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**Australian  
Military Forces  
Relief Trust Fund**

**Annual Report  
2015 - 2016**

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## **Australian Military Forces Relief Trust Fund**

### **Trustees as at 30th June 2016**

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Brigadier L. WILTON (Chair of Trustees)

Colonel M. ZANATTA

Major J. DENTON

Warrant Officer G.S. MCFARLANE

Mr G.E. TYE

Mr T. HEENAN

Ms K RADCLIFFE

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Secretary to the Trustees: Ms L.D. JOHNSTONE  
Assistant Operations Officer: Mrs D.L. PERRY

# **AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND**

## **SIXTY EIGHTH ANNUAL REPORT OF THE TRUSTEES**

### **REPORT ON OPERATIONS**

Minister for Defence Personnel,

The Trustees of the Australian Military Forces Relief Trust Fund, trading as the Army Relief Trust Fund, have the honour to submit their report of operations for the year ended 30 June 2016. This report is accompanied by audited financial statements and associated notes for the period, that are an integral part of the report.

### **Enabling legislation and responsible Minister**

The Australian Military Forces Relief Trust Fund was established by the Services Trust Funds Act 1947. In accordance with the Act, the AMFRTF provides benefits for members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members.

The AMFRTF operates within the Defence Portfolio, reporting to the Minister for Defence Personnel (the Minister), The Hon Dan Tehan MP, as at the date of this report.

During the period under review, the AMFRTF also reported to the Hon Stuart Robert MP, Hon Darren Chester MP and the Hon Michael McCormack MP.

### **Ministerial Directions and Other Statutory**

There were no Ministerial directions issued to the AMFRTF during the period under review.

### **Public Governance, Performance and Accountability Act 2013**

The AMFRTF also complies with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) with respect to:

- Reporting to Ministers and Parliament;
- Contents of Annual Report;
- Audit of the AMFRTF's financial statements by the Auditor-General;
- Banking and investment powers of authorities;
- General policies of the Australian Government; and
- Conduct of directors and officers, including the civil consequences of any breach of their duties by the directors and officers.

### **Statutory Powers of Direction**

The Minister may, by instrument in writing publish in the Gazette, authorise the Trustees to administer other property. This authority was not exercised during the year.

### **Organisational structure**

The AMFRTF is a corporate Commonwealth entity, and is managed by a Board of Trustees who are appointed by the Minister. The Fund's central secretariat is located in Canberra and is staffed by the Fund Secretary and the Assistant Operation Officer. All the necessary administration, investing and accounting activities are carried out by the Fund Secretariat under the direction of the Trustees.

### **Significant non-compliance issues with finance law**

Section 17AG and 17BE of the PGPA Rule require that Commonwealth entities' annual reports must include a statement of any significant non-compliance issues notified to the responsible Minister under paragraph 19(1)(e) of the PGPA Act during the reporting period. There have been no non-compliance issues this reporting period.

### **Significant activities and changes affecting the entity**

The Fund's operations over the review period were in accordance with its statutory objectives and consisted of the continued provision of benefits to members of the Defence Force who have served in, or in association with, the Army and to the dependants of such members.

There have been no significant changes to the Fund's state of affairs or principal activities during the financial year. In the opinion of the Trustees, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected or may affect the Fund's operations, the result of those operations, or the Fund's state of affairs in financial years following the period under review.

### **Risk Management and Fraud Control**

The Trustees have developed and established a risk management plan in accordance with the requirement of the Commonwealth that Departments and Agencies develop and implement appropriate risk management strategies for their particular operations. The Fund's insurers, Comcover, have indicated that the plan is appropriate for a small agency such as the AMFRTF. The Fund participates in and has completed the indicated that the plan is Australian Institute of Criminology Annual Fraud against the Commonwealth survey.

### **Reviews by outside bodies**

AMFRTF Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The Committee has not provided any adverse comment in relation to the AMFRTF's annual reports.

The Fund's financial statements are audited annually, in accordance with the requirements of the *Services Trust Funds ACT 1947*, by the Australian National Audit Office.

### **Freedom of information procedures and initial contact points**

Requests for access to documents of the Trustees of the AMFRTF should be directed to the Secretary of the Trustees of the AMF Relief Trust Fund, Department of Defence, R1-3-A080, Russell Offices, PO Box 7901 BC, Canberra BC ACT 2600.

### **Work Health and Safety**

Staff supporting the operations of the AMFRTF are employed by the Commonwealth (Department of Defence) and fall within the policies and procedures of the Department (including undertaking mandatory WHS training) for WHS purposes.

### **Indemnities and insurance premiums for officers**

The Fund has taken out insurance coverage with Comcover for Directors and Officers Liability, Fraud and Fidelity, General Liability and Personal Accident. The premium for the 2015-2016 was \$2,154 (GST exc).

## AMFRTF Board of Trustees

All Trustees are appointed by the Minister.

