

# **AUSTRALIA**

---

**Services Trust Funds Act 1947**

**Royal Australian Navy  
Relief Trust Fund**

**Annual Report by the Trustees for the period  
1 July 2018 to 30 June 2019**

---

**The Hon Darren Chester, MP**  
Minister for Veterans and Defence Personnel  
Parliament House  
Canberra ACT 2600

Dear Minister

The Trustees of the Royal Australian Navy Relief Trust Fund present the *Annual Report 2018–19* for the year ended 30 June 2019. The report is to meet the requirements of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and as such includes both annual performance statements and annual financial statements.

Yours sincerely



**SL Glassock CSC RAN**  
Commodore  
Chair of Trustees  
Royal Australian Navy Relief Trust Fund

27<sup>th</sup> August 2019

## TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>4</b>
<b>ENABLING LEGISLATION AND PURPOSE</b> .....	<b>4</b>
<b>ORGANISATIONAL STRUCTURE</b> .....	<b>4</b>
<b>RESPONSIBLE MINISTER</b> .....	4
<b>MINISTERIAL DIRECTIONS AND GOVERNMENT POLICY ORDERS</b> .....	4
<b>SIGNIFICANT NON-COMPLIANCE ISSUES WITH FINANCE LAW</b> .....	5
<b>THE ACCOUNTABLE AUTHORITY</b> .....	5
<b>ADMINISTRATIVE SUPPORT, STRUCTURE AND LOCATIONS</b> .....	7
<b>PERFORMANCE</b> .....	<b>7</b>
<b>OVERVIEW OF THE FUNDS OPERATIONS</b> .....	7
<b>OVERALL FINANCIAL POSITION</b> .....	8
<b>SUMMARY OF BENEFITS PROVIDED</b> .....	8
<b>ANNUAL PERFORMANCE STATEMENT</b> .....	9
<b>SIGNIFICANT ACTIVITIES AND CHANGES AFFECTING THE FUND DURING THE PERIOD</b> .....	9
<b>OUTLOOK FOR FUTURE</b> .....	9
<b>OTHER MATTERS</b> .....	<b>9</b>
<b>MAIN CORPORATE GOVERNANCE PRACTICES</b> .....	9
<b>RELATED ENTITY TRANSACTIONS</b> .....	11
<b>JUDICIAL DECISIONS AND REVIEWS BY OUTSIDE BODIES</b> .....	11
<b>INDEMNITIES AND INSURANCE PREMIUMS</b> .....	11
<b>ENVIRONMENTAL PERFORMANCE</b> .....	11
<b>WORK HEALTH AND SAFETY</b> .....	11
<b>APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND</b> .....	<b>13</b>
<b>ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND</b> .....	<b>15</b>
<b>APPENDIX B – ANNUAL PERFORMANCE STATEMENT OF THE ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND</b> .....	<b>33</b>
<b>APPENDIX C – LIST OF REQUIREMENTS</b> .....	<b>36</b>

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**  
**ANNUAL REPORT FOR PERIOD 1 JULY 2018—30 JUNE 2019**

**INTRODUCTION**

The Trustees, as the Accountable Authority, of the Royal Australian Navy Relief Trust Fund (the Fund) are responsible for the preparation, and providing a copy to the responsible Minister, of this Annual Report on the operations of the Fund for the period 1 July 2018 – 30 June 2019 (the period) under section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Trustees of the Fund present the Annual Report for the period.

**ENABLING LEGISLATION AND PURPOSE**

The Fund was established by the *Services Trust Funds Act 1947* (STF Act). The STF Act provides that the Trustees shall apply the Fund to providing benefits for members of the Australian Defence Force (ADF) who have served in, or in association with, the Royal Australian Navy (RAN) and to the dependants of such members.

As part of enabling the Fund to provide a broader range of benefits, in 2013 the Trustees established the ‘Keeping Watch’ program within the Fund to provide for the comfort, recreation or welfare of a person who is currently appointed or enlisted as a Permanent or Reserve member of the RAN. The Fund has received Deductible Gift Recipient status for the ‘Keeping Watch’ program.

The Trustees administer the Fund to assist current and former members of the Australian Defence Force (ADF) who have served in, or in association with, the RAN and to the dependants of such members (eligible persons). The Fund seeks to use available assets to deliver significant value to eligible persons in a timely, relevant, and meaningful manner.

**ORGANISATIONAL STRUCTURE**

**Responsible Minister**

The Fund operates within the Defence Portfolio and is responsible to the Minister for Defence Personnel (the Minister).

The Minister may, by instrument in writing published in the Gazette, authorise the Trustees to administer other property. The responsible Minister did not authorise the Trustees to administer other property during the period.

**Ministerial directions and government policy orders**

There were no Ministerial Directions made, or Government Policy Orders issued, to the Fund during the period.

## Significant non-compliance issues with finance law

Section 17BE(h) of the PGPA Rules require that Commonwealth entities' annual reports must include a statement of any significant non-compliance issues that relate to the finance law that were reported to the responsible Minister under paragraph 19(1)(e) of the PGPA Act during the reporting period. During the reporting period, there were no significant non-compliance issues reported.

### The Accountable Authority

The Trustees of the Fund are the Accountable Authority and are appointed by the Minister.

The Trustees are not employees of the Fund and the Fund does not provide the Trustees with any form of remuneration for their service to the Fund. All Trustees are involved in the management and administration of the Fund and are therefore considered executive members of the Accountable Authority. The Trustees of the Fund meet at least four times in each 12-month period.

