

The Salvation Army

Australia Southern Territory

ANNUAL REPORT 2011

A photograph of a woman in a white Salvation Army uniform, smiling and holding a pink flower. A young girl with long blonde hair is looking at the flower, and a man is partially visible on the right, also smiling. The background is a blurred outdoor setting.

The Salvation Army

International Mission Statement

The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by love for God. Its mission is to preach the gospel of Jesus Christ and meet human needs in his name without discrimination.



1.0 Introduction

The Salvation Army is a worldwide Christian movement. In Australia, we are known as one of the nation's largest welfare providers. We are dedicated to helping Australians in crisis. Raised up by God our

mission is to:

- Transform lives
- Care for people
- Make disciples
- Reform society

vision

Our vision is that we're a growing, loving community of people dynamically living God's mission in a broken world. This requires us to be people who are wholly devoted to God, obediently responsive to the Holy Spirit, powerfully committed to each other, compassionately engaged with people in need and totally dedicated to reaching other people with the good news of Jesus Christ and leading them to faith.

values

- Human dignity
- Justice
- Hope
- Compassion
- Community

Introduction



**Territorial
Commander**
Commissioner
Raymond A. Finger

Message from the Territorial Commander

The 2011 Annual Report is a reflection of the past 12 months. It provides an indication as to the work of The Salvation Army Australia Southern Territory and it presents our challenges for the year to come. It is important that we look back on the events of the last year, as these events shape who we are today. People across Australia have endured great hardship and significant loss in this past year. We have witnessed communities devastated by flood and fire and we have offered our prayers and support to people overseas as they faced grave circumstances and times of crisis.

The strength of the Australian spirit continually emerges in times of need. People band together in the face of adversity, knowing that what can be achieved as a group is greater than what can be achieved alone. This spirit is also seen in others that generously offer their support and make financial contributions to appeals supporting others impacted by crisis or natural disaster.

As a community, we stand alongside other communities grappling with hard times; we hope and pray for good news and follow developments through the media. However, there are so many Australians suffering disadvantage and marginalisation every day. While these stories are not often on the evening news or in the daily papers, they are still just as important and just as desperate.

The Salvation Army is dedicated to being there to alleviate human suffering. Without discrimination or judgment, we seek to be there for people at their time of need. This includes working in flood-affected communities as soon as disaster strikes through to opening our outreach centres every day. The Salvation Army is always ready to help individuals through their own unique and very personal crises.

The services that The Salvation Army provides are under great pressure with more people needing our support each year. This requires us to be flexible and adaptable so we can continue to meet needs in a way that offers dignity, compassion and hope. Looking back over the past 12 months helps us to define areas where more resources may be required and helps us plan for the coming year.

This year we have entered a new period of strategic planning. This sets our direction for the territory, encompassing our social services, the evangelical heart, business units and the administration. It looks to the formation of measurable goals, focuses attention, directs energies and inspires future plans. Our strategic direction will assist us in making the future in the present.

We eagerly look forward to 2012. Our strategy presents us with challenging goals. The achievement of these goals will result in the refinement of our services to better meet the needs of the everyday people we serve throughout the Australia Southern Territory.



2.0 Who We Are

The Salvation Army is one of world's largest Christian social welfare organisations. Each year we extend care to more than one million Australians facing crisis. We are committed to supporting the most marginalised and disadvantaged members of the community. In Australia, The Salvation Army operates in two separate territories - the Australia Southern and the Australia Eastern Territory. This enables us to be responsive to local needs, emergencies and disasters affecting all areas of our nation.

Through the provision of more than 600 social programmes and related activities, The Salvation Army is dedicated to alleviating the suffering of people living in Victoria, South Australia, Tasmania, Western Australia and Northern Territory.

By providing assistance for people affected by homelessness, crisis, family/domestic violence, emergencies and natural disasters; as well as drug, alcohol and gambling addictions and a range of other issues we seek to be there for people during their time of need.

The Territorial Commander, Commissioner Raymond Finger, is responsible for the operations of The Salvation Army Australia Southern Territory. The Territorial Commander, the leadership executive and the Cabinet is responsible for the policy, strategy and stewardship of The Salvation Army in this territory.

The Territorial Commander reports to the General of The Salvation Army, General Linda Bond. The Salvation Army operates in 124 countries, and the international headquarters is located in London. The General oversees the operation of The Salvation Army across the globe and directs the International (Zonal) Secretaries responsible for the administrative and strategic function of the region (broken up into Africa, Europe, Americas, South Asia and East Asia). International Headquarters is responsible for crafting the strategic direction, ideas and policies, as well as helping to allocate resources.

Across the world, The Salvation Army provides a variety of services, programmes and everyday care to the poorest, most desperate people in the world.

Who We Are

The Cabinet of The Salvation Army Australia Southern Territory is comprised of senior officers that have been appointed to leadership roles within the organisation. The structure of our cabinet resembles a board of directors found within other organisations.

Members of the Cabinet are appointed with approval from the General. The Salvation Army uses military style ranks for officers who are ordained ministers of The Salvation Army and are appointed across a wide variety of roles within the organisation.



Territorial Commander

Commissioner
Raymond A. Finger

Qualifications: Dip. Business

Length of Service: 37 years

Responsibilities: As the Territorial Commander, Commissioner Raymond Finger is responsible for all aspects of The Salvation Army in the Australia Southern Territory. The Territorial Commander provides the spiritual leadership for the territory and is a legal Trustee of The Salvation Army Australia Southern Territory. Commissioner Finger is the Chairman of the Policy Council, Finance Council and the Property Council.



Territorial President of Women's Ministries

Commissioner Aylene Finger

Length of Service: 35 years

Responsibilities: Commissioner Aylene Finger shares joint leadership of the territory with the Territorial Commander, which includes preaching and teaching in public ministry and membership to territorial councils. As Territorial President of Women's Ministries, Commissioner Aylene Finger gives leadership to all aspects of women's ministries; promoting within the territory the welfare and empowerment of women, relating to both church and secular women's groups.



Chief Secretary

Colonel Peter Walker

Qualifications:
Bachelor of Arts (Soc)

Length of Service: 29 Years

Responsibilities: The Chief Secretary is equivalent to Chief Operations Officer and is Second in Charge of the Territory. As the Chief Secretary, Colonel Peter Walker is responsible for operational oversight of Territorial Headquarters and line management of divisional/regional headquarters. The Chief Secretary is also a legal Trustee of The Salvation Army.



Territorial Secretary of Women’s Ministries

Colonel Jennifer Walker

Qualifications: Bachelor of Education, Diploma of Religious Education, and Diploma of Teaching.

Length of Service: 29 years

Responsibilities: Colonel Jennifer Walker has a shared leadership role with the Chief Secretary, including public ministry and membership to territorial councils. The role of Territorial Secretary for Women’s Ministries is to provide leadership for women within divisions including pastoral support, training and resources and missionary project management.



Secretary for Personnel

Lieut-Colonel Frank Daniels

Length of Service: 44 years

Responsibilities: As the Secretary for Personnel, Lieut-Colonel Frank Daniels is responsible for all aspects of personnel – officers and employees. The Secretary for Personnel is a legal Trustee of The Salvation Army Australia Southern Territory and is responsible for the Personnel Department, People and Facilitation and Leader Development.

Additional Legal Trustees of The Salvation Army Australia Southern Territory.



Chief Financial Officer

Mr. Gregory Stowe

Qualifications: Bachelor of Business (Dist), FCPA

Length of Service: 18 years

Responsibilities: Mr. Gregory Stowe is a legal Trustee of The Salvation Army Australia Southern Territory and is a member of the Territorial Finance Council, Territorial Property Council and the Territorial General Management Council.



Secretary for Programme

Lieut-Colonel Ian E. Hamilton

Qualifications: Dip. Theology Dip. Management

Length of Service: 38 years

Responsibilities: The Secretary for Programme, Lieut-Colonel Ian Hamilton, is a legal Trustee of The Salvation Army Australia Southern Territory and is responsible for Corps Programme, Social Programme, Staff Band and Staff Songsters. The Secretary for Programme is also responsible for programme matters relating to Employment Plus.



Secretary for Business Administration

Lieut-Colonel Rodney Barnard

Length of Service: 29 years

Responsibilities: Lieut-Colonel Rodney Barnard, as the Secretary for Business Administration, is responsible for all business matters including finance, property, audit, public relations, Salvos Stores, the Geelong Conference Centre and business matters relating to Employment Plus. The Secretary for Business Administration is a legal Trustee of The Salvation Army Australia Southern Territory.



Assistant Secretary for Business Administration & Territorial Legal Secretary

Captain Malcolm Roberts

Qualifications: Bachelor of Jurisprudence (Monash), Bachelor of Laws (Monash), Australian Legal Practitioner

Length of Service: 12 years

Responsibilities: Captain Malcolm Roberts is a Trustee of the various State Property Trusts of The Salvation Army Australia Southern Territory. Captain Roberts assists in the management of business activities, and acts as an in-house legal counsel, and is a liaison and overseer of external legal advisers.



Margaret Jackson AC
Territorial Advisory Board
Chairman

A Note from our Territorial Advisory Board Chairman

In the past 12 months, The Salvation Army has had much to celebrate – like the opening of the Sunrise Centre and Catherine Booth House in the Northern Territory; the opening of the refurbished centre at 69 Bourke Street in Melbourne and the commencement of capital projects in Western Australia. It is important that we take a moment to pause and reflect on the achievements of the year. This gives us motivation to continue to strive for excellence.

The Australia Southern Territory of The Salvation Army should also be excited about entering into a new period of focused action under the strategic plan 2011 – 2015. The objectives outlined in this document will provide intentional direction for this organisation that will ultimately result in the delivery of service excellence in doing what The Army does best.

One of the characteristics of The Salvation Army that stays with me is its ability to respond to personal crisis and wide spread disaster affecting hundreds and sometimes thousands. Being prepared for such action and having the ability as an organisation to make things happen in times of crisis is something that so many Australians respect about The Salvation Army.

The ability to provide such valuable services and being adaptable enough to continue to do so as needs change and develop is something that many commercial operations hold in high esteem. A clear strategy in place that is true to an organisation's vision is critical to the ongoing success of any organisation.

The Salvation Army has many challenges, not unlike those of other large Australian organisations. While the measure of success for most companies maybe profit or share value, for The Salvation Army the measure of success is the number of people who are offered help and the opportunities we have to transform lives.

The role of the Territorial Advisory Board is to support The Salvation Army through offering advice in areas such as strategic planning, government relations, programme and service development and administration. Each member of the board brings with them their own personal outlook, unique set of experiences and in-depth business knowledge. We feel strongly about the cause of The Salvation Army and are dedicated to helping The Salvation Army make a difference in the lives of Australians. We are proud to stand and serve alongside the Salvos.

Members of the Territorial Advisory Board

Margaret Jackson AC - Chairman
Commissioner Raymond A. Finger
Commissioner Aylene Finger
Colonel Peter Walker
Peter Blunden
Bernie Brookes
Joanne Cameron
Michael Johnstone
John Kirby
Peter Mahon
John Paterson
Sabina Schlink
Major Neil Venables
Major Bram Cassidy

Snapshot of Australia

There are thousands of Australians facing disadvantage and marginalisation every day. The needs of these people are significant, and the issues they face are challenging. This disadvantage can come through financial hardship, homelessness, family crisis, addiction, abuse and personal loss, to name just a few. Across Australia, The Salvation Army works to meet the diverse needs of the people who seek support. The assistance is wide ranging; it may be immediate short-term help or engagement over a longer period of time with intensive support.

Issues such as poverty, homelessness, addiction and abuse are often topics of public discussion, and are spotlighted in community debate regarding the resolution of social issues concerning our society. The Salvation Army works with governments, agencies and others towards strategies to address these issues so that fewer people are affected by disadvantage. However, it is important to look behind these issues and connect to the people that are facing these challenges every day.

Across Australia, there are thousands of people facing poverty and extreme

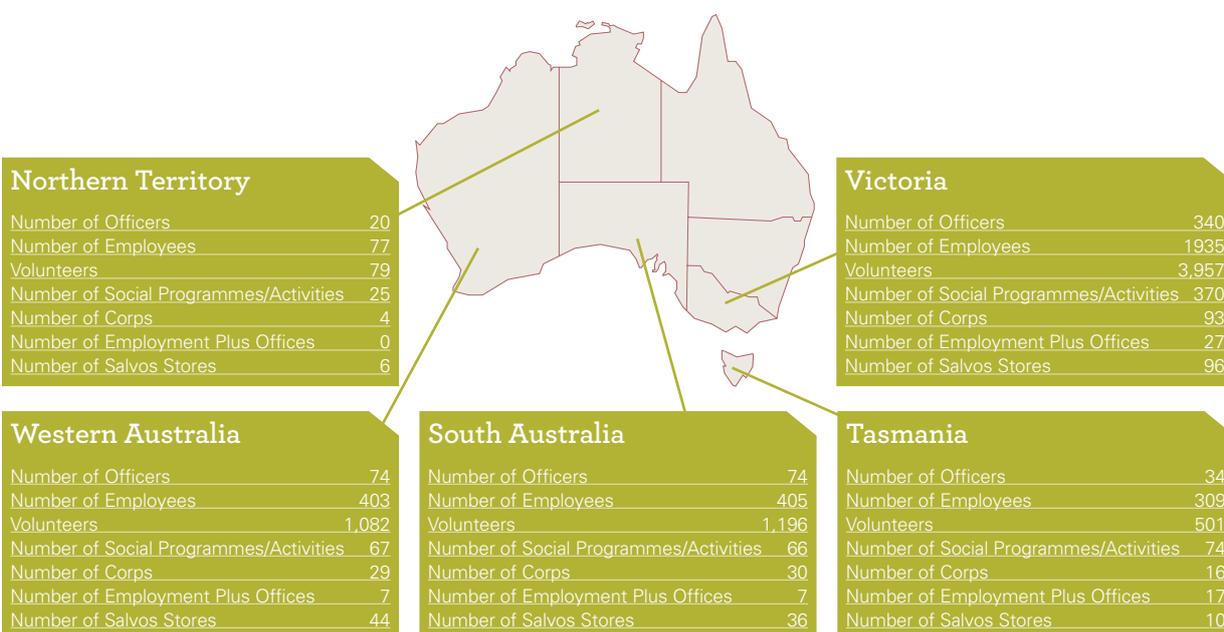
financial crisis. The Australian Council of Social Services (ACOSS) estimates that there are 2.2 million people living in poverty with 75% of these people living in households where no-one has paid work. The financial struggle of individuals is further impacted with the cost of living increasing by 34% since 2000 when using the Consumer Price Index (CPI) as a measure (ACOSS, 2011).

Homelessness is an area of significant need, with more than 105,000 people not having a permanent and stable place to live. The Salvation Army is working with all levels of government to address the increasing level of homelessness in Australia through the provision of crisis accommodation, counselling and other welfare programs as ways to reduce susceptibility to homelessness. With more than 1.1 million Australian families living under housing stress (ACOSS, 2011); it is important to work towards addressing needs before a family becomes homeless through implementing intervention strategies.

The Australian Government (Department of Families, Housing, Community Services and Indigenous Affairs - FaHClA) estimates that

one in three Australians experience physical violence, and almost one in five women experience sexual violence in their lifetime. Violence against women and their children continues to be an acute problem and addressing it presents a significant challenge to the community as a whole. FaHClA estimates that without action to tackle this issue, 750,000 Australian women will experience and report violence in the period of 2021 to 2022. This figure does not include the considerable number of women who decide not to report violence against them. This estimate points the critical need to develop strategies to both address violence against women across our society and work with individuals affected by violence to ensure they have effective support options to leave a violent situation.

While there are still people battling marginalisation in Australia, The Salvation Army will continue to fight for equality and justice for each person who seeks help. Upholding the mission of The Salvation Army, of caring for people, transforming lives, making disciples and reforming society, is at the root of everything The Salvation Army does.

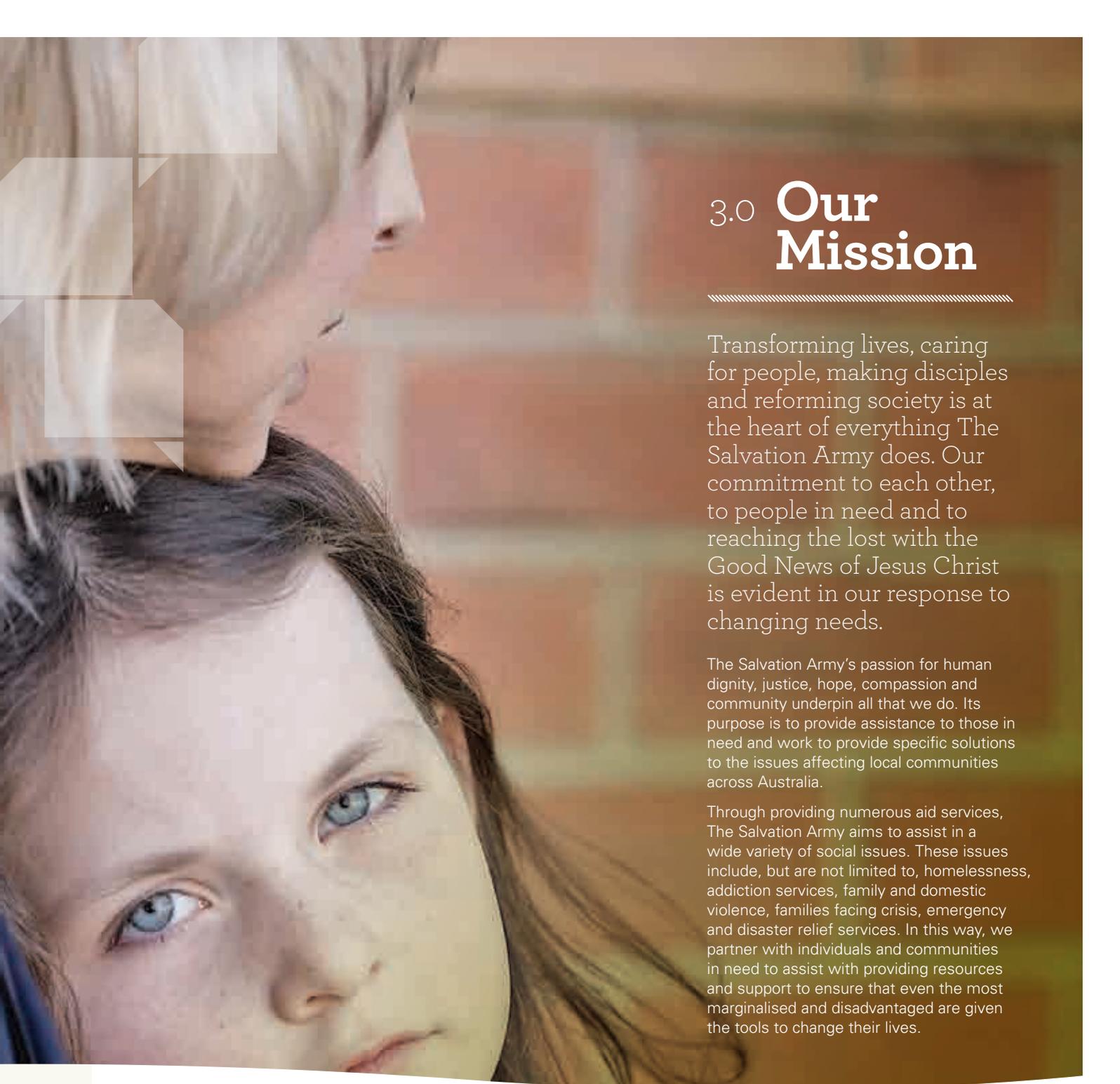


Service Highlights for 2011

This year, in the Australia Southern Territory, we:

- Received contact from approximately 550,000 people in need
- Provided emergency relief for more than 187,000 people
- Assisted more than 5,000 people with food or food vouchers
- Distributed thousands of blankets
- Served more than 80,000 meals to the hungry
- Assisted more than 7,000 people with addiction issues (alcohol, drugs or gambling)
- Assisted more than 15,000 adults through Homelessness Response Services, by way of case management support – this is an increase from 13,000 adults assisted in this capacity last year
- Offered more than 1,000 young people support through Homelessness Specialist Youth Services, by way of case management support
- Assisted more than 6,000 young people through Youth Support Services
- Had contact with more than 17,000 young people through street outreach and drop-in centres
- Assisted more than 2,000 women through Domestic Violence Services
- Supported more than 1,100 people through Migrant and Refugee Services
- Provided more than 2,500 people with financial counselling – a significant increase from the 700 individuals counselled last year due to the availability of additional funding which increased the capacity of our financial counselling services
- Assisted more than 35,000 people with hospitality, in-kind and personal assistance in disaster-affected situations
- Had contact with more than 80,000 people through Salvation Army prison and court chaplains
- Re-connected more than 500 people with families through the Family Tracing Service





3.0 Our Mission

Transforming lives, caring for people, making disciples and reforming society is at the heart of everything The Salvation Army does. Our commitment to each other, to people in need and to reaching the lost with the Good News of Jesus Christ is evident in our response to changing needs.