### Trustee attendances at Board meetings

Name of Trustee	Position	Meetings Eligible to Attend	Meetings Attended	Remarks
Brigadier P. DANIEL	Chair	2	2	26 Jun 2014 - 28 Jan 2016
Brigadier L. WILTON	Chair	2	2	Appointed 28 Jan 2016
Mr G. TYE	Trustee	4	3	Appointed 28 Aug 2005
Colonel M. ZANATTA	Trustee	4	2*	Appointed 10 Nov 2008
Mr T. HEENAN	Trustee	4	2	Appointed 02 Jun 2011
Major J. DENTON	Trustee	4	3	Appointed 31 Jul 2014
WO 2 R. DOCHERTY	Trustee	2	0	31 Jul 2014 - 31 Jan 2016
WO1 G. MCFARLANE	Trustee	2	2	Appointed 28 Jan 2016
Ms K. RADCLIFFE	Trustee	2	1	Appointed 28 Jan 2016

\* Absences due to work and deployment commitments.

### Board members

#### Brigadier L. Wilton

Brigadier Wilton graduated from the Royal Military College, Duntroon, to the Royal Australian Army Ordnance Corps (RAAOC) in 1991. Her early appointments included regimental and staff positions as a supply officer and as a project manager involved in the enhancement of the Standard Defence Supply System.

Brigadier Wilton's command experience includes a posting as the Officer Commanding Supply Company, 7th Combat Service Support Battalion and, being appointed as the inaugural Commanding Officer/Chief Instructor of the Army School of Ordnance.

Brigadier Wilton has held a range of staff appointments at both Lieutenant Colonel and Colonel. She has held positions as the Senior Officer Manager within the Career Management Agency, Directing Staff at both the Australian Command and Staff College (ACSC) and the Centre for Defence and Strategic Studies (CDSS), and as the Chief of Staff for Headquarters 633 - Afghanistan, and Chief of Staff for Army Headquarters.

Brigadier Wilton is a graduate of ACSC and CDSS. She holds a Master of Arts in Strategic Studies, a Master of Management, a Bachelor of Business and a Graduate Diploma in Information Systems. Brigadier Wilton has also completed the Australian Institute of Company Directors Course.

Brigadier Wilton was appointed as the Director General Personnel - Army in 2016.

#### Colonel M. Zanatta

Colonel Maree Zanatta transferred to the Australian Army in July 2002, following an auditing career with the Australian Taxation Office and the Queensland Police Service.

Colonel Zanatta is a Certified Practicing Accountant with CPA Australia, and has been awarded with: Bachelor of Business (Accounting ); Postgraduate Diploma of Advanced Accounting; Master of Commerce (Information Technology); Master of Business (Human Resource Management); and a Chief Finance Officer Commendation.

Colonel Zanatta has been posted to various positions within Army and Joint Operations Command and assumed command as the Commanding Officer, Army Financial Services Unit during 2007 to 2009. She is currently posted as the Director Financial Management, Joint Operations Command.

Colonel Zanatta has deployed to Operations CITADEL, CATALYST and SLIPPER.

Mr T. Heenan

Tim Heenan is currently the Director Strategy Policy within Defence's Joint Counter Improvised Threat Task Force.

Tim graduated from the Officer Cadet School Portsea in December 1978 into the Royal Australian Infantry. He served a variety of regimental and non-corps postings with 5/7 RAR and various training and headquarters units. In 1990 he undertook Technical Staff Officer training at the Royal Military College of Science, Shrivenham UK, and in 1993 he attended the Army Command and Staff Course at Queenscliff.

During his later tenure with the ADF he served in Force Development (Land) within Headquarters ADF, and from 1997-1999 served as Project Manager of the Ground Surveillance Radar program within Project NINOX.

Tim left the Army in March 2000 to join the Defence Materiel Organisation (DMO), initially to co-ordinate DMO input into the ongoing review of the Capability Life Cycle Management Handbook and then to coordinate development the Naval Shipbuilding and Repair Sector Strategic Plan submitted to Government in mid 2002.

In August 2002, Tim took up a three year exchange posting within the Office of the US Under Secretary of Defence (Acquisition, Technology & Logistics) located within the Pentagon.

In April 2006 Tim was seconded to the ADF's Counter Improvised Threat Task Force, precursor to his current position within the JCIT TF. In this role he has been responsible for developing and implementing Defence's bilateral and multilateral Improvised Threat information sharing framework and related strategic policy documentation. In this capacity he continues to maintain close linkages with Defence military personnel deployed on operations.

Tim is married to Anne, has two teenage daughters and maintains a keen interest in watching sport, reading military history and monitoring current affairs.

Mr G. Tye

Glen Tye served as a member of the Australian Public Service for 35 years resigning at age 55 in June 2007 as Director Personnel Support and Amenities (PS&A) in the Department of Defence, Canberra where he had responsibility for the provision of support to the Australian Military Forces Relief Trust Fund, Army Amenities Fund Company, Army for Messes Trust Fund and the RAAF Welfare Recreational Company. As Director PS&A, Glen was responsible for the formation and implementation of the ADF Financial Services Consumer Council in 2006.

Glen Tye has been a Trustee of the AMFRTF since 28 August 2005 and was formally recognised by the Chief of Army in 2007 for his enthusiastic and professional support for and innovation in facilitating the 'Operation Diamond' project for the AMFRTF.

