensive income protection insurance, although the number of workers with a severance account has more than doubled, reaching 1,777.

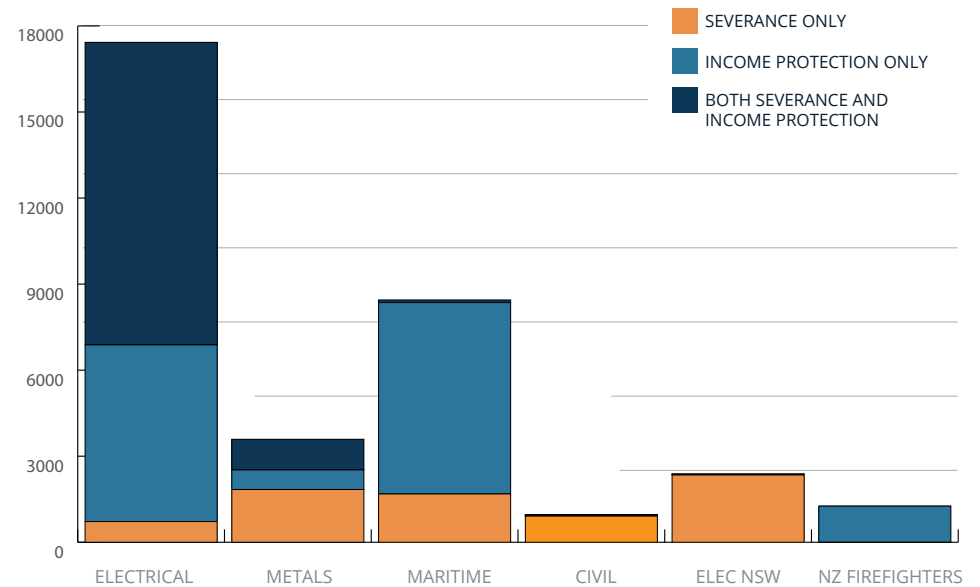
↑ 11.5%

35,956
EMPLOYED WORKERS

65,390
OPEN ACCOUNTS

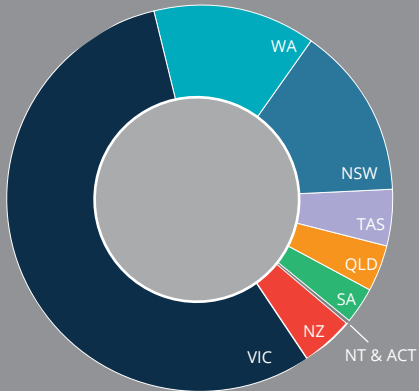
Protect administered Income protection has been extended into New Zealand with coverage now provided to 1,465 NZ firefighters

MEMBERS BY ACCOUNT TYPE BY INDUSTRY



The chart provides a detailed breakdown of actively employed members across each division. Beyond the 35,956 workers currently employed, an additional 29,434 individuals remain on our records with open accounts, even though they are not presently employed by a Protect-contributing employer.

EMPLOYED WORKERS BY STATE: JUNE 2024



AUSTRALIA WIDE AND TRANS TASMAN

Protect has members in all Australian States and Territories. While our home State is Victoria, we have a strong presence in Western Australia and New South Wales with at least 1,000 members in six States and approaching 1,500 in New Zealand.

SEVERANCE AND REDUNDANCY SCHEME

Protect was established to provide workers with a severance and redundancy fund – to provide a safeguard to cover periods of unemployment, initially in the electrical industry but now extending to other sectors. The safety net provided by redundancy funds ensures that workers' entitlements are held with a secure fund and reduces the risk of worker entitlements being lost if an employer goes into liquidation. The pandemic, followed by difficult economic conditions (high interest rates, rising material costs, fixed price construction contracts) led to increases in liquidations particularly in the construction sector. Workers entitlements are contributed to the fund every monthly, ensuring that funds are available in the event that an employer falls into liquidation.

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.

At the time of writing, workers have been informed of a new Australian Taxation Office Private Ruling, which preserves the tax-free status of genuine redundancy payments but requires an administrative change in claiming for a Voluntary Termination payment. Further communication will be provided in 2025 to explain the steps required to claim in these circumstances.

INCOME PROTECTION INSURANCE

Protect administers a variety of income protection policies designed specifically for members in the electrical, manufacturing, firefighting, and maritime sectors.

