

The Services Trust Funds Act 1947

THE

ROYAL AUSTRALIAN AIR FORCE

WELFARE TRUST FUND

Annual Report

For the period

1 July 2019 to 30 June 2020

TRUSTEES

OF THE

ROYAL AUSTRALIAN AIR FORCE

WELFARE TRUST FUND

Principal Air Chaplain **M. WILLIS** (Chair of Trustees)

*

Group Captain **C. WALLIS** (Deputy Chair)

*

Air Commodore **G. VAN LEEUWEN, AM, CSM**

*

Squadron Leader **C. MILTON**

*

Warrant Officer – Air Force **R. SWANWICK**

*

Warrant Officer of the Air Force **F. GRASBY, OAM**


Secretary to the Trustees: **Mr K. PEPPER**
Assistant Secretary: **Mrs D.L. PERRY**

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

Dear Minister

This report of operations by the Trustees of the Royal Australian Air Force Welfare Trust Fund (RWTF) is for the year ended 30 June 2020. 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



M. Willis
Principal Air Chaplain
Chair of Trustees
Royal Australian Air Force Welfare Trust Fund

18 Aug 2020

LIST OF REQUIREMENTS

List of Requirements

PGPA Rule Reference	Part of Report	Description
17BE	Contents of annual report	
17BE(a)	Introduction	Details of the legislation establishing the body
17BE(b)(i)	Introduction	A summary of the objects and functions of the entity as set out in legislation
17BE(b)(ii)	Introduction	The purposes of the entity as included in the entity's corporate plan for the reporting period
17BE(c)	Organisational Structure and Compliance	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
17BE(d)	Organisational Structure and Compliance	Directions given to the entity by the Minister under an Act or instrument during the reporting period
17BE(e)	Organisational Structure and Compliance	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act
17BE(g)	Annual Performance Statements	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule
17BE(h) 17BE(i)	Organisational Structure and Compliance	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
17BE(j)	RWTF Board of Trustees	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period
17BE(k)	Organisational Structure and Compliance	Outline of the organisational structure of the entity (including any subsidiaries of the entity)
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.
17BE(l)	Organisational Structure and Compliance	Outline of the location (whether or not in Australia) of major activities or facilities of the entity
17BE(m)	Corporate Governance	Information relating to the main corporate governance practices used by the entity during the reporting period
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 1 transaction the aggregate of those transactions, is more than \$10,000 (inclusive of GST)
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 liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)
17BE(taa)	Corporate Governance	The following information about the audit committee for the entity:

		<p>(a) a direct electronic address of the charter determining the functions of the audit committee;</p> <p>(b) the name of each member of the audit committee;</p> <p>(c) the qualifications, knowledge, skills or experience of each member of the audit committee;</p> <p>(d) information about each member's attendance at meetings of audit committee;</p> <p>(e) the remuneration of each member of the audit committee;</p>
17BE(ta)	People and Relationships	Information about executive remuneration

TABLE OF CONTENTS

	Page/s
Introduction.....	7
Organisational Structure and Compliance.....	7-8
Corporate Governance.....	8-11
RWTF Board of Trustees.....	11-17
Assistance Provided.....	17-20
Appreciation.....	20
Conclusion.....	21
Audit Report.....	22-23
Statement by Trustees and Fund Secretary.....	24
Statement of Comprehensive Income.....	25
Statement of Financial Position.....	26
Statement of Changes in Equity.....	27
Cash Flow Statement.....	28
Overview.....	29-30
Financial Performance.....	31-32
Financial Position.....	33-34
People and Relationships.....	35-36
Managing Uncertainties.....	37-38
Other Information.....	39-40
Annual Performance Statements.....	41-43

Enabling Legislation and Purpose

The RWTF was established by the *Services Trust Funds Act 1947* (the Act). 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 objective of the RWTF is to provide financial assistance to serving and ex-serving members of the Air Force and their dependants. This objective is met by providing:

- a. Low cost loans to (SERCAT 6 and 7) permanent serving Air Force personnel,
- b. Grants to serving and ex-serving personnel who are suffering financial hardship or from the effects of natural disaster,
- c. Grants to RAAF Bases for specific projects to support the welfare and amenity available to Air Force personnel and their dependants, and
- d. A Group Life Insurance Scheme for (SERCAT 6 and 7) permanent serving Air Force personnel.

ORGANISATION STRUCTURE AND COMPLIANCE

Responsible Minister

The RWTF operates within the Defence portfolio, reporting to the Minister for Defence Personnel (the Minister), the Hon Darren Chester MP, at the date of this report and for the period under review.

Ministerial Directions and Government Policy Orders

There were no Ministerial directions made or Government Policy Orders issued to the RWTF during the period under review.

Significant Non-Compliance Issues with Finance Law

There were no significant non-compliance issues that relate to finance law reported to the responsible Minister during the period under review.

Public Governance, Performance and Accountability Act 2013

The RWTF 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 RWTF'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 published in the Gazette, authorise the Trustees to administer other property. This authority was not exercised during the year.

Organisational Structure

The RWTF is a corporate Commonwealth entity and is managed by a Board of Trustees who are appointed by the Minister. The RWTF head office is located in Canberra, ACT and a network of regional agents,

generally located at each RAAF Base, is used to facilitate the provision of benefits to eligible persons on a nation-wide basis. Assistance to Air Force personnel based overseas is also available.

Review of Operations and Future Prospects

Operations were in accordance with the RWTF's statutory objects and comprised of the provision of benefits to serving and ex-serving members of the Air Force and their dependants. There were no significant changes in the RWTF'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 financial year that has significantly affected or may significantly affect the RWTF's operations, the results of those operations, or the RWTF's state of affairs in future financial years.

Reviews by Outside Bodies

The RWTF financial statements are subject to audit by the Australian National Audit Office. The audit report is detailed at pages 22 and 23. No other external reviews were conducted during the reporting period.

CORPORATE GOVERNANCE

Audit and Risk Committee

The RWTF has established an audit and risk committee in accordance with the PGPA Act.

The primary objectives of the RWTF Audit and Risk Committee are stated in the charter. The Audit and Risk Committee Charter was reviewed and updated in February 2020 and is available at the following link:

<https://raafwelfaretrustfund.gov.au/wp-content/uploads/Audit-and-Risk-Committee-Charter.pdf>.

The current audit and risk committee is comprised of three members. The committee comprises:

- Group Captain R. Alberts, CSC - Chair of the Audit and Risk Committee (Appointed 8 April 2020)
- Air Commodore G. Pinder - Chair of the Audit and Risk Committee (Resigned 8 April 2020)
- Squadron Leader C. Milton - Trustee
- Squadron Leader P. Alomes - Independent member

A summary of attendance for the RWTF Audit and Risk Committee is listed in the following table:

Name	Number of meetings attended	Total number of meetings	Total annual remuneration
Group Captain R. Alberts , CSC	1	1	\$0
Air Commodore G. Pinder	1	1	\$0
Squadron Leader C. Milton	1	2	\$0
Squadron Leader P. Alomes	2	2	\$0

Group Captain Richard Alberts, CSC

GPCAPT Richard Alberts (Alby) joined the RAAF in 1991. As a junior officer, postings included time in Darwin as Exercise Logistics Support Officer and Movements Officer. He was posted to Headquarters Air Command in 2000 in Logistics Plans. From there he served in a number of joint operational postings including Officer in Charge of Strategic Lift in Headquarters 1st Joint Movement Group and Logistics Plans within Headquarters Joint Operations Command. He completed a number of postings in Joint Logistics Command including Staff Officer to Commander Joint Logistics, Officer in Charge of the Defence National Storage & Distribution Centre, Williamtown site and staff appointments in Strategic Logistics Branch and Logistics Assurance Branch. He is currently Director of Logistics in Air Force HQ. He has commanded two units, 1 Air Terminal Squadron and Joint Logistics Unit (South).

GPCAPT Alberts has supported a number of multi-national and inter-agency operations. As well as participating in flood and cyclone relief operations within Australia, he conducted drought relief operations in Papua New Guinea in 1997 supporting AUSAID. He deployed to Iraq in 2004 as liaison officer to the G4 of the Polish-led Multi-National Division in Centre-South. He was appointed Officer Commanding the Joint Movement Coordination Centre - Sumatra in response to the Tsunami of December 2004, supporting United Nations, NGOs and military elements. In 2017 he deployed as Senior Logistics Advisor to the Afghan Ministry of Defence.