Glen is a graduate of the Centre for Defence and Strategic Studies, Australian Defence College; a member of the Australian Institute of Company Directors and provides a wide range of experience and knowledge of Defence to the AMFRTF.

### Major J. Denton

Major Denton enlisted in the Army Reserve in 1990 as a Private in the Royal Australian PAY Corps. She trained as a Unit Pay Representative and was posted to a variety of HQ 2 Division Units. Major Denton undertook continuous full time service from 1998 to 1999 and was commissioned during that time.

Major Denton has worked in a variety of roles as a member of the Australian Public Service including service in the Directorate of Business Management - HQJOC. Other civilian employment included contract accounting roles with the NSW State Government, various emergency services roles and, more recently, working as an Entitlements Advisor with ex-members assisting with their Department of Veterans Affairs claims.

Major Denton is a Certified Practicing Accountant with CPA Australia and has been awarded a Bachelor of Commerce (Accounting) from the University of Wollongong as well as several post graduate qualifications. During her service with Army, Major Denton has deployed to the USA on Talisman Saber 2009 as the Blue Force Assistant Financial Advisor.

Major Denton is currently on a fixed period of service and her current posting is as Staff Officer Grade 2 Workforce Supply (ARA) in Army HQ.

### Warrant Officer Class One G. McFarlane

Warrant Officer Grant McFarlane enlisted in the Australian Regular Army on 26 February 1980. First posting was to the 3rd Battalion, The Royal Australian Regiment, in Woodside SA.

After six years with the 3rd Battalion in a number of Regimental appointments, he was posted to the School of Infantry, as an instructor at Depot Company.

In January 2003 Warrant Officer McFarlane was promoted to Warrant Officer Class One and appointed the Regimental Sergeant Major of the 10th/27th Battalion. In 2004 he was appointed the Regimental Sergeant Major of the 3rd Battalion, The Royal Australian Regiment. He again deployed to East Timor on Operation Astute in May 2006. He was awarded the Order of Australia (OAM) in the 2007 Queens Birthday Day honours list.

In December 2008 he was posted to 3 Brigade as the Regimental Sergeant Major. From November 2011 through to February 2012 he was the Regimental Sergeant Major of Combined Team Uruzgan in Afghanistan. In March 2012 he took up the appointment as the Regimental Sergeant Major of the 2nd Division.

In 2016 Warrant Officer McFarlane will take up the appointment as the Regimental Sergeant Major of Career Management- Army.

### Ms K. Radcliffe

Kate Radcliffe worked for the Department of Defence as an Australian Public Servant in various finance and commercial management roles over an 18 year period from 1997 to 2015. Kate currently works as a consultant for Synergy Group Australia.

Kate was the Director of Budget Management for the Army Group from 2011 to 2014 for which she received a Gold Commendation from the Chief of Army. She also undertook the role of Finance Business Partner for Estate Services Division from 2014 to 2015 and was the Project Director of various business process improvement projects within the Chief Finance Officer Group between 2005 and 2011. Prior to these roles, Kate was the Commercial Manager for Communications Branch within the then Defence Materiel Organisation and undertook various other finance related roles within the organisation.

Kate served as a Director and Member of the AAF Company between 2012 and 2015. During this period Kate also undertook the role of Audit Committee Chair.

Kate has a Bachelor of Science from the Australian National University with a double major in Psychology, a Masters of Professional Accounting from the University of Canberra and is a member of CPA Australia.

### Corporate Governance

The Fund operates in accordance with the *Services Trust Funds Act 1947* and as a corporate Commonwealth entity it's managed and administered under the provisions of the PGPA Act.

In accordance with the requirements of the PGPA Act the Fund has established an Audit Committee. The Committee consists of three members, chaired by Major Justine Denton, and meet prior to the quarterly Board meetings. The Audit Committee provides advice to the Trustees and it's main objectives are:

- review internal controls and ensure adequate procedures are in place;
- review risk management and fraud control practices;
- improve the objectivity and reliability of financial reporting;
- ensure the Board comply with all governance and other obligations.

Trustees have tightened requirements in relation to recovery action for members who discharge but fail to meet their obligation to the Trust by repaying their outstanding liability. A Privacy Act clause has been included in the Loan Agreement which ultimately may lead to a member being 'listed' if they fail to meet their agreed obligation to the Trust and thus limit their ability to access credit. If a member seeks credit they will appear on a default listing that alerts the potential lender that the member has defaulted on their debt to the Trust and thus present as a credit risk.

