
THE
ROYAL AUSTRALIAN AIR FORCE
WELFARE TRUST FUND
ANNUAL REPORT 2014 - 2015

The Services Trust Funds Act 1947

THE
ROYAL AUSTRALIAN AIR FORCE
WELFARE TRUST FUND

Annual Report

For the period

1 July 2014 to 30 June 2015

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CANBERRA BC ACT 2610

TRUSTEES

OF THE

ROYAL AUSTRALIAN AIR FORCE

WELFARE TRUST FUND

Chaplain (Air Commodore) **K. RUSSELL** (Chair of Trustees)

*

Chaplain (Air Commodore) **R.D. THOMPSON**

*

Air Commodore **K.N. BIRRER AO**

*

Air Commodore **C.J. ROBERTS**

*

Group Captain **C. WALLIS**

*

Warrant Officer – Air Force **M.G. PENTREATH CSM**

*

Flight Lieutenant **A. FRANK**

Secretary to the Trustees: **Mr R.G. THOMSON OAM**
Assistant Secretary: **Mrs S.F. SMITH**

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND

SIXTY SEVENTH ANNUAL REPORT

REPORT OF OPERATIONS

Assistant Minister for Defence

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 2015. The report is accompanied by the Financial Statements for the period and other information which are to be read as part of this report.

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Enabling Legislation

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.

Responsible Minister

The RWTF operates within the Defence portfolio, reporting to the Assistant Minister for Defence (the Minister), the Hon Stuart Robert MP, at the date of this report.

Ministerial Directions and Other Statutory Requirements

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

RWTF is subject to the following general policies:

The following policies were notified to RWTF by the responsible Minister prior to the commencement of the financial year and remain in force:

- National Code of Practice for the Construction Industry;
- Foreign Exchange Risk Management Policy; and

RWTF has complied with the above-mentioned general policies of the Australian Government.

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 RAAF 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 RAAF 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 after this financial year.

Reviews by Outside Bodies

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

The RWTF financial statements are subject to audit by the Australian National Audit Office. The audit report is detailed at pages 17 and 18.

Board Committees

Audit Committee

The RWTF has established an audit committee in accordance with the PGPA Act. The committee is comprised of three members in accordance with regulations prescribing the minimum composition of audit committees. The primary objectives of the Audit Committee are:

- improving the effectiveness and efficiency of RWTF's internal control framework;
- ensuring that RWTF has appropriate risk identification and management practices in place;
- improving the objectivity and reliability of financial reporting;
- ensuring that RWTF has adequate procedures on matters of audit independence; and
- assisting the Board to comply with all governance and other obligations.

The Committee is comprised of the following persons:

- Air Commodore K. Birrer AO - Trustee and Chairman of the Committee;
- Mr M. Fisher - Resource Plan – Air Force; and
- Mr B. Perry – Staff Officer Conditions and Service and Non-Public Moneys – Air Force

The Audit Committee is not required to hold formal meetings however the charter of the Committee sets out the conduct and reporting requirements for internal reviews of various aspects of Fund management and operations. The charter of the Audit Committee was reviewed and updated in March 2010 in order to ensure that the committee was better able to meet its primary objectives.

Risk Management and Fraud Control

The Trustees have established a 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 Framework*. 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 participated in Comcover's (the Commonwealth's insurable risk managed fund) 2014 Risk Management Benchmarking Programme. The RWTF Risk Management and Fraud Control Plan was reviewed and updated in May 2015.

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's protective security plan was reviewed and updated in May 2015.

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

All members of the Board are appointed by the Minister. The Board comprises serving members of the RAAF whose appointments within the RAAF, in the main, relate to personnel and welfare issues. Additionally, the Board comprises:

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

During 2014-2015 the RWTF Board met four times. These meetings were held in Canberra.

Board Member's Attendance at Meetings

Name	Special Responsibilities	Number of Possible Attendances	Number Actually Attended
K. Russell	Chair of Trustees	4	4
R.P. Rodgers	Deputy Chair	3	0
R.D. Thompson		4	4
K.N. Birrer	Chair of Audit Committee	4	4
A.M. Frank		4	2
C. Wallis		4	4
C.J. Roberts		0	0
M. Pentreath *		4	0

* Absent on official RAAF duty

Board members

Chaplain (Air Commodore) Kevin Russell

Chaplain (Air Commodore) Russell was appointed to the RWTF board as Chair of the Board on 22 January 2013. He was born in Nottingham, England in 1957 and migrated with his parents to Sydney in 1964. He was educated in French's Forest, Sydney.

In 1982 he commenced studies towards becoming a minister in the Anglican Church. His first Church appointment was as assistant minister at Richmond, NSW, in 1986. During this time he became interested in ministry within the military context.

Chaplain Russell joined the RAAF towards the end of 1987 and has served as Anglican Chaplain at RAAF Edinburgh, Pearce, Richmond, East Sale and Williamtown. While at Williamtown, he spent some time in East Timor. Between 2003 and 2007, Chaplain Russell served as Director Chaplaincy - Training Command and later Air Force Training Group. During this time, he completed his Master of Ministry and published a book entitled *Pastoral Support for Military Chaplains*. While Chaplain Russell was in this position, considerable change occurred within the career structure of military chaplains and, for the first time, specific ministry training was introduced on an ADF wide basis for military chaplains. Chaplain Russell was in the position to influence the development of this training from an Air Force perspective.

In 2008, Chaplain Russell was appointed to the role of Director Chaplaincy – Air Command. He also took on the additional role of Anglican Head of Denomination. He was collated Archdeacon on 6 April 2008 and, as such, leads and represents the Anglican component of Air Force Chaplaincy.

