



COMPASSION & HOPE



Australia Southern Territory
2014 Annual Report



They gave me hope...

A lot can change in a few months—as Bernadette Bradd knows only too well. In late 2013, a painful back condition forced 39-year-old Bernadette out of full-time work.

In May this year, as the unpaid bills piled up, Bernadette moved out of her home and onto the streets. “Paying rent and meeting other expenses was impossible. I moved out because I didn’t want a black mark against my name or I’d never be able to get housing again,” says Bernadette.

“I don’t have any family here and only a handful of friends, who have their own families to look after.”

Bernadette had nowhere else to go.

Even the local caravan parks cost \$160 a week, so Bernadette spent the next three months living on the streets. During the day she would look for a safe place to spend the night and travel more than half an hour to use public showers. At night she’d bunker down in her car or tent with her two dogs.

“I’ll never forget my first night on the streets—it poured with rain and I didn’t know how to set up my swag, so I squeezed myself in the car which was no good for my back,” she says.

A few months later, a chance encounter led Bernadette to The Salvation Army. Soon after, Bernadette moved into the transition unit she now calls home.

“The unit is the best thing—it’s warm and safe, and there’s a yard so I can have my dogs with me. I thank God every day for having a roof over my head.”

Bernadette describes the Salvos as ‘the support she can’t get from her family.’ Her case worker Emma accompanies her to doctor’s appointments, and has assisted with fitting medical aids in her unit, which makes it easier to live with her back condition. Bernadette also shares in community meals run by The Salvation Army twice a week. “The home-cooked meal with friends is the highlight of my week,” she says.

“The Salvation Army showed love to me when I felt so unloved by society. They gave me hope and a future. They are there to get you through whatever it is you’re going through,” says Bernadette.

Bernadette’s case manager Emma says Bernadette’s experience was devastating but not uncommon. “Her story shows how quickly you can go from working in the community to living on the streets. A few months without a pay cheque and anyone could end up in Bernadette’s position.”

Bernadette Bradd (right) with her case worker Emma. Picture courtesy of Shepparton News.



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.

Mission

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

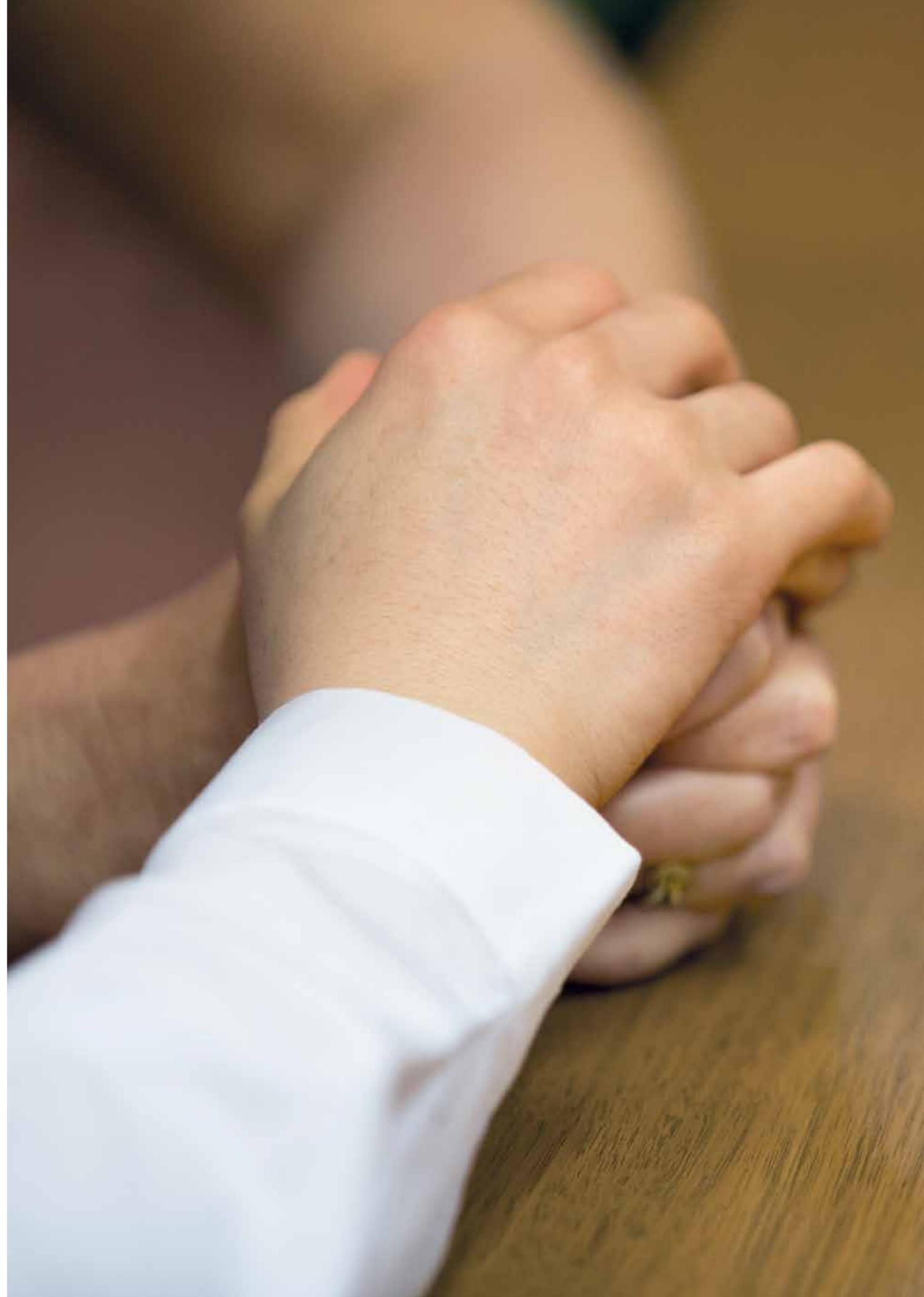
Vision

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

COMPASSION & HOPE



Message from the Territorial Commander



Commissioner Floyd Tidd

On 5 September 1880, two men—Edward Saunders and John Gore—led the first Salvation Army meeting in Australia from the back of a greengrocer's cart in Adelaide's Botanic Park. On that day Gore said, "If there is a man who hasn't had a square meal today, let him come home to tea with me."

Saunders and Gore couldn't have realised that within a century, The Salvation Army would be feeding hundreds of thousands of Australians each year.

Since then we have established a reputation for providing innovative services across the full spectrum of disadvantage—homelessness, aged care, drug and alcohol rehabilitation, asylum seeker and refugee support, and family and domestic violence refuge.

Our mission connects us with the most vulnerable and desperate people in communities all over Australia.

In 2013/14, we saw great need and distress but were able to meet this with care and compassion. We stood alongside people whose lives are consumed by intergenerational unemployment, ill health, addiction and violence. We worked with people facing uphill battles to provide for their families and live rewarding, empowered lives. More and more, single parents, indigenous Australians, those who are homeless or at risk of homelessness and people reliant on welfare payments are highly represented in the people we serve.

Social and political changes have driven more people to rely on organisations like ours. In 2013 more than one third of people accessing our emergency relief services sought support for the first time. An unexpected bill, a sudden job loss, a payment cut—that's all it takes to leave someone helpless and in need of The Salvation Army's help.

Political decisions to reduce funding for welfare services across the board as a result of the 2014 Federal Budget and recent changes to welfare payments will also result in greater demand on our services.

We will continue to provide these services because that is our imperative. Such is the dedication of our staff and volunteers who often go the extra mile and have become adept at stretching limited resources to the maximum.

This year has been challenging—especially in light of the Royal Commission into Institutional Responses to Child Sexual Abuse. We continue to work openly and transparently with government seeking to provide healing to survivors of abuse and remain honest with supporters, employees, the public and people affected.

In 2015 we will continue to improve our leadership and the skills of our people to ensure we provide a safe place for all children and vulnerable people seeking care from The Salvation Army.

I would like to thank the staff, volunteers and supporters who faithfully enable us to carry out the work you will read about in the following pages.

We continue to reach out with compassion and offer hope to more than one million Australians each year because of your support.

Commissioner Floyd J Tidd
Territorial Commander, The Salvation Army Australia Southern Territory

Who We Are

The Salvation Army is one of the 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 Territory 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, activities and centres, The Salvation Army Australia Southern Territory is dedicated to alleviating the suffering of people living in Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

By providing assistance to people affected by homelessness, crisis, family and 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 times of need.

The Territorial Commander, Commissioner Floyd Tidd, is responsible for the operations of The Salvation Army Australia Southern Territory. The Territorial Commander, the leadership executive and the Cabinet are 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 at International Headquarters, General André Cox. The Salvation Army operates in 126 countries, with International Headquarters 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.

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

Cabinet

The Cabinet of The Salvation Army Australia Southern Territory comprises senior officers who 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 Floyd J Tidd

Qualifications: Bachelor of Science; Master of Theology Studies; Executive Leader Stream (Arrow Leadership).

Length of service: 28 years. Responsibilities: As the Territorial Commander, Commissioner Floyd Tidd is responsible for all aspects of The Salvation Army in the Australia Southern Territory. The Territorial Commander provides spiritual leadership for the Territory and is a legal Trustee of The Salvation Army Australia Southern Territory. Commissioner Floyd Tidd is the Chairman of the Policy Council, Finance Council and the Property Council.

Territorial President of Women's Ministries Commissioner Tracey Tidd

Length of service: 28 years. Responsibilities: Commissioner Tracey Tidd 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 Tracey Tidd 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 R Walker

Qualifications: Bachelor of Arts (Soc).

Length of service: 32 years. Responsibilities: The Chief Secretary is equivalent to a 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 Australia Southern Territory.

Territorial Secretary of Women's Ministries Colonel Jennifer Walker

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

Length of service: 32 years. Responsibilities: Colonel Jennifer Walker has a shared leadership role with the Chief Secretary, including public ministry and membership to territorial councils. Colonel Jennifer Walker has the role of Territorial Secretary of Women's Ministries, relating to leadership for women within divisions, including pastoral support, training and resources and missionary project management.



Secretary for Personnel Lieut-Colonel Vivien Callander

Length of service: 38 years. Responsibilities: As the Secretary for Personnel, Lieut-Colonel Vivien Callander 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, Human Resources and Leader Development.



Secretary for Programme Lieut-Colonel Graeme L Rigley

Length of service: 27 years. Responsibilities: The Secretary for Programme, Lieut-Colonel Graeme Rigley, 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 Bruce Stevens

Length of service: 22 years. Responsibilities: As the Secretary for Business Administration, Lieut-Colonel Bruce Stevens is responsible for all business matters, including finance, property, audit, communications and fundraising, information technology services, Salvos Stores, the Geelong Conference Centre, Salvation Army Supplies and business matters relating to Employment Plus. The Secretary for Business Administration is a legal Trustee of The Salvation Army Australia Southern Territory.



Chief Financial Officer Mr Gregory Stowe

Qualifications: Bachelor of Business (Dist); FCPA.

Length of service: 21 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 Board and the Territorial General Maintenance Council.



Assistant Secretary for Business Administration and Territorial Legal Secretary Major Malcolm Roberts

Qualifications: Bachelor of Jurisprudence; Bachelor of Laws; Australian Legal Practitioner.

Length of service: 15 years. Responsibilities: Major Malcolm Roberts is a Trustee of the various State Property Trusts of The Salvation Army Australia Southern Territory. Major 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.

A Note from our Territorial Advisory Board Chairman

On behalf of The Salvation Army's Territorial Advisory Board, I'd like to thank every individual, group, organisation or business who has been a part of transforming the lives of our neighbours in need.

The compassion of our supporters, volunteers, staff and church members has enabled The Salvation Army to extend care to thousands of people this year.

The 2013/14 year brought us some challenges but also saw some major achievements. We opened new services like *The Beacon* homeless men's hostel in the heart of Perth and launched new initiatives like *The Market Place* in Adelaide to care for vulnerable people.

This year we also celebrated the great people who make up our organisation. Major Brendan Nottle, for instance, was recognised as 2013 Melburnian of the Year for his work among homeless people in Melbourne's CBD, and we offer our sincerest congratulations to Brendan for his inspirational leadership.

While this annual report reflects on the achievements of the past year, The Salvation Army has its sights set firmly on the future.

We know that fundraising was a key challenge this year and this is reflected in some of our fundraising streams. Economic conditions surely impacted the ability of some of our individual and business partners to contribute in line with their usual commitments.

The challenge for the organisation moving forward is to adapt to these changes while continuing to be an advocate for those without a voice—remaining true to our mission of caring for people and meeting human need wherever it's required. The Board's role is to give advice and leadership on the most effective way for that to happen.

This was my last year on The Salvation Army's Territorial Advisory Board. I'm proud of all we've achieved and the direction in which the Board is heading. This year we have brought on new members—including Alistair Hill, Richard Shrapnel and Damon Thomas—who bring diversity and a range of specialist skills to meet the challenges ahead.

I speak on behalf of the Board when I say that we are proud to stand and serve alongside all connected with The Salvation Army to offer hope and a positive future to those in greatest need.

Members of the Territorial Advisory Board

Joanne Cameron (Chairman)	Peter Mahon
Commissioner Floyd J Tidd	John Paterson
Commissioner Tracey Tidd	Sabina Schlink
Colonel Peter Walker	Dr Ngaire Ellis
Major Neil Venables	Alistair Hill
Peter Blunden	Richard Shrapnel
Bernie Brookes	Damon Thomas

We sincerely thank Joanne for her service with the Territorial Advisory Board and The Salvation Army since 2010, especially in the last year as Chairman. Joanne is committed to improving the lives of Australians in need and we wish her all the best in her appointment to the Supreme Court of Victoria.

—Commissioner Floyd Tidd



Joanne Cameron
Chairman, Territorial Advisory Board



Snapshot of Australia

In Australia an estimated 2.5 million people or 13.9% of all people live below the internationally accepted poverty line, according to a 2014 *Poverty in Australia* report by the Australian Council of Social Service. More than 600,000 of these people are children, accounting for 17.7% of all children in Australia.

These are the people The Salvation Army comes into contact with each day. Our own research and experience reveals a disheartening picture of entrenched poverty and disadvantage within this group.

In May we released our 2014 *National Economic and Social Impact Survey* (ESIS) that found, of the 2,485 clients surveyed across 237 of our emergency relief centres:

- 91% of people accessing Salvation Army services were reliant on income support payments;
- single parents made up 32% of respondents, and over 2,500 children were represented;
- asylum seekers and people with complex health issues or disabilities were a significant proportion of survey respondents;
- 15% of respondents identified as Aboriginal and/or Torres Strait Islanders, which is a significantly high proportion of the Indigenous population of Australia (3%);
- more than one third (36%) of clients turned to our community support services for the first time this year; and
- 60% of people were residing in private rental, and 14% were homeless.

Our experience and research supports the assertion that recipients of income support are increasingly unable to meet the daily cost of living.

As private rental costs rise and public housing stocks diminish, homelessness and housing affordability remains the most significant challenge impacting our clients, our work and the sector as a whole.

On any given night in Australia, 1 in 200 people are homeless. In 2013 the Australian Institute of Health and Welfare (AIHW) reported a 3% increase in people accessing specialist homelessness services. AIHW also reported a 26% increase (from 2012) in the number of clients 'couch surfing' or otherwise living without tenure. Indigenous Australians were also highly overrepresented in this category, amounting to 22% of homeless service clients.

Escaping family and domestic violence continues to be the leading cause of homelessness. An AIHW report showed 32% of female clients in specialist homelessness services identify this as their main presenting issue. 53% of women accessing Salvation Army homelessness women's services identified this as the case. Of particular concern is the number of children represented within these services.

People who are disadvantaged and have complex needs require an investment of time and resources to support them. This is why we contributed approximately \$18 million from internally generated funds in 2013/14 to support our 237 emergency relief and community support services, and over \$31 million to support our 155 housing and homelessness services.

