



Australian Government
Australian Military Forces
Relief Trust Fund

CORPORATE PLAN **2019–2020**

For the reporting period 2019–20 to 2022–23

STATEMENT OF PREPARATION

We, the Board of Trustees of the Australian Military Forces Relief Trust Fund (AMFRTF), as the Accountable Authority of the Fund, present the AMFRTF *Corporate Plan 2019–20* as required under paragraph 35 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The plan is prepared in accordance with section 16E of the *Public Governance, Performance and Accountability Rule 2014*.

WB Stothart, DSC, AM, CSC
Brigadier
Chair - AMFRTF

July 2019

D Khanenkov
Captain
Audit Committee

July 2019

PURPOSE

To provide benefits through loans and grants that contribute to the welfare of members of the Australian Army, in particular members who have served in the Australian Army and for the dependants of these members.

The AMFRTF has set goals to continually achieve this purpose. These goals cover the current and subsequent years of the Plan.

- **Loans**—the provision of loans up to \$5,000 to members of the Australian Regular Army and Army Reserve (CFTS) who require financial assistance, and who have completed a minimum of 12 months' continuous full-time service and are 18 years of age or above.
- **Hardship grants**—the provision of grants up to \$2,500 to former members or dependants of members who are suffering financial hardship; that is, in a situation where someone does not have sufficient personal financial resources to be able to provide the basic living requirements, including items such as accommodation, food, clothing and, in certain circumstances, transport and medical expenses.
- **Financial management and investment**—the provision of sound financial management and investment practice to ensure there is sufficient capital to meet the operational goals and to ensure the entity grows and remains relevant to the needs of Army.

For more information visit <https://www.armyrtf.com.au>

ENVIRONMENT

The Fund does not operate in a competitive environment and, subject to financial and human resources, can achieve its purpose.

Controlling factors: The AMFRTF relies on fund maintenance contributions and investments income for self-sustainment.

Partially controlled factors: The AMFRTF can approve or reject an application but cannot influence the financial behaviour of those eligible to apply for assistance.

Other factors: The AMFRTF is reliant on Department of Defence for Australian Public Service (APS) staff, office space and ICT as well as the payroll system for the recovery of loan repayments.

Administrative factors: The AMFRTF is a Corporate Commonwealth Entity within the General Government Sector, and is directed by Trustees appointed by the Responsible Minister. The Fund operates in accordance with the relevant legislation (including the *Services Trust Fund Act 1947* and the *PGPA Act*).

Technological factors: The AMFRTF uses the Department of Defence ICT including its record management database plus a standalone laptop for MYOB financial management. The loans database and website management is outsourced.

PERFORMANCE

LOANS

Activity 1	Provide financial assistance to members of the Army through the provision of low cost, affordable loans.
Intended result	Provide benefits for members of the Australian Army by providing loans in a prompt and efficient manner, with those in greatest need given priority.
Delivery strategy	<p>Promote the availability of financial assistance through the AMFRTF website and use electronic workflow application processes for submitting and reviewing applications prior to Secretariat approval and processing.</p> <p>Review of loan application to include an assessment of non-payable risk.</p> <p>Management to review annual guideline budget of \$4.420 million.</p>
Measuring performance 2019–20 and out to 2022–23	<p>Funds disbursed within the guidance annual budget.</p> <p>Number and types of loans are in scope and reported annually.</p> <p>Greater than 75 per cent of loans issued to junior ranks (Sergeant and below).</p>

HARDSHIP GRANTS

Activity 2	Provide financial assistance to former members or dependants in financial and necessitous circumstances through hardship grants.
Intended result	Provide benefits for former members who have served in, or in association with, the Australian Army, and for the dependants of current or former members, through hardship grants for eligible persons under financial hardship or in necessitous circumstances.
Delivery strategy	<p>Clear guidelines to be available on the AMFRTF website. Grants are \$2,500 unless extenuating circumstances require additional funding.</p> <p>Grants are not paid directly to applicant but are for goods and services or are paid towards outstanding bills.</p> <p>Trustees will determine fund availability for grants on an as needs basis, determined by the overall financial performance of the Trust Fund.</p>
Measuring performance 2019–20 and out to 2022–23	Hardship grants have been approved by Trustees and do not exceed funding availability for that year.

FINANCIAL MANAGEMENT AND INVESTING

Activity 3	Use sound financial management and investment practices in accordance with PGPA Act and <i>Services Trust Fund Act 1947</i> and other relevant standards, rules and legislation.
Intended result	AMFRTF remains self-sustaining through sound financial management and investment for each financial year, while meeting governance and legislative compliance.
Delivery strategy	<p>The Secretariat, under guidance of the Trustees and Audit Committee, will manage the Fund's activities.</p> <p>Fund maintenance charge of 2 per cent will apply on all general purpose loans.</p> <p>Invest a minimum \$1.5 million in low risk term deposits.</p>
Measuring performance 2019–20 and out to 2022–23	<p>Achieving a positive profit outcome at the end of financial year.</p> <p>Nil non-compliant findings on governance and legislative requirements for the reporting period.</p> <p>Bad debt annual write-off kept within acceptable range. (less than 1 per cent of the yearly debtors control).</p>

CAPABILITY

The AMFRTF achieves its purpose by continuing to be self-sustaining through low cost fund maintenance charges on general purpose loans, investment returns from term deposits and minimisation of bad debts.

While there is no change to the purpose of the entity, it is envisaged that there will be a need to monitor demand on the limited financial resources over the period of this Plan.

The Board and Audit Committee comprise Army members who receive no remuneration. The Board will maintain continuous strategic oversight of current and future capability to maximise its utility to Army.

The Secretariat is situated in Army Headquarters and the Department of Defence supports its resources, including APS staff, office accommodation and ICT services.

The AMFRTF website, with its online application and database capability, is the key to the operation of the entity in processing the loans applications for Army members. The AMFRTF contracts an external service provider for the website and database support. The Department of Defence provides other ICT support. A trust fund-owned laptop is used for MYOB financial management and reporting.

RISK OVERSIGHT AND MANAGEMENT

Risk appetite

The AMFRTF faces a broad range of risks reflecting its responsibilities under the *Services Trust Fund Act 1947*. These risks include those resulting from its responsibility of being self-sustaining and performing day-to-day operational activities to achieve its purpose. The AMFRTF has a low to medium appetite for most types of operational risk. The AMFRTF is to ensure to mitigate risk to acceptable levels.

The following are the responsibilities for the Board of Trustees, the Audit Committee and the Secretariat in relation to risk oversight and management of the Fund:

The **Board of Trustees** is responsible for:

- ensuring appropriate risk management processes are applied; and
- approving the Risk Management and Fraud Control Plan and Risk Register.

The **Audit Committee** is responsible for:

- overseeing the financial reporting and disclosure process; and
- carrying out regular internal reviews of financial management and business operations to ensure compliance with risk management and fraud issues.

The **Secretary of the Trust** is responsible for:

- managing financial compliance and reporting;
- assessing identified risks and developing strategies to manage those risks; and
- maintaining the Risk Management and Fraud Control Plan and the Risk Register.