GPCAPT Alberts was awarded the Conspicuous Service Cross in 2000 for his work in Darwin supporting UNAMET and INTERFET missions to East Timor and a US Meritorious Service Medal for his work as Logistics Advisor in Afghanistan. He is a graduate of the Australian Defence Force Academy, UK Advanced Command and Staff Course and the Australian Company Directors Course.

Air Commodore Grant Pinder

Air Commodore Pinder enlisted in the Royal Australian Air Force (RAAF) as a Clerk Supply on 1 May 1984, promoted to Sergeant in July 1993, and commissioned, with the rank of Pilot Officer, as a Supply Officer (later renamed Logistics Officer) in July 1995. Following completion of officer training, he was posted to RAAF Base Williamtown and employed as the Stores Officer responsible for warehousing, explosives and hazardous goods storage operations. In July 1998, he was posted to No 2 Operational Conversion Unit (F/A-18 *Hornet*) and then in September 2000 posted to Penang, Malaysia as the Officer-In-Charge Logistics Services Flight 324 Combat Support Squadron (now No 19 Squadron) and responsible for coordinating logistics and air terminal operations support to RAAF and Australian Army elements in Malaysia, Thailand and Singapore.

On promotion to Squadron Leader in July 2003, Air Commodore Pinder was posted to Melbourne as the Staff Officer to Commander Joint Logistics and during the following year deployed to Iraq as the Staff Officer Grade 2 Logistics Operations Headquarters Joint Task Force 633, where he was responsible for coordinating logistics support to Australian Defence Force elements in the Middle East Area of Operations. In January 2005, Air Commodore Pinder was posted to Air Force Headquarters and involved in a number of Defence logistics and asset accounting projects. A posting to the then Defence Materiel Organisation followed in January 2007, where he was involved in future logistics systems projects while also seconded on a part-time basis to the Australian Joint Strike Fighter Project Office as the Supply Chain Manager.

Following promotion to Wing Commander in June 2008, Air Commodore Pinder assumed command of Joint Logistics Unit (South), located in Adelaide, and was responsible for supporting Navy, Army and Air Force elements operating in (and from) South Australia. In January 2011, Air Commodore Pinder was posted to Headquarters Air Command as the Deputy Director Logistics Support and Systems, and responsible for coordinating supply chain operations and logistics information systems support to Air Force units in Australia and overseas. Between April and October 2013, he deployed to Afghanistan as the Chief of Logistics within the NATO Command Headquarters at Kandahar Airfield.

In January 2014, Air Commodore Pinder was posted to the Australian Command and Staff College as a member of the directing staff and in November 2014 (on promotion to Group Captain) was appointed Commander 1st Joint Movement Group (later re-named 1st Joint Movement Unit). During his command tenure, he initiated a review of the joint movements capability, which resulted in, amongst other things, a realignment of operational command and control responsibilities. In January 2018, Air Commodore Pinder was posted to Headquarters Air Command as Director Logistics (A4) and in December 2019 (on promotion) assumed his current appointment.

Air Commodore Pinder has been awarded an Air Commander's Commendation (1995), a Deputy Chief of Joint Operations Commendation (2004) and a Chief of Air Force Commendation (2015). He holds a Masters degree in Human Resource Management and Industrial Relations from The University of Newcastle and a Masters degree in Management Studies (Project Management) from The University of New South Wales. Air Commodore Pinder is a Graduate of the Australian Institute of Company Directors and a Certified Professional Logistician.

Squadron Leader Claire Milton

Squadron Leader Milton joined the Air Force in January 2002, commencing studies at the Australian Defence Force Academy (ADFA). Following graduation from ADFA, she proceeded on her first posting to RAAF Base Edinburgh for a year of Professional Development & Training before moving to Williamtown to take on the role of Aircraft Maintenance Officer at 76 Squadron.

On promotion to Flight Lieutenant in 2009, she took on a team leader role within the Tactical Fighter System Program Office. Responsible for support to all aeromechanical systems on the F/A-18A/B Classic Hornet, she provided technical, logistical and financial expertise for the fleet of 71 aircraft. For her consistently high performance in this role and contribution to significant unit outcomes, she was awarded a Defence Support Services Commendation.

In 2013, she undertook a challenging staff officer role within the Surveillance and Control Group Headquarters, managing the Technical Capability and in-service support elements of P-3C Orion and E-7A Wedgetail aircraft. The following year, she posted to Canberra, taking the opportunity for a System Safety role within the P-8A Poseidon Project Office. During her tenure, she was promoted to Squadron Leader before taking on the position in charge of aircraft certification activities. For her contribution to the P8-A Poseidon Acquisition, she was awarded a Defence Support Services Group Commendation.

Squadron Leader Milton transferred to Service Category 3 in April 2019 and is currently employed as a Certification Manager within the C-27J Project Office.

Squadron Leader Milton's qualifications include:

2013 – Advanced Diploma of Air Force Studies

2005 – Bachelor of Engineering with Honours – University of New South Wales

Squadron Leader Peter Alomes

Squadron Leader Alomes has served in Defence in various military and civilian roles since enlisting in 1978. During his career he has completed numerous internal management and accounting courses. Squadron Alomes has served as the Alternate Other Rank member on the Board of Trustees of the Military Superannuation and Benefits Scheme, has managed Army and Air Force business entities being appointed as Secretary and Chief Finance Officer and has completed training with the Australian Institute of Company Directors.

Squadron Leader Alomes brings to the Committee extensive administrative and accounting experience as applies to the uniqueness of Defence Portfolio business entities generally, and in this case, with the RAAF Welfare Trust Fund.

Risk Management and Fraud Control

The Trustees have established the RWTF Risk Management and Fraud Control Plan in line with the Commonwealth's endeavours to make risk management an integral part of everyday business practice.

The RWTF, as a corporate Commonwealth entity, is not required to comply with *The Commonwealth Risk Management Policy* and components of the *Commonwealth Fraud Control Framework 2017*. However, the Trustees have adopted this policy as best practice standards for fraud control and have implemented fraud control arrangements commensurate with the RWTF's activities. The RWTF Risk Management and Fraud Control Plan was reviewed and updated in August 2019.

Work Health and Safety

Health and Safety Management Arrangements (HSMAs) have been developed in consultation with employees of the RWTF. The HSMAs take into consideration the unique arrangements whereby the RWTF is accommodated within a secure Defence facility and is subject to Defence accommodation standards and work health and safety arrangements. There were no notifiable incidents during the period under review nor were there any investigations conducted by Comcare with the RWTF.

Protective Security

The Trustees consider that an appropriate protective security environment is fundamental to good business and management practice. Accordingly, the Trustees have developed and implemented a security plan that is appropriate to the RWTF's functions and the security risks it faces. The RWTF Protective Security Plan was reviewed and updated in November 2019.

Commonwealth Disability Strategy

Given the RWTF's size and activities, the Trustees consider that the current organisational and operating procedures meet the requirements of the Commonwealth Disability Strategy.

Paid Parental Leave

In compliance with Government policy, the RWTF has registered with Centrelink as an employer in respect to the Government's Paid Parental Leave scheme. This registration covers RWTF employees.

RWTF BOARD OF TRUSTEES

Appointments

All members of the Board are appointed by the Minister. The Board comprises serving and ex-serving members of the Air Force with diverse backgrounds and experience. Additionally, the Board comprises:

- a Chair appointed by the responsible Minister; and
- a Deputy Chair appointed by the Board.

Board Members' Attendance at Meetings

During 2019-2020 the RWTF Board met four times. These meetings were held in Canberra.