Changes to Newstart and Youth Allowance in the Federal Budget this year will result in greater demand for services that The Salvation Army will increasingly struggle to provide. We continue, however, to be an active voice alongside the Australian Council of Social Services and other not-for-profit organisations to advocate a fair and just approach for all Australians, to ensure they can develop the resources and capabilities to engage fully and meaningfully in the Australian community.

Victoria	
Officers	344
Employees	2057
Social Centres/Programmes	456
Corps	96
Employment Plus Offices	16
Salvos Stores	105

South Australia	
Officers	66
Employees	412
Social Centres/Programmes	90
Corps	30
Employment Plus Offices	3
Salvos Stores	38

Northern Territory	
Officers	13
Employees	87
Social Centres/Programmes	25
Corps	5
Employment Plus Offices	-
Salvos Stores	8

Western Australia	
Officers	78
Employees	419
Social Centres/Programmes	81
Corps	32
Employment Plus Offices	13
Salvos Stores	50

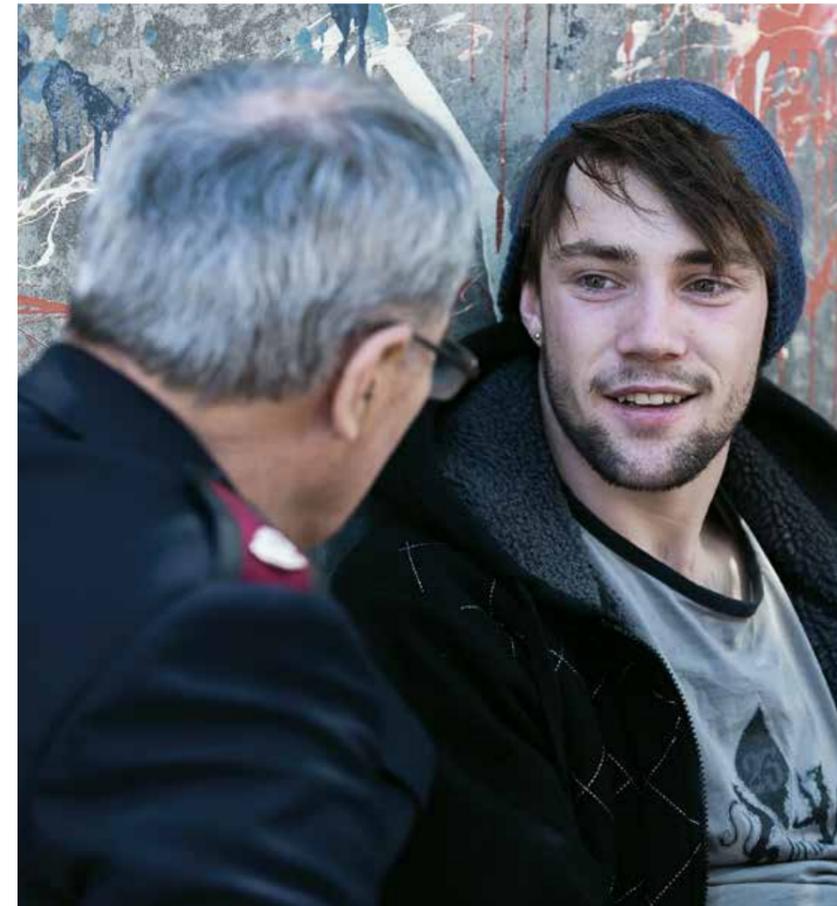
Tasmania	
Officers	30
Employees	305
Social Centres/Programmes	60
Corps	16
Employment Plus Offices	18
Salvos Stores	12

2014 Service Highlights

During 2014 The Salvation Army Australia Southern Territory:

- provided services from more than 700 social programmes/activities in 290 different locations;
- provided more than 520,000 episodes* of care across all our social programmes;
- assisted 20,000 people to find employment with 13,000 different employers;
- distributed more than 195,000 vouchers to people in need of food;
- provided more than 176,000 episodes of emergency and material aid relief to people in hardship;
- provided more than 327,000 bed nights to those experiencing or at risk of homelessness;
- supported people in financial crisis through more than 25,000 episodes of specialised financial counselling assistance; and
- provided 27,000 episodes of care to people experiencing family and domestic violence.

*An episode refers to a contact on a single day of support.



Our Mission

The Salvation Army is known for its social conscience—and its social action. Despite strong living standards across many parts of Australia, the status quo of poverty persists. We are committed to helping people in need who do not have access to a fair and minimum standard of living and lack the opportunity to fully participate in society.

The Salvation Army in Australia works across a diverse range of social issues. Our key areas of service include homelessness, family and domestic violence, addiction and recovery, youth services and support for individuals and families in crisis.

We stand alongside individuals and communities to bring specific solutions to the wide range of issues that are affecting individuals and local communities across Australia.

As a worldwide evangelical movement, The Salvation Army's work is motivated by our love of Jesus Christ. Out of this love comes our four mission intentions: transforming lives, caring for people, making disciples and reforming society.

Our values of human dignity, justice, hope, compassion and community are echoed through every expression of our work.

Our Work

A Message from our Territorial Social Programme Director

When The Salvation Army's earliest activities commenced in the United Kingdom, the people Australians have come to know as 'the Salvos' were demonstrating their love of God by feeding and clothing hungry children, addressing inequities and helping abused women exit the sex industry.

The pioneer Salvos were out and about, busily housing homeless people or sheltering families from abusive fathers—often as a result of alcohol and other substances. They assisted, accommodated and employed the unemployed and the 'undeserving poor'; those whom society had deemed unemployable. They cared for everyone left out of an industrialised future.

How inspiring for us to reflect on our proud past, and see that our social programmes continue to provide support and comfort to anyone in need. The Salvation Army's 2013/14 financial year social programme data tells me that our work has expanded in scope and sophistication—it is now largely carried out by well-equipped professional social work staff, ensuring we continue to effectively advocate for those most in need.

People matter. Practical, dignified support makes a difference. Lives enhanced are lives to be cherished. It's our starting point. We know we make a difference when we see hopes realised, people empowered, and communities sticking up for those doing it the hardest.

That's why The Salvation Army, in partnership with government, has developed and opened *The Beacon* to house men experiencing homelessness in Perth.

That's why, partnering with Westpac, The Salvation Army has provided online self-help financial counselling tools.

That's why the Northside Salvos in Corio outside of Geelong, Victoria (one of Australia's most hard-pressed postcodes) host playgroups, and have opened a \$65,000 playground to provide a safe and welcoming place for children.

That's why the Salvos enter into award-winning accommodation partnerships in South Australia, and run premier aged-care centres for marginalised Australians, and why we work with people addicted to substances (winning six out of eight Victorian non-residential treatment tenders in the process).

That's why The Salvation Army continues to train people in suicide prevention and postvention work, shelter family and domestic violence survivors, locate missing persons, operate out-of-home care networks and provide exhaustive community support services that feed and clothe those who need help.

It's also why we are the largest provider of homelessness services in Australia and why we advocate to governments on behalf of our clients, to encourage them to help Australia work towards a more equitable reality.

It's why we help keep the fridge running, the phone connected and the lights shining.

People matter. Practical, dignified support makes a difference. Lives enhanced are lives to be cherished. Those words remain true and relevant. They are backed up by The Salvation Army's actions.



Netty Horton
Territorial Social Programme Director



Mission Imperative Caring for People

For 134 years The Salvation Army has provided food and shelter for families struggling to make ends meet, supported people living with addiction and cared for people forgotten by society. This year we provided more than 520,000 episodes of care across all social programmes in the Australia Southern Territory. Consistent with our values of human dignity, justice, hope, compassion and community, we are committed to working with individuals and families who, due to life's experiences, are in need of a helping hand or long-term assistance.

The Beacon, Perth

This year we opened new crisis and transitional accommodation for up to 102 men in the heart of Perth, where over 9,000 people are homeless each night.

The Beacon men's hostel offers bedrooms with ensuite and desk facilities and communal kitchen areas for men seeking accommodation for up to six months.

The Beacon also delivers more than just crisis accommodation. It's a multi-faceted service that includes employment assistance, referrals to drug and alcohol services and training courses.

For residents like 67-year-old Bob, *The Beacon* offers a safe and nurturing environment, where people down on their luck can get the help they need. Bob says he could not fault *The Beacon's* accommodation or the care of the staff, but warned others that what bought him to *The Beacon* could happen to anyone.

"It's quite frightening. I've never been in the situation where I was homeless before and mixed with people who were in that situation," he says.

The opening of *The Beacon* is only possible through the generous support of businesses, community support and commonwealth and state government funding.



The Market Place, Adelaide

In Adelaide, The Salvation Army launched *The Market Place*, an initiative to give people access to fresh food—free of charge. Stalls of fruit, vegetables, dairy products and baked goods are made available to the community. With a 'help yourself' approach, visitors are provided with a shopping bag to fill and encouraged to make healthy selections in a comfortable environment.

As well as providing food relief, *The Market Place* aims to:

- teach food knowledge and cooking skills to assist in healthier eating; and
- connect with lonely, isolated, vulnerable and disconnected people.

Captain Matt Reeve, Corps Officer at the City Salvos Church in Adelaide, said *The Market Place* allows for greater interaction with socially isolated people in the community. "It's a groundbreaking opportunity to help struggling families in Adelaide." An average of 600 people visit *The Market Place* each month.

The Market Place operates on the first Friday morning of each month at The Salvation Army in Pirie Street, Adelaide.

Jo's Story

Jo (pictured above) works three days a week at a bank and volunteers two days coordinating the Wednesday and Saturday night community dinners at Adelaide City Salvos. She is now also in charge of *The Market Place*.

She explains how *The Market Place* began: "It actually came about by accident. I was talking to one of our food suppliers, *A Gesture*. They explained how much fresh fruit and vegetables go to waste and that they could start a compost business out of it. Something inside my head clicked and I thought—the Salvos have the people and resources and *A Gesture* has the food—let's join forces.

"For us, this programme is about the love. People can come through the doors, choose food like they would in a supermarket, and stay afterwards for a coffee or a meal. It gives us an opportunity to connect and care for people."

Safe from the Start, Tasmania

In Tasmania, The Salvation Army has developed *Safe from the Start*, an innovative project to work with children who have witnessed family violence using activity-based play.

In partnership with two universities, The Salvation Army conducted research that demonstrated children exposed to violence in early years can suffer severe effects on brain development and may be predisposed to developing addiction or adopting violent behaviour later in life.

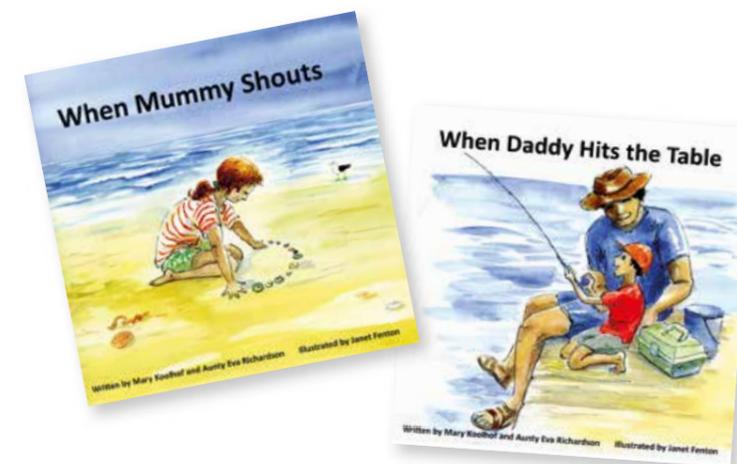
Out of this research, The Salvation Army developed a training programme and resource kit. Nationally over 1,000 people—including family and domestic violence workers, child protection workers, counsellors and child carers—have participated in training, and over 800 resource kits have been distributed within Australia and internationally.

This year *Safe from the Start*:

- produced four children's books to help children share their feelings;
- received a Tasmania Community Fund grant to conduct a research study: *Men who use Violence and Educating how their Violence Impacts on their Children*. The report will address how programmes can educate men who use violence, inform government policy, and develop a training module for men's Change Abusive Behaviour Programmes within Australia; and
- conducted research in Tasmania to address family and domestic violence within Aboriginal communities.

"It's not only seeing violence that can affect children—it's hearing it as well. Our mission and passion is to improve the lives of children who have been hurt through the behaviour of their parents," says Nell Kuilenburg, Research and Development Manager.

For more information on the project or to order resources visit salvationarmy.org.au/safefromthestart.



When Mummy Shouts and *When Daddy Hits the Table* were written as a pair to acknowledge that both parents can display angry behaviour and assist children to understand different behaviours of their parents.

Northside Community Centre, Geelong

Northside, near Geelong in Victoria, has a high rate of single-parent families, unemployment and disadvantage.

This year The Salvation Army's Northside Community Centre joined forces with Glastonbury Family Services and the Percy Baxter Charitable Trust to launch a \$65,000 'Imagination Station' playground for about 40 children who come to the centre each week.



The playground and playgroup is aimed at assisting young mums. The nearest safe place for children to play outside is over three kilometres away and there is a lack of viable public transport options in the area.

Jodie visits the centre with her 18-month-old son, who loves to play outside in the sandpit. "This place gives me the confidence to come out with him," she says.

"I like the idea of the community meal the Salvos put on for us and being able to sit down and talk with other mums."

Northside Corps Officer Major Gloria Eldridge says, "We're about engaging families back into the community, where they've previously felt isolated."

In the last year the Northside Salvation Army:

- engaged with 26,000 people through playgroups, emergency relief, general counselling, legal advice, free computer access, food parcels and community meals;
- served over 6,500 community meals; and
- gave away nearly 7,000 meals and bags of fresh, frozen and non-perishable food.

Mission Imperative Transforming Lives

The Salvation Army supports individuals and families through their own personal crises and seeks to empower people to get back on their feet and live life to the fullest.

This year The Salvation Army was a positive influence for 7,000 people who received financial counselling, 75,000 people who were assisted through the provision of emergency relief and more than 3,500 people and their families escaping family and domestic violence.

Our drug and alcohol rehabilitation centres empower people who are dependent to become independent. Our employment services support all manner of people, including those deemed unemployable, in finding work. Individuals and families trapped in violent situations can find a safe refuge in our centres. People in financial crisis are equipped through our financial counsellors to take control of this area of their lives. Those experiencing homelessness or at risk of homelessness are given the practical and financial support to move out of that situation and into stable housing.



Employment Plus

The Salvation Army Employment Plus is one of Australia's largest government-funded employment services. Operating from 109 offices nationally, Employment Plus offers businesses a free professional screening and recruitment service. More significantly, it provides pathways for job seekers who often face a range of barriers to employment.

Last year, Employment Plus placed 20,000 people into employment with nearly 13,000 employers. Tens of thousands of others were assisted in other ways, including training and skills development.

Job seekers came from all walks of life—from highly skilled and employable, to those with major disadvantages such as homelessness and substance abuse.

The impacts of unemployment can be devastating. Beyond financial hardship it can cause lives to spiral out of control, often resulting in mental health issues and relationship breakdowns. Recognising this, Employment Plus expanded its services during the year to include:

- the *Psychological Counselling* service, which provides confidential support from qualified psychologists for people facing emotional and mental health issues to help them cope with, and feel prepared for, the responsibilities of work;
- a new phone-based service that was successfully trialled and will be expanded during 2014/15 to complement face to face counselling; and
- enhanced training and development services under the name *Training Plus*, a Registered Training Organisation offering accredited and non-accredited courses, all designed to equip job seekers for ongoing employment. Qualifications range from short courses to diplomas. Employers too can engage *Training Plus* to develop tailored training programmes for their existing employees.

Luke's Story

Luke had been long-term unemployed, struggling with drug addiction and unable to find work without a driver's licence. Employment Plus found Luke some short-term casual work to address the gaps in his resumé. While this provided him with some work experience, a few dollars and, most importantly, a reference, the end goal was to find him something permanent.