As Director Chaplaincy - Air Command, he was responsible for the day to day support of Base chaplains, particularly preparing them for operational deployment, advising Director-General Chaplaincy Services - Air Force and the Principal Chaplains Committee - Air Force on chaplaincy needs from both a raise, train and sustain perspective and Headquarters Joint Operational Command deployment perspective. Chaplain Russell is also Archdeacon to the Air Force and the Anglican Head of Denomination for Air Force. As such, he is the advisor to the military Anglican Bishop on Air Force pastoral matters. He was posted to the appointment of Director General Chaplaincy Services – Air Force on promotion to the rank of Air Commodore in January 2013.

Chaplain (Air Commodore) 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).

Chaplain (Air Commodore) 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.

He studied Theology from 1972 to 1974 at Ridley College, Melbourne University. Ordained Deacon in 1975 and Priest in 1976 he was appointed Assistant Curate at St John's Bentleigh. In 1977 he was appointed Bush Church Aid Missioner to the 100,000 sq mile Parish of Kununurra - Wyndham in North West Australia. In 1978 he graduated from the Missionary Aviation Fellowship Flying School in Ballarat returning to NW Aust. as a Flying Padre. In 1982 he was commissioned, as a Chaplain, in the Australian Regular Army and assigned to 6 Battalion, Airborne Infantry, in Qld. He transferred to the RAAF 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 Masters 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. In 1996 the Anglican Primate appointed him as Archdeacon to the Air Force. From 1997 until 2002 he was the Director General Chaplaincy Services Air Force in Canberra with responsibility for the RAAF Chaplaincy program and the management of the full time and part time Anglican, Roman Catholic and Protestant Clergy. 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. Since leaving full time Defence ministry he has done a number of 'Intentional Interregnum Ministries.' He has served as Acting Dean of Goulburn, Locum at Christ Church Queanbeyan, Acting Dean of Hobart in the Diocese of Tasmania and Acting Rector of St John's Canberra. 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. In 2003 he was invited to become the inaugural honorary Chaplain to the Australian Bravery Association. In 2005 he was appointed as an Academic Associate of Charles Sturt University working as an Associate Lecturer at St Mark's National Theological Centre in Pastoral Theology, Introduction to Christian Ministry. 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 Ken Birrer AO

Air Commodore Birrer was appointed to the RWTF Board on 10 January 2002.

He served as Deputy Chairman of the Board from 10 January 2002 to 26 November 2008 and is a former Chairman of the RAAF Welfare Recreational Company and a former director of the Army and Air Force Canteen Service. He joined the RAAF in 1969 and was commissioned as an Air Electronics Officer, flying in P3 Orion maritime patrol aircraft. He served several operational, instructional and supervisory tours in this role, including a tour on exchange with the Royal Air Force flying Nimrod aircraft. Air Commodore Birrer was first posted to personnel in 1986, and has since served in a variety of personnel posts, including education and training, career management, and as director-general personnel for Air Force from 2002 to mid 2005. He also served as Commanding Officer, Base Squadron East Sale, where he was made a Member of the Order of Australia (AM). He continues to serve in the Air Force Reserve, where he is responsible for several personnel projects. Air Commodore Birrer is a graduate of the United States Air Force Air War College. He was made an Officer of the Order of Australia on 26 January 2011.

Air Commodore Birrer is the Chair of the Audit Committee.

Air Commodore Robert Rodgers AM, CSM FAHRI

Air Commodore Rodgers was appointed to the RWTF Board on 30 September 2010 and appointed Deputy Chairman on 24 February 2011.

He joined the RAAF in 1985 as Special Duties Administration. After completing his Officer Training Course, he was posted to No 37 Squadron in Richmond, NSW. In 1986 he was employed as a Ground Defence Officer and then on promotion to Flying Officer in 1988, he was posted to RAAF College as an instructor. He was promoted to Flight Lieutenant in 1989 and subsequently served as Administrative Officer Base Squadron Darwin and Officer Manager Project 5276 in Canberra before being promoted to Squadron Leader in 1995. He then served in various positions including Personal Staff Officer to Assistant Chief of Air Force Personnel and Resource Management. He also served as Senior Administrative Officer at RAAF Williamtown and then as Staff Officer Doctrine Air and Staff Officer Plans within the ADF Warfare Centre. In 1998 he attended the RAAF Command and Staff Course and subsequently took up appointment within the Directorate of Personnel Officers for which he was awarded an Australian Day Medallion.

In 2000 he was promoted to Wing Commander and posted to the RAAF Staff College as a Directing Staff member. In 2000 he was selected to establish the Air Force Adaptive Culture Team which he led until 2003. During this time he also established and led the Air Force Communication and Branding Cell. He was appointed Commanding Officer of the RAAF School of Post Graduate Studies in 2003. In 2005 he was posted as a Deputy Director Ground Operations Air Force within the Directorate of Personnel. In 2006 he was awarded a Conspicuous Service Medal and was also deployed to the Middle East Area of Operations as the J09 Theatre Senior Military Public Affairs Officer. He was then promoted to Group Captain in late 2006 and took up the appointment of Director Personnel Air Force. Group Captain Rodgers was then posted to RAAF College in December 2009 to take up the appointment of Commandant. He was promoted to Air Commodore in November 2010 and took up the appointment of Director General Personnel – Air Force.

Air Commodore Rodgers resigned from the Board of Trustees on 22 January 2015.

Group Captain Catherine Wallis

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

Group Captain Catherine Wallis joined the Royal Australian Air Force in February 1997 as a Legal Officer in the Undergraduate Scheme. She graduated from Officer Training School in 1999 and was posted as Legal Officer 322 Combat Support Wing, RAAF Tindal and then Legal Officer Headquarters Combat Support Group, RAAF Amberley.

In 2004 Group Captain Wallis deployed as the legal advisor to the Air Component on Operation Catalyst. Also in 2004, she was seconded 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.

In 2006 Group Captain Wallis was awarded a Fleet Commander Commendation in recognition of her service as Counsel Assisting the Sea King Board of Inquiry into the deaths of nine Australian Defence Force personnel killed in a helicopter accident while providing humanitarian assistance in Indonesia.

