



Australian Government
Australian Military Forces
Relief Trust Fund

CORPORATE PLAN

2016 - 2017

R26142049

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 as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and the *Services Trust Fund Act 1947*. The plan is prepared in accordance with Section 16E and 27A of the Public Governance, Performance and Accountability Rule 2014.

This plan is prepared for 2016-2017

The plan covers the four year period to 2019-2020.

For the purposes of this document, the term Army Relief Trust Fund (ARTF) will mean the Australian Military Forces Relief Trust Fund.

The Plan is accepted in accordance with a Resolution by the Accountable Authority (Board of Trustees).

Handwritten signature of LS Wilton in black ink.

LS WILTON
Chair
AMFRTF

8 August 2016

Handwritten signature of JE Denton in black ink.

JE DENTON
Chair
Audit Committee

08 August 2016

PURPOSE

The purpose of the ARTF is to provide benefits for members of the Australian Army, in particular members who have served in, or in association with, the Australian Army and for the dependants of such members. This accords with the objectives as defined in the *Services Trust Fund Act 1947*.

The Accountable Authority has set Goals to continually achieve the purpose, over the current and subsequent years of the Plan.

- a. **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.
- b. **Hardship grants** - the provision of grants up to \$2,500 to former members or dependants 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 such items as accommodation, food, clothing and, in certain circumstances, transport and medical expenses.
- c. **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.

ENVIRONMENT

The Fund operates chiefly for the benefit of serving members of the Army.

Controlling Factors: The Fund relies on Funds Maintenance Contributions and Investments income for self-sustainment.

Partially Controlled Factors: The Trust can approve or reject an application but cannot influence the financial behaviour of those eligible to apply for assistance.

Other factors: Relationships established with the Bravery Trust, the SASR Trust, the Commando Welfare Trust, ADF Consumer Centre, other Ex-Service Organisations as well as the Navy and Air Force Trust Fund's assist the Secretariat in correctly referring members requesting assistance when required.

Administrative: The ARTF is a Corporate Commonwealth Entity, within the General Government sector, and is directed by Trustees appointed by the Minister. The Fund's central secretariat is staffed by two Defence APS. The Fund operates in accordance with the relevant legislation (including the Services Trust Fund Act 1947 and the PGPA Act 2013).

Technological factors: The ARTF uses the Defence official filing system and stand alone MYOB for financial management. The Loans database and web site 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	Meets the purpose of providing benefits for members of the Australian Army by providing loans in a prompt and efficient manner with those in greatest need receiving priority.
Delivery strategy	<p>Promote the availability of financial assistance to members of the Army and provide guidelines through the ARTF web site.</p> <p>Use electronic work flow application process for submitting and reviewing applications prior to Secretariat approval and processing.</p> <p>Trustees to review annual guideline budget of \$3.640m (\$0.140m per pay) and if maximum loan rate \$5,000 are still appropriate.</p> <p>Trustees to regularly review criteria 'reason' for a loan application.</p>
Measuring performance annual & out to 2019-20	<ul style="list-style-type: none"> • Funds disbursed in accordance with Trustee guidance annual budget. • Number and types of loans are in scope and reportable annually. • Target met of > 75% of loans issued to junior ranks (SGT and below).

HARDSHIP GRANTS

Activity 2	Provide financial assistance to former members in financial and necessitous circumstances through Hardship Grants.
Intended Result	Meets the purpose of providing 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 in financial and necessitous circumstances.
Delivery strategy	Clear guidelines to be available on the ARTF web site. Although no specific budget is set, Trustees will determine funds availability for grants on an as needs basis, determined by the overall financial performance of the Trust Fund that year.
Measuring performance annual & out to 2019-20	<ul style="list-style-type: none"> • Trustee approved Hardship Grants are funded up to \$2,500 (unless agreed otherwise) and do not exceed funding availability for that year.

FINANCES

Activity 3	Use sound financial management and investment practices in accordance with PGPA Act and Services Trust Fund Act and other relevant instructions.
Intended Result	Meets the purpose of the <i>Service Trusts Act</i> the fund to remained self sustaining through sound financial management and investment for the financial year. As well as meeting governance and legislative compliance.
Delivery strategy	<p>Secretariat, under guidance of the Trustees and Audit Committee, will manage the Trust activities.</p> <p>Invest a minimum \$1.500m in low risk secure environments according to the <i>Services Trust Fund Act</i>.</p> <p>Bad debt minimised through management of separating members and use of debt collection agents.</p> <p>Convert deceased members loans to grants.</p>
Measuring performance annual & out to 2019-20	<ul style="list-style-type: none"> • EOFY Financial Statements demonstrate self sustainment and well managed financial practice over the current year of the Plan. • No non-compliant findings on governance and legislative requirements. • Investment income is higher than CPI and assisted the Trust to maintain its value each year. • Bad debt annual write off kept within acceptable range <1%

CAPABILITY

As the business of the entity has the single purpose, which is to provide benefits for members or ex-members of the Australian Army and for the dependants of such members, it is envisaged that there will be little change to its operating environment over the period of this Plan.

The Board and Audit Committee comprise of Army members and civilians who receive no remuneration. The Board will maintain a continuous business improvement, especially in relation to workflow processes, to maximise its utility to Army. Additionally, the Board will regularly review workloads to ensure staffing levels are not being overstretched and therefore compromise efficiency.

The Secretariat will continue to be supported by Defence; two APS staff, office accommodation and ICT services.

The Company will continue to use external provider for the website and database support. MYOB will continue to be used for finance management and reporting.

RISK OVERSIGHT AND MANAGEMENT

Risk Appetite. The ARTF faces a broad range of risks reflecting its responsibilities under the *Services Trust Fund Act*. These risks include those resulting from its responsibility of being self sustaining and performing day to day operational activities to achieve its purpose. Acceptance of some degree of risk is often necessary to foster innovation within business practices. Nonetheless, the Company has a low to middle appetite for most types of operational risk and makes resources available to control it to acceptable levels.

The following are the responsibilities of the Accountable Authority, Secretariat and the Audit Committee in relation to risk oversight and management of the business entity:

Accountable Authority. Ultimate responsibility for ensuring appropriate risk management processes are applied rests with the Board of Trustees. The Board of Trustees are to review and approve the risk management plan and risk register.

Secretary of the Company. The Secretary of the Company will be responsible for:

- a. Development and implementation of a Risk Management and Fraud Control Plan;
- b. Assessment of identified risks and developing strategies to manage those risks, as they are identified;
- c. Ensuring that risks given an H or higher grading are closely monitored;
- d. Maintenance of the Risk Register; and
- e. Maintenance of the Security Incident register.

Audit Committee. The Audit Committee will be responsible for:

- a. Reviewing the Risk Management and Fraud Control Plan prior to the Board of Trustees for approval.
- b. Carrying out regular internal reviews of business operations to ensure compliance with risk management and fraud related issues.