These insurance policies are held by the respective unions and are issued by ATC Insurance Solutions. Protect's responsibilities include registering new members and collecting premiums from employers, which are subsequently remitted to ATC Insurance Solutions.

To ensure awareness of policy benefits and the claims process, Protect's field officers conduct site visits to engage with both workers and employers.

The policies themselves are developed collaboratively by ATC Insurance Solutions, the Union policyholders, and Lloyds of London. ATC Insurance Solutions manages the claims process and is responsible for paying out 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 via 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 (ADAA), 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 first-hand 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 eight person Field Team to offer invaluable on-site support to both employers and workers.

Our Employer Relations Manager and Industry Relations Coordinator collaborate 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 Officers 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, six team members are stationed in Melbourne, with additional representatives in Perth and Sydney.

MEMBER SERVICES SUPPORT

Our Member Services Team are the frontline for employer and worker contact. Our team is available on 1300 444 249 AU or 0800 300 166 NZ and is a starting point for enquiries or arranging a visit from our Field Team.

Member Services Officers are 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:



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, Independent Chairman

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 (GAICD) and CPA.

[Read the Chairman's Review](#)



SUE CARTER

Independent Director

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 Equine Pathways Australia 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 master's degree in Organisation Psychology from RMIT and a Graduate Diploma in Applied Finance and Investment.



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 of the Centre 4 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 and a member of the Protect Audit & Risk Committee.

As a Lineworker Delegate Graeme was elected as an ETU VIC State Organiser and Councillor in 1978. He was Managing Director of the ETU VIC training and development business, EEIT Ltd., from 1999-2015. Re-elected onto State Council in 2005, State Executive in 2010 then Treasurer 2012-2023. 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 a Branch 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.

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



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.



STEWART JOYCE

Director representing NECA

Stewart joined the Protect Board in March 2024. He has over 35 years' experience in electrical and mechanical industries, working in not for profit, private and publicly listed ASX business environments. He holds a technical A grade electrical licence in addition to MBA business qualifications.



PETER SMITH

Director representing NECA

(Retired February 2024)

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 more than \$140 million and 400 staff.

■ 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 COMMITTEE (I)

Four directors, Engeman, Carter, Filazzola and Purnell sit on this Committee. An advisor from Pitcher Partners Investment Services attends most meetings to update the on-investment performance and recommend changes in the investments Committee. The Committee meets at least four times each year. Mark Engeman chaired the Committee during the year.

AUDIT AND RISK COMMITTEE (A&R)

Four directors, Engeman, Carter, Watson and Joyce 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. Sue Carter chaired this Committee during the year.

HR & REMUNERATION COMMITTEE (HR&REM)

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

MEETING ATTENDANCE

MEETINGS ATTENDED / MEETINGS HELD

| | Board | I | A&R | HR&REM |
|---------------------|-------|-----|-----|--------|
| Carter | 5/6 | 4/6 | 2/3 | 0/1 |
| Engeman | 6/6 | 4/6 | 3/3 | 1/1 |
| Filazzola | 4/6 | 4/6 | | |
| Balta | 6/6 | 1/1 | | 1/1 |
| Purnell | 6/6 | 1/6 | 2/3 | 1/1 |
| Smith [#] | 2/6 | 3/6 | | |
| Watson | 6/6 | 1/1 | 3/3 | |
| Joyce ^{##} | 2/6 | | 1/3 | |

[#] Until retirement on March 26, 2024
^{##} Joined from March 2024

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.



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 \$429.8 million (last year: \$374.4 million), demonstrating a robust financial position that comfortably covers member entitlements amounting to \$408.2 million (\$358.1 million), along with other operational liabilities. Maintaining the current claims payment rate of \$61.4 million per year, the total assets equate to 7 years' worth of claims coverage. Additionally, as a strategic safeguard, the schemes have the capacity to access funds from ETU Victoria and NECA Victoria through facility agreements. 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.