From 2008-2009 Group Captain Wallis worked with the United States Air Force as the Chief, Coalition Operations in the Directorate of Operations and International Law at the Pentagon, Washington DC. For this role she was awarded a United States Meritorious Service Medal.

In 2010 Group Captain Wallis returned to Defence Legal in Canberra. In 2011 she served as the Chief of Staff, Australian Defence Force Legal Service, for which she was recognised with an Air Force

Commendation. Group Captain Wallis is currently serving in the appointment of Director Corporate and Community Relations – Air Force.

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.

Warrant Officer – Air Force Mark Pentreath CSM

Warrant Officer – Air Force Pentreath was appointed to the RWTF Board on 1 December 2011.

Warrant Officer Pentreath joined the Australian Regular Army in April 1981 and graduated from Training Squadron, 7th Signal Regiment in June 1982 as an Operator Signalman. After postings to 7th Signal Regiment, Joint Telecommunications Unit Melbourne and the Joint Telecommunications School as an instructor, He transferred to the Royal Australian Air Force as a Signals Operator (Linguist) (SIGSOP(L)) in March 1992. As a SIGSOP(L), He saw postings to the Defence Signals Directorate, Joint Telecommunications School, 462SQN and DD-IS Air Force Headquarters as the SIGSOP Senior Mustering Advisor.

Between 1999–2002, Warrant Officer Pentreath was posted to the Australian Defence Force Academy as a Divisional SNCO and Squadron Sergeant Major Air Force Squadron. It was during this tour that he was awarded an Australia Day Medallion in recognition of his contribution to the development of Officer Cadets at the Academy. He has seen operational service in both Iraq and Afghanistan in 2004 and 2007 respectively. In recognition of his performance in the Cryptologic Services Group Baghdad, he was awarded a Chief of Defence Force commendation by General Cosgrove in September 2004.

Warrant Officer Pentreath remustered to the Executive Warrant Officer mustering in April 2008 and then served as the Group Warrant Officer for the Aerospace Operational Support Group (AOSG). He graduated from the Australian Command and Staff College in 2010 after completing the Foundation Studies and Air Force Single Service components. He was awarded a Conspicuous Service Medal for meritorious service to AOSG on Australia Day 2011. Warrant Officer Pentreath has also held the position of Group Warrant Officer, Air Force Training Group. On 7 November 2011 he was appointed Warrant Officer of the Air Force.

Flight Lieutenant Allana Frank

Flight Lieutenant Allana Frank was appointed to the RWTF Board on 1 March 2014.

Flight Lieutenant Frank enlisted in the RAAF in 1985 as a Clerk Administrative and, since completing initial employment training has had a number of postings including 3 Squadron, Aircraft Research & Development Unit, RAAF Electronic Warfare Operational Support Unit, Defence Recruiting Hobart, No 3 & 6 Hospital, No 82 Wing, Combat Support Group and Air Command.

Flight Lieutenant 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.

Flight Lieutenant Frank was awarded the Australia Day Medallion in 2007 in recognition of her performance at No 3 Hospital. She also acted as Squadron Warrant Officer at No 3 Hospital in 2010.

Flight Lieutenant Frank has recently completed a posting of three years as the Senior Mustering Adviser for the RAAF Personnel Capability Specialist (Clerks) mustering. Currently Flight Lieutenant Frank is posted to Air Force Headquarters – Directorate of Coordination as the Air Force Visits Coordinator for all foreign visitors one star and below to Air Force establishments.

Flight Lieutenant Frank accepted commissioning into the Personnel Capability Officer Specialisation in January 2015.

Air Commodore Catherine Roberts

Air Commodore Roberts joined the Royal Australian Air Force in 1983 to study Aerospace Engineering. She graduated from No 28 Course Engineering Cadet Squadron in 1986.

Air Commodore Roberts completed her first posting as a maintenance engineering officer supporting flight test on CT4, PC-9, DC-3, Iroquois, Squirrel, Blackhawks, Mirage, Macchi, and F111s at the Aircraft Research and Development unit. She was posted to HQSC as a logistics engineer during the introduction of the F/A-18 Classic Hornet, and was responsible for a technical program to recover the Macchi MB326 aircraft post a wing failure in flight. Air Commodore Roberts was then posted as flight line and maintenance manager on F/A-18 Hornet aircraft at No 77 and No 481 Squadrons. After establishing the F404 Engine Recovery program, Air Commodore Roberts posted to the UK for the Hawk Lead In Fighter project, and remained there until introduction of the Hawk into RAAF service in 2000. After completing a Masters of Management at the Joint Command and Staff Course in 2001, she was posted to the Airworthiness Coordination and Policy Agency. In this role Air Commodore Roberts received a Conspicuous Service Cross for her work in ADF airworthiness oversight of introduction of major aviation capabilities, establishing ADF operational airworthiness regulations and developing new airworthiness frameworks for charter and unmanned aircraft.

In 2005 Air Commodore Roberts was posted as the Assistant Air Force Adviser in London managing RAAF members embedded in UK operations in Iraq and Bosnia and facilitating exchange of information with UK military, European military and commercial organizations. From 2007 until 2010 Air Commodore Roberts commanded the Systems Program Offices for F/A-18 Hornet and then for B300 and PC9. She was the lead negotiator for major sustainment contracts and was responsible for the rapid introduction of the 38SQN B300 Interim Light Transport aircraft. In 2011 she completed the Royal College of Defence Studies course in London studying International Policy and Strategy. On return to Australia, Air Commodore Roberts was posted to Director Enabling Capability where she was responsible for Combat Support, Air Force Minors, Health, Security, development of DCP Program management and capability realisation policies. Air Commodore Roberts then took over as Program Manager for the F-35 Lightning achieving Government program approval in April 2014 and introduction of the first two Australian aircraft into service in Dec 2014. Currently Air Commodore Roberts is responsible for materiel acquisition and sustainment of Growler, Super Hornet, Classic Hornet and Hawk Lead-in Fighter.