### Trustees at end of period

As at 30 June 2019 the Trustees of the Fund, their qualifications and experience, and meeting attendance are as follows:

Trustee:	Commodore Shane Glassock, CSC, RAN
Additional Responsibilities:	Chair from 08 April 2019 ongoing
Experience / Qualifications:	Master of Science and Master of Maritime Studies and 30 years' experience as a member of the RAN
Meeting Attendance:	Appointed 08 April 2019 - attended one of one meeting following appointment
Trustee:	Captain Peter Dowton, CSC, RAN
Additional Responsibilities:	Deputy Chair from 01 July 2018 to 28 June 2019 Acting Chair from 11 February 2019 to 07 April 2019
Experience / Qualifications:	Master of Project Management, Master of Systems Engineering, Master of Business Administration, Bachelor of Engineering (Honours), Graduate Diploma in Electronic Control Systems, Associate Diploma in Management, Fellow and Chartered Professional Engineer with Institute of Engineers Australia, Member of International Association of Contract and Commercial Management, Graduate of the Australian Institute of Company Directors, and 35 years' experience as a member of the RAN
Meeting Attendance:	Attended all meetings during the period
Trustee:	Commander Christina Ween, RAN
Additional Responsibilities:	Deputy Chair from 28 June 2019 ongoing Secretary from 01 March 2018 to 22 August 2018
Experience / Qualifications:	Master of Military and Defence Studies, Bachelor of Science (Honours), Chartered member of the Chartered Institute of Logistic and Transport, 26 years' experience as a member of the RAN
Meeting Attendance:	Attended all meetings during the period
Trustee:	Commander Susan Harris, CSC, RAN
Additional Responsibilities:	Secretary from 28 June 2019 ongoing

Experience / Qualifications:	Masters of Business (Human Resources), Masters of Management Studies (Governance), Graduate of the Australian Institute of Company Directors, Bachelor of Arts, 25 years' experience as a member of the RAN
Meeting Attendance:	Attended two of the four meetings during the period
Trustee:	Commander Adrian Kemp, RAN
Additional Responsibilities:	Secretary from 22 August 2018 to 28 June 2019
Experience / Qualifications:	Master of Military and Defence Studies, Bachelor of Arts in history, 18 years as a media practitioner and 20 years' experience as a member of the RAN
Meeting Attendance:	Appointed 01 July 2018 - attended three of the four meetings during the period
Trustee:	LEUT Luke Reynoldson, RAN
Experience / Qualifications:	Master of Laws (Legal Practice), Bachelor of Laws (Honours), Bachelor of Commerce (Finance), Graduate Diploma in Legal Practice, Graduate Certificate in Military Law, admitted as a Lawyer in 2012 with experience in private practice and 4 years' experience as a Legal Officer in the RAN
Meeting Attendance:	Appointed 01 July 2018 - attended three of the four meetings during the period
Trustee:	Warrant Officer Karen Sellars
Experience / Qualifications:	Diploma in Human Resource Management, Diploma of Government (Management), Diploma of Project Management, Certificate IV in Training and Assessment, 37 years' experience as a member of the RAN
Meeting Attendance:	Attended two of the four meetings during the period

Previous Trustees during the period

During the period, one Trustee resigned. The details of this Trustee, their qualifications and experience, and meeting attendance are as follows:

Trustee:	Rear Admiral Brett Wolski, AM, RAN
Additional Responsibilities:	Chair from 15 July 2014 to 07 April 2019
Experience / Qualifications:	Bachelor of Arts and 33 years' experience as a member of the RAN with extensive experience in personnel and workforce management and governance
Meeting Attendance:	Resigned on 07 April 2019 - attended two of the three meetings prior to resignation

Previous Trustees during the preceding period

During the preceding period and after the 1 July 2018—30 June 2019 Annual Report was completed, two Trustees resigned. The details of these Trustees, their qualifications and experience, and meeting attendance are as follows:

Member/Deputy Chair:	Captain Lisa Batchler, RAN
Additional Responsibilities:	Deputy Chair from 25 March 2011 to 30 June 2018

Experience / Qualifications:	Master of Management (Defence Studies), Bachelor of Science, Graduate Diploma of Management, Graduate Certificate in Maritime Studies, Fellow of the Chartered Institute of Transport and Logistics, Graduate of the Australian Institute of Company Directors, and 31 years' experience as a member of the RAN
Meeting Attendance:	Resigned on 30 June 2018 - attended three of the four meetings prior to resignation
Member:	Lieutenant Commander Tristan Skousgaard, RAN
Experience / Qualifications:	Master of Military Law, Bachelor of Laws (Honours), Bachelor of Business (Human Resource Management), Graduate Diploma in Military Law, Graduate of the Australian Institute of Company Directors, admitted as a Solicitor in 2003 with five years' experience as a private legal practitioner and 12 years' experience as a Legal Officer in the RAN
Meeting Attendance:	Resigned on 30 June 2018 - attended three of the four meetings prior to resignation

### **Administrative support, structure and locations**

The Fund's Principal Office is located in Canberra in the Australian Capital Territory. The Principal Office is staffed with two full-time personnel (one Australian Public Servant (APS) and one RAN permanent member). A member of the RAN in each Ship and Establishment wherever located is appointed as a representative of the Fund. The Fund's representative at the Ship and Establishment, having received the application, forwards it the Principal Office for processing and decision by the Trustees or their delegated representative at the Principal Office.

## **PERFORMANCE**

### **Overview of the Funds Operations**

The Trustees utilise the Fund's general-purpose assets, provide benefits for eligible persons through the provision of general purpose interest-free loans of up to \$7,000, special interest-free loans of up to \$5,000, Christmas loans of up to \$1,500 and, in some situations, cash grants for members experiencing unexpected financial hardships or bereavement. A principles-based system is applied in deciding if a member is permitted to borrow money from the Fund for general purpose loans and special loans. The Fund is economically viable for loans and grants; however, the Fund relies on periodic contributions from the RAN Central Canteens Fund (RANCCF) to continue to maintain the level of grants and interest-free loans.