Just as a position looked to be opening up with a loyal Employment Plus client, Luke found himself homeless. His Employment Plus consultant explained the situation to the employer, pressing the point that Luke needed a position urgently to help him get his life back on track. The employer was prepared to offer Luke an interview the following day. Temporary accommodation was arranged, allowing him to interview for the position the following morning.

The next day Luke was picked up and taken to the interview. Luke had his overalls on so that he was ready to start work, and had with him two bags (his only possessions) when he attended the interview. Afterwards the employer raised his concern that Luke's lack of a vehicle and accommodation would impact on his ability to work. However, during the interview Luke's consultant had arranged ongoing accommodation, which enabled Luke to start work immediately.

Luke has now been employed for over three months and so far things are going well. Luke was initially commuting by bus but has made friends with another employee who can offer him a lift to work.



Salvos Street Outreach Service, Perth

The Salvation Army has expanded its response to homelessness in Perth with the introduction of the *Salvos Street Outreach Service*, which operates from 8–11pm Friday to Sunday.

The teams visit parks, laneways and squats to provide sleeping bags, hot meals and conversation to those they come into contact with, as well as transport to the *Bridge House* sobering up centre or *The Beacon* crisis accommodation hostel. Connection with a dedicated case worker through the *Salvos Doorways* service is also offered to assist those who seek a pathway out of homelessness. The service is modelled around the homeless outreach program in Melbourne's CBD and is soon to expand to include a late night youth response (based on the successful *Melbourne Street Teams* model), and an all night *Rest Stop Café*—a supported and welcoming safe place off the street.

The Salvation Army's Lieutenant Kris Halliday is the *Salvos Street Outreach Service* Manager. He says, "While the food and sleeping bags are incredibly important for those we come into contact with, this programme is first and foremost about relationships. By sitting alongside, sharing a coffee and listening to the stories of those sleeping rough, we are able to build the trust required to help with any immediate needs and help them navigate their way back to being a part of functioning society."

The *Salvos Street Outreach Service* has been made possible through the generous financial contribution of Kleenheat Gas. More about their commitment is available in the Community section of this report.

Financial Self-Help Tools

In 2012 The Salvation Army commissioned Swinburne University to undertake research into the impact of financial counselling on debt resolution and wellbeing outcomes for people in financial stress. The research found taking action early—at the first signs of financial stress—is an important factor in achieving positive outcomes and minimising the impact of financial crisis for individuals and their families.

Out of this research, The Salvation Army partnered with Westpac to produce a web-based financial self-help tools resource.

The website was launched earlier this year and is designed to support people in the early phases of financial difficulty who have the capacity to 'self-help', but are unaware of the range of resources available to support them. It features information on banks, budget planning templates, financial counselling and links to independent sites.

To visit the website go to salvationarmy.org.au/financial-tools or to read our financial counselling research visit salvationarmy.org.au/2012-reports-and-submissions.

Sandra's Story

Sandra, 27, is a regular client at one of our emergency relief centres in Melbourne's west. She started visiting The Salvation Army for vouchers and food, and was referred to the on-site financial counsellor.

"I was coming in too regularly and they wanted to understand my financial situation a bit better, so they encouraged me to see the counsellor. She is great and things have been looking up. I feel a bit less stressed now, so I can think clearer and hopefully get a job.

"I just wish I'd known sooner that people like this were around. If I'd known about the service, I wouldn't be in this mess."

**Name has been changed to protect identity.*

Major Brendan Nottle: 2013 Melburnian of the Year

The Salvation Army's Major Brendan Nottle was announced 2013 Melburnian of the Year in November last year. This honour recognises of Major Nottle's work overseeing the operations of The Salvation Army Project 614 in Melbourne's CBD, and being a positive influence in the lives of vulnerable people living in Melbourne.

Major Nottle's team has hundreds of interactions each day with people who are homeless, mentally ill, elderly, lonely or isolated, or suffering from addiction. His leadership has brought about services that reach out to marginalised members of the community, provide emergency support for people experiencing homelessness and, importantly, build a community where people can find belonging.

Some of the programmes include *Hamodava Café*, a welcoming community centre providing breakfast and lunch and support to people from all walks of life, and *Street Teams*, a positive influence among party-goers and rough sleepers on the streets at night.

Melbourne Lord Mayor Robert Doyle paid a special tribute to Major Nottle: "Brendan's devotion to strengthening Melbourne's social fabric is an inspiration to us all. Every week, Brendan can be found in the city giving crucial support to those in need, including meals, clothing and counselling. The dedication he brings to his work makes him a role model thoroughly deserving of this accolade," he said.

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

Mission Imperative Making Disciples

As a worldwide evangelical movement, The Salvation Army is dedicated to reaching people with the good news of Jesus Christ and leading people to faith. Our approach to support is holistic; in our services, we provide opportunities for individuals and communities to find the spiritual guidance they may be seeking alongside attending to their immediate needs.

The Flying Padre & Outback Services, Northern Territory

The Flying Padre's mission is to carry the Christian message to remote communities and isolated people who live on stations across the top end of Western Australia and the Northern Territory.

The Flying Padre visits cattle stations and communities to bring pastoral and material support, conducts Christian education classes, holds services in remote stations to celebrate occasions like Easter and Christmas, and also conducts weddings and funerals.

This year, Captain Greg Howard took on the role of the Flying Padre. He relocated to Katherine, allowing him to be closer to many of the communities and stations he supports.

Since June, the Flying Padre has:

- made personal contact with more than 260 people;
- visited 32 stations;
- visited 3 indigenous communities; and
- run a series of Christian education lessons at two schools.

"A lot of the people and communities I visit are such a long way from anywhere and they appreciate someone to talk to. Children on stations also enjoy someone dropping by to show an interest in them and what they are doing in the classroom. I count it a privilege to fly into a station and be welcomed and accepted by the community," says Greg.



Left to right: Jackie Abrahams (Child Health Nurse), Jo Ineson (Early Learning Centre and Health Centre Director), Curtis and Jenna Deans.

Balga Salvation Army Child Health Centre, Western Australia

The Balga Salvation Army Child Health Centre opened in March this year as an addition to the services already provided at the Balga Early Learning Centre. The Salvation Army is the first non-government agency to partner with the Western Australia Health Department to provide this kind of service.

Families accessing the Early Learning Centre can now use the health centre for their children's health checks during their early years, ensuring all children have access to high quality health support that is crucial for meeting developmental norms.

The service also offers parent groups, playgroups and drop-in sessions where parents can come for coffee and a chat. It caters to marginalised and disadvantaged families suffering from issues connected with low socio-economic status. The environment is welcoming and the staff work hard to create a centre that parents are happy to repeatedly visit.

Jo Ineson, Director of the Early Learning Centre, says, "We believe each child should have every opportunity to reach their full potential. This extra health service will deliver high quality and effective community support to vulnerable people. The service is easy to access, safe and proven to support holistic development in children."

Those using the health centre also have access to the range of services at Balga Salvation Army, such as financial counselling, emergency relief, Bible studies, music programmes, choir groups, a coffee shop and holiday clubs.

Jo Ineson shares about the holistic support offered at the health centre and the difference her faith makes to her work: "My faith is my motivation for doing what I do. It allows us to work differently and to go further in our relationships with the families. We provide hope, dignity, respect and compassion to all the people who come into our centre, but above all we are motivated to demonstrate the love of Jesus in all our interactions so lives can be transformed."

Mission Imperative Reforming Society

The Salvation Army is an organisation with an inherent passion to stop injustice.

Our role is to be an active voice alongside other organisations to advocate a fair and just approach for all people, to ensure they can engage fully and meaningfully in the Australian community.

We do this through running innovative programmes, undertaking research relating to key areas of our work, challenging and influencing policy makers, developing relationships and working with government, and speaking in the public arena on behalf of our clients.

2014 National Economic and Social Impact Survey

We surveyed 2,485 Salvation Army clients across 237 emergency relief services earlier this year. The results paint a harrowing snapshot of the realities of daily life for people living on the margins. We found many people are struggling to afford basic necessities for themselves and their families:

- one in four is unable to afford a substantial meal once a day;
- half of respondents go without meals, often so their children can eat;
- 62% have cut back on basic necessities;
- 28% said they have had to live without heating at least one room in the house throughout winter;
- 38% of participants do not have regular social contact with people leading to a feeling of isolation and loneliness; and
- 47% are unable to find someone to turn to for help when needed.

A disturbing 8% of single parents and their children were homeless.

We released this report in the lead up to the annual Red Shield Appeal in May to increase awareness of the plight of vulnerable Australians.

To read the report visit salvationarmy.org.au/reports-and-submissions.



Melinda's Story

We met Melinda at a Salvation Army emergency relief centre in Melbourne's inner west. Melinda's story is like many who access our services day-to-day. She is a single parent of two children under six, receives welfare payments, but doesn't want to ask her ex-partner for money.

"I'm here at the Salvos today because I'm out of food and I have nothing left after paying bills. Normally I can get by, but I just struggled this month. Everything came at once—gas, electricity, rent, school fees. None of it could be delayed without me getting charged late fees. They were threatening to disconnect. I'm stressing because there isn't anything left."

Melinda is a trained nurse, but can't work because she's injured. An operation to address her condition is continually bumped down the list because it isn't deemed 'critical'. She heard about Salvos emergency relief through a friend.

"The Salvos have been fantastic. They actually help out in a really practical way. They gave me vouchers, which will get me through two weeks of groceries."

"I'm glad I came today. I feel a lot better and less worried. It's such a basic thing to be able to feed your family and your kids, and when you can't it just feels awful. I'm so glad I came."

National Homelessness Report

The Salvation Army released a data snapshot of our homelessness services, revealing that we are the largest provider of homelessness services in Australia, with 155 services across the country.

The report identified the types of clients we see and reasons for their contact with us. It showed that large numbers of people accessing our homelessness services attribute their desperate homeless situations to family and domestic violence, a lack of affordable housing and poverty. 53% of women, for example, accessed Salvation Army women's homelessness services to escape family and domestic violence.

The report also revealed:

- 22,594 people were assisted in our homelessness services in the six months from 1 July 2012 to 31 December 2012;
- over 310,000 accommodation days were provided in a six month period;
- one in five (20%) of clients accessing Salvation Army homelessness services have been diagnosed with a mental health issue;
- one out of every eight clients who access a Specialist Homelessness Services (SHS) in Australia accesses a Salvation Army service; and
- 25% of clients accessing Salvation Army homelessness services have been homeless for more than six months.

The report showed for the first time the extent of The Salvation Army's work with homeless people across Australia. It emphasised our strong commitment to working with people with complex needs who often have no one else to turn to.

To read the report visit salvationarmy.org.au/reports-and-submissions.



A scene from *Everybody has a Story*, a video produced by The Salvation Army highlighting our key areas of work. 'Rebecca' says, "When I think about homelessness, I think about the dirty old guy on the street; I think about the crazy old guy with matted hair talking to himself. I never think about me." To view the video, search 'Everybody has a Story The Salvation Army' on youtube.com.

Freedom Partnership: Anti-Slavery Campaign

The Salvation Army launched the *Freedom Partnership*, a new initiative to equip Australians with the knowledge to identify slavery and slave-like practices that currently exist in Australia to help bring an end to this exploitative system.

Most Australians would be unaware that slavery touches most of us through our everyday consumption of goods and services. Many products we enjoy may have been produced through exploitative activities both here in Australia as well as other parts of the world.

The *Freedom Partnership* initiative uses online tools and social media to engage and support the Australian public as they act and fight against slavery and slave-like practices in Australia.

The programme has staff based in Sydney, Melbourne and Canberra to support clubs, students, faith-based groups, trade unions, community service providers, businesses, government agencies, policy makers and others to engage in its aims.

National Manager of The Salvation Army's *Freedom Partnership*, Jenny Stanger, says, "We want to carry the anti-slavery message to a mass audience, which is critical in a nation such as Australia that is so reliant on imported goods and services produced in areas of the world where basic human and labour rights are a daily struggle."

To make a pledge against modern slavery, or for more information about the *Freedom Partnership* initiative, please visit endslavery.salvos.org.au.

The *Freedom Partnership* is an extension of The Salvation Army's existing anti-slavery work in Australia. The Salvation Army has privately operated Australia's only safe house for victims of slavery for the past five years.

International Focus

After being founded in 1865 in London, The Salvation Army today operates in 126 countries. One of our biggest strengths is that we have such a wide-ranging network and presence in so many communities around the world. In these 126 places, The Salvation Army works to the same mission, which is to meet human need without discrimination.

In 2013/14 The Salvation Army worldwide has:

- provided general relief to 15,581,825 people;
- operated more than 1,000 thrift shops to give back to communities;
- assisted 360,902 young people through community youth programmes;
- reunited 3,683 people with their families through Family Tracing services;
- helped 546,511 people through night patrol and anti-suicide programmes;
- visited 230,113 prisoners;
- provided counselling to 540,424 people; and
- assisted 1,035,396 people with disaster rehabilitation schemes.

Typhoon Haiyan, November 2013

Typhoon Haiyan, one of the strongest tropical cyclones ever recorded, devastated the east coast of the Philippines on 8 November 2013.

While natural disasters are not unusual in the Philippines, which has the highest rate of earthquakes and volcanoes in the world, Typhoon Haiyan wrought unprecedented destruction, packing winds and a storm surge three and a half times as strong as Hurricane Katrina. Around 4,000 people are estimated to have lost their lives, with more than 12,000 injured and around four million people left homeless.

The Salvation Army worldwide, together with other not-for-profit organisations, acted swiftly to aid in the disaster relief effort, providing financial donations, food, shelter, water and emotional and spiritual care to survivors.

Local Salvation Army centres in affected areas fully distributed all available food from their welfare supplies and worked with local government officials and the Philippines Air Force to facilitate the effective distribution of supplies and donated items.

Within the first month of providing aid, more than 273,000 meals (roughly calculated as one 'family pack' feeding five people for seven days) had been distributed. The Salvation Army also bolstered medical services in areas unable to keep up with the demand and provided counselling and pastoral support to those affected.

Other Salvation Army territories around the world immediately launched public appeals for funds. The Australia Southern Territory released \$100,000 to assist with medical and food supplies within a few days.

The Salvation Army across the world continues to assist the Philippines Salvation Army as they service the immediate and long-term needs of those impacted by the natural disaster.



Our People



Stephen Webb
Human Resources Director

The Human Resources team at The Salvation Army is a vibrant and progressive group of human resources and health and safety practitioners. We are dedicated to achieving the successful engagement and retention of an employee workforce, while fostering a work environment that enables The Salvation Army to achieve its mission imperatives. The HR team is accountable for the development, maintenance and application of The Salvation Army's policies, procedures and systems relating to the employment practices, terms and conditions of employment, and the safety and wellbeing of the organisation's workforce.

Our Workforce

The Salvation Army Australia Southern Territory workforce consists of over 5,000 employees and officers who deliver varied services to the community in over 700 workplaces across Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

In 2014, the workforce was deployed throughout the Territory as follows:

	Employees	Officers
Territorial Headquarters*	303	95
Melbourne Central Division	985	95
Eastern Victoria Division	421	81
Western Victoria Division	222	38
Northern Victoria Division	126	35
South Australia Division	412	66
Western Australia Division	419	78
Tasmania Division	305	30
Northern Territory Region	87	13
Salvos Stores	1,105	3
Employment Plus	378	1
Total	4,763	535

*Includes personnel at Geelong Conference Centre and Catherine Booth College.

The Salvation Army is an equal opportunity employer and is fully compliant with Workplace Gender Equality Agency (WGEA) legislative requirements. Our employee workforce is made up of:

Status	Women		Men		Total
	#	%	#	%	
Full-Time	1,802	63	1,059	37	2,861
Part-Time	1,183	77	353	23	1,536
Casual	613	68	288	32	901
Total	3,598	68	1,700	32	5,298*

*Includes officer numbers.



Hannah Pho receives a volunteer service award from the Hon. Bruce Atkinson MLC, President for the Legislative Council of Victoria. Hannah, 21 years old, volunteers at Box Hill Salvation Army in programmes that assist young people. This year she also held an ethical fashion market to raise money for the Box Hill Salvation Army's Emergency Relief centre, which assists people in the community with material aid and financial counselling.

