



TRANSFORMATION

AUSTRALIA SOUTHERN TERRITORY
2016 ANNUAL REPORT



TRANSFORMATION

These women helped me change my life



Heroin, amphetamines, pills...I'd been using it all. I've used drugs since I was 13. I was hanging out with the wrong people. I left home at 16 because all I wanted to do was party and use drugs without being told what to do.

Then I was kicked out of the property I was leasing due to drug use. I had to give up my kids to my ex-partner because of that too. I just had nowhere to go. I was couch-surfing, sleeping in my car a bit. I had nothing.

It was three days before Christmas when the Salvos called to say they had a place for me in the refuge.

But I was still using when I went in there.

The women at the refuge were disappointed which I understand. You can't do that in the refuge. They have rules for a reason. But somehow they didn't kick me out.

Christmas Eve at the Salvos was the last time I used.

I was in a really unhealthy relationship with my ex-partner. It was completely drug-fuelled and there was a lot of violence. I thought I was the abuser, but I gradually realised I was also being abused and I allowed it. I told myself it was okay that my partner would do things like cheat on me.

I was very, very broken.

I regularly thought 'is this all life has to offer me?' Without the Salvos I would probably be dead by now. I would've used and used until I overdosed.

The Salvos were so patient with me. I didn't believe in myself. But they believed in me when no one else did. That made all the difference.

They went with me to court, wrote support letters. My kids even did counselling through the Salvos to get over issues from my drug use.

My relationship now with the kids is awesome. We have our moments like all families, but I love them. We've also done counselling together.

Today I'm giving back by working for the Salvos. I feel like this is where I'm meant to be. I love the place I work, the people I work with, and it's not a chore for me to come here.

I owe The Salvation Army everything.

These women helped me change my life.







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 CHIEF-SECRETARY-IN-CHARGE



Colonel Graeme L Rigley
Chief Secretary-in-Charge

The year 2016 has been a time of change for The Salvation Army in Australia.

In this report you'll pick up that the *Australia One* project, which commenced this year to streamline our administrative structure into one national organisation, is a big and momentous undertaking for The Salvation Army.

I firmly believe this change will only strengthen The Salvation Army's expression and reach in Australia. It will mean a national platform on which we can work with government, businesses and community organisations. And it will mean we can better tackle the issues that affect vulnerable Australians and make a greater difference in the lives of people in need.

But our structure and operations isn't the only area of change we've seen this year.

Change is at the heart of The Salvation Army's mission.

This year we've seen hundreds of thousands of lives changed through the more than 700 programmes that operate in our Territory.

It's our aim to facilitate positive and lasting change in the lives of people we come into contact with, articulated in one of our mission intentions, *transforming lives*.

By definition transformation implies a change in condition, nature or character.

In this report you'll read about various programmes. In each of these our mission to afford everyone the opportunity to live life to its fullest through a change in their condition, nature or character, is present. We aim to address the underlying factors that lead to poverty, addiction or disengagement and journey alongside each person we come into contact with to change their situation.

In the following pages you'll read about our Graceville women's refuge in Perth, which provides a safe place for women and children to rebuild their lives, and our *Street Dreams* project in Adelaide, which empowers children to grow in their self-confidence and change their outlook on life. In Victoria our long-term residential youth programme provides a stable environment for young people to develop life skills, finish their education and find sustainable employment. In Tasmania our *Street 2 Home* programme works with people experiencing homelessness to address the barriers they face in securing and sustaining housing. And all across the Territory our churches and faith communities provide opportunities for involvement for people seeking spiritual support.

We believe every person deserves the opportunity to live life to its fullest.

Thank you for enabling us to be there every day and serve the Australian community. In this time of transformation for our organisation, through your support and generosity we're also able to help transform the lives of our neighbours in need.

A handwritten signature in blue ink, which appears to read 'Graeme Rigley'.

Colonel Graeme L Rigley

Chief Secretary-in-Charge, The Salvation Army Australia Southern Territory

TRANSFORMATION

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 currently operates in two separate territories –the Australia Southern Territory and the Australia Eastern Territory.

Through the provision of more than 700 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 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.

On 1 March 2016 it was announced The Salvation Army in Australia would streamline its administrative structure into one national organisation, with the amalgamation of the Australia Southern Territory and the Australia Eastern Territory.

Commissioner Floyd Tidd was appointed as inaugural National Commander in Australia effective 1 June 2016, with the goal that the Australia Territory will be fully operational by January 2019. Commissioner Tidd's role will provide focused leadership to the amalgamation project and replaces the Territorial Commander roles in each territory. Colonel Graeme Rigley was appointed Chief Secretary-in-Charge in the Australia Southern Territory reporting to the National Commander. The Chief Secretary-in-Charge has increased responsibility overseeing the day-to-day operations of the Australia Southern Territory throughout the transition process. Further national appointments have also been made and they will work under the direction of the National Commander.