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, R8-3-043, PO Box 7909, 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 2014-2015 was \$2,137.00. 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 \$1,821.00.

Assistance Provided

Since its inception in 1947, the RWTF has provided assistance totalling almost \$234 million to eligible persons.

Bad and Doubtful Debts

The amount written off for the year was \$5,356. This comprised of \$3,591 in bad and doubtful debts and \$1,765 in deceased member accounts. On a turnover of loans of \$13,322,600 accounts written-off represented 0.04%.

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

	2014-2015	2013-2014	2012-2013
Number of Loans Approved	3,544	3,776	3,661
Total Value of Loans Approved	\$13,322,600	\$13,545,000	\$12,830,800

The following table shows the analysis of loan funds for the year ended 30 June 2015:

LOAN TYPE	AMOUNT	% OF TOTAL LOANS
Home Improvement	\$899,000	7.6%
General (Emergency)	\$396,000	3.3%
Professional Development	\$114,300	1.0%
Long Service General	\$530,600	4.5%
Group Life Insurance	\$11,382,700	83.6%
TOTAL	\$13,322,600	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 \$3,700.

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 \$3,700.

Long Service General Loan. Long Service General Loans are available to members who have completed 10 years of service in the RAAF and may be used for any worthwhile purpose. The maximum value of this loan is currently \$3,700.

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 is currently \$4,300.

The following table shows the breakdown of loans approved by rank. The Trustees were pleased to note that 62.3% of loans approved were directed to the lower paid members of the RAAF (junior ranks up to Corporal).

RANK	NUMBER OF LOANS APPROVED	% OF TOTAL LOANS APPROVED
Aircraftsman(w) / Leading Aircraftsman(w)	1,383	39.0%
Corporal	825	23.3%
Sergeant	432	12.2%
Flight Sergeant	145	4.1%
Warrant Officer	69	1.9%
Officer Cadet	7	0.2%
Pilot / Flying Officer	172	4.9%
Flight Lieutenant	334	9.4%
Squadron Leader and above	177	5.0%
TOTAL	3,544	100%

RWTF Group Life Insurance Scheme

The Trustees administer the scheme for serving PAF members. Members of the RAAF 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 lump sum payment to that member's nominated beneficiary, where possible within 48 hours. The Trustees, dependent upon availability of funds, are able to make loans to financial members of the scheme.

During the year the Department of Defence withdrew the facility whereby RAAF personnel could make membership contributions through the Defence payroll system. In order to continue the scheme for the benefit of RAAF personnel, the Fund introduced payment of membership contributions by way of direct debit. Due to the additional costs incurred by the Fund, membership contributions increased from \$26 per annum to \$28 per annum. This increase has been the first since the inception of the scheme in 1989; however the death benefit has increased from an initial benefit of \$5,000 to the present level of \$15,000.

The scheme had 7,182 contributors as at 30 June 2015. The transition to payment by direct debit has seen membership numbers decrease, however, in the longer term, it is expected that membership numbers will increase to previous levels. Current membership of the scheme represents approximately 50% of permanent RAAF members and, in market terms, still represents a very good take up of the scheme by RAAF members. During the period under review the RWTF paid \$30,000 in benefits to the nominated beneficiaries of deceased RAAF members.

RWTF Educational Sponsorship Scheme

The Trustees administer an educational sponsorship scheme to assist dependants of RAAF members who have died in full-time service to complete one or more years of secondary school or, in the case of a spouse, training that is essential to a successful return to the workforce.

Grants of up to \$1,000 at a time may be paid for a dependant's schooling. The purpose of the grant is to help pay for schooling for one secondary school year or, in the case of an adult, assist in funding a course necessary to enable a return to the work force. There were no requests for assistance under this scheme during the period under review.

General Grants

The RWTF provided grants totalling \$4,000 for the following purposes:

- \$2,000 to assist RAAF establishments with costs incurred in holding Christmas Treat functions for dependant children.
- \$2,000 to assist a serving member who suffered loss and damage to personal effects as a result of bushfire.

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 2014-15 \$73,365 was approved for distribution to bases across Australia.

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

RAAF Base	Amount Provided	Purpose of Grant
Amberley	\$8,500	Water levy for Water Ski Club Replacement social bowls sets for Bowls Club Replacement items for Fishing Club Replacement items for Scuba Club Running costs for Children's Christmas Treat Function Instrument repair and cases for Brass Band Repairs and admin costs for Amberley Pipes and Drums
Butterworth Malaysia	\$2,500	Assist in the installation of an outdoor shade canopy for the pool area at the RAAF Hostel Penang
Darwin	\$11,000	Assist in the purchase of outdoor fitness work stations WI-FI equipment for the Truscott Club
East Sale	\$9,600	Items for newly established Community Centre Running costs for Children's Christmas Treat Function Sunshade for the Boating and Fishing Club Fishing rod kit for Base Welfare Store Laptop computer for RAAF Auto Club
Edinburgh	\$8,000	Refurbishment of pool table and purchase of table tennis table and large screen TV for Airmen's and Other Ranks Mess Keel guard repairs, boat servicing and servicing costs for Water Ski Club
Glenbrook	\$8,265	Refurbish Officer's Mess BBQ area Purchase Corporate Merlin pass for use by families Purchase camping equipment for Welfare Store
Richmond	\$7,000	Funding assistance for 37SQN Family Day event New parachute for Richmond Gliding Club
Tindal	\$8,000	Assist in the purchase of outdoor fitness workout stations Purchase of Aqua challenge pool obstacle course Replace worn and irreparable Welfare Store equipment
Townsville	\$2,500	Seed costs to establish a base Local Area Network (LAN) Club
Wagga	\$8,000	Assist in the purchase of playground equipment for Sergeant's Mess Assist in the purchase of tools and equipment for Car Club

In the 3 years since the inception of the Base Welfare Grants Scheme a total of \$207,240 has been provided to assist bases with welfare related projects.