From January 2019, the Trustees approved a general purpose interest free loan of \$7,000 to those members who have served in RAN for 7 years or more under a new retention initiative. Members who have served for less than 7 years will continue to be eligible for \$6,000 interest free general purpose loans with the exception of trainees.

In addition, the Trustees utilise the assets donated to the Keeping Watch program to provide grants for the comfort, recreation or welfare of a person who is in financial need and currently appointed or enlisted as a Permanent or Reserve member of the RAN. The Trustees continue to work to ensure the long-term viability of the Keeping Watch program by seeking to grow the asset base, while ensuring the assets are appropriately used.

## Overall Financial Position

The Fund's Audited Financial Statements, including the independent Audit Report, are at Appendix A.

A comparison of the assets and liabilities for the Fund for the years ended 30 June 2019 and 30 June 2018 is as follows:

<i>The Fund's Assets</i>	<i>At 30 June 2019</i> \$	<i>At 30 June 2018</i> \$
Invested and Working Capital	<b>1,805,111</b>	2,136,680
Loans and Other Receivables	<b>3,747,164</b>	3,308,918
Total Assets	<b>5,552,275</b>	5,445,598
Supplier Payables	<b>20,570</b>	-
Total Liabilities	<b>20,570</b>	-
<b>Net Assets</b>	<b>5,531,705</b>	5,445,598

## Summary of Benefits Provided

The following benefits were provided by the Fund during the period:

### Loans

During the period, 2,199 loans were made compared to 2,021 in the previous period (1 July 2017 – 30 June 2018) and, as a result, the total amount of the loans increased from \$8.1m in the previous period to \$9.4m.

The breakdown of loans made in the year ended 30 June 2019 and 30 June 2018 is as follows:

<i>Nature</i>	<i>Loans Made</i>		<i>Percentage of Cases</i>	
	<b>Year ended 30 Jun 19</b>	Year ended 30 Jun 18	<b>Year ended 30 Jun 19</b>	Year ended 30 Jun 18
General Purpose Loans	<b>1,762</b>	1,633	<b>80.13</b>	80.80
Trainee Loans	<b>7</b>	1	<b>0.32</b>	0.05
Special Loans	<b>12</b>	10	<b>0.55</b>	0.49
Christmas Loans	<b>418</b>	377	<b>19.00</b>	18.66
<b>TOTALS</b>	<b>2,199</b>	2,021	<b>100.00</b>	100.00

Expenditure on loans in the years ended 30 June 2019 and 30 June 2018 was as follows:

<i>Nature</i>	<i>Year</i>	
	<b>Year ended 30 Jun 19</b> \$	Year ended 30 Jun 18 \$
General Purpose Loans	<b>8,809,477</b>	7,746,856
Other Loans	<b>56,541</b>	44,391
Christmas Loans	<b>609,800</b>	377,000
<b>TOTALS</b>	<b>9,475,818</b>	8,168,247

## Grants

During the period 31 grants (28 from funds held in Keeping Watch and 3 from other funds held by the Fund) totalling \$72,332 were made to assist serving members and their dependants.

## **Annual Performance Statement**

In the 2018/19 Corporate Plan for the Royal Australian Navy Relief Trust Fund, the Trustees determined that the intended result of the Fund was to provide benefits to eligible persons in a timely, relevant, and meaningful manner.

Feedback from recipients of benefits, Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of Fund benefits indicates that the Fund is providing meaningful and relevant benefits to eligible personnel in a timely manner. However, on some occasions the loan approval process may be delayed due to incomplete or insufficient information being provided through the loan application.

Furthermore, feedback indicates that the Fund should continue to raise awareness about its products and services. The Full Annual Performance Statement is at Appendix B.

## **Significant Activities and Changes Affecting the Fund during the period**

Other than the increase of the General service loan to \$7000 for members who have served seven year's service and increasing the Christmas loan from \$1,000 to \$1,500, there have been no significant activities or changes that have occurred during the reporting period that have significantly affected or may significantly affect the Fund and its operations.

## **Outlook for Future**

The key objective for the Fund is to manage its financial operations in a manner that will provide a moderate cash growth in order to continue to provide relevant products to eligible personnel. The Trustees of the Fund review the products regularly to ensure that these meet the contemporary needs of RAN members. Achievement of this strategy will be met by management of the administrative fees, loan amounts and cash flow of the Fund to ensure that sufficient cash reserves are available to service the demand for loan and grant products.

## **OTHER MATTERS**

### **Main Corporate Governance Practices**

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) obliges all Commonwealth officials to apply sound governance practices and procedures in their day-to-day work.

Governance is the set of responsibilities and practices, policies and procedures exercised by the Trustees to provide strategic direction and ensure that objectives are achieved, risks are managed and resources are used responsibly and with accountability. The key governance documents include:

- a. ***RANRTF Corporate Plan***. The Corporate Plan sets out the Fund's purpose, as required by the PGPA Act, and describes the activities to be undertaken and intended results to be delivered. The plan has a four-year outlook, is updated at least annually and is published in the public domain.