### Loans assistance provided

The Fund has provided loan assistance totalling \$65,928,753 to serving members since its inception. Loan assistance provided by the Fund in recent years is as follows:

Reporting periods	Amounts loaned	Loan numbers
1 July 2004 to 30 June 2005	1,868,684	472
1 July 2005 to 30 June 2006	1,767,235	436
1 July 2006 to 30 June 2007	1,770,038	430
1 July 2007 to 30 June 2008	3,123,200	616
1 July 2008 to 30 June 2009	2,375,072	456
1 July 2009 to 30 June 2010	2,980,905	584
1 July 2010 to 30 June 2011	2,873,960	549
1 July 2011 to 30 June 2012	3,097,400	586
1 July 2012 to 30 June 2013	2,971,664	640
1 July 2013 to 30 June 2014	3,530,420	791
1 July 2014 to 30 June 2015	3,476,200	757
1 July 2015 to 30 June 2016	3,633,050	797

### Grants assistance provided

The Fund has provided grant assistance totalling \$76,733 to eligible members and persons since its inception. This includes an approximate total of 1,894 individuals who were determined to be in needy or necessitous circumstances. These circumstances have varied from bushfire and flood relief to the purchase of medical equipment such as speciality beds suitable for quadriplegic ex-members. Members have also received grants to cover the costs of emergency accommodation when a member or a family member is hospitalised, the purchase of eyeglasses



and orthodontic work, substantial assistance for the purchase of an anti-cancer treatment that is not included on the Government's Pharmaceutical Benefits Scheme (PBS), and the provision of counselling services and other assistance.

The Fund has also made a practice of converting outstanding loan balances owing by deceased members to grants. This reporting period 3 loans were converted to grants totalling \$9,322.

A Hardship Grant to the value of \$1,976 was provided to a member's dependent child during the reporting period.

### **Conclusion**

The Trustees are responsible, under the PGPA Act, for the preparation and content of the report of operations in accordance with the Finance Minister's Orders. This report is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.



L. WILTON  
Brigadier  
Chair of Trustees

25 August 2016



J. DENTON  
Major  
Trustee

25 August 2016

## ANNUAL PERFORMANCE STATEMENT 2015-16

### Introductory statement

We, the Board of Trustees of the Australian Military Forces Relief Trust Fund (AMFRTF), as the Accountable Authority of the Fund present the AMFRTF 2015-16 Annual Performance Statement as required under paragraph 39 (1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

In our opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the Trust Fund and complies with the requirement under 39(2) of the PGPA Act.

### Australian Military Force Relief Trust Fund purpose

The purpose of the Trust Fund 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 Trust Fund achieves this purpose through member's loans, hardship grants and the provision of sound financial management and investments practice.

### Results

<b>Performance criterion</b>				
Provide financial assistance to members of the Army through the provision of low cost, affordable loans.				
<b>Criterion source</b>				
Corporate Plan 2015-16. Activity 1				
<b>Results against performance criterion</b>				
1. Loan funds have been disbursed in accordance with Trustee guidance as published.				
For 2015-16 the budget guideline of \$3.780m (\$140,000 per pay) was underachieved by \$146,900 which is acceptable. The average funding per pay was \$134,557 which is similar to 2014-15 \$132,729 and 2013-14 \$135,785.				
2. The number and type of loans were in scope; with \$59,300 or 18 loans for Relief and the balance for General Purpose loans. See below report on types of loans funded during the reporting period:-				
Types of loan	Numbers of loans		Amounts	
	%	No.	%	\$
Car repair expenses	19.70	157	19.60	712,000
Debt consolidation loans	31.37	250	30.53	1,109,050
Dental	1.00	8	0.94	34,000
Education expenses	2.51	20	2.56	93,000
Funeral expenses	2.01	16	1.61	58,500
Furniture/household needs	21.20	169	21.48	780,500
Housing	5.14	41	5.05	183,400
Legal	4.89	39	4.49	163,300
Medical	5.77	46	5.20	189,000
Relief	0.00	0	1.63	59,300
Travel expenses	2.13	17	2.34	85,000
Wedding expenses	4.28	34	4.57	166,000
Totals	100.00	797	100.00	3,633,050

<p>3. The target of &gt;75% of loans issued to junior ranks (SGT and below) has been met.</p> <p>The following table provides information on loans approved for the reporting period by rank, with 85.96% of loans directed to the junior ranks of the Australian Army. This result is similar to 85.06% for 2014-15.</p>				
Ranks of Applicants	Number of loans		Amounts	
	%	No.	%	\$
Private soldier	46.30	369	46.68	1,695,750
Lance Corporal	8.91	71	9.03	328,000
Corporal	18.70	149	18.82	683,700
Sergeant	12.05	96	11.65	423,400
Warrant Officer Class Two	5.52	44	5.17	187,900
Warrant Officer Class One	0.75	6	0.71	25,900
Lieutenant	2.38	19	2.44	88,600
Captain	3.51	28	3.60	130,600
Major	1.88	15	1.90	69,200
Lieutenant Colonel	0.00	0	0.00	0
Totals	100.00	797	100.00	3,633,050

<b>Performance criterion</b>
Provide financial assistance to members in financial and necessitous circumstances through Hardship Grants.
<b>Criterion source</b>
Corporate Plan 2015-16. Activity 2
<b>Results against performance criterion</b>
A total of \$11,298 was funded under Hardship Grants this reporting period. This is slightly higher than the notional \$10,000 budget and was due to \$9,322 for three loans of deceased members being converted to grants. Overall there was an underachievement as only one Hardship Grant was funded for \$1,976 to cover expenses for a dependant child of a serving member. The Secretary reported that a number of inquiries for assistance were not progressed into applications, which has led to a decreased result for the reporting period.

