

engaging the
Community



Australia Southern Territory
2015 Annual Report





HERB GARDEN

The garden is first about community

Mark (pictured left) didn't have the most stable childhood. By the time he was 14 he had attended 19 different schools. He started smoking pot at the age of 16 and then moved on to heroin and speed.

His addiction spiralled out of control after a workplace car crash in 2007. The injuries he sustained meant he couldn't work. Mark received \$540,000 in worker's compensation, and within 18 months he'd blown it all on drugs and alcohol.

Ice became Mark's drug of choice.

"When you're using, you can be fooled into thinking everything is fantastic. But it's a vicious cycle. It tore my life apart," he says.

Mark would experience regular episodes of drug-induced psychosis. During one of these episodes, police surrounded his house after he'd locked himself inside threatening he had a bomb. "They had red dots on me through the window," he says.

"Soon after I lost my house and ended up on the streets. I'd sleep in church grounds or by the river. I remember eating food off the ground at one stage."

The turning point for Mark came in prison, where he landed after being arrested with 12 different charges over the period of a month.

By the time he went to prison, Mark hadn't spoken to his mum in two years and had no contact with his son.

"I didn't want to live anymore. I tried to take my life twice in there."

He finally found a sense of belonging in the prison Christian fellowship group, and after his jail term was accepted into The Salvation Army's *Harry Hunter Rehabilitation Centre* in Perth.

"I hadn't tried rehab before. To be honest I never thought I'd give up the drugs."

Mark completed the programme and started volunteering at a Salvos men's residence. He completed qualifications in community services and began to find his own experiences helped him connect with other people going through the same things he had.

Today Mark is a support worker with the Salvos and this year started coordinating the *Community Garden of Hope* at *Harry Hunter*—though he's the first to admit that, until recently, he didn't even like gardening. "I knew nothing about it," he says. "My green thumb experiences were limited to growing illegal green stuff before I came to know God."

The *Community Garden of Hope* seeks to connect local businesses, community groups, schools and *Harry Hunter* residents in a practical, friendly environment. It aims to see a sense of community flourish as people build friendships and learn about horticulture and healthy living as they share personal experiences of life, addiction and recovery.

"For me the garden is first about community and then secondly about the veggies and plants.

"My vision is that it will become a place for connecting people, a quiet space for sharing stories. I hope that my story can bring some hope to others because I know hearing other people's stories helped me in my recovery."

Mark has been clean for four years now. He has his own home and is rebuilding his relationship with his mum and teenage son.

"I don't know where I'd be without The Salvation Army. So I really feel that working here is where I'm supposed to be."



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

In Australia The Salvation Army is 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:

- Transforming Lives
- Caring for People
- Making Disciples
- Reforming 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





Message from the Territorial Commander

150 years ago The Salvation Army was founded by William and Catherine Booth. We've changed a lot since then. We're now in 127 countries around the world and we've expanded the range of services we provide as we adapt to the changing social issues of the day.

What hasn't changed in 150 years is our focus on people.

William and Catherine started The Salvation Army on the poverty-stricken streets of East London to bring hope and care to the poor, the homeless, the hungry and the destitute.

In Australia today we don't have much visible poverty, so it can seem like most people in our country are doing well.

But many groups continue to face disadvantage, and this in turn affects their mental and physical wellbeing, employment opportunities and general feelings of community engagement and belonging.

These are the people we exist to serve and support. These people are a critical part of our community, a theme which you will see running through this report.

Community can mean something different to everyone—it might be belonging, support, family, involvement, safety, interaction, acceptance or connection.

Today we might seem more connected than ever through the internet and other advances in technology. Yet when we surveyed 2,400 of our clients this year we found overwhelmingly that many experience high levels of social exclusion and poor social support and wellbeing.

And it makes sense. If you're living week to week, the first things to cut from the budget are social activities or extras for you and your children. If you're fleeing a violent home, it's likely you'll move far away from any social circles and community you had to start over in a new place. If you're homeless, then any normalcy rapidly deteriorates as you try to survive without a roof over your head.

One thing I hope stands out in this report is how The Salvation Army seeks to be a place where all people are welcomed, safe and included. It's very likely some of these people live in your own community.

This year we've continued to develop our strategic plan that provides a vision and direction for the Territory to carry us forward into the next five years. We will continue to offer programmes and services across our country, however, it's all to one end—helping people find hope, community and lasting change.

Thank you to our staff, volunteers, and also our faithful supporters who stand with us year after year to help bring positive change to people's lives.

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 127 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 South Asia, Africa, Americas and Caribbean, Europe, and South Pacific 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 humanity's poorest, most desperate people.

Cabinet

The Cabinet of The Salvation Army Australia Southern Territory comprises senior Salvation Army 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: 29 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: 29 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 the welfare and empowerment of women within the Territory, relating to both church and secular women's groups.



Chief Secretary Colonel Peter R Walker

Qualifications: Bachelor of Arts (Soc).

Length of service: 33 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: 33 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: 39 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: 28 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: 23 years. Responsibilities: As the Secretary for Business Administration, Lieut-Colonel Bruce Stevens is responsible for all business matters, including finance, property, audit, 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: 22 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: 16 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, acts as an in-house legal counsel and is a liaison and overseer of external legal advisers.



Secretary for Communications *Major Neil Venables*

Length of service: 28 years. Responsibilities: As the Secretary for Communications, Major Neil Venables leads the development and implementation of communication strategies across a variety of channels for The Salvation Army Australia Southern Territory, including media, publications and community liaison. Major Venables has responsibility and oversight of the Media Unit, Public Relations Department, Editorial Department, Salvos Studios, Planned Giving, Literary Council and Territorial Advisory Board.

A Note from our Territorial Advisory Board Chairman

It's been a privilege for me to have served as Chairman of the Territorial Advisory Board this year. I'm proud to be an active part of The Salvation Army that works so tirelessly for people living in difficult and challenging circumstances.

A highlight of the year for me was the James Barker Oration Dinner, which brought together more than 200 people including advisory board and committee members from across Australia and some of our key individual and corporate supporters—all very special people who give so much energy and resource.



John Kirby
Chairman, Territorial Advisory Board

The dinner is named after James Barker, who set up the first Salvation Army social programme anywhere in the world—in Carlton, Melbourne.

Barker's inspiration for this first social programme came from his observation of the lack of support for prisoners exiting prison. He soon realised without support and a steady income, the men would quickly return to previous lifestyles. So the *Prison Gate Brigade Home* was established as a place for men upon release, where food, work, spiritual comfort and other necessities of life were provided. It was a community where men felt they could belong and be accepted.

I reckon that James Barker's passion and innovation continues to underpin the work of The Salvation Army.

Today, importantly, without judgement or preconceptions, The Salvation Army continues to care for people forgotten by society or living on the fringes and margins. They continue to develop innovative programmes, some of which you can read about in this report. They fight for reform and justice, particularly as social issues arise, such as the prevalence of family and domestic violence in society today.

Most of all, they care and provide community for the people whose lives, often through no fault of their own, take a series of challenging turns and leave them with nowhere to go and no one to turn to.

But The Salvation Army is an organisation that relies on others to be able to carry out this work.

A sincere thank you to the many business, community and philanthropic leaders in all states across Australia who volunteer time on Salvation Army advisory boards and committees. Each one is inspirational and so appreciated.

This year almost 70 people on our advisory boards and committees gathered in Melbourne to meet, discuss strategy, governance and critical issues management for The Salvation Army. It provided an opportunity for members to have a greater understanding of the organisation's mission, so they can better offer advice and influence in the future.

We're grateful for all our board and committee members, as well as The Salvation Army's faithful supporters, without whom much of the Salvos' work would not be possible.

Members of the Territorial Advisory Board

John Kirby (Chairman)
Commissioner Floyd J Tidd
Commissioner Tracey Tidd
Colonel Peter Walker
Major Neil Venables
Major Paul Hateley
David Airey
Peter Blunden
Jay Bonnington
Dr Ngaire Ellis
Alistair Hill
Lucy Holmes
Peter Mahon
John Paertson
Sabina Schlink
Richard Shrapnel
Damon Thomas

Right: A *Street2Home* worker based in Hobart (photo: Simon Birch).



Snapshot of Australia

2.5 million people live below the poverty line in Australia and more than 600,000 of these people are children.

Poverty is more than a lack of income. It's experienced across a number of dimensions, including being excluded from the normal aspects of community living many people take for granted.

Women, children, older people, single parents, Aboriginal and Torres Strait Islander people, homeless people, people living with a long-term health problem or disability, and people living in unemployed households are the groups most at risk of poverty, according to the Australian Council of Social Service (ACOSS) *Poverty in Australia 2014* report.

Poverty is highest among people who rely mainly on income support payments—and this year almost 90% of people seeking our help were in this position.

By responding to the immediate needs of people, The Salvation Army in Australia is aware of the daily difficulties faced by individuals and families as a result of financial and social disadvantage.

Many adults and children miss out on what most people would consider 'the basics'. Our 2015 *National Economic & Social Impact Survey* shared the experiences of 2,406 individuals across 262 Salvation Army support centres. Clients report being unable to afford dental treatment (68%), medicine prescribed by a doctor (36%) and presents for family and friends (60%). It also showed children went without out-of-school activities (65%) and access to an internet connection (62%).

Poverty has many underlying causes and potential consequences.

One of the biggest of these consequences is homelessness, which remains one of the most significant challenges impacting our work and Australian society. On census night 2011, more than 105,000 people were counted as being homeless, up from 89,000 in 2006.

In the last year alone, The Salvation Army recorded a 9% increase in the number of homeless clients assisted.

Our research shows, on average, our clients spend 59% of their total income per week on accommodation expenses—twice the common benchmark of 30% used to measure housing stress in Australia. This leaves many with less than \$18 a day to cover all other living costs. With few affordable housing options, individuals and families can quickly find themselves in danger of losing a permanent roof over their heads.

Family and domestic violence remains the leading cause of homelessness. It's also the cause of death for one woman on average each week—an alarming statistic that cannot be ignored. In 2013/14, 33% of clients seeking support from specialist homelessness services reported they were escaping violence. This year we supported more than 8,700 women and children in this position.

Responses to these issues are complex and require strong commitment, leadership and fairness from all levels of government and the community to end entrenched poverty and persistent disadvantage.

The Salvation Army continues to be an active voice alongside other community and not-for-profit organisations to advocate a fair and just approach for all Australians to ensure they can enjoy the same opportunities to work, have an adequate standard of living and engage fully and meaningfully in the Australian community.

Victoria



Officers	330
Employees	2927
Social Centres/Programmes	418
Corps	93
Employment Plus Offices	13
Salvos Stores	106

South Australia



Officers	64
Employees	634
Social Centres/Programmes	97
Corps	29
Employment Plus Offices	0
Salvos Stores	38

Northern Territory



Officers	15
Employees	108
Social Centres/Programmes	26
Corps	4
Employment Plus Offices	4
Salvos Stores	8

Western Australia



Officers	69
Employees	785
Social Centres/Programmes	81
Corps	32
Employment Plus Offices	18
Salvos Stores	50

Tasmania



Officers	24
Employees	340
Social Centres/Programmes	72
Corps	16
Employment Plus Offices	14
Salvos Stores	13



2015 Service Highlights

- 690 social programmes/activities
- 597,000 episodes* of care across all our social programmes
- 260,000 vouchers distributed to people in need
- 176,000 episodes of emergency and material aid relief provided to people in hardship
- 357,000 bed nights provided for people experiencing or at risk of homelessness
- 32,000 episodes of specialised financial counselling to assist people in financial crisis
- 25,000 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 committed to helping people who don't have access to a fair and minimum standard of living and lack the opportunity to fully participate in society.

We do this by meeting the initial crisis needs of people—that might be finding a bed for someone without a place to sleep, distributing food and necessities, or assistance to pay a utility bill. But we also desire to see long-term transformation in people's lives, so we work with people to create changes in circumstances, opportunities and choices that can last a lifetime. That's why we also engage in research, advocate to politicians and articulate the needs of marginalised people who are often rendered voiceless, so that government policies can be amended or changed.

In Australia we work across a diverse range of social issues, including homelessness, family and domestic violence, addiction and recovery, youth services and support for individuals and families in crisis.

As a worldwide evangelical movement, The Salvation Army's work is motivated by our faith and values. As a Christian organisation, our love of Jesus Christ inspires us to care for those in need and we never discriminate based on race, religion, gender or any other personal characteristic. Our values of human dignity, justice, hope, compassion and community are echoed through every expression of our work.



Our Work

Clearing Obstacles, Providing Opportunities

Working with people living in poverty continues to drive our programmes and our advocacy. What we do to alleviate need and what we say through research reports and our interactions with those in power are always driven by the experiences of those we help.

For many of the people seeking our assistance, these experiences and stories confirm the lack of access to affordable housing as their most pressing issue, irrespective of why they are coming to us for help.

This year, our territory has set up new arrangements to run our current housing services and provide exciting opportunities for development and growth. Salvation Army Housing (SAH) and Salvation Army Housing Victoria (SAHV) represent large-scale change to our governance of housing services arrangements and ensure a solid foundation to continue and expand housing as a core element of Salvation Army mission.

A respected retired Salvation Army officer, Major David Eldridge, has agreed to serve as the chair of these bodies, and a much-admired industry veteran, Mark Dall, is CEO. We look forward to implementing our housing strategy in partnership with our support services to provide the best options for individuals and families seeking our assistance.