A summary of attendance for the RWTF Board of Trustees is listed in the following table:

Name	Position held	Number of Possible Attendances	Number Actually Attended
Principal Air Chaplain M. Willis	Chair of Trustees	4	4
Principal Air Chaplain R.D. Thompson	Trustee	4	3
Air Commodore S. McGready, CSC	Trustee	1	1
Group Captain C. Wallis	Deputy Chair	4	1
Air Commodore G. van Leeuwen, AM, CSM	Trustee	4	2
Squadron Leader A.M. Frank*	Trustee	4	0
Squadron Leader C. Milton	Audit Committee	4	4
Warrant Officer – Air Force R. Swanwick	Trustee	4	3
Warrant Officer of the Air Force F. Grasby, OAM	Trustee	2	2

* 2019 Flight cancellation and COVID 19 travel restrictions applicable to South Australia

Board Members

Principal Air Chaplain Mark Willis

Principal Air Chaplain Mark Willis was appointed to the RWTF Board as Chair of the Board on 6th February 2018.

In April 1991, Mark was commissioned as an Army Reserve Chaplain and began Chaplaincy with an appointment as the Unit Chaplain to 2nd/14th Light Horse Regiment (Queensland Mounted Infantry) and

then to No. 6 Royal Australian Regiment (6RAR). Whilst posted to 2/14 LHR Mark won the Prince of Wales Award.

In October 1996 Chaplain Willis resigned his commission with the Army to be appointed to the Permanent Air Force as Chaplain, and following Initial Officer Course was posted to RAAF Base Williamtown.

Postings saw Chaplain Willis take his family to East Sale; Tindal; 1 Recruit Training Unit, Edinburgh; Butterworth in Malaysia; Williamtown; Williams; Canberra; Glenbrook as Director Chaplaincy – Air Command, and to the Command Chaplain position within Joint Health Command located in Canberra.

Between 2003 and 2016, Chaplain Willis deployed to the Middle East Area of Operations (MEAO) on Operation Catalyst; Phuket, Thailand for Operation Tsunami Assist; Kandahar, Afghanistan on Operation Slipper; to Operation Pakistan Assist II; MEAO on Operation Slipper as the Senior Theatre Chaplain; and on Operation Okra in support of the Air Task Group.

In December 2017 CHAP Willis was advanced to Principal Air Chaplain and appointed Director General Chaplaincy – Air Force (DGCHAP-AF).

Principal Air Chaplain Royce Thompson

Th. L. (Ridley College, Melb Uni), Grad Dip Ed (SA Uni), Cert Computer Business App (EGCC of TAFE), Cert 4 in Training and Assessment (East Vic Workforce RTO), Grad Dip Adv Chap Cse (US Navy, NETC, RI, USA), MA (Hum Devel spec Org & Mgt) (Salve Regina College, Newport, RI USA), DMin (Fuller Theological Seminary, Pasadena CA, USA).

Principal Air Chaplain Thompson was appointed to the RWTF Board on 14 May 2000. He served as Deputy Chairman of the Board from 8 September 2000 to 10 January 2002 and then as Chairman of the Board until 15 October 2008. After 20 years of service as a Trustee, Principal Air Chaplain Royce Thompson resigned at the conclusion of the Board meeting held 26 May 20.

In 1982 Principal Air Chaplain Thompson commissioned as a Chaplain, in the Australian Regular Army and assigned to 6 Battalion, Airborne Infantry, in Qld. He transferred to the Air Force in 1986. In 1988, he was posted to the US Navy Chaplains School, at the US Navy War College, in Newport RI USA. He graduated from the Advanced Chaplains Course Class of 1989 and completed a Master's Degree at Salve Regina University. He was promoted to Chaplain (Wing Commander) in 1994 and Chaplain (Air Commodore) in 1996 when he assumed the post of Command Chaplain for Logistic and Training Commands. From 1997 until 2002 he was the Director General Chaplaincy Services Air Force in Canberra. In 2002 he was awarded a Doctor of Ministry from Fuller Theological Seminary, Pasadena, California. In 2004 he retired from the Permanent Air Force and moved to the RAAF Specialist Reserve.

Principal Air Chaplain Thompson retired from the RAAF Specialist Reserve in October 2018.

Beyond Defence he has an interest in Rural and Remote ministry serving on the Federal Executive of Bush Church Aid (BCA) and Chair of their NSW /ACT Regional Committee. From early 2007 he has been appointed by BCA to work with the Archbishop of Sydney and the Provincial Bishops of NSW on a Strategy for the support of the Church affected by Climate Change in the Province of NSW. He now works for BCA seeking to develop their 'Open Gate' Program. He is currently serving on the Boards of The Bush Church Society Aid, Dunorkney Nominees Pty Ltd and Thompson Pastoral Care Pty Ltd.

Air Commodore Sue McGready, CSC

Air Commodore Sue McGready was appointed to the RWTF Board on 13th August 2018 and resigned from the Board on 31 October 2019.

Air Commodore McGready hales from Brisbane and joined the Royal Australian Air Force on 16 January 1987, commencing studies at the Australian Defence Force Academy (ADFA). She graduated from

ADFA with a Bachelor of Arts in Economics and Management in December 1989 and proceeded on her first posting to No 7 Stores Depot in Toowoomba. As a junior officer, she held the positions of Stock Control and Procurement Officer, Air Movements Officer Richmond, Supply Officer and then Operations Officer at No 1 Operational Support Unit, Supply Officer No 6 Squadron and Escort Officer to the Minister Assisting the Minister for Defence.

Air Commodore McGready was promoted to Squadron Leader in January 2001 and was posted to Air Force Headquarters in Strategic Logistics Policy and the Directorate of Personnel Officers. As a Wing Commander, she served as the Executive Officer Cadets at ADFA, for which she was awarded a Vice Chief of Defence Force Commendation. She was also posted as the Deputy Director Supply Chain Development in Logistics Branch.

In January 2009, Air Commodore McGready was promoted to Group Captain and appointed the Director Supply Capability – Air Force. In January 2012, she was appointed the Commander Defence National Storage and Distribution Centre in Sydney, for which she received a Conspicuous Service Cross in the 2015 Australia Day Honours List. In August 2015, she was promoted to Air Commodore and appointed Director General Estate Service Delivery where she was responsible for all base services across all Australian Defence bases. In January 2018 she was appointed to her current position as Director General Defence Force Recruiting.

As a junior officer, Air Commodore McGready experienced operational service with the United Nations Operation in Somalia (UNOSOMII) as the Staff Officer Air in the Force Joint Movement Co-ordination Centre for which she received a Force Commander's Commendation. She also deployed to Papua New Guinea as part of Operation PLES DRAI in 1998.

Air Commodore McGready is a graduate of the Australian Institute of Company Directors, the Australian Command and Staff College and in addition to her Bachelor of Arts, holds a Graduate Diploma in Management (Defence Studies) and a Graduate Diploma in Management (Project Management). She was elected as a Director of the Logistics Association of Australia for 2011-2013. In 2015, she became a Member of the Royal College of Defence Studies after a year of study in London.

Group Captain Catherine Wallis

Group Captain Catherine Wallis was appointed to the RWTF Board on 15th June 2013.

Group Captain Wallis commissioned as a Legal Officer through the Undergraduate Scheme, and initially served at 322 Combat Support Wing, RAAF Tindal and Headquarters Combat Support Group, RAAF Amberley. She has served in a range of legal roles including Counsel Assisting the Board of Inquiry into a fatal Sea King crash; and a secondment to the US Army Center for Law and Military Operations in Charlottesville, Virginia, where she was responsible for developing legal lessons learned from operations in Afghanistan and Iraq.

From 2008-2009 Group Captain Wallis worked with the United States Air Force at the Pentagon, Washington DC, for which she was awarded a United States Meritorious Service Medal. From 2012-2016 she was posted to Air Force Headquarters, initially as the legal officer advising the Chief of Air Force and Deputy Chief of Air Force; and later responsible for the promotion of Air Force through special events, community engagement and public relations, as well as the management of incidents, ministerial advice and freedom of information.

From 2017-2018 she served as Commandant RAAF College, responsible for all non-specialist training and education as well as the promotion of Air Force through the RAAF Band. She is currently The Director of Inquiries and Investigations at the Office of the Inspector General Australian Defence Force.

Group Captain Wallis has deployed twice on operations. In 2004 she was the legal advisor to the Air Component on Operation Catalyst (Iraq), and in 2013 she provided legal specialist advice to a number of inquiries into incidents in Afghanistan as well as conducting an audit of Australian detainee operations.