APPRECIATION

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 RAAF 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:

Australian Capital Territory

Chaplain (AIRCDRE) K. Russell
Chaplain (AIRCDRE) R. Thompson
Chaplain (GPCAPT) N. Williams
Chaplain (WGDCR) G. Whelband
Chaplain (WGCDR) P. Friend
Chaplain (FLTLT) A. Knox
SQNLDR P. Cranage
Mr R. Thomson OAM
Mrs S. Smith
Mrs A. Ticehurst

Headquarters Air Command

Chaplain (GPCAPT) M. Willis
Chaplain (WGCDR) I. Whitley

North Queensland

Chaplain (SQNLDR) W. Melrose
Chaplain (SQNLDR) C. Barwise
Chaplain (FLTLT) M. Fraser
CPL N. Eagles

South Australia

Chaplain (WGCDR) P. Woods
Chaplain (SQNLDR) D. Vosgerau
Chaplain (SQNLDR) T. Hodgson
Chaplain (FLTLT) S. Page
Chaplain (FLTLT) M. Butler
Chaplain (FLTLT) K. Thoday
Chaplain (FLTLT) P. Garton
Chaplain (LT) W. Philp
Chaplain (CAPT) N. Mathieson

Southern Northern Territory

Chaplain (FLTLT) M. Kleemann
Chaplain (FLTLT) W. Ross

Northern New South Wales

Chaplain (SQNLDR) S. Sarazin
Chaplain (SQNLDR) J. Cox
Chaplain (FLTLT) S. Moore
CPL C. Hunter
CPL S. McConnell
LACW N. Maher

Williams

Chaplain (GPCAPT) A. Knight
Chaplain (SQNLDR) P. Phillips
Chaplain (SQNLDR) L. Carey
Chaplain (SQNLDR) B. Grey
Chaplain (FLTLT) P. Owen
Chaplain (FLTLT) R. Rosinsky

Southern New South Wales

Chaplain (SQNLDR) G. Hooper
Chaplain (SQNLDR) D. Hilliard
Chaplain (SQNLDR) G. Flynn
Chaplain (FLTLT) J. Healy
Chaplain (FLTLT) M. Skilbeck
Chaplain (FLTLT) A. Shumack

Northern Territory

Chaplain (FLTLT) R. Kidd
Chaplain (FLTLT) M. Dickens
Chaplain (FLTLT) R. Weekes

Malaysia

Chaplain (SQNLDR) J. Carroll

Richmond

Chaplain (SQNLDR) Y. Juste-Constant
Chaplain (SQNLDR) G. McConnell
Chaplain (SQNLDR) M. Jenkins
Chaplain (SQNLDR) A. Williams
Chaplain (SQNLDR) C. Senini
Chaplain (FLTLT) J. Friedman
Mrs C. Craig

South Queensland

Chaplain (WGCDR) P. Goodland
Chaplain (WGCDR) M. Donaldson
Chaplain (WGCDR) R. Paget
Chaplain (FLTLT) S. Turnbull
Chaplain (FLTLT) S. Sapun
Chaplain (FLTLT) A. Robertson
Chaplain (FLTLT) R. Hensser
Chaplain (FLTLT) K. O'Sullivan
Chaplain (FLTLT) D. Kelly

Western Australia

Chaplain (SQNLDR) D. Griffiths
Chaplain (FLTLT) N. Grandin
Chaplain (FLTLT) A. Morris

East Sale

Chaplain (SQNLDR) D. Quilty
Chaplain (FLTLT) C. Boettcher
Chaplain (FLTLT) R. Hayman
Chaplain (FLTLT) T. Killingbeck

CONCLUSION

The Trustees are responsible under the PGPA Act for the preparation and content of the report of operations in accordance with Financial Reporting Rule and the Australian Charities and Not-for-profits Commission Act 2012. This report of operations is made in accordance with a resolution of the Trustees and is signed for and on behalf of the Trustees.



K. RUSSELL
Chaplain (Air Commodore)
Chair of Trustees

26 August 2015



R.D. THOMPSON
Chaplain (Air Commodore)
Trustee

26 August 2015



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

I have audited the accompanying annual financial statements of the Royal Australian Air Force Welfare Trust Fund for the year ended 30 June 2015, which comprise:

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

Trustees Responsibility for the Financial Statements

The Trustees of the Royal Australian Air Force Welfare Trust Fund are responsible under the *Public Governance, Performance and Accountability Act 2013* and the *Australian Charities and Not-for-profits Commission Act 2012*, for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under those Acts. The Trustees are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

Independence

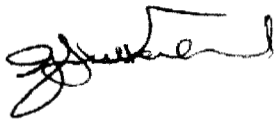
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Royal Australian Air Force Welfare Trust Fund:

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

Australian National Audit Office



Garry Sutherland

Senior Director

Delegate of the Auditor-General

Canberra

26 August 2015

STATEMENT BY TRUSTEES

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and the Australian Charities and Not-for profits Commission Act 2012 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.