The Salvation Army's passion for human dignity, justice, hope, compassion and community underpin all that we do. Its purpose is to provide assistance to those in need and work to provide specific solutions to the issues affecting local communities across Australia.

Through providing numerous aid services, The Salvation Army aims to assist in a wide variety of social issues. These issues include, but are not limited to, homelessness, addiction services, family and domestic violence, families facing crisis, emergency and disaster relief services. In this way, we partner with individuals and communities in need to assist with providing resources and support to ensure that even the most marginalised and disadvantaged are given the tools to change their lives.

Our Mission 3.0



Strategic Direction

4.0 Strategic Direction

The Strategic Plan 2011 – 2015 embraces the philosophy of making the future in the present and is structured to represent the themes of strength, strategy and sustainability.

The Strategic Plan 2011 – 2015 addresses four central areas; social programmes, corps, business units and administration. Through consultation, the leadership of The Salvation Army Australia Southern Territory has set the course of the organisation through this strategic plan.

This strategy poses a challenge to the organisation – continue to act boldly in meeting the needs of those who The Salvation Army serves and to look to organisational strengths in building a sustainable platform for the continued realisation of the mission of The Salvation Army.

Throughout the strategic plan, the integration of the organisation's social services; its evangelical heart, business units and the administration are highlighted. This strategy will lead to the formation of measurable goals, focused attention, directed energies and the inspiration of future plans. It will be used as the foundation for decision making, as rigor for budget planning and engender transparency of intent.

The objectives outlined in the strategic plan are:

Social Service Programmes

- Increase the spiritual input and awareness within Social Service Programmes to respond to holistic human needs (body, mind, soul)
- Identify and review the core business of Social Service Programmes as a foundation for territory wide service delivery models
- Establish formalised standards of service delivery for Social Service Programmes

Corps

- Restore a culture of evangelism throughout the Corps Ministry that will increase the spiritual health of a growing number of members
- Spread the influence of the Gospel through increased Salvation Army presence in the Territory

Business Units

- Increase spiritual input and awareness in the activities of Business Units to demonstrate a holistic response to human needs (body, mind, soul)
- Adopt service models that reflect the theology of service of The Salvation Army

Administration

- Embed 'quality' in the culture of Corps and Social Service Programmes to define The Salvation Army as an organisation of value and worth
- Extend the outreach of The Salvation Army through digital communication channels and social media

To read the strategy overview visit www.salvationarmy.org.au/strategy2015



**Territorial Social
Programme Secretary**
Lynette Green

5.0 Our Work

A message from our Territorial Social Programme Secretary – Lynette Green

In Australia, organisations, NGOs and charities large and small are being forced to look at more encompassing ways to help people who are hurting and suffering; people who are not able to cope with the pace of life as we now live it. This requires a comprehensive response to the needs of the individual. The Salvation Army strives to meet the needs of the body, mind and soul. We seek to provide a complete response that is flexible and can continue to adapt as situations change.

For families struggling to make ends meet, we provide an initial crisis response which can include providing vouchers, financial assistance with utility bills and food supplies to help the family through a rough patch. Responding to the crisis however is not the total response. We must look at the underlying reasons that have led to the crisis. For The Salvation Army this may mean providing financial counselling or training to assist with employment opportunities, assistance with accommodation or offering ways for the family to connect to the community around them.

Across all our services and programmes offered in this territory, we strive for service excellence. This means delivering

on our mission of caring for people, transforming lives, making disciples and reforming society. While in some cases, we can provide immediate support which alleviates the pressure of a difficult situation, in many other instances we need to offer long-term support which addresses the complex nature of the situation.

This report captures some of the achievements of the past 12 months. This includes the opening of new centres, the introduction of innovative new programmes and finding new ways to engage with the community we are a part of. This is critical to our ability to remain responsive to the needs of the people we serve.

5.0
Our
Work



Official Opening of 69 Bourke Street

Mission Imperative – Caring for People

On a daily basis, The Salvation Army provides many services to care for those experiencing difficulty or disadvantage. From the provision of financial aid, to resourcing a family to overcome crisis, to providing relief in a disaster; The Salvation Army is mobilised to assist in any way possible.

Within Salvation Army Corps across the Southern Territory, 14,000 people are provided with a meal and 5,000 in need of food are given food vouchers each week. Daily, The Salvation Army communicates with 1,600 people in need of assistance. Each and every person assisted by the services of The Salvation Army are treated with compassion, dignity and respect as we seek to find solutions and offer support while they cope with the various issues affecting their lives.

The Salvation Army building at 69 Bourke Street, Melbourne, is a significant historical icon for both the organisation and the broader community. For 116 years, The Salvation Army has occupied the ornate Renaissance-style building, using this location as the headquarters for the organisation for the Australasian region, and later as the territorial headquarters for the Australia Southern Territory. In recent years, this site has become the home of The Salvation Army's Melbourne mission for Project 614, offering support to marginalised members of the community, acting as a base for outreach work on the city streets at night. Importantly, this is a place where people can feel they belong. The centre at 69 Bourke Street has been described as the beating heart of The Salvation Army's work in the city.

In August 2011, this historical site was re-opened following a complete refurbishment and momentous renovations. The renovations maintained the architecture and appearance of the original building but provided more space for the expanding work being undertaken here.

The Project 614 team has hundreds of interactions each day with people who may be homeless, mentally ill, elderly, suffering from addiction, lonely or isolated. The drop in centre gives people living in the city a place where they can feel accepted and are given the opportunity to engage with others and access support services. Services offered from the drop in centre include warm meals daily, food parcels and material aid, contact with case workers, training opportunities and legal advice. This centre also offers a weekly evening programme for international students who are in need of assistance.

Other services offered from this building include the Melbourne Counseling Service (which offers general counselling and runs gamblers help programmes); Employment Plus; and is the base for The Salvation Army's mobile outreach programme. The mobile outreach programme includes the AXA Youth Bus and the 24/7 Melbourne's Road Home service which responds to calls from police and the community in relation to concern had for homeless and at-risk individuals that are experiencing crisis.

The history of this site and the wider history of The Salvation Army in Australia is showcased in the Heritage Centre located on the top floor of the building. The redevelopment of this site includes the restoration of Melbourne's first film production studio, which produced more than 300 films from 1897 until 1909. It is now accessible for the first time in 100 years.

For more information about the activities of The Salvation Army at 69 Bourke Street, Melbourne, please visit: www.salvationarmy.org.au/melbourne614



Night Outreach Providing a Positive Influence on the Streets

In response to increasing cases of violence and disorder on the streets at night in both Melbourne and Bendigo, The Salvation Army has introduced street teams to provide a positive influence at night amongst the party-goers and revelers over the weekend.

The Bendigo 'Chill Out' Space started in November 2010 using The Salvation Army's Drought Mobile Outreach Vehicle, a truck and trailer fitted out with a kitchen, meeting space, computers, games, LCD TV and first aid equipment.

Queues for taxis in the evening in Bendigo can stretch up to 200 people long, with waiting times up to an hour. On hand to provide a calming influence and to ensure the people queuing are cared for, Salvation Army officers and volunteers hand out bottles of water, hot drinks and blankets. The team is able to reduce the frustration of people waiting for taxis and young women have written letters of appreciation to The Salvation Army Bendigo for offering a feeling of safety in the city.

In Melbourne, the mobile street teams move around the CBD and engage with people out for the evening. The programme consists of about 100 volunteers, most aged in their early to mid 20s, who work in teams of three who accompany a specially trained leader. The teams provide a positive influence in the city from 11 p.m. to 5 a.m. on Friday and Saturday nights. This is a youth led initiative that came from a City Safety Summit held by Melbourne City Council in October 2008.

Mission Imperative – Transforming Lives

Through services and programmes offered to the community, The Salvation Army seeks to provide the opportunity for life transformation. Each week, 130 individuals are engaged in services to free themselves from addiction and change their lives. Recovering from addiction is a challenging journey and it is vital that individuals are provided with specialist support. The Salvation Army has teams of skilled professionals to deliver such support across the territory.

The Salvation Army's assistance to the homeless and disadvantaged community provides people with long-term accommodation, giving them a fresh start. The Salvation Army accommodates more than 4,500 people on a daily basis. Through something as simple as the security of a place to sleep; permanent residences, employment and appropriate health care are all made possible. Through The Salvation Army's Employment Plus services, 1,000 individuals are assisted with finding suitable job opportunities.

With The Salvation Army's assistance, compassion and support; people are given life-transforming opportunities through the simple stability of love and never ending care.

Sunrise Centre

Opening of the new Sunrise Centre

In response to the need for expanded programmes and services as well as the increasing demands on existing services, The Salvation Army opened the new Sunrise Centre a short distance from Darwin. A number of programmes are operated from this site to address the issues of homelessness and addiction to alcohol and other drugs affecting the local community.



As part of the centre, the Sunrise Homeless Men's Hostel accommodates 30 single homeless men at any one time. Each resident is provided with their own room containing a bed, wardrobe, chair and desk, and adjoining bathroom. A typical stay in the centre is three months and during this time residents receive intensive support from a professional case worker. Case workers encourage residents to re-connect with their community through introducing them to friendship and activity groups, assisting them to find long-term accommodation, arranging government entitlements and identifying other individual needs such as health care and employment.

Also operating from the new Sunrise Centre is The Salvation Army's Top End Drug and Alcohol Service. This service offers a withdrawal programme in which men and women are provided with support over a period of five to seven days in which they are withdrawing from using alcohol and other drugs. Following this, a 12 week rehabilitation programme is offered - with capacity for residential and non-residential participants - where case management, group therapy sessions and counselling are provided to help participants build a life free of addiction. Following the rehabilitation process clients have access to comprehensive after care support.

Employment Plus

The Salvation Army Employment Plus provides employment services to people experiencing unemployment across Australia. The Salvation Army has successfully assisted individuals in finding employment opportunities for over 117 years.

Employment Plus partners with Salvation Army corps and programmes, training providers and businesses to optimise the employability of all who come to Employment Plus seeking support.

2011 was a year distinguished by achievement for Employment Plus. The National Learning and Development Team were recognised with two prestigious awards at the annual Asia Pacific Learning Conference - Best Leadership Development Programme and the Best Partnership in a Learning Programme.

Employment Plus coordinated many programmes and initiatives in the service of the countless clients they see on a daily basis. Some significant activities for this year include:

- Research on mature-age Jobseekers in Australia was commissioned by and published in November of this year
- A partnership with Brookfield Multiplex was made on the Shellharbour redevelopment project that has resulting in the training and employment opportunities for more than 600 jobseekers
- In a partnership with Woolworths, 20 indigenous jobseekers were given a pathway to sustainable unsubsidised employment and training; bringing the total number of successful participants in this project to 70.

Employment Plus diligently continues to serve unemployed Australians, providing them with stability in the present and hope for the future.

For more information about The Salvation Army's Employment Plus, visit www.employmentplus.com.au



Opening of the new Catherine Booth House

In November 2010, The Salvation Army opened the new Catherine Booth House in Darwin. Catherine Booth House provides accommodation and support for up to 12 women seeking refuge from domestic violence. This new facility replaced the existing Catherine Booth House in Darwin and offers double the capacity of the previous centre.



Domestic violence is a serious problem in Darwin and the wider area, with more women seeking assistance from The Salvation Army each year. This new centre is a significant step forward in the provision of care for women escaping domestic violence. A safe, modern and comfortable place is provided for women to stay after they have made the often difficult decision to leave a violent home or family situation.

The construction of the new centre was made possible through the provision of funds from the Federal Government Stimulus Package and support from the Northern Territory's Territorial Government.

Pathways to Parenting - Tasmania

A new program in Tasmania introduced in the last 12 months is the Pathways to Parenting – a 16 week support and education programme for parents who have children under child protection orders. During the two hour sessions, parents are supervised and are assisted in developing ways to engage with their children in a positive way. Sessions are video recorded, and assessment feedback is given in a respectful and caring way.

Pathways to Parenting has been developed by specialist staff, and after a pilot program in 2010, was offered twice this year in Hobart.

The Salvation Army is committed to continuing and expanding this therapeutic family-centric program in Tasmania through building family access centres in Hobart, Devonport, Burnie and Launceston over the next five years. The investment in infrastructure to support this program has been possible through a partnership between The Salvation Army and the Motors Foundation.

Mission Imperative – Making Disciples

All that The Salvation Army does in the community is founded upon its core principles of human dignity, justice, hope, compassion and community. The Salvation Army seeks to provide hope, love and the utmost of care for the homeless, the lonely, the addicted and the disadvantaged. As a part of The Salvation Army's ultimate mission, The Salvation Army reaches out to all

in need and we are wholly devoted to spreading the good news of Jesus Christ and leading people to faith.

Multiple projects and services provided by The Salvation Army create the chance for people who need spiritual guidance to find the help they seek. The Salvation Army aims to provide Christian guidance to all who seek our support, as we partner with them to search for understanding in the way that God is working within their lives



Perth Coffee Booth

The Salvation Army Perth Corps, Western Australia, opened a coffee booth in its entry foyer, as a means of reaching out to the local community and helping marginalised and exploited people, including former sex workers and other groups identified as seeking a way to connect to the community around them. While the coffee shop is operated by volunteers and workplace trainees, several people have been placed in employment because of the venture.

The coffee shop is a great example of community groups working together to achieve positive outcomes for the people in need. The Western Australian Department of Correctional Services assisted with the production of signage, and the shop-front counter was completed by inmates of nearby correctional facilities. The Westcoast Institute of Training provided barista training to all volunteers. The Salvation Army's Employment Plus, the Town of Vincent and European Foods have also played significant roles in developing this venture. All funds generated from the coffee shop are invested back into mission outreach in Northbridge, Western Australia.

Mission Imperative – Reforming Society

This year marks the 131st year of The Salvation Army's service to Australians in need. As a vital part of this service, we actively advocate on behalf of those we serve and champion their rights in the public forum. Through generating and leading public discussion on issues such as homelessness and abuse, we are able to put the needs of the community on the public agenda and in the attention of our government.

Continuous research occurs across all Salvation Army functions, to ensure that we stay relevant and responsive to the needs of the local community. Through research feedback and listening to individuals affected by many various issues and crises, we are able to implement short term solutions, as well as inform long term strategies to one day fully combat the complex social issues affecting our society.

The Salvation Army speaks for those who are unable to speak for themselves, as an authoritative voice on social issues such as poverty, housing, struggles with homelessness, justice, mental illness, addiction, gambling; among others.

The Salvation Army continues to engage in activities that spotlight the public perceptions on poverty, the patterns of consumption and misuse of alcohol, the ongoing effects of the Global Financial Crisis and examining the ways in which the cycle of disadvantage can be broken for Australians.

In conjunction with national and territorial endeavours, team members in centres across the Southern Territory passionately advocate on behalf of those who come to The Salvation Army for help.

Research Project: No home at the end of the road

As part of Anti-Poverty Week (October 16 to 22), The Salvation Army commissioned research to examine the significant housing stress of single older women.

Dr Andrea Sharam of Swinburne University interviewed 111 single Victorian women over the age of 40. These women did not expect to own their own home before retirement and, due to low superannuation accumulations would be at risk of ongoing housing insecurity and poverty.

From the overall group questioned, 86 respondents were currently renting their housing. These women showed the most strain, with 34% indicating they are under housing stress, and 65% indicating that they are in long-term debt that will prevent

their ability to retire independently and save for the future.

Further complicating their situation is low superannuation, with estimates that 58% of all those surveyed will retire with less than \$100,000 in savings.

This research indicates that single older women have emerged as a vulnerable group in relation to housing and financial insecurity. This can be attributed to a variety of factors including societal and cultural issues like wage inequities, relationship breakdowns, parenting and caring roles.

This group is highly susceptible to the pressures of increasing house prices and rental costs. This research provides an early indication that the financial situation of older women is unstable and points to the need to address this issue through intervention strategies to avoid further financial burden to women in this situation.

A strong recommendation coming from this research is the development of a 'community land trust' scheme, which would assist women in saving for their retirement through enabling them to contribute to housing equity. This report also recommends further research and detailed advocacy as well as educational strategies to address gendered financial inequity.

To read this report and others published by The Salvation Army Australia Southern Territory, visit www.salvationarmy.org.au/reports

Research Project

Partnership with Medallion Homes to Combat Domestic Violence

As a part of the extension of domestic and family violence services in South Australia, an additional two houses have been built to provide necessary assistance for the victims of domestic violence and abuse.

The Salvation Army has, with the generous support of Medallion Homes, built two new homes as medium-term accommodation options for women and children affected by abuse. Medallion Homes designed the properties, project managed the planning and building of them and arranged the invaluable contributions of more than 80 other businesses and contractors many of whom also donated their services. In-kind donations in total were of the value of \$400,000.

Domestic violence is a crime that is growing in incidence and severity, and these three-bedroom homes are an important part of the healing process for most sufferers. These modern and comfortable homes are an irreplaceable part of the support programme designed to aid victims of domestic violence. The programme also includes the provision of services and training to allow women to regain their confidence, independence and self sufficiency as they adapt to life free of abusive situations.

International Focus

International Focus

The Salvation Army is active in 124 countries, providing a variety of services, programmes and everyday care to the poorest, most desperate people in the world.

Across the world we have:

- Provided emergency relief services to more than 700,000 people affected by disasters like floods and earthquakes
- Supported more than 386,000 prisoners through regular visits and chaplain support
- Provided health care through mobile clinics and community health centres to more than 1.1 million people
- Assisted close to 427,000 people through anti-suicide night patrols
- Supported more than 279,000 young people through community youth programmes



Earthquake Relief



Christchurch Earthquake Relief Effort

The Salvation Army has been helping the people of Christchurch since the devastating earthquake measuring 6.3 on the Richter scale on 22 February, 2011. Despite several of its own centres being damaged, The Salvation Army was still able to bring in 928 staff for psychosocial support and over 500 volunteers and staff to work in welfare centres in the weeks following the earthquake.

By the end of April 2011, in response to the disaster The Salvation Army had:

- Served 75,000 meals
- Provided 13,500 food parcels
- Presented 284 'Care Break' holidays to Christchurch families
- Distributed 1,167 'Care Cards' in partnership with Westpac, pre-loaded with \$500 to applicants
- Provided 2,783 petrol, supermarket or clothing vouchers
- Offered 52,000 hours of psychosocial support

The Salvation Army Australia Southern Territory was heavily involved in the relief and recovery effort in the aftermath of the February earthquake. More than 60 Salvation Army officers and soldiers spent a week in Christchurch as a part of a roster system to help make contact with members of the community affected as part of offering practical and emotional support to those affected. The Salvation Army Australia Southern Territory facilitated donations made by Australians in this region with more than \$470,000 being passed on to The Salvation Army in New Zealand to assist with the delivery of service and support.