<b>Performance criterion</b>
Conduct the financial activities of the Trust using sound financial management practices in accordance with PGPA Act and Services Trust Fund Act and other relevant instructions.
<b>Criterion source</b>
Corporate Plan 2015-16. Activity 3
<b>Results against performance criterion</b>
1. EOFY Statement of Comprehensive Income demonstrates the Trust continues to be self sustaining with a Profit of \$94,634 for the reporting period.
2. There are no non-compliant findings on governance and legislative requirements for the reporting period.
3. Trustees reviewed bad and doubtful debt in August and wrote off \$18,560. This equates to 0.54% of the current loans which is within the acceptable <1% range.

<b>Performance criterion</b> Ensure optimum returns form investments.
<b>Criterion source</b> Corporate Plan 2015-16. Activity4
<b>Results against performance criterion</b> Investment income of \$45,461 has been reported for this period. The Trust uses a strategy of holding three term deposits (min \$1.5m investment) which is to contributed to the Trusts self sustainment. The current value of the Term Deposits is \$1,594,191 and the interest rates varied between 2.75% -3%, which is above Consumer Price Index.

### **Analysis of performance against purpose**

The contributing factors that have enabled the performance of the Trust to achieve its purpose as set out in its Corporate Plan 2015-16 are:-

- a. the delivery of its Activities through the Secretariat using the guidance and decisions of the Board and the Audit Committee ensure the intended results are achieved and performance indicators met.
- b. the Trust self sustainment continues to be achieved through funds from the Funds Maintenance Contribution (2% on loans) and Investments income.
- c. the environment that AMFRTF operates in has not experienced any significant changes.



L. WILTON  
Brigadier  
Chair of Trustees

25 August 2016



J. DENTON  
Major  
Trustee

25 August 2016



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Minister for Defence**

I have audited the accompanying annual financial statements of the Australian Military Forces Relief Trust Fund for the year ended 30 June 2016, which comprise:

- Statement by Trustees and Fund Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### **Opinion**

In my opinion, the financial statements of the Australian Military Forces Relief Trust Fund:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Military Forces Relief Trust Fund as at 30 June 2016 and its financial performance and cash flows for the year then ended.

### **Trustees Responsibility for the Financial Statements**

The Trustees of the Australian Military Forces Relief Trust Fund are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and are also responsible for such internal control as the Trustees determines are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Independence**

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Garry Sutherland

Senior Director

Delegate of the Auditor-General

Canberra

25 August 2016

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## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### STATEMENT BY TRUSTEES AND FUND SECRETARY

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42 (2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Trust Fund will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the Trustees.



L. WILTON  
Chair of Trustees

25 August 2016



J. DENTON  
Trustee

25 August 2016



L. JOHNSTONE  
Secretary

25 August 2016



## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Statement of Comprehensive Income as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1.1A	92,954	92,218
Supplier	1.1B	52,199	49,866
Grants	1.1C	11,298	6,759
Write-down and impairment of assets	1.1D	16,859	30,258
Loss from loan re-measurement	1.1E	377,192	360,587
<b>Total expenses</b>		<b>550,502</b>	<b>539,688</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	1.2A	154,555	156,115
Interest	1.2B	396,931	423,372
Resources received free of charge	1.2C	92,954	92,218
Other revenue	1.2D	696	5,458
<b>Total own-source revenue</b>		<b>645,136</b>	<b>677,163</b>
<b>Net cost of services</b>		<b>94,634</b>	<b>137,475</b>
<b>Total comprehensive income</b>		<b>94,634</b>	<b>137,475</b>

The above statement should be read in conjunction with the accompanying notes.

## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Statement of Financial Position

as at 30 June 2016

	Notes	2016	2015
<b>ASSETS</b>		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	2.1A	2,009,626	1,950,431
Trade and other receivables	2.1B	3,127,628	3,092,877
<b>Total financial assets</b>		<b>5,137,254</b>	<b>5,043,308</b>
<b>Non-financial assets</b>			
Prepayments	2.2A	1,578	890
<b>Total non-financial assets</b>		<b>1,578</b>	<b>890</b>
<b>Total assets</b>		<b>5,138,832</b>	<b>5,044,198</b>
<b>Net assets</b>		<b>5,138,832</b>	<b>5,044,198</b>
<b>EQUITY</b>			
Retained surplus		5,138,832	5,044,198
<b>Total equity</b>		<b>5,138,832</b>	<b>5,044,198</b>

There are no liabilities to report.

The above statement should be read in conjunction with the accompanying notes.

## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Statement of Changes in Equity as at 30 June 2016

	Retained earnings		Total equity	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Opening balance</b>				
Balance brought forward from previous period	5,044,198	4,906,723	5,044,198	4,906,723
<b>Adjusted opening balance</b>	<b>5,044,198</b>	<b>4,906,723</b>	<b>5,044,198</b>	<b>4,906,723</b>
<b>Comprehensive income</b>				
Surplus for the period	94,634	137,475	94,634	137,475
<b>Total comprehensive income</b>	<b>94,634</b>	<b>137,475</b>	<b>94,634</b>	<b>137,475</b>
<b>Closing balance as at 30 June</b>	<b>5,138,832</b>	<b>5,044,198</b>	<b>5,138,832</b>	<b>5,044,198</b>

The above statement should be read in conjunction with the accompanying notes.

## AUSTRALIAN MILITARY FORCES RELIEF TRUST FUND

### Cash Flow Statement

as at 30 June 2016

	Notes	2016 \$	2015 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Repayment of loans		3,642,411	3,580,862
Interest		76,559	79,340
Other		22,504	18,863
<b>Total cash received</b>		<b>3,741,474</b>	<b>3,679,065</b>
<b>Cash used</b>			
Issue of new loans		3,633,050	3,481,200
Grants		1,976	6,759
Suppliers		43,614	32,127
Refunds		2,220	919
Other		1,419	1,264
<b>Total cash used</b>		<b>3,682,279</b>	<b>3,522,269</b>
<b>Net cash from (used by) operating activities</b>	<b>3.1</b>	<b>59,195</b>	<b>156,796</b>
<b>Net increase (decrease) in cash held</b>			
Cash and cash equivalents at the beginning of the reporting period		1,950,431	1,793,635
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2.1A</b>	<b>2,009,626</b>	<b>1,950,431</b>

The above statement should be read in conjunction with the accompanying notes

## OVERVIEW

### Objective of the Royal Australian Air Force Welfare Trust Fund (AMFRTF)

The AMFRTF is a corporate Commonwealth entity. It is a not-for-profit entity. The AMFRTF was established by the *Services Trust Funds Act 1947*. The Act provides that the Trustees shall, subject to and in accordance with the regulations, apply the Fund in providing benefits for members of the Defence Forces who have served in, or in association with, the Royal Australian Air Force and to the dependants of such members.

The AMFRTF does not receive nor is it reliant on Government funding.

### Basis of Preparation

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### New Accounting Standards

#### *Adoption of New Australian Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard.

All new /revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the AMFRTF's financial statements.

#### *Future Australian Accounting Standard Requirements*

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period(s) are not expected to have a future material impact on the AMFRTF's financial statements.

### Taxation

The AMFRTF is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). The Australian Taxation Office has advised that the AMFRTF is a 'financial supply provider', consequently GST is not charged on revenue. The AMFRTF has no entitlement to input tax credits. Expenses are GST inclusive.

### Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the AMFRTF.

## Financial Performance

This section analyses the financial performance of AMFRTF for the year ended 2016

### 1.1: Expenses

	2016 \$	2015 \$
<b>1.1A: Employee Benefits</b>		
Wages and salaries	92,954	92,218
<b>Total employee benefits</b>	<b>92,954</b>	<b>92,218</b>

#### Accounting Policy

AMFRTF receives resources free of charge - see revenue accounting policy note

### 1.1B: Suppliers

General expenses	805	-
Consultant's expenses - website	17,143	14,703
Audit fees	9,900	9,900
Insurance expense	2,155	2,158
Printing	862	946
Bank charges	1,419	1,264
Bad debts	18,560	16,920
Debt recovery fees	1,355	3,975
<b>Total suppliers</b>	<b>52,199</b>	<b>49,866</b>

### 1.1C: Grants

Grants	11,298	6,759
<b>Total grants</b>	<b>11,298</b>	<b>6,759</b>

### 1.1D: Write-Down and Impairment of Assets

Impairment of trade receivables	16,859	30,258
<b>Total write-down and impairment of assets</b>	<b>16,859</b>	<b>30,258</b>

#### Accounting Policy

##### Competitive Neutrality

The AMFRTF was established to provide benefits to eligible persons and does not carry out Government business activities on a commercial basis nor operate in a competitive, or potentially competitive, environment. Therefore it is not required to make Australian Income Tax Equivalent payments to the Government.

##### Bad and Doubtful Debts

Bad debts are written off during the year in which they are identified.

### 1.1E: Losses from Loan Re-measurement

Losses from initial recognition of loans and receivables at fair value	377,192	360,587
<b>Total losses from loan re-measurement</b>	<b>377,192</b>	<b>360,587</b>

#### Accounting Policy

Financial assets are classified as financial assets at fair value through statement of comprehensive income where the financial assets are a part of an identified portfolio of financial instruments that the AMFRTF manages together and has a recent actual pattern of short-term profit taking.

## 1.2: Own-Source Revenue

	2016	2015
	\$	\$
<b>Own-Source-Revenue</b>		
<b>1.2A: Sale of Goods and Rendering of Services</b>		
Members fund maintenance contribution	128,871	123,004
Bad and doubtful debt recoveries	15,480	23,078
Share - Vending Machine & Army Shop disbursement	10,204	10,034
<b>Total sale of goods and rendering of services</b>	<b>154,555</b>	<b>156,115</b>

### Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the AMFRTF retains no managerial involvement or effective control over the goods;

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

### Other Types of revenue

A charge is recovered from loan applicants to help defray administrative expenses and to provide growth in the AMFRTF. These member contributions are recognised as income in the year the loan is made and form part of the outstanding loan amount.