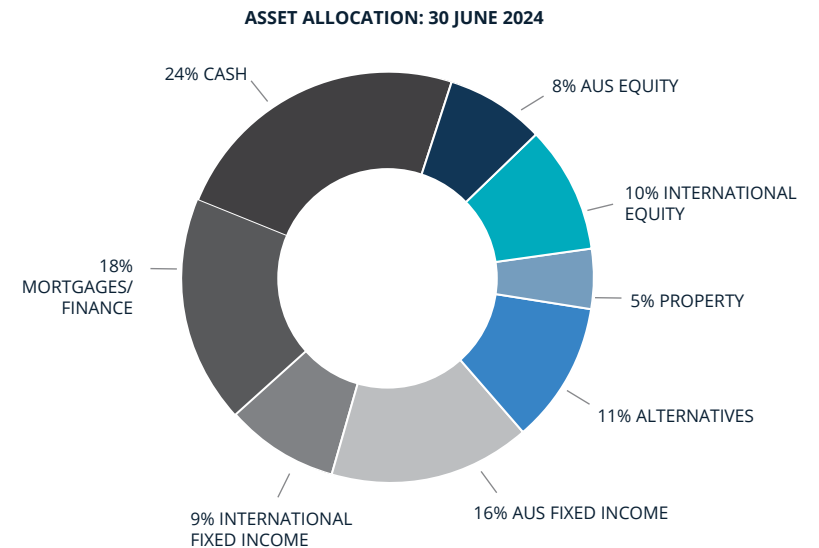
INVESTMENTS

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, 2024, 33% of assets were allocated to 'growth' categories (shown in blue) 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.

In recent 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

\$112.9M
CONTRIBUTIONS

\$61.4M
CLAIMS PAID

| 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% |
| 2023-24 | 85% | 15% |

SEVERANCE CLAIMS

The number of severance and redundancy claims, of 6,639 for the year is a new record for the fund. This is mainly a result of the growing size of the fund – more members mean more claims. The number of claims per 100 members sits at 34 (that is, 34 members out of every 100 members claimed during the year). For the past two years, the rate has been in the range of 30 to 32. The COVID peak of 2019-20 was 37, while the record year was 40. So, this demonstrates that rates of worker terminations are higher than in the recent post-pandemic years but well short of record levels. The total value of claims paid out during the year was \$61.4 million, an increase of \$4.6M on the previous year, driven by higher membership as explained above.

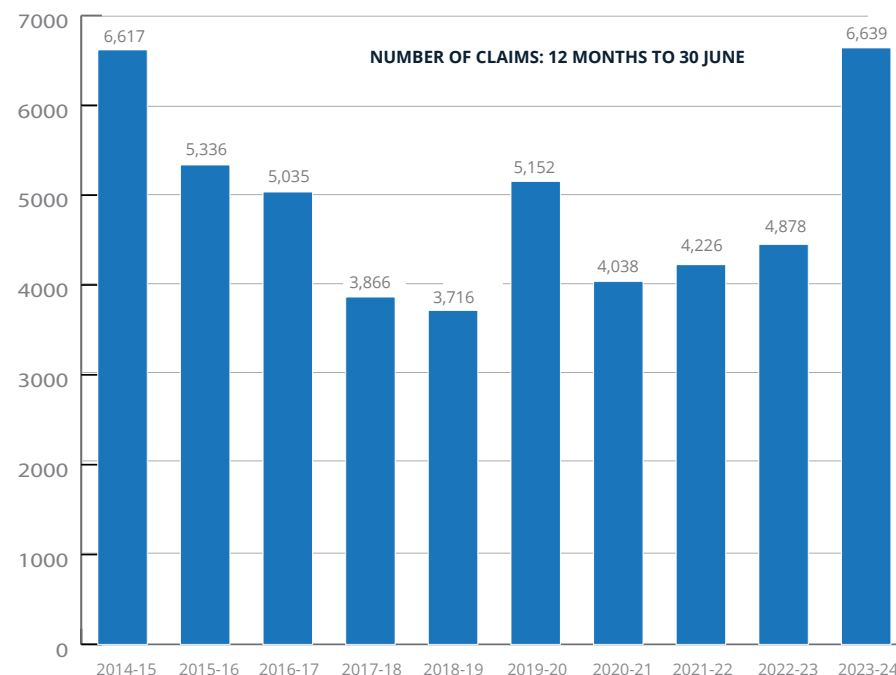
CONTRIBUTIONS

Protect collected \$112.9 million for the severance scheme, up from \$92.8 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, in addition to ongoing employer contributions.

MEMBER GROWTH

The total number of employed workers increased by 18.5%, reaching a collective count of 35,959 (last year 30,336) across diverse industries. The Electrical sector in New South Wales continues to grow, up by 39%, a net increase of 713 members.

The Victorian Electrical sector (+11.5%) and Maritime sector (+18.6) each added over 1,300 members, while the New Zealand Firefighters added 1,465 members.