The Salvation Army is continuing to provide support to New Zealanders affected by the earthquake, and will continue to do so for as long as required. On a weekly basis teams of 20 staff and volunteers work as part of a recovery team to assess the evolving needs of residents, as rebuilding begins and long-term needs become clear.



Japan Earthquake

Japan Earthquake Relief

The Salvation Army moved swiftly to provide vital support to people affected by the March 2011 earthquake in Japan, the resulting tsunami and the explosions occurring at the Fukushima Nuclear Power Plant. The Japanese Government gave permission for The Salvation Army to enter the disaster area and use access roads closed off to the public to deliver support to the communities in need. Teams were deployed to three hard hit areas; Sendai, Yabuki-cho and Iwaki City immediately following the disaster.

More than 1,100 meals and other necessities were distributed in Sendai on 23 March. Similar assistance was offered to the people of Yabuki-cho where many houses were lost and many others sustaining such damage that they had to be demolished. This area was

also impacted by the destruction of water pipelines used for agricultural purposes which resulted in the loss of the next rice harvest. As the communities move towards recovery, The Salvation Army has made a commitment to provide material aid such as furniture for homes that sustained significant damage.

At Iwaki-city, which is just outside the 30-kilometre exclusion zone from Fukushima, a team of seven Salvation Army workers distributed 500 hot meals and 6,000 bottles of water in response to a request from the director of the emergency response volunteer desk.

The Salvation Army moved in to more remote areas such as Kesenuma and Rikuzen-Takada which were also greatly affected by the disaster. In these areas, The Salvation Army

provided meals and food supplies, distributed necessities as well as assessing the longer term needs of the communities affected by the earthquake.

The Salvation Army has made a commitment to provide ongoing support to the people of Japan as they continue to recover from severe loss and damage to their communities.

For more information on The Salvation Army's work in New Zealand and Japan or other countries, visit www.salvationarmy.org



5.0 Our People

The People and Facilitation department is responsible for The Salvation Army's policies, procedures and systems relating to the service, development, safety and wellbeing of the organisation's extensive workforce.

In addition to this, the department also facilitates and monitors the organisation's Enterprise Risk Management processes to ensure alignment with the requirements under standard AS/NZS ISO31000: 2009.

Throughout 2011, the department has continued to work collaboratively with its internal and external stakeholders in defining its strategies and core intentions to reflect a high level of organisational engagement

and customer service. The continued inclusion of People & Facilitation representation on a number of the organisation's Governance Councils has assisted in positioning the department as a key strategic partner within the Territory.



Ms Katrina D'ore
Leader - People
and Facilitation

2011 Achievements

- Development and implementation of new policies, procedures and training for the prevention of bullying and harassment in the workplace
- Development and implementation of new policies and systems for determining employee remuneration & benefits
- Development of a new model for the delivery of learning and development for the organisation's workforce
- Development and implementation of new modules and web access for the organisation's Human Resources Information System
- Full compliance with EOWA legislative requirements
- Development and implementation of new policies and systems relating to criminal history checks as an accredited user of the CrimTrac system

734 centres

Our Workforce

The Salvation Army Australia Southern Territory workforce consists of officers, employees and volunteers who are located in 734 centres across Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

In 2011, the workforce was deployed throughout the Territory as follows:

| | Employees | Officers | Volunteers |
|----------------------------|-------------|------------|-------------|
| Territorial Headquarters | 279 | 95 | 36 |
| Melbourne Central Division | 875 | 82 | 490 |
| Eastern Victoria Division | 415 | 88 | 1739 |
| Western Victoria Division | 228 | 37 | 690 |
| Northern Victoria Division | 138 | 38 | 1002 |
| South Australia Division | 405 | 74 | 1196 |
| Western Australia Division | 403 | 74 | 1082 |
| Tasmania Division | 309 | 34 | 501 |
| Northern Territory Region | 77 | 20 | 79 |
| Salvos Stores | 1062 | 2 | 2473 |
| Employment Plus | 719 | 3 | 6 |
| TOTALS | 4910 | 547 | 9294 |

Our Employee Workforce is made up as follows:

| Status | Women | | Men | | Total |
|--------------|-------------|--------------|-------------|--------------|-------------|
| | # | % | # | % | |
| Full time | 1451 | 64.17 | 810 | 35.83 | 2261 |
| Part time | 1128 | 74.50 | 386 | 25.50 | 1514 |
| Casual | 838 | 73.83 | 297 | 26.17 | 1135 |
| Total | 3417 | 69.60 | 1493 | 30.40 | 4910 |

Our employees are assigned as follows:

| Status | Women | | Men | | Total |
|----------------------------|-------|-------|------|-------|-------|
| | # | % | # | % | |
| Executive Management | 1 | 14.28 | 6 | 85.71 | 7 |
| Senior Management | 9 | 39.13 | 14 | 60.87 | 23 |
| Middle Management | 166 | 65.09 | 89 | 34.91 | 255 |
| Supervisors / Team Leaders | 412 | 71.03 | 168 | 28.97 | 580 |
| All Other Staff | 2789 | 68.94 | 1256 | 31.06 | 4045 |



Volunteers

The Salvation Army Australia Southern Territory recognises and highly values the substantial and ongoing contribution made by individual volunteers and corporate volunteer groups toward the achievement of its organisational mission. In recognition of this, the organisation engages in specific programmes to foster and encourage participation by the community in its work.

The Salvation Army provides volunteer work that is meaningful, safe, significant, fulfilling, and appreciated. The organisation has developed a suite of procedures, guidelines and tools which will assist both leaders and volunteers to achieve these goals. The Salvation Army Volunteer Policy adheres to the standards as set out in Volunteering Australia's National Standards for Involving Volunteers in Not for Profit Organisations.

The National Standards provide the best practice model for supporting and involving volunteers and cover eight key areas:

- Policies and procedures
- Management responsibility
- Recruitment, selection and orientation
- Work and the workplace
- Training and development
- Service delivery
- Documentation and records
- Continuous improvement

Volunteer Contribution

In 2011, The Salvation Army volunteer work force contributed close to 3,120,000 hours of work to The Salvation Army's mission. Based on the national minimum wage rate (plus on costs), the organisation estimates this contribution to an equivalent work value of approximately \$59 million without which, a number of major goals could not be achieved. In addition to the above, the organisation is privileged to engage with corporate volunteer groups throughout the year. These include Accenture, AGL, ANZ, Bankwest, Ford, Foxtel, Goldman Sachs, KPMG, Kleenheat, The University of Melbourne, National Australia Bank, Optus, Pfizer, PWC, Jetstar, Origin, HSBC, and Microsoft to name a few.

The Salvation Army wishes to acknowledge and thank each and every individual and corporate volunteer for their outstanding contribution to our work.

Professional Development

The Salvation Army has policy and procedures in place to encourage employee professional development that has current and future value to the mission of the organisation. Full time and part time staff are eligible to apply for study leave and contribution toward costs for an approved course of study after six months service.

The People & Facilitation team is involved in developments in the wider community sector. In 2011, staff from the department were involved as part of the working party for a Victorian Government initiative to develop a community sector workforce knowledge-base. This ongoing project will collect and analyse data about the nature and scope of the community services workforce. This will enable the sector and individual organisations to better understand and advocate around employment matters such as workforce planning, recruitment, retention and learning and development matters. In addition to this, members of the People and Facilitation team actively participate in a not-for-profit HR network. This group provides an opportunity for HR practitioners in a range of agencies to learn from each other and share ideas and information across this diverse sector.

In 2011, the People & Facilitation department assisted the organisation to undertake a significant review of its learning and development functions. Following wide consultation with stakeholders, the project team has identified a range of opportunities to provide an integrated and coordinated response to learning and development needs across the organisation.

The new learning and development function will be entitled "Booth College", named in memory of The Salvation Army's founders William and Catherine Booth. Booth College will provide support to the development of a workforce capability review and a competency/training matrix which are an integral part of The Salvation Army's Strategic Plan. Much excitement surrounds the implementation of the new Booth College in the coming year.

In keeping with our aim to provide training which is both relevant and value adding, we are also actively involved with the Australian Institute of Training and Development with one of our team having recently been elected to the State Council.

Workplace Health and Safety

In accordance with The Salvation Army's stated principles and mission intentions, the organisation endeavours at all times to be a responsible employer with regard to our commitment to workplace health and safety.

The Salvation Army feels that its respected standing within the community means it must demonstrate a commitment not only to our workforce but also to other employers or organisations that we, or our agents or contractors, have relationships with. To achieve this, The Salvation Army maintains a Territorial OHS Management System that utilises policies, procedures, strategic plans and ongoing action plans to identify and manage hazards and risks across the Southern Territory. Divisional Commanders and Business Unit Leaders are to maintain programmes and plans that address OHS issues particular to their activities or local legislative requirements as necessary.

The Salvation Army uses a systematic approach to identify and control risks associated with health and safety issues that follow guidelines established by standards, AS/NZS ISO 31000:2009 (Risk management – Principles and guidelines) and AS/NZS 4804 (Occupational health and safety management systems - General guidelines on principles, systems and supporting techniques).

The organisation recognises that there are varying degrees of accountability for the proper implementation and management of its risk and safety systems across the Territory. Through its induction processes and ongoing workplace training, The Salvation Army ensures that all staff - employees, officers and volunteers alike are familiar with their responsibility for maintaining safe work practices and environments.

Continuous Improvement

Commencing in 2010 and continuing throughout 2011, the organisation has undergone a process of Quality Accreditation for its Social Programmes. In support of this, the People & Facilitation department has reviewed a number of its key processes. This has led to some significant improvements in areas such as data collection, analysis and reporting. The development and implementation of integrated systems for recording end to end employment processes has substantially improved the organisation's ability to plan in advance and utilise its workforce capability.

Employer of Choice

Existing to serve the most disadvantaged members of the community, The Salvation Army targets its recruitment towards the engagement of the individual whose heart and purpose aligns with this mission. The Salvation Army is working towards becoming an Employer of Choice within the not-for-profit sector. To achieve this, The Salvation Army has developed and implemented policies and procedures to encourage the recruitment and retention of talented, committed, and suitably qualified employees. These policies and procedures offer prospective and current employees work opportunities and benefits whilst providing them with the chance to make a difference in the community carrying out the mission and vision of The Salvation Army. The benefits provided to employees currently include:

Salary Packaging

Full-time and part-time employees have access to salary packaging as part of The Salvation Army's employment policies. In consultation with the current packaging provider, The Salvation Army has extended the benefits available to employees to include discount purchasing options, novated leasing, meal entertainment and holiday accommodation.

Work/Life Balance

The Salvation Army is cognisant of the need for employees to be able to balance the requirements of the workplace and their family commitments. Policies and practices have been introduced which allow employees access to flexible work options. These include compressed working hours (Nine day fortnight, 19 day month), flexible start/finish times and purchased additional annual leave. (48/52)

Employee Assistance Programme

The Employee Assistance Programme (EAP) is offered to all employees and immediate family members. The EAP provides confidential and professional counselling services to help employees resolve personal or work related problems that have the potential to impact on an individual's work performance and well-being.

Critical incident debriefing is also provided to individuals and groups following major incidents such as bushfire, flood, or life threatening events. The immediate provision of professional assistance has been proven to reduce the likelihood of delayed stress reaction and cumulative stress response.

Officer, Employee and Volunteer Guidelines

The Salvation Army Australia Southern Territory provides guidelines for officers, employees and volunteers through the Human Resources Manual and the Code of Conduct. The Orders and Regulations are specific to officers of The Salvation Army, worldwide.

Human Resources Manual

The Human Resources Manual provides information on the ways The Salvation Army enables and facilitates more effective people and organisation practices to support the Australia Southern Territory's mission, values and strategic activities. It documents principles, policies and their rationale, which together with any external legislative requirements; provide the framework for managing human resources in this large and diverse organisation. It also provides access to tools and forms to enable managers and other employees to action human resource management requirements.

Promote Ethical and Responsible Decision – Making

The Salvation Army has key policies and codes of conduct that apply to all Salvation Army officers and employees throughout The Australia Southern Territory.

Orders and Regulations

Orders and Regulations are documents published by the International Headquarters of The Salvation Army which outline the principles and procedures specific to the various types of activities. They apply to all Salvation Army officers throughout the world, irrespective of rank, appointment or territory. These orders and regulations aim to facilitate global organisations understanding, and are intended to ensure that decisions arrived at, and work engaged in, are in harmony with the interests, principles and aims of The Salvation Army as an organisation.

It was never envisaged that The Salvation Army would be governed solely by orders and regulations, as a living army has to make expedient decisions related to the circumstances of the time. Nevertheless, in general, guidelines are necessary, which are based on Christian principles and the best methods discovered from experience. Every officer, cadet and candidate for officership, learn from these.

The subjects covered by the various orders and regulations will not deal with every possible contingency. Principles, however, are paramount and serve as a proven guide in every situation, which demands an officer's personal judgment.

Code of Conduct

The Code of Conduct provides a basis for all employees to maintain a working environment that is productive, positive, enjoyable, safe and free from harassment and discrimination. It also assists managers to induct employees into the organisation and address any circumstances that may arise, which conflict with the required standards, mission and values of The Salvation Army. The Code of Conduct outlines standards of personal and professional conduct, which are in keeping with both organisational and community expectations of employees working for The Salvation Army. It provides guidelines for the appropriate behaviour of all employees and is provided to employees as part of their induction process. The Code of Conduct is consistent with the mission and values of The Salvation Army, and will be periodically reviewed so that it continues to benefit employees and the organisation.

Remunerate Fairly and Responsibly

The Trustees are officers or staff of The Salvation Army Australia Southern Territory and receive remuneration in accordance with established Salvation Army guidelines. In addition, officer Trustees also receive accommodation and use of a motor vehicle at minimal cost as part of their officership, in accordance with established Salvation Army guidelines. No additional remuneration is received by these officers for acting in their capacity as Trustees of The Salvation Army. Staff Trustees receive the use of a motor vehicle as part of their employment contract. Salvation Army employees are paid in accordance with their classification position as per the relevant award or agreement under which they are employed, and are paid any pay increases or other variations to remuneration and benefits as per the relevant award or agreement. Non-award/agreement employees are paid in accordance with their terms and conditions outlined in their contracts of employment. For non-award employees, internal review of remuneration is conducted on an annual basis to maintain market position in the not-for-profit sector, with recommendations for salary adjustments submitted to the Territorial Finance Council (TFC) for consideration. Individual remuneration submissions are submitted to the appropriate board at divisional or territorial level for approval. External members of advisory boards and committees volunteer their time and skills to the organisation. As such, no remuneration was paid or is payable to these persons in their capacity as the board or committee members.

Enterprise Risk Management

The Trustees are responsible for the oversight of The Salvation Army Australia Southern Territory's risk management. The Enterprise Risk Management Committee, together with the Audit Committee, assists the Trustees in fulfilling their responsibilities in this regard by monitoring, reporting and reviewing The Salvation Army's treatment of identified risk.

In recognising its legal responsibilities and other obligations, The Salvation Army places a high priority on human resources and risk management requirements in all aspects of its operations. Our values provide significant anchor points for our risk management procedures, particularly the values of human dignity and compassion. The Salvation Army's Enterprise Risk Management framework is built on policies, procedures and systems which are consistent with the Australian/New Zealand/International Standard for Risk Management : AS/NZS ISO31000:2009.



6.0 Our Partners

Partners of The Salvation Army Australia Southern Territory are critical in the delivery of service and fulfillment of the mission. Partners are considered to be all levels of government, corporate entities that provide professional service and financial support, as well as individuals and groups that provide funding to support the work of the organisation.

Government Funding

The Salvation Army Australia Southern Territory seeks significant funding from state and federal government in order to continue to deliver services and provide improved options for the people it serves. Both State and Federal government provide critical support on which the organisation depends.

In all cases, The Salvation Army follows a funding process as required by the particular government department, generally taking the form of a standard tender for a specific service, centre or programme. In many cases funding coming from the government is renewed from the previous year for ongoing work. Funding from governmental bodies is granted for the rendering of services and for capital work. The following table provides an indication as to the level of government funding received for the past five years.

| | 2009/10 \$'000 | 2008/09 \$'000 | 2007/08 \$'000 | 2006/07 \$'000 | 2005/06 \$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Government Grants – Rendering of Services | 114,139 | 96,733 | 86,612 | 83,675 | 77,769 |
| Government Grants – Capital | 1,688 | 994 | 962 | 7,180 | 18 |

Individually audited accounts are prepared for the individual centre, service or programme in question and provide the annual report as the central means of reporting to government departments.

* Above: Presentation of funding from the Lord Mayor's Charitable Fund for The Salvation Army's outreach work in Melbourne

Public Fundraising

Donations made to The Salvation Army are generally made to the Red Shield Appeal which is the central fundraising appeal running throughout the year. The Christmas Appeal is an extension of the Red Shield Appeal, which is conducted over the Christmas and New Year period. The Salvos Crisis Partners programme is a pledge-giving programme where regular donations are made to the Red Shield Appeal.

People wishing to make a donation to The Salvation Army have a degree of choice as to where their donation goes. The Red Shield Appeal provides the

central stream of funding for social programmes and services. Within this appeal, it is possible for supporters to specify an area or aspect of service in which their donation will be used. The Salvation Army also has a Child Sponsorship Programme where individuals can support children in need overseas. In response to international disasters, like the New Zealand earthquake, The Salvation Army has the capacity to conduct international aid appeals. The Salvation Army has an active Wills and Bequests programme for supporters who wish to leave a legacy to The Salvation Army in their Will.

The Salvation Army Australia Southern Territory aims to communicate in a clear and transparent manner with all donors and members of the general public.

Public complaints received are directed to the Territorial Public Relations Department with the objective of being resolved at this level. Regular communication with leadership ensures that Cabinet members are aware of issues as they arise.

Donor complaints are directed specifically to the Donor Care Service Team located at Territorial Headquarters in the first stage of the process. The Territorial Public Relations Secretary is ultimately responsible for the resolution of donor complaints. A dedicated telephone number and email address where complaints and feedback from donors can be directed are also available for the public.

Operational Partners

Several organisations provide The Salvation Army Australia Southern Territory with professional services that are important to the operations of the organisation. Westpac is the banking partner of The Salvation Army, who also supports the Red Shield Appeal by receiving collections from the doorknock. KPMG is the territorial auditing partner, and they have audited the social fund financial statements that form part of this report. In order to ensure legal obligations are met the organisation seeks relevant legal advice to the state and territory in question; the following solicitors assist in the relevant state/territory:

Principal Legal Advisory for The Salvation Army Australia Southern Territory

E P JOHNSON & DAVIES
Level 3, 52 Collins Street
Melbourne, Victoria, 3000

Legal Advisors for States

Northern Territory – Cridlands NT Lawyers
Victoria – E P Johnson & Davies
Western Australia – Freehills
South Australia – Minter Ellison
Tasmania – PWB Lawyers



7.0 Community

The Salvation Army depends on the support of many to be able to continue to support and provide care for Australians in need. The Salvation Army's stakeholders – including the people it serves, the individual, private and corporate supporters of its work; its valued officers, staff and volunteers; the communities it resides in; all levels of Australian Government; its congregations and church families; partner organisations and agencies – are vital to The Salvation Army's ability to serve the community and fulfil our mission.

The Salvation Army is at all times accountable to all who support its work, who value its mission and who trust in its ability to provide the upmost of care, support and assistance to Australians in need. The widely varied projects and services of The Salvation Army occurring all across Australia require the organisation to look to and rely upon the support of corporate bodies and private donors.

Unlike many other corporate organisations, The Salvation Army does not have shareholders. Instead, it has members with whom it regularly communicates with. This principle means regular and timely disclosure of relevant information about the life of The Salvation Army to its stakeholders through electronic avenues and other means. The annual report and annual financial report are two such modes of communication and are made available for public viewing online. The Salvation Army's territorial homepage (www.salvationarmy.org.au) is regularly updated, and the weekly national publication WarCry and fortnightly territorial publication On Fire all seek to expressly inform the organisation's members of the occurrences and updates within The Salvation Army Australia Southern Territory.