### 1.2B: Interest

Investments	45,461	54,198
Loan interest	344,618	363,004
Bank accounts	6,852	6,170
<b>Total interest</b>	<b>396,931</b>	<b>423,372</b>

### Accounting Policy

Interest revenue is recognised using the effective interest method.

### 1.2C: Resources Received Free of Charge

Salaries	92,954	92,218
<b>Total resources received free of charge</b>	<b>92,954</b>	<b>92,218</b>

### 1.2D: Other Revenue

Miscellaneous	696	5,458
<b>Total Other Revenue</b>	<b>696</b>	<b>5,458</b>

### Accounting Policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

## Financial Position

This section analyses the AMFRTF assets used to conduct its operations and the operating liabilities incurred as a result.

### 2.1: Financial Assets

	2016 \$	2015 \$
<b>2.1A: Cash and Cash Equivalents</b>		
Cash at bank and on hand	209,370	115,941
Cash management call account	206,065	309,227
Term deposits	1,594,191	1,525,263
<b>Total cash and cash equivalents</b>	<b>2,009,626</b>	<b>1,950,431</b>

#### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### 2.1B: Trade and Other Receivables

Loans outstanding	3,227,584	3,167,209
Accrued interest	8,063	32,308
<b>Total trade and other receivables (gross)</b>	<b>3,235,647</b>	<b>3,199,517</b>
Less: Impairment allowance account	(108,019)	(106,640)
<b>Total trade and other receivables (net)</b>	<b>3,127,628</b>	<b>3,092,877</b>

#### Trade and other receivables (net) expected to be recovered in:

No more than 12 months	2,378,030	2,500,947
More than 12 months	849,554	666,262
	<b>3,227,584</b>	<b>3,167,209</b>

#### Trade and other receivables (gross) aged as follows:

Not overdue	3,127,628	3,092,877
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	108,019	106,640
<b>Total trade and other receivables (gross)</b>	<b>3,235,647</b>	<b>3,199,517</b>



**Impairment allowance is aged as follows:**

Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(108,019)	(106,640)
<b>Total impairment allowance</b>	<b>(108,019)</b>	<b>(106,640)</b>

Loans for Army members were made under contract for a period up to two years. No security is required. Interest of 2% is charged for a management fee on general loans.

**Accounting Policy**

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2016**

	Goods and services \$	Total \$
<b>As at 1 July 2015</b>	<b>(106,640)</b>	<b>(106,640)</b>
Amounts recovered and reversed	15,480	15,480
Increase recognised in net surplus	(16,859)	(16,859)
<b>Total as at 30 June 2016</b>	<b>(108,019)</b>	<b>(108,019)</b>

**Movements in relation to 2015**

	Goods and services \$	Total \$
<b>As at 1 July 2014</b>	<b>(99,459)</b>	<b>(99,459)</b>
Amounts recovered and reversed	23,077	23,077
Increase recognised in net surplus	(30,258)	(30,258)
<b>Total as at 30 June 2015</b>	<b>(106,640)</b>	<b>(106,640)</b>

**Accounting Policy**

Financial assets are assessed for impairment at the end of each reporting period.

## 2.2: Non-Financial Assets

	2016	2015
	\$	\$
<b>Intangibles</b>		
Web site at cost	67,000	67,000
Accumulated amortisation	(67,000)	(67,000)
<b>Total intangibles</b>	-	-

### Accounting Policy

The entity's intangible comprise of an externally developed website. The asset is carried at cost less accumulated amortisation. Software is amortised on a straight-line basis over its anticipated useful life.

### 2.2A: Prepayments

Prepayments	1,578	890
<b>Total prepayments</b>	<b>1,578</b>	<b>890</b>
Total other prepayments expected to be recovered in:		
No more than 12 months	1,578	890
More than 12 months	-	-
<b>Total prepayments</b>	<b>1,578</b>	<b>890</b>

No indicators of impairment were found for other non-financial assets.

## Funding

This section identifies the AMFRTF funding structure.

### Note 3.1: Cash Flow Reconciliation

	2016	2015
	\$	\$
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	2,009,626	1,950,431
Statement of financial position	2,009,626	1,950,431
<b>Discrepancy</b>	-	-
<b>Reconciliation of net cost of services to net cash from /(used by) operating activities.</b>		
Net cost of services	94,634	137,475
<b>Adjustments for non-cash items</b>		
Resources received free of charge	(92,954)	(92,218)
Salaries and overheads	92,954	92,218
<b>Movements in assets/liabilities</b>		
<b>Assets</b>		
Decrease/(increase) in receivables	(34,750)	19,411
Decrease/(increase) in prepayments	(689)	(90)
<b>Net cash from /(used by) operating activities</b>	<b>59,195</b>	<b>156,796</b>

## People and relationships

This describes the AMFRTF Trustees and staff

### 4.1: Resources Provided Free of Charge

During the period the following resources were provided free of charge by the Department of Defence:

- Salaried Australian Public Servants,
- Office accommodation with computer, telephone, postage and stationery support, and
- Use of the Australian Defence Force pay system to recover loan repayments from serving Australian Army members.