K. RUSSELL
(Chaplain) Air Commodore
Chair of Trustees

26 August 2015



R.D. THOMPSON
Chaplain (Air Commodore)
Trustee

26 August 2015



R.G. THOMSON OAM
Secretary to the Trustees

26 August 2015

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	(3A)	189,463	179,546
Suppliers	(3B)	192,119	214,715
Grants	(3C)	77,365	78,984
Write-down and impairment of assets	(3D)	13,251	1,453
Losses from loan re-measurement	(3E)	920,981	1,010,664
Total expenses		<u>1,393,179</u>	<u>1,485,362</u>
 Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	(4A)	725,085	730,301
Interest	(4B)	1,016,563	1,107,163
Total own-source revenue		<u>1,741,648</u>	<u>1,837,464</u>
Total own-source income		<u>1,741,648</u>	<u>1,837,464</u>
 Net cost of/contribution by services		 <u>348,469</u>	 <u>352,102</u>
 Total comprehensive income		 <u>348,469</u>	 <u>352,102</u>
 Total comprehensive income		 <u>348,469</u>	 <u>352,102</u>

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 2015

	Notes	2015 \$	2014 \$
ASSETS			
Financial Assets			
Cash and cash equivalents	(5A)	2,656,957	2,156,249
Loans and other receivables	(5B)	7,692,657	7,837,538
Total financial assets		10,349,614	9,993,787
Non-Financial Assets			
Intangibles	(6)	4,180	Nil
Total non-financial assets		4,180	Nil
Total assets		10,353,794	9,993,787
LIABILITIES			
Payables			
Other payables	(7)	(8,600)	(5,251)
Total payables		(8,600)	(5,251)
Provisions			
Employee provisions	(8)	(73,144)	(64,955)
Total provisions		(73,144)	(64,955)
Total liabilities		(81,744)	(70,206)
Net assets		10,272,050	9,923,581
EQUITY			
Retained surplus		10,272,050	9,923,581
Total equity		10,272,050	9,923,581

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 2015**

	Retained Earnings		Total Equity	
	\$ 2015	\$ 2014	\$ 2015	\$ 2014
Opening balance				
Balance carried forward from previous period	9,923,581	9,571,479	9,923,581	9,571,479
Adjusted Opening Balance	9,923,581	9,571,479	9,923,581	9,571,479
Comprehensive Income				
Surplus for the period	348,469	352,102	348,469	352,102
Total Comprehensive Income	348,469	352,102	348,469	352,102
Closing balance as at 30 June	10,272,050	9,923,581	10,272,050	9,923,581

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 2015

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Group Life Claims		45,000	45,000
Loan repayments from members		12,822,428	12,284,241
Interest		1,015,571	1,120,270
Other receipts		90	1,791
Donations		11,723	18,479
Debt collection charges recovered		44	324
Member premiums – Group Life Insurance		249,818	243,811
Total cash received		14,144,674	13,713,916
Cash used			
Underwriting - Group Life Insurance		(169,092)	(190,415)
Loans provided to members		(13,162,360)	(13,345,183)
Grants		(77,365)	(78,984)
Audit fees		(9,900)	(9,900)
Insurances		(4,049)	(13,169)
Employees		(180,015)	(168,591)
Group Life claims		(30,000)	(45,000)
Debt collection charges		(361)	(291)
Direct Debit Administration Fees		(7,674)	-
Other payments		(1,060)	(2,763)
Total cash used		13,641,876	(13,854,296)
Net cash flows from (used by) operating activities	(9)	502,798	(140,380)
Investing Activities			
Cash used			
Website development		(2,090)	-
Net cash used in investing activities		(2,090)	-
Net increase (decrease) in cash held		500,708	(140,380)
Cash and cash equivalents at the beginning of the reporting period		2,156,249	2,296,629
Cash and cash equivalents at the end of the reporting period	(5A)	2,656,957	2,156,249

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

ROYAL AUSTRALIAN AIR FORCE WELFARE TRUST FUND

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. 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.

1.2 Basis of Preparation of the Financial Statements

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* and the Australian Charities and Not-for profits Commission Act 2012.

The financial statements have been prepared in accordance with:

- a. Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the RWTF or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that could have a significant impact on the amounts recorded in the financial statements.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.4. New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. All new /revised/amending standards and/or interpretations were issued prior to the sign-off date and

are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect on the RWTF's financial statements.

Future Australian Accounting Standard Requirements

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

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a. the risks and rewards of ownership have been transferred to the buyer;
- b. the RWTF retains no managerial involvement nor effective control over the goods;
- c. the revenue and transaction costs incurred can be reliably measured; and
- d. it is probable that the economic benefits associated with the transaction will flow to the RWTF.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a. the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b. the probable economic benefits associated with the transaction will flow to the RWTF.

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

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

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

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.

Revenue from interest is recognised in the period it is earned.

1.6 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the RWTF is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply 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.

Superannuation

The RWTF contributes to employee personal superannuation at the rate of 15.4%. Contributions during the period 1 July 2014 to 30 June 2015 are detailed at Note 3A. Note 3A also includes employee salary sacrifice contributions.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.7 Cash

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.

1.8 Financial assets

The RWTF classifies its financial assets in the following categories:

- a. financial assets at fair value through profit or loss;
- b. held-to-maturity investments; and
- c. loans and receivables.

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

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss (FVTPL) where the financial assets:

- a. have been acquired principally for the purpose of selling in the near future;
- b. are derivatives that are not designated and effective as a hedging instrument; or
- c. are a part of an identified portfolio of financial instruments that the RWTF manages together and has a recent actual pattern of short-term profit taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset. The RWTF has no such instruments.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the RWTF has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

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

Impairment of Financial Assets

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

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

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

1.9 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.

Other Financial Liabilities

Other 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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.10 Contingent Liabilities and Contingent Assets

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

The 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.

1.11 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.12 Intangibles

The RWTF's intangibles comprise externally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment costs.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the RWTF's software is 4 years.

All software assets were assessed for indications of impairment as at 30 June 2015.

1.13 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.

1.14. 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.

1.15 Bad and Doubtful Debts

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

1.16 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.

1.17 Disclosure of Commitments

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

1.18 Losses from Loan Re-Measurement

In accordance with AASB 139, the decision to provide a loan at no interest rate represents income foregone by the lender. The income foregone (or financial loss) should be recognised at the time of the decision to make the loan rather than over the life of the loan. Therefore the accounting standard requires that the loss be recognised at the time that the loan is made. After initial recognition, the loan should be treated consistent with a commercial loan (as represented by the recognition of interest revenue over the remaining life of the loan).