For the purposes of transparency and accountability, The Salvation Army's external auditor attends the meeting of the Territorial Finance Council at which its financial report is presented for signature and approval. In addition, leadership of The Salvation Army Southern Territory is available to answer board members' questions about the conduct of the audit and the preparation of the content of the auditor's report.

Corporate Community

The Salvation Army Australia Southern Territory enjoys relationships with many businesses of all shapes and sizes, who generously assist the organisation in accumulating the resources required to deliver services and provide assistance to Australians in need. To highlight some of the ways organisations support The Salvation Army, some examples are offered here. Engagement with the corporate community however, goes well beyond the relationships mentioned here. A full list of acknowledgements is included in the last pages of this report.



Through the Wishing Tree Appeal, Kmart has partnered with and supported the work of The Salvation Army for more than 20 years. This appeal provides many disadvantaged Australian families with a happy Christmas through the millions of gifts and toys distributed in the Christmas period. To date, the appeal has generated over five million gifts that The Salvation Army has helped to distribute to families in need at Christmas. This appeal continues to gain attention and widespread support with more Australians than ever before contributing to this worthy cause.

The Myshare Group has been a strong supporter of The Salvation Army for over five years. To date, they have raised funds totaling over \$435,000.00 through their 'Home Loan Shelter Appeal' and the 'Signature Brands' bonus points scheme. They generously continue to raise funds for use in social work initiatives.

For many years, Myer has supported The Salvation Army through the production and sale of the Spirit of Christmas CD – sold exclusively at Myer stores nationally. Each year headline artists contribute a favourite festive song to the compilation. The proceeds are donated to The Salvation Army to be used in its relief services.

As part of its corporate social responsibility programme, AXA has supported the work of The Salvation Army in the City of Melbourne for many years. The AXA Youth Outreach Bus is a vital part of their support to The Salvation Army. A mobile youth centre was created, by refurbishing a bus, in response to a need of providing a safe place where young people could meet with their friends and access support networks. AXA team members regularly volunteer on the bus as part of their community engagement.



In a national partnership with Kleenheat, monthly grants of \$5,000 are being provided for The Salvation Army's rural assistance work across the country. The partnership funds selected programmes and services operated by The Salvation Army that assists individuals and families living in rural areas.

South Australian based national company Built Environs, and its parent company, McDonnell Dowell, have given the South Australia Division outstanding support during the 2010/11 year. McDonnell Dowell provided \$40,000 to help feed Adelaide's homeless on Monday and Friday evenings for a period of 12 months through a soup run. This donation has enabled The Salvation Army to extend the service to weekends. McDonnell Dowell also supports the work of The Salvation Army in Victoria, New South Wales, Western Australia and Queensland.



Media Engagement

Through regular engagement with the media, The Salvation Army aims to highlight issues of social importance in the public domain, to help inspire discussion and ultimately encourage innovative solutions. This year it has engaged with media on issues like alcohol consumption and Australia's drinking culture; poverty; the impacts of the global financial crisis and homelessness; among others. It has also sought the support of the media to help to promote the Red Shield Appeal with a particular focus on the Neighborhood Doorknock in May.

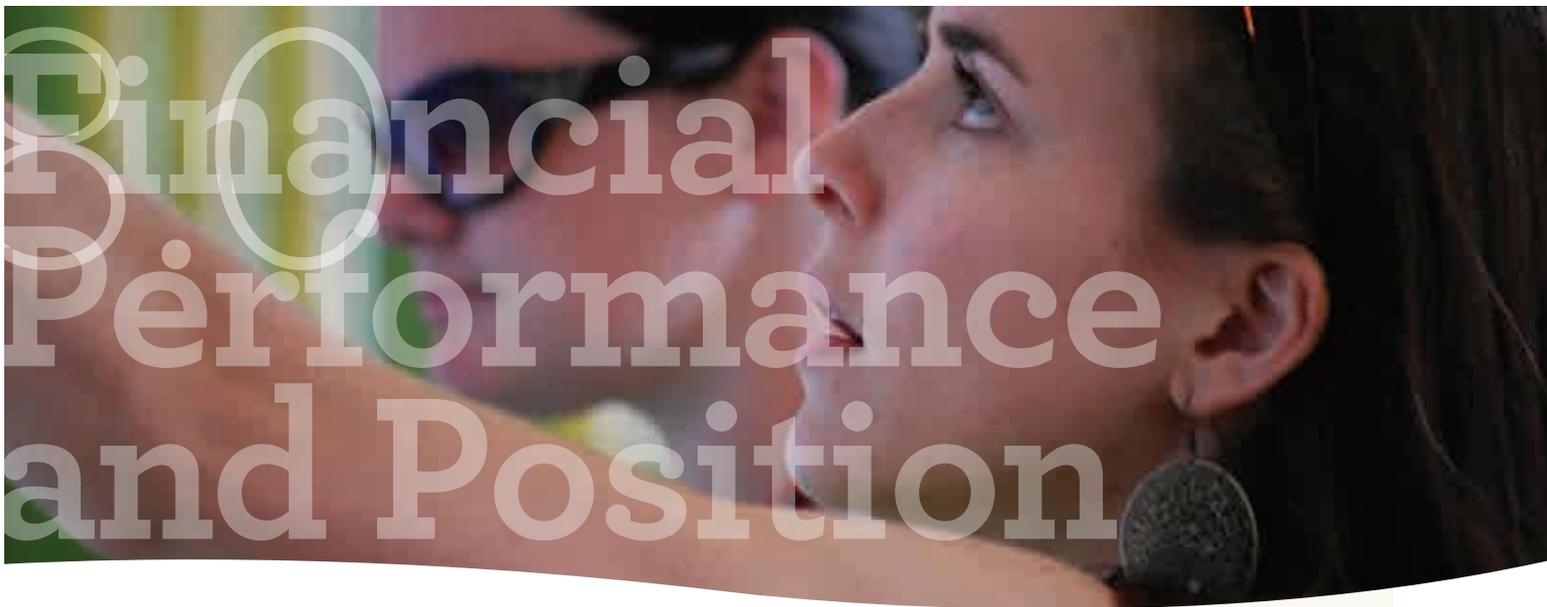
The Salvation Army is often called upon to provide media comment on important issues like poverty, domestic violence, substance abuse and housing.

As an illustration, this table provides an indication of the level of engagement with media and how The Salvation Army has connected to our community through this engagement.

| Month | Print | Television & Radio |
|----------------|-------|--------------------|
| July 2009 | 173 | 455 |
| August 2009 | 139 | 882 |
| September 2009 | 165 | 1467 |
| October 2009 | 109 | 1389 |
| November 2009 | 179 | 1193 |
| December 2009 | 433 | 365 |
| January 2010 | 199 | 2929 |
| February 2010 | 177 | 1229 |
| March 2010 | 156 | 762 |
| April 2010 | 200 | 752 |
| May 2010 | 458 | 2435 |
| June 2010 | 225 | 511 |
| Total | 2613 | 14369 |

In 2011, The Salvation Army gratefully received more than \$10 million in media coverage (valued in terms of the advertising space rate) leading up to the Red Shield Appeal Neighbourhood Doorknock.

For media information visit www.salvationary.org.au/media



8.0 Financial Performance and Position

The Global Financial Crisis continues to impact upon Australians financial stability and everyday living. While Australians experienced reprieve that others did not, many could not escape its devastating ramifications. It is in these circumstances that The Salvation Army intervenes and provides relief for struggling families.

Globally, world markets continue to be volatile. This creates uncertainty around investment returns, the effects of which filter down from the highest business professionals to the everyday middle class families. The Salvation Army continues to serve and support Australians in need while every nation seeks to regain confidence in the financial market.

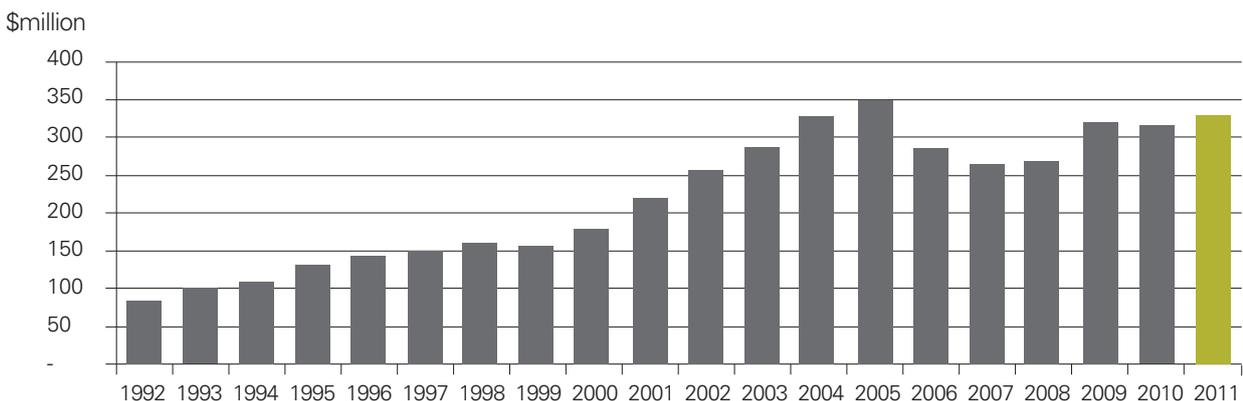
The Salvation Army understands that financial problems can affect all areas of life. The risk of side-effects like depression, family conflict, malnutrition, unemployment, loss of accommodation or housing are all possible consequences; and all are what those affected seek The Salvation Army's assistance with.

In light of the continuing struggles of Australians to make ends meet, the expenditure of the services The Salvation Army provided in 2011 was recorded at \$301.4 million. This is a dramatic increase on 2010's expenditure of \$278.0 million on social services. Net Social Fund expenditure for the 2010/2011 financial year reached \$324.2 million (including Red Shield Appeal expenses) after eliminations.

The annual expenditure reflects the commitment of The Salvation Army to transform lives, care for people, make disciples and reform society; to do what is necessary to support and care for Australians in need.

Expenditure graph over time (trend)

Social Fund - Total Operating Expenses 1992 - 2011





Major Neil Venables
Territorial Communications
and Fundraising Secretary

Red Shield Appeal Finance Summary



The Red Shield Appeal is the principle fundraising source of The Salvation Army in Australia. In the Australia Southern Territory, this appeal accounts for approximately 13% of the total revenue of the organisation, which is spent on delivering social programmes and services to marginalised and disadvantaged members of the community. In the 2010/2011 financial year, the Red Shield Appeal raised \$76.8 million nationally, an increase of \$2.1 million or 2.9% on the results in the previous year. Of this total, the Neighbourhood Doorknock Appeal component raised \$10 million nationally.

In the Australia Southern Territory (Victoria, South Australia, Tasmania, Western Australia and the Northern Territory), a total of \$47,035,000.00 was raised through the Red Shield Appeal, an increase of \$7,614,000.00 or 19.31% on the results in the previous financial year. This has been a year where significant natural disasters - both in Australia and overseas - have captured the generous spirit of Australians with an additional \$35 million being donated specifically to The Salvation Army for these emergencies. These appeals included the New Zealand Earthquake, the Queensland and the Victorian Floods and the Western Australian Bushfires.

With such amazing support being offered to those facing great adversity and suffering incredible loss, including the loss of loved ones and homes, it was so encouraging to see such a generous response to the annual Red Shield Appeal. We acknowledge that the past 12 months have posed a great challenge to Australian families and the wider corporate community. Many are continuing to be affected by the longer-term impacts of the Global Financial Crisis and the constricting economic environment that comes with it. Despite this financial pressure, hundreds of Australian businesses and countless Australian families

have come to us seeking ways they can help us meet the needs of the people who seek our assistance. The support of individuals, families and businesses, provide us with great strength that gives us confidence in delivering services and programmes to aid our community. Through financial support, material donations and significant contributions made through providing professional consultation and volunteer service to our organisation, we are able to continue to strive for service excellence and look for new ways we can best resolve developing issues affecting our community now and in the future.

The ability of The Salvation Army to continue to partner with people in our community who are facing hardship rests with the vital ongoing support of the Australian community – individuals and families, corporate and government at all levels. The loyalty and generosity evident year in and year out is something we remain humbly grateful for and never take for granted. They are our partners in offering care to those in need and the opportunity of life transformation.

We would like to acknowledge the tireless efforts of Mr. John Kirby, Territory Chairman of the Red Shield Appeal and Communications and Fundraising Council, and the various partners and subcommittees that made the Red Shield Appeal a success. Their work allows us to better serve Australians in need.

Red Shield Appeal Finance Summary (continued)

| Fundraising results (\$'000) Australia Southern Territory | | | |
|--|---------------|---------------|----------------|
| | 2011 | 2010 | Difference |
| Red Shield Appeal | | | |
| Victoria | 21,099 | 21,655 | |
| South Australia | 5,024 | 4,984 | |
| Western Australia | 11,605 | 9,638 | |
| Tasmania | 2,391 | 2,034 | |
| Northern Territory | 539 | 519 | |
| Victorian Bushfire Appeal | 933 | 591 | |
| Victorian Flood Appeal | 2,219 | 0 | |
| NSW/QLD Flood Appeal | 3,225 | 0 | |
| Total Red Shield Appeal | 47,035 | 39,421 | 19.31% |
| Wills and Bequests | 18,317 | 25,069 | -26.93% |
| Other miscellaneous donations not through Red Shield Appeal | 3,411 | 3,133 | 8.87% |
| Total Fundraising results - Australia Southern Territory | 68,763 | 67,623 | 1.69% |
| Expenses | | | |
| Red Shield Appeal | 9,179 | 8,980 | |
| Wills and Bequests | 1,263 | 1,148 | |
| Total Fundraising expenses | 10,442 | 10,128 | 3.10% |
| Fundraising ratio | 15.19% | 14.98% | |

A Note from the Chairman of the Communications and Fundraising Council

As the Territorial Chairman of the Red Shield Appeal for the Australia Southern Territory, I would like to take this opportunity to thank each and every person who made the appeal a success this year. I extend this gratitude to the families and individuals who opened their door and made a donation during the Neighbourhood Appeal, the many businesses and individual volunteers who make ongoing financial contributions to the broader work and special projects of the Salvos. In addition, the various business partners who assist the Red Shield Appeal with their expertise in marketing the communication and fundraising needs for this admired organisation.

I also acknowledge, appreciate and admire my fellow members on the various leadership committees. These colleagues donate their time, share their networks and influence and provide additional resources to the Army.

With a new year ahead of us and new challenges that we must rise to meet, I hope that Australia will continue to support the important work of The Salvation Army. Together we can achieve amazing results, which I know will make a life changing difference to many Australians through The Salvation Army service.

Members of the Communications and Fundraising Council

John Kirby (Chairman)
Peter Kent
David Williamson
Mark Coad
Major Neil Venables
David Drysdale
Garry Tanner
Major Bram Cassidy



Mr John Kirby

Salvos Stores

Salvos Stores had another successful sales year in 2010/2011. Salvos Stores is made up of 210 stores across the territory including five new stores which were opened in the 10-11 financial year.

Salvos Stores provides a sustainable shopping option, where people can buy good quality items for a fraction of the cost of traditional retail stores.

Salvos Stores generated \$17.2M surplus for Salvation Army Programs including goods to the value of \$2.67M given away free of charge to people who are experiencing hardship and seek assistance through Salvation Army Community Support Centres.

Salvos Stores have 1,100 staff members and 2,500 volunteers whose hard work keeps the organisation running smoothly and efficiently.

Other Achievements during the financial year

The following list outlines some of the other key initiatives and successes achieved through Salvos Stores commitment to sustainability:

- An additional five diesel / electric hybrid trucks were purchased
- A Greenhouse Gas reporting tool was installed and commissioned
- The Salvos Stores 'Vision, Mission & Values' were updated, highlighting the sustainability strategy and our Vision to be "... the leading and most sustainability conscious recycling charity retailer in Australia"
- October 2010 – 'Buy Nothing New Campaign'. This marketing campaign had an environmental sustainability focus and Salvos Stores were finalists in the Melbourne Awards under the 'Sustainability' category this year

Investments

The main investment of The Salvation Army Australia Southern Territory is in unlisted units held in managed investment funds, managed by MLC Implemented Consulting on behalf of the organisation. Units are held in six different trusts, and the Investment Committee determines the percentage allocated to each trust, with advice from MLC Implemented Consulting.

MLC's investment approach is designed to deliver superior long-term returns, and to do so with consistency. The investment objectives are:

- To have the ability to meet all financial obligations of the territory when they fall due
- To maintain the purchasing power of the current assets and all future capital contributions by maximising the rate of return on Trust assets
- To achieve and maintain a fully funded status for all reserves held by the Trust
- To control costs of administering the Trust and managing the investments
- To ensure investments are held in securities that can be legally held by churches/charities in Australia and are either quoted on recognised stock exchanges of repute or deposited with financial institutions of high standing
- To ensure investments are ethically acceptable while remaining economically sound

Further information regarding the investment policy can be found in the Financial Statements – Note 1(e).

Money may be invested - if it is recommended on investment grounds - in enterprises designed to improve the economy of the country concerned or of underdeveloped countries. Funds are not to be invested in companies, which are known:

- To disregard the pollution of the environment
- To produce or sell alcoholic drinks or tobacco products
- To promote gambling in any form
- To manufacture armaments
- To produce or distribute films
- To promote industry or commerce in a country where participation would be generally unacceptable in the investing country

Money may be invested in investment trusts, preference being given (subject to normal commercial prudence) to trusts where the portfolio contains no stocks of companies prohibited under the above list. But in any case, no money shall be invested in trust where 10% or more of the total portfolio is held in stocks of such prohibited companies.

Management of Investments

The Salvation Army Australia Southern Territory administers its investments through The Salvation Army (Victoria) Property Trust (“the Trust”), which acts as the legal entity representing each of the individual State/Territory Property Trusts that comprise the Territory.

Trustees’ Responsibilities

- Establish the strategic investment policy for the Trust (asset allocation) and periodically review policy. Taking into account any changes in operational and capital requirements and market conditions
- Select qualified advisory persons and investment managers to advise on and manage the Trust’s assets
- Monitor and review the performance of selected managers to determine the achievement of goals and compliance with policy guidelines
- Monitor the costs of the investment operations on a quarterly basis

Finance Staff Responsibilities

- Manage the overall Trust assets under its care, custody and/or control in accordance with objectives and guidelines
- Manage the Trust assets that form part of the working capital fund under its care, custody and/or control in accordance with objectives and guidelines
- Monitor both internally and externally managed assets to ensure compliance with the guidelines
- Monitor the performance of the Trust’s investment portfolio against defined benchmarks, including asset class indices and ethically (screened) indices
- Maintain proper detailed records of investment transactions and assets of the Trust in accordance with accepted accounting standards and audit requirements
- Report to the Trustees monthly regarding the status of the portfolio and its performance for various time periods against goals and objectives
- Meet with the Advisory Board and Trustees at least annually to report on the performance and compliance with goals and objectives

Investment Advisory Board Responsibilities

- Provide independent and unbiased information
- Assist in the development of the investment policy
- Monitor compliance with the investment policy
- Assist in the development of strategic asset allocation targets
- Assist in the development of performance measurement standards
- Monitor and evaluate investment manager performance on an ongoing basis

Management of Investments (continued)

Investment Managers' Responsibilities

- Manage the Trust assets under its care, custody and/or control in accordance with objectives and guidelines
- Exercise proper investment discretion over the assets in their care within guidelines
- Promptly inform the Trustees and Finance staff in writing regarding all changes of a material nature pertaining to the firm's organisation and professional staff
- If directed, promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Trust. Each manager designated to vote will keep detailed records of said votes of proxies and related actions, and will comply with all regulatory obligations related thereto
- Report to the Trustees monthly regarding the status of the portfolio and its performance for various time periods. Meet with the Investment Advisory Board and/or Finance Staff at least annually to report on their performance and compliance with goals and objectives
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire investment policy, and as modified in the future

The implementation of an investment portfolio designed to achieve the goals and objectives of the Trust must be consistent with legislative and common law requirements. The Investment Advisory Board, composed of up to six members - including two non-executive members drawn from the private business sector - will be responsible for working closely with the Trustees and will make recommendations to the Trustees on investment management.