- b. ***RANRTF Annual Report, including Annual Performance Statements.*** The Fund's annual report is a principal formal accountability mechanism between the Fund and the Minister, and is a requirement of the PGPA Act. The annual report provides an important historical record of what the Fund did during the period.
- c. ***Accountable Authority Instructions (AAIs).*** The AAIs enable the Trustees, as the accountable authority to meet their general duties by setting out appropriate controls and directions for officials, especially in relation to the proper use and management of the public resources for which they are responsible (section 15 of the PGPA Act), and maintaining appropriate system of internal control including measures for ensuring that officials comply with the finance law (section 16 of the PGPA Act).
- d. ***Risk Management Plan (RMP).*** The Fund adopts Commonwealth and Defence best practice for risk management and fraud control to meet obligations to members, the RAN and the Australian Government. The RMP outlines the Trustees' approach and oversight of risk management of the Fund in alignment with the *RANRTF Corporate Plan* and provides:
  - i. transparency of risk management within the Fund,
  - ii. a structure to draw out accountabilities and responsibilities of risk within the Fund, and
  - iii. a collective framework that articulates accountabilities and responsibilities for risk shared with other entities.

### **Day-to-Day Operations of the Fund**

The Principal Office staff manage the day-to-day operations of the Fund. In the first instance, applications for loans are checked by the Ship or Establishment representative of the Fund and forwarded to the Principal Office. The Principal Office staff then validate the application in accordance with the Business Rules, and return for correction if not in accordance with the requirements. Special Loans require additional supporting documentation and are processed by the Principal Office then referred to the Board of Trustees for consideration.

On an as required basis a sample audit is conducted to validate that the loans are being used for the intended purpose. Ad hoc audit activities are undertaken based on an assessment of the likelihood of misuse and the monitoring of loan applications by the Principal Office and the Trustees.

The Trustees and Principal Office staff conduct briefings to courses for Ship and Establishment representatives, Commanding Officers and Executive Officers to ensure that they are aware of their responsibilities in administering the activities of the Fund. In addition, the Trustees are available to answer queries and provide advice to Commanding Officers when dealing with unusual situations which may be assisted by the provision of a loan or grant.

### **Audit Committee**

During the reporting period, the Audit Committee continued its audit function as required by the PGPA Act. Under the Audit Committee Charter, the RANRTF Audit Committee comprises three (3) members (one Trustee and two independent members) appointed by the Board and meets not less than four times per annum. The Audit Committee's main responsibilities include:

- a. Providing confidence in the credibility and reliability of financial statements and other financial information released to other interested and relevant parties; and
- b. Oversight of internal controls and risk assessment management to ensure the net assets of the Fund are protected, and the efficient and effective delivery of services to RAN personnel are maintained.

From 1 July 2019 it is intended to increase the membership of the Audit Committee to one Trustee and three independent members.

### **Related Entity Transactions**

In accordance with the STF Act, a person who is a Trustee or a dependant of a Trustee of any fund shall not receive benefits from the Fund. During the period there were no related entity transactions.

### **Judicial Decisions and Reviews by Outside Bodies**

There were no judicial or administrative tribunal decisions made during the period that have had, or may have, a significant effect on the operation of the Fund.

There were no reports on the Fund during the period from the Auditor-General (other than a report under section 43 of the PGPA Act), a committee of the Parliament, the Commonwealth Ombudsman or the Office of the Australian Information Commissioner.

### **Indemnities and Insurance Premiums**

The Fund holds insurance with the Australian Government's self-managed insurance fund, COMCOVER for risks including Directors' and Officers' Liability, Fraud and Fidelity, General Liability and Personal Accident. The Trustees are not aware of any incident occurring, a claim being made, or any circumstances that are likely to give rise to a claim.

### **Environmental Performance**

The *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires agencies to refer any action likely to have a significant impact on the environment. The Fund did not refer any action for formal consideration under the EPBC Act.

### **Work Health and Safety**

The Trustees and all those who assist the Trustees are either members of the RAN or the APS, and undertake their duties as part of their service in the RAN or employment in the APS. The Fund utilises the Department of Defence work health and safety protocols, security, training, welfare, reporting and other systems to ensure the health and safety of the Trustees and those who assist the Trustees. The Trustees are not aware of any notifiable incidents that arose out of the operations of the Fund.

**Conclusion**

The Trustees are responsible under the PGPA Act for the preparation and content of the report of operations in accordance with Public Governance Performance and Accountability (Financial Reporting) Rule 2015. This report of operations is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.

**SL Glassock CSC RAN**

Commodore

Chair of Trustees

Royal Australian Navy Relief Trust Fund

*27<sup>th</sup>* August 2019**CM Ween RAN**

Commander

Deputy Chair

Royal Australian Navy Relief Trust Fund

*27* August 2019



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Minister for Veterans and Defence Personnel**

#### **Opinion**

In my opinion, the financial statements of the Royal Australian Navy Relief Trust Fund for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by Trustees and Governance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### **Basis for opinion**

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Other information**

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Accountable Authority's responsibility for the financial statements**

As the Accountable Authority of the Royal Australian Navy Relief Trust Fund the Trustees is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Trustees is also responsible for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees is responsible for assessing the ability of the Royal Australian Navy Relief Trust Fund to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

## **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Garry Sutherland  
Audit Principal  
Delegate of the Auditor-General  
Canberra  
27 August 2019

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND****STATEMENT BY TRUSTEES AND GOVERNANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 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 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.