The Salvation Army continues to be a major provider of emergency relief throughout Australia following a major Commonwealth Government tender process this year. In addition to government monies, The Salvation Army contributes significant funds and resources to be able to give financial and material aid to so many people. We know from our annual survey of people requesting assistance that, on average after paying accommodation costs, people can be left with less than \$18 per day to cover all other expenses, such as utility bills, food and meals, insurance, transport and other costs of daily living. This has a debilitating impact on their ability to participate in the community.

This financial year we provided more than 597,000 episodes of care across all our social programmes. We're grateful for the opportunity to work in partnership with governments and our supporters ranging from large corporate organisations to individuals, schools and many other community groups, who enable us to tackle some of the most pressing social issues, including homelessness, substance abuse, working with children requiring out-of-home care, the aged and frail and vulnerable families. Because of this support, The Salvation Army is able to deliver tangible programmes and services alongside spiritual and emotional support when required. The result can be an inclusive community to which a family or individual is welcomed, sometimes for the first time in many years.

In addition to speaking out in meetings and media, our social programme staff continue to contribute to and produce research, reports, submissions to inquiries, budgets and policy statements. We are proud of our representation on advisory mechanisms to state and commonwealth governments, and our membership on numerous boards and expert panels across the territory. In the coming year advocating for change for people who are socially disadvantaged remains one of our highest priorities.



Netty Horton
Territorial Social Programme Director

Mission Imperative *Caring for People*

At the very core of our mission, The Salvation Army exists to come alongside and care for individuals and communities in their times of need, without prejudice or discrimination. Every day, thousands of our people are at work in hundreds of locations across the country—in the big cities and in the little country towns—interacting with people who, often through no fault of their own, need a helping hand or longer-term assistance.

Catherine Booth House, Northern Territory

In the last year more than 200 women found refuge at *Catherine Booth House*, a place for women escaping family and domestic violence.

A stay at *Catherine Booth House* can range from one night through to 13 weeks. Women are assigned a professional case worker who helps with counselling, access to legal services, financial assistance and housing.

The refuge also has two transitional houses that women, when ready, are able to live in for an extended period of time.

Hands-on and social activities are encouraged in the centre. Regular craft, jewellery making, sewing and painting classes are offered. Many women participate in group counselling sessions, as well as weekly dinners with a Salvation Army chaplain.

'Life skills' classes covering topics such as cooking and budgeting are offered. These are mainly targeted at indigenous women to increase their chances of securing a place in permanent public housing. This year around 60% of the women at the refuge were indigenous.

The Salvation Army also supports women in the community who are unable to leave violent situations. Support ranges from regular chats on the phone through to accompanying them to court.

The centre also encourages women to move forward in their lives—and this year two of the women started courses in psychology and law at the local university.



Coffee 2 Connect, Adelaide

Coffee 2 Connect is a café in Unley, Adelaide, for people who wouldn't normally visit one. Salvation Army officer Major Reno Elms says there are many reasons people wouldn't go to a café. "If you're socially isolated, haven't got many friends, or have low self-esteem, you're pretty unlikely to get out and about...it can be really overwhelming," he says.

For 10 years The Salvation Army has served home-cooked lunches and coffee and tea to around 40 people each Monday with the help of hardworking volunteers, using produce from *OzHarvest*.

Guests of the café come from all walks of life and include young homeless people, asylum seekers, people with disabilities and elderly people.

The café allows Salvation Army staff to reach out to the community and also helps build social connections for local people. Individuals are linked into other services at The Salvation Army's Unley centre such as social groups or assistance with food and necessities, and are given the opportunity to find spiritual support and participate in church activities.

Wendy's Story

Wendy (pictured above) is a volunteer in the kitchen at *Coffee 2 Connect*. She plans the weekly menu and cooks for anywhere between 30 and 60 people. The rest of the food she packages up to give to those in need throughout the week. "I absolutely love it. For some people this is the only proper home-cooked meal they get. For others it's the only social connection they might have in a week."

Salvos Street Teams, Hobart

In January we expanded our *Street Teams* initiative beyond the streets of Melbourne and Perth to Hobart's waterfront and Salamanca entertainment and night club precinct. The teams—completely volunteer driven—are out all hours on Friday and Saturday nights to help young people get home safely.

"Binge drinking among young people is a big problem," says Guy Stainsby, Hobart *Street Teams* Project Officer. "And it has catastrophic potential."

The group of dedicated volunteers wear fluorescent branded vests and can easily be recognised by the public. They hand out lollipops, water, and even thongs for those who have lost their shoes.

A 'chill-out safe space' is manned all night where volunteers help young people reach secure taxi ranks or get a safe ride home. Volunteers also serve free tea and coffee from a coffee cart set up near the Esplanade taxi rank to taxi drivers and young people.

A sobering up unit is available at The Salvation Army's *Bridge Centre* if young people are too intoxicated to look after themselves.

We recognise the generosity and commitment of the volunteers who give up their weekend to be out—often in the cold, dark and wet—to make this programme possible. *Street Teams* is a collaboration between the Salvos, Tasmania Police and the Hobart City Council.



The Salvation Army Emergency Services in Western Australia worked around the clock assisting emergency crews during the 2014 bushfires.

The Salvation Army Emergency Services

Fire and flood can hit swiftly and destroy homes and livelihood in a matter of seconds. The Salvation Army *Emergency Services* is made up of dedicated volunteers who care for individuals, communities and emergency service workers. They are on call 24 hours a day to attend natural disasters and emergency situations across Australia.

In times of disaster, our teams provide instant relief and basic needs to communities as events unfold, including emergency shelter, meals, clothing, food vouchers or, in some cases, just a listening ear. We are also there to help people rebuild their lives in the long-term by providing financial aid and counselling.

We also assist emergency service workers and volunteers on the frontline through the provision of food and refreshments.

In the last year The Salvation Army *Emergency Services* provided:

- tens of thousands of meals and snack packs for fire crews in South Australia, Western Australia and Victoria—the longest being an 18 consecutive day deployment at Bangor, South Australia;
- thousands of meals to emergency crews in Kyneton, Victoria;
- thousands of meals to fire crews at the Perth bushfires;
- support to police at missing person searches in all states;
- blankets and food to residents at a major apartment fire in Melbourne's Docklands where 500 people were displaced; and
- support to police and emergency crews at a significant riot at a Melbourne Prison in June 2015.

Thank you to our volunteers and to the public who provide financial aid so we can continue to care for communities and for emergency service personnel during disasters and emergencies.

Mission Imperative *Transforming Lives*

More often than not we find people coming to us are seeking real and lasting change. In our services we aim to provide the environment, encouragement and support for that transformation to take place. This year The Salvation Army was a positive influence for many people seeking our help. We provided more than 357,000 bed nights for people experiencing homelessness, 32,000 episodes of financial counselling for people struggling to take control of their finances and 25,000 episodes of care to people fleeing family and domestic violence.



Family Tracing Service

The Salvation Army's *Family Tracing Service* exists to reconnect and reunite families. Family disputes or simply time and distance are some of the reasons family members become separated or estranged. In some cases family members have never even met. We seek to restore family relationships by tracing relatives and assisting where possible with reunion and reconciliation. We provide support when the people concerned might not know each other or the relationship is strained.

To locate people we have the ability to search in the 127 countries in which The Salvation Army is active. We communicate with a network of homelessness services, rehabilitation clinics and government departments, and utilise other avenues often unavailable to the public. The privacy of all people involved is paramount.

This year the *Family Tracing Service* opened 694 applications from people requesting to be connected with family members across Victoria, Tasmania, South Australia, Western Australia and the Northern Territory. 469 of those cases were closed with the person sought being located—a success rate of 68%.

Brian's Story

Brian was involved in a car accident and suffered a devastating injury to his spine—he was now a paraplegic. Added to this trauma was the grief of being alone. He had no real friends and no contact with his family. That's when he recalled almost 10 years earlier The Salvation Army's *Family Tracing Service* had contacted him on behalf of his father in the UK.

He approached Nicola from the *Family Tracing Service* (pictured above) to locate his mother, Joy, despite the fact he'd hurt her badly and cut himself off from the family. At the very least, he requested Nicola inform his mother about the accident.

The day Joy received a letter from The Salvation Army's *Family Tracing Service* to say Brian was trying to get in touch with her, there was no doubt she wanted to see him despite the hurt in the past. "It had been 11 years since I'd seen Brian," says Joy. "I wondered about him every single day. It was hard to hear about his injuries. I went to see him in the hospital and we both cried."

Joy and Brian now catch up at least once a week. Joy says, "Our relationship is awesome. He even said to me the other day that he's almost glad about the accident because it brought his mum back into his life."

Employment Plus exists to provide quality employment services and to help find sustainable employment for job seekers, who can range from highly skilled and 'job ready' to those who face significant barriers to employment, including homelessness or addiction.



As a result, *Employment Plus* provides services that go well beyond simple job matching and spans the gamut of interview and resumé coaching to psychological services and accredited training.

This year *Employment Plus* assisted approximately 22,500 people into work and education. Job placements were made across Australia with more than 14,000 employers across virtually every industry.

A particular 2014 highlight was the national recognition that *Employment Plus*, Thies and Wesfarmers Curragh received in winning the *Australian Training Award for Industry Collaboration*. The win recognised the impact the *Oothungs (Sisters) in Mining* programme (pictured left) has had in maximising employment opportunities for Indigenous women in the mining sector.

New relationships were developed this year to improve our services and provide access to more employment opportunities. For example:

- APM, an allied health provider, to improve job seekers' access to allied health professionals;
- Australian Industry Group, to provide greater insight into employer needs and expectations, and access for our small business clients to HR/IR support and advice;
- Chandler Macleod, to improve job seeker access to on-hire employment opportunities; and
- Hunter, TAS and Chisholm TAFEs, to provide vocational training and networking opportunities with local employers.

During 2014, the Australian Government retendered its employment services contract. As a result, from July 2015 *Employment Plus* became Australia's largest not-for-profit employment provider under the government's *jobactive* programme, servicing job seekers and employers from 91 sites nationally.



Neil's Story

Neil had been out of work for 20 months when he was referred to *Employment Plus*. He had just about lost all confidence in finding a job and had lost sight of the skills and attributes he possessed.

During the first meeting with his *Employment Plus* representative, Neil was able to rediscover all the things in his favour, including a forklift licence, and an eagerness for employment that had never really diminished.

Our *Employment Plus* specialist recruiters had lengthy discussions with him and identified two vacant positions that would suit Neil's skills. Interviews were set—and in one of the interviews Neil was offered a job on the spot.

Neil is excited about working again. He sees it as a new opportunity to reach his goals by being employed at a great company and his outlook on life has completely changed.



Harry Hunter Rehabilitation Centre, Perth

Each year more than 200 people are given the opportunity to find freedom from addiction to a wide range of substances at the *Harry Hunter Rehabilitation Centre*.

Positive lifestyle classes, counselling, work therapy (through gardening and farming) and regular social activities are part of the programme during a stay at the residential rehab centre.

As clients complete the programme, a comprehensive aftercare service helps them rejoin their communities and reconnect with positive influences.

This year a four-year redevelopment project in partnership with Dale Alcock Homes was completed with the renovation of the men's quarters into a fully functional space that includes 15 bedrooms with ensuites, two classrooms and a duty office. As part of the project, smoke detectors, energy-efficient lighting and an alarm system were installed in the buildings.

For the last 18 months Major Deidre Dearing has been the manager of the *Harry Hunter Rehabilitation Centre*.

Deidre says, while "...drug addictions are no respecter of social class", most people who come to *Harry Hunter* are from low socio-economic backgrounds.

"It's common for people to come to us straight from the streets, some from jail and then others from living at home with their families. We're also seeing more and more serious methamphetamine addictions among our clients."

The centre relies on funding from the Red Shield Appeal and private donations to keep operating each year.

Read more about Dale Alcock's contribution in the Community section of this report.



The newly completed women's wing at *Harry Hunter Rehabilitation Centre*.

Martin's Story

Martin (*pictured below*) was born in Chile and moved to Australia when he was 13. He struggled to learn English and found it hard to fit in. In year nine, he began to smoke marijuana and drink alcohol—it made him feel like he had something in common with others.



A decade later Martin was \$12,000 in debt and stealing from his family to support his ice addiction. He worked as a bricklayer and used drugs before and during work. "It was a bit like having a coffee," he says.

Separate to the drug use, Martin developed arthritis, which made it impossible for him to continue working. Eventually he had to tell his family about his problem. "That was probably the hardest thing I had to do—there were lots of tears, sadness and relief that I was recognising it finally.

"I started looking around my circle of friends and seeing they were all going nowhere, so I thought, 'If I don't do anything about it now I'll end up dead.'"

Martin thought of rehab as a place for 'scum' but despite that he found his way to The Salvation Army's *Bridge House* and then the *Harry Hunter Rehabilitation Centre*. He says the staff made a massive difference to his recovery—they were "...some of the most beautiful, forgiving and giving people. I was never judged."

One quote that resonates with Martin is from Salvo worker Major Paul, who said, "Put as much effort into your recovery as you did into your addiction."

Today Martin is eager to give back to his community and make amends with the people he hurt. He's enrolled in a community services course, leads his local Narcotics Anonymous group and volunteers one day a week at *Harry Hunter* helping others in situations similar to his.