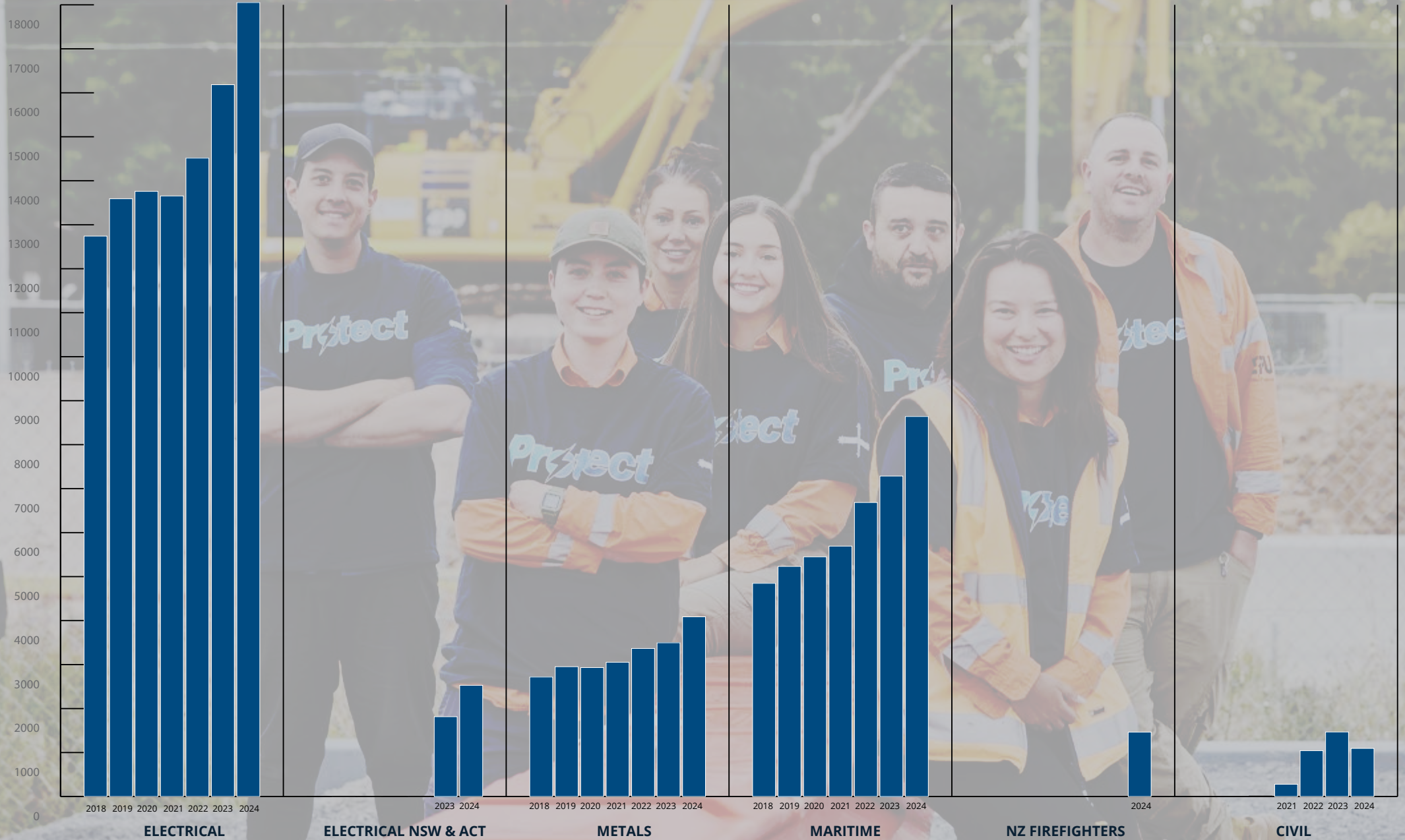
ONLINE SERVICES

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, 85% 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 reliance on online lodgement of workers' severance and redundancy claims in 2020-21. The new IT system has opened more options for online submissions, resulting in another jump.

Over 60% of members now choose the convenience of submitting a redundancy or severance claim via the Smartphone App. This is up from 50% last year and 38% two years ago.

EMPLOYED WORKERS BY INDUSTRY





CARBON NEUTRAL

In 2016, Protect employees initiated an internal effort to focus on environmental sustainability and community engagement, recognising these as key areas of importance. A working group was formed to explore ways in which Protect could enhance its contributions and commitments in these areas.

Following extensive research, the group identified the National Carbon Offset Standard (NCOS) Carbon Neutral Program as a reputable framework to help achieve these goals.