Volunteers

This year more than 9,500 volunteers across Tasmania, Victoria, South Australia, Western Australia and Northern Territory contributed over 1.5 million hours of service to make a difference in the lives of others and extend the reach of the organisation far beyond existing resources.

Volunteers are considered part of The Salvation Army community and are loved, valued and respected. The generosity of our volunteers encourages not only our officers and employees but also affirms to our clients they are valued. It takes an army of people to effect positive change in the community and our volunteers add their hands and hearts to make this change possible.

The interest of so many in the community and the corporate sector to support the work of The Salvation Army demonstrates the concern Australians have for disadvantaged and marginalised people.

Volunteers are often at the front line and contribute in many ways, including:

- collecting at intersections and shopping centres and knocking on doors during the Red Shield Neighbourhood Appeal;
- serving meals and refreshments to emergency personnel during disasters;
- providing expertise at advisory board level;
- providing direct or indirect client support at our community centres; and
- serving at our Salvos Stores or thrift shops.

The Salvation Army relies on its army of volunteers to deliver vital services to people in need.

Thank God for our army of volunteers!

Meet Some of our Volunteers

Clim Pacheco

Clim assists the Volunteer Resources Team to develop The Salvation Army's volunteer strategy and role profiles for future volunteers. He also assists with mentoring the team.

"The Salvation Army was foremost in my mind when I thought of volunteering my time as the work they do locally and globally is highly commendable," says Clim.

"I had decided to look for a balanced work/life style and blend my corporate consulting work with volunteering. Volunteering means I can engage with the 'workforce' at The Salvation Army, there isn't much social engagement in corporate consulting."

Anita D'souza

Nine years ago, Anita and her husband moved from India to Adelaide with hopes of making a better life for themselves. "But we were paying lots of money to stay with people and my husband didn't find a job for a long time, so we couldn't even afford the simplest things like tea bags to make a cup of tea," says Anita.

Eventually she heard about her local Salvation Army community support centre. "I walked in and I felt so ashamed to be asking for things. I just stood in the corner and cried," she says.

Heather, the manager of the centre at the time, introduced herself to Anita. "Heather said I could take tea, sugar and biscuits...and that was the start of our friendship."

"When we finally found a place to rent, Heather noticed we didn't have much and came the next day with mattresses, bed sheets and towels—I couldn't believe someone would do that."

Anita now volunteers at the centre assisting clients with food parcels and sorting fruit and vegetable donations. "I'm now able to give back. I've walked that journey too so I understand the pain people are going through," she says.





A Great Place to Work

Some of the reasons that make The Salvation Army a great place to work:

Values-Based Organisation

The Salvation Army cares about people. Our values of human dignity, justice, hope, compassion and community bring focus to the lives of others.

Make a Difference

The Salvation Army has some of the most innovative community programmes designed to bring about lasting change in people's lives. Employees make a difference through the direct service they provide in supporting people in need, or in roles that positively influence decision-makers in our community.

Many employees express that being part of an organisation that is committed to improving other's lives is a rewarding way to spend their working lives. Our employees sometimes volunteer in other areas of the organisation in their spare time when they see the great work that's going on.

Career Diversity and Development

The Salvation Army employs people across a large and diverse range of professions, from the community and caring professions to corporate support, retail and many others. These jobs are either full-time, part-time or casual, and in some instances, internships.

Employees are encouraged to develop their skills. The Salvation Army assists employees by offering in-house training, study leave and financial support for development programmes to help achieve the mission of The Salvation Army.

A Respected Worldwide Organisation

The Salvation Army is one of Australia's most well-respected and well-known charitable and welfare organisations. The brand is recognised worldwide, being at work in more than 126 countries, providing our staff with exposure to various cultures and experiences from all parts of the world.

Flexible Work Arrangements

Flexible rosters, nine day fortnight or 19 day month, purchased leave, working from home, job share and flexible working hours are some of the work arrangement options available to employees.

Support for Staff

The Salvation Army understands that work and life can be challenging, which is why we offer a free counselling service to all our employees and their immediate families through the Employee Assistance Programme (EAP). Our employees also have access to Salvation Army chaplains for spiritual guidance and support. Over the past year we've introduced a policy in relation to family and domestic violence for those members of our organisation who may be suffering in this way.

Staff Benefits

As a not-for-profit organisation, The Salvation Army offers generous salary packaging arrangements that increase take-home pay. We also offer great benefits such as tax-free meals, entertainment and holiday accommodation. Our employees can access discounts on everyday items such as health insurance, groceries and fuel, as well as special deals on dining out, leisure activities, holiday accommodation, movies and more. We're always looking at ways to enhance the relationship with our staff and attract the best people.

Work with Meaning

Employment at The Salvation Army provides a career with a difference, offering reward and satisfaction as we deliver services that provide assistance to more than one million Australians every year. Through the diversity of services we provide, employment opportunities are also varied. We employ people in roles such as:

- social workers and case managers;
- welfare and support workers;
- youth workers, residential support workers, foster carers;
- employment consultants;
- financial, general, crisis, alcohol, drug and gambling counsellors;
- psychologists;
- nurses and personal care attendants;
- specialists such as IT, fundraising and marketing, HR and training, audit, finance, accounting and property personnel;
- administrators, cleaners, maintenance and food services staff;
- sales assistants, store managers and regional managers; and
- journalists and media producers, events managers and archivists.

Our Partners

Partnerships are critical to the delivery of Salvation Army services and the fulfilment of the mission intentions of the organisation.

All levels of government, corporate entities that provide professional services and financial support, and individuals and groups that provide funding are considered to be partners of The Salvation Army. Together these various groups enable The Salvation Army to extend its work into all areas of the Australian community.

Government Funding

Funding from federal and state governments is critical to the operation of Salvation Army services and programmes across the Australia Southern Territory. The Salvation Army will continue to seek funding support from all levels of government in order to continue to deliver services and provide positive outcomes for those that seek its support.

In all cases The Salvation Army follows a funding process as required by the specific 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:

Government Grants	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000	2009/10 \$'000
Rendering of Services	136,047	128,072	119,169	114,139	104,500
Fee for Service	34,713	34,170	40,876	42,472	41,611
Capital	5,059	7,255	6,159	1,688	4,436
Total	175,819	169,497	166,204	158,299	150,547

Where required by certain government departments, individually audited accounts are prepared for government-funded centres, services or programmes. In other cases, particular government departments accept the annual report as the central means for reporting on government funding received by The Salvation Army.

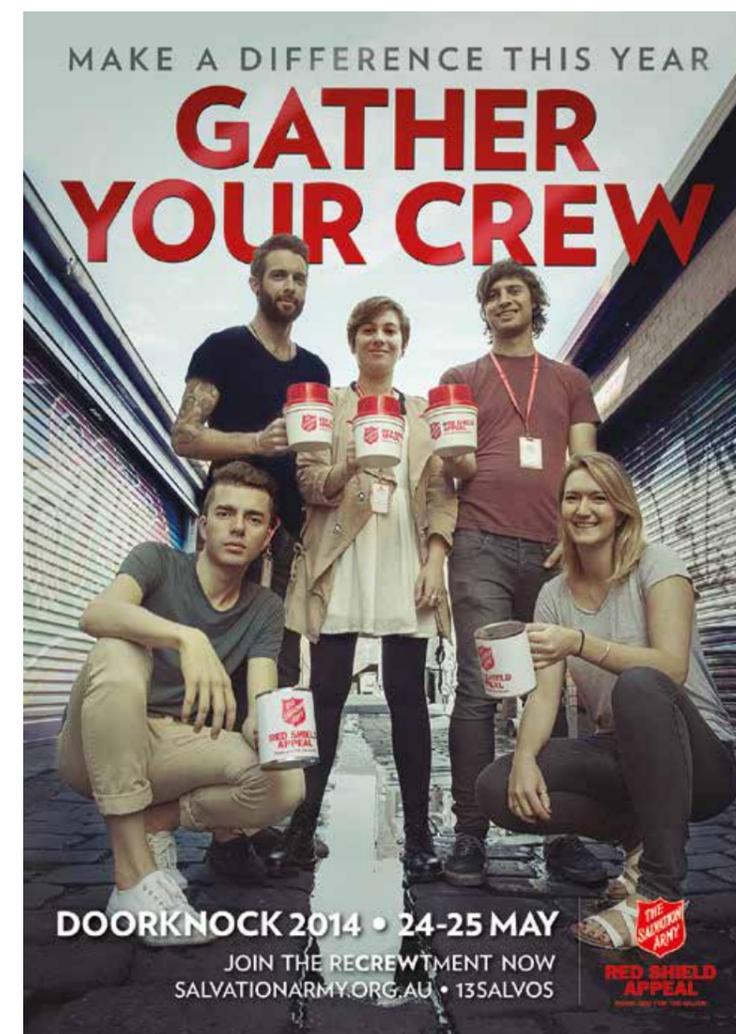
Public Fundraising

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, 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 Typhoon Haiyan, The Salvation Army has the capacity to conduct international aid appeals. The Salvation Army has an active bequests programme for supporters who wish to leave a legacy to The Salvation Army in their wills.

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 Communications & Fundraising 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 enquiries and complaints are directed to the Donor Care Service Team located at Territorial Headquarters in the first stage of this process. The Territorial Communications & Fundraising 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 is also available to 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 and 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 solicitors listed assist in the relevant state or territory:

General Legal Advisors

Northern Territory—Cridlands MB Lawyers
 Victoria—E P Johnson & Davies
 Western Australia—Herbert Smith Freehills
 South Australia—Minter Ellison
 Tasmania—Murdoch Clarke

Specialist Legal Advisors

Kershaw Legal
 Clayton Utz
 Davies Collison Cave
 Marsh and Maher
 Nevev Ford
 Salvos Legal
 Lynch Meyer

Community

Community is the lifeblood of The Salvation Army. Without the generous support of private donors, corporate partners, the Australian public and all levels of government, The Salvation Army would not be properly equipped to respond to the needs of more than one million Australians each year.

The Salvation Army Australia Southern Territory enjoys relationships with many businesses who share in our vision, passion and work. The following section highlights some members of the corporate community who supported The Salvation Army this year. Relationships and engagement with organisations, however, go beyond those mentioned here. A list of acknowledgements is included in the last pages of this report.

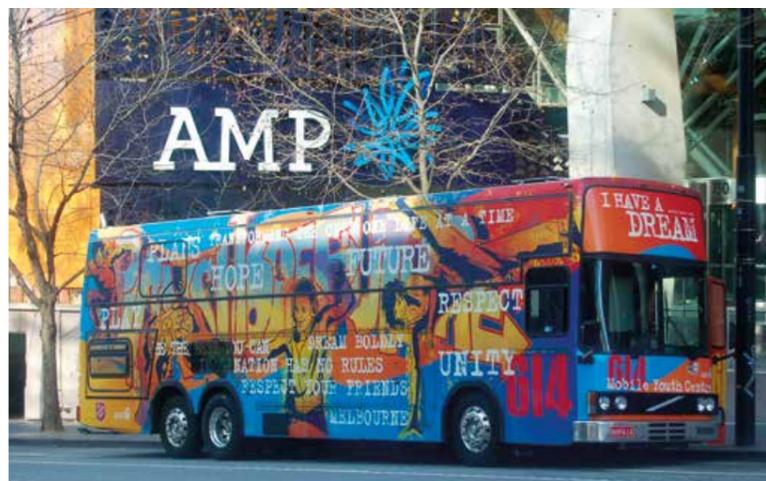
The Salvation Army is a not-for-profit organisation and does not have shareholders. Instead, it has members with whom it regularly communicates. This principle necessitates regular and timely disclosure of relevant information about the life of The Salvation Army to its stakeholders through electronic 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 (salvationarmy.org.au) is regularly updated, and the weekly national publication *Warcry* and fortnightly territorial publication *On Fire* both seek to expressly inform the organisation's members of events and updates occurring 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 Australia Southern Territory are 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

AMP

In recent years, The Salvation Army Project 614 at Bourke Street, Melbourne, has become the 'beating heart' of our work in the city. This is due in part to AMP's generous commitment of \$500,000 over the last five years to refurbish Project 614. One of the projects AMP funds is the *AMP 614 Youth Bus*. This is a fully refurbished motor coach parked at historical Flinders Street on weeknights. It's a safe place for Melbourne's homeless and marginalised youth, and is equipped with a kitchenette, computers, gaming consoles, and 'chill out' and private counselling areas. The bus enables Salvation Army workers and volunteers to build relationships with vulnerable and isolated young people to improve their pathways to accommodation, employment and education.



The Salvation Army's social media presence is another means to communicate and engage with our members and the public. Our audience on social media—which includes Facebook and Twitter—is made up of staff and volunteers, Salvation Army church members, our supporters, the wider Australian community and people seeking assistance from our services.

Lumo Energy

This year Lumo Energy supported The Salvation Army's Red Shield Appeal in an innovative way.

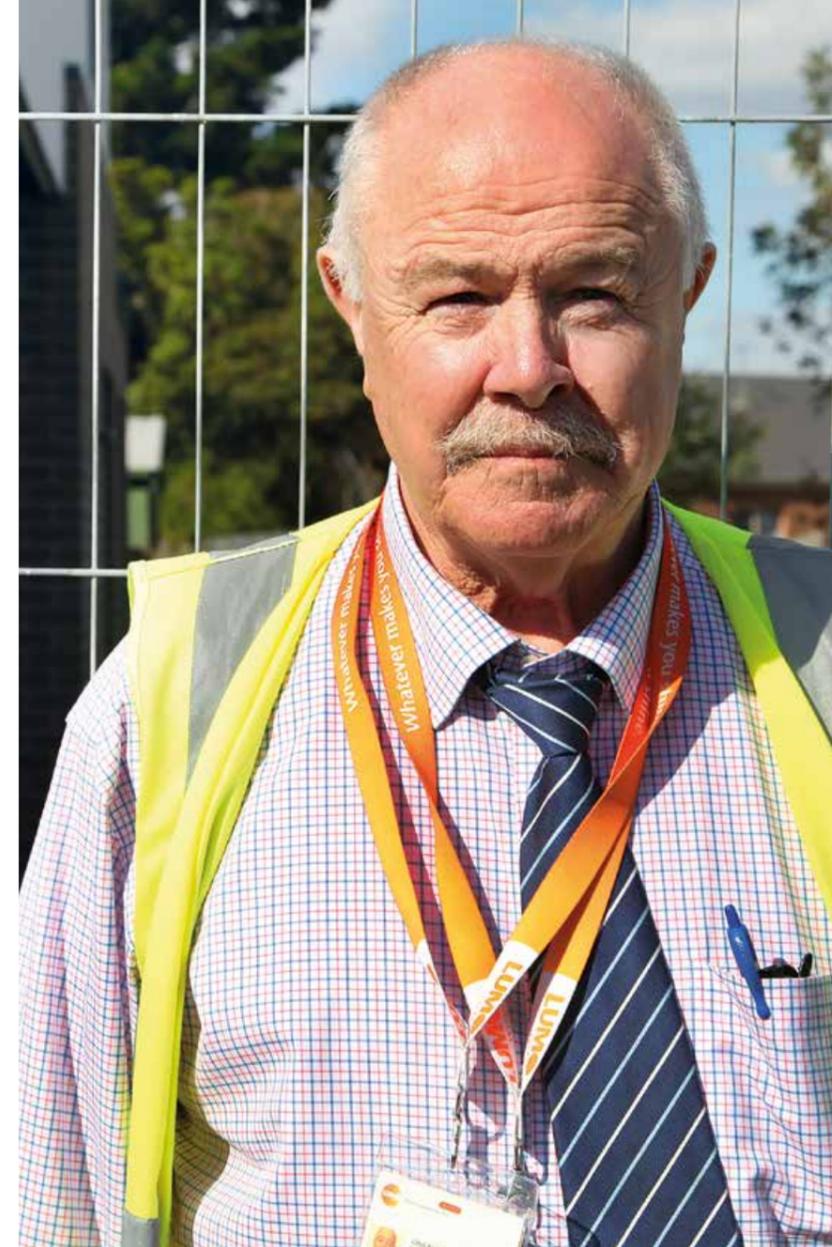
The annual Red Shield Appeal advertising campaign took a new approach by highlighting the stories of people in the community and how they see the work of the Salvos. Lumo Energy added their voice to the appeal with a story told through the eyes of Lloyd—a field officer with Lumo Energy. For nine years, Lloyd (pictured right) has visited Lumo customers struggling to make energy payments.