"This place literally saved my life. And it gave me a chance at a new life. I'm forever thankful for the people who invested in me."



Melbourne Airport Chaplain, Major Winton Knop

This year 31 million passengers moved through Melbourne Airport and almost 14,000 people are permanently employed there.

For the last four years, Salvation Army officer Major Winton Knop (*pictured above*) has been the official chaplain at the airport, a place he calls one of the most “dynamic and diverse communities” in any city.

Winton builds relationships with airport staff, is a ‘listening ear’ for anyone he comes into contact with and provides welfare, emotional and spiritual support to staff and passengers, regardless of their backgrounds or faith preferences.

Sometimes this support is a bus ticket to the CBD or more in-depth, like referrals to family and domestic violence, homelessness or mental health services.

For lots of people the airport is a place of excitement and anticipation, but for many it’s a place of grief and trauma. Winton is often the first person people turn to when things go wrong.

“I might have coffee with someone who was retrenched or with an employee who has had someone close to them pass away. I also get called in by immigration or customs to sit in on interviews with minors because those meetings can be pretty tense,” he says.

Then there are major incidents like the Malaysian Airlines disaster that require a huge chaplaincy response.

“The effects of this disaster were just unbelievable. We provided support for family members and gave counselling to staff under extreme stress. The saddest story was being there for a 19-year-old girl arriving back to Melbourne after finding out during her flight home that her parents had been killed in the MH17 disaster.”

Winton says it’s challenging, but enjoyable work.

“I can empathise and connect with people and after a few years here I’m now known quite widely. I get called Father and Padre—I’ve become someone that people can trust.”

Winton is now supported by a growing team of multi-faith volunteer chaplains who extend this essential caring service over seven days at the airport, in partnership with the Australia Pacific Airports Corporation and The Salvation Army.

Mission Imperative Making Disciples

The Salvation Army is a Christian organisation and worldwide evangelical movement dedicated to showing people the love of Jesus Christ. We take a holistic approach to support, attending not only to the immediate material needs of the people we assist, but also their emotional and spiritual needs.

Many of our services—including our drug and alcohol rehabilitation centres and homeless refuges—provide opportunities for individuals to find the spiritual guidance they may be seeking.

Some of our services are located within Salvation Army churches, giving people the opportunity to become involved in the church and faith community.

Asylum Seeker and Refugee Service, Melbourne

Upon arriving in Australia and being released into the community from detention, many asylum seekers live on less than a Centrelink benefit. Depending on their visa status, some do not have an income at all and lack the right to work or contribute to society.

The *Asylum Seeker and Refugee Service* in the inner city suburb of Brunswick, Melbourne, assists close to 200 people each month (more than 500 if you count all family members represented) with food vouchers and parcels, cooking utensils, clothing, furniture and other household goods. Last Christmas alone more than 600 clients and their dependents were assisted with \$10,800 worth of food vouchers.

The service identified that many asylum seekers and refugees lack meaningful social contact, so a mentoring programme is in place to match asylum seekers with volunteer mentors who meet them on a weekly basis for friendship and practical support.

The service's chaplains also visit asylum seekers in their homes with the help of Persian-speaking volunteers, to better understand their situations and, where possible, link them in with support.

The service operates two English language schools at nearby Salvation Army churches. Most of the tutors speak the same language as the clients and, as a result, many asylum seekers have joined other Salvation Army church activities like Bible study groups and kids playgroups. There are also plans to start a Farsi-speaking church in Brunswick.

We are grateful to the kind individuals and local organisations who donate money, food and clothing to the service, which enables us to help more clients with the basic necessities of life.



Carrum Downs Supermarket and Café, Victoria

Every Tuesday morning The Salvation Army Carrum Downs (a suburb near Frankston in Victoria) transforms into a mini-supermarket and café for around 40 families.

Salvation Army officer Captain Anne Lane coordinates the supermarket and says staff and volunteers have worked hard to create a non-judgemental and welcoming environment.

"We get people from all walks of life coming here. We don't ask people to prove anything about themselves or to justify why they need help with groceries and fruit and vegetables," she says.

The lifeblood of the supermarket and café is the volunteers—and most of them are people who have received help from the supermarket.

One of these visitors-turned-volunteers is Sarah (*pictured above*), a single mother of two small children, both with special needs.

"I've been coming in here to get fresh fruit and vegetables for a while now. There are lots of hidden costs that come with having kids with special needs so it's pretty hard to make ends meet all the time," she says.

Before she started regularly visiting the supermarket, it wasn't uncommon for Sarah to skimp on meals to make sure her kids had something to eat.

"To do a reasonable grocery shop it can be almost \$100...that's tough when your whole budget for the fortnight is only a few hundred dollars."

The supermarket provides an opportunity for The Salvation Army to get involved in its community and the lives of local people—and many are now actively involved in church life.

Mission Imperative *Reforming Society*

150 years ago when The Salvation Army was founded in London, the pioneer Salvos were out and about feeding and clothing hungry children, housing homeless people, helping abused women exit the sex industry, employing the unemployed and seeking to eradicate the widespread exploitation that existed.

Today our priority is still to reform the structures of society to bring about justice and reduce suffering for people doing it tough, so they can engage fully and meaningfully in the Australian community. We do this by running innovative programmes, undertaking research about our clients and the issues they face, and challenging and influencing policy makers on behalf of the millions of Australians living in poverty.

2015 National Economic & Social Impact Survey

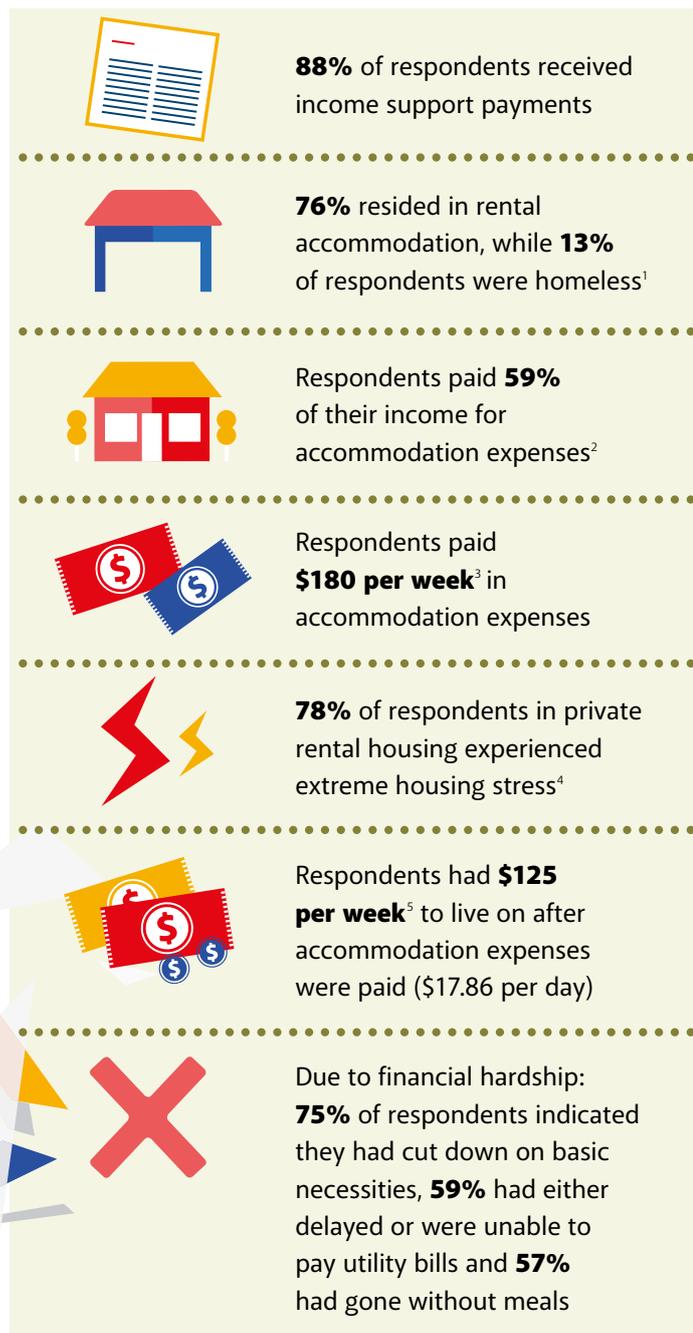
Could you live off \$18 a day?

One of the most effective ways to advocate for people doing it tough is to present their experiences to Canberra's decision makers to petition them to consider, assess and possibly change the policies they implement. This has been facilitated for four consecutive years now by the *National Economic & Social Impact Survey*, which is a snapshot of what life is like for Salvation Army clients.

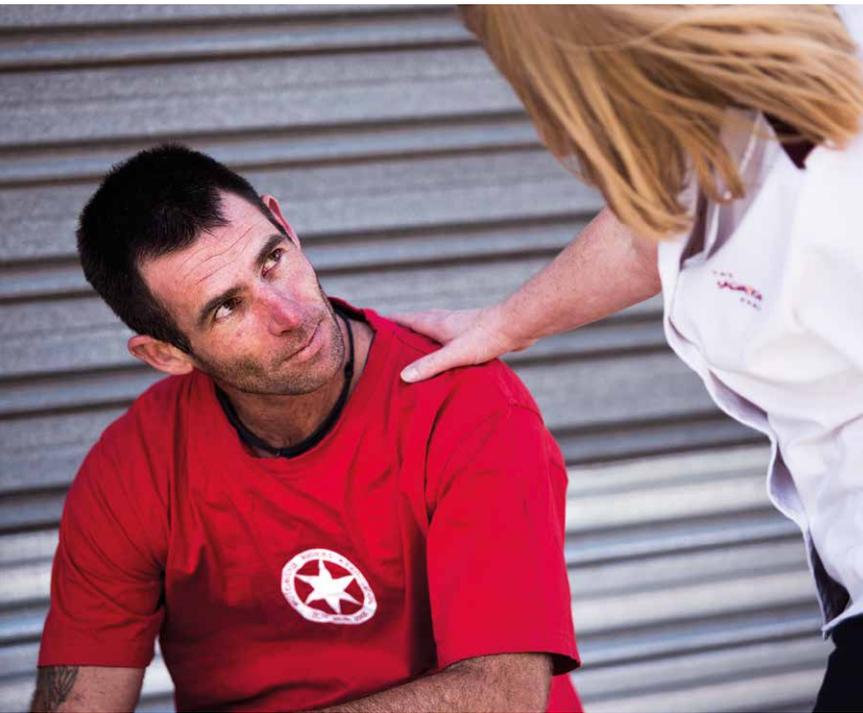
We surveyed 2,406 people across more than 260 of our community support centres this year and found many people are struggling to make ends meet on \$125 a week after they've paid accommodation expenses. That's \$17.86 a day to cover all living costs, including bills, food, clothing, transport and medical costs.

Some other key findings from our clients—shown in the accompanying table—reveal deep levels of deprivation and disadvantage within our country.

Read the full report at salvationarmy.org.au/esis



1. Unstable accommodation including homeless/temporary accommodation/couch surfing/caravan. 2. Equals accommodation expenses divided by rough estimate income. 3. Median per week. 4. Extreme housing stress is defined as respondents using >50% of income. 5. Median per week.



Taskforce Alexis: a joint initiative to counter family and domestic violence

Family and domestic violence continues to make the headlines—and the statistics are horrifying. More than one woman is killed every week as a result of violence from a partner.

This year The Salvation Army *Crisis Services* in St Kilda, Melbourne, partnered with Victoria Police in *Taskforce Alexis*. Made up of police,

a mental health worker and a family and domestic violence worker, the taskforce aims to reduce repeat offences and champions early intervention with individuals and families.



Salvation Army family and domestic violence worker Roseanne (*pictured left*) is embedded in the police team. They meet daily to triage all family and domestic violence incidents and determine which families will most benefit from intervention.

As of late July, Roseanne had worked with 66 adults and 59 children. Of the adults she's worked with, 53 have been the affected family member and 13 have been perpetrators.

Roseanne assists where possible with welfare concerns and connects family members with various social services. She also works with perpetrators to consider support services like drug and alcohol services or behaviour change programmes. Another unique aspect of this model of intervention is the *Taskforce Alexis* Coordination Team comprising services who support the taskforce by providing a coordinated and integrated response to the families Roseanne works with.

Four out of every five families Roseanne has worked with have successfully engaged with the taskforce and other services.

It's unusual for a family and domestic violence worker to work with both the affected family member and the perpetrator in a family and domestic violence situation. In order to reduce repeat offences however, it's important to engage the perpetrator and encourage accountability for the use of violence.

The Salvation Army *Crisis Services* is funding Roseanne's role in this project. *Taskforce Alexis* has been implemented initially as a 12 month project and is being externally evaluated by RMIT University, Melbourne.

International Focus

150 years ago The Salvation Army was founded on the poverty-stricken streets of East London by William and Catherine Booth. In 2015, more than 100,000 employees, 26,000 Salvation Army officers and thousands of volunteers across 127 countries make up the organisation.

This year The Salvation Army worldwide has:

- provided general relief to 14,354,328 people;
- given counselling to 495,233 people;
- assisted 676,478 people to rebuild after emergencies and natural disasters;
- reunited 3,127 people with family members through the *Family Tracing Service*;
- visited 272,593 people in prison;
- provided support for 116,109 people leaving prison; and
- operated 300 drug and alcohol rehabilitation centres.



The Salvation Army *International Emergency Services* on the ground in Nepal, assisting people whose lives were devastated by the 2015 earthquakes.

Nepal Earthquake, April 2015

On Saturday 25 April a magnitude 7.8 earthquake struck Nepal. Just 17 days later, another earthquake struck the same area. The capital region of Kathmandu was devastated and it's estimated more than 8,000 people died. Tens of thousands of people have been displaced and communities and businesses destroyed in the worst earthquakes to hit the area in 81 years.

The Salvation Army *International Emergency Services* mobilised immediately, sending a team to the region to work alongside the local Salvation Army in Nepal and other community and Christian organisations, such as Mission Aviation Fellowship.

Within a week, supplies had reached The Salvation Army's emergency response teams. Camps were set up in Kathmandu to distribute hygiene items, food and tarpaulins. As more supplies landed, teams distributed solar lamps, mosquito coils, ropes and thousands of kilos worth of rice, dhal, oil and salt to more than 500 households in remote villages (often requiring long treks up mountains to reach isolated communities). In June, The Salvation Army began the distribution of thousands of high-quality tents to people ahead of the monsoon season.

Cyclone Pam, March 2015

Tropical Cyclone Pam struck the Pacific nation of Vanuatu on the evening of Friday 13 March causing widespread damage and affecting an estimated 188,000 people—more than half the country's population of 272,000.

Within days of the disaster, The Salvation Army *International Emergency Services* sent a team to provide practical and emotional support to affected communities alongside other local and international aid organisations.

The Salvation Army continues to work across three of the islands most affected: Tanna, which bore the brunt of the damaging storm; Anatom, one of the most southerly islands; and Efate, where the capital Port Vila is located.

On Tanna, we have helped three villages reconstruct their water supply to provide over 1,000 people with safe drinking water again, and have also distributed food, replacement cooking gear, blankets and hygiene kits.

On Anatom, students have returned to school in part through a Salvation Army *Food for Fees* initiative, which allows schools to continue to function and provides students with at least one good meal a day, without the need to charge full fees to parents.

On Efate, schoolbooks have been replaced, hygiene items have been provided to families and vouchers given so people can shop at local suppliers of hardware to allow the self-repair of family homes.

In August this year a significant milestone was reached with the completion of the first shelter on the island of Tanna, where The Salvation Army has plans to rebuild permanent houses for at least 200 families.





GENERAL EVA BURROWS

1929–2015



This year The Salvation Army celebrated the life of General Eva Burrows, who was peacefully Promoted to Glory on Friday 20 March at the age of 85.

From 1986 to 1993 General Eva was appointed the world leader of The Salvation Army—only the second woman in history to hold this position.

Eva Burrows was born on 15 September 1929 in Newcastle. She committed her life to God for service as a Salvation Army officer while studying a Bachelor of Arts at the University of Queensland and was commissioned as a Salvation Army officer in 1951.

During her time as an officer she trained teachers in Zimbabwe, led social services for women in Britain (which brought her in close contact with the effects of poverty and marginalisation in the crowded cities) and served as Territorial Commander in Sri Lanka, Scotland and Australia before being elected as world leader.

During her leadership as General, Eva met many world leaders and was credited with establishing The Salvation Army in Russia. She was also praised for her strong stand against social injustice, such as apartheid in South Africa.

General Eva was appointed an Officer of the Order of Australia (AO) on Australia Day 1986 and later upgraded to Companion of the Order of Australia (AC) due to her extensive welfare work.

In retirement, General Eva was an active volunteer at The Salvation Army *Project 614* in Bourke Street Melbourne, which reaches out to homeless and marginalised people in the city. She could often be found leading Bible studies, or handing out food and talking with people in the early hours of the morning with The Salvation Army street outreach van.

General Eva was farewelled at a service of thanksgiving at the Melbourne Town Hall on 31 March.

Our People

The Human Resources (HR) team at The Salvation Army is a vibrant and progressive group of human resources and work, 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.



Stephen Webb
Human Resources Director

Our Workforce

The Salvation Army Australia Southern Territory workforce consists of over 5,000 officers and employees who deliver varied services to the community in over 600 workplaces across Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

In 2014/15, the workforce was deployed throughout the Territory as follows:

	Officers	Employees
Territorial Headquarters*	102	284
Melbourne Central Division	72	976
Eastern Victoria Division	84	456
Western Victoria Division	36	278
Northern Victoria Division	32	109
South Australia Division	64	220
Western Australia Division	69	401
Tasmania Division	24	247
Northern Territory Region	15	74
Salvos Stores	3	1,119
Employment Plus	1	630
Total	502	4,794

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

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

Status	Women		Men		Total
	#	%	#	%	
Full-Time*	1,563	59	1,105	41	2,668
Part-Time	1,229	77	372	23	1,601
Casual	711	69	316	31	1,027
Total	3,503	66	1,793	34	5,296

*Includes officer numbers.

A Great Place to Work

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

A Good Cause

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

Make a Difference

Our employees make a difference in people's lives as they perform their roles. Each employee is positively impacting someone's life, even if they're working behind the scenes. Our social programmes are innovative and designed to bring about lasting change, not just immediate assistance.

Develop Your Career

Due to the diverse range of services we provide across many communities, the opportunities for employment are many and varied with flexible working arrangements also available. We invest in our people by providing learning opportunities to allow them the scope to develop themselves while achieving our mission imperatives. Being one of Australia's most respected and well-known charitable and welfare organisations allows staff to be exposed to opportunities in other countries and cultures that would not normally be available.

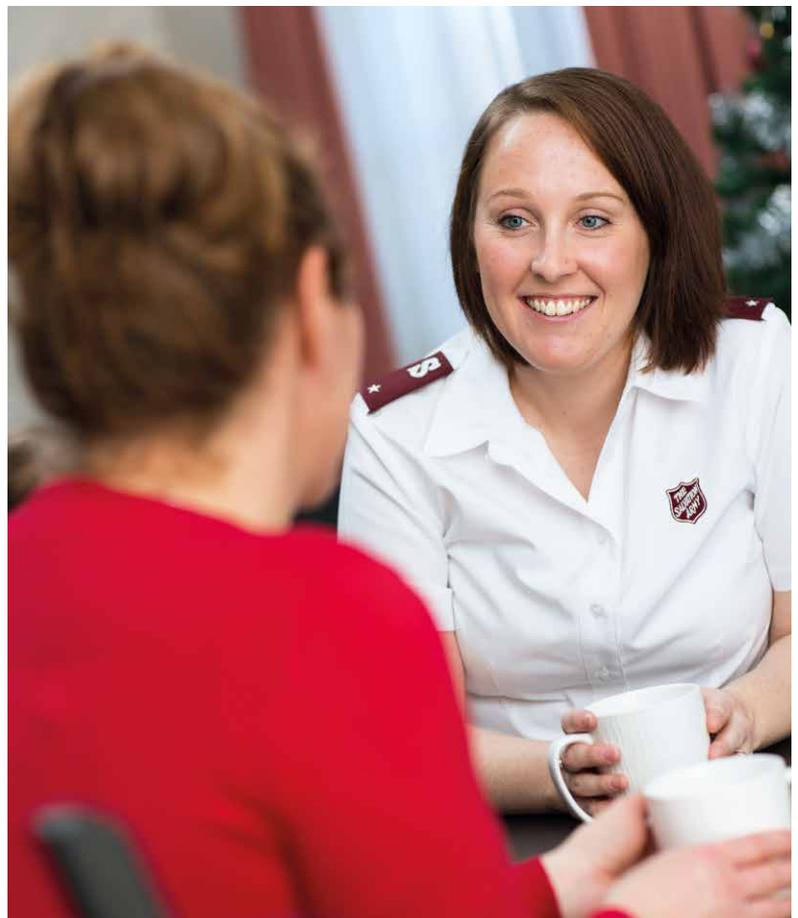
Staff Benefits

The Salvation Army acknowledges the nature of our service provision and funds a counselling service for all staff to support them in their work and daily lives as they carry out their duties. Generous salary packaging arrangements are also available to employees. We are constantly looking for ways to enhance the relationship with our staff as we aim to attract and retain the best people.

Work with Meaning

The Salvation Army provides diverse and varied employment opportunities. The satisfaction derived from working with such a well-respected worldwide organisation that helps over one million Australians in any one year cannot be quantified. We strive to be an employer of choice, with endless opportunities to contribute to the overall success of the organisation and make a real difference to the lives of people in need. Some of the roles we look for are:

- social workers and case managers;
- counsellors (financial, general, crisis, alcohol and drug, gambling, relationship);
- youth workers and residential support workers;
- administrators, cleaners, maintenance and food services staff;
- specialist roles in IT, fundraising, marketing, HR, learning and development;
- retail assistants and managers;
- media producers, events managers, archivists and journalists; and
- finance roles in audit, accounting and payroll.





I have been both warmed and inspired to realise the extensive ways people contribute to enabling the work of The Salvation Army. From those who serve church community meals, to being the engine of the thrift shops, to business analysts, to those that participate in street teams at all hours of the night—there is no limit to the ways in which people volunteer. Each role is equally important and impacts our ability to reach out to more than one million people who seek our support.

—Commissioner Floyd Tidd



Volunteers

The spirit of service and volunteerism is at the very foundation of The Salvation Army—volunteers make up the largest part of our workforce. With over 10,000 volunteers across the territory, joining forces with officers and employees, it is only with our collaborative effort that we are able to fulfil our mission.

It is heartening to realise how strongly the Australian community care and want to be part of The Salvation Army and all that we do. People are drawn to volunteer at different stages in life, and each brings their own unique experience, skill and energy. For instance, Masoud Babaei (*pictured left, above*) volunteers with the IT team at Territorial Headquarters and brings over 10 years' experience in the industry. He is also currently completing a Masters of IT. Masoud moved to Australia from Iran and initially volunteered to gain an understanding of how IT works in this country. He soon realised how his skills and knowledge could be of significant benefit and chose to stay on volunteering, balancing this with the demands of study and paid work. Masoud is one of many volunteers at Territorial Headquarters, a number that has significantly increased in the past year.

At the same time, thousands of volunteers continue to help out on the front line, enabling the practical care of people in need. From those who help out in the bustling cities to those in smaller country towns, each person plays a critical role. Abby Swift (*pictured left, below*) is one of these people, and serves as a volunteer mentor for young people from disadvantaged backgrounds. This is part of The Salvation Army's LARF (Life Skills, Activities, Recreation, Friendship and Fun) programme in Ballarat. "We do different things that the kids don't necessarily get the opportunity to do outside the programme," Abby explains, "like go out for a special dinner or even just talk to someone."

Volunteers also significantly contribute to the raising of money that makes our work possible. Volunteers enable the thrift shops and Salvos Stores to operate, and collect for the Red Shield Neighbourhood Appeal and Red Kettle. With their hands and their hearts, there is no limit to the value volunteers contribute.

From the Northern Territory to Tasmania, across Western Australia, South Australia and to Victoria, we thank each and every Salvation Army volunteer for their time, passion and commitment. They have been and continue to be a vital part of our shared 'army'.



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	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000
Rendering of Services	145,985	136,047	128,072	119,169	114,139
Fee for Service	41,262	34,713	34,170	40,876	42,472
Capital	2,483	5,059	7,255	6,159	1,688
Total	189,730	175,819	169,497	166,204	158,299

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 main fundraising appeal running throughout the year. 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 Christmas Appeal is an extension of the Red Shield Appeal. Salvos Crisis Partners is a pledge-giving programme where regular donations are made to the Red Shield Appeal. The Salvation Army also has a Child Sponsorship programme where individuals can support children in need overseas. In response to international disasters like Cyclone Pam, The Salvation Army has the capacity to conduct international aid appeals. There is also an active bequests programme for supporters who wish to leave a legacy to The Salvation Army in their will.

The Salvation Army Australia Southern Territory aims to communicate in a clear and transparent manner with all donors and members of the general public. Public complaints received are directed to the Territorial Public Relations Department with the objective of being resolved at this level. Regular communication with leadership ensures Cabinet members are aware of issues as they arise.

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



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 for the state or 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
Nevett Ford
Salvos Legal
Lynch Meyer
KL Gates
Hunt and Hunt

Community



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, very importantly, people seeking assistance from our services.

Without the generous support of individual 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. Relationships and engagement with organisations, however, go beyond those mentioned in this section. A list of acknowledgements is included in the last pages of this report.

As The Salvation Army is a not-for-profit organisation, it does not have shareholders. 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 monthly 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.

Corporate Community

Myer

This year, Myer launched its new community investment programme focusing on empowering and supporting women, and strengthening families to help reduce family and domestic violence.

The Salvation Army is one of three organisations selected to be part of this three-year programme. The partnership with The Salvation Army raises funds to support crisis accommodation and support services for women and their children fleeing violent home situations, and in urgent need of somewhere safe to live.

Myer CEO Richard Umbers says, "The Salvation Army provides crucial support to the community, and in particular assists families in difficult circumstances. Looking after each other like family is one of Myer's core values and, together with The Salvation Army, we can create safer family environments by providing more support to women and children in need."

For more than 20 years, *The Spirit of Christmas* CD has showcased the very best of Australian musical talent and this project raised a total of \$250,000 in 2014, which goes toward funding Salvation Army programmes. In addition, Myer's *Fashion Rescue* initiative this year resulted in more than 92,000 items of clothing being donated to Salvos Stores by 8,000 customers.





Salvation Army and Dale Alcock Homes personnel at the *Garden of Hope* official opening.

Dale Alcock Homes

Dale Alcock Homes is a long-time supporter of the *Harry Hunter Rehabilitation Centre*, The Salvation Army's residential drug and alcohol rehabilitation centre in Perth.

This year an exciting milestone in their support was reached as they completed the renovation of the men's quarters. The former dormitory-style housing is now a fully functional space that includes 15 bedrooms with ensuites, two classrooms and a duty office. This comes four years after Dale Alcock Homes pioneered a project to build a new three-unit women's wing.

Garden of Hope

In July this year the *Garden of Hope* was officially opened at the *Harry Hunter Rehabilitation Centre*. The garden is part of the work-therapy for residents and is open to community volunteers as well. Dale Alcock Homes has committed as a major sponsor for three years to provide funding to help establish the garden, reticulation, a shed, a proposed amphitheatre as well as wages for a two-day-a-week Garden Coordinator, a position filled by a former client of the centre, Mark (you can read his story on page one of this annual report).

Dale Alcock Homes General Manager Dean O'Rourke says, "We are pleased to contribute to such worthwhile projects that not only add value to those involved in the rehabilitation programme, but that also present invaluable new opportunities to the greater community."

Bunnings

For more than six years, local Bunnings stores and Salvation Army centres have been working together across Australia to raise funds and awareness of our work.

During the lead-up to the annual Red Shield Appeal and Christmas Appeal, Salvation Army volunteers collect financial donations from customers outside Bunnings stores across the country. In the last year more than \$600,000 was raised from these two appeals as well as local fundraising events across Australia.



As well as providing fundraising opportunities, Bunnings support many local Salvation Army projects. At Christmas time, Bunnings contribute hampers filled with food, practical items and treats to many of our community support services, which are then distributed to individuals and families in need.

Bunnings also provides hands-on help for Salvation Army projects related to their key areas of work, such as community gardens. In Western Australia, Bunnings this year contributed plants to the newly established *Community Garden of Hope* at The Salvation Army's *Harry Hunter Rehabilitation Centre*, and in rural Victoria at The Salvation Army in Bendigo, they provided seedlings and fruit trees, as well as time and expertise for the establishment of the community garden.



Photos: Kim Cartmell

The Salvation Army and Thankyou —Changing Lives in Melbourne

In April this year, social enterprise *Thankyou* announced funding for their first Australian project, The Salvation Army's *Hamodava Café* in Melbourne's CBD. The new partnership gives Australians the opportunity to now make a local and global impact on poverty.

Funds from *Thankyou's* food range—muesli, clusters and muesli bars—will go towards funding breakfast and lunch at the *Hamodava Café*. In the first year of funding alone, *Thankyou* has committed to 60,000 meals.

The *Hamodava Café* is a space where Melbourne's vulnerable or homeless can enjoy breakfast and lunch with table service from dedicated volunteers, internet access, daily newspapers, TV and barista-made coffee.



Thankyou is a movement that empowers consumers to play their part in eradicating global poverty through the sale of their water, body care and food ranges that fund access to safe water, hygiene and sanitation programmes and food security to people in need. To date, *Thankyou* has given over \$3.3 million to projects in 16 countries.



Social commentator Joe Hildebrand went undercover for Network Ten's *Studio 10* to report on people's reactions to homelessness prior to the 2015 Red Shield Appeal.

Media Engagement

The Salvation Army interacts with local, national and international media to raise awareness and create discussion around relevant social issues, and to promote the work of Salvation Army programmes and people.

We build proactive relationships with individual journalists and producers within media outlets and our spokespeople are often the first ports of call to speak publicly on issues like homelessness, drugs and alcohol, gambling and family violence.

Our biggest fundraising appeal for the year—the Red Shield Appeal—is greatly boosted by media coverage. Highlights include coverage received on the Red Shield Appeal doorknock weekend in May, particularly around our annual *National Economic & Social Impact Survey* of Salvation Army clients that highlighted the struggles many Australians in our communities face daily.

We gratefully acknowledge the extensive editorial coverage that media outlets afford The Salvation Army, especially at appeal times. The table below shows quantities of coverage per month over the past year with the dollar value.

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

Month	Print/Television/Radio	Dollar Value
November 2014	388	2,803,203
December 2014	983	12,701,683
January 2015	288	3,721,279
February 2015	215	1,214,941
March 2015	347	5,652,887
April 2015	349	4,507,666
May 2015	675	7,923,692
June 2015	450	4,151,095
July 2015	322	2,670,099
August 2015	312	1,849,375
September 2015	301	3,397,038
October 2015	508	3,385,945

Financial Position



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 22 years, with the last ten 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.

The Salvation Army faced another challenging year in terms of its financial performance, especially in light of the final results for the Red Shield Appeal. For the second year running, total appeal income excluding specified donations, capital appeals and emergency appeal donations was significantly below the budget target for the year, impacting on the overall funding available to support programme activities. Among several factors, the general cautiousness of donors in an uncertain economic environment appears to be the major reason for the fall in this area of donation income. On the other hand, The Salvation Army was blessed with an exceptional year in terms of legacy income. Notwithstanding the number of legacies received for specified purposes, the amount of open legacies received enabled The Salvation Army to augment its operational income streams, as well as set aside funds for future capital works requirements.

Another pleasing result in the last financial year was in The Salvation Army's Salvos Stores operations and the surpluses they achieved. In exceeding its operational budget targets for the year, Salvos Stores was able to provide increased contributions to the operations of the Social Fund, both in terms of its direct cash contribution and its welfare vouchers to social programme clients across the Territory. The Salvation Army's investment income also exceeded budget targets for the year. These combined income results helped to offset the shortfall from the Red Shield Appeal, with total income increasing by 9.6% compared to 2013/14.

Total operational expenditure increased by just over 1.8% compared to 2013/14, although the cost of employment expenses increased over 4.4%. In part, this reflects the impact of the Equal Remuneration Order (ERO) since its implementation in December 2012, with wages of many employees in the social service programmes being increased significantly above the normal annual cost of living increases awarded by Fair Work Australia. These wage adjustments will continue through to December 2020 and, along with the growth in social welfare programmes, will be expected to have a marked impact on the overall cost of delivering services in the coming years.

During the year, with the early recognition of the pressures on the Red Shield Appeal, The Salvation Army took immediate steps to review its overall operational budgets, and major cost saving initiatives were undertaken to reduce expenditure levels within budgets, whilst limiting the impact upon direct service delivery. These initiatives have been a major factor in holding the total operating expenditure increase at 1.8%, and consequently, enabling The Salvation Army to record a modest increase in its working capital after allocations.

The financial position of the Territory continues to be sound, with total assets at book value in excess of \$480 million and its net asset position growing to \$398.3 million. Whilst the working capital balance remains relatively low, the current ratio of the balance sheet is positive, allowing The Salvation Army to be confident in continuing to deliver its range of services and programmes into the future.

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 and Risk 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.



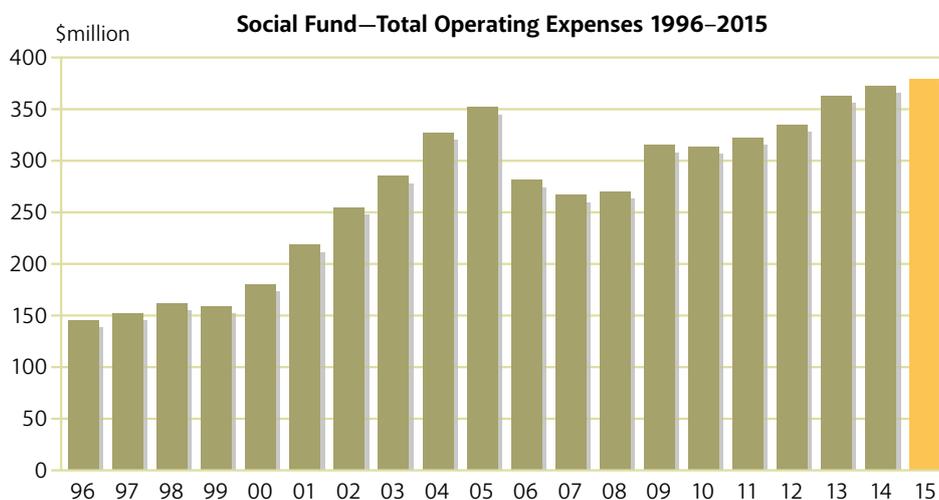
Sources of Income

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

	2014/15		2013/14	
	\$'000	%	\$'000	%
Government Income	189,730	47	175,819	48
Trading Revenue	108,524	27	100,931	28
Residents Contributions	19,332	5	18,945	5
Red Shield Appeal/ Other Donations	39,272	10	44,020	12
Investment Income	13,480	3	8,429	2
Legacies	21,269	5	6,951	2
Miscellaneous	10,257	3	11,416	3
Total	401,864	100	366,511	100

Expenditure

The Salvation Army recorded operating expenditure of \$366.5 million on social services delivered by its various social programme centres in 2014/15, compared with \$342.4 million in 2013/14. Net Social Fund expenditure for the 2014/15 financial year reached \$379.1 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 growth in social welfare programmes, 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 was near completion on a number of property capital projects during 2014/15, the most significant including:

- The redevelopment of *The Anchorage* facility in Abbotsford, Victoria, which provides affordable housing for disadvantaged men. *The Anchorage* project was gratefully funded by the Victorian State Government; and
- Stage two of the redevelopment of the *Harry Hunter Rehabilitation Centre* in Gosnells, Western Australia, which saw the centre's facilities upgraded.

In addition, a number of significant information technology business projects were finalised or commenced during 2014/15, including:

- *Blackbaud Project*, a comprehensive fundraising solution to replace the previous SAFRA system, which has been designed to meet The Salvation Army's needs, including management of acquisition lists, campaigns, participants, donations and online fundraising. *Blackbaud* went 'live' in March 2014 and was completed in early 2015;
- *IT Infrastructure Remediation Programme*, which brings together a number of sub-projects to address issues relating to implementation of technology and processes used to manage technology, aimed at mitigating risk, delivering efficiencies or cost savings, supporting new business opportunities and building architecture for future capability;
- *Human Resources Information Strategy (HRIS)*, looking to develop a future state architecture for the IT enablement of people-related (employee and officer personnel) functions in The Salvation Army and a roadmap describing a succession of projects to move toward that future architecture, aimed at addressing business issues relating to the current suite of processes and applications, and producing a future state to enable the efficient and effective use of human resources; and
- *Social Programmes Information Strategy (SPIS)*, looking to develop a future state architecture for the IT enablement of social programme functions in The Salvation Army and a roadmap describing a succession of projects to move toward that future architecture, with the aim of providing system support for the management of the full lifecycle of a programme, from recognition of the need for a programme, through tender application, establishment, management and closure of a programme, and aggregated reporting.

Red Shield Appeal Finance Summary



Major Paul Hateley
Territorial Public Relations Secretary

Left: An image from the 2015 Red Shield Appeal advertising campaign.

Since its earliest beginnings, The Salvation Army's ability to work in the community has been greatly dependent on the generosity of others giving their time, their talents and their finances in support of us.

This is possibly truer now than ever before. We're in a time of tightened budgets and economic pressure, yet we're assisting more people each year. Our homeless services alone recorded a 9% increase in the number of people assisted in the last year.

The need is great, and so we're grateful communities all around Australia continue to get behind the Salvos.

This is especially evident during our Red Shield Appeal. \$36,770,000 was raised in the 2014/15 Red Shield Appeal across Victoria, Tasmania, South Australia, Western Australia and the Northern Territory.

This money enables us to keep operating more than 600 different services across these states. These services include crisis accommodation, refuges for women and children escaping family and domestic violence, drop-in centres for the homeless and support centres for individuals and families struggling to keep up with the cost of living.

Critical to achieving these results are the thousands of volunteers who rally to 'shake tins' each year over the Red Shield Neighbourhood Appeal weekend at the end of May. \$3,767,000 was raised on this weekend alone by volunteers who stood at traffic intersections, train stations and shopping centres, or walked from street to street knocking on doors in their neighbourhoods. Thank you for your selflessness and, in some places, willingness to face the cold, rain and snow!

Fundraising Results	2015 \$'000	2014 \$'000	Difference %
Red Shield Appeal			
Victoria	20,059	21,205	
South Australia	5,152	5,236	
Western Australia	8,688	10,436	
Tasmania	2,359	2,430	
Northern Territory	512	558	
NSW/QLD			
Emergency Appeals	-	1,618	
Total Red Shield Appeal	36,770	41,483	-11.36
Wills and Bequests	46,839	23,017	103.50
Other miscellaneous donations not through Red Shield Appeal	4,805	4,853	-0.99
Total Fundraising	88,414	69,353	27.48
Expenses			
Red Shield Appeal	11,367	11,490	
Wills and Bequests	1,483	1,325	
Total Expenses	12,850	12,815	0.27
Fundraising Ratio	14.53%	18.48%	

A special thank you to our corporate community supporters such as Bunnings and Woolworths, who allow us to collect in front of their stores, and Westpac who facilitate Red Shield Appeal donations in various ways, particularly in their branches.

This year during a site tour at one of our youth crisis accommodation centres in Melbourne, the manager of the programme was asked about his motivation for his work. "Through what we do we can change a life –before it becomes a lifetime," was his simple answer.

This line formed the basis of this year's Red Shield Appeal advertising campaign as it captures our clear mission: that through our vast network of programmes across Australia, we can be there for people in their time of need and help to change their situations...and create lasting change.

It's safe to say we can only do this every day with your support of our Red Shield Appeal. Thank you for caring and helping to transform lives.

Red Shield Appeal Development Council

Thank you to the following members of the Red Shield Appeal Development Council who give their time, influence and expertise to help us raise financial resources:

Alistair Hill (Chair)	Major Paul Hateley
Margie Reid	David Drysdale
David Williamson	Brian Hallett
Gideon Perrott	Garry Tanner



The 2014/15 financial year saw Salvos Stores contribute a record \$20.1 million to directly help 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 Salvation Army community support centres. This achievement is \$2.8 million ahead of budget for the year.

The sales growth is attributed to the stability of our workforce, consistency across our network of stores and the positive impact of a cool summer. Salvos Stores sales grew by 8.5% against a retail industry average of just 3.5%.

Salvos Stores now operates 216 stores across the Australia Southern Territory plus an active eBay store. Staff numbers remain static at around 1,200 and we have seen good growth in our volunteer numbers to 4,000 during the year.

Other achievements during the financial year include:

- diversion of 20,000 tonnes from landfill; and
- *Tour de Salvos Stores* completed by staff and volunteers who personally raised \$130,000 for Salvation Army projects across the Territory.





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 Committee 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(f).

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.

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 Committee 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.

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 Committee and Trustees at least annually to report on the performance and compliance with goals and objectives.

Investment Committee 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.

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 Committee will be responsible for working closely with the Trustees and will make recommendations to the Trustees on investment management.

The Investment Committee 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 Committee.

The Investment Committee 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 Committee.

Long-Term Financial Performance

The performance of The Salvation Army's investment portfolio was strong during the year, resulting in investment income (including realised capital gains) exceeding budget expectations. As a result, the total investment income (\$13.5 million) in the Social Fund in 2014/15 has been its best return in the last five years.

The net unrealised value of the Social Fund portion of the portfolio was \$22.7 million as at 30 June 2015. With the subsequent falls in domestic and global markets since 30 June, the level of the unrealised gains within the Social Fund will have reduced accordingly.

	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000
Hybrids and Fixed Interest Securities	63,115	40,985	44,760	58,511	61,664
Unlisted Units in Managed Investment Funds	140,678	135,049	143,644	124,394	118,374
Other	654	857	692	789	635
Total Financial Assets	204,447	176,891	189,096	183,694	180,673
Total Investment Income	13,480	8,429	8,693	8,517	11,887
Impairment Expense	113	-	186	179	-

Five Year Trend—Revenue and Expenses

	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000	2010/11 \$'000
Total Operating Revenue	398,231	359,115	344,676	333,926	327,027
Total Capital Revenue	3,633	7,396	7,499	7,352	7,281
Total Operating Expenses	(379,053)	(372,288)	(362,350)	(335,922)	(324,218)
Total Allocations to/(from) Capital Funds	(22,187)	160	10,730	(5,530)	(9,280)
Net Surplus/(Deficit) after Allocations	624	(5,617)	555	(174)	810
Net Change in Fair Value of Available-for-Sale Financial Assets	1,165	10,424	11,505	1,248	2,267
Total Comprehensive Income after Allocations	1,789	4,807	12,060	1,074	3,077

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.



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 G L Rigley
- Lieutenant-Colonel V E Callander
- Lieutenant-Colonel B A Stevens
- Major M J Roberts (R)
- Mr G F Stowe

Colonel P R Walker resigned as a Trustee as of 1 August 2015.

Lieutenant-Colonel K L Merrett was appointed as a Trustee on 1 August 2015.

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.

Trustee	Number of Meetings Eligible to Attend	Number of Meetings Attended
Commissioner F J Tidd	12	9
Colonel P R Walker	12	11
Lieutenant-Colonel G L Rigley	12	12
Lieutenant-Colonel V E Callander	12	11
Lieutenant-Colonel B A Stevens	12	11
Major M J Roberts	12	12
Mr G F Stowe	12	11

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.

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 Territorial Finance Council (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 nine representatives from various Territorial Headquarters departments.

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 16 (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 2015 and the number of meetings attended by each member were as follows:

Member	Meetings Eligible to Attend	Meetings Attended
Commissioner F J Tidd	44	32
Commissioner T L Tidd	44	32
Colonel P R Walker	44	39
Colonel J K Walker	44	34
Lieutenant-Colonel B A Stevens	44	38
Lieutenant-Colonel V E Callander	44	38
Lieutenant-Colonel I B Callander	44	34
Lieutenant-Colonel G L Rigley	44	43
Major N R Venables	44	31
Major A J Milkins	23	12
Major M J Roberts	44	35
Major P S Hateley	19	16
Major G Main	21	17
Mr D A Sinden	44	39
Mr G F Stowe	44	39
Mr S J Webb	44	37
Mr C Tucker	44	35

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.

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 Public Relations Secretary and The Salvation Army Victoria State Council Chairperson. Meetings are held no less than four times per calendar year.

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

Investment Committee

The Salvation Army 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 three 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
- Mr Paul Costello—former CEO, Future Fund

from The Salvation Army Australia Southern Territory:

- Commissioner Floyd Tidd—Territorial Commander
- Colonel Graeme Rigley—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 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.

External Auditor

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 is available to answer board members' questions about the conduct of the audit and the preparation of the content of the auditor's report.

Audit and Risk Committee

The Audit and Risk 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;
- advice provided 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 and Risk 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

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 and Risk 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 2014/15

Greenhouse Emissions Remain Stable

Salvos Stores experienced a net gain of two new sites and the relocation of six sites into much larger retail areas. Complementing the revamp of our stores, 18 stores were retrofitted with heating, 53 stores with cooling amenities and two stores were refitted with modern LED lighting. These changes resulted in a nominal 9% increase in CO₂ emissions for electricity use, however this is correlated with our organic growth and upgrading of the environmental workspace. Illegal dumping directly affects our Greenhouse Gas (GHG) output and waste emissions increased by 14% for the year despite some aggressive recycling campaigns.

Therefore, overall total emissions increased by 11% compared to the previous year. Our reliance on natural gas continues to diminish as modern electrical appliances prove to be more efficient and effective. The following table displays our emission factors for the last 3 years.

	2014/15 CO ₂ Emissions	2013/14 CO ₂ Emissions	2012/13 CO ₂ Emissions	CO ₂ Emissions Variance 2014/15 and 2013/14	% CO ₂ Emissions Variance 2014/15 and 2013/14
Air Travel	128	97	92	32	33
Electricity	7,493	6,902	6,629	591	9
Fleet Travel	1,054	1,051	1,005	3	0
Natural Gas	30	64	96	-34	-53
Stationery Energy	14	13	30	2	14
Paper	15	14	13	1	10
Synthetic Gases	1	1	1	0	6
Taxi Travel	0	6	7	-5	-93
Waste	13,151	11,518	12,650	1,633	14
Total	21,888	19,665	20,523	2,223	11



Salvos Stores Retrieves 75% of Donations

During the last financial year, Salvos Stores reused more than 16.2 million items or approximately 20,000 tonnes of items normally destined for landfill. An additional 10,000 tonnes of items which were not saleable, were diverted into the recycling industry for reconstitution to reappear as new products elsewhere. The following table displays the product segmentation and calculated weights of donations that are reused.

	Clothing		Electrical		Furniture		Books		Bric-a-brac		Accessories		Total Tonnes
	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	
Stores Sales	7,152,027	1,788	105,680	159	259,030	3,885	2,064,114	516	4,114,653	1,029	2,426,959	607	7,984
Statewide Rag-out		9,436											9,436
Fresh Stock Sales		2,031											2,031
Annual Total		13,255		159		3,885		516		1,029		607	19,451

Managing Waste Supply Chains

Salvos Stores staff and volunteers inspect every item that is donated to our stores. Supporting the transfer of materials is a myriad of some 40,000 waste services plus approximately 8,000 recycling services. Illegal dumping continues to create cost impositions for Salvos Stores, where it costs around \$3.7 million per annum across the Territory to manage our waste and recycling efforts. Part of this cost (\$564,000) is for landfill levy payments made to the respective state government bodies.

Challenges for the year ahead will centre on the focus for continuous improvement: additional stores will be retrofitted for efficiencies and strategic government activities will strive to reduce illegal dumping and theft.

For more information visit salvosstores.com.au

The Salvation Army Australia Southern Territory Social Fund Trustees' Report

Financial Report

Contents

Trustees' Report	52–55
Statement of Profit or Loss and Other Comprehensive Income	56
Statement of Financial Position	57
Statement of Cash Flows	58
Statement of Changes in Capital Funds	59
Notes to the Financial Statements	60–79
Trustees' Declaration	80
Independent Auditor's Report	81
Auditor's Independence Declaration	83

The Salvation Army Australia Southern Territory

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

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Australia Southern Territory Headquarters

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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 2015, 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;
- chaplaincy 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 2015, The Salvation Army Australia Southern Territory Social Fund's operating result was a surplus after allocations of \$624,000 (2014: deficit of \$5,617,000). Total revenues were \$401,864,000 (2014: \$366,511,000), while total operating expenses were \$379,053,000 (2014: \$372,288,000).

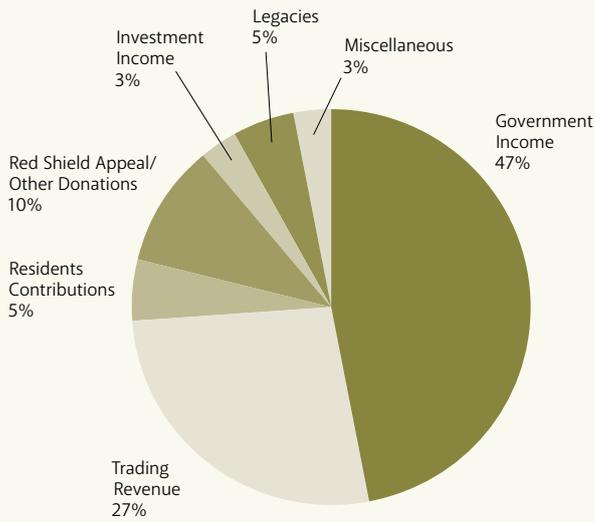
In line with The Salvation Army's policies and compliance with donors' restrictions on the use of certain funds, net transfers of \$22,187,000 were made to various reserves for specific purposes (2014: \$160,000 of net transfers were made from capital projects or various reserves for future specific purposes).

	2015 \$'000	2014 \$'000
Revenue	401,864	366,511
Expenditure	(379,053)	(372,288)
Surplus/(Deficit) before Allocations	22,811	(5,777)
Allocations	(22,187)	160
Surplus/(Deficit) after Allocations	624	(5,617)

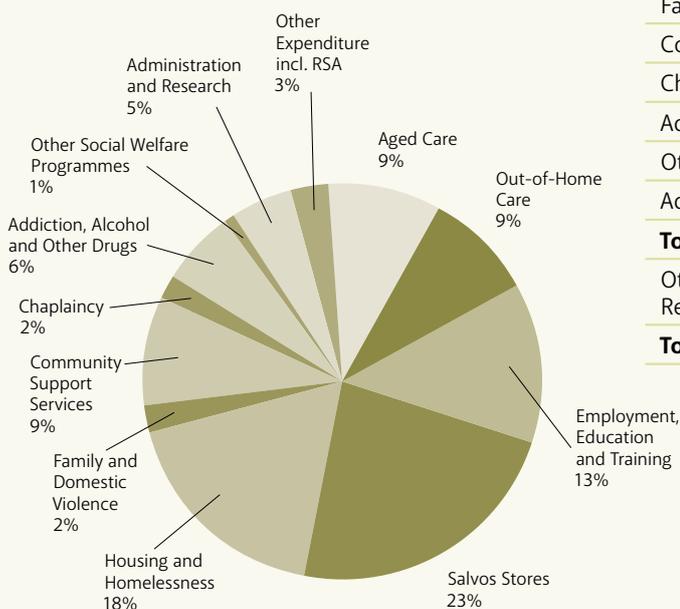
The above table excludes the net change in fair value of available-for-sale financial assets.

The Salvation Army Australia Southern Territory Social Fund Trustees' Report

2015 Sources of Income



2015 Social Centre Expenditure



Sources of Income	2015 \$'000	2014 \$'000
Government Income	189,730	175,819
Trading Revenue	108,524	100,931
Residents Contributions	19,332	18,945
Red Shield Appeal/Other Donations	39,272	44,020
Investment Income	13,480	8,429
Legacies	21,269	6,951
Miscellaneous	10,257	11,416
Total Income	401,864	366,511

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 2015.