Over the subsequent years, the team undertook the detailed process of calculating Protect’s carbon footprint, a challenging task completed with the help of an external auditor.

Today, Climate Active (an Australian Government initiative) continues to verify Protect’s status as a certified Climate Active Carbon Neutral Organisation.

While we explore additional measures to further reduce emissions, Protect also purchases carbon offset units to maintain our carbon-neutral certification. The offset credits are sourced through the Aboriginal Carbon Foundation (AbCF), a not-for-profit organization fully owned by Aboriginal people. Established in 2010, AbCF fosters economic independence through innovative initiatives such as carbon farming and cultural fire credits.

The continued renewal of this certification reflects the vision and dedication of Protect’s leadership and working group. It highlights Protect’s role as a leader in demonstrating corporate social and environmental responsibility.



DISABILITY SPORT AND RECREATION

The year 2024 marked Protect’s 11th consecutive year as the major sponsor of both the Victorian Wheelchair Rugby Cup and the Victoria Thunder Wheelchair Rugby team.

Wheelchair rugby in Victoria is coordinated by Disability Sport and Recreation (DSR), the leading health-focused organisation for the state’s disability sport and recreation sector.

DSR’s mission is to foster positive health outcomes for Victorians with disabilities through participation in sports and recreational activities.

As part of our ongoing support for wheelchair rugby and to celebrate a decade of partnership in 2023, Protect donated eight wheelchair rugby chairs specifically for junior players. This initiative enabled DSR to launch the world’s first junior development program for wheelchair rugby athletes.

A standout moment of 2024 was witnessing numerous Victorian players represent Australia at the Paralympics, culminating in their return from Paris with a bronze medal—a proud achievement for the team and their supporters.



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 Esey 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

The Protect Group currently holds assets totalling \$430.4 million (last year: \$374.4 million), with total liabilities standing at \$370.6 million. Within this, \$408.2 million (\$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 \$10.0 million (\$5.98 million), with the major source being investment revenue, which increased by \$5.4 million from the previous year to \$26.8 million. This figure includes \$3.6 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 (\$1.54 million), VEID-NECA Victoria (\$0.51 million), and AMWU Victoria (\$0.34 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 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 (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 2024

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Revenue and other income | | |
| Investment revenue * | 26,795,214 | 21,358,283 |
| Other income | 622,388 | 563,661 |
| | 27,417,602 | 21,921,944 |
| Operating expenses | | |
| Administration fees | 6,809,964 | 5,663,840 |
| Advertising & promotion | 480,538 | 1,061,191 |
| Depreciation and amortisation | 220,481 | 215,792 |
| Technology expenses | 541,767 | 702,526 |
| Directors costs <i>NOTE 5</i> | 511,120 | 519,202 |
| Interest paid | 107,185 | 112,319 |
| Investment advisor fees | 556,149 | 486,910 |
| Other expenses ** | 2,010,934 | 3,730,328 |
| | 11,238,138 | 12,492,108 |
| Operating profit for the year before tax | 16,179,464 | 9,429,836 |
| Tax expense | (6,106,515) | (3,452,313) |
| Transfers to reserves | | |
| Profit for the year after tax | 10,072,949 | 5,977,523 |

** Investment revenue includes unrealised gains on investments of \$3,577,897 and realised gains of \$670,890

FINANCIAL SUMMARY

| | 2024 | 2023 |
|---------------------------------|--------------------|--------------------|
| Current assets | | |
| Cash and cash equivalents | 57,708,681 | 70,658,905 |
| Receivables | 2,608,137 | 3,680,115 |
| Investments <i>NOTE 1</i> | 359,809,922 | 284,342,970 |
| Current tax assets | - | 62,800 |
| Other assets | 9,721,930 | 14,835,385 |
| Total current assets | 429,848,670 | 373,580,175 |
| Non-current assets | | |
| Intangible assets | 627,582 | 811,719 |
| Total non-current assets | 627,582 | 811,719 |
| Total assets | 430,476,252 | 374,391,894 |

| | 2024 | 2023 |
|--|--------------------|--------------------|
| Current liabilities | | |
| Trade & other payables | 5,054,884 | 6,962,857 |
| Tax liabilities <i>NOTE 2</i> | 7,633,282 | 3,193,772 |
| Beneficiary entitlements <i>NOTE 3</i> | 2,386,804 | 2,413,979 |
| Members funds <i>NOTE 4</i> | 408,249,380 | 358,054,317 |
| Total current liabilities | 423,324,350 | 370,624,925 |
| Total liabilities | 423,324,350 | 370,624,925 |
| Net assets | 7,151,902 | 3,766,969 |
| Trust Funds | | |
| Settled sum | 11 | 11 |
| Reserves | 151 | 57,953 |
| Accumulated surplus | 7,151,740 | 3,709,005 |
| Total trust funds | 7,151,902 | 3,766,969 |