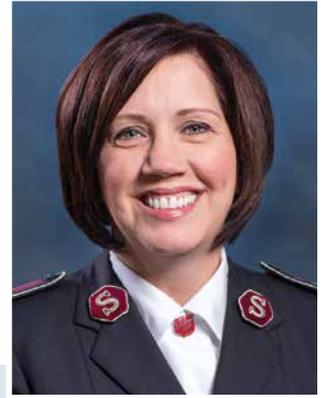
General André Cox and Commissioner Silvia Cox attended the National Commander commissioning ceremony in Adelaide on 17 September 2016. Left to right: Commissioner Floyd Tidd, Commissioner Silvia Cox, General André Cox and Commissioner Tracey Tidd.

AUSTRALIA SOUTHERN TERRITORY EXECUTIVE LEADERSHIP AND TRUSTEES

(T) denotes legal Trustee of The Salvation Army Australia Southern Territory



Commissioner Floyd J Tidd (T)
Length of service: 30 years



Commissioner Tracey Tidd
Length of service: 30 years



Colonel Graeme L Rigley (T)
Length of service: 29 years



Colonel Karyn Rigley
Length of service: 29 years



Lieut-Colonel Ian Callander
Length of service: 39 years



Lieut-Colonel Vivien Callander (T)
Length of service: 39 years



Lieut-Colonel Kelvin Merrett (T)
Length of service: 34 years



Lieut-Colonel Winsome Merrett
Length of service: 30 years



Lieut-Colonel Bruce Stevens (T)
Length of service: 24 years



Lieut-Colonel Debra Stevens
Length of service: 24 years



Major Neil Venables
Length of service: 29 years



Mr Gregory Stowe (T)
Length of service: 23 years



Mr Malcolm Roberts (T)
Length of service: 17 years

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.

The transition to a single Australia Territory commenced on 1 June 2016 with newly created leadership roles—please see page 5 for further information.

Territorial Commander

Commissioner Floyd J Tidd (until 31 May 2016, then National Commander)

The Territorial Commander is responsible for all aspects of The Salvation Army in the Australia Southern Territory and provides spiritual leadership for the Territory. The Territorial Commander is Chairman of the Policy Council, Finance Council and the Property Council.

Territorial President of Women's Ministries

Commissioner Tracey Tidd (until 31 May 2016, then National President of Women's Ministries)

The Territorial President of Women's Ministries gives leadership to all aspects of women's ministries; promoting the empowerment and welfare of women within the Territory, relating to both church and secular women's groups.

Chief Secretary

Colonel Graeme L Rigley (until 31 May 2016, then Chief Secretary-in-Charge)

The Chief Secretary is equivalent to a Chief Operations Officer and is second-in-charge of the Territory. The Chief Secretary is responsible for operational oversight of Territorial Headquarters and line management of divisional and regional headquarters.

Territorial Secretary of Women's Ministries

Colonel Karyn Rigley

The Territorial Secretary of Women's Ministries is responsible for leadership to women within divisions, including pastoral support, training and resources and missionary project management.

Assistant Chief Secretary (Operations)

Lieut-Colonel Ian Callander (from 1 June 2016)

Assistant Chief Secretary (Administration) and Assistant Territorial Secretary of Women's Ministries

Lieut-Colonel Vivien Callander (from 1 June 2016)

Secretary for Personnel

Lieut-Colonel Vivien Callander (until 31 May 2016)

Lieut-Colonel Kelvin Merrett (from 1 June 2016)

The Secretary for Personnel is responsible for all aspects of personnel—officers and employees, and oversees the Personnel Department, Human Resources and Leader Development.

Secretary for Programme

Colonel Graeme L Rigley (until 31 July 2015)

Lieut-Colonel Kelvin Merrett (from 1 August 2015 until 31 May 2016)

Lieut-Colonel Winsome Merrett (from 1 June 2016)

The Secretary for Programme is responsible for corps programme, social programme, Staff Band and Staff Songsters. The Secretary for Programme is also responsible for programme matters relating to The Salvation Army Employment Plus.

Secretary for Business Administration

Lieut-Colonel Bruce Stevens

The Secretary for Business Administration 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 The Salvation Army Employment Plus.

Territorial Candidates Secretary

Lieut-Colonel Debra Stevens

The Territorial Candidates Secretary is responsible for recruitment of officers across the Territory, including identification, development and assessment.