**SL Glasscock CSC RAN**  
Commodore  
Chair of Trustees

27<sup>th</sup> August 2019



**CM Ween RAN**  
Commander  
Deputy Chair

27 August 2019



**LC Sundar**  
Governance Officer

27 August 2019

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>EXPENSES</b>			
Employee Benefits	1.1a	<b>158,834</b>	155,961
Supplier	1.1b	<b>45,873</b>	19,623
Grants	1.1c	<b>72,332</b>	80,171
Write-down and Impairment of Assets	1.1d	<b>10,000</b>	6,974
Losses from Loan Re-measurement	1.1e	<b>558,775</b>	484,946
<b>Total expenses</b>		<b>845,814</b>	747,675
<b>LESS:</b>			
<b>OWN-SOURCE REVENUE</b>			
Sale of Goods and Rendering of Services	1.2a	<b>87,420</b>	76,490
Interest	1.2b	<b>533,369</b>	541,721
Contributions and Other Sources	1.2c	<b>152,298</b>	154,861
Resources Received Free of Charge	1.2d	<b>158,834</b>	155,961
<b>Total own-source revenue</b>		<b>931,921</b>	929,033
<b>Surplus for the year</b>		<b>86,107</b>	181,358
<b>Total Comprehensive Income</b>		<b>86,107</b>	181,358

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

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	2.1a	<b>1,805,111</b>	2,136,680
Loans and Other Receivables	2.1b	<b>3,747,164</b>	3,308,918
<b>Total financial assets</b>		<b>5,552,275</b>	5,445,598
<b>Total assets</b>		<b>5,552,275</b>	5,445,598
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	2.3a	<b>20,570</b>	-
<b>Total Payables</b>		<b>20,570</b>	-
<b>Total Liabilities</b>		<b>20,570</b>	-
<b>Net assets</b>		<b>5,531,705</b>	5,445,598
<b>EQUITY</b>			
Retained surplus		<b>5,531,705</b>	5,445,598
<b>Total equity</b>		<b>5,531,705</b>	5,445,598

The above statement should be read in conjunction with accompanying notes

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR PERIOD ENDED 30 JUNE 2019**

	<b>Retained Earnings</b>		<b>Total Equity</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening Balance</b>				
Balance brought forward from previous period	<b>5,445,598</b>	5,264,240	<b>5,445,598</b>	5,264,240
<b>Comprehensive Income</b>				
Surplus for the year	<b>86,107</b>	181,358	<b>86,107</b>	181,358
<b>Total Comprehensive Income</b>	<b>86,107</b>	181,358	<b>86,107</b>	181,358
<b>Closing Balance as at 30 June</b>	<b>5,531,705</b>	5,445,598	<b>5,531,705</b>	5,445,598

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

**ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2019**

	<b>Note s</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Repayments from members		<b>8,465,688</b>	8,200,286
Interest		<b>533,369</b>	541,722
Administration Fees		<b>87,420</b>	76,490
RANCCF Contribution		<b>104,494</b>	119,734
Donations		<b>47,804</b>	35,127
Other - Loan Conversion		<b>3,108</b>	-
<b>Total cash received</b>		<b>9,241,883</b>	8,973,359
<b>Cash used</b>			
Loans to members		<b>9,475,818</b>	8,168,247
Grants		<b>72,332</b>	80,171
Audit Fees		<b>14,300</b>	15,180
Other Expenses		<b>11,002</b>	4,443
<b>Total cash used</b>		<b>9,573,452</b>	8,268,041
<b>Net Cash from (used by) Operating Activities</b>		<b>(331,569)</b>	705,318
<b>Net increase(decrease) in cash held</b>		<b>(331,569)</b>	705,318
Cash and cash equivalents at the beginning of the reporting period		<b>2,136,680</b>	1,431,362
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1a	<b>1,805,111</b>	2,136,680

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

## OVERVIEW

### Objective of the Royal Australian Navy Relief Trust Fund (RANRTF)

The RANRTF (the Fund) is a corporate Commonwealth entity 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 Australian Defence Force who have served in, or in association with, the Royal Australian Navy and to the dependants of such members.

The Fund does not directly receive nor is reliant on Government funding. The Fund has a single outcome, which is to provide benefits to eligible persons.

The Trustees administer the Fund to assist current and former members of the Australian Defence Force (ADF) who have served in, or in association with, the RAN and to the dependants of such members (eligible persons).

The Fund seeks to use available assets to deliver significant value to eligible persons in a timely, relevant, and meaningful manner.

### The 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:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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 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.

### Comparative Information

In the current year, the RANRTF has adjusted the comparative information in the Statement of Cash Flows to correctly disclose “loans to members” as this previously included the notional loan interest income of \$522,268 which is separately disclosed in “interest income”. This adjustment offset “repayments from members” by an equivalent amount.

### 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 Fund's financial statements.

**Taxation**

The Fund 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 Fund is a 'financial supply provider', consequently GST is not charged on revenue. The Fund 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 Fund.

**FINANCIAL PERFORMANCE**

This section analyses the financial performance of the Fund for the year ended 2019.

<b>1. Expenses</b>		
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>1.1a. Employee Benefits</b>		
Wages and Salaries received Free of Charge	<b>158,834</b>	155,961
<b>Total: Employee Benefits</b>	<b>158,834</b>	155,961
<b>1.1b. Supplier</b>		
Comcover	<b>2,583</b>	2,407
System Software Maintenance	<b>5,050</b>	-
Advertising	<b>1,214</b>	374
Bank Fees	<b>2,156</b>	1,623
Audit Fees	<b>34,870</b>	15,180
Debt Recovery Expenses	<b>-</b>	39
<b>Total: Supplier Expenses</b>	<b>45,873</b>	19,623
<b>1.1c. Grants</b>		
Grants to eligible members	<b>10,108</b>	15,500
Keeping Watch grants to eligible members	<b>62,224</b>	64,671
<b>Total: Grants</b>	<b>72,332</b>	80,171
<b>1.1d. Write – Down and Impairment of Assets</b>		
Impairment of loans	<b>10,000</b>	6,974
<b>Total: Write-down and Impairment of Assets</b>	<b>10,000</b>	6,974
<b>1.1e. Losses From Loan Re-measurement</b>		
Loss from initial recognition of loans and receivables at fair value.	<b>558,775</b>	484,946
<b>Total Losses from Loan Re-measurement</b>	<b>558,775</b>	484,946

Losses are recognised for interest foregone on interest free loans issued by the Fund at the time the loan is issued (refer Note 6.3 below)

**Accounting Policy**Competitive Neutrality

The Fund 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 provided for or written off during the period in which they are identified according to the impairment requirements of AASB 9 Financial Instruments.