The Investment Advisory Board will establish specific search procedures, including the specification of minimum criteria for the selection of new qualified investment managers, to implement the strategic asset allocation plan. Among the criteria that will be used for screening purposes will be: assets managed, manager style, track record of staff, communication, fees, risk/reward statistics, etc. All managers must meet the criteria established by the Investment Advisory Board.

The Investment Advisory Board will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women which otherwise meet the criteria established by the Investment Advisory Board.



Long Term Financial Performance

Operating revenue has increased by 18.4% and operating expenses have increased by 21.1% over the past five financial years. The Social Fund continues to ensure it has appropriate governance and processes in place to accommodate this continual growth in its operations.

Five Year Trend – Revenue and Expenses

| | 2010/11 \$'000 | 2009/10 \$'000 | 2008/09 \$'000 | 2007/08 \$'000 | 2006/07 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Operating Revenue | 321,103 | 300,850 | 318,026 | 284,981 | 277,963 |
| Total Capital Revenue | 7,281 | 6,044 | 23,679 | 8,063 | 14,099 |
| Total Operating Expenses | (324,218) | (314,368) | (315,393) | (271,032) | (267,821) |
| Total Allocations | (9,280) | 1,344 | (24,390) | (22,665) | (20,357) |
| Net Surplus/(Deficit) after Allocations | 810 | 1,137 | 1,922 | (653) | 3,884 |

The detailed financial statements included as part of this report provides further detail and explanation as to the accounts for the Social Fund.



9.0 Governance

Corporate Governance

The Salvation Army endorses the Principles of Good Corporate Governance and Best Practice Recommendations developed by the Australian Securities Exchange (ASX) in 2003 and revised in 2007. The Salvation Army - being a not-for-profit organisation - is not required to include a statement of the main corporate governance practices, which is required of listed corporations. However, it is considered appropriate to ensure best practice in reporting by including corporate governance practices in this Trustees' report.

Governance and Oversight

The Salvation Army has its International Headquarters in London. At the head of the international Salvation Army is the General of The Salvation Army, who is elected at the High Council.

The Salvation Army in Australia has been operating in Australia since 1880. For the business purposes of its Australia Southern Territory, it is incorporated by the following Acts of Parliament:

- The Salvation Army (Victoria) Property Trust Act 1930
- The Salvation Army (South Australia) Property Trust Act 1931
- The Salvation Army (Western Australia) Property Trust Act 1931
- The Salvation Army (Tasmania) Property Trust Act 1930
- The Salvation Army (Northern Territory) Property Trust Act 2002

The Territorial Commander acts as the representative of the General in The Salvation Army Australia Southern Territory. The Territorial Commander receives a Commission and acknowledges this by signing a bond under legal seal. This document is legally binding upon the parties concerned, and creates a legal relationship between the Territorial Commander and the General of The Salvation Army. From time to time, further particulars affecting that relationship may be set down in a power of attorney issued from the General to the Territorial Commander.

Trustees

The Salvation Army acts as a trustee of the gifts, grants and contributions received from individuals and bodies (private and governmental). As a result, after meeting its legal obligations, its internal and international financial reports are prepared to meet the needs of donors, contributors, grantors and managements.

It is essential that The Salvation Army meets its obligations to each donor, who specifies any particular use to which a gift is to be put. It is a clearly stated principle that the Territorial Commander - on behalf of the General - has control of funds entrusted to him, and is authorised to expend them for the purpose for which they are obtained and no other. This standard of scrupulous stewardship is maintained through the structure of accounting systems and records, and the manner of presentation of accounts.

The Trustees of the respective Property Trusts are required to ensure the assets owned by the Trusts are properly released for the use of The Salvation Army Australia Southern Territory. There is a board meeting of Trustees who authorise these assets to be so used. The Territorial Finance Council and Territorial Property Council make the decisions of The Salvation Army in relation to finance and property matters respectively.

The following persons were Trustees of The Salvation Army Australia Southern Territory during the whole of the financial year and to the date of this report:

- Commissioner R A Finger
- Colonel P R Walker
- Lieutenant-Colonel F A Daniels
- Lieutenant-Colonel I E Hamilton
- Lieutenant-Colonel R A Barnard
- Mr. G F Stowe

Lieutenant-Colonel C-D, Park resigned as a Trustee as of 30 September 2010.

Captain M J Roberts was appointed as a Trustee on 1 January 2011.

The number of Trustees' meetings and the number of meetings attended by each of the Trustees during the financial year are:

| Trustee | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|---------------------------------|---------------------------------------|-----------------------------|
| Commissioner R A Finger | 12 | 5 |
| Colonel P R Walker | 12 | 12 |
| Lieutenant-Colonel F A Daniels | 12 | 12 |
| Lieutenant-Colonel R A Barnard | 12 | 12 |
| Lieutenant-Colonel I E Hamilton | 12 | 10 |
| Lieutenant-Colonel C-D, Park | 3 | 1 |
| Captain M J Roberts | 6 | 6 |
| Mr. G F Stowe | 12 | 11 |

Board Processes

The Finance Council and other boards, while not relieving the Territorial Commander or any other Salvation Army officer of personal responsibility for the success of the work of The Salvation Army, are established to:

- Give strength to decisions taken
- Guard against ill-considered action
- Provide information at first hand from people who are constantly in close personal touch with all aspects of the work
- Secure counsel and advice on all matters involving the expenditure of The Salvation Army's funds

The Territorial Commander or Chief Secretary determines the membership of the various boards, with certain board memberships required to be endorsed by International Headquarters. Board members are required to attend meetings regularly and to acquire a broad knowledge and understanding of The Salvation Army's operations and functions. They must be aware of, and conversant with, the statutory, regulatory and policy requirements affecting the operations of The Salvation Army.

Territorial Finance Council

The Territorial Finance Council (TFC) is the territory's supreme policy- and decision-making body for the control and management of territorial financial and property resources. The TFC is responsible for approving:

- The territorial budget and any subsequent revisions
- Non-budgeted expenditures
- Capital spending
- The price at which property is bought and sold
- Grants to divisions and other centres
- Allowances of officers and employees
- Investment of funds
- Transfers to and from reserves and trust funds
- Furniture requisitions for leading officers
- Grants to officers
- Annual statements of accounts

The TFC also monitors the performance of the territorial budget, plans future financial strategy (including the raising of money), deals with serious matters arising out of audit reports, considers matters of a confidential nature, and supervises the work of expenditure boards. The TFC meets on a weekly basis.

Membership of the TFC is currently 14 members, reviewed and approved annually by International Headquarters, one of whom must be the Financial Secretary. The Territorial Commander presides ex-officio. In the absence of the Territorial Commander, the Chief Secretary presides. No meeting can be held without one or the other present. Four members form a quorum.

The number of TFC meetings held during the year ended 30 June 2011 and the number of meetings attended by each member were:

| Trustee | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|---------------------------------|---------------------------------------|-----------------------------|
| Commissioner R A Finger | 43 | 27 |
| Commissioner A T Finger | 43 | 26 |
| Colonel P R Walker | 43 | 42 |
| Colonel J K Walker | 43 | 41 |
| Lieutenant-Colonel R A Barnard | 43 | 41 |
| Lieutenant-Colonel F A Daniels | 43 | 36 |
| Lieutenant-Colonel I E Hamilton | 43 | 33 |
| Lieutenant-Colonel C-D Park | 12 | 6 |
| Major N R Venables | 43 | 31 |
| Major K J Elliott | 22 | 13 |
| Major C M Begley | 22 | 12 |
| Major S A Maunder | 20 | 20 |
| Captain M J Roberts | 21 | 19 |
| Captain E A Jones | 21 | 18 |
| Mr. D A Sinden | 43 | 40 |
| Mr. G F Stowe | 43 | 38 |
| Ms. K R D'Ore | 43 | 39 |

Please note: Lieut - Col Park, Major Elliott and Major Begley resigned from this council during the 2010/2011 financial year.

Territorial Policy Council

The Territorial Policy Council (TPC) is the policy-making body for the strategic and mission direction of The Salvation Army. The TPC tables its recommendations on policy matters to the TFC or other appropriate board for approval. It meets on a weekly basis.

Membership comprises the executive leadership of the territory, with the Territorial Commander presiding. In the absence of the Territorial Commander, the Chief Secretary presides. No meeting can be held without one or the other present.

Territorial Property Council

The Territorial Property Council is the official body authorised to conduct property business, which meets each fortnight. It gives direction regarding property purchases, sales, construction, land acquisition, extensions, renovations, replacements, financing, and also recommends to the TFC any payment of accounts relating to property expenditure above the limit to which divisional/regional expenditure boards may approve.

The Council's authority must be obtained before alterations, renovations, purchase, sale or lease of property, or other expenditure may take place.

The Council is chaired by the Territorial Commander, and its membership comprises all seven Trustees of the Australia Southern Territory, and a further eight representatives from various territorial headquarters departments.

General Management Council

The General Management Council (GMC) is responsible for monitoring, recommending and approving in a consistent and efficient manner all expenditure according to the approved budget in the following areas:

- Requisitions (including motor vehicles)
- Cash requirements for payment of accounts
- Officer health assistance scheme payments
- General business matters, including insurance claims

The chairperson of the GMC is the Secretary for Business Administration, and membership includes the Chief Financial Officer and eight other senior staff members from territorial headquarters. The GMC meets weekly, and all minutes of the GMC are tabled at the TFC for ratification.

Similar expenditure boards operate in each of the divisional headquarters within the territory, to monitor, recommend and approve all expenditure within the division in accordance with approved budgets, and within the authority levels prescribed and approved by the TPC.

Territorial Advisory Board

The role of the Territorial Advisory Board is to advise and assist the Territorial Commander and the appointed Trustees in the administration of their responsibilities. Expertise and practical support is provided in four key areas:

- Strategic planning
- Business administration, including the raising of funds as well as the efficient administration of resources
- Programme development, including discernment of demographic trends and analysis of Federal and State Government policy
- Human resources management

The Territorial Advisory Board operates under the leadership of an appointed Chairperson recruited from the business community. Membership includes a minimum of five Trustees, a minimum of seven community members in addition to the Chairperson, The Salvation Army Public Relations Secretary and The Salvation Army Victoria State Council Chairperson. Meetings are held no less than four times per calendar year.

A Property Advisory Board also operates as a sub-committee of the Territorial Advisory Board, to provide independent advice to territorial leadership on matters relating to property and real estate.



Investment Committee

The Salvation Army also established an Investment Committee to provide independent and unbiased advice to the territorial leadership on matters relating to the management of investment assets for the territory.

The Committee is comprised of Trustees and two senior finance department staff members, plus two external advisors who are drawn from relevant professional and commercial sectors of the community, and are responsible for working closely with the Trustees and making recommendations to the Trustees on investment management. The Territorial Commander appoints one of the external advisors as chairperson of the Committee.

The Investment Committee's responsibilities include:

- Provision of independent and unbiased information
- Assistance in the development of investment policy and guidelines
- Monitoring compliance with investment policy and guidelines
- Assistance in the development of strategic asset allocation targets
- Assistance in the development of performance measurement standards
- Monitoring and evaluation of investment manager performance on an ongoing basis

The Committee currently meets on a quarterly basis during the year. Current members of the Investment Committee are:

John Paterson - former Board Member, Future Fund

Paul Laband - retired, formerly with UniSuper and Russell Investment Group

Commissioner Raymond Finger – Territorial Commander, Australia Southern Territory

Colonel Peter Walker – Chief Secretary, Australia Southern Territory

Lt-Col Rodney Barnard – Secretary for Business Administration, Australia Southern Territory

Greg Stowe – Chief Financial Officer, Australia Southern Territory

Chris O'Neill – Financial Controller, Australia Southern Territory

Colin Solomon – Finance Manager, Australia Southern Territory

Territorial Audit Council

The Territorial Audit Council meets, on average, every two months and considers internal audit reports and associated responses to internal audit reports. The Council consists of Salvation Army officers and senior staff appointed annually by the Chief Secretary. The chairman of the Council is always the Secretary for Business Administration. Three members constitute a quorum and no proxies are permitted.

Audit Committee

The Audit Committee was established in April 2006. The Committee assists The Salvation Army executive in fulfilling its governance responsibilities, and is responsible for the oversight of:

- Financial performance and the financial reporting process including the annual financial statements
- The scope of work, performance and independence of internal audit
- Providing advice to management in relation to the engagement of the external auditor
- The scope of work, performance and independence of the external auditor
- The operation and implementation of the risk management framework
- Matters of accountability and internal control affecting the operations of The Salvation Army
- The effectiveness of management information systems and other systems of internal control
- The acceptability of and correct accounting treatment for and disclosure of significant transactions that are not part of The Salvation Army's normal course of business
- The sign off of accounting policies
- The Salvation Army's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice

In performing its duties, the Committee maintains effective working relationships with the TFC, territorial leadership, relevant heads of departments, and the internal and external auditors.

Membership of the Committee comprises up to four members recruited from outside The Salvation Army and the Secretary for Business Administration. The Territorial Commander and Chief Secretary are ex-officio members. The Chief Financial Officer and Territorial Auditor attends meeting of the Committee, but are not members of the Committee. The period of service for the external members will be three years with an option to extend for up to a further three years, at the discretion of the Territorial Commander. The chairperson is selected and appointed by the Territorial Commander. The Committee currently meets at least four times during the year.

Current members of the Audit Committee are:

John Thomson (Chairman) - Retired Partner, PricewaterhouseCoopers

Hugh Somerville - Retired Partner, PricewaterhouseCoopers

Bruce Brook - Company Director

Peter Lowe - former Managing Director, UtiliCorp Australasia

Lt-Col Rodney Barnard – Secretary for Business Administration, Australia Southern Territory

Cameron Duck – Territorial Auditor, Australia Southern Territory



Sustainability and Environment

10.0 Sustainability and Environment

Salvos Stores – Southern Territory Sustainability Report 10/11

The 2010-2013 Strategic Plan for Salvo Stores included five waste and environmental strategies:

1. Remove the majority of 'recyclable' products from the waste stream
2. Engage government, business and the community in waste minimisation issues
3. Quantify and reduce greenhouse gas (GHG) emissions
4. Cost effective sustainability initiatives are identified and implemented
5. Sustainability reporting

The Victorian Government's legislated increase to the landfill levy influenced the direction of sustainability efforts in the last financial year. Salvos Stores primary focus has been

on points 1 and 2 above, whilst recognising that this accounts for at around 65-70% of the carbon footprint.

Salvos Store as an organisation prevents approximately **55,000 tonnes** of goods per annum going to landfill.

In the last financial year, Salvos Stores spent in excess of \$1.5M on rubbish removal, with around \$1.3M of that being paid to our waste contractors and almost \$0.25M paid directly to landfill operators.

For more information about Salvos Stores, visit www.salvationarmy.org.au/salvosstores

11.0 Trustees' Report

11.0 Trustees' Report



Mr. Greg Stowe
Chief Financial Officer

The Salvation Army
- Australia Southern Territory

Qualifications: B.Bus. (Dist), FCPA

Length of Service: 17 years working for The Salvation Army in Finance, five years in current role as Chief Financial Officer. Prior to commencing with The Salvation Army, Greg worked as a management consultant with KPMG for five years, principally in consulting to government departments and agencies, and for over six years as a senior accountant for the Melbourne and Metropolitan Board of Works. He commenced his career as a graduate accountant with Alcoa Australia in 1979.

Special responsibilities: Mr Stowe is a legal trustee of The Salvation Army Australian Southern Territory and is a member of the Territorial Finance Council, Territorial Property Council and the Territorial General Management Council

11.0 Financial Report

11.0 Financial Report

The Salvation Army Australia Southern Territory Social Fund For the Year Ended 30 June 2011

Contents

| | |
|---------------------------------------|-------|
| Trustees' Report | 49-52 |
| Statement of Comprehensive Income | 53 |
| Statement of Financial Position | 54 |
| Statement of Cash Flows | 55 |
| Statement of Changes in Capital Funds | 56 |
| Notes to the Financial Statements | 57-77 |
| Trustees' Declaration | 78 |
| Independent Audit Report | 79 |

The Salvation Army Australia

Southern Territory

WILLIAM BOOTH – Founder

LINDA BOND – General

RAYMOND A. FINGER - Territorial Commander

International Headquarters

101 Queen Victoria Street, London, EC4V 4EH

Australia Southern Territory Headquarters

95-99 Railway Road, Blackburn 3130

PO Box 479, Blackburn 3130

Telephone (03) 8878 4500

Fax (03) 8878 4819

www.salvationarmy.org.au

The Salvation Army Australia Southern Territory Social Fund

TRUSTEES' REPORT

The Trustees of The Salvation Army Australia Southern Territory submit the following report, together with the financial statements, on the operations of the Social Fund for the financial year ended 30 June 2011, and the independent audit report thereon.

Principal Activities

During the year, the principal continuing activities of The Salvation Army Australia Southern Territory Social Fund comprised of:

- Aged care and disability services
- Employment, education and training services
- Homelessness and domestic violence programmes
- Individual and family support programmes
- Children and young people at risk programmes
- Addictions and substance abuse programmes
- Salvos Stores

No changes in the nature of these activities occurred during the financial year.

Review of Operations

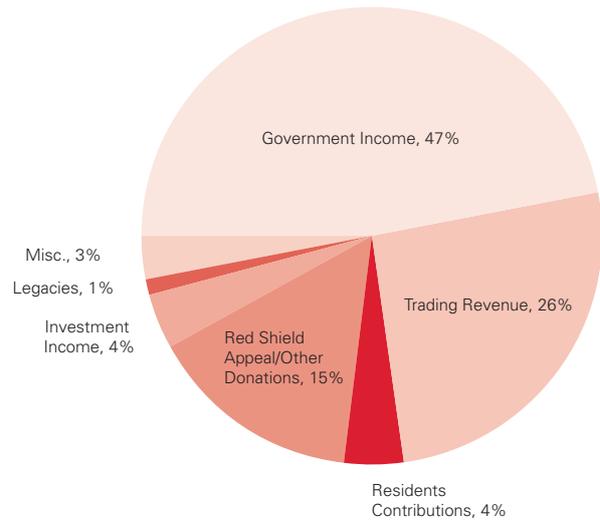
In 2011, The Salvation Army Australia Southern Territory Social Fund's operating result was a surplus after allocations of \$810,000 (2010: surplus of \$1,137,000). Total revenues were \$334,308,000 (2010: \$314,161,000), whilst total operating expenses were \$324,218,000 (2010: \$314,368,000).

In line with The Salvation Army's policies and compliance with donors' restrictions on the use of certain funds, net transfers of \$9,280,000 were made to various reserves for specific purposes (2010: \$1,344,000 of net transfers were made from capital projects or set aside in various reserves for future specific purposes).