"I go out and see our clients and find out how we can help them...you have to remember that people in financial difficulties are sometimes embarrassed to ask for help," says Lloyd. "It's our job to try and help them get back on track by advising them how to manage accounts and telling them what assistance is available to them."

In the advertisement, Lloyd shares his relief in knowing that the Salvos are at work, helping people in financial crisis or facing hardship every day.

As well as contributing their time and Lloyd's real story, Lumo Energy paid the production costs of the advertisement. Lumo Energy will also support The Salvation Army's *Utilities Assistance Programme*, which helps ease the difficulty some households experience in paying their energy bills.

To view the ad, search 'Lumo Energy & The Salvation Army' on youtube.com.



Myer

Last year marked the 20th anniversary of the *Myer Spirit of Christmas* CD. Each year The Salvation Army is honoured to partner with Myer to spread the message of joy and hope through music. Over \$350,000 was raised from the sale of the CD in 2013, which featured artists such as Marina Prior and Guy Sebastian. All funds raised are directed to our children and youth programmes.

In addition to the CD, Myer and The Salvation Army this year launched the *Power of Give* campaign, which will see \$3 million raised over the next five years to help families and individuals in need at Christmas. The campaign encourages Australians to donate in-store at Myer to help bring joy to the lives of Australians doing it tough.

Myer Chief Executive Officer, Bernie Brookes, says he is delighted to continue to support the vital work of The Salvation Army—providing families with financial and emotional support. "We are pleased to be extending our relationship with one of Australia's largest and most diverse social welfare providers," he says.

Over the Christmas period, The Salvation Army assists approximately 300,000 people, with over 8,000 meals served on Christmas Day to people without anyone to celebrate with.



Above: Myer CEO Bernie Brookes and members of the Myer Community Fund Committee present the *Spirit of Christmas* cheque to Major Neil Venables and Judi Agnew of The Salvation Army.

Kleenheat Gas, Western Australia

This financial year Kleenheat Gas provided initial funding of \$20,000 for The Salvation Army to launch the *Salvos Street Outreach Service* in Perth. This came after a need to provide assistance on the streets was identified, as there are more than 9,000 homeless people in Western Australia on any given night.

Since the *Salvos Street Outreach Service* was launched in August 2013:

- more than 5,000 points of contact with Perth's homeless have been made;
- almost 2,000 sleeping bags have been distributed to people sleeping rough; and
- more than 50 volunteers have been engaged, including nurses, students, businesses and indigenous workers.

The funding has allowed The Salvation Army to increase its contact with Perth's homeless men by 330% and women by more than 400% from when the programme started.

One stand-out interaction the team had was with an older male sleeping each night in a rat-infested laneway in Northbridge. After a few months of consistent visitation and relationship building, he began to interact with the outreach team. He has now moved into The Salvation Army's new hostel for homeless men in Perth—*The Beacon*—where he has received medical and mental healthcare, long-term housing and other supports that have turned his life around.



Built Environs, South Australia

Each year Built Environs—part of the McConnell Dowell Group—contribute to the running costs of the *Do Unto Others* (DUO's) programme, which operates at The Salvation Army in Adelaide CBD.

DUO's is an initiative that reaches out to homeless, vulnerable and marginalised people through a community dinner on Wednesday and Saturday nights. Currently, up to 200 people come through the doors on a Saturday night.

As well as financial support, Built Environs staff regularly volunteer with the programme through cooking meals, serving tea or coffee, waiting tables and interacting with guests.

Chris Bate, Managing Director of Built Environs in South Australia, shares why Built Environs support the Salvos and the value it brings to the organisation.

"We support The Salvation Army for many reasons. We know that when we donate to the Salvos it's going to people in need. It has been a real eye-opener for me and some of the other staff to interact with people in the community through DUO's. There's a real cross section of people—rough sleepers, parents with children, elderly people, and even people carrying babies.

"I would encourage other corporates to experience first-hand where their company's charitable donations are going so that it's not just something their people read about in an internal newsletter—but something they can see, feel and touch."

Media Engagement

The Salvation Army engages with the media on a daily basis to raise awareness of social issues, provide discussion on topical subjects related to our key areas of work and connect with the Australian public to encourage active involvement with our work.

The media is typically very cooperative and supportive of The Salvation Army and much coverage is generated around awareness campaigns and events. Participation in sector-wide awareness activities, such as Homeless Persons Week, Missing Persons Week and Anti-Poverty Week, help to inform and drive social change in the community.

In 2014 The Salvation Army continued to be a consistent voice on issues including homelessness, alcohol and drug addiction, and family and domestic violence. Media highlights included the Red Shield Appeal doorknock weekend, utilising the *National Economic and Social Impact Survey* report that showed the scale of disadvantage many in our communities are facing. Other issues that various spokespeople gave voice to related to areas such as the 2014 Federal Budget's implications for people doing it tough, and begging and homelessness in Australia's cities.

In the lead up to the annual Red Shield Appeal doorknock in May, the Salvos gratefully received more than \$12 million in media coverage (value taken from advertising space rates).

The table below shows the number of coverage items received per month over the past year and the dollar value of the space.

For media information visit salvationarmy.org.au/news-and-media/.

Month	Print/Television/Radio	Dollar Value
November 2013	223	1,672,199
December 2013	348	3,399,711
January 2014	534	5,285,595
February 2014	371	4,496,366
March 2014	333	7,840,901
April 2014	396	5,270,869
May 2014	917	7,755,784
June 2014	471	4,713,636
July 2014	362	4,457,472
August 2014	359	3,520,426
September 2014	268	5,562,249
October 2014	271	3,366,797

The 2013 Christmas Appeal gets a PR boost from a celebrity choir, supervised by King Kong.





Financial Position

The last financial year presented significant financial challenges for The Salvation Army, which has impacted the overall operating results presented in this report. The final result of the Red Shield Appeal, excluding specified donations, capital appeals and emergency appeal donations, fell considerably short of the target set for 2013/14, and this has been a significant factor in the reported operating loss for the year.

While global financial markets continued to show strong growth, which is reflected in the capital value of our investment portfolio and the significant unrealised gain within our managed portfolio, the continuing low domestic interest rates and the further fall in the Australian dollar also saw the investment income returns from the managed portfolio fall well below budgeted expectations. The completion of several major capital projects during 2013/14 has seen significant growth in the property asset value on the balance sheet, offset by a reduction in the overall value of financial assets held.

The Equal Remuneration Order (ERO), made by the Fair Work Commission in 2012, will see the pay rates for some employees in the social and community services sector gradually increase over an eight year period, which commenced in December 2012. This has seen the wages of a significant number of our employees in social service programmes increase above the normal cost of living increases awarded each year, and together with increased workers' compensation costs, has contributed to total employee expenses increasing by 7.65% compared to 2012/13. Future ERO increases will continue to impact the costs of delivering services in the years ahead.

The operating loss for the year has carried through to the working capital fund, which is at its lowest level since the 2005/06 financial year. Despite this result, the overall financial position of the territory's balance sheet remains sound. In line with its strategic plan, the Territory is currently undertaking a number of initiatives as part of its financial sustainability strategy, designed to provide increased income resources to help sustain its operational activities on an ongoing basis and to review the overall cost structures for those operations to achieve greater efficiencies, which in turn will improve its working capital fund position.

Finally, on behalf of the Trustees, I wish to express our thanks to the external members of the various advisory boards and committees, in particular those who are members of the Audit Committee and Investment Committee, who provide their expertise and knowledge on a pro-bono basis to support the leadership of the Territory in managing its business and financial matters.

Sources of Income

The following table summarises the main sources of income for the social services provided by The Salvation Army in the last financial year:

	2013/14		2012/13	
	\$'000	%	\$'000	%
Government Income	175,819	48	169,497	48
Trading Revenue	100,931	28	96,755	28
Residents Contributions	18,945	5	15,312	4
Red Shield Appeal/ Other Donations	44,020	12	46,409	13
Investment Income	8,429	2	8,693	3
Legacies	6,951	2	4,737	1
Miscellaneous	11,416	3	10,772	3
Total	366,511	100	352,175	100



Chief Financial Officer
Mr Gregory Stowe

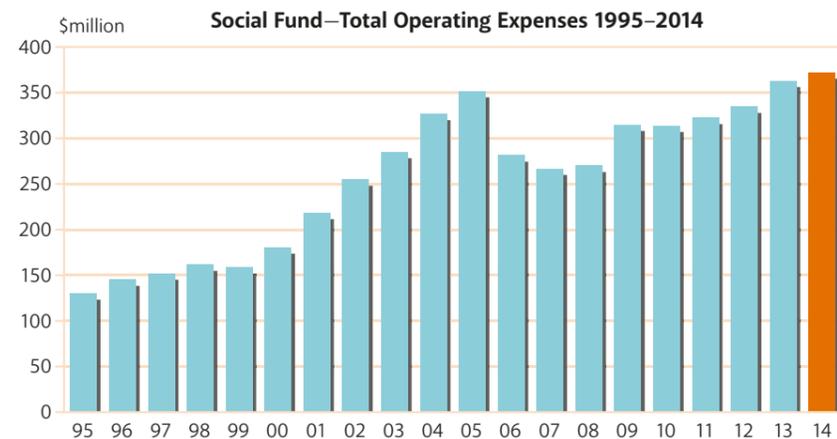
Qualifications: Bachelor of Business (Dist), FCPA

Length of service: Mr Stowe has worked in The Salvation Army's finance department for 21 years, with the last nine years spent as Chief Financial Officer. Prior to commencing with The Salvation Army, Mr Stowe worked as a management consultant with KPMG. In this role he consulted to government departments and agencies. Mr Stowe has also worked as senior accountant for the Melbourne and Metropolitan Board of Works.

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

Expenditure

The Salvation Army recorded operating expenditure of \$342.4 million on social services delivered by its various social programme centres in 2013/14, compared with \$325.4 million in 2012/13. Net Social Fund expenditure for the 2013/14 financial year reached \$372.3 million (including Red Shield Appeal expenses) after eliminations. This continues to reflect the increased costs of delivering services, particularly in relation to wage costs in the sector, and The Salvation Army's ongoing commitment to meet the needs of Australians who are disadvantaged, marginalised or at risk.



Capital Investment

The Salvation Army completed or commenced a number of major capital projects during 2013/14, the most significant including:

- *The Beacon* homelessness facility in Northbridge, Western Australia. This facility was completed in late 2013, and officially opened by The Salvation Army's Territorial Commander, Commissioner Floyd Tidd, on 22 February 2014. This facility will provide crisis and transitional accommodation for up to 102 men, together with developing a number of transitional support services that will enhance our ability to transition someone from point of dependence to independence. The Salvation Army is especially grateful for the capital funding provided through the Housing Authority in Western Australia for this new facility.
- Redevelopment of *The Anchorage* facility in Abbotsford, Victoria, which will provide affordable housing for disadvantaged people, was nearing completion at 30 June 2014. The project has been gratefully funded by the Victorian State Government. (*This project was completed in July 2014 and residents were moved into the facility in August 2014.*)



An image from the 2014 Red Shield Appeal direct mail campaign, featuring the real story of 'Maddy', a single mother of three children. Severe osteoporosis forced Maddy out of full-time work, sparking a downward spiral of poverty and eviction from her house. The Salvation Army supported 'Maddy' and her family with material aid, financial counselling and help to find a stable and permanent home. "I've had my life pulled together by the Salvos," says Maddy.

Red Shield Appeal Finance Summary

Even those who work in organisations outside the not-for-profit sector know that it's been a year of economic challenges. The story is the same across the board: budgets are tight and the company dollar must stretch further.

Without a doubt the 2013/14 Red Shield Appeal results were impacted by broad economic and political changes and several significant organisational public relations issues. However, considering these and the ongoing competitive environment of the not-for-profit sector (there are now more than 600,000 registered charities in Australia), The Salvation Army has achieved outstanding results for this financial year.

We are thankful that we are well supported by the Australian public—individuals, families, communities, businesses/corporations and government—who give generously and even volunteer their time to make a difference to the lives of people in need.

I especially wish to acknowledge the efforts of the Communications & Fundraising Council and advisory boards across Australia. These community and corporate volunteers provide invaluable oversight, advice and leadership throughout the Red Shield Appeal period.

Despite a tough year, Australians rallied to raise \$41,483,739 for the Red Shield Appeal, with \$4,137,289 raised over doorknock weekend on 24–25 May. These funds contribute to our annual operating budget of approximately \$700 million, which allows us to continue to provide more than 600 social programmes across Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

And we know that now, more than ever, these services are needed.

In May this year we released research based on interviews with 2,485 of our emergency relief and community support centre clients. We found that many can't afford the basic necessities—food on the table, shelter, warmth, or even school uniforms for their children. Such simple things that many of us take for granted or don't even think about.

More than 91% of our clients indicated they were receiving income support, and 62% of respondents had cut down on basic necessities in the last year.

I recognise that supporters may never see the difference their generosity and compassion makes on the ground. I hope that, through the stories in this report, our supporters get a real sense of how meaningful their partnership is.

Earlier this year we received an email from a young woman who was assisted by our volunteer *Street Teams* in Melbourne. *Street Teams* operate in Melbourne's CBD on Friday and Saturday nights to provide a positive influence and safe presence on the streets in the city. One night in June they encountered a woman whose partner was acting violently towards her after having too much to drink.

Our volunteers stepped in, and the young woman sent us an email the next day: "Thank you for your kindness, for offering me blankets and water, and for recognising the situation had got out of hand...I may never get to thank these people personally but I hope they realise what an impact they made on that night and in my life."

Your donation is life-changing.

Thank you for your support and ongoing partnership.

Members of the Communications & Fundraising Council

Alistair Hill (Chairman)	Major Neil Venables
David Williamson	David Drysdale
Mark Coad	Garry Tanner
Peter Kent	Brian Hallett



Major Neil Venables
Territorial Communications
& Fundraising Secretary

Fundraising Results	2014 \$'000	2013 \$'000	Difference %
Red Shield Appeal			
Victoria	21,205	23,275	
South Australia	5,236	6,129	
Western Australia	10,436	10,022	
Tasmania	2,430	2,466	
Northern Territory	558	562	
NSW/QLD Emergency Appeals	1,618	76	
Total Red Shield Appeal	41,483	42,530	-2.46
Wills and Bequests	23,017	21,176	8.69
Other miscellaneous donations not through Red Shield Appeal			
	4,853	6,663	-27.16
Total Fundraising	69,353	70,369	-1.44
Expenses			
Red Shield Appeal	11,490	11,265	
Wills and Bequests	1,325	1,199	
Total Expenses	12,815	12,464	2.82
Fundraising Ratio	18.48%	17.71%	



The 2013/14 financial year saw Salvos Stores contribute \$17.6 million to further the work of The Salvation Army. This surplus includes goods to the value of \$2.6 million given away free of charge to people referred through The Salvation Army community support centres. This achievement is \$578,000 ahead of budget for the year.

After a difficult first six months, the last four months of the financial year were successful. This achievement was due to an increase in sales as well as a major cost saving exercise conducted across the organisation. Salvos Stores sales grew by 4.2% against an industry average of just 1.1%.

Salvos Stores now operates 213 stores across the Australia Southern Territory, as well as an active eBay store. Staff numbers remain static at around 1,200, and we have seen good growth in our volunteer numbers from 2,500 to 3,500 due to the appointment of a Volunteer Management Team and new volunteer software.

Notably, one of our volunteers, Audrey Schultz from Bendigo, reached the magnificent milestone of thirty years' service with our organisation.

Other achievements during the year include:

- diversion of 18,496 tonnes from landfill;
- *Australian Retail Awards* Honourable Mention and Runner-up—HR Practitioner of the Year awarded to Assistant HR Manager Jarrod Reid; and
- *Tour de Salvos Stores* launched by staff and volunteers to personally raise money for Salvation Army projects across the Territory. As at June 30, \$65,000 has been raised.

Audrey Schultz with Allen Dewhirst, Salvos Stores CEO.



Investments

The main investment of The Salvation Army Australia Southern Territory is in unlisted units held in managed investment funds, managed by JANA Investment Advisers on behalf of the organisation. Units are held in six different trusts, and the Investment Advisory Board recommends the percentage allocated to each trust, with advice from JANA.

JANA'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;
- maintain the purchasing power of the current assets and all future capital contributions by maximising the rate of return on Trust assets;
- achieve and maintain a fully-funded status for all reserves held by the Trust;
- control costs of administering the Trust and managing investments;
- 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; and
- 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 that are known to:

- disregard the pollution of the environment;
- produce or sell alcoholic drinks or tobacco products;
- promote gambling in any form;
- manufacture armaments;
- produce or distribute films; or
- 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 Investment 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.

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 that otherwise meet the criteria established by the Investment Advisory Board.

Long-Term Financial Performance

2013/14 saw continued improvement in both the Australian and global equity markets, which led to significant gains in the capital value of The Salvation Army's investment portfolio, with the net unrealised gain on the Social Fund portion of the portfolio now standing at \$19.3Mn. The actual reduction in the value of the current unlisted units in managed investment funds is mainly attributable to the significant capital expenditure on property projects completed or commenced in 2013/14.

Despite the growth in the capital value of the investment portfolio, however, the actual overall income returns have fallen well below original budget expectations. This has resulted from the continued low official interest rates that have seen lower returns on deposits, and the further decline in the Australian dollar, which has impacted income returns on global investment assets. This has impacted the final operating result for the Social Fund for the year by \$2.58Mn.

	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000	2009/10 \$'000
Deposits—Fixed Rate	40,985	44,760	58,511	61,664	66,011
Unlisted Units in Managed Investment Funds	135,049	143,644	124,394	118,374	120,441
Other	857	692	789	635	—
Total Financial Assets	176,891	189,096	183,694	180,673	186,452
Total Investment Income	8,429	8,693	8,517	11,887	10,693
Impairment Expense	—	186	179	—	—

Five Year Trend—Revenue and Expenses

	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000	2009/10 \$'000
Total Operating Revenue	359,115	344,676	333,926	327,027	308,117
Total Capital Revenue	7,396	7,499	7,352	7,281	6,044
Total Operating Expenses	(372,288)	(362,350)	(335,922)	(324,218)	(314,368)
Total Allocations	160	10,730	(5,530)	(9,280)	1,344
Net Surplus/(Deficit) after Allocations	(5,617)	555	(174)	810	1,137
Net Change in Fair Value of Available-for-Sale Financial Assets	10,424	11,505	1,248	2,267	4,787
Total Comprehensive Income after Allocations	4,807	12,060	1,074	3,077	5,924

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

Governance

Governance and Oversight

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.

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 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; and*
- *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.



Board Processes

The Territorial 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 first-hand from people who are constantly in close personal touch with all aspects of the work; and
- secure counsel and advice on all matters involving the expenditure of The Salvation Army’s funds.

The Territorial Commander or Chief Secretary determine 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.

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 Board 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 F J Tidd
- Colonel P R Walker
- Lieutenant-Colonel V E Callander
- Lieutenant-Colonel G L Rigley
- Major M J Roberts
- Mr G F Stowe

Lieutenant-Colonel R A Barnard resigned as a Trustee as of 8 January 2014. Lieutenant-Colonel B A Stevens was appointed as a Trustee on 8 January 2014.

The number of Trustees’ meetings and number of meetings attended by each of the Trustees during the financial year are listed in the table below.

Member	Number of Meetings Eligible to Attend	Number of Meetings Attended
Commissioner F J Tidd	11	8
Colonel P R Walker	11	11
Lieutenant-Colonel R A Barnard	5	5
Lieutenant-Colonel B A Stevens	6	4
Lieutenant-Colonel V E Callander	11	9
Lieutenant-Colonel G L Rigley	11	7
Major M J Roberts	11	10
Mr G F Stowe	11	10

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; and
- 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 15 (reviewed and approved annually by International Headquarters), one of whom must be the Financial Secretary. (The function of the Financial Secretary is carried out by the Chief Financial Officer in the Australia Southern Territory.) 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, which must include the Financial Secretary or his proxy.

The number of TFC meetings held during the year ended 30 June 2014 and the number of meetings attended by each member were as follows:

Member	Number of Meetings Eligible to Attend	Number of Meetings Attended
Commissioner F J Tidd	46	34
Commissioner T L Tidd	46	31
Colonel P R Walker	46	42
Colonel J K Walker	46	41
Lieutenant-Colonel R A Barnard	24	20
Lieutenant-Colonel B A Stevens	22	19
Lieutenant-Colonel V E Callander	46	34
Lieutenant-Colonel I B Callander	46	32
Lieutenant-Colonel G L Rigley	46	33
Major N R Venables	46	27
Major S A Maunder	5	5
Major A J Milkins	41	30
Major M J Roberts	46	37
Lieutenant K E Baudinette	24	17
Mr D A Sinden	46	38
Mr G F Stowe	46	42
Mr S J Webb	46	43
Mr C Tucker	22	21

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 Board

The Territorial Property Board (TPB) is the official body authorised to conduct property business, and meets fortnightly. 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 and regional expenditure boards may approve.

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

The TPB 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 Maintenance Board

The General Maintenance Board (GMB) 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; and
- general business matters, including insurance claims.

The chairperson of the GMB is the Secretary for Business Administration, and membership includes the Chief Financial Officer and eight other senior staff members from Territorial Headquarters. The GMB meets weekly, and all minutes of the GMB 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.

Investment Committee

The Salvation Army has established an Investment Committee to provide independent and unbiased advice to territorial leadership on matters relating to the management of investment assets for the Territory. The Committee is comprised of the 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 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; and
- 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:

- Mr John Paterson—former Board Member, Future Fund
- Mr Paul Laband—retired, formerly with UniSuper and Russell Investment Group

from The Salvation Army Australia Southern Territory:

- Commissioner Floyd Tidd—Territorial Commander
- Colonel Peter Walker—Chief Secretary
- Lieut-Colonel Bruce Stevens—Secretary for Business Administration
- Mr Greg Stowe—Chief Financial Officer
- Mr Chris O'Neill—Financial Controller
- Mr Colin Solomon—Finance Manager

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; and
- 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 Communications & Fundraising 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.

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; and
- 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 attend meetings 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:

- Ms Jay Bonnington (Chairperson)—Non-Executive Company Director
- Ms Janice van Reyk—Non-Executive Company Director
- Mr Richard Moore—Retired Partner, PricewaterhouseCoopers
- Mr Craig Burke—Acting Assistant Auditor-General, Financial Audit—Victorian Auditor-General's Office
- Lieut-Colonel Bruce Stevens—Secretary for Business Administration, The Salvation Army 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.



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 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 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 TFC for consideration. Individual remuneration submissions are submitted to the appropriate board at divisional or territorial level for approval.

External members of territorial advisory boards and committees volunteer their time and skills to the organisation and, as such, no remuneration was paid or is payable to these persons in their capacity as board members.

Risk Management

The Trustees are responsible for the oversight of The Salvation Army Australia Southern Territory's risk management. The Audit Committee assists the Trustees in fulfilling their responsibilities in this regard by reviewing the operation and implementation of the risk management framework. The Enterprise Risk Management Committee is responsible for identifying and monitoring emerging risks, fully considering risk management issues across the Territory and establishing and reviewing the framework. The Territorial Internal Audit department has been given responsibility for facilitating the implementation of Enterprise Risk Management for the Territory.

The Salvation Army's programmes are consistent with the International Standard ISO 31000:2009. The Salvation Army is committed to the formal, systematic, structured and proactive management of risk across the organisation.

The Salvation Army operates in a range of sectors in a vast array of activities and recognises that while risk is inherent in all its activities, the effective management of risk is good practice, creates value and is integral to sound governance. It is recognised that effective risk management promotes better decision making and planning, as well as better identification of opportunities and threats.

Sustainability & Environment

Salvos Stores—Australia Southern Territory Sustainability Report 2013/14

Salvos Stores continues to experience year-on-year improvement as it strives to carry out its vision of being the most sustainable charity retailer in Australia.

It is pleasing to see that the volume of waste overall decreased by 8.95% or 1,131.9 tonnes, while greenhouse emissions decreased by 4.8% compared to the previous year.

	2012/13 Volume of CO ₂ Emission	2013/14 Volume of CO ₂ Emission	Variance in Greenhouse Gas Emission	% Variance in Greenhouse Gas Emission
Air Travel	91.9	96.9	5.0	5.44
Electricity	6,629.1	6,902.4	273.3	4.12
Fleet Travel	1,005.1	1,051.1	46.0	4.58
Natural Gas	96.3	63.6	-32.7	-33.96
Stationery Energy	29.5	12.5	-17.0	-57.63
Paper	13.3	14.0	0.7	5.26
Synthetic Gases	0.7	0.7	0.0	0.00
Taxi Travel	6.8	5.5	-1.3	-19.12
Waste	12,649.9	11,518.0	-1,131.9	-8.95
Total	20,522.6	19,664.7	-857.9	-4.18

Total waste costs decreased by 7.4% or \$177,244 compared to the previous year, while Victoria's sub-contracted services decreased by 13% and internal services decreased by 54%. This was partly due to council assistance in removing illegally dumped waste.

Salvos Stores continues to work with local councils to reduce dumping around its stores, along with an ongoing public relations drive to educate our donors to bring their donations during opening hours.

For more information visit salvosstores.com.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 2014, 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 services;
- out-of-home care services;
- employment, education and training services;
- housing and homelessness programmes;
- family and domestic violence programmes;
- community support services;
- chaplains programmes;
- children and youth programmes;
- addiction, alcohol and other drugs programmes; and
- Salvos Stores.

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

Review of Operations

In 2014, The Salvation Army Australia Southern Territory Social Fund's operating result was a deficit after allocations of \$5,617,000 (2013: surplus of \$555,000). Total revenues were \$366,511,000 (2013: \$352,175,000), while total operating expenses were \$372,288,000 (2013: \$362,350,000).

In line with The Salvation Army's policies and compliance with donors' restrictions on the use of certain funds, net transfers of \$160,000 were made from various reserves for specific purposes (2013: \$10,730,000 of net transfers were made to capital projects or set aside in various reserves for future specific purposes).

	2014 \$'000	2013 \$'000
Revenue	366,511	352,175
Expenditure	(372,288)	(362,350)
Deficit before Allocations	(5,777)	(10,175)
Allocations	160	10,730
Surplus/(Deficit) after Allocations	(5,617)	555

The above table excludes the net change in fair value of available-for-sale financial assets.

Financial Report

Contents

Trustees' Report	48–51
Statement of Profit or Loss and Other Comprehensive Income	52
Statement of Financial Position	53
Statement of Cash Flows	54
Statement of Changes in Capital Funds	55
Notes to the Financial Statements	56–75
Trustees' Declaration	76
Independent Auditor's Report	77
Auditor's Independence Declaration	79

The Salvation Army Australia Southern Territory

William Booth—Founder
André Cox—General
Floyd J Tidd—Territorial Commander

International Headquarters

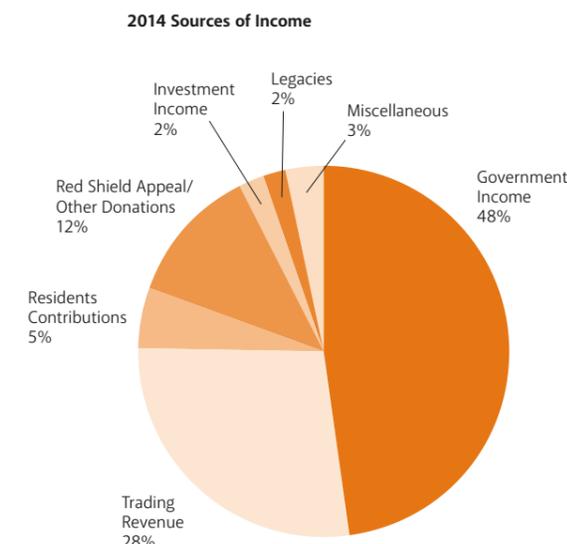
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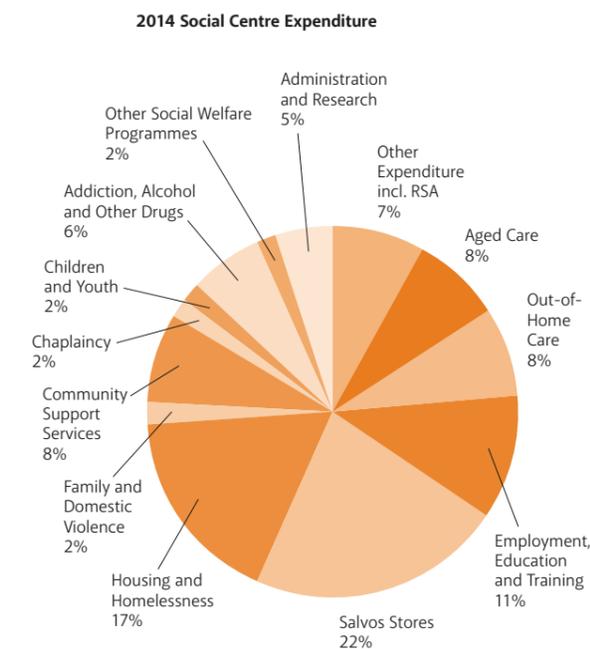
The Salvation Army Australia Southern Territory Social Fund Trustees' Report

Sources of Income	2014 \$'000	2013 \$'000
Government Income	175,819	169,497
Trading Revenue	100,931	96,755
Residents Contributions	18,945	15,312
Red Shield Appeal/Other Donations	44,020	46,409
Investment Income	8,429	8,693
Legacies	6,951	4,737
Miscellaneous	11,416	10,772
Total Income	366,511	352,175



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 in 2014.

Social Centre Expenditure	2014 \$'000	2013 \$'000
Aged Care	29,349	26,026
Out-of-Home Care	29,395	27,089
Employment, Education and Training	39,912	40,573
Salvos Stores	82,503	78,488
Housing and Homelessness	64,606	59,121
Family and Domestic Violence	6,649	9,557
Community Support Services	29,272	27,567
Chaplaincy	6,026	5,738
Children and Youth	6,871	6,744
Addiction, Alcohol and Other Drugs	23,666	22,382
Other Social Welfare Programmes	6,170	6,109
Administration and Research	18,013	15,988
Total Social Centre Expenditure	342,432	325,382
Other Expenditure including Red Shield Appeal	29,856	36,968
Total Expenditure	372,288	362,350



The Salvation Army Australia Southern Territory Social Fund Trustees' Report

The significant impacts on the 2014 result were:

- The Red Shield Appeal recorded a result of \$41.5Mn before expenses for the year ended 30 June 2014. However, excluding donor designated gifts and disaster relief donations, donation income fell considerably short of budget expectations, being \$3.8Mn below target for the year. This has been reflected in the deficit position of the Social Fund after allocations.
- The Investment Fund portfolio managed by JANA Investment Advisers continued to perform well across the financial year, although the overall income returns generated fell below budget expectations. The portfolio achieved an overall return of 12.6% for the year, net of fees and inclusive of realised gains and losses. Income from the portfolio, however, only represented a return of 3.84% for the year.
- Total government funding increased by \$6.3Mn from 2012/13, a net increase of 3.73%. This funding remains the most significant source of income for The Salvation Army's social programmes, representing 48% of the overall income for the year (2013: 48%).
- Salvos Stores again exceeded budget expectations for the year, having contributed \$14.8Mn to the operations of the Social Fund, as well as a further \$2.2Mn provided in welfare vouchers to programme clients.