**1.2 Own Source Revenue**

	<b>2019</b>	2018
	\$	\$
<b>1.2a. Sale of Goods and Rendering of Services</b>		
Loan Administration Fees	<b>87,420</b>	76,490
<b>Total: Sale of Goods and Rendering of Services</b>	<b>87,420</b>	76,490

**Accounting Policy**

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Fund retains no managerial involvement nor 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 days terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed as 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 Fund. These member contributions (loan administration fees) are recognised as income in the year the loan is made and form part of the outstanding loan amount.

**1.2b. Interest**

Interest from Bank Accounts	<b>20,134</b>	19,453
Loan Interest	<b>513,235</b>	522,268
<b>Total: Interest</b>	<b>533,369</b>	541,721

**Accounting Policy**

Interest revenue is recognised using the effective interest method.

**1.2c. Contributions and other Sources**

RANCCB Contributions	<b>104,494</b>	119,734
Donations	<b>47,804</b>	35,127
<b>Total: Contributions</b>	<b>152,298</b>	154,861

**1.2d. Resources Received Free of Charge**

Salaries	<b>158,834</b>	155,961
<b>Total: Resources Received Free of Charge</b>	<b>158,834</b>	155,961

**Accounting Policy***Resources Received Free of Charge*

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 Fund's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

**2. Financial Assets**

	2019	2018
	\$	\$
<b>2.1a. Cash and Cash Equivalents</b>		
Cash at Bank	<b>301,810</b>	3,638
Deposit Accounts	<b>1,503,301</b>	2,133,042
<b>Total: Cash and Cash Equivalents</b>	<b>1,805,111</b>	2,136,680

**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. Loans and other Receivables**

Loans outstanding	<b>3,755,724</b>	3,304,088
Administration fees receivable	<b>1,440</b>	4,830
<b>Total loans and other receivables (gross)</b>	<b>3,757,164</b>	3,308,918
Less impairment allowance	<b>(10,000)</b>	-
<b>Total loans and other receivables (Net)</b>	<b>3,747,164</b>	3,308,918

**Accounting Policy***Loans and Receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans outstanding are initially recognised at fair value (refer Note 6.3 below). After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less impairment.

**Reconciliation of the Impairment Allowance**

	<b>2019</b>	2018
	\$	\$
<b>Opening Balance</b>	-	-
Amounts written off	-	6,974
Decrease recognised in net surplus	<b>(10,000)</b>	(6,974)
<b>Closing Balance</b>	<b>(10,000)</b>	-

**Accounting Policy**

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

**2.2. Non - Financial Assets****2.2a. Intangibles**

Website development	<b>54,830</b>	54,830
Accumulated Amortisation	<b>(54,830)</b>	(54,830)
<b>Total: Intangibles</b>	<b>-</b>	-

**Accounting Policy**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements.

In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

*Intangibles*

The Fund's intangibles comprise capitalised website costs relating to the development of the Loan Application Management System. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The website costs are amortised on a straight-line basis over its anticipated useful life. The useful life of these website costs is three years.

All software assets were assessed for indications of impairment as at 30 June 2019.

**2.3 Payables****2.3a. Suppliers**

Trade creditors and accruals	<b>20,570</b>	-
<b>Total payables</b>	<b>20,570</b>	-

### **People and Relationships**

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### **3.1 Key Management Personnel Remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Fund directly or indirectly, including any Trustee (whether executive or otherwise) of that Fund. The Fund has determined the key management personnel to be the Trustees.

Under Part 2, Section 11 (1) of the *Services Trust Funds 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 loans during the period.

The following persons were Trustees during the reporting period:

Rear Admiral BS Wolski, AM, RAN (Appointed 15 July 2014, Resigned 07 April 2019)

Commodore SL Glassock, RAN (Appointed 08 April 2019)

Captain PR Dowton, CSC, RAN (Appointed: 01 June 2017)

Commander CM Ween, RAN (Appointed: 01 March 2018)

Commander SL Harris, RAN (Appointed: 29 February 2016)

Commander AF Kemp, CSC, RAN (Appointed: 01 July 2018)

Lieutenant Luke Reynoldson, RAN (Appointed: 01 July 2018)

Warrant Officer K Sellars (Appointed: 01 March 2018)

Key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Fund.

### **3.2 Related Party Disclosures**

#### **Related party relationships:**

The Fund is an Australian Government controlled entity. Related parties to the Fund are Trustees, Key Management Personnel including the Executive, and other Australian Government entities.

**Transactions with related parties:**

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related parties, and transactions entered into during the reporting period by the Fund, it has been determined that there are no related party transactions to be separately disclosed.

**3.3 Resources provided “Free of Charge” to the Fund**

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

- Use of ADF personnel;
- Office accommodation with computer, telephone and postage support; and
- Use of the ADF pay system to recover loan repayments from serving RAN members.

The value of ADF personal services provided has been recognised as employee benefits expense (Note 1.1a) and resources received free of charged (Note 1.2d).

All other resources cannot be reliably measured and have not been recognised in the financial statements.

**Managing Uncertainties**

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

**4. Contingent Assets and Contingent Liabilities**

The Fund 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.

**Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the 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.

## 5. Financial Instruments

	2019	2018
	\$	\$

### 5.1a. Categories of Financial Instruments Financial Assets under AASB 139

#### Loans and receivables

Cash and cash equivalents		2,136,680
Loans and other receivables		3,308,918
<b>Total loans and receivables</b>		5,445,598

#### Financial Assets under AASB 9

##### Financial assets at amortised cost

Cash and cash equivalents	1,805,111	
Loans and other receivables	3,747,164	
<b>Total financial assets</b>	5,552,275	5,445,598

#### Financial Liabilities

##### Financial liabilities measured at amortised cost

Payables	20,570	-
<b>Total financial liabilities measured at amortised cost</b>	20,570	-

### **Accounting Policy**

#### **Financial assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the Fund classifies its financial assets in the following category:

- a. financial instruments measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or receive a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

#### *Financial Assets at Amortised Cost*

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

#### *Effective Interest Method*

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

#### *Impairment of Financial Assets*

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **5.1b. Net Gains (Losses) on Financial Assets**

		2019	2018
		\$	\$
<b>Financial assets at amortised cost</b>			
<b>Cash and cash equivalents</b>			
Interest revenue from investments	1.2b	<b>20,134</b>	19,453
<b>Net gain from cash and cash equivalents</b>		<b>20,134</b>	19,453
<b>Loans and receivables</b>			
Loan administration fees	1.2a	<b>87,420</b>	76,490
Loan interest	1.2b	<b>513,235</b>	522,268
Loss on initial recognition of loans and receivables at fair value	1.1e	<b>(558,775)</b>	(484,946)
<b>Net gain from loans and receivables</b>		<b>41,880</b>	113,812
<b>Net Gain from financial assets</b>		<b>62,014</b>	133,265

**Classification of financial assets on the date of initial application of AASB 9.**

<b>Financial assets class</b>	<b>Note</b>	<b>AASB 139 original classification</b>	<b>AASB 9 new classification</b>	<b>AASB 139 carrying amount at 1 July 2018</b>	<b>AASB 9 carrying amount at 1 July 2018</b>
				\$	\$
Cash and Cash Equivalents	2.1a	Held-to-maturity	Amortised Cost	2,136,680	2,136,680
Loans and receivables	2.1b	Amortised Cost	Amortised Cost	3,308,918	3,308,918
<b>Total Financial assets</b>				<b>5,445,598</b>	<b>5,445,598</b>

**Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.**

	<b>AASB 139 carrying amount at 30 June 2018</b>	<b>Reclassification</b>	<b>Remeasurement</b>	<b>AASB 9 carrying amount at 1 July 2018</b>
	\$	\$	\$	\$
<b>Financial assets at amortised cost</b>				
Cash and Cash Equivalents	2,136,680	-	-	2,136,680
Loans and receivables	3,308,918	-	-	3,308,918
<b>Total amortised cost</b>	<b>5,445,598</b>	<b>-</b>	<b>-</b>	<b>5,445,598</b>

**OTHER INFORMATION****6.1 Aggregate Assets and Liabilities****6.1A: Aggregate Assets and Liabilities**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Loans and receivables expected to be recovered in:</b>		
No more than 12 months	<b>3,747,164</b>	3,308,918
More than 12 months	-	-
<b>Total loans and receivables</b>	<b>3,747,164</b>	3,308,918
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	<b>(20,570)</b>	-
More than 12 months	-	-
<b>Total loans and receivables</b>	<b>(20,570)</b>	-

## 6.2 Insurance

The Fund has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Worker's compensation is insured through Comcare.

## 6.3 Losses from Loan Re-measurement

In accordance with AASB 9 Financial Instruments, the decision to provide a loan at no interest rate represents income foregone by the lender. The income foregone (or financial loss) should be recognised at the time of the decision to make the loan rather than over the life of the loan. Therefore, the accounting standard requires that the loss be recognised at the time that the loan is made. After initial recognition, the loan should be treated consistent with a commercial loan (as represented by the recognition of interest revenue over the remaining life of the loan).

In accounting terms, AASB 9 requires that:

1. financial assets issued at less than a market interest rate are required to be discounted to their fair value, with the difference between the issue price and the fair value (i.e. the financial loss for interest foregone) being recognised as a loss in the statement of comprehensive income and as a reduction in the value of the loan receivable; and
2. over the life of the loan, a notional interest income is recognised as interest revenue in the statement of comprehensive income and an increase in the loan receivable.

## 6.4 Investment of surplus money

Subparagraphs 59(1) (a) and (b) of the PGPA Act allows corporate Commonwealth entities to invest money that is not immediately required for the purposes of the entity.

The Fund's surplus moneys are on deposit with the Australian Military Bank and Defence Bank.

## 6.5 Economic dependency

The Fund receives economic support from Department of Defence by way of provision of administrative support, computer, communication facilities and office accommodation for the Fund's Principal Office staff. The Trustees consider, however, that in the event that the support provided by the Department of Defence was fully or partly withdrawn, the Fund is in a position that it could continue to provide benefits, although likely at a reduced level, to eligible persons.

## 6.6 Segment reporting

The Fund operates across Australia and exists to provide support to members of the ADF who have served in, or in association with, the RAN and to the dependants of such members.

## 6.7 Average staffing levels

	<b>2019</b>	2018
The average staffing levels for the Fund during the year were	<b>2.0</b>	2.0

**6.8 Disclosure of commitments**

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

## **APPENDIX B – ANNUAL PERFORMANCE STATEMENT OF THE ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND**

The Trustees, as the Accountable Authority, of the Royal Australian Navy Relief Trust Fund (the Fund) present the 2018-2019 Annual Performance Statement of the Fund, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In the Trustees opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the Fund, and complies with subsection 39(2) of the PGPA Act.