Secretary for Communications

Major Neil Venables (until 12 January 2016)

Lieut-Colonel Ian Callander (from 13 January 2016 until 31 May 2016)

The Secretary for Communications 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, and has responsibility and oversight of the Media Unit, Public Relations Department, Editorial Department, Salvos Studios, Planned Giving, Literary Council and Territorial Advisory Board.

Chief Financial Officer

Mr Gregory Stowe

The Chief Financial Officer is responsible for the management of all accounting, finance, budgetary, taxation and investment matters for the Australia Southern Territory.

Territorial Legal Secretary

Mr Malcolm Roberts (until 31 October 2015, then General Counsel)

The Territorial Legal Secretary assists in the management of business activities, acts as in-house legal counsel and liaises with external legal advisers.

A NOTE FROM OUR RED SHIELD APPEAL DEVELOPMENT COUNCIL CHAIRMAN



Alistair Hill *Chairman,
Red Shield Appeal Development Council*

For the last few years I've had the privilege of serving as Chairman of the Red Shield Appeal Development Council, alongside other community and business leaders who are passionate about the work of the Salvos in Australia.

I especially admire the breadth of contact and involvement the Salvos have across local communities in every state and territory in Australia, as well as the vast range of services available to vulnerable people.

I'm blessed to be able to channel this admiration into serving on the Red Shield Appeal Development Council. Our goal is to assist The Salvation Army's mission and brand awareness profile with a particular emphasis on the annual Red Shield Appeal fundraising campaign.

This year The Salvation Army's Red Shield Appeal national fundraising target was set at \$74 million. This target is set not so The Salvation Army can gain any sort of profit; but to ensure they can continue to run the vital services they currently do.

And we know just by walking down the city streets at night, or turning on the nightly news, that the need for these services is great. We see people sleeping rough, and we regularly hear tragic news of women killed at the hands of a partner or ex-partner.

The launch of this year's Red Shield Appeal in Melbourne was a highlight of the year for me. The theme *always there* reflected The Salvation Army's commitment to being there for people of all backgrounds, right around the clock.

But what was especially clear at the launch is that the Salvos can only be there through the support of the Australian public.

Thank you to The Salvation Army's supporters, employees and friends who make the everyday work of this great organisation possible.

Members of the Territorial Advisory Board 2015/16

Peter Blunden	Jay Bonnington
Peter Mahon	David Airey
Richard Shrapnel	Commissioner Floyd J Tidd
John Paterson	Commissioner Tracey Tidd
Alistair Hill	Colonel Graeme Rigley
Lucy Holmes	Lieut-Colonel Ian Callander
Sabina Schlink	Major Paul Hateley
Damon Thomas	



SNAPSHOT OF AUSTRALIA

2016 has been a challenging and difficult year for many Australians.

The Australian Council of Social Service (ACOSS) released a report in October showing that nearly three million people were living in poverty in Australia and, of that number, 731,300 were children.

For some, The Salvation Army is often a desperate and last resort for assistance.

The Salvation Army's *Economic & Social Impact Survey* (ESIS) surveyed more than 1,600 clients in our community support centres. More than 85% of them received income support payments and could not afford what many may consider the basics. Some of the key findings include:

- 89% do not have up to \$500 in savings for emergencies;
- 52% regularly went without meals;
- 53% regularly delayed utility bill payments;
- One out of five cannot afford medical treatment or prescriptions; and
- Three out of five cannot afford an internet connection for their children.

In the last year The Salvation Army provided 486,340 emergency relief sessions through our community support centres to more than 136,000 individuals.

ESIS also revealed the average client seeking our assistance lives off less than \$17 a day after paying for housing and accommodation. Housing remains the biggest cost of living issue for households with 17% of respondents to the survey identifying as homeless.

Family violence continues to be the leading cause of homelessness in Australia. And now, more than ever before, women live in fear of a brutal partner with at least one woman every week losing her life.*

Forty percent of respondents to ESIS affected by family violence had moved house almost three times in 12 months to escape a violent partner. In the last year The Salvation Army assisted more than 8,700 women and children escaping violence.

These statistics are startling.

In this climate people can get 'stuck', assaulted by a life-draining loss of optimism and hope. And, saddest of all, a loss of 'place'—that sense of belonging within our community that comes when we are able to participate in activities that are considered normal and everyday.

On behalf of our community and those who so faithfully support us, The Salvation Army is privileged to be able to help make a difference for others that can and does lead to real life transformation.