At 30 June 2014, the Social Fund Statement of Financial Position is showing a negative current ratio (current assets less current liabilities). This reflects the reclassification of some short-term deposits to long-term deposits that took place in 2012/13. Although there has been a reduction in the overall level of current sundry creditors and accruals as at 30 June 2014, significant capital expenditure during the year saw an overall reduction of investment funds held by the Social Fund. 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 remain 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 2014, 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.

The Salvation Army Australia Southern Territory Social Fund Trustees' Report

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.

Signed in accordance with a resolution of the Trustees:



Floyd J Tidd, Commissioner
Territorial Commander
TRUSTEE



Gregory F Stowe
Chief Financial Officer
TRUSTEE

Dated at Melbourne this 28th day of October 2014.

The Salvation Army Australia
Southern Territory Social Fund
Statement of Profit or Loss and Other Comprehensive Income
for year ended 30 June 2014

	NOTE	2014 \$'000	2013 \$'000
Revenues and other income			
Revenue from rendering of services	2	189,705	177,554
Other revenues from ordinary activities	2	103,468	100,634
Financing income		8,429	8,693
Legacies income		6,951	4,737
Red Shield Appeal donations	5	41,483	42,530
Total operating revenue		350,036	334,148
Capital revenue:			
Government grants		5,059	7,255
Other income		2,337	244
Total capital revenue		7,396	7,499
Other income		9,079	10,528
Total revenue and other income		366,511	352,175
Employee expenses		(201,364)	(187,039)
Depreciation expenses		(8,367)	(8,231)
Computer expenses		(2,214)	(1,939)
Welfare/Jobseeker expenses		(27,999)	(24,619)
Building/Occupancy expenses		(52,956)	(49,667)
Motor Vehicle expenses		(9,267)	(9,317)
Contribution—General/Property Funds	1(r)	(24,146)	(23,669)
Rollover accommodation bond credits	1(g)(i)	607	(4,654)
Amenities and supplies		(13,466)	(12,227)
Professional fees expenses		(9,446)	(8,115)
Contribution to Endowment Fund	22	—	(2,000)
Other expenses from ordinary activities		(23,670)	(30,873)
Total operating expenses		(372,288)	(362,350)
Operating (deficit) before allocations	14	(5,777)	(10,175)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		10,424	11,505
Total comprehensive income for the period before allocations		4,647	1,330
Allocations from capital funds	3	160	10,730
Total comprehensive income for the period after allocations		4,807	12,060

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 56 to 75.

The Salvation Army Australia
Southern Territory Social Fund
Statement of Financial Position as at 30 June 2014

	NOTE	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash	6	4,763	8,573
Receivables and other current assets	7	12,521	13,003
Other financial assets	8	23,853	28,992
Inventories	9	985	981
TOTAL CURRENT ASSETS		42,122	51,549
NON-CURRENT ASSETS			
Receivables and other non-current assets	7	21,531	23,624
Property, plant and equipment	10	240,799	222,877
Other financial assets	8	153,038	160,104
TOTAL NON-CURRENT ASSETS		415,368	406,605
TOTAL ASSETS		457,490	458,154
CURRENT LIABILITIES			
Payables	11	31,861	37,856
Employee benefits	12	20,952	19,712
Interest-free loans	16	1,477	1,684
Provisions	13	2,840	4,098
TOTAL CURRENT LIABILITIES		57,130	63,350
NON-CURRENT LIABILITIES			
Employee benefits	12	2,923	2,420
Provisions	13	13,055	16,078
Interest-free loans	16	9,932	6,452
Special purpose funds	17	114	165
TOTAL NON-CURRENT LIABILITIES		26,024	25,115
TOTAL LIABILITIES		83,154	88,465
NET ASSETS		374,336	369,689
CAPITAL FUNDS			
Working capital fund	14(a)	2,429	8,046
Property contributions fund	14(a)	222,929	216,345
Reserves	14(a)	117,605	110,085
Trusts and special purpose funds	14(a)	7,378	10,412
Legacies	14(a)	23,995	24,801
TOTAL CAPITAL FUNDS		374,336	369,689

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 56 to 75.

The Salvation Army Australia
Southern Territory Social Fund
Statement of Cash Flows for the year ended 30 June 2014

	NOTE	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		353,828	343,090
Cash payments in the course of operations		(373,111)	(345,750)
Investment revenue received		7,919	7,655
Capital revenue received		7,396	7,499
Net cash (used)/received in operating activities		(3,968)	12,494
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from redemption of investments		25,520	24,317
Payments for investments		(2,892)	(18,212)
Payments for property, plant and equipment		(27,911)	(16,383)
Proceeds from sale of property, plant and equipment		2,071	5,067
Net cash used by investing activities		(3,212)	(5,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayment) of borrowings		4,100	(200)
Proceeds from residents' interest-free loans		1,494	2,696
Repayment of residents' interest-free loans		(2,224)	(1,906)
Net cash provided by financing activities		3,370	590
Net (decrease)/increase in cash held		(3,810)	7,873
Cash at the beginning of the financial year		8,573	700
Cash at the end of the financial year	20	4,763	8,573

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 56 to 75.

The Salvation Army Australia
Southern Territory Social Fund
Statement of Changes in Capital Funds
for the year ended 30 June 2014

(\$'000)	Working Capital Fund	Property Contrib'n Fund	Reserves	Trusts and Special Purpose Funds	Legacies	Total
At 1 July 2012	7,491	209,256	115,180	13,499	22,933	368,359
Operating Deficit before allocations	(10,175)	-	-	-	-	(10,175)
Other comprehensive income	-	-	11,505	-	-	11,505
	(2,684)	209,256	126,685	13,499	22,933	369,689
Allocations to/(from) other capital funds	10,730	7,089	(16,600)	(3,087)	1,868	-
At 30 June 2013	8,046	216,345	110,085	10,412	24,801	369,689
At 1 July 2013	8,046	216,345	110,085	10,412	24,801	369,689
Operating Deficit before allocations	(5,777)	-	-	-	-	(5,777)
Other comprehensive income	-	-	10,424	-	-	10,424
	2,269	216,345	120,509	10,412	24,801	374,336
Allocations to/(from) other capital funds	160	6,584	(2,904)	(3,034)	(806)	-
At 30 June 2014	2,429	222,929	117,605	7,378	23,995	374,336

The statement of changes in capital funds is to be read in conjunction with the notes to the financial statements set out on pages 56 to 75.

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 Social Fund is a not-for-profit entity.

The financial report was authorised for issue by the Trustees on 28 October 2014.

(a) Statement of compliance

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) and the Australian Charities and Not-for-Profit Commission Act 2012.

(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 available-for-sale financial instruments which are measured at fair value.

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 report has been prepared on a going concern basis, which contemplates continuity of normal activities, realisation of assets and settlement of liabilities. As at 30 June 2014, 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 readily available to the Social Fund as required to support cash flow requirements. As a result of this, the Trustees believe the going concern basis is appropriate and the Social Fund has the appropriate resources to meet its commitments as and when they fall due.

(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 Communications & Fundraising Department oversees our wills and bequests works, and overseas appeals.

(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.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the Statement of Profit or Loss and Other 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)	5 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) 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 client or resident. 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, less any impairment losses.

(f) Investments

The Salvation Army classifies its investments in the following categories: 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) Held-to-maturity investments

Held-to-maturity investments are 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.

(ii) 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 Statement of Financial Position. Available-for-sale financial assets are initially recognised at fair value. Any available-for-sale financial investments donated to The Salvation Army are recognised at fair value at the date control is obtained. The fair value of available-for-sale financial assets is determined by reference to their quoted closing unit/bid price at the reporting date or declared fund manager valuations at the reporting date, which are typically by reference to recent transactions values or commonly accepted methodologies.

Subsequent to initial recognition, 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 Profit or Loss and Other Comprehensive Income and presented in the Fair Market Investment reserve within capital funds, unless there is evidence of impairment or the investment is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in the Statement of Profit or Loss and Other Comprehensive Income as net change in fair value of available-for-sale financial assets.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Profit or Loss and Other Comprehensive Income as a net change in the 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 Profit or Loss and Other Comprehensive Income—is removed from equity and recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and Other Comprehensive Income on equity instruments classified as available-for-sale are not reversed through the Statement of Profit or Loss and Other Comprehensive Income.

(g) 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 ingoing 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 Profit or Loss and Other 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.

(h) 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.

(i) Cash and cash equivalents

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

(j) Impairment

The carrying amounts of the Social Fund's assets, other than inventories (see accounting policy 1(h)) and investments (see accounting policy 1(f)), 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.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (ie. 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.

(k) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Profit or Loss and Other 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.

(l) Other payables

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

(m) 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 is 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.

Red Shield Appeal

Donations to the Red Shield Appeal are recognised when received.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from Social Programmes

The organisation's social programme activity and Employment Plus job network are 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 from the sale of goods comprises revenue earned (net of returns, discounts and allowances) from the sale 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.

(n) Expenses

Payments made under operating leases are recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

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

(o) 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).

(p) 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 Tax 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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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

Note 21(b) contains information about the provision for care leavers claims.

(r) 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.

(s) Capital Revenue available for allocation

The Salvation Army Australia Southern Territory has adopted a policy of separately disclosing revenue received that 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.

(t) Employment Plus

The Salvation Army Australia Southern Territory in conjunction with The Salvation Army Australia Eastern Territory has been jointly involved in a jointly controlled operation 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.

(u) 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(b) for details of non-cancellable operating lease commitments.

(v) Comparatives

Investment revenue received and capital revenue received have been reclassified from investing activities to operating activities in the current year to better reflect the nature of these revenues. The prior year comparatives have been accordingly restated.

(w) Rounding

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

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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 2013, 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 the following:

AASB9 Financial Instruments—mandatory for the 30 June 2018 financial statements and which could impact 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.

(y) Changes in accounting policies

Except for the changes below, the Social Fund has consistently applied the accounting policies set out in above to all periods presented in these financial statements.

The Social Fund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- i. AASB 13 Fair Value Measurement
- ii. AASB 119 Employee Benefits (2011)

The nature and effects of the changes are explained below.

i) AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Company has included additional disclosures, where appropriate, in this regard.

In accordance with the transitional provisions of AASB 13, the Social Fund has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Social Fund's assets and liabilities.

ii) AASB 119 Employee Benefits (2011)

The revised accounting standard AASB 119 changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Notwithstanding the above, the change had no significant impact on the measurement of the Social Fund's employee benefits.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

2. REVENUE FROM ORDINARY ACTIVITIES

Revenue from rendering of services:

Government grants
Fee for service—Government Funding
Resident contributions and patient fees

Other revenue from ordinary activities:

Revenue from trading and rent
Other donations received—other than from the Red Shield Appeal

Total revenue from ordinary activities

3. ALLOCATIONS

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

Property contributions fund
Reserves
Trusts and special purpose funds
Legacies

4. AUDITORS' REMUNERATION

Audit Services

Auditors of the Trust
KPMG Australia

Other Services

Auditors of the Trust
KPMG Australia

NOTE	2014 \$'000	2013 \$'000
	136,047	128,072
	34,713	34,170
	18,945	15,312
	189,705	177,554
	100,931	96,755
	2,537	3,879
	103,468	100,634
	293,173	278,188
	461	2,651
14(a)	(1,278)	(14,646)
14(a)	(1,942)	(1,062)
14(a)	2,599	2,327
	(160)	(10,730)
	\$	\$
	360,650	310,950
	74,198	19,035

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

	2014 \$'000	2013 \$'000
5. RED SHIELD APPEAL DONATIONS		
Donations		
Victoria	21,205	23,275
South Australia	5,236	6,129
Western Australia	10,436	10,022
Tasmania	2,430	2,466
Northern Territory	558	562
NSW/QLD Emergency Appeals—Note 1.	1,618	76
	41,483	42,530
Less: Expenses	(11,490)	(11,265)
Net Revenue Available for Distribution/Allocations	29,993	31,265
Distribution/Allocations		
Social programme deficits:		
Children and youth	922	1,108
Out-of-home care	363	389
Addictions, alcohol and other drugs	3,098	3,558
Family and domestic violence	1,073	929
Housing and homelessness	6,070	5,310
Community support services	10,652	10,296
Chaplaincy	4,633	4,096
Emergency services	687	696
Other	1,965	1,471
Social services and community programmes total	29,463	27,853
Less: Funding provided outside of Red Shield Appeal—Note 2.	(6,351)	(1,764)
	23,112	26,107
Capital Appeals	878	1,123
NSW/QLD Emergency Appeals—Note 1.	1,618	76
Other Emergency Appeals	546	221
Donor designated gifts	3,839	3,738
Total Distribution/Allocations	29,993	31,265

Notes

- Donations were received through The Salvation Army Australia Southern Territory Red Shield Appeal towards the NSW/QLD emergency appeals (flood/bushfire/drought). These 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.
- The Salvation Army Australia Southern Territory Social Fund provides additional funds outside of those raised through the Red Shield Appeal (net revenue available for distribution/allocation) for direct service provision within its social centres. No Red Shield Appeal funds are used to cover care leavers claims.

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

	NOTE	2014 \$'000	2013 \$'000
5. RED SHIELD APPEAL DONATIONS (continued)			
Victorian Bushfire Appeal			
Amount set aside within reserves at 30 June 2013 for commitments beyond 30 June 2013		2,358	4,243
Expenditure in 2013/14		(2,016)	(1,885)
Amount set aside within reserves at 30 June 2014 for commitments beyond 30 June 2014		342	2,358
Interest earned on unutilised Victorian Bushfire 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 \$42,000 (2013: \$112,000) was allocated to this reserve during 2014, and the Disaster Relief Reserve has a balance of \$1,212,000 at 30 June 2014 (2013: \$1,170,000).			
		199	178
		4,564	8,395
	20	4,763	8,573
6. CASH			
Cash on hand		199	178
Cash at bank		4,564	8,395
		4,763	8,573
7. RECEIVABLES AND OTHER CURRENT ASSETS			
Current			
Prepayments		509	945
Accommodation Bond Rollovers	1(g)	4,399	5,140
Sundry debtors		7,613	6,918
		12,521	13,003
Non-current			
Deferred Consideration		2,850	3,150
Accommodation Bond Rollovers	1(g)	17,222	19,197
Sundry debtors		1,459	1,277
		21,531	23,624

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

8. OTHER FINANCIAL ASSETS

Current

Short-term deposits

Non-current

Unlisted units in managed investment funds

Long-term deposits

Fixed interest securities

Other

Impairment losses

At 30 June 2014, the Social Fund has reviewed its financial assets for impairment and determined that no impairment loss is required (2013: \$186,000). This expense was included within 'other operating expenses from ordinary activities' in the Statement of Profit or Loss and Other Comprehensive Income in 2013.

