



Australian Government
Australian Military Forces
Relief Trust Fund

CORPORATE PLAN 2017 - 2018

R29648623

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 2017-2018

The plan covers the four year period to 2020-2021.

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

A handwritten signature in black ink, appearing to read 'LS Wilton'.

LS WILTON
Chair
AMFRTF

16 July 2017

A handwritten signature in black ink, appearing to read 'JE Denton'.

JE DENTON
Chair
Audit Committee

17 July 2017

PURPOSE

To provide benefits through loans and grants that contributes to the welfare of 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.

The AMFRTF has set Goals to continually achieve the purpose. These Goals cover 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 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 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 does not operate in a competitive environment and, subject to financial and human resources can achieve its purpose.

Controlling Factors: The AMFRTF relies on Funds 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 APS staff, office space and ICT as well as the payroll system for the recovery of loan repayments.

Administrative: 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 2013*).

Technological factors: The AMFRTF uses the Department of Defence ICT including its official filing system plus a standalone laptop computer for MYOB 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	Provided 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	Promote the availability of financial assistance through the AMFRTF web site and use electronic work flow application process for submitting and reviewing applications prior to Secretariat approval and processing. Trustees to set criteria and review annual guideline budget of \$3.640m
Measuring performance 2017-18 & out to 2019-20	<ul style="list-style-type: none"> • Funds disbursed within the 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 or dependants in financial and necessitous circumstances through Hardship Grants.
Intended Result	Provided 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 AMFRTF web site – grants currently up to \$2,500. 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 2017-18 & out to 2019-20	<ul style="list-style-type: none"> • Hardship Grants have been Trustee approved 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 instructions.
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>Secretariat, under guidance of the Trustees and Audit Committee, will manage the Trust activities.</p> <p>Fund Maintenance Charge of 2% will apply on all General Purpose loans.</p> <p>Invest a minimum \$1.500m in low risk Term Deposits.</p> <p>Bad debt minimised through management of separating members and use of debt collection agent.</p>
Measuring performance 2017-18 & out to 2019-20	<ul style="list-style-type: none"> • EOFY Statement of Comprehensive Income demonstrated a profit. • No non-compliant findings on governance and legislative requirements for the reporting period. • Bad debt annual write off kept within acceptable range <1%

CAPABILITY

The AMFRTF achieves its purpose by continuing to be self-sustaining through; low cost Fund Maintenance Charge on general purpose loans, investment returns from Term Deposits and minimisation of bad debt.

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 resource 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 strategic oversight of current and future capability, to maximise its utility to Army. Additionally, the Board will monitor operational performance.

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

The Army Amenity Funds 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 provider for the website and database support, and Department of Defence for other ICT support. A Fund owned lap top computer 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 Company has a low to middle appetite for most types of operational risk and makes resources available to mitigate risk 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 rest with the Board of Trustees for ensuring appropriate risk appetite is agreed and management processes are applied. The Board of Trustees clear 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 mitigate 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 clearance.
- b. Carrying out regular internal audits of financial and business processes to ensure compliance with risk management and fraud related issues.