In accounting terms, AASB 139 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.
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.

Note 2. EVENTS AFTER THE REPORTING DATE

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

	2015	2014
	\$	\$
Note 3. EXPENSES		
Note 3A. Employee Benefits		
Wages and salaries	(157,083)	(146,759)
Superannuation	(25,138)	(24,213)
Leave and other entitlements	(7,242)	(8,574)
Total employee benefits	<u>(189,463)</u>	<u>(179,546)</u>

	2015	2014
	\$	\$
Note 3B. Suppliers		
Goods and services supplied or rendered		
Audit Fees	(9,900)	(9,900)
Insurances	(4,049)	(13,169)
Miscellaneous Expenses	(1,034)	(940)
Direct Debit Administration Fees	(7,674)	-
Group Life Insurance Underwriting	(169,092)	(190,415)
Debt Collection Fees	(370)	(291)
Total goods and services supplied or rendered	(192,119)	(214,715)
Total suppliers	(192,119)	(214,715)
Note 3C. Grants		
Grants to eligible members	(4,000)	(9,284)
Base Welfare Grants Scheme	(73,365)	(69,700)
Total grants	(77,365)	(78,984)
Note 3D. Write-down and Impairment of Assets		
Revision of accounting estimate	(7,895)	4,632
Provided during the period	(3,591)	(5,472)
Deceased member accounts	(1,765)	(613)
Total write-down and impairment of assets	(13,251)	(1,453)
Note 3E. Losses from Loan Re-measurement		
Loss from initial recognition of loans and receivables at fair value (refer Note 1.18)	(920,981)	(1,010,664)
Total losses from loan re-measurement	(920,981)	(1,010,664)
Note 4. OWN-SOURCE INCOME		
Own-Source Revenue		
Note 4A. Sale of Goods and Rendering of Services		
Member contributions on loans	463,418	466,965
Miscellaneous income	90	756
Member contributions for Group Life Insurance	249,811	243,777
Donations received	11,723	18,479
Collection on-costs recovered	43	324
Total sale of goods and rendering of services	725,085	730,301
Note 4B. Interest		
Bank interest	88,510	91,346
Loan interest (refer Note 1.18)	928,053	1,015,817
Total interest	1,016,563	1,107,163
Note 5. FINANCIAL ASSETS		
Note 5A. Cash and Cash Equivalents		
Cash in bank	806,957	1,036,251
Cash on investment (maturing 3 Aug 15)	1,850,000	1,119,998
Total cash and cash equivalents	2,656,957	2,156,249

	2015 \$	2014 \$
Note 5B. Loans and Other Receivables		
Members loans outstanding (refer Note 1.18)	7,717,028	7,840,006
Bank interest accrued	11,000	10,008
Group Life Scheme death benefit	Nil	15,000
Total loans and other receivables (gross)	7,728,028	7,865,014
Less impairment allowance account		
Doubtful debts	(35,371)	(27,476)
Total loans and other receivables (net)	7,692,657	7,837,538
Receivables are expected to be recovered in:		
Not more than 12 months	7,111,782	7,243,105
More than 12 months	580,875	594,433
Total loans and other receivables (net)	7,692,657	7,837,538
Receivables are aged as follows:		
Not overdue	7,692,657	7,837,538
Overdue by		
- 0 to 30 days	3,645	Nil
- 31 to 60 days	Nil	2,323
- 61 to 90 days	Nil	2,504
- more than 90 days	31,726	22,649
Total receivables (gross)	7,728,028	7,865,014
Impairment allowance account is aged as follows:		
Overdue by		
- 0 to 30 days	3,645	Nil
- 31 to 60 days	Nil	2,323
- 61 to 90 days	Nil	2,504
- more than 90 days	31,726	22,649
Total impairment allowance	35,371	27,476

**Reconciliation of the Impairment Allowance:
Movements in relation to 2015**

	Loans 2015 \$	Total 2015 \$
Opening balance	27,476	27,476
Amounts written off	(5,356)	(5,356)
Amounts recovered and reversed	Nil	Nil
Increase/decrease recognised in net surplus	13,251	13,251
Closing balance	35,371	35,371

Movements in relation to 2014

	Loans 2014 \$	Total 2014 \$
Opening balance	(32,108)	(32,108)
Amounts written off	6,085	6,085
Amounts recovered and reversed	Nil	Nil
Increase/decrease recognised in net surplus	(1,453)	(1,453)
Closing balance	27,476	27,476

	2015 \$	2014 \$
Note 6. NON-FINANCIAL ASSETS		
Intangibles		
Computer software		
Externally developed – in progress	4,180	Nil
Accumulated amortisation	Nil	Nil
Total computer software	4,180	Nil
Total intangibles	4,180	Nil
No indicators of impairment were found for intangible assets.		
No intangibles are expected to be sold or disposed of within the next 12 months.		

Note 6A. Reconciliation of the Opening and Closing Balances of Intangibles**Reconciliation of the opening and closing balances of intangibles for 2015**

	Computer software Externally developed 2015 \$	Total 2015 \$
As at 1 July 2014	Nil	Nil
Gross book value	Nil	Nil
Accumulated amortisation and impairment	Nil	Nil
Total as at 1 Jul 2014	Nil	Nil
Additions		
Purchased	4,180	4,180
Amortisation	Nil	Nil
Total as at 30 June 2015	4,180	4,180
Total as at 30 June 2015 represented by		
Gross book value	4,180	4,180
Accumulated amortisation and impairment	Nil	Nil
Total as at 30 June 2015	4,180	4,180

	2015 \$	2014 \$
Note 7. OTHER PAYABLES		
Wages and salaries	(4,902)	(4,550)
Superannuation	(1,608)	(701)
Other	(2,090)	(Nil)
Total other payables	(8,600)	(5,251)

Other payables expected to be settled within 12 months	(8,600)	(5,251)
Total other payables	(8,600)	(5,251)