FINANCIAL SUMMARY

Protect Group Notes to Financial Statements For the year ended 30 June 2024

NOTE 1 - INVESTMENTS

| | 2024 | 2023 |
|-------------------------------|--------------------|--------------------|
| Shares in listed corporations | 29,332,869 | 43,580,914 |
| Managed funds | 237,537,589 | 158,936,765 |
| Unlisted property trusts | 13,120,130 | 18,757,362 |
| Other investments | 79,819,334 | 63,067,929 |
| Total investments | 359,809,922 | 284,342,970 |

NOTE 2 - TAX LIABILITIES

| | 2024 | 2023 |
|----------------------------|------------------|------------------|
| Provision for tax payable | 2,677,026 | 1,082,997 |
| Provision for deferred tax | 4,956,256 | 2,110,775 |
| Total investments | 7,633,282 | 3,193,772 |

Income tax is payable at trustee tax rates of 47%

NOTE 3 - BENEFICIARY ENTITLEMENTS

| | 2024 | 2023 |
|---|------------------|------------------|
| <i>Distributions owing to beneficiaries at year end</i> | | |
| ETU Victorian Branch | 1,538,030 | 1,554,887 |
| VEID-NECA Victorian Chapter | 512,761 | 518,326 |
| AMWU Victoria | 336,043 | 340,766 |
| Total beneficiary entitlements | 2,386,834 | 2,413,979 |

NOTE 4 - MEMBERS FUNDS

| | 2024 | 2023 |
|-----------------------------|--------------------|--------------------|
| Electrical VIC Division | 301,816,628 | 274,299,412 |
| Metals Division | 54,127,895 | 51,974,830 |
| Maritime Division | 11,745,721 | 8,160,717 |
| Civil Division | 15,889,566 | 13,254,948 |
| Electrical NSW/ACT Division | 24,669,570 | 10,364,410 |
| Total members funds | 408,249,380 | 347,689,907 |

FINANCIAL SUMMARY

NOTE 5 - DIRECTORS FEES

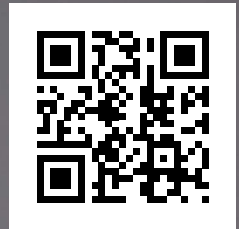
Total meetings for the financial year

| | 2024 | 2023 |
|---|----------------|----------------|
| ETU Victoria (3 Directors) | 197,592 | 153,682 |
| NECA Victoria (2 Directors) | 131,728 | 131,728 |
| Dean Mighell (Resigned 28 February 2023) | - | 50,496 |
| Susan Carter (Independent Chair) | 80,496 | 104,260 |
| Mark Engeman (Independent & Audit Chair) | 101,304 | 79,036 |
| Total Directors fees | 511,120 | 519,202 |

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

NOTE 6 - OTHER RELATED PARTY TRANSACTIONS

| | 2024 | 2023 |
|--|-----------|-----------|
| Administration fees paid to Protect Services Pty Ltd | 5,527,924 | 5,597,047 |
| Industry sponsorship fees paid to NECA Victoria | 115,000 | 95,000 |
| Industry sponsorship fees paid to ETU Victoria | 195,000 | 187,500 |
| Industry sponsorship fees paid to AMWU Vic Branch | 220,000 | 210,000 |
| Industry sponsorship fees paid to ETU NSW/ACT Branch | 100,000 | 41,891 |
| Industry sponsorship fees paid to MUA WA Branch | 100,000 | 70,000 |
| Industry sponsorship fees paid to AWU Vic Branch | 150,000 | 46,200 |
| Distributions paid out to ETU Victorian Branch | 4,437,483 | 7,266,668 |
| Distributions paid out to NECA Victorian Chapter | 1,479,137 | 2,422,193 |
| Distributions paid out to AMWU Vic Branch | 740,766 | 470,888 |



CONTACT US

ADDRESS:

Level 7, 380 Docklands Drive
Docklands VIC 3008

EMAIL / WEB:

info@protect.net.au
www.protect.net.au

PHONE:

1300 344 249