Group Captain Wallis holds a Bachelor of Arts, Bachelor of Laws (Honours 1st class), Master of Laws, Master of International Security Studies and a Graduate Diploma in Military Law. She is a Legal Practitioner (ACT) and is a Graduate of the Australian Institute of Company Directors.

Air Commodore Gerald van Leeuwen, AM, CSM

Air Commodore van Leeuwen was appointed to the RWTF Board with effect from 1 April 2017.

Air Commodore van Leeuwen joined the Royal Australian Air Force in 1989 as a cadet at the Australian Defence Force Academy studying Aerospace Engineering before graduating and transferring to the Royal Melbourne Institute of Technology to complete his Bachelor degree. Early postings to RAAF Base Richmond involved supporting aerial delivery capabilities for Air Force fixed wing and Army rotary wing aircraft as part of the Air Mobility Training & Development Unit before being posted to the (now) Defence Aviation Safety Authority in Melbourne as a staff officer supporting ADF airworthiness regulation.

Returning to the Air Mobility Training & Development at Richmond as Chief Engineer in 1999, he first deployed to East Timor in October 1999, leading a specialist uncleared loads team in support of Army Aviation before being promoted to Squadron Leader in 2000. Before the end of 2002, he returned to East Timor twice more on aircraft recovery missions. Over this period he also led C130J role expansion activities during the aircraft's introduction to service; efforts recognised with a Conspicuous Service Medal.

In June 2002 Air Commodore van Leeuwen attended Test Pilot School in California, USA, completing the twelve month intensive course as a 'distinguished graduate' and professionally qualified Flight Test Engineer. Three consecutive postings to the Aircraft Research and Development Unit followed, mainly involving fast jet (F/A-18 & F-111) flight test, culminating as the Air Force's Senior Flight Test Engineer.

Air Commodore van Leeuwen was posted back to the USA to the F-35 Joint Program Office in 2007 on promotion to Wing Commander. During his time on the F-35 Program he was an integral part of the team that issued the initial flight clearances for each of the first flights of all three F-35 variants; contributions recognised with the award of a US Meritorious Service Medal. In 2011, Air Commodore van Leeuwen returned to Australia and took Command of the (now) Air Warfare Engineering Squadron at RAAF Base Edinburgh before being seconded by the Chief of Air Force and posted to Madrid, Spain late 2013 to successfully remediate problems and introduce the new tanker boom capability to Air Force.

On return to Australia in 2015, he attended the Capability Technology & Management College. In November that same year he was promoted to Group Captain and posted as the Project Director for Air Mobility and Tanker Projects (C-17A, C-27J and KC-30A).

In 2018, Air Commodore van Leeuwen was appointed as the inaugural Officer Commanding of the Air Combat Systems Program Office overseeing the arrival and introduction of the F-35A to RAAF Base Williamtown. He was promoted to Air Commodore in July 2019 and posted to into his current position as the Director General, Aerospace Combat Systems.

Over his career Air Commodore van Leeuwen has earned three post graduate degrees, graduated from the Company Directors program and served on a number of not-for-profit Boards while remaining a trustee of the RAAF Welfare Trust Fund. He was appointed as a member of the Order of Australia in 2020 for his exceptional service to the ADF in Aerospace Capability development, major Capital Acquisition and Air Combat sustainment.

Squadron Leader Allana Frank

Squadron Leader Allana Frank was appointed to the RWTF Board on 1 March 2014 and resigned on 30 June 2020.

Squadron Leader Allana Frank enlisted in the RAAF in 1985 as a Clerk Administrative and, since completing initial employment training has had a number of postings during her career. This included becoming the Warrant Office Senior Mustering Adviser for Personnel Capability Specialists in the A1 Directorate at Air Command.

Squadron Leader Frank has seen operational service in both East Timor and Iraq. She lists her career highlights as being part of No 6 Hospital, the first RAAF Hospital deployed in 2001/2 as the United Nations Military Hospital to East Timor. Another highlight was being deployed to Baghdad in the Force Logistics Element in 2005 and being in country for the first free election.

Squadron Leader Frank has been awarded the Australia Day Medallion in 2007 in recognition of her performance at No 3 Hospital and a Deputy Commander Joint Operations silver commendation in 2017 for her work in personnel and welfare.

Squadron Leader Frank was commissioned into the Personnel Capability Officer Specialisation in August 2014, with recent postings to Headquarters Joint Operations Command, Staff Officer - Commander Joint Agency Task Force – Operation Sovereign Borders and as Staff Officer Personnel 2 in Headquarters Air Warfare Centre.

Squadron Leader Frank transferred from the Permanent Air Force to the Air Force Reserve in September 2019 and remains at Headquarters Air Warfare Centre.

Squadron Leader Claire Milton

Squadron Leader Claire Milton was appointed to the RWTF Board on 1 April 2017.

Squadron Leader Milton joined the Air Force in January 2002, commencing studies at the Australian Defence Force Academy (ADFA). Following graduation from ADFA, she proceeded on her first posting to RAAF Base Edinburgh for a year of Professional Development & Training before moving to Williamstown to take on the role of Aircraft Maintenance Officer at 76 Squadron.

On promotion to Flight Lieutenant in 2009, she took on a team leader role within the Tactical Fighter System Program Office. Responsible for support to all aeromechanical systems on the F/A-18A/B Classic Hornet, she provided technical, logistical and financial expertise for the fleet of 71 aircraft. For her consistently high performance in this role and contribution to significant unit outcomes, she was awarded a Defence Support Services Commendation.

In 2013, she undertook a challenging staff officer role within the Surveillance and Control Group Headquarters, managing the Technical Capability and in-service support elements of P-3C Orion and E-7A Wedgetail aircraft. The following year, she posted to Canberra, taking the opportunity for a System Safety role within the P-8A Poseidon Project Office. During her tenure, she was promoted to Squadron Leader before taking on the position in charge of aircraft certification activities. For her contribution to the P8-A Poseidon Acquisition, she was awarded a Defence Support Services Group Commendation.

Squadron Leader Milton transferred to Service Category 3 in April 2019 and is currently employed as a Certification Manager within the C-27J Project Office.

Squadron Leader Milton's qualifications include:

2013 – Advanced Diploma of Air Force Studies

2005 – Bachelor of Engineering with Honours – University of New South Wales

Warrant Officer – Air Force Robert Swanwick

Warrant Officer of the Air Force Robert Swanwick was appointed to the RWTF Board on 16 March 2016.

Warrant Officer Robert Swanwick joined the Air Force in 1979 as an Airframe Fitter and after his initial training courses, was posted to 2 Operational Conversion Unit, RAAF Base Williamstown to work on

Mirage jets. Always looking for new opportunities, he remustered to Helicopter Crewman in 1982.

As a Crewman he enjoyed postings at 5 and 9 Squadrons and was deployed on operations with the Australian Multinational Force and Observers, flying missions along the border of Egypt and Israel. He was posted in 1989 to 5 Aviation Regiment to assist with the hand over helicopter operations to the Army.

Warrant Officer Swanwick was promoted to Warrant Officer in 1991 and since then has served in various aircrew positions and strategic, staff roles predominantly in Canberra. A highlight of his career during this time was being nominated by CDF and selected by Minister of Defence to serve as the Other Ranks Representative Trustee and Director on the Military Superannuation & Benefits Scheme Board which he held for 14 years. As a Trustee, he was a member of the Audit & Risk Committee and Chair of the Superannuation Communications Group, completed the Company Directors Course and many financial and investment courses. He transferred to Air Force Reserve in 2012 to focus on his family and as being owner operator of his café Deja Brew in Canberra.

After much encouragement from Air Force, Warrant Officer Swanwick returned to the Permanent Air Force in 2014 to take up the position of Group Warrant Officer - Surveillance and Response Group at RAAF Base Williamtown. Warrant Officer Swanwick was selected as the 8th Warrant Officer of the Air Force in July 2014. Upon completion of his tenure, Warrant Officer of the Air Force Swanwick transferred to the Air Force Reserve in February 2020.

Warrant Officer Swanwick currently holds the position of National Director, Veteran and Community Engagement, Open Arms within the Department of Veterans' Affairs whilst continuing to serve Air Force Reserve in a limited capacity.

Warrant Officer of the Air Force Fiona Grasby, OAM

Warrant Officer of the Air Force Fiona Grasby, OAM was appointed to the RWTF Board on 20 December 2019.