Note 8. Employee Provisions

Leave	(73,144)	(64,955)
Total employee provisions	(73,144)	(64,955)

Employee provisions are expected to be settled in:

No more than 12 months	(10,979)	(11,736)
More than 12 months	(62,165)	(53,219)
Total employee provisions	(73,144)	(64,955)

Note 9. CASH FLOW RECONCILIATION
Reconciliation of cash and cash equivalents as per
Balance Sheet to Cash Flow Statement

Cash and cash equivalents as per:

Cash Flow Statement	2,656,957	2,156,249
Balance Sheet	2,656,957	2,156,249
Difference	Nil	Nil

Reconciliation of net cost of services to net cash
from operating activities:

Net cost of services	348,469	352,102
Changes in assets / liabilities		
(Increase) / decrease in net receivables	144,881	(502,687)
Increase / (decrease) in employee provisions	8,189	10,186
Increase / (decrease) in payables	1,259	Nil
Increase / (decrease) in other payables	-	19
Net cash from operating activities	502,798	(140,380)

Note 10. REMUNERATION OF AUDITORS

The Auditor-General has audited the 2014-2015 Financial Statements of the RWTF.

The fair value of the services provided for 2014-2015 was \$9,000 (excluding GST). (\$9,000 in 2013-2014).

No other services were provided by the auditors of the financial statements.

Note 11. 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 RAAF 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.

Note 12. INVESTMENT OF SURPLUS MONEY

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

The RWTF's surplus moneys are on deposit with the Defence Bank.

Note 13. 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.

Note 14. SEGMENT REPORTING

The RWTF operates across Australia and exists to provide benefits to serving and ex-serving members of the RAAF and their dependants.

Note 15. TRUSTEES REMUNERATION

Under Part 2, Section 11 (1) of the *Services Trusts Funds Act 1947*, 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.

Note 16. TRUSTEES OF THE TRUST FUND

The following were Trustees during the period 1 July 2014 to the date of the Report of Operations.

Chaplain (Air Commodore) **K. RUSSELL**
(Appointed 22 January 2013 – appointed Chair of Trustees 22 January 2013)

Chaplain (Air Commodore) **R.D. THOMPSON**
(Appointed 24 May 2000)

Air Commodore **K.N. BIRRER AO**
(Appointed 10 January 2002)

Air Commodore **R.P. RODGERS AM, CSM**
(Appointed 30 September 2010 – Appointed Deputy Chair 24 February 2011)
(Resigned 22 January 2015)

Air Commodore **C. J. ROBERTS**
(Appointed 25 June 2015)

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

Warrant Officer – Air Force **M.G. PENTREATH CSM**
(Appointed 1 December 2011)

Flight Lieutenant **A.M. FRANK**
(Appointed 1 March 2014)

Note 17. AVERAGE STAFFING LEVELS

	2015	2014
The average staffing levels for the RWTF during the year were:	2	2

Note 18. FINANCIAL INSTRUMENTS

	2015	2014
	\$	\$
<u>Note 18A. Categories of financial instruments</u>		
Financial Assets		
Loans and receivables		
Cash on hand or on deposit	2,656,957	2,156,249
Loans and receivables	7,692,657	7,865,014
Total	10,349,614	10,021,263
Carrying amount of financial assets	10,349,614	10,021,263
Financial Liabilities		
At amortised cost:		
Trade creditors	2,090	Nil
Total	2,090	Nil
Carrying amount of financial liabilities	2,090	Nil
<u>Note 18B. Net Income and Expense from</u>		
<u>Financial Assets</u>		
Cash and cash equivalents		
Bank Interest revenue	88,510	91,346
Net gain from cash and cash equivalents	88,510	91,346
Loans and receivables		
Members contributions on loans	463,418	466,965
Loan Interest revenue	928,053	1,015,817
Loss on initial recognition of loans and receivables at fair value	(920,981)	(1,010,664)
Net gain from loans and receivables	470,490	563,464
Net gain from financial assets	470,490	563,464
<u>Note 18C. Net Income and Expense from</u>		
<u>Financial Liabilities</u>		
Financial liabilities – at amortised cost		
Trade creditors	2,090	Nil
Net loss from financial liabilities – at amortised cost	2,090	Nil
Net loss from financial liabilities	2,090	Nil

Note 18D. Credit Risk

The RWTF's maximum exposures to credit risk at reporting date is the risk that arises from the potential default on member's loans.

The RWTF has no significant exposures to concentrations of credit risk, except for \$2,656,957 held on deposit with the Defence Bank and members loans outstanding of \$7,717,028.

Under the Australian Government Guarantee Scheme deposits up to \$250,000 are covered by the Financial Claims Scheme. The RWTF manages its risk from loans to RAAF members through use of the Defence Force pay system.

Note 18E. Liquidity Risk

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

Note 18F. Market Risk

The RWTF holds basic financial instruments that do not expose the RWTF to certain market risks. The RWTF is not exposed to 'currency risk', 'other price risk' or 'interest rate risk'.

Note 19. REPORTING OF OUTCOMES

The RWTF was established under the *Services Trust Funds Act 1947* 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 RWTF has a single outcome which is the objective to provide benefits to eligible persons.

Table A: Net Cost of Outcome Delivery

Expenses	2015	2014
	\$	\$
Employee benefits	(189,463)	(179,546)
Suppliers	(192,119)	(214,715)
Grants	(77,365)	(78,984)
Other expenses	(920,981)	(1,010,664)
Impairment of assets	(13,251)	(1,453)
Total	(1,393,179)	(1,485,362)
Income from non-Government sector		
Goods and services	725,085	730,301
Total	725,085	730,301
Other own-source income		
Bank interest	88,510	91,346
Loan interest	928,053	1,015,817
Total	1,016,563	1,107,163
Net cost of outcome delivery	348,469	(352,102)