Social Centre Expenditure	2015 \$'000	2014 \$'000
Aged Care	33,184	29,349
Out-of-Home Care	35,298	34,709
Employment, Education and Training	47,783	39,889
Salvos Stores	88,017	81,909
Housing and Homelessness	67,578	66,169
Family and Domestic Violence	6,710	5,723
Community Support Services	33,318	30,147
Chaplaincy	6,661	6,026
Addiction, Alcohol and Other Drugs	24,531	24,449
Other Social Welfare Programmes	4,369	6,100
Administration and Research	19,004	17,961
Total Social Centre Expenditure	366,453	342,431
Other Expenditure including Red Shield Appeal	12,600	29,857
Total Expenditure	379,053	372,288

The Salvation Army Australia Southern Territory Social Fund Trustees' Report

The significant impacts on the 2015 result were:

- The Red Shield Appeal recorded a result of \$36.8Mn before expenses for the year ended 30 June 2015. Excluding donor designated gifts and capital appeal donations, donation income fell considerably short of budget expectations, being \$5.2Mn below target for the year.
- Significant legacy income (\$21.3Mn) was received during the year. Apart from those bequests that specified particular programmes or activities for which the funds have been set aside in reserves until able to be used, additional funding was able to be allocated towards the operational costs of the Social Fund, as well as further funds being set aside for future capital expenditure requirements.
- Income returns for the Investment Fund portfolio managed by JANA Investment Advisers exceeded budget expectations for the financial year. The portfolio achieved an overall return of 8.7% for the year, net of fees and inclusive of realised gains and losses. Income from the portfolio represented a return of 5.84% for the year.
- Total government funding increased by \$13.9Mn from 2013/14, a net increase of 7.91%. This funding remains the most significant source of income for The Salvation Army's social programmes, representing 47% of the overall income for the year (2014: 48%).
- Salvos Stores had an exceptional year, exceeding budget expectations for the year and contributing \$15.14Mn to the operations of the Social Fund, as well as a further \$2.6Mn provided in welfare vouchers to programme clients.

At 30 June 2015, the Social Fund Statement of Financial Position is showing a positive current ratio (current assets less current liabilities), compared to negative ratios in the past two financial years. This reflects additional income received during the financial year that has been invested in short-term deposits. 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 continue to 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 2015, 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.

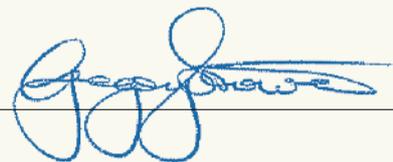
Auditor

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 27th day of October 2015.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Profit or Loss and Other Comprehensive Income
 for year ended 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
Revenues and other income			
Revenue from rendering of services	2	206,579	189,705
Other revenues from ordinary activities	2	111,026	103,468
Financing income		13,480	8,429
Legacies income		21,269	6,951
Red Shield Appeal donations	5	36,770	41,483
Total operating revenue		389,124	350,036
Capital revenue:			
Government grants		2,483	5,059
Other income		1,150	2,337
Total capital revenue		3,633	7,396
Other income		9,107	9,079
Total revenue and other income		401,864	366,511
Employee expenses		(209,969)	(201,364)
Depreciation expenses	10	(9,514)	(8,367)
Computer expenses		(2,620)	(2,214)
Welfare/Jobseeker expenses		(31,144)	(27,999)
Building/Occupancy expenses		(52,479)	(52,956)
Motor Vehicle expenses		(8,627)	(9,267)
Contribution—General/Property Funds	1(r)	(24,434)	(24,146)
Rollover accommodation bond credits	1(g)(i)	7	607
Amenities and supplies		(14,487)	(13,466)
Professional fees expenses		(11,354)	(9,446)
Other expenses from ordinary activities		(14,432)	(23,670)
Total operating expenses		(379,053)	(372,288)
Operating surplus/(deficit)	14	22,811	(5,777)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		1,165	10,424
Total comprehensive income for the year		23,976	4,647
Allocations (to)/from capital funds	3	(22,187)	160
Total comprehensive income for the year after allocations		1,789	4,807

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 60 to 79.

The Salvation Army Australia
Southern Territory Social Fund
Statement of Financial Position as at 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash	6	3,315	4,763
Receivables and other current assets	7	14,178	12,521
Other financial assets	8	44,356	23,853
Inventories	9	1,200	985
Land and buildings held for sale		558	-
TOTAL CURRENT ASSETS		63,607	42,122
NON-CURRENT ASSETS			
Receivables and other non-current assets	7	19,172	21,531
Property, plant and equipment	10	237,455	240,799
Other financial assets	8	160,091	153,038
TOTAL NON-CURRENT ASSETS		416,718	415,368
TOTAL ASSETS		480,325	457,490
CURRENT LIABILITIES			
Payables	11	32,820	31,861
Employee benefits	12	19,956	20,952
Interest-free loans	16	1,874	1,477
Provisions	13	2,677	2,840
TOTAL CURRENT LIABILITIES		57,327	57,130
NON-CURRENT LIABILITIES			
Employee benefits	12	2,478	2,923
Provisions	13	11,169	13,055
Interest-free loans	16	10,920	9,932
Special purpose funds	17	118	114
TOTAL NON-CURRENT LIABILITIES		24,685	26,024
TOTAL LIABILITIES		82,012	83,154
NET ASSETS		398,313	374,336
CAPITAL FUNDS			
Working capital fund	14(a)	3,053	2,429
Property contributions fund	14(a)	219,695	222,929
Reserves	14(a)	138,102	117,605
Trusts and special purpose funds	14(a)	5,864	7,378
Legacies	14(a)	31,599	23,995
TOTAL CAPITAL FUNDS		398,313	374,336

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on pages 60 to 79.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Cash Flows for the year ended 30 June 2015

	NOTE	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		386,282	353,828
Cash payments in the course of operations		(372,072)	(373,111)
Investment revenue received		11,665	7,919
Capital revenue received		3,632	7,396
Net cash received/(used) in operating activities		29,507	(3,968)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from redemption of investments		11,988	25,520
Payments for investments		(38,377)	(2,892)
Payments for property, plant and equipment		(7,300)	(27,911)
Proceeds from sale of property, plant and equipment		1,221	2,071
Net cash used by investing activities		(32,468)	(3,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/Proceeds of borrowings		(200)	4,100
Proceeds from residents' interest-free loans		2,771	1,494
Repayment of residents' interest-free loans		(1,058)	(2,224)
Net cash provided by financing activities		1,513	3,370
Net (decrease)/increase in cash held		(1,448)	(3,810)
Cash at the beginning of the financial year		4,763	8,573
Cash at the end of the financial year	20	3,315	4,763

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 60 to 79.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Changes in Capital Funds
 year ended 30 June 2015

	Working Capital Fund	Property Contribution Fund	Reserves	Trusts and Special Purpose Funds	Legacies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 within 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
At 1 July 2014	2,429	222,929	117,605	7,378	23,995	374,336
Operating Surplus before allocations	22,811	-	-	-	-	22,811
Other comprehensive income	-	-	1,165	-	-	1,165
	25,240	222,929	118,770	7,378	23,995	398,312
Allocations within other capital funds	(22,187)	(3,234)	19,332	(1,514)	7,604	-
At 30 June 2015	3,053	219,695	138,102	5,864	31,599	398,312

The Statement of Changes in Capital Funds is to be read in conjunction with the Notes to the Financial Statements set out on pages 60 to 79.

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 27 October 2015.

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements that 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.

(c) Annual Appeals

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

(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)(iii)) and impairment losses. Capital gifts are shown as revenue and an allocation is made to the property contributions fund.

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

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

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

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the Statement of 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) | 3 years |
| ▪ Motor Vehicles/Trucks | Deemed useful life, to a maximum of 7 years |

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Leasehold Improvements Term of the lease
- Information Technology capital projects Deemed useful life, to a maximum of 10 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.

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,

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(iii) Fair value hierarchy

The carrying amounts and fair value of the Social Fund financial assets, measured or disclosed at fair value, are determined using a 3 level hierarchy, being:

Level 1: Quoted prices (unadjusted) in active markets for identical markets that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly

Level 3: Unobservable inputs for the assets

The unlisted units in managed investment funds and hybrid and fixed interest securities are available-for-sale level 2 assets and their carrying value approximates their fair market value.

(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 refundable accommodation deposit 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.

Various assumptions have been included in the calculation of the present value of these estimated receivable and payable balances, including 10 year government bond rates (3.01% pa), refundable accommodation deposit levels and increments in future years, and the estimated inflows and outflows for residents eligible for assistance.

(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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 high quality corporate 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Red Shield Appeal

Donations to the Red Shield Appeal are recognised when received.

Revenue from Social Programmes

The organisation's social programme activity and Employment Plus job network 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(q) Accounting estimates and judgements

Management discussed with the Territorial Finance Council and the Audit and Risk 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, and Note 1(g)(i) contains information about rollover receivable and payable balances.

(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 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.

Refer note 18(b) for details of non-cancellable operating lease commitments.

(v) 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)

(w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, 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 2019 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.

(x) 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 2014.

i) AASB 119 Employee Benefits

During the reporting period the Social Fund changed the discount rate used in its employee benefit liability calculation from the Australian Government bond rate to high quality corporate bond rate and applied this as a change in accounting estimate.

The Social Fund decreased the carrying amount of the long service leave entitlements by \$331,000 in the current year upon application of this change in estimate. This change impacts the 'employee benefits' liability disclosed in the financial statements. The impact of the change in accounting estimate on the annual leave entitlements in the current year is not significant.

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

	NOTE	2015 \$'000	2014 \$'000
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenue from rendering of services:			
Government grants		145,985	136,047
Fee for service—Government Funding		41,262	34,713
Resident contributions and patient fees		19,332	18,945
		206,579	189,705
Other revenue from ordinary activities:			
Revenue from trading and rent		108,524	100,931
Other donations received—other than from the Red Shield Appeal		2,502	2,537
		111,026	103,468
Total revenue from ordinary activities		317,605	293,173
3. ALLOCATIONS			
Allocations have been made (to)/from the following capital funds, excluding working capital:			
Property contributions fund	14(a)	3,592	(461)
Reserves	14(a)	(8,091)	1,278
Trusts and special purpose funds	14(a)	–	1,942
Legacies	14(a)	(17,688)	(2,599)
		(22,187)	160
		\$	\$
4. AUDITORS' REMUNERATION			
<i>Audit Services</i>			
Auditors of the Trust			
KPMG Australia		306,736	360,650
<i>Other Services</i>			
Auditors of the Trust			
KPMG Australia		41,599	74,198

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

	2015	2014
	\$'000	\$'000
5. RED SHIELD APPEAL DONATIONS		
Donations		
Victoria	20,059	21,205
South Australia	5,152	5,236
Western Australia	8,688	10,436
Tasmania	2,359	2,430
Northern Territory	512	558
NSW/QLD Emergency Appeals—Note 1.	–	1,618
	36,770	41,483
Less: Expenses	(11,367)	(11,490)
Net Revenue Available for Distribution/Allocations	25,403	29,993
Distribution/Allocations		
Social programme deficits:		
Out-of-home care	973	758
Addictions, alcohol and other drugs	4,054	3,215
Family and domestic violence	1,074	1,073
Housing and homelessness	6,431	6,041
Community support services	11,420	11,612
Chaplaincy	4,888	4,735
Emergency services	576	687
Other	1,947	1,342
Social services and community programmes total	31,363	29,463
Less: Funding provided outside of Red Shield Appeal—Note 2.	(9,926)	(6,351)
	21,437	23,112
Capital Appeals	86	878
NSW/QLD Emergency Appeals—Note 1.	–	1,618
Other Emergency Appeals	2	546
Donor designated gifts	3,878	3,839
Total Distribution/Allocations	25,403	29,993

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	2015 \$'000	2014 \$'000
5. RED SHIELD APPEAL DONATIONS (continued)			
Victorian Bushfire Appeal			
Amount set aside within reserves at 30 June 2014 for commitments beyond 30 June 2014		342	2,358
Expenditure in 2014/15		(100)	(2,016)
Amount set aside within reserves at 30 June 2015 for commitments beyond 30 June 2015		242	342
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 \$7,000 (2014: \$42,000) was allocated to this reserve during 2015, and the Disaster Relief Reserve has a balance of \$1,063,000 at 30 June 2015 (2014: \$1,212,000).			
6. CASH			
Cash on hand		181	199
Cash at bank		3,134	4,564
	20	3,315	4,763
7. RECEIVABLES AND OTHER CURRENT ASSETS			
Current			
Prepayments		711	509
Accommodation Bond Rollovers	1(g)	4,396	4,399
Sundry debtors (including deferred consideration)		9,071	7,613
		14,178	12,521
Non-current			
Accommodation Bond Rollovers	1(g)	15,279	17,222
Sundry debtors (including deferred consideration)		3,893	4,309
		19,172	21,531

The deferred consideration balance relates to the sale of aged care facilities in prior years. As part of the sale agreements, other contingent liabilities exist—refer Note 21(a).