Warrant Officer of the Air Force (WOFF-AF), Fiona Grasby joined the Royal Australian Air Force (RAAF) as a Supplier in 1987 and remustered to RAAF Police in 1992 where her passion was well placed in the Counterintelligence and Special Investigations fields.

In July 1999 WOFF-AF Grasby was promoted to Sergeant and posted to 86WG as the SNCOIC Counterintelligence. Following the birth of her son in 2001 she transferred to the Active Reserves, however returned to the PAF in 2003 where she was posted to 386ECSS as the SNCOIC Special Investigations deploying to the MEAO in support of OP CATALYST.

In 2007 WOFF-AF Grasby was promoted to Flight Sergeant and posted to the Base Security Officer position RAAF Base Williams. During this time she was presented with a CAF Gold Commendation for Leadership development and her commitment to emergency management. In January 2009 WOFF-AF Grasby was posted to RAAF Security and Fire School where she was appointed as the Course Director for the Physical and Protective Security Training Flight.

In 2012 WOFF-AF Grasby was selected to deploy as the 2IC of Force Protection and Security Section Multi National Base Tarin Kowt Afghanistan. During this deployment she completed the Regional Command South Female Engagement Team Course which ensured her commitment in providing security support to local women and children.

On return from deployment she was posted as the Deputy Security Officer position at No.2 Security Forces Squadron, RAAF Amberley. In April 2014 WOFF-AF Grasby was promoted to Warrant Officer and posted to the Security Manager position at 82WG. During this time she was deployed in support of the Australian Super Hornet capability to areas including; Singapore, USA, and OP OKRA Middle East Area where she was appointed as the Facility Security Manager for Air Task Group Strike.

WOFF-AF Grasby was appointed as the Air Command Warrant Officer on the 16 January 2018. On the 6 November 2019 WOFF-AF Grasby was promoted and appointed as the 9th Warrant Office of the Air Force.

Freedom of Information Procedures and Initial Contact Points

Requests for access to documents of the Trustees should be directed to the Trustees of the RAAF Welfare Trust Fund, Department of Defence, F4-2-010, PO Box 7933, Canberra, BC ACT, 2610.

Indemnities and Insurance Premiums for Officers

The RWTF has taken out insurance coverage with Comcover for Directors and Officers Liability, Fraud and Fidelity and General Liability. The premium paid for financial year 2019-2020 was \$2,740.05. Where applicable, the insurance cover is provided for all Trustees, staff and voluntary workers. The RWTF also provided Workers' Compensation insurance cover through Comcare at a cost of \$1,086.00.

ASSISTANCE PROVIDED

Loans and Grants

Since its inception in 1947, the RWTF has provided assistance totalling in excess of \$291 million to eligible persons.

Loans

The following table shows the number of loans approved during the last three years:

	2019-2020	2018-2019	2017-2018
Number of Loans Approved	2,808	3,182	3,306
Total Value of Loans Approved	\$13,161,400	\$14,792,100	\$14,588,500

The following table shows the analysis of loan funds for the year ended 30 June 2020:

LOAN TYPE	AMOUNT \$	% OF TOTAL LOANS
Home Improvement	292,100	2.22
General (Emergency)	30,600	0.23
Professional Development	102,700	0.78
Long Service General	382,700	2.91
Group Life Insurance	12,353,300	93.86
TOTAL	\$13,161,400	100.00

The following types of loans are available to eligible members:

Home Improvement Loan. Home Improvement Loans are available to help a member build or buy a home or to furnish a home with new or second hand furniture. The maximum value of this loan is currently \$4,000.

General Loan. General Loans are normally available to meet temporary circumstances such as emergency housekeeping expenses, family medical or dental expenses, pressing household bills or fares for travel or compassionate leave. There is no arbitrary limit on the amount of a General Loan.

Professional Development Loan. Professional Development Loans are available to assist members with education and study expenses. The maximum value of this loan is currently \$4,000.

Long Service General Loan. Long Service General Loans are available to members who have completed 10 years of service in the Air Force and may be used for any worthwhile purpose. The maximum value of this loan is currently \$4,000.

Group Life Insurance Scheme Loan. Group Life Insurance Scheme Loans are available to financial members of the Group Life Insurance Scheme and may be used for any worthwhile purpose. The maximum value of this loan was increased in January 2018 from \$4,500 to \$5,000.

The following table shows the breakdown of loans approved by rank. The Trustees were pleased to note that 60.6% of loans approved were directed to the lower paid members of the Air Force (junior ranks up to Corporal).

RANK	NUMBER OF LOANS APPROVED	% OF TOTAL LOANS APPROVED
Aircraftman / Leading Aircraftman	1,149	40.92
Corporal	553	19.69
Sergeant	323	11.50
Flight Sergeant	140	4.99
Warrant Officer	61	2.17
Officer Cadet	10	0.36
Pilot / Flying Officer	181	6.45
Flight Lieutenant	259	9.22
Squadron Leader and above	132	4.70
TOTAL	2,808	100.00

Bad and Doubtful Debts

The amount written off for the year was \$10,868. The figure includes \$3,848 in loans written off when members died while in Service. On a turnover of loans of \$13,161,400 loans written-off represented 0.08%.

RWTF Group Life Insurance Scheme

The Trustees administer the scheme for serving permanent (SERCAT 6 or 7) Air Force members. Members of the Air Force Reserve who are serving on continuous full-time service for periods of six-months or more are also eligible to join the scheme for the period of full-time service. The scheme provides, upon the death of a financial member, a \$15,000 lump sum payment to that member's nominated beneficiary, where possible within 48 hours of the beneficiary bank details. The Trustees, dependent upon availability of funds, are able to make loans to financial members of the scheme.

The scheme had 7,641 contributors as at 30 June 2020. Current membership of the scheme represents approximately 53% of permanent RAAF members and, in market terms, represents a very good take up of the scheme by Air Force members. During the period under review the RWTF paid \$105,000 in benefits to the nominated beneficiaries of deceased Air Force members.

General Grants

The RWTF provided \$36,756 in support of ten serving or ex-serving members of the Air Force facing unanticipated financial hardship. The grants were in support of costs associated with, but not limited to, additional costs arising from medical conditions including loss of income, accommodation expenses or additional transport costs to attend treatment. Three of the grants provided were in support of additional travel, repatriation or financial support as a result of COVID 19.

Base Welfare Grants Scheme

In June 2013 the Board introduced a Base Welfare Grants Scheme. The purpose of the scheme is to provide grants of funds to bases to support the welfare and amenity available to Air Force personnel and their dependants and, incidentally, any other Service or Australian Public Service personnel who may be co-located with the Air Force members.

The scheme is intended to be flexible in terms of the forms of welfare that could be supported, and the amount which the RWTF in its discretion could provide. During 2019-20 \$175,625 was approved for distribution to bases across Australia, an increase from \$145,824 provided in 2018-19.

The following table provides a summary of the Base Welfare Grants Scheme distribution of funds.

RAAF Base	Amount \$	Purpose of Grant
Amberley	18,700	Support the Base Christmas Treat function. Assist the Fishing Club with boat maintenance. Assist Base Social Clubs with kitchen equipment. Unit family days. Assist the Water-ski Club with safety and other equipment. Shade cloth for the Bowls Club. Outdoor area and bbq area improvements.
Butterworth Malaysia	5,000	Television for the Australian Air Force Club Penang.
Canberra	5000	Kayaks and trailer
Darwin	11,250	Support the Base Christmas Treat function. Assist the Fishing Club boat with boat maintenance. Foxtel subscription for the Airmen's Club and Officers Mess. Television for the Officers Mess. Support for Base welfare projects.
East Sale	16,348	Support the Base Christmas Treat function. Safety barriers and community fridge for the Auto Club. Projector and screen for the East Sale Family Group. Support for a family day. Pool Table for the Airmen's Club
Edinburgh	12,200	Foxtel subscription for the Airmen's' and Other Ranks Mess. Assist the Water-ski Club with safety and other equipment. Assist with upkeep at Base Welfare holiday shacks.
Glenbrook	6,300	Table Tennis paddles for the SGTs Mess. Swags for Base Welfare. Support towards furniture at the Officers Mess.
Pearce	19,092	Support the Base Christmas Treat function. Play equipment for Learmonth community centre. Outdoor and bbq area improvements. Pool table and table tennis table for All Ranks Mess. Support towards equipment purchases at 25SQN Social Club.
Richmond	25,720	Support towards Airmen's Club renovations. Support the Base Christmas Treat function. Outdoor gas heaters for the Officers' Mess. Support for Fishing Club boat refurbishment and registration. Support towards Foxtel subscription, wi-fi and equipment purchases at the SGTs Mess. Support for a fish pond memorial at 453SQN.
Tindal	7,500	Support for the Network Tindal Club. Support for Tindal Magpies Sports Association.
Townsville	10,000	Support for the Fishing Club.
Wagga	9,465	Support the Base Christmas Treat function. Assist with Base benefit activities. Foxtel subscription for the Airmen's Club. Purchase of a projector and wood heater for the Airmen's Club. Purchase baby play pens for the Ranch Community Centre.
Williams	6,550	Support the Base Christmas Treat function. Support for the Fishing Club.
Williamtown	19,500	Support the Base Christmas Treat function.