### **Purpose of the Fund**

The Fund was established by the *Services Trust Funds Act 1947* (the Act). The Act provides that the Trustees shall apply the Fund to providing benefits for members of the Australian Defence Force (ADF) who have served in, or in association with, the Royal Australian Navy (RAN) and to the dependants of such members.

### **Intended Results**

In the 2018/19 Corporate Plan for the Royal Australian Navy Relief Trust Fund the Trustees determined that the intended result of the Fund was to provide benefits to eligible persons in a timely, relevant, and meaningful manner.

### **Performance Measurement Methodology**

The Trustees determined that the Fund's performance in achieving its intended result would be measured through a survey of those who received benefits from the Fund, Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of Fund benefits. As part of this survey, Commanding Officers of Ships and Establishments were asked to identify additional ways in which the Fund could provide other or greater benefits that are relevant and meaningful.

### **Actual Results**

Feedback from recipients of benefits, Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of Fund benefits indicates that the Fund is providing timely, relevant and meaningful benefits to eligible personnel.

### **Analysis of Results**

#### **Performance Criterion 1 – Timely**

##### **Source: Corporate Plan Page 3**

**Measurement methodology:** A survey was forwarded to Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of Fund asking for their assessment of the relevance of the Fund to their personnel

**Results:** In accordance with the RANRTF Rules and Procedures Manual, and as advertised to local agents, General Purpose loans are processed and paid within three weeks of a correctly completed loan application being received in the Principal Office. In reality, many loans are paid in a shorter timeframe. Special Loans can generally be processed within three working days and, if the situation

is urgent, can be processed and paid within the same day if the Trustees receive all necessary information upon which to make a decision and are available to staff the application. There were no negative comments from the survey regarding timeframes for payments of loans and no suggestions to improve this aspect of the Fund's business. Responses indicate that loans are processed within a reasonable timeframe. There was some comment the on the LAMS system used to process the loans, including:

*The LAMS system could be updated to reflect D1 [defence personnel pay and processing system]"*

*"It usually takes only a few days, but can take up to six weeks which is consistent with any other pay related issue in Defence"*

**Analysis:** A deliberate decision was made by the Trustees to allow sufficient processing time to account for the workload of the Principal Office and the batching of the General Purpose loans. Actual timeframes for payment of loans are generally well inside the advertised times for most General Purpose loans and the Fund is extremely responsive in staffing requests for Special loans where there is an urgent requirement for the funds.

### **Performance Criterion 2 – Relevant and Meaningful**

#### **Source: Corporate Plan Page 3**

**Measurement methodology:** A survey was forwarded to Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of the Fund asking for their assessment of the relevance and meaningfulness of the Fund's products to their personnel.

**Results:** Positive responses were received from eight Commanding Officers and Personnel Officers. The focus of the feedback was on the range of financial products and services provided by the Fund, mainly General Purpose loans. The adoption of the principles based approach, which now enables personnel to borrow money for family holidays, medical expenses, dependents' school fees and other requirements that support the welfare or benefit of the member and their family has received positive feedback from survey respondents. A recipient of the Fund's products made the following comments:

*Yes RANRTF is useful for members when moving house, buying a new car or going on a family holiday<sup>1</sup>*

**Analysis:** The positive feedback indicates that the products provided by the Fund are relevant and meaningful to the recipients. Most applications are processed in a routine manner with no requirement for involvement or engagement from the Commanding Officer.

Eligibility for the 2018 Christmas Loan was restricted to personnel not already holding a General Purpose or Special Loan in order to manage the demand on the Fund's limited cash reserves and not increase debt burden on the members. The increased repayment rate for the \$6,000 loan has now stabilised the Fund's cash flow as expected. The Trustees consider that ensuring that funds are available to satisfy the demand for the General Purpose loan, as the Fund's primary product, should be the priority. Half way through the period, the Trustees introduced an increase of the loans to \$7000 for those members who have served more than seven years – "7 for 7" concept.

---

<sup>1</sup> Feedback from recipient of General Purpose Loan

Analysis of the feedback forms also indicates that continued exposure and education of both the RANRTF products and the Keeping Watch charity needs to be a focus for the Trustees to ensure that eligible members remain aware of the products on offer, and the continued need for donations to provide them. The communications and marketing plan is being reviewed to ensure this occurs, in addition to a Trustee being appointed to manage Communications and Marketing.

## APPENDIX C – LIST OF REQUIREMENTS

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
<b>17BE</b>	<b>Contents of annual report</b>		
17BE(a)	Enabling Legislation and Purpose	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Performance	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	Enabling Legislation and Purpose	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Organisational Structure	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
17BE(d)	Organisational Structure	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Organisational Structure	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	Not Applicable	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(g)	Annual Performance Statements	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	Organisational Structure	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	Organisational Structure	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Organisational Structure	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17BE(ka)	People and Relationships	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
17BE(l)	Organisational Structure	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Other Matters	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	People and Relationships	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
17BE(p)	Not Applicable	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	Not Applicable	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	Not Applicable	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner	If applicable, mandatory

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17BE(s)	Not Applicable	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	Other Information	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(ta)	People and Relationships	Information about executive remuneration	Mandatory
<b>17BF</b>	<b>Disclosure requirements for government business enterprises</b>		
17BF(1)(a)(i)	Not Applicable	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF(1)(a)(ii)	Not Applicable	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	If applicable, mandatory
17BF(1)(b)	Not Applicable	Information on dividends paid or recommended	If applicable, mandatory
17BF(1)(c)	Not Applicable	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
17BF(2)	Not Applicable	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory