

CORPORATE PLAN FOR THE ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND 2016/17

INTRODUCTION

1. We the Trustees, as the accountable authority of Royal Australian Navy Relief Trust Fund (the Fund) present the Financial Year 2016/2017 Royal Australian Navy Relief Trust Fund Corporate Plan for the period 2016/2017 to 2019/2020, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (Cth). The plan is prepared in accordance with the *Public Governance, Performance and Accountability Rules 2014* (Cth).
2. The Trustees administer the Fund as a social profit entity to assist current and former members of the Australian Defence Force (ADF) who have served in, or in association with, the Navy (RAN) and the their dependants of such members (eligible persons). As a social profit entity the Fund seeks to use available assets to deliver significant value to eligible persons.
3. The Trustees are appointed by the responsible Minister, generally for a period of up to five years. Current Trustees are listed in the Fund's Annual Report.
4. This corporate plan outlines the key purposes of the Fund, establishes measures of performance to achieve the purposes and assesses the environment where the fund operates.

PURPOSES OF THE ROYAL AUSTRALIAN NAVY RELIEF TRUST FUND

5. The two avenues by which the Fund provides support include the use of the assets held by the Fund and the assets held within the *Keeping Watch* Program. The Fund focuses on the provision of interest free loans and grants to a range of eligible persons. The *Keeping Watch* program delivers grants to current serving members. The specific purpose of each area is covered below.

Royal Australian Navy Relief Trust Fund

6. The Royal Australian Navy Relief Trust Fund, subject to and in accordance with *Services Trust Funds Act 1947* (Cth) and the *Royal Australian Navy Relief Trust Fund Regulations 1951* (Cth), apply the Fund to provide benefits for members of the Australian Defence Force (ADF) who have served in, or in association with, the RAN and to the dependants of such members. Subject to availability of funding, the Fund provides the following benefits:
 - a. *General Purpose Loans*– interest free loans of up to \$6,000 for current serving members (\$1,500 for personnel under initial training) for any purpose that assists the personal welfare or benefit of these personnel and their dependants within certain guidelines.
 - b. *Special Purpose Loans* – an interest free loan of up to \$5,000 may be considered on a case-by-case basis for issues impacting on current serving members and their dependants that fall outside of the General Purpose Loan provisions. Some examples include unexpected domestic debts, financial hardship or compassionate needs.
 - c. *Christmas Loans* – an interest free loan to current serving members of up to \$1,000 for the purpose of assisting with costs associated with the end of year holiday period.

- d. *Benevolent Grants* – on occasion, the Trustees provide grants where an eligible person or their dependants are experiencing a significant event such as life threatening illness, bereavement or other exceptional circumstances.

Keeping Watch

7. On 12 August 2013 the Trustees of the Fund resolved to establish the *Keeping Watch* program within the Fund with the object of providing for the comfort, recreation or welfare of a person who is currently appointed or enlisted as a Permanent or Reserve member of the RAN. The Fund has received Deductible Gift Recipient status for the *Keeping Watch* program and all gifts and deductible contributions received by the *Keeping Watch* program are only used for the object of the *Keeping Watch* program.

8. The Trustees have determined that, at this time, gifts and deductible contributions received by the *Keeping Watch* program will be used to provide a grant, subject to available funding, of up to \$5,000 (unless exceptional circumstances exist), predominantly for the welfare of a person who is currently appointed or enlisted as a Permanent or Reserve member of the RAN.

OPERATIONAL ENVIRONMENT

9. The Fund is a statutory independent body created by the *Services Trust Funds Act 1947* (Cth). The Fund reports to, and the Trustees are appointed by, the responsible Minister. The Fund is a separate legal entity to the Commonwealth, the Department of Defence, the ADF and the RAN. As such the Trustees have complete discretion over the distribution of funds in accordance with the *Services Trust Funds Act 1947* (Cth) and the *Royal Australian Navy Relief Trust Fund Regulations 1951* (Cth). This affords the Trustees and the associated Fund sufficient flexibility to deliver against the stated purposes of the Fund.

10. Although the Fund is part of the Defence Portfolio, the Fund is for the most part self-funding receiving neither funding from a budget appropriation nor cash funding from the Department of Defence. The main sources of income for the Fund are donations, administration fees, and interest accrued from investments. Income is required to accrue sufficient reserves to provide loans and grants of approximately \$9 million per year. The Fund's main operating costs are associated with accounting, administration, insurance, audit and other miscellaneous operating expenses. The Fund relies on support from the Department of Defence through the provision of office space, personnel, and information technology to conduct its activities.

11. Currently all Trustees and staff supporting the Fund are serving members of the RAN or Defence Australian Public Servants (APS) who understand and actively support Defence culture and the operations of Defence. Furthermore, they are subject to the expectations and regulations inherent with operating in the Defence environment such as Defence, APS and Navy values, records management, work health and safety requirements, and security protocols. These factors, especially the need to ensure compliance with broader Defence protocols and requirements, ensure that the Fund, the Trustees and its support staff operate in a well regulated and values-based decision making environment.

12. The Fund operates in a restricted market sector with products and services only available to ADF members who have served in, or in association with, the RAN and to the dependants of such members.

PERFORMANCE AND MEASUREMENT

Intended results and how those intended results will be achieved by the Fund **Fund Performance**

13. The intended results of the Fund are to provide benefits to eligible persons in a timely, relevant, and meaningful manner through the various types of loans and grants available with both the Fund and the *Keeping Watch* program.

Measurement of Fund achievements

14. Evaluation of performance encompasses both quantitative and qualitative measures assessing the timely, relevant and meaningful performance of the Fund. Assessment will consider the timely payment of loans and grants through comparing average time for payment of grants and loans against expected payment timeframes. Assessment of the relevance and meaningfulness of Fund benefits will be conducted through surveys of and individual interviews with fund recipients, Commanding Officers, Personnel Officers and others who are involved in managing and/or administering recipients of Fund benefits.

CAPABILITY

Asset management strategy

15. The assets available to achieve the Fund's purpose are cash based and the Trustees maintain cash reserves in order to support the Fund's business cycle. Surplus funds are regularly deposited in a high interest account and are returned to the working account as required to meet loan and grant commitments. The Fund's cash reserve is generally at its lowest following payment of the Christmas Loans in early December of each year. The Christmas Loan amount is set according to the cash remaining in the Fund at this time accounting for the expected General Purpose and Special Loans over the Christmas period. Christmas Loan repayments occur between February and June with the Fund at its maximum cash reserve at the end of the financial year. This business cycle is closely monitored by the Trustees to maximise the availability of loans while retaining sufficient cash reserves for anticipated requirements.

Support and other resources

16. The Fund is provided with office space, personnel, information technology and other support from the RAN and the Department of Defence to enable the operations of the Fund. In addition, all of the Trustees are volunteers and are currently serving members of the RAN. As such, the capability of the Fund to fulfil its purpose is highly dependent on the ongoing support of the RAN and the Department of Defence. Accordingly, the Trustees seek to work closely with the senior leadership of the RAN and the Department of Defence to demonstrate the ongoing advantages of the Fund in supporting Navy and Defence activities through assisting members of the ADF who have served in, or in association with, the RAN and to the dependants of such members.

RISK OVERSIGHT AND MANAGEMENT

17. The Trustees have developed and continually review the *Fund's Risk Management and Fraud Control Policy* which provides structure approach to the identification, analysis, treatment, monitoring and review of risk with the intent of embedding risk management and reduction strategies into the Fund's administrative processes. The key points of the *Fund's Risk Management and Fraud Control Policy* are that:

- a. Trustees have a low appetite for risks relating to health, safety and wellbeing of the Trustees and staff, administration of finances and assets, and legislative compliance;
- b. Trustees have a medium appetite for risk where benefits created by potential innovation outweigh the risks in other areas of the Fund's operations particularly where the innovation will result in improved service delivery, and/or increased efficiency and effectiveness of the Fund's operations;
- c. Trustees take a very active role in the conduct, or review, of the day-to-day operations of the Fund; and
- d. Trustees and staff as RAN members or Defence APS operate within the Defence environment which has a culture of expecting high standards with respect to the management of assets, the performance and behaviour of those who manage those assets, and provides continued training and education on the management of assets.

18. The Trustees continue to transition the Fund's approach to risk oversight and management to comply with the *Commonwealth Risk Management Policy and Commonwealth Fraud Framework* under the *Public Governance, Performance and Accountability Act 2013* as applicable to the Fund's activities.

OTHER MATTERS

19. This Corporate Plan has been endorsed by the Trustees of the Fund.



BS Wolski, AM
Rear Admiral, RAN
Chair
Royal Australian Navy Relief Trust Fund

22 August 2016