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Revenue | 334,308 | 314,161 |
| Expenditure | 324,218 | 314,368 |
| Operating Surplus/(Deficit) before Allocations | 10,090 | (207) |
| Allocations | (9,280) | 1,344 |
| Operating Surplus after Allocations | 810 | 1,137 |

| Sources of Income | 2011 \$'000 | 2010 \$'000 |
|-----------------------------------|----------------|----------------|
| Government Income | 158,299 | 150,547 |
| Trading Revenue | 86,724 | 83,438 |
| Residents Contributions | 12,898 | 11,961 |
| Red Shield Appeal/Other Donations | 49,159 | 40,967 |
| Investment Income | 11,887 | 10,693 |
| Legacies | 3,824 | 7,680 |
| Miscellaneous | 11,517 | 8,875 |
| Total Income | 334,308 | 314,161 |

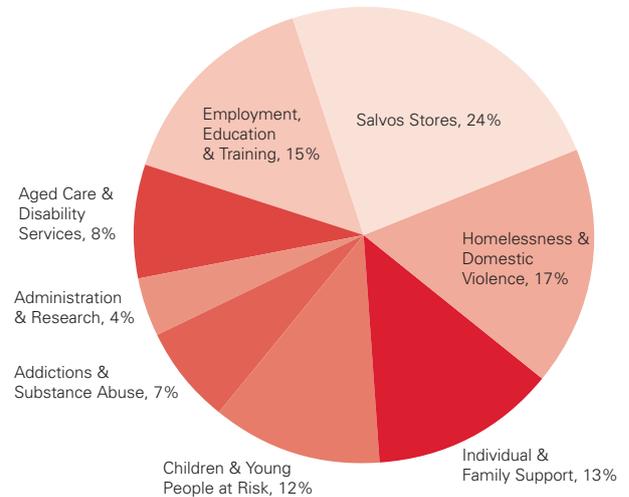
2011 Sources of Income



The following is a summary of the areas of expenditure within social programme category, in relation to social services provided by the various centres operating within The Salvation Army Australia Southern Territory Social Fund in 2011.

| Social Centre Expenditure | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| Aged Care & Disability Services | 25,471 | 22,996 |
| Employment, Education and Training | 45,242 | 44,493 |
| Salvos Stores | 71,391 | 67,044 |
| Homelessness & Domestic Violence | 51,450 | 47,724 |
| Individual & Family Support | 38,247 | 34,960 |
| Children & Young People at Risk | 35,429 | 29,424 |
| Addictions & Substance Abuse | 22,474 | 21,320 |
| Administration & Research | 11,669 | 10,101 |
| Total Social Centre Expenditure | 301,373 | 278,062 |
| Other Expenditure including Red Shield Appeal | 22,845 | 36,306 |
| Total Expenditure | 324,218 | 314,368 |

2011 Social Centre Expenditure



The significant impacts on the 2011 result were:

- The Red Shield Appeal achieved a record result of \$47.0Mn for the year ended 30 June 2011, which included \$6.4Mn for various State disaster appeals, including the floods in Victoria, Queensland and New South Wales.
- Despite the volatility in Australian and global equity markets, the Investment Fund portfolio managed by MLC Implemented Consulting generated higher returns than in 2009/10, which helped to contribute to the increased income from investments. The portfolio achieved an overall return of 7.4% for the year, net of fees and inclusive of unrealised gains and losses.
- Government funding increased by \$7.75Mn from 2009/10, a net increase of 5.14%. This funding remains the most significant source of income for The Salvation Army's social programmes, representing 47% of the overall income for the year (2010: 48%).
- As with most retailers, 2010/11 proved to be a difficult year for Salvos Stores, which faced challenges in achieving sales targets and managing costs of operations. Salvos Stores still contributed \$14.2Mn to the operations of the Social Fund, as well as a further \$2.7Mn provided in welfare vouchers to programme clients.

At 30 June 2011, the Social Fund Statement of Financial Position is showing a negative current ratio (current assets less current liabilities). The Social Fund's major investment asset (unlisted units in managed investment funds) is disclosed as a non-current asset in accordance with Australian Accounting Standards. However, these funds are available to the Social Fund as required to support cash flow requirements.

Events Subsequent to Reporting Date

In the opinion of the Trustees, since 30 June 2011, there have been no transactions or events of an unusual nature likely to affect significantly the operations of The Salvation Army Australia Southern Territory Social Fund, the results of those operations, or the state of affairs of the entity in future financial years.

Likely Developments

In the opinion of the Trustees, there are no likely changes in the operations of The Salvation Army Australia Southern Territory that will adversely affect the results of the Social Fund in subsequent financial years.

Environmental Issues

The operations of The Salvation Army Australia Southern Territory are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Officers

The Salvation Army has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Trustees and Officers of The Salvation Army. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by the Salvation Army under Section 199 of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

Auditor

KPMG continues as The Salvation Army's auditor at the date of this report.

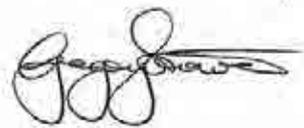
Make Timely and Balanced Disclosures

The Salvation Army is not subject to the ASX Listing Rule disclosure requirements. The Salvation Army does, however, report to its stakeholders in the form required by the ASX Principles of Good Corporate Governance – Principle 5.

Signed in accordance with a resolution of the Trustees:



Peter R Walker, Colonel
Chief Secretary
TRUSTEE



Gregory F Stowe
Chief Financial Officer
TRUSTEE

Dated at Melbourne this 25th day of October 2011

The Salvation Army Australia Southern Territory Social Fund

STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 June 2011

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|---|----------|------------------|----------------|
| Revenues and other income | | | |
| Revenue from rendering of services | 2 | 169,509 | 158,072 |
| Other revenues from ordinary activities | 2 | 88,848 | 84,984 |
| Financing income | | 11,887 | 10,693 |
| Legacies income | | 3,824 | 7,680 |
| Red Shield Appeal donations | 5 | 47,035 | 39,421 |
| Total operating revenue | | 321,103 | 300,850 |
| Capital revenue: | | | |
| Government grants | | 1,688 | 4,436 |
| Other income | | 5,593 | 1,608 |
| Total capital revenue | | 7,281 | 6,044 |
| Other income | | 5,924 | 7,267 |
| Total revenue and other income | | 334,308 | 314,161 |
| Employee expenses | | | |
| Employee expenses | | (170,173) | (155,949) |
| Depreciation expenses | | (9,000) | (7,918) |
| Computer expenses | | (2,811) | (2,146) |
| Welfare/Jobseeker expenses | | (34,240) | (34,620) |
| Building/Occupancy expenses | | (42,353) | (40,535) |
| Motor Vehicle expenses | | (9,362) | (9,111) |
| Contribution - General/Property Funds | 1 (q) | (20,094) | (18,804) |
| Rollover accommodation bond credits | 1 (f)(i) | 2,375 | 1,427 |
| Amenities and supplies | | (11,228) | (10,297) |
| Professional fees expenses | | (4,151) | (5,517) |
| Other expenses from ordinary activities | | (23,181) | (30,898) |
| Total operating expenses | | (324,218) | (314,368) |
| Operating (deficit)/surplus before allocations | 14 | 10,090 | (207) |
| Other comprehensive income | | | |
| Net change in fair value of available for sale financial assets | | 2,267 | 4,787 |
| Total comprehensive income for the period before allocations | | 12,357 | 4,580 |
| Allocations from/(to) capital funds | 3 | (9,280) | 1,344 |
| Total comprehensive income for the period after allocations | | 3,077 | 5,924 |

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 57 to 77.

The Salvation Army Australia Southern Territory Social Fund

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2011

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash | 6 | 9,298 | 1,883 |
| Receivables and other current assets | 7 | 15,730 | 9,743 |
| Other financial assets | 8 | 7,983 | 5,853 |
| Inventories | 9 | 1,022 | 1,058 |
| TOTAL CURRENT ASSETS | | 34,033 | 18,537 |
| NON-CURRENT ASSETS | | | |
| Receivables and other non-current assets | 7 | 33,746 | 35,493 |
| Property, plant and equipment | 10 | 207,665 | 197,781 |
| Other financial assets | 8 | 172,690 | 180,599 |
| TOTAL NON-CURRENT ASSETS | | 414,101 | 413,873 |
| TOTAL ASSETS | | 448,134 | 432,410 |
| CURRENT LIABILITIES | | | |
| Payables | 11 | 36,930 | 31,675 |
| Employee benefits | 12 | 16,669 | 15,600 |
| Interest free loans | 16 | 200 | - |
| Provisions | 13 | 2,000 | 3,450 |
| TOTAL CURRENT LIABILITIES | | 55,799 | 50,725 |
| NON-CURRENT LIABILITIES | | | |
| Payables | 11 | 17,272 | 21,335 |
| Employee benefits | 12 | 1,752 | 1,766 |
| Provisions | 13 | 3,533 | 3,549 |
| Interest free loans | 16 | 7,820 | 5,461 |
| Special purpose funds | 17 | 203 | 176 |
| TOTAL NON-CURRENT LIABILITIES | | 30,580 | 32,287 |
| TOTAL LIABILITIES | | 86,379 | 83,012 |
| NET ASSETS | | 361,755 | 349,398 |
| CAPITAL FUNDS | | | |
| Working capital fund | 14(a) | 7,665 | 6,855 |
| Property contributions fund | 14(a) | 202,575 | 189,609 |
| Reserves | 14(a) | 114,287 | 109,831 |
| Trusts and special purpose funds | 14(a) | 18,330 | 19,278 |
| Legacies | 14(a) | 18,898 | 23,825 |
| TOTAL CAPITAL FUNDS | | 361,755 | 349,398 |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 57 to 77.

The Salvation Army Australia Southern Territory Social Fund

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2011

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|---|-------|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts in the course of operations | | 318,072 | 300,390 |
| Cash payments in the course of operations | | (313,571) | (305,902) |
| Net cash received/(used) in operating activities | | 4,501 | (5,512) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment revenue received | | 9,589 | 9,738 |
| Receipts from redemption of investments | | 8,215 | 12,674 |
| Payments for investments | | (170) | (1,274) |
| Capital revenue received | | 7,281 | 6,044 |
| Payments for property, plant and equipment | | (26,030) | (27,481) |
| Proceeds from sale of property, plant and equipment | | 1,327 | 410 |
| Net cash received/(used) by investing activities | | 212 | 111 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | (95) |
| Proceeds from borrowings | | 500 | 1,000 |
| Proceeds from residents' interest free loans | | 2,306 | 1,035 |
| Repayment of residents' interest free loans | | (104) | (856) |
| Net cash provided by financing activities | | 2,702 | 1,084 |
| Net increase/(decrease) in cash held | | 7,415 | (4,317) |
| Cash at the beginning of the financial year | | 1,883 | 6,200 |
| Cash at the end of the financial year | 20(i) | 9,298 | 1,883 |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 57 to 77.

The Salvation Army Australia Southern Territory Social Fund

STATEMENT OF CHANGES IN CAPITAL FUNDS

YEAR ENDED 30 June 2011

(\$'000)

| | Working Capital Fund | Property Contrib'n Fund | Reserves | Trusts and Special Purpose Funds | Legacies | Total |
|---|-------------------------------------|--|-----------------|---|-----------------|--------------|
| At 1 July 2009 | 5,718 | 181,040 | 110,356 | 26,492 | 21,212 | 344,818 |
| Operating Deficit before allocations | (207) | - | - | - | - | (207) |
| Other comprehensive income | - | - | 4,787 | - | - | 4,787 |
| | 5,511 | 181,040 | 115,143 | 26,492 | 21,212 | 349,398 |
| Allocations to/(from) other capital funds | 1,344 | 8,569 | (5,312) | (7,214) | 2,613 | - |
| At 30 June 2010 | 6,855 | 189,609 | 109,831 | 19,278 | 23,825 | 349,398 |
| At 1 July 2010 | 6,855 | 189,609 | 109,831 | 19,278 | 23,825 | 349,398 |
| Operating Surplus before allocations | 10,090 | - | - | - | - | 10,090 |
| Other comprehensive income | - | - | 2,267 | - | - | 2,267 |
| | 16,945 | 189,609 | 112,098 | 19,278 | 23,825 | 361,755 |
| Allocations to/(from) other capital funds | (9,280) | 12,966 | 2,189 | (948) | (4,927) | - |
| At 30 June 2011 | 7,665 | 202,575 | 114,287 | 18,330 | 18,898 | 361,755 |

The statement of changes in capital funds is to be read in conjunction with the notes to the financial statements set out on pages 57 to 77.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Social Fund aggregates the results of all social centres, Salvos Stores and a 50% share of the Employment Plus Programme.

The financial report was authorised for issue by the trustees on 25th October 2011.

(a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB'). The Salvation Army early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Standards arising from Reduced Disclosure Requirements* for the financial year beginning 1 July 2010 to prepare Tier 2 general purpose financial statements.

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB).

(b) Basis of preparation

The financial report is presented in Australian dollars. The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit and loss and available-for-sale financial instruments which are measured at fair value.

Presentation of financial statements - reduced disclosure

The Salvation Army adopted reduced disclosure requirements in AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Standards arising from Reduced Disclosure Requirements*. This has resulted in a reduction of disclosures for items such as financial instruments, defined benefit superannuation plans and reconciliation of cash flows.

Comparative information has been re-presented or removed so that it also conforms to the new disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there was no impact on comprehensive income.

Transactions eliminated on aggregation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the aggregated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Going Concern

The financial statements have been prepared on a going concern basis. At 30 June 2011, current assets less current liabilities resulted in a deficiency of \$21,766,000 (2010: \$32,188,000). The intention is to hold unlisted units in managed investment funds on a long term basis. These assets can be redeemed on demand to meet any short term cash flow requirements, if necessary.

(c) Annual Appeals

The Salvation Army Red Shield Appeal is an annual appeal. The amount raised and corresponding fundraising expenses are reflected in the financial report in the same year as the appeal. In addition, the Territorial Public Relations department oversees our wills and bequests works, and overseas appeals.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost, or if donated, at appraised value at date of gift, less accumulated depreciation (note (d)(ii)) and impairment losses. Capital gifts are shown as revenue and an allocation is made to the property contributions fund.

Property that is being constructed for future use is classified as 'building schemes in progress' and stated at cost until construction is complete, at which time it is reclassified as 'freehold buildings' or 'leasehold property'.

Upon disposal of freehold properties, the cost is transferred to a capital property reserve, together with sales proceeds to determine the profit or loss on the sale of the property. In addition, the funding contribution or grant in the property contributions fund relating to the disposal is transferred to the same reserve, to provide funding for future property acquisitions.

Independent valuations are obtained as to the market value of any property before it is sold.

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation commences from the date of acquisition or, in respect of constructed assets, from the time an asset is completed and ready for use.

The estimated useful lives in the current and comparative periods are as follows:

| | |
|--|---|
| • Buildings | 50 years |
| • Plant and Equipment (excluding motor vehicles) | 3 years |
| • Motor Vehicles/Trucks | 5 years |
| • Leasehold Improvements | Term of the lease |
| • Information Technology capital projects | Deemed useful life, to a maximum of 5 years |

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(iii) Property Contributions Fund Reserve

Under International Salvation Army accounting policies and procedures, funds that have been utilised to finance the acquisition of freehold properties must be transferred to the Property Contributions Fund Reserve. These contributions are transferred to meet building depreciation costs, thus relieving the impact on the working capital fund.

(e) Investments

The Salvation Army classified its investments in the following categories: receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity 're-evaluates' this designation at each reporting date.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the organisation provides goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with settlements greater than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are carried at amortised cost using the effective interest method. Receivables are included in receivables in the statement of financial position (note 7).

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the organisation's management has the positive intention and ability to hold to maturity. These investments are initially recognised at fair value plus any attributable transaction costs. Subsequent to initial recognition these investments are measured at amortised cost using the effective interest method, less any impairment losses. Held to maturity investments consists of short and long-term deposits.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

(iii) Available-for-sale financial assets

Available-for-sale financial assets consist of unlisted units in managed investment funds. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The fair value of available for sale financial assets is determined by reference to their quoted closing unit/bid price at the reporting date.

Subsequent to initial recognitions, available-for-sale financial assets are carried at fair value. Gains or losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income and presented in the Fair Market Investment reserve within capital funds, unless there is evidence of impairment.

When investments classified as available-for-sale from the long term unlisted units in managed investment funds are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as net change in fair value of available for sale financial assets.

The Salvation Army assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of investment portfolio classified as available-for-sale, a significant or prolonged decline in the fair value of an investment portfolio below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income – is removed from equity and recognised in the Statement of Comprehensive Income.

(f) Accommodation Bond

(i) Rollovers

Prior to 1 August 2002, the practice of the Social Fund was to 'rollover' an independent living unit (ILU) resident's ongoing contribution when that resident moved from an ILU into low care/hostel accommodation on the same site. As part of the sale of various aged care centres on 1 July 2005, the Social Fund retained responsibility, under certain conditions, to fund part/all of any future accommodation bonds charged to ILU residents who had resided at such centres prior to 1 August 2002, when they moved into low care/hostel accommodation on the same site. The majority of any funds released under this 'rollover' policy will be repaid to the Social Fund when the residents vacate the aged care centre.

An assessment was made at balance date by the Social Fund as to the present value of estimated future payments under this rollover policy, and estimated receivables representing funds to be returned to the Social Fund, when the residents vacate the aged care centre, with any adjustment recorded through the statement of comprehensive income.

(ii) Refundable/Amortisable Accommodation Bonds

Many residents of aged care centres pay a refundable and amortisable accommodation bond to The Salvation Army. The refundable portion is in the form of an interest free loan repayable in full, whilst the amortisable amount is recognised as revenue and then transferred from accumulated surplus to reserves and held for aged care centre capital projects.

The return of accommodation bond is solely dependent upon the resident. The Salvation Army does not have an unconditional right to defer settlement of the liability and therefore it has been accounted for as a current liability.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. No allocation of overheads has been included in the valuation.

Stocks of foodstuffs and consumable stores held at various social centres are expensed.

Inventory is assessed on a regular basis, and slow moving or damaged items are provided for within a provision for stock obsolescence.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and cash in transit balances.

(i) Impairment

The carrying amounts of the Social Fund's assets, other than inventories (see accounting policy 1(g)) and investments, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of the Social Fund's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

(j) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of comprehensive income as incurred.

(ii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Social Fund expects to pay as at reporting date including related on-costs.

(iii) Long-term service benefits

The Social Fund's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating to the terms of the Social Fund's obligations.

(k) Other payables

Payables are stated at cost, being non-interest bearing, and are normally settled within 30 days.

(l) Revenues

Revenues are recognised when The Salvation Army is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amount of goods and services tax (GST) payable to the Australian Taxation Office.

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when The Salvation Army gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Legacies

Legacies are recognised when The Salvation Army receives the legacy. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date The Salvation Army becomes legally entitled to the shares or property.

A portion of legacies are used to assist with meeting operational costs within the Social Fund, but the majority of legacies are used for capital purposes. Legacies form the major source of capital for social building schemes.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

Red Shield Appeal

Donations to the Red Shield Appeal are recognised when received.

Revenue from Social Programmes

The organisation's social programme activity and Employment Plus job network is supported by grants received from the federal, state and local governments. Grants received on the condition of specified services are delivered, or conditions are fulfilled, and where there is a return obligation, are considered reciprocal. Such grants are initially recognised as a liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled.

Revenue from non-reciprocal grants is recognised when the organisation obtains control of the funds.

Fees from residents

Fees charged for care provided to residents are recognised when the service is provided.

Sale of goods

Revenue for the sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sales of goods for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

Financing income

Financing income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method.

Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale-financial investments is determined as the difference between the carrying value of the asset at time of disposal and the net proceeds on disposal.

Contributions in Kind

No amounts are included in the financial statements for services donated by volunteers, or donated goods.

(m) Expenses

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Borrowing costs are expensed as incurred and included in financing expenses.

(n) Provisions

A provision is recognised in the statement of financial position when the Social Fund has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for 'make-good' costs on leased premises has been recognised, based upon an assessment of lease terms and conditions (see note 13).

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST excluded.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

(p) Accounting estimates and judgements

Management discussed with the Territorial Finance Council and the Audit Committee the development, selection and disclosure of the Social Fund's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

Notes 1 and 21 contain information about the provision for care leavers claims.

(q) Contribution to General and Property Funds

The General Fund records all territorial and divisional headquarters' costs. These headquarters oversee the social infrastructure of The Salvation Army. An 'arms length' contribution is charged by the General Fund to the Social Fund for services provided.

The Property Fund records all costs relating to the Property Department and the Territorial Headquarters building. An 'arms length' contribution is charged by the Property Fund to the Social Fund for services provided, and towards the costs of the Territorial Headquarters building.

(r) Capital Revenue available for allocation

The Salvation Army Australia Southern Territory Social Fund has adopted a policy of separately disclosing revenue received which is designated for capital purposes rather than operating activities. This designation is determined either directly by the donor or by the trustees of The Salvation Army Australia Southern Territory. This revenue is fully allocated to reserves and special purpose funds to be used to provide and maintain the infrastructure used by the social programmes of The Salvation Army Australia Southern Territory Social Fund.

(s) Employment Plus

The Salvation Army Australia Southern Territory in conjunction with The Salvation Army Australia Eastern Territory has been jointly involved in the management of the national Salvation Army Employment Plus programme since 1 May 1998. This project commenced when The Salvation Army in Australia won a tender from the Federal Government to provide employment services to long term unemployed persons. This project is considered to be part of the overall aims of The Salvation Army and is not considered separate from these aims in any way. This programme is not considered to be a stand-alone operation. It is consistent with the aims of The Salvation Army to assist the long term unemployed. The proportionate interests in the assets, liabilities, income and expenses of the Employment Plus joint programme activity have been incorporated in the financial statements.

(t) Leases

The Salvation Army leases some shops and office facilities. The provisions of these leases are such that substantially all the risks and benefits of ownership of the property are retained by the lessors and accordingly, in the financial statements, they are classified as operating leases.

Payments made under operating leases are expensed on a straight-line basis over the term of the lease. Refer note 18 for details of non-cancellable operating lease commitments.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

(u) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(v) Rounding

All amounts in the financial report have been rounded to the nearest thousand dollars except where otherwise indicated.

(w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Social Fund, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Social Fund's financial statements and could change the classification and measurement of financial assets. The Social Fund does not plan to adopt this standard early and the extent of the impact has not been determined.



The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|---|------|----------------|----------------|
| 2. REVENUE FROM ORDINARY ACTIVITIES | | | |
| Revenue from rendering of services: | | | |
| Government grants | | 114,139 | 104,500 |
| Fee for service – Government Funding | | 42,472 | 41,611 |
| Resident contributions and patient fees | | 12,898 | 11,961 |
| | | 169,509 | 158,072 |
| Other revenue from ordinary activities: | | | |
| Trading revenue | | 86,724 | 83,438 |
| Other donations/grants received – other than from the Red Shield Appeal | | 2,124 | 1,546 |
| | | 88,848 | 84,984 |
| Total revenue from ordinary activities | | 258,357 | 243,056 |

3. ALLOCATIONS

Allocations have been made to/(from) the following capital funds, excluding working capital:

| | | | |
|----------------------------------|-------|----------------|---------|
| Property contributions fund | 14(a) | (1,405) | 2,148 |
| Reserves | 14(a) | 8,138 | (3,611) |
| Trusts and special purpose funds | 14(a) | 317 | (5,050) |
| Legacies | 14(a) | 2,230 | 5,169 |
| | | 9,280 | (1,344) |

4. AUDITORS' REMUNERATION

Audit Services

Auditors of the Trust
KPMG Australia

333 325

Other Services

Auditors of the Trust
KPMG Australia

- -

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|---|------|----------------|----------------|
| 5. RED SHIELD APPEAL DONATIONS | | | |
| Donations | | | |
| Victoria | | 21,099 | 21,655 |
| South Australia | | 5,024 | 4,984 |
| Western Australia | | 11,605 | 9,638 |
| Tasmania | | 2,391 | 2,034 |
| Northern Territory | | 539 | 519 |
| Victorian Bushfire Appeal | | 933 | 591 |
| Victorian Flood Appeal | | 2,219 | - |
| NSW/QLD Flood Appeal - Note (a) | | 3,225 | - |
| | | 47,035 | 39,421 |
| Less: Expenses | | (9,179) | (8,980) |
| Net Revenue Available For Distribution/Allocations | | 37,856 | 30,441 |
| Distribution/Allocations | | | |
| Social programme deficits: | | | |
| Employment, education and training | | 555 | 601 |
| Children and young people at risk | | 1,315 | 1,502 |
| Addictions and substance abuse - Note (b) | | 1,782 | 511 |
| Aged care and disability support | | 371 | 262 |
| Individual and family support | | 12,035 | 11,933 |
| Homelessness and domestic violence | | 5,104 | 4,687 |
| Chaplaincy | | 3,649 | 3,255 |
| Social services and community programmes total | | 24,811 | 22,751 |
| Capital Appeals | | 1,882 | 1,603 |
| Other Emergency Appeals | | 891 | 1,173 |
| Victorian Bushfire Appeal | | 933 | 591 |
| Victorian Flood Appeal | | 2,219 | - |
| NSW/QLD Flood Appeal – Note (a) | | 3,225 | - |
| Donor designated gifts for social services and community programmes | | 3,895 | 4,323 |
| Total Distribution/Allocations | | 37,856 | 30,441 |

Notes

- (a) Donations were received through The Salvation Army Australia Southern Territory Red Shield Appeal towards the NSW/QLD Flood Appeal. Flood relief efforts in NSW/QLD are managed by The Salvation Army Australia Eastern Territory, so these funds have been forwarded to their office for distribution.
- (b) The Salvation Army Australia Southern Territory Social Fund provided funding of \$3,046,000 towards Addictions and Substance Abuse social programmes in 2011 (2010:\$2,022,000). Only \$1,782,000 of these funds are sourced from the Red Shield Appeal, so the balance came from other income sources.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|------|----------------|----------------|
| 5. RED SHIELD APPEAL DONATIONS (continued) | | | |
| Victorian Bushfire Appeal | | | |
| Amount set aside within reserves at 30 June 2010 for commitments beyond 30 June 2010 | | 11,857 | 18,132 |
| Donations | | | |
| The Salvation Army Australia Southern Territory Red Shield Appeal Emergency appeals | | 933 | 591 |
| The Salvation Army Australia Eastern Territory Red Shield Appeal Emergency appeals | | 5 | 421 |
| Other | | - | 48 |
| | | 12,795 | 19,192 |
| Expenditure in 2010/11 (within welfare/jobseeker expenses) | | (5,479) | (7,147) |
| Transfers to capital asset contributions (for equipment purchases) | | - | (188) |
| Amount set aside within reserves at 30 June 2011 for commitments beyond 30 June 2011 | | 7,316 | 11,857 |
| Victorian Flood Appeal | | | |
| Amount set aside within reserves at 30 June 2010 for commitments beyond 30 June 2010 | | - | - |
| Donations | | | |
| The Salvation Army Australia Southern Territory Red Shield Appeal Emergency appeals | | 2,219 | - |
| The Salvation Army Australia Eastern Territory Red Shield Appeal Emergency appeals | | 1,603 | - |
| Other | | 380 | - |
| | | 4,202 | - |
| Expenditure in 2010/11 (within welfare/jobseeker expenses) | | (2,166) | - |
| Amount set aside within reserves at 30 June 2011 for commitments beyond 30 June 2011 | | 2,036 | - |

Interest earned on unutilised Victorian Bushfire and Flood Appeal funds is allocated to the Disaster Relief Reserve (part of 'social programme enhancement and development' reserve balance – see Note 14(c)), to be used to assist with future disaster relief provided by The Salvation Army Social Fund. Interest of \$470,000 (2010: \$430,000) was allocated to this reserve during 2011, and the Disaster Relief Reserve has a balance of \$760,000 at 30 June 2011 (2010: \$430,000).

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|-----------------|------|---------------------|---------------------|
| 6. CASH | | | |
| Cash on hand | | 164 | 154 |
| Cash in transit | | 317 | 317 |
| Cash at bank | | <u>8,817</u> | <u>1,412</u> |
| | 20 | <u><u>9,298</u></u> | <u><u>1,883</u></u> |

7. RECEIVABLES AND OTHER CURRENT ASSETS

Current

| | | | |
|------------------------------|--|----------------------|---------------------|
| Prepayments | | 1,018 | 988 |
| Accommodation Bond Rollovers | | 4,107 | 2,562 |
| Sundry debtors | | <u>10,605</u> | <u>6,193</u> |
| | | <u><u>15,730</u></u> | <u><u>9,743</u></u> |

Non-current

| | | | |
|------------------------------|--|----------------------|----------------------|
| Deferred Consideration | | 3,597 | 3,750 |
| Accommodation Bond Rollovers | | 29,725 | 31,306 |
| Sundry debtors | | <u>424</u> | <u>437</u> |
| | | <u><u>33,746</u></u> | <u><u>35,493</u></u> |

8. OTHER FINANCIAL ASSETS

Current

| | | | |
|---------------------|--|--------------|--------------|
| Short term deposits | | <u>7,983</u> | <u>5,853</u> |
|---------------------|--|--------------|--------------|

Non-current

| | | | |
|--|--|-----------------------|-----------------------|
| Unlisted units in managed investment funds | | 118,374 | 120,441 |
| Long term deposits | | 53,681 | 60,158 |
| Other | | <u>635</u> | <u>-</u> |
| | | <u><u>172,690</u></u> | <u><u>180,599</u></u> |
| | | <u><u>180,673</u></u> | <u><u>186,452</u></u> |

Impairment losses

At 30 June 2011, the Social Fund has reviewed its financial assets for impairment and determined that no adjustment is required.

9. INVENTORIES

| | | | |
|--------------------------|--|---------------------|---------------------|
| Raw materials and stores | | 301 | 308 |
| Work in progress | | 18 | 20 |
| Finished goods | | <u>703</u> | <u>730</u> |
| | | <u><u>1,022</u></u> | <u><u>1,058</u></u> |

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|---|------|-----------------------|----------------|
| 10. PROPERTY, PLANT AND EQUIPMENT | | | |
| Freehold Land and Buildings | | | |
| Freehold land at cost | | <u>32,125</u> | 29,919 |
| Buildings at cost | | 170,724 | 162,701 |
| Accumulated depreciation | | <u>(38,609)</u> | (35,960) |
| | | <u>132,115</u> | 126,741 |
| Total Freehold Land and Buildings | | <u>164,240</u> | 156,660 |
| Leasehold Property | | | |
| At cost | | 12,130 | 11,798 |
| Accumulated depreciation | | <u>(4,410)</u> | (3,212) |
| Total Leasehold Land and Buildings | | <u>7,720</u> | 8,586 |
| Building Schemes in Progress - at cost | | <u>27,271</u> | 21,955 |
| Motor Vehicles | | | |
| At cost | | 4,042 | 4,028 |
| Accumulated depreciation | | <u>(3,028)</u> | (2,809) |
| Total Motor Vehicles | | <u>1,014</u> | 1,219 |
| Plant and Equipment | | | |
| At cost | | 17,303 | 16,926 |
| Accumulated depreciation | | <u>(9,883)</u> | (7,565) |
| Total Plant and Equipment | | <u>7,420</u> | 9,361 |
| Total Property, Plant and Equipment Net Book Value | | <u>207,665</u> | 197,781 |
| Social Fund freehold/leasehold land and buildings of \$171,960,000 (2010: \$165,246,000) are funded through the Property Contributions Fund (excluding building schemes in progress funding) of \$168,792,000 as at 30 June 2011 (2010: \$164,188,000). The remaining balance is funded from the following sources: | | | |
| Interest free loans | | <u>2,600</u> | 600 |
| Social Fund freehold properties – unfunded | | <u>568</u> | 459 |

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|------|----------------|----------------|
| 10. PROPERTY, PLANT AND EQUIPMENT (continued) | | | |
| Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below: | | | |
| Freehold Land and Buildings | | | |
| Carrying amount at beginning of year | | 156,660 | 149,472 |
| Additions (transfers from Building Schemes in Progress - Cost) | | 18,105 | 10,716 |
| Disposals | | (6,865) | (587) |
| Depreciation | | (3,660) | (2,941) |
| | | 164,240 | 156,660 |
| Carrying amount at end of year | | 164,240 | 156,660 |
| Leasehold Property | | | |
| Carrying amount at beginning of year | | 8,587 | 6,390 |
| Additions (transfers from Building Schemes in Progress - Cost) | | 343 | 3,564 |
| Depreciation | | (1,210) | (1,367) |
| | | 7,720 | 8,587 |
| Carrying amount at end of year | | 7,720 | 8,587 |
| Building Schemes in Progress – Cost | | | |
| Carrying amount at beginning of year | | 21,955 | 13,317 |
| Additions | | 24,060 | 22,053 |
| Transfers to Freehold Land and Buildings/Leasehold Property | | (18,448) | (13,415) |
| Transfers to Plant and Equipment | | (296) | - |
| | | 27,271 | 21,955 |
| Carrying amount at end of year | | 27,271 | 21,955 |
| Motor Vehicles | | | |
| Carrying amount at beginning of year | | 1,219 | 971 |
| Additions | | 208 | 580 |
| Disposals | | (5) | - |
| Depreciation | | (408) | (332) |
| | | 1,014 | 1,219 |
| Carrying amount at end of year | | 1,014 | 1,219 |
| Plant and Equipment | | | |
| Carrying amount at beginning of year | | 9,361 | 8,655 |
| Additions | | 2,058 | 3,981 |
| Disposals | | (277) | - |
| Depreciation | | (3,722) | (3,275) |
| | | 7,420 | 9,361 |
| Carrying amount at end of year | | 7,420 | 9,361 |

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|-------|----------------|----------------|
| 11. PAYABLES | | | |
| Current | | | |
| Sundry creditors and accruals | | 25,956 | 20,035 |
| Prepaid government funding | | 8,289 | 8,354 |
| Accommodation bond rollovers | 1(f) | 2,685 | 3,286 |
| | | 36,930 | 31,675 |
| Non-current | | | |
| Accommodation bond rollovers | 1(f) | 17,272 | 21,335 |
| 12. EMPLOYEE BENEFITS | | | |
| Current | | | |
| Employee entitlements | | 16,669 | 15,600 |
| Non-current | | | |
| Employee entitlements | | 1,752 | 1,766 |
| <p>The Salvation Army Australia Southern Territory contributed \$12,078,000 (2010:\$11,096,000) on behalf of employees to the superannuation plans of their choice, in accordance with superannuation guarantee legislation.</p> | | | |
| 13. PROVISIONS | | | |
| Current | | | |
| Care Leavers claims | 21(b) | 2,000 | 3,450 |
| Non-current | | | |
| Care Leavers claims | 21(b) | 2,970 | 3,000 |
| Make good of leased premises | 1(n) | 563 | 549 |
| | | 3,533 | 3,549 |

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|-------|-----------------------|----------------|
| 14. CAPITAL FUNDS | | | |
| (a) Movements in Capital Funds | | | |
| Property Contributions Fund | | | |
| Opening Balance | | 189,609 | 181,040 |
| Net Transfers | | 14,371 | 6,421 |
| Allocations from/(to) working capital fund | 3 | <u>(1,405)</u> | 2,148 |
| Closing balance | | <u>202,575</u> | 189,609 |
| Reserves | | | |
| Opening Balance | | 109,831 | 110,356 |
| Net Transfers | | (5,949) | (1,701) |
| Transfer to/(from) Fair Market Reserve | | 2,267 | 4,787 |
| Allocations from/(to) working capital fund | 3 | <u>8,138</u> | (3,611) |
| Closing balance | 14(c) | <u>114,287</u> | 109,831 |
| Trusts and Special Purpose Funds | | | |
| Opening Balance | | 19,278 | 26,492 |
| Net Transfers | | (1,265) | (2,164) |
| Allocations from working capital fund | 3 | <u>317</u> | (5,050) |
| Closing balance | 14(d) | <u>18,330</u> | 19,278 |
| Legacies | | | |
| Opening Balance | | 23,825 | 21,212 |
| Net Transfers | | (7,157) | (2,556) |
| Allocations from working capital fund | 3 | <u>2,230</u> | 5,169 |
| Closing balance | | <u>18,898</u> | 23,825 |
| Working Capital Fund | | | |
| Opening Balance | | 6,855 | 5,718 |
| Operating surplus before allocations | | 10,090 | (207) |
| Allocations from/(to) other capital funds | 3 | <u>(9,280)</u> | 1,344 |
| Closing balance | | <u>7,665</u> | 6,855 |

(b) Property Contributions Fund

Under International Salvation Army accounting policies and procedures, all contributions, grants, donations and other revenue that will finance property projects must be specifically accounted for in the books of The Salvation Army Australia Southern Territory. Upon completion of each project, the respective contributions are transferred to the Property Contributions Fund.

This balance represents the commitments that were fulfilled in acquiring the land and buildings shown as assets held by The Salvation Army Australia Southern Territory. These contributions remain in the statement of financial position to 'fund' the depreciation on these properties, thus relieving the working capital fund of this charge.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

| | NOTE | 2011 \$'000 | 2010 \$'000 |
|--|------|----------------|----------------|
| 14. CAPITAL FUNDS (continued) | | | |
| (c) Reserve Balances | | | |
| Board Designated Funds | | | |
| Property development | | 15,329 | 14,927 |
| Training | | 8,809 | 8,817 |
| Social programme enhancement and development | | 22,043 | 21,493 |
| Capital asset contribution | | 2,660 | 5,538 |
| Planned maintenance | | 7,990 | 7,097 |
| Asset replacement | | 6,354 | 6,373 |
| Aged care reserves | | 32,891 | 31,872 |
| Capital projects funding | | 3,400 | 3,188 |
| Employment and training | | 15,595 | 14,033 |
| Fair Market Investment Reserve | | 7,053 | 4,787 |
| Investment Fluctuation Reserve | | (10,801) | (10,303) |
| Other | | 2,964 | 2,009 |
| | | 114,287 | 109,831 |

These balances are amounts set aside by the Territorial Finance Council to meet realistic, planned or anticipated needs for The Salvation Army Australia Southern Territory, thereby relieving the working capital fund from the future cost of these needs. An explanation of the purpose of each reserve is provided below.

Property Development

This balance represents funds set aside for future property development within the Social Fund.

It also represents the net proceeds on sold properties, which are set aside until allocated to new capital schemes. In most cases, the net proceeds on a particular sold property are utilised as part funding for a specific new capital scheme. However, in some cases, excess property is sold and the net proceeds are available more generally for a number of capital schemes, or other purposes as determined by the Territorial Finance Council. It also includes a specific allocation for property development purposes in relation to retired officers' quarters.

Training

This balance represents funds set aside to be used towards the cost of officer and employee training, and to further enhance future service provision and delivery.

Social Programme Enhancement and Development

This balance represents funds retained by specific social centres to be utilised, in conjunction with the funding bodies supporting these programmes, for the enhancement and development of these programmes, as well as unused quota funding available at the reporting date by division for future social programme development, within their social centres.

Capital Asset Contribution

This balance represents funds utilised to purchase capital assets (excluding land and buildings). These funds will be used to offset the future expensing of such assets through depreciation charges in subsequent financial periods.

Planned Maintenance

This balance represents funds set aside for the future maintenance and repair of property assets held by the Social Fund of The Salvation Army Australia Southern Territory.

Asset Replacement

This balance represents funds set aside for the future replacement of various fixed assets, including computers, across various social centres and territorial headquarters social departments.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

14. CAPITAL FUNDS (continued)

Aged Care Reserves

This balance includes funds set aside for contingency (refer Note 21(a)) issues resulting from the sale of 15 aged care centres on 1 July 2005, forthcoming major property developments at aged care centres retained by The Salvation Army, and a perpetual reserve, from which its interest will be used to assist with funding the ongoing operational costs within our remaining aged care centres.

Capital Projects Funding

This balance represents funds set aside by the Territorial Finance Council to cover various project costs included within non-current assets.

Employment and Training

This balance represents funds set aside for future initiatives across the territory, including the potential future obligations of Employment Plus beyond the current job network contract period.

Fair Market Investment Reserve

This balance represents the unrealised gain or loss on unlisted units held in managed investment funds as at 30 June 2011.

Investment Fluctuation Reserve

This balance represents the impairment expense recorded on unlisted units in managed investment funds in the previous financial year, offset by realised gains or losses on disposal of unlisted units.