	2016	2015
The average staffing levels for the AMFRTF during the period	1.2	1.2

### 4.2: Trustees Remuneration

Under Part 2, Section 11 (1) of the Services Trust Fund Act 1947, Trustees are not entitled to receive from the Fund any remuneration for any work done by them in relation to the administration of the Fund. Under Part 2, Section 14 of the Services Trust Funds Act 1947, a person who is a Trustee or a dependant of a Trustee shall not receive any benefits from the Fund. The Trustees received no remuneration or benefits from the Fund during the period.

The following persons were Trustees during the reporting period:

Appointed:

Brigadier L. WILTON	<b>Chair</b>	28/01/2016
Colonel M. ZANATTA	<b>Trustee</b>	10/11/2008
Major J. DENTON	<b>Trustee</b>	31/07/2014
Warrant Officer Class One G. MCFARLANE	<b>Trustee</b>	28/01/2016
Mr G. TYE	<b>Trustee</b>	28/08/2005
Mr T. HEENAN	<b>Trustee</b>	02/06/2011
Ms K. RADCLIFFE	<b>Trustee</b>	28/01/2016

## Managing uncertainties

This section analyses how the AMFRTF manages financial risks within its operating environment

### 5.1: Financial Instruments

	2016 \$	2015 \$
<b>5.1A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash at bank	2,009,626	1,950,431
Loans and receivables	3,235,647	3,199,517
<b>Total financial assets</b>	<b>5,245,273</b>	<b>5,149,948</b>

## Accounting Policy

### Financial Assets

The AMFRTF classifies its financial assets in the following categories:

- a. held-to-maturity investments; and
- b. loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets at fair value through profit or loss.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

*Financial assets held at cost* – if there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

## 5.1B: Net Gains and Losses from Financial Assets

### Loans and receivables

Bank interest revenue	52,313	60,368
Members contributions on loans	128,871	123,004
Loan interest revenue	344,618	363,004
Loss on initial recognition of loans on receivables at fair value	(377,192)	(360,587)
<b>Net gain on financial assets</b>	<b>148,610</b>	<b>185,788</b>

### **5.1C: Credit Risk**

The AMFRTF's maximum exposures to credit risk at reporting date is the risk that arises from the potential default on members loans. The AMFRTF has no significant exposures to concentrations of credit risk, except for \$1,594,191 held with three investment institutions and members' loans outstanding of \$3,227,584.

Under the Australian Government Guarantee Scheme deposits up to \$1 million are covered by the Financial Claims Scheme. The AMFRTF manages its risk from members loans through use of the Defence Force pay system.

### **5.1D: Liquidity Risk**

The exposure to liquidity risk is based on the notion that the AMFRTF will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

### **5.1E: Market Risk**

The AMFRTF holds basic financial instruments that do not expose the AMFRTF to certain market risks such as 'currency risk' and 'other price risk'.

## **5.2: Contingent Assets and Liabilities**

### **Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

The AMFRTF has no contingencies in either the current or the immediately preceding reporting periods therefore a Schedule for such items has not been included in the financial statements.

## **Other information**

### **6.1: Reporting of Outcomes**

The AMFRTF was established under the *Services Trust Funds Act 1947* to provide benefits for members of the Defence Force who have served in, or in association with the Army and to the dependants of such members. The AMFRTF has single outcome which is to provide benefits to eligible persons.

## Major Classes of Expense and Income by Outcome

	2016	2015
	\$	\$
<b>Expenses</b>		
Employee benefits	92,954	92,218
Suppliers	52,199	49,866
Grants	11,298	6,759
Impairment of assets	16,859	30,258
Loss on initial recognition of loans and receivables at fair value	377,192	360,587
<b>Total expenses</b>	<b>550,502</b>	<b>539,688</b>
<b>Own-source income</b>		
Bank interest	52,313	60,368
Loan interest (AASB139)	344,618	363,004
Other	696	5,458
Goods and services	154,555	156,115
Resources received free of charge	92,954	92,218
<b>Total own-source income</b>	<b>645,136</b>	<b>677,163</b>
<b>Net cost/(contribution) of outcome delivery</b>	<b>94,634</b>	<b>137,475</b>

### 6.2: Remuneration of Auditors

The 2015/2016 financial statements of the AMFRTF have been audited by the Auditor-General. The fair value of the services provided was \$13,000 exclusive of GST (2015 - \$9,000). No other services were provided by the Auditor-General.

### 6.3: Economic Dependency

The AMFRTF receives economic support from the Department of Defence by way of the provision of administrative support, computer and communication facilities, staff and office accommodation for the AMFRTF Secretariat. However, the Trustees consider that in the event

### 6.4: Segment Reporting

The AMFRTF operates across Australia and exists to provide benefits to serving and ex-serving members of the Australian Army and their dependants.