9. INVENTORIES

Raw materials and stores

Work in progress

Finished goods

10. PROPERTY, PLANT AND EQUIPMENT

Freehold Land and Buildings

Freehold land at cost

Buildings at cost

Accumulated depreciation

Total Freehold Land and Buildings

Leasehold Property

At cost

Accumulated depreciation

Total Leasehold Land and Buildings

Building Schemes in Progress—at cost

Motor Vehicles

At cost

Accumulated depreciation

Total Motor Vehicles

	2014 \$'000	2013 \$'000
23,853		28,992
135,049		143,644
-		1,779
17,132		13,989
857		692
153,038		160,104
176,891		189,096
235		171
15		18
735		792
985		981
36,431		34,978
232,749		203,675
(48,964)		(45,375)
183,785		158,300
220,216		193,278
13,067		13,009
(8,313)		(7,290)
4,754		5,719
5,520		15,358
4,813		4,127
(3,676)		(3,608)
1,137		519

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Plant and Equipment

At cost

Accumulated depreciation

Total Plant and Equipment

Total Property, Plant and Equipment Net Book Value

Social Fund freehold/leasehold land and buildings of \$224,970,000 (2013: \$198,997,000) are funded through the Property Contributions Fund (excluding building schemes in progress funding) of \$214,550,000 as at 30 June 2014 (2013: \$195,957,000). The remaining balance is funded from the following sources:

Interest-free loans

Social Fund freehold properties—unfunded

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

Additions (transfers from Building Schemes in Progress—Cost)

Disposals

Depreciation

Carrying amount at end of year

Leasehold Property

Carrying amount at beginning of year

Other Additions

Depreciation

Carrying amount at end of year

Building Schemes in Progress—Cost

Carrying amount at beginning of year

Additions

Transfers to Freehold Land and Buildings/Leasehold Property

Transfers to Plant and Equipment

Carrying amount at end of year

Motor Vehicles

Carrying amount at beginning of year

Additions

Disposals

Depreciation

Carrying amount at end of year

	2014 \$'000	2013 \$'000
26,797		23,279
(17,625)		(15,276)
9,172		8,003
240,799		222,877
6,300		2,200
4,120		840
193,278		192,955
32,693		4,670
(1,602)		(308)
(4,153)		(4,039)
220,216		193,278
5,719		6,246
517		967
(1,482)		(1,494)
4,754		5,719
15,358		7,439
23,726		12,751
(32,693)		(4,670)
(871)		(162)
5,520		15,358
519		694
931		151
(11)		(11)
(302)		(315)
1,137		519

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Plant and Equipment

	2014 \$'000	2013 \$'000
Carrying amount at beginning of year	8,003	7,710
Additions	3,608	2,676
Disposals	(9)	-
Depreciation	(2,430)	(2,383)
Carrying amount at end of year	9,172	8,003

11. PAYABLES

Current

Sundry creditors and accruals	23,926	31,299
Prepaid government funding	7,935	6,557
	31,861	37,856

12. EMPLOYEE BENEFITS

Current

Employee entitlements	20,952	19,712
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Non-current

Employee entitlements	2,923	2,420
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The Salvation Army Australia Southern Territory contributed \$16,334,000 (2013: \$15,039,000) on behalf of employees to the superannuation plans of their choice, in accordance with superannuation guarantee legislation.

Amounts not expected to be settled within the next 12 months

The current provisions for annual and long service leave include all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current since the Social Fund does not have a right to defer settlement.

Based on past experience, the full annual leave provision is treated as current. However, the Social Fund does not expect all employees to take the full amount accrued for long service leave within the next 12 months. The following amounts reflect long service leave that is not expected to be taken or paid within the next 12 months.

Long service leave obligation expected to be settled after 12 months

	2014 \$'000	2013 \$'000
	6,613	6,141

The Salvation Army Australia
Southern Territory Social Fund
Notes to the Financial Statements

13. PROVISIONS

Current

	NOTE	2014 \$'000	2013 \$'000
Accommodation bond rollovers	1(g)	1,840	2,098
Care Leavers claims	21(b)	1,000	2,000
		2,840	4,098

Non-current

Accommodation bond rollovers	1(g)	10,594	11,869
Care Leavers claims	21(b)	2,000	3,800
Make good of leased premises	1(o)	461	409
		13,055	16,078

14. CAPITAL FUNDS

(a) Movements in Capital Funds

Property Contributions Fund

Opening Balance		216,345	209,256
Net Transfers		6,123	4,438
Allocations from working capital fund	3	461	2,651
Closing balance		222,929	216,345

Reserves

Opening Balance		110,085	115,180
Net Transfers		(1,626)	(1,954)
Transfer to Fair Market Reserve		10,424	11,505
Allocations to working capital fund	3	(1,278)	(14,646)
Closing balance	14(c)	117,605	110,085

Trusts and Special Purpose Funds

Opening Balance		10,412	13,499
Net Transfers		(1,092)	(2,025)
Allocations from working capital fund	3	(1,942)	(1,062)
Closing balance	14(d)	7,378	10,412

Legacies

Opening Balance		24,801	22,933
Net Transfers		(3,405)	(459)
Allocations from working capital fund	3	2,599	2,327
Closing balance		23,995	24,801

Working Capital Fund

Opening Balance		8,046	7,491
Operating (deficit) before allocations		(5,777)	(10,175)
Allocations from other capital funds	3	160	10,730
Closing balance		2,429	8,046

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

14. CAPITAL FUNDS (continued)

(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.

(c) Reserve Balances

Board Designated Funds

	2014 \$'000	2013 \$'000
Property development	14,167	17,460
Training	2,077	2,184
Social programme enhancement and development	23,813	24,282
Capital asset contribution	3,209	2,027
Planned maintenance	8,903	8,629
Asset replacement	7,637	7,286
Aged care reserves	23,967	22,816
Capital projects funding	3,812	3,767
Employment and training	7,262	10,072
Fair Market Investment Reserve	30,230	19,806
Investment Fluctuation Reserve	(11,066)	(11,857)
Other	3,594	3,613
	117,605	110,085

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.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

14. CAPITAL FUNDS (continued)

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.

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 on unlisted units held in managed investment funds as at 30 June 2014.

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.

(d) Trust and Special Purpose Fund Balances

Restricted Funds

	2014 \$'000	2013 \$'000
Special purpose trusts	2,445	2,388
Emergency appeals	840	3,055
General deposits	3,760	4,205
Building deposits	333	764
	7,378	10,412

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.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

14. CAPITAL FUNDS (continued)

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 2014 so this balance represents the unexpended portion of funds donated for this purpose.

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

Current

Accommodation Bonds—amortisable
Accommodation Bonds—refundable
Unsecured loans

Non-Current

Accommodation Bonds—amortisable
Accommodation Bonds—refundable
Secured Loans
Unsecured Loans

	2014 \$'000	2013 \$'000
Current		
Accommodation Bonds—amortisable	67	85
Accommodation Bonds—refundable	1,210	1,399
Unsecured loans	200	200
	1,477	1,684
Non-Current		
Accommodation Bonds—amortisable	202	256
Accommodation Bonds—refundable	3,630	4,196
Secured Loans	4,300	–
Unsecured Loans	1,800	2,000
	9,932	6,452

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.

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

16. INTEREST-FREE LOANS (continued)

Secured loans

This balance represents a loan provided by a government body towards the construction of a social centre, secured by a mortgage against the property. The loan is repayable to the government body under certain default or closure circumstances. It is not foreseen that such circumstances will exist within the next 12 months.

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 relates to trust funds of \$114,000 (2013: \$165,000) held by The Salvation Army on behalf of residents of various social centres.

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:

	2014 \$'000	2013 \$'000
Cost to complete property schemes in progress	3,160	20,000
Property schemes approved but not commenced as at 30 June 2014	857	214
	4,017	20,214
(b) Operating Lease Commitments		
Future operating lease rentals for properties not provided in the financial statements and payable:		
Not later than one year	24,526	23,274
Later than one year but not later than five years	41,092	36,214
Later than five years	663	917
	66,281	60,405

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. Payments are increased at the end of the lease period to reflect market rentals.

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 2014 were:

Commissioner Floyd Tidd	Lieut-Colonel Vivien Callander	Lieut-Colonel Rodney Barnard	Major Malcolm Roberts
Colonel Peter Walker	Lieut-Colonel Bruce Stevens	Lieut-Colonel Graeme Rigley	Mr Gregory Stowe

The Salvation Army Australia Southern Territory Social Fund Notes to the Financial Statements

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.

	2014 \$'000	2013 \$'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	365	361

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	2014 \$'000	2013 \$'000
Cash	6	4,763	8,573

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 2014, the maximum capital grant funding which would have been repayable to the Department of Health and Ageing was \$1,278,000 (2013: \$1,470,000).

At 30 June 2014, 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 these amounts.

b) Care Leavers claims

The Salvation Army has publicly expressed it is deeply regretful of any incident of abuse perpetrated between the 1940s and 1980s 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 \$3,000,000 recorded at 30 June 2014 (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 Notes to the Financial Statements

21. CONTINGENT LIABILITIES (continued)

c) Capital grant funding

The Salvation Army received \$16,209,000 from the Housing Authority in Western Australia between 2012–2014 as part capital funding towards the provision of a homeless accommodation and support facility in Northbridge, Perth, Western Australia.

Under the project agreement, under certain default or closure circumstances, The Salvation Army would be required to repay these capital funds to the Housing Authority over a 30 year term, with the amount repayable reducing by 3.33% upon the anniversary of the date of the project commissioning. As at 30 June 2014, the amount repayable would have been \$16,209,000 and there were no events that required any repayment.

22. THE SALVATION ARMY ENDOWMENT FUND

The Salvation Army Endowment Fund was founded on 7 February 2013 as a joint initiative between The Salvation Army Australia Southern Territory and The Salvation Army Australia Eastern Territory. It is a public ancillary fund administered by ANZ Trustees Limited as the sole trustee. During 2013/14, each territory provided seeding funds of \$2Mn each. The seeding funds provided by The Salvation Army Australia Southern Territory were funded from an allocation from Social Fund board designated reserves.

23. FINANCIAL RISK MANAGEMENT

Market Risk

Currency risk

In respect of monetary assets and liabilities denominated in foreign currencies, the Trust's policy is to ensure that its net exposure is kept to an acceptable level.

Interest rate risk

The Social Fund ensures that a portion of its interest rate risk exposure is at fixed-rates.

Other market price risk

The Social Fund is exposed to equity price risk, which arises from available-for-sale equity securities. Management monitors the proportion of equity securities in its investment portfolio based on market indices. The primary goal of the Trust's investment strategy is to maximise investment returns. Management is assisted by external advisors in this regard.

Liquidity Risk

The Social Fund's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Social Fund aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Social Fund's investments in unlisted unit trusts are readily convertible to cash at acceptable notice periods.

24. THE SALVATION ARMY EMPLOYMENT PLUS

The current three year contract with the Department of Employment expires on 30 June 2015. Employment Plus are presently preparing their tender submission for the next contract, over a 5 year duration, commencing 1 July 2015.

The Salvation Army Australia Southern Territory Social Fund Trustees' Declaration

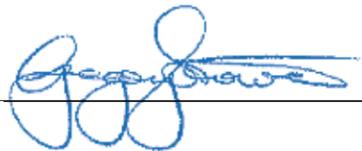
In the opinion of the Trustees of The Salvation Army Australia Southern Territory Social Fund ('Social Fund'):

- (i) The accompanying financial statements and notes set out on pages 52 to 75 are drawn up so as to present fairly the financial position of the Social Fund as at 30 June 2014 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 Trust Deed during the year ended 30 June 2014;
- (iii) The financial statements have been prepared in accordance with Australian Accounting Standards—Reduced Disclosure Regime and the Australian Charities and Not-for-Profit Commission Regulation 2013; 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:



Floyd J Tidd, Commissioner
Territorial Commander
TRUSTEE



Gregory F Stowe
Chief Financial Officer
TRUSTEE

Dated at Melbourne this 28th day of October 2014.



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

Report on the financial report

We have audited the accompanying financial report of The Salvation Army Australia Southern Territory Social Fund (the Social Fund), which comprises the Statement of Financial Position as at 30 June 2014, and the statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Capital Funds and Statement of Cash Flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information, and the Trustees' declaration.

This audit report has also been prepared for the Trustees of The Salvation Army Australia Southern Territory pursuant to *Australian Charities and Not-for-profits Commission Act 2012* (ACNC) and the *Australian Charities and Not-for-profits Commission Regulation 2013* (collectively the Act and Regulations).

Trustees' responsibility for the financial report

The Trustees 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 the Act and Regulations. The Trustees' responsibility also includes such internal control as the Trustees determine necessary to enable the preparation of the financial report that gives a true and fair view and 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 gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, which is consistent with our understanding of the 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.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion, the financial report of The Salvation Army Australia Southern Territory Social Fund is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

Darren Scammell
Partner

Melbourne

28 October 2014



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Trustees of The Salvation Army Southern Territory

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Darren Scammell
Partner

Melbourne

28 October 2014

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Corporate Partners

South Australia

Adelaide Hatters
 Arts Project Australia Pty Ltd
 Australian Executor Trustees Limited
 Australian Hotels Association
 BHP Billiton Employee Contributions
 (Workplace Giving)
 Built Environs Pty Ltd
 Claridge Holden
 CMV Foundation
 Diamond Photographics
 Electel Resources Pty Ltd
 Flexichem Pty Ltd
 GJ & JA Smith Investments Pty Ltd
 Hyundai Motor Company
 Paradise Motors Mazda

Tasmania

ABC Giving Tree
 Allport Trust
 Bruce Wall Trust
 Clarendon Trust
 Colin Bisdee Trust
 Hotel Grand Chancellor Hobart
 Motors Foundation
 Shannons Car Insurance
 State Government of Tasmania

Victoria

AMP
 Annie & John Paterson Foundation
 ANZ Trustees Foundation—
 The Sandy Michell Legacy
 CAF Community Fund (Workplace Giving)
 CAF UK (Charities Aid Foundation UK)
 Cameron Foundation
 Collier Charitable Fund
 The GW Vowell Foundation Limited
 The Hugh Williamson Foundation
 JLL
 John and Betty Laidlaw
 Kmart Australia Ltd
 Lionel R.V. Spencer Trust,
 managed by Perpetual
 Lord Mayor's Charitable Foundation
 The Marian & E.H. Flack Trust
 Mary Kay Cosmetics Pty Ltd
 Melbourne Airport
 Newcrest Mining Limited
 R.M. Ansett Trust,
 managed by Equity Trustees
 The Sun Foundation Pty Ltd
 Westpac Banking Corporation
 William Angliss (Victoria) Charitable Fund
 Woolworths Limited

Western Australia

Advertising Federation of Australia
 Alcock Brown-Neaves Foundation
 American Chamber of Commerce
 in Australia
 Apache Energy Ltd
 Automotive Holdings Group
 Bankwest
 Barrick Australia Pacific (Plutonic)
 Bendigo Bank
 Benz Industries
 BHP Billiton Iron Ore Pty Ltd
 The Bowen Foundation (Inc)
 Budget Rent a Car
 Bunnings Group Ltd
 Burning Bush Resources
 Castle Equipment Hire
 Channel Nine Perth

Christmas Island Charity Association
 City of Bayswater
 Coates Hire Pty Ltd
 Community Enterprise Foundation
 Community Newspaper Group
 Coopers Partners
 Crosby Tiles
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 CRS Pty Ltd
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 Devlin Engineering
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 Forrest Family Investments Pty Ltd
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 Galvin Properties Pty Ltd
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 Jancic Pty Ltd
 Jasmine Pty Ltd
 Karrinyup Shopping Centre
 Kerman Charitable Foundation
 Kimbar Nominees Pty Ltd
 Kleenheat Gas Pty Ltd
 Lavan Legal
 Leighton Contractors
 Lycopodium Ltd
 MacMahon Contractors Pty Ltd
 Macmahon Holdings Ltd
 Matilda Bay Restaurant
 McConnell Dowell
 McCusker Charitable Foundation
 McDonald's Australia
 McVay Foundation
 Medibank Private
 Minemax Pty Ltd
 Mineral Resources
 Mining and Civil Australia Pty Ltd
 Monodelphous Group Ltd
 Niagara Therapy Equipment
 Oasis Ball Committee
 Occumed
 Packer & Co
 Panoramic Resources Ltd
 Patersons Securities
 Paul Griffin Charitable Trust
 PDC Global Pty Ltd
 PEK Nominees Pty Ltd
 Perth Arena
 Printforce
 The Ragdoll Foundation Pty Ltd
 Ragged Range Mining Pty Ltd
 Real Estate Institute of WA
 The Richardson Foundation
 Rollason Pty Ltd
 The Rowley Foundation
 Sherkane Pty Ltd
 Sirius Pty Ltd
 Solid Gold
 Southern Cross Austereo
 The Stan Perron Charitable Trust
 The Sunday Times
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 Australia Southern Territory

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