		Support Kinergy Families Resilience Program Foxtel subscription and table tennis table for the Airmen's' Club. Support for unit social clubs. Shade Cloth for ICCS Social Club.
Woomera	3,000	Support movie nights.
TOTAL	\$175,625	

In the 8 years since the inception of the Base Welfare Grants Scheme a total of \$825,371 has been provided to assist bases with welfare related projects.

APPRECIATION

Acknowledgement

The Trustees wish to express appreciation to all persons who assisted the RWTF during the period of this report. The outstanding efforts of Base/Unit Chaplains and other regional representatives have given Air Force members the confidence that the RWTF can provide compassionate, confidential and timely assistance to those in need. Their willingness to take on this secondary duty has enabled the Trustees to keep overheads to the lowest possible. In particular, the Trustees express their sincere appreciation for the services rendered by:

Canberra ACT

Principal Air Chaplain M. Willis
Chaplain (GPCAPT) N. Williams
Chaplain (WGDCR) G. Whelband
Chaplain (WGCDR) L. Carey
Chaplain (SQNLDR) C. Boettcher
Chaplain (SQNLDR) W. Ross
Chaplain (SQNLDR) N. Coleman
Chaplain (SQNLDR) G. Flynn
Chaplain (SQNLDR) D. Hilliard
Chaplain (FLTLT) E. Street
Chaplain (FLTLT) H. Lea
Chaplain (FLTLT) K. Ey
Chaplain (FLTLT) J. Friedman
SQNLDR P. Alomes
Mrs A. Ticehurst

Wagga NSW

Chaplain (WGCDR) J. Carroll
Chaplain (FLTLT) J. McWhinney
Chaplain (FLTLT) C. Buckley-
Wilkshire
Chaplain (FLTLT) G. Liersch
Chaplain (FLTLT) J. Moeck
Chaplain (FLTLT) D. Warren

Glenbrook NSW

Chaplain (GPCAPT) P. Friend
Chaplain (GPCAPT) G. Hooper
Chaplain (WGCDR) I. Whitley

Pearce WA

Chaplain (SQNLDR) A. Morris
Chaplain (SQNLDR) P. Russell
Chaplain (SQNLDR) D. Griffiths
Chaplain (FLTLT) J. Schroeder

Orchard Hills NSW

Chaplain (SQNLDR) R. Bailey

Amberley QLD

Chaplain (WGCDR) A. Williams
Chaplain (SQNLDR) D. Quilty
Chaplain (SQNLDR) S. Turnbull
Chaplain (SQNLDR) A. Follett
Chaplain (SQNLDR) R. Hensser
Chaplain (FLTLT) M. Boyd
Chaplain (FLTLT) A. Shumack
Chaplain (FLTLT) G. Smith
Chaplain (FLTLT) R. Abboud
Chaplain (FLTLT) D. Bigg
Chaplain (FLTLT) C. Freese
Chaplain (FLTLT) M. Popovic
Chaplain (FLTLT) M. Philp

Townsville QLD

Chaplain (FLTLT) D. Kelly
Chaplain (FLTLT) S. Asquith

Tamworth NSW

Chaplain (FLTLT) S. Carter

Richmond NSW

Chaplain (SQNLDR) T. White
Chaplain (SQNLDR) M. Reid
Chaplain (FLTLT) S. Fechner
Chaplain (FLTLT) A. Nalbandian
Chaplain (FLTLT) R. Curnow
Chaplain (FLTLT) G. Thamal
Chaplain (FLTLT) K. Davison
Chaplain (FLTLT) D. Deal

Williamstown NSW

Chaplain (WGCDR) J. Cox
Chaplain (SQNLDR) M. Fraser
Chaplain (FLTLT) K. Haynes
Chaplain (FLTLT) M. Tegart
Chaplain (FLTLT) G. Ezenwa
Chaplain (FLTLT) L. Ferreira

Edinburgh SA

Chaplain (WGCDR) C. Barwise
Chaplain (SQNLDR) R. Kidd
Chaplain (SQNLDR) M. Butler
Chaplain (SQNLDR) T. Hodgson
Chaplain (SQNLDR) P. Garton
Chaplain (SQNLDR) P. Boyle
Chaplain (SQNLDR) K. Thoday
Chaplain (FLTLT) S. Page
Chaplain (FLTLT) T. Mannix
Chaplain (FLTLT) D. Loechel
Chaplain (FLTLT) R. Brook

East Sale VIC

Chaplain (SQNLDR) M. Kleemann
Chaplain (SQNLDR) R. Hayman
Chaplain (SQNLDR) K. O'Sullivan
Chaplain (FLTLT) N. de Silva

Williams VIC

Chaplain (SQNLDR) P. Owen
Chaplain (SQNLDR) D. Enticott
Chaplain (SQNLDR) J. Ward
Chaplain (FLTLT) A. McKeand

Darwin NT

Chaplain (SQNLDR) C. Senini
Chaplain (FLTLT) A. Stanfield
Chaplain (FLTLT) N. Runham
Chaplain (FLTLT) R. Weekes

Tindal NT

Chaplain (SQNLDR) A. Knox
Chaplain (FLTLT) M. Herps

Butterworth Malaysia

Chaplain (SQNLDR) T. Killingbeck

CONCLUSION**Report of Operations**

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.



M. WILLIS
Principal Air Chaplain
Chair of Trustees

18 August 2020



R. ALBERTS, CSC
Group Captain
Chair Audit Committee

18 August 2020



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence Personnel

Opinion

In my opinion, the financial statements of the Royal Australian Air Force Welfare Trust Fund for the year ended 30 June 2020:

- (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 Royal Australian Air Force Welfare Trust Fund as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Royal Australian Air Force Welfare Trust Fund, which I have audited, comprise the following statements as at 30 June 2020 and for the year then ended:

- Statement by the Trustees and Fund Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; 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 Royal Australian Air Force Welfare Trust Fund 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 (including Independence Standards)* (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 2020 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 identified above 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 Air Force Welfare Trust Fund the Trustees 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 – Reduced Disclosure Requirements and the rules made under that Act. The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Royal Australian Air Force Welfare Trust Fund's ability 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 are 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 those charged with governance 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
18 August 2020

STATEMENT BY TRUSTEES AND FUND SECRETARY

Trustee Statement

In our opinion, the attached financial statements for the year ended 30 June 2020 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 Royal Australian Air Force Welfare Trust Fund will be able to pay its debts as and when they fall due.