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

	2015 \$'000	2014 \$'000
8. OTHER FINANCIAL ASSETS		
Current		
Short-term deposits	44,356	23,853
Non-current		
Unlisted units in managed investment funds	140,678	135,049
Hybrid and fixed interest securities	18,759	17,132
Other	654	857
	160,091	153,038
	204,447	176,891
Impairment losses		
<p>At 30 June 2015, the Social Fund has reviewed its financial assets for impairment and determined that an impairment expense of \$113,000 is required (2014: \$Nil). This expense was included within 'other operating expenses from ordinary activities' in the Statement of Profit or Loss and Other Comprehensive Income in 2015. Refer to Note 1(f) for additional information regarding financial assets.</p>		
9. INVENTORIES		
Raw materials and stores	232	235
Work in progress	11	15
Finished goods	957	735
	1,200	985
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land and Buildings		
Freehold land at cost	36,791	36,431
Buildings at cost	239,345	232,749
Accumulated depreciation	(53,347)	(48,964)
	185,998	183,785
Total Freehold Land and Buildings	222,789	220,216
Leasehold Property		
At cost	13,165	13,067
Accumulated depreciation	(9,999)	(8,313)
Total Leasehold Land and Buildings	3,166	4,754
Building Schemes in Progress—at cost	551	5,520
Motor Vehicles		
At cost	4,902	4,813
Accumulated depreciation	(3,933)	(3,676)
Total Motor Vehicles	969	1,137

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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Plant and Equipment

	2015 \$'000	2014 \$'000
At cost	30,169	26,797
Accumulated depreciation	(20,189)	(17,625)
Total Plant and Equipment	9,980	9,172
Total Property, Plant and Equipment Net Book Value	237,455	240,799
Social Fund freehold/leasehold land and buildings of \$225,955,000 (2014: \$224,970,000) are funded through the Property Contributions Fund (excluding building schemes in progress funding) of \$218,456,000 as at 30 June 2015 (2014: \$214,550,000). The remaining balance is funded from the following sources:		
Interest-free loans	6,100	6,300
Social Fund freehold properties—unfunded	1,399	4,120
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	220,216	193,278
Additions (transfers from Building Schemes in Progress—Cost)	8,367	32,693
Transfer to Land and Buildings held for sale	(558)	–
Disposals	(566)	(1,602)
Depreciation	(4,670)	(4,153)
Carrying amount at end of year	222,789	220,216
Leasehold Property		
Carrying amount at beginning of year	4,754	5,719
Additions (transfers from Building Schemes in Progress—Cost)	75	517
Other Additions	23	–
Depreciation	(1,686)	(1,482)
Carrying amount at end of year	3,166	4,754
Building Schemes in Progress—Cost		
Carrying amount at beginning of year	5,520	15,358
Additions	4,184	23,726
Transfers to Freehold Land and Buildings/Leasehold Property	(8,442)	(32,693)
Transfers to Plant and Equipment	(711)	(871)
Carrying amount at end of year	551	5,520
Motor Vehicles		
Carrying amount at beginning of year	1,137	519
Additions	148	931
Disposals	–	(11)
Depreciation	(316)	(302)
Carrying amount at end of year	969	1,137

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

	NOTE	2015 \$'000	2014 \$'000
10. PROPERTY, PLANT AND EQUIPMENT (continued)			
Plant and Equipment			
Carrying amount at beginning of year		9,172	8,003
Additions		3,656	3,608
Disposals		(6)	(9)
Depreciation		(2,842)	(2,430)
Carrying amount at end of year		9,980	9,172
11. PAYABLES			
Current			
Sundry creditors and accruals		22,635	23,926
Prepaid government funding		10,185	7,935
		32,820	31,861
12. EMPLOYEE BENEFITS			
Current			
Employee entitlements		19,956	20,952
Non-current			
Employee entitlements		2,478	2,923
<p>The Salvation Army Australia Southern Territory contributed \$15,940,000 (2014: \$16,334,000) on behalf of employees to the superannuation plans of their choice, in accordance with superannuation guarantee legislation.</p> <p>Amounts not expected to be settled within the next 12 months</p> <p>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.</p> <p>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.</p> <p>Long service leave obligation expected to be settled after 12 months</p>			
		7,799	6,613
13. PROVISIONS			
Current			
Accommodation bond rollovers	1(g)	1,377	1,840
Care Leavers claims	21(b)	1,300	1,000
		2,677	2,840

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

	NOTE	2015 \$'000	2014 \$'000
13. PROVISIONS (continued)			
Non-current			
Accommodation bond rollovers	1(g)	8,271	10,594
Care Leavers claims	21(b)	2,650	2,000
Make good of leased premises	1(o)	248	461
		11,169	13,055
14. CAPITAL FUNDS			
(a) Movements in Capital Funds			
Property Contributions Fund			
Opening Balance		222,929	216,345
Net Transfers		358	6,123
Allocations from working capital fund	3	(3,592)	461
Closing balance		219,695	222,929
Reserves			
Opening Balance		117,605	110,085
Net Transfers		11,241	(1,626)
Transfer to Fair Market Reserve		1,165	10,424
Allocations to working capital fund	3	8,091	(1,278)
Closing balance	14(c)	138,102	117,605
Trusts and Special Purpose Funds			
Opening Balance		7,378	10,412
Net Transfers		(1,514)	(1,092)
Allocations from working capital fund	3	-	(1,942)
Closing balance	14(d)	5,864	7,378
Legacies			
Opening Balance		23,995	24,801
Net Transfers		(10,084)	(3,405)
Allocations from working capital fund	3	17,688	2,599
Closing balance		31,599	23,995
Working Capital Fund			
Opening Balance		2,429	8,046
Operating surplus/(deficit) before allocations		22,811	(5,777)
Allocations from other capital funds	3	(22,187)	160
Closing balance		3,053	2,429

(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.

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

14. CAPITAL FUNDS (continued)

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.

	2015 \$'000	2014 \$'000
(c) Reserve Balances		
Board Designated Funds		
Property development	15,138	14,167
Training	2,072	2,077
Social programme enhancement and development	25,753	24,039
Capital asset contribution	5,672	3,209
Planned maintenance	9,391	8,903
Asset replacement	7,760	7,637
Aged care reserves	20,563	17,313
Capital projects funding	3,356	3,812
Future Fund	12,667	–
Employment and training	3,974	7,262
Fair Market Investment Reserve	31,396	30,231
Investment Fluctuation Reserve	(9,003)	(11,066)
Other	9,363	10,021
	138,102	117,605

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

Property Development

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

Training

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

Social Programme Enhancement and Development

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

Capital Asset Contribution

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

Planned Maintenance

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

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

14. CAPITAL FUNDS (continued)

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.

Future Fund

The Salvation Army has established a 'Future Fund', to which a significant legacy received in 2015, as well as some capital funds, have been allocated. The purpose of the Future Fund is to adopt a long-term investment strategy that will enable some capital growth, as well as a reliable income stream, to assist with the operating expenditure commitments of the Social Fund.

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 2015.

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

	2015 \$'000	2014 \$'000
Special purpose trusts	2,521	2,445
Emergency appeals	624	840
General deposits	2,354	3,760
Building deposits	365	333
	5,864	7,378

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

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

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 2015 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

	2015 \$'000	2014 \$'000
	71	67
	1,603	1,210
	200	200
	1,874	1,477
	213	202
	4,807	3,630
	4,300	4,300
	1,600	1,800
	10,920	9,932

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 loan

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 \$118,000 (2014: \$114,000) 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:

	2015 \$'000	2014 \$'000
Cost to complete property schemes in progress	718	3,160
Property schemes approved but not commenced as at 30 June 2015	317	857
	1,035	4,017
(b) Operating Lease Commitments		
Future operating lease rentals for properties not provided in the financial statements and payable:		
Not later than one year	21,647	24,526
Later than one year but not later than five years	42,781	41,092
Later than five years	213	663
	64,641	66,281

The Social Fund leases a number of properties under operating leases. During the year, \$19,862,000 (2014: \$19,060,000) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as operating property leases. The leases typically run for a period of 3 to 5 years and usually include an option to renew the lease after that period. Lease payments are increased at the end of the lease period to reflect market rentals.

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 2015 were:

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

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.

	2015	2014
	\$'000	\$'000
Total income paid or payable, or otherwise made available to all Trustees of the Social Fund from the Social Fund or any related party	385	365

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	2015	2014
		\$'000	\$'000
Cash	6	3,315	4,763

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 2015, the maximum capital grant funding which would have been repayable to the Department of Health and Ageing was \$1,085,000 (2014: \$1,278,000).

At 30 June 2015, 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 contingency reserve' to cover these amounts.

b) Care Leavers claims

The Salvation Army Australia Southern Territory 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. The provision for care leavers claims is to cover claims currently being processed, including costs for access to professional counselling services, pastoral care, medical expense reimbursements and legal costs.

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

21. CONTINGENT LIABILITIES (continued)

On 13 October 2015, at the Royal Commission into Institutional Responses to Child Sexual Abuse, The Salvation Army Australia Southern Territory advised that all care leavers claims settled to date will be reviewed to identify whether compensation payments made in respect of settled claims were assessed fairly and consistently. Priority will be given to two categories of cases—firstly, cases where survivors reached settlements with The Salvation Army Australia Southern Territory without the benefit of their own legal advice, and secondly, cases where new factual material has come to light after a claim was settled. The review will also consider whether any survivors were disadvantaged relative to other survivors who settled because of matters including The Salvation Army Australia Southern Territory's reliance on technical legal defences. If, as a result of the review, any claims are identified that were not assessed fairly and consistently relative to the bulk of other settled claims, The Salvation Army Australia Southern Territory will reopen those claims, and make a further payment assessed according to the principles identified by the Royal Commission in respect of payments made in the interim period between now and when a national redress scheme commences operation.

In addition to the provision for care leavers claims of \$3,950,000 recorded as at 30 June 2015 (refer Note 13), there may be further claims lodged with The Salvation Army Australia Southern Territory, which would need to be assessed. The Salvation Army Australia Southern Territory is unable to quantify the estimated future costs of such claims.

c) Capital grant funding

The Salvation Army received \$16,209,000 from the Housing Authority in Western Australia between 2012–2015 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 2015, the amount repayable would have been \$15,669,000 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 2014/15, 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.

The Salvation Army Australia Southern Territory Social Fund Trustees' Declaration

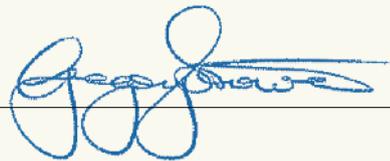
In the opinion of the Trustees of The Salvation Army Australia Southern Territory Social Fund ('Social Fund'):

- (i) The accompanying financial statements and notes set out on pages 56 to 79 are drawn up so as to present a true and fair view of the financial position of the Social Fund as at 30 June 2015 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 2015;
- (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 27th day of October 2015.



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

We have audited the accompanying financial report of The Salvation Army Australia Southern Territory Social Fund (the Entity), which comprises the statement of financial position as at 30 June 2015, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the Trustees' declaration of the Entity.

This audit report has also been prepared for the members of Entity pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) (collectively the Act and Regulations).

Trustees' responsibility for the financial report

The Trustees of the Entity 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 ACNC. 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 directors, 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 qualified 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 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 2015 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

27 October 2015



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

To: the directors of The Salvation Army Southern Territory Social Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Darren Scammell
Partner

Melbourne
27th October 2015

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Adrian Brien Automotive
Apex Communications
Armas Investments Pty Ltd
Arts Project Australia Pty Ltd
Australian Executor Trustees
Built Environs Pty Ltd (McConnell Dowell)
CMV Foundation
Collinson Gray Shultz
Electel Resources Pty Ltd
Flexichem Pty Ltd
GJ & JA Smith Investments Pty Ltd
IOOF Foundation
JLL
Paradise Motors
Posture Podiatry
Seeley International
Southern Star Windows
Westpac Banking Corporation

Tasmania

Bruce Wall Trust
Colin Bisdee Trust
Hotel Grand Chancellor Hobart
Motors Foundation
State Government of Tasmania
Tasmania Community Fund

Victoria

AMP
Annie & John Paterson Foundation
Bibury Trust
CAF Community Fund (Workplace Giving)
CAF UK (Charities Aid Foundation UK)
The Caledonia Foundation
Cameron Foundation
Collier Charitable Fund
Collingwood Football Club
Community Foundation
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The G W Vowell Foundation Limited
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managed by Perpetual
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Melbourne Airport
The Miller Foundation
Myer Community Fund
Orloff Family Charitable Trust
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State Government of Victoria
Stuart Leslie Foundation
The Sun Foundation Pty Ltd
Teele Family Foundation
Thankyou Charitable Trust
William Angliss (Victoria) Charitable Fund
Wood Family Foundation

Western Australia

Advertising Federation of Australia
Alcock Brown-Neaves Foundation
American Chamber of Commerce in Australia
Austal
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
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Channel Nine Perth
Chevron
Christmas Island Charity Association
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Community Enterprise Foundation
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The Constantine Family Foundation
Coopers Partners
Crosby Tiles
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The Dagda Trust
Dale Alcock Homes
Devlin Engineering
Fast-Fluor SKM Iron Ore Joint Ventures
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Jasmine Pty Ltd
Karrinyup Shopping Centre
Kerai Pty Ltd
Kerman Charitable Foundation
Kimbar Nominees Pty Ltd
Kleenheat Gas Pty Ltd
Lavan Legal
Leighton Contractors
Lycopodium Ltd
MacMahon Contractors Pty Ltd
Macmahon Holdings Ltd
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McConnell Dowell
McVay Foundation
Minemax Pty Ltd
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Mining and Civil Australia Pty Ltd
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Panoramic Resources Ltd
Patersons Securities
Paul Griffin Charitable Trust
PDC Global Pty Ltd
PEK Nominees Pty Ltd
Perth Arena
Printforce
Quadrant Energy
The Ragdoll Foundation Pty Ltd
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Supac Business Development
Swan Transit Operations Pty Ltd
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Australia Southern Territory

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