Other

This is the balance of a number of minor reserves that have been set aside at the direction of the Territorial Finance Council.

| 2011 | 2010 |
|--------|--------|
| \$'000 | \$'000 |

(d) Trust and Special Purpose Fund Balances

Restricted Funds

| | | |
|------------------------|---------------|---------------|
| Special purpose trusts | 2,337 | 2,446 |
| Emergency Appeals | 9,429 | 12,262 |
| General deposits | 5,306 | 4,081 |
| Building deposits | 1,258 | 489 |
| | <u>18,330</u> | <u>19,278</u> |

The Salvation Army is called upon to utilise large amounts of specified donations and other restricted revenue, which must be accounted for meticulously in accordance with the donor's wishes. It is therefore common for large balances to be unavoidably carried forward from one year to another, until such time as the funds can be used for the specific purposes for which they have been given.

On this basis, the trusts and special purpose fund balances are not actually revenue available to The Salvation Army Australia Southern Territory until they are expended on the purpose specified by the donors. There can be no change of purpose of any amount donated without reference to the person or organisation that set the conditions. An explanation of the purpose of each special purpose reserve is provided below.

Special Purpose Trusts

The Salvation Army holds a number of balances, where the donor has stipulated that the capital is invested, and interest generated on such capital funds be used in a particular way. This reserve identifies the balance of such capital funds.

Emergency Appeals

The Salvation Army has received funds from donors for specific emergency appeals, mainly for Victorian bushfire relief. These relief efforts will continue well beyond 30 June 2011 so this balance represents the unexpended portion of funds donated for this purpose.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

14. CAPITAL FUNDS (continued)

Building and General Deposits

This balance represents funds held on behalf of specific social centres, set aside for specific purposes until used. For example, if a centre receives a specified donation from the Red Shield Appeal, but has not utilised the funds at the end of the year, then the funds are carried forward to the next year as part of this reserve.

15. INCOME TAX

The following Salvation Army organisations are endorsed by the Australian Taxation Office as Income Tax Exempt Charities:

- The Salvation Army Australia Southern Territory General Work Institution;
- The Salvation Army Australia Southern Territory Social Work Institution;
- The Salvation Army (Victoria) Property Trust;
- The Salvation Army (Tasmania) Property Trust;
- The Salvation Army (South Australia) Property Trust;
- The Salvation Army (Western Australia) Property Trust; and
- The Salvation Army (Northern Territory) Property Trust.

Donations of two dollars (\$2) or more given to the following funds attract income tax deductibility:

- (i) The Salvation Army Australia Southern Territory Social Work Institution
- (ii) The Salvation Army Red Shield Appeal

16. INTEREST FREE LOANS

| | 2011 \$'000 | 2010 \$'000 |
|-----------------------------------|----------------|----------------|
| Current | | |
| Unsecured loans | 200 | - |
| | 200 | - |
| Non Current | | |
| Accommodation Bonds – amortisable | 319 | 239 |
| Accommodation Bonds – refundable | 5,101 | 3,122 |
| Unsecured Loans | 2,400 | 2,100 |
| | 7,820 | 5,461 |

Entry Contributions/Accommodation Bonds

These balances are repayable to residents of aged care centres upon their vacating of the centres. When taking up residence at aged care centres, government legislation allows for residents to pay a refundable and an amortisable entry contribution to The Salvation Army.

The refundable portion is in the form of an interest-free loan repayable in full, while the amortisable portion is amortised over five years. The amortisation amount is transferred to reserves held for aged care redevelopments.

Unsecured loans

These balances represent loans provided by government bodies towards the construction of aged care centres.

17. SPECIAL PURPOSE FUNDS – NON-CURRENT LIABILITY

This amount relates to trust funds held by The Salvation Army on behalf of residents of various social centres.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

18. COMMITMENTS

(a) Capital Commitments

The Salvation Army Australia Southern Territory is constantly engaged in planned and ongoing construction projects requiring the commitment of significant funds.

Certain portions of these funds will be provided by Territorial Headquarters and other funds will be received from other sources. Due to the uncertainties necessarily surrounding funding from sources other than Territorial Headquarters, it is not possible, at any point in time, to quantify the exact financial commitment required of Territorial Headquarters for these projects. However, the maximum values are -

| | 2011 | 2010 |
|---|---------------|--------|
| | \$'000 | \$'000 |
| Cost to complete property schemes in progress | 25,666 | 27,979 |
| Property schemes approved but not commenced As at 30 June 2011 | 713 | 1,441 |
| | 26,379 | 29,420 |

(b) Operating Lease Commitments

Future operating lease rentals for properties not provided in the financial statements and payable:

| | 2011 | 2010 |
|---|---------------|--------|
| | \$'000 | \$'000 |
| Not later than one year | 22,539 | 19,805 |
| Later than one year but not later than five years | 29,866 | 32,546 |
| Later than five years | 1,700 | 760 |
| | 54,105 | 53,111 |

The Social Fund leases a number of properties under operating leases. The leases typically run for a period of 3 to 5 years and usually include an option to renew the lease after that period. Lease payments are increased at the end of the lease period to reflect market rentals.

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

The Trustees of The Salvation Army are deemed to be the key management personnel of the Social Fund.

The names of the Trustees who held office during the year ended 30 June 2011 were:

Commissioner Raymond Finger
 Colonel Peter Walker
 Lieutenant-Colonel Ian Hamilton
 Lieutenant-Colonel Frank Daniels
 Lieutenant-Colonel Rodney Barnard
 Lieutenant-Colonel Chong-Duk Park
 Captain Malcolm Roberts
 Mr Gregory Stowe

Trustees' Remuneration

The Trustees are officers or staff of The Salvation Army Australia Southern Territory, and receive remuneration in accordance with established Salvation Army guidelines as below. In addition, officer trustees also receive accommodation and use of a motor vehicle at no cost as part of their officership, in accordance with established Salvation Army guidelines. No additional remuneration is received by these officers for acting in their capacity as Trustees of the Social Fund. Staff trustees receive the use of a motor vehicle at no cost as part of their employment contract. There are no other transactions with key management personnel.

| | 2011 | 2010 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Total income paid or payable, or otherwise made available to all Trustees of the Social Fund from the Social Fund or any related party | 324 | 288 |

20. NOTES TO THE STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, cash in transit and cash held at social centres net of outstanding bank overdrafts. Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | NOTE | 2011 | 2010 |
|------|-------------|---------------|--------|
| | | \$'000 | \$'000 |
| Cash | 6 | 9,298 | 1,883 |

The Salvation Army Australia Southern Territory Social Fund

NOTES TO THE FINANCIAL STATEMENTS

21. CONTINGENT LIABILITIES

a) Sale of aged care centres on 1 July 2005

On 1 July 2005, The Salvation Army completed the sale of 14 of its 19 sites catering for aged care hostels and nursing homes, as well as retirement living units to Retirement Care Australia (RCA). In addition, TriCare acquired the Hayville retirement village in Box Hill, Melbourne. The business sale agreements included various warranties from The Salvation Army to the purchasers, whereby under certain circumstances, they may seek financial compensation from The Salvation Army.

In addition, at the time of divesting some of its aged care centres, the Department of Health and Ageing had provided The Salvation Army with capital grant funding towards the construction of Gilgunya Village, Weeroona Hostel, Inala Village Nursing Home, Edenfield Hostel, Warrina Hostel and Darwin Nursing Home. Under certain conditions, a portion of these capital grants may need to be repaid by The Salvation Army to the Department of Health and Ageing. The amount repayable to the Department of Health and Ageing reduces over time, with 2021 being the last expiration date for the capital grant funding provided for Gilgunya Village. As at 30 June 2011, the maximum capital grant funding which would have been repayable to the Department of Health and Ageing was \$2,365,056.

At 30 June 2011, the trustees are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required. However, funds have been set aside to an 'aged care divestment warranty reserve' to cover contingencies.

b) Care Leavers claims

The Salvation Army has publicly expressed it is deeply regretful of any incident of abuse perpetrated between the 1940's and 1980's, towards children who had been in its care. This provision is to cover claims currently being processed, including costs for access to professional counselling services, pastoral care, medical expense reimbursements and legal costs.

In addition to the provision for care leavers claims of \$4,970,000 recorded at 30 June 2011 (refer Note 13), there may be further claims lodged with The Salvation Army, which would need to be assessed. The Salvation Army is unable to quantify the estimated future costs of such claims.



The Salvation Army Australia Southern Territory Social Fund

TRUSTEES' DECLARATION

In the opinion of the Trustees of the Salvation Army Australia Southern Territory Social Fund ("Social Fund"):

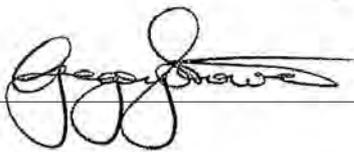
- (i) The accompanying financial statements and notes set out on pages 53 to 77 are drawn up so as to present fairly the financial position of the Social Fund as at 30 June 2011 and the results of its operations and its cash flows for the year then ended;
- (ii) The operations of the Social Fund have been carried out in accordance with its Trusts Deeds poll during the year ended 30 June 2011;
- (iii) The financial statements have been prepared in accordance with Accounting Standards – Reduced Disclosure Regime; and
- (iv) There are reasonable grounds to believe that the Social Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustees:



Peter R Walker, Colonel
Chief Secretary

TRUSTEE



Gregory F Stowe
Chief Financial Officer

TRUSTEE

Dated at Melbourne this 25th day of October 2011



Independent auditor's report to the Trustees of The Salvation Army Australia Southern Territory Social Fund

Report on the financial report

We have audited the accompanying financial report of The Salvation Army Australia Southern Territory Social Fund (the Aggregated Entity), which comprises the aggregated statement of financial position as at 30 June 2011, and aggregated statement of comprehensive income, aggregated statement of changes in capital funds and aggregated statement of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the Trustees' declaration of the Aggregated Entity comprising The Salvation Army Australia Southern Territory Social Fund and the entities it controlled at the year's end or from time to time during the financial year.

Trustees' responsibility for the financial report

The Trustees of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as the Trustees determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Aggregated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's opinion

In our opinion the financial report of the Aggregated Entity is in accordance with Australian Accounting Standards, including:

- (a) giving a true and fair view of The Salvation Army Australia Southern Territory Social Fund financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

KPMG
KPMG


Paul McDonald
Partner

Melbourne

25 October 2011

Acknowledgements

Victoria

| | | |
|--|--|--|
| A A Holdings Pty Ltd | Goldman Sachs & Partners Australia | Ritchies Stores Pty Ltd |
| Aeroten Pty Ltd | Goldman Sachs & Partners Australia (Payroll) | Robert C. Bulley Charitable Fund |
| Adidas Australia Pty Ltd | Grenet Foundation Ltd | Salmat Limited |
| Akzo Nobel Pty Ltd | Guthrie Family Charitable Trust | Silvant Nominees Pty Ltd |
| Amelia Eliza Holland Charitable Trust | Gwen & Edna Jones Foundation | Smith & Smith Cabinet Makers |
| Annie & John Paterson Foundation | Hillsong Church | Smith & Smith Manufacturing |
| ANZ Banking Group Limited | Home Loan Shelter Appeal | Souter-Foale Family Trust |
| AON Risk Services Australia Limited | IAG Insurance Australia Limited | Spotlight Pty Ltd |
| Atalina Nominees Pty Ltd | Inner Range Pty Ltd | Spotlight Stores Charitable Foundation |
| Austereo Group Ltd (Triple M Network, Today Network) | Jetmaster (Vic) Pty Ltd | State Street Foundation |
| Australian Charities Fund | Joe White Bequest | Strategem Community Foundation |
| AXA Asia Pacific Holdings Ltd | Kleenheat Gas Pty Ltd | Swan Plumbing Plus |
| AXA Australia Workplace Giving Program | Kmart Australia Pty Ltd | Telstra Payroll Deductions |
| BHP Billiton | KPMG | Tennis Australia |
| BHP Billiton Matched Giving Program | Lionel R.V. Spencer Trust | The Cassidy Bequest Gift Fund |
| Blake Dawson (Payroll) | Lord Mayor's Charitable Foundation | The Danks Trust |
| BlueScope Steel Limited (Payroll) | Mallesons Stephen Jaques (Payroll) | The Decor Corporation Pty Ltd |
| CAF Community Fund (Payroll) | Mary Kay Cosmetics Pty Ltd | The Hugh Williamson Foundation |
| CAF UK (Charities Aid Foundation UK) | McConnell Dowell Corporation Ltd | The Marian & E.H. Flack Trust |
| CGU Insurance | Medibank | The Miller Foundation |
| CHE | Melbourne Airport Corporation | The Orloff Family Charitable Trust |
| Collier Charitable Fund | Michael's IGA Supermarket | The Ricketson Foundation |
| Community Enterprise Foundation (Bendigo Bank) | Minter Ellison Lawyers (Payroll) | The Roy & Joyce Uebergang Foundation |
| Cookers Bulk Oil System Pty Ltd | Mitre 10 (Australia) Pty Ltd | The Russell Foundation |
| CSIRO (Payroll Deductions) | Moore Stephens Melbourne | The Stuart Leslie Foundation |
| Deborah Holdings Pty Ltd | Myer Community Fund | The Sun Foundation Pty Ltd |
| Department of Planning & Community Development | Myshare Group | Tonnex International |
| Dibbs & Massie Foundation | Newcrest Mining Limited | United Way (Payroll) |
| Dimmick Funds Pty Ltd | Optus Communications/Optus Giving | VBRRRA |
| Farm Pride Foods Pty Ltd | Orica Australia Pty Ltd | Village Roadshow Limited |
| Flaming Rhino Design Pty Ltd | Orica Australia Pty Ltd (Payroll) | Ventura Bus Lines |
| Ford Motor Company of Australia | Origin Energy (Payroll) | Westpac Banking Corporation |
| Ford Motor Company of Australia (Payroll) | Pandora Jewelry | William Angliss (Victoria) Charitable Fund |
| George W Vowell Foundation Ltd | Paper Agencies (Aust & NZ) Pty Ltd | Wood Family Foundation |
| | Pitcher Partners (Payroll) | Woolworths Limited |
| | Plan B Services Pty Ltd | |
| | Reece Pty Ltd | |

Tasmania:

ABC Giving Tree
Allport Trust
Aurora Energy
Budget Rent a Car
Colin Bisdee Trust
Bruce Wall Trust
Grote Reber Foundation
Hills Transplants
Kleenheat Gas
Kmart
Hobart International Airport
Hotel Grand Chancellor Hobart
IGA Tasmania
Launceston Airport
Metro
Motorcycle Riders Association Tas
Motors Foundation
RACT
Shannons Car Insurance
State Government of Tasmania
Tasmanian Community Fund
The Examiner Newspaper
The Mercury Newspaper
Ultra 106.5 FM
Vos Foundation
Vos Constructions
Westpac Banking Corporation

Western Australia

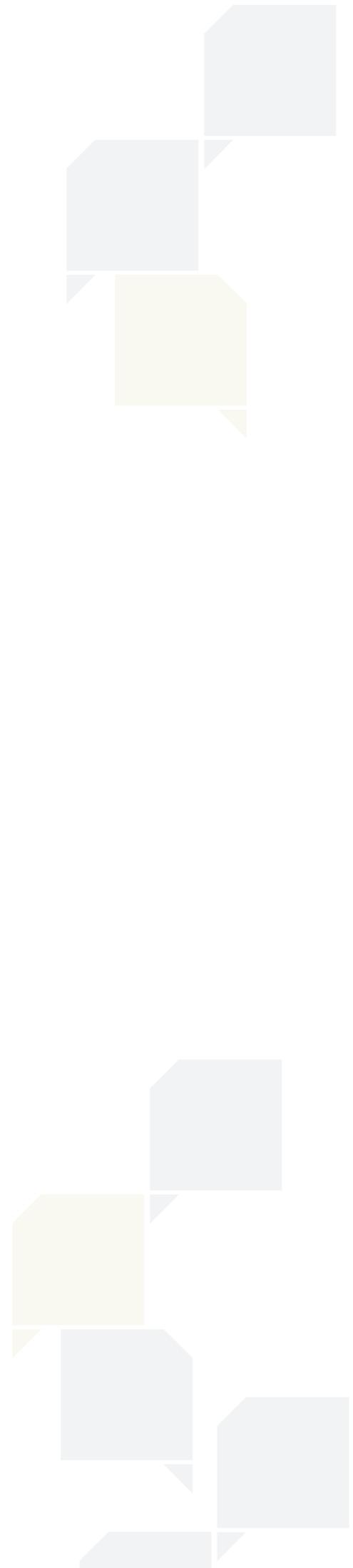
Advertising Federation of Australia
Alcock Brown-Neaves Foundation
AMCHAM
Apache Energy Ltd
Austal
Austereo
Australian Childrens Trust
Bedding Superstore
Bendigo Bank
Budget Rent-A-Car
Bunnings Group Ltd
Burswood Entertainment Complex
City of Bayswater
Community Newspaper Group
Compass Foundation
Courier Australia
Dale Alcock Homes
DVG Automotive Group
Flinders Charitable Foundation
Fruit Boost
Fuel Creative
HS Sales and Contracting Pty Ltd
Jancic Pty Ltd
Jayleaf Holdings Pty Ltd
JBA
Jim Kidd Sports
Karrinyup Shopping Centre
Katana Asset Management
Kimbar Nominees Pty Ltd
Kleenheat Gas
Lavan Legal
Mallesons Stephens Jacques
McConnell Dowell
McCusker Charitable Foundation
McDonalds Australia
McVay Foundation
Medibank Private
Mineral Processing Engineers
Mining and Civil Australia Pty Ltd
Oasis Ball Committee
PEK Nominees Pty Ltd
Printforce
Professional Business Equipment
Q Contracting
RBS Morgans
SGIO
Solid Gold
Southern Cross Electrical
Swan Transit Operations Pty Ltd
Temco Distributors
The Richardson Foundation
The Stan Perron Charitable Trust
The Wearne Charitable Trust
The West Australian Newspapers Ltd
Total Telephone
Wonteco Pty Ltd
Wythenshawe Foundation

South Australia

Apex Communication
Technologies Pty Ltd
Arrowcrest Group
Austereo Group
Australian Executor Trustees Limited
Beaumont Nominees
Bendigo/Adelaide Bank
BHP Billiton (Matched Giving
Programme)
Built Environs Pty Ltd
Christmas Party for Special Children
Como Investment Company Pty Ltd
Community Benefit SA
Dareel Pty Ltd as Trustee for Uhrig
Family Trust
Diamond Photographics
Flexichem Pty Ltd
Foodland Group (SA)
Graeme Johnsom Pty Ltd
Gray Management Group
IGA
Jareden Pastoral Company Pty Ltd
Medallion Homes Pty Ltd
Messenger Community News
Morialta Trust
McConnell Dowell Corporation Ltd
Myer Community Fund
Radio 5AA
Rundell Mall Management
Savings & Loans Credit Union
SGIC
Westpac

Northern Territory

Global Players Network
Osborne Family Holdings





Mr. Baillieu Myer AC was awarded The Salvation Army's Order of Distinguished Auxiliary Service. The Order marks The Salvation Army's appreciation of distinguished service rendered to the organisation by a non-Salvationist. Mr Myer AC has demonstrated vision, leadership, generosity and compassion in his service to The Salvation Army over many years. His continuing support is of great significance to The Salvation Army.



Mr John and Mrs Betty Laidlaw were awarded The Salvation Army's Others award for the many years of support they have provided to The Salvation Army. This award echoes the sentiments of a message sent by the founder of The Salvation Army, General William Booth, when he sent a telegram to members across the world. The message was one word - Others. This word was selected to reaffirm members that they must focus on serving others. Mr and Mrs Laidlaw have also made an ongoing commitment to serving others through working alongside The Salvation Army.





10-11



Publisher:

The Salvation Army
Australia Southern Territory
95-99 Railway Road, Blackburn VIC 3130

While every effort has been made to ensure the accuracy of information in this publication, the publisher assumes no responsibility for error or omissions or any consequence of reliance on this publication.

© 2012 The Salvation Army
Australia Southern Territory

Editorial Team:

Major Neil Venables
Garry Tanner
Amity Cartwright
Stephanie Gourd

Staff Writer:

Amity Cartwright

Design:

vanzella.com.au