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



M. WILLIS
Principal Air Chaplain
Chair of Trustees

18 August 2020



C. WALLIS
Group Captain
Deputy Chair of Trustees

18 August 2020



K. PEPPER
Secretary to the Trustees

18 August 2020

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	219,802	210,270
Suppliers	1.1B	198,061	214,845
Grants	1.1C	212,381	197,924
Write-down and impairment of assets	1.1D	10,868	(20,468)
Losses from loan re-measurement	1.1E	873,076	1,070,498
Depreciation and Amortisation	1.1F	-	1,485
Total expenses		1,514,188	1,674,554
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	209,045	217,182
Loans revenue	1.2B	473,008	538,223
Interest	1.2C	1,040,991	1,127,180
Other revenue	1.2D	42,465	31,535
Total own-source revenue		1,765,509	1,914,120
Total own-source income		1,765,509	1,914,120
Surplus		251,321	239,566
Total Comprehensive income		251,321	239,566

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

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 \$	2019 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	4,287,224	2,972,905
Loans and other receivables	2.1B	7,486,536	8,527,917
Total financial assets		11,773,760	11,500,822
Total assets		11,773,760	11,500,822
LIABILITIES			
Payables			
Other payables	2.2A	33,968	21,824
Total payables		33,968	21,824
Provisions			
Employee provisions	3.1A	37,466	27,993
Total provisions		37,466	27,993
Total liabilities		71,434	49,817
Net assets		11,702,326	11,451,005
EQUITY			
Retained surplus		11,702,326	11,451,005
Total equity		11,702,326	11,451,005

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

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	2020	2019
		\$	\$
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		<u>11,451,005</u>	11,211,439
Adjusted opening balance		<u>11,451,005</u>	<u>11,211,439</u>
Comprehensive income			
Surplus		<u>251,321</u>	239,566
Total comprehensive income		<u>251,321</u>	<u>239,566</u>
Closing balance as at 30 June		<u>11,702,326</u>	<u>11,451,005</u>

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

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Loan repayments from members		13,653,768	13,910,248
Interest		1,041,221	1,128,627
Member premiums – Group Life Insurance		209,014	217,132
Group Life claims		90,000	45,000
Donations		42,465	31,535
Other		10,519	800
Total cash received		15,046,987	15,333,342
Cash used			
Loans provided to members		13,008,553	14,558,673
Employees		208,674	202,202
Grants		212,381	197,924
Underwriting - Group Life insurance		156,428	158,679
Group Life claims		105,000	60,000
Direct debit administration fees		13,626	12,688
Audit fees		20,240	14,300
Insurances		3,826	3,974
Web-site administration and software		2,186	1,650
Other		1,754	4,064
Total cash used		13,732,668	15,214,154
Net cash from (used by) operating activities		1,314,319	119,188
Net increase/(decrease) in cash held		1,314,319	119,188
Cash and cash equivalents at the beginning of the reporting period		2,972,905	2,853,717
Cash and cash equivalents at the end of the reporting period	2.1A	4,287,224	2,972,905

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

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND

OVERVIEW

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

The RWTF is a corporate Commonwealth entity. It is a not-for-profit entity. The RWTF 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 RWTF does not receive nor is it reliant on Government funding.

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:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- b. 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 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

All other 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 on the RWTF's financial statements.

The RWTF has applied the requirements of AASB 1058 *Income of not-for-profit entities* effective from 1 July 2019. As part of the implementation, the management of the RWTF has undertaken an assessment and concluded that the income recognition methods that have historically been in place are consistent with the requirements of this new standard. Accordingly, there were no adjustments and no amounts taken to retained surplus on initial adoption of this new standard. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

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 effect on the RWTF's financial statements.

Taxation

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

Environmental Performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act) requires Commonwealth agencies accord with and contribute to ecologically sustainable development. The RWTF administration resides within Department of Defence office space and as such has no quantitative data, but commits to Department of Defence initiatives and minimising paper usage through increased use of new technologies.

FINANCIAL PERFORMANCE

This section analyses the financial performance of the RWTF for the year ended 2020.

1.1 Expenses

	2020	2019
	\$	\$
<u>1.1A: Employee benefits</u>		
Wages and salaries	182,261	165,743
Superannuation	28,068	37,488
Leave and other entitlements	9,473	7,039
Total employee benefits	219,802	210,270

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Audit Fees	20,240	34,540
Insurances	3,826	3,974
Miscellaneous expenses	1,755	3,314
Direct debit administration fees	13,626	12,688
Group Life insurance underwriting	156,428	158,679
Web-Site and software fees	2,186	1,650
Total goods and services supplied or rendered	198,061	214,845
Total suppliers	198,061	214,845

1.1C: Grants

General and disaster relief grants	36,756	52,100
Base Welfare Grants Scheme	175,625	145,824
Total grants	212,381	197,924

1.1D: Impairment loss on financial instruments

Impairment on loans	10,868	(20,468)
Total impairment on financial instruments	10,868	(20,468)

1.1E: Losses from loan re-measurement

Loss from initial recognition of loans and receivables at fair value (refer Note 6.3)	873,076	1,070,498
Total losses from loan re-measurement	873,076	1,070,498

1.1F: Depreciation and amortisation

Amortisation		
Intangibles – database	-	1,485
Total write-down and impairment of other assets	-	1,485

Accounting Policy

Competitive Neutrality

The RWTF 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.

1.2 Own-Source Revenue and gains

Own-Source Revenue

	2020	2019
	\$	\$
<u>1.2A: Sale of goods and rendering of services</u>		
Member contributions for Group Life insurance	209,014	217,132
Miscellaneous income	31	50
Total sale of goods and rendering of services	209,045	217,182

Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

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 reporting period. Allowances are made when collectability of the debt is no longer probable.

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.

Other Types of Revenue

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

Revenue from Group Life Insurance premiums are recognised on an accruals basis.

	2020	2019
	\$	\$
<u>1.2B: Loans revenue</u>		
Member contributions on loans	473,008	538,223
Total fees and fines	473,008	538,223
<u>1.2C: Interest</u>		
Deposits	47,916	54,505
Loan interest (refer Note 6.3)	993,075	1,072,675
Total interest	1,040,991	1,127,180
<u>1.2D: Other revenue</u>		
Donations received	42,465	31,535
Total other revenue	42,465	31,535

Accounting Policy

Interest revenue is recognised using the effective interest method.

FINANCIAL POSITION

This section analyses the RWTF'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.

2.1 Financial Assets

	2020	2019
	\$	\$
<u>2.1A: Cash and cash equivalents</u>		
Cash on deposit	1,537,224	972,905
Cash on deposit - investments	2,750,000	2,000,000
Total cash and cash equivalents	4,287,224	2,972,905

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.

	2020	2019
	\$	\$
<u>2.1B: Loans and other receivables</u>		
Members loans outstanding (refer Note 6.3)	7,485,166	8,541,316
Group Life insurance claim	15,000	-
Bank interest accrued	6,370	6,601
Total loans and other receivables (gross)	7,506,536	8,547,917
Less impairment allowance		
Loans	(20,000)	(20,000)
Total loans and other receivables (net)	7,486,536	8,527,917

Accounting Policy

Financial Assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Reconciliation of the Impairment Allowance

Movements in relation to 2020

	Loans	Total
	2020	2020
	\$	\$
As at 1 July 2019	20,000	20,000
Bad debts written off	(10,868)	(10,868)
Amounts recovered and reversed	-	-
Decrease recognised in surplus	10,868	10,868
Total as at 30 June 2020	20,000	20,000

Movements in relation to 2019

	Loans 2019 \$	Total 2019 \$
As at 1 July 2018	53,769	53,769
Bad debts written off	(13,301)	(13,301)
Amounts recovered and reversed	-	-
Increase recognised in surplus	(20,468)	(20,468)
As at 30 June 2019	20,000	20,000

Accounting Policy

Financial assets are assessed for impairment at the end of each reporting period. This assessment has concluded that is risk of default on RWTF loans will remain extremely low, due to the unique environment in which the RWTF operate and as such, no change is required to the impairment allowance.

2.2 Payables

	2020 \$	2019 \$
<u>2.2A: Other payables</u>		
Salaries and wages	2,808	1,228
Superannuation	432	356
Other	30,728	20,240
Total other payables	33,968	21,824

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 Employee Provisions

	2020	2019
	\$	\$
<u>3.1A: Employee provisions</u>		
Leave	37,466	27,993
Total employee provisions	37,466	27,993

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the RWTF's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation

The RWTF makes employer contributions to the employees' personal superannuation schemes at the rate of 15.4%. Contributions during the period 1 July 2019 to 30 June 2020 are detailed at Note 1.1A. From 1 July 2019 with the introduction of One Touch Payroll, Note 1.1A Superannuation expense no longer includes employee salary sacrifice contributions.

The liability for superannuation recognised as at 30 June 20 represents outstanding contributions.

3.2 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 RWTF has determined the key management personnel to be the Trustees. Trustees are not entitled to receive from the RWTF any remuneration for any work done by them in relation to the administration of the RWTF. Under Part 2, Section 14 of the *Services Trusts Funds Act 1947*, a person who is a Trustee or a dependant of a Trustee shall not receive benefits from the Fund.

No Trustee has received any remuneration or other benefit during their tenure as a Trustee.

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.

The following were Trustees during the period 1 July 2019 to the date of the Report of Operations.

Principal Air Chaplain **M. WILLIS**

(Appointed 6 February 2018 - appointed Chair of Trustees 6 February 2018)

Principal Air Chaplain **R.D. THOMPSON**

(Appointed 24 May 2000 – Resigned 26 May 2020)

Air Commodore **S. McGREADY, CSC**
(Appointed 13 August 2018 – Resigned 31 October 2019)

Group Captain **C. WALLIS**
(Appointed 15 June 2013)

Air Commodore **G. VAN LEEUWEN, AM, CSM**
(Appointed 1 April 2017)

Squadron Leader **C. MILTON**
(Appointed 1 April 2017)

Squadron Leader **A.M. FRANK**
(Appointed 1 March 2014 – Resigned 30 June 2020)

Warrant Officer – Air Force **R. SWANWICK**
(Appointed 16 March 2016)

Warrant Officer of the Air Force **F. GRASBY, OAM**
(Appointed 20 December 2019)

3.3 Related Party Disclosures

Related Party Relationships:

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

Transactions with Related Parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

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 entities, 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.

3.4 Employees

The table below identifies the status of the two RWTF employees:

		Male	Female	Total
Employment status		Fulltime	Fulltime	
30 June 2020	Location - ACT	1	1	2
30 June 2019	Location - ACT	1	1	2

MANAGING UNCERTAINTIES

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

4.1 Contingent Assets and Contingent Liabilities

The RWTF 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 rise 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.

5.1 Financial Instruments

	2020	2019
	\$	\$
<u>5.1A: Categories of financial instruments</u>		
Financial assets at amortised cost		
Cash and cash equivalents	4,287,224	2,972,905
Loans	7,471,536	8,527,917
Group Life insurance claim	15,000	-
Total financial assets at amortised cost	11,773,760	11,500,822
Total financial assets	11,773,760	11,500,822
Financial Liabilities		
Financial liabilities measured at amortised cost		
Other payables	30,728	20,240
Total financial liabilities measured at amortised cost	30,728	20,240
Total financial liabilities	30,728	20,240

Accounting Policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the RWTF 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).

	2020	2019
	\$	\$
<u>5.1B: Net gains and or losses on financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents		
Bank Interest revenue	47,916	54,505
Net gain from cash and cash equivalents	47,916	54,505
Loans and receivables		
Members contributions on loans	473,008	538,223
Loan Interest revenue	993,075	1,072,675
Impairment expense	(10,868)	-
Impairment reversal	-	20,468
Loss on initial recognition of loans and receivables at fair value	(873,076)	(1,070,498)
Net gains from loans and receivables	582,139	560,868
Net gains on financial assets at amortised cost	582,139	615,373

OTHER INFORMATION

6.1 Aggregate assets and liabilities**6.1A: Aggregate assets and liabilities**

	2020	2019
	\$	\$
Loans and receivables expected to be recovered in:		
No more than 12 months	6,933,663	7,868,932
More than 12 months	552,873	658,985
Total loans and receivables	7,486,536	8,527,917
Liabilities expected to be settled in:		
No more than 12 months	30,728	20,240
More than 12 months	-	-
Total liabilities	30,728	20,240

6.2 Insurance

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

6.3 Losses from Loan Re-Measurement and Loan Interest

In accordance with AASB 9, the decision to provide a loan at no interest 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 Resources provided 'Free of Charge' to the Fund

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

- a. Office accommodation with computer, telephone, postage and stationery support;
- b. Use of the Australian Defence Force pay system to recover loan repayments from serving Air Force members; and
- c. Assistance from Defence Force personnel on an ad-hoc basis.

The above resources cannot be reliably measured and have not been recognised in the financial statements.

6.5 Economic Dependency

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

**Royal Australian Air Force Welfare Trust Fund
Annual Performance Statement**

The Trustees, as the accountable authority of the Royal Australian Air Force Welfare Trust Fund, present the 2019 – 2020 annual performance statement of the Royal Australian Air Force Welfare Trust Fund, 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 entity, and complies with subsection 39(2) of the PGPA Act.

The purpose of the Royal Australian Air Force Welfare Trust Fund is to provide 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 following activities, as detailed in the Royal Australian Air Force Welfare Trust Fund corporate plan for the reporting period 2019 -2020, enabled the Fund to meet objectives.

Activity	Performance Monitoring and Measurement	Analysis
Low cost loans		
<p>Objective: Make low cost loans available to eligible persons</p> <p>Results: The Fund provided 2808 loans to Air Force members totalling \$13,161,400.</p>	<ol style="list-style-type: none"> 1. Compare current year financial data sets against previous year data sets and against cash flow forecasts. 2. Review loan achievement compared with desired focus on lower-paid personnel. 3. Review maintenance of real value of loans. 4. Ensure that eligible persons have access to online applications 	<ol style="list-style-type: none"> 1. \$13,161,400 was loaned to Air Force members compared with \$14,792,100 in the previous year. Loan requests decreased during the reporting period. An individual reason could not be ascertained, however, COVID 19 restrictions reduced workplace attendance, which may have contributed to the lower numbers. 2. Loans paid to lower-paid personnel represented 61% of all loans. 3. The maximum value of the loan available to service personnel increased to \$5,000 from \$4,500 in January 2018. 4. Members apply using a digital loan application. This application was upgraded and released in March 2020.

Grants to Individuals		
<p>Objective: Make grants available to serving and ex-serving personnel who are suffering from financial hardship or make grants available to serving members suffering from the effects of natural disaster.</p> <p>Results: Ten requests for support were approved. Bushfires did not overly impact serving members, however one member sought and received bushfire assistance. Three members received support as a result of additional expenses related to COVID 19.</p>	<ol style="list-style-type: none"> 1. Review instances of support provided against requests for support received. 2. Review overall impact of grants to individuals on financial operations. 	<ol style="list-style-type: none"> 1. Ten general hardship and disaster relief requests in support of serving or ex-serving members or their families were approved totalling \$36,756.
Grants to Bases		
<p>Objective: Provide grants to Air Force Bases for welfare related projects.</p> <p>Results: The sum of \$175,625 was approved and distributed among Air Force Bases for welfare related projects.</p>	<ol style="list-style-type: none"> 1. Ensure expenditure within limits set by Board. 2. Review financial achievement and amenity improvement on bases receiving grants. 3. Review overall impact of grants to Bases on the Fund's financial operations. 	<ol style="list-style-type: none"> 1. Grants to Bases were approved by the Board. 2. The grants provided to Bases covered a wide range of welfare related activities and are expected to have a significant positive affect on the welfare and amenity of Air Force members and their families. 3. Previous funding under the scheme must be acquitted before current grants are paid. 4. After grant payments the Fund realised a surplus of income over expenditure in excess of \$250,000. This surplus is sufficient to cover any expected expenses and provide growth for the Fund.

Group Life Insurance Scheme		
<p>Objective: Provide permanent serving Air Force personnel with the opportunity to participate in a low cost insurance scheme.</p> <p>Results: 7641 permanent Air Force members were participating in the scheme as at 30 June 20. Membership remained steady with a minor decrease from 7808 from the end of the previous financial year.</p>	<ol style="list-style-type: none"> 1. Review achievement of membership target with an aim to maintain more than 50% and increase to more than 55% of Air Force personnel. 2. Review contractor performance and ensure fees in administering and underwriting the scheme do not exceed premiums charged. 	<ol style="list-style-type: none"> 1. Based on a permanent Air Force workforce of approximately 14,586 personnel the participation rate achieved was 52%. 2. Contractor (Ezidebit) provided an appropriate means of managing and collecting member contributions. 3. The Fund achieved a surplus of over \$38,000 after taking into account administration and underwriting fees. 4. 7 payments of \$15,000 were made to beneficiaries of deceased personnel during the reporting period.