* At 13 December, 2015 the deaths of 79 woman resulting from family violence was recorded by the *Counting Dead Women Australia* project. Available: <https://www.facebook.com/DestroyTheJoint/notes>

Victoria	
Officers	333
Employees	2,729
Social Centres/Programmes	456
Corps	92
Employment Plus Offices	14
Salvos Stores	109

South Australia	
Officers	66
Employees	623
Social Centres/Programmes	90
Corps	28
Employment Plus Data Input Office	1
Salvos Stores	41

Northern Territory	
Officers	12
Employees	117
Social Centres/Programmes	25
Corps	4
Employment Plus Offices	4
Salvos Stores	6

Western Australia	
Officers	63
Employees	718
Social Centres/Programmes	81
Corps	27
Employment Plus Offices	18
Salvos Stores	51

Tasmania	
Officers	24
Employees	330
Social Centres/Programmes	60
Corps	15
Employment Plus Offices	14
Salvos Stores	13



2016 SERVICE HIGHLIGHTS

- 712 social programmes/activities
- 608,720 episodes* of care across all our social programmes
- 130,258 episodes of support for people experiencing immediate financial difficulty
- 278,826 vouchers distributed to people in need
- 168,369 episodes of emergency and material aid support
- 29,019 episodes of specialised financial counselling to assist people in financial crisis
- 33,479 episodes of care to people experiencing family violence
- 10,759 people seeking assistance identified as Aboriginal or Torres Strait Islander
- 219,020 occasions of support for people who are homeless or at risk of homelessness (23,094 people)

*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 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.



TRANSFORMATION

Our Work

SERVICE & ADVOCACY



Netty Horton
Territorial Social Programme Director

These are testing times for The Salvation Army. There are challenges and opportunities presented by long-term inequity, welfare reform processes, an increasing sophistication of statistical analyses, and troubling research into the nature and causation of poverty.

When you think of The Salvation Army, what comes to mind? It may be our welfare assistance through emergency relief, our homelessness services, our alcohol and drug addiction support, or family violence work. You might think of The Salvation Army's help in reuniting loved ones through its Family Tracing Services, its financial counselling, disaster relief work, its engagement with marginalised young people, its employment services, or its regular Christian worship services.

Perhaps a lesser known contribution of The Salvation Army, however, is its advocacy on behalf of struggling Australians; we stand in the gap between power and the powerless. It is both our desire and our role as one of the largest providers of social programmes in this country. It is also one of our core mission intentions, as we seek to care for people, help transform lives, make disciples and reform society.

Service provision is part of what we do. This can be a short-term response or an ongoing response. We provide assistance more than 608,000 times a year to our fellow Australians. But advocacy is in our lifeblood as an organisation; it is inherent in our history, inestimable in our present and implicit in our future.

Reforming society is presenting truth to power, and helping provide solutions to the problems raised. Many Salvation Army officers and staff members represent our clients in peak bodies and groups across the nation. The Salvation Army, an apolitical organisation, has numerous personnel engaging with the three levels of government, advocating for people we assist. We write submissions and position papers and we provide statistical data to government to highlight the needs of the community.

Our annual *National Economic & Social Impact Survey* reports that the people we assist with housing, food, clothing, counselling and a range of other services remain disadvantaged. Deep and long-term solutions are required to assist people to move out of disadvantage. That comes from strong advocacy and collaboration with other service providers and governments to address inequity and the lack of resources and opportunities that keeps people stuck in the limbo of desperation and disadvantage.

Those who are hurting; cold in winter or experiencing drought in summer. Those who run from their homes, children in tow, to escape abuse. Those without a livelihood or prospects and lacking the basic necessities of life. Those who can't pay the utilities and water bills or buy shoes, uniforms and textbooks for their children's schooling. These are the people whom we serve. These are the people we stand up for. Please join us in this effort.

MISSION IMPERATIVE CARING FOR PEOPLE

COMPASSION HUMAN DIGNITY HOPE COMMUNITY JUSTICE

These words hang large across the entrance to The Salvation Army's Territorial Headquarters in Melbourne.

There's the word, *Compassion*.

Our mission imperative, *Caring for People*, flows directly out of a heart of compassion. You can't really care about someone without it. Further, you can't really care for those around you without a fundamental acknowledgement of the dignity and intrinsic worth of every human being. And there are these words also at the entrance, *Human Dignity*.

In an increasingly dehumanised world, the most powerful expression of our humanity lies in the caring hand extended to another.

The Couch, Melbourne

The Couch programme is a safe, welcoming space for international students to socialise and interact with others, as well as access support services and information.

For the past six years, *The Couch* was based at The Salvation Army's *Hamodava Café* on Bourke Street in Melbourne. However, in April 2016, the programme moved to Carlton, to be closer to Melbourne's educational precinct.

The Salvation Army's officer in inner-city Melbourne, Major Brendan Nottle, says *The Couch* is a vitally needed service.

"Lots of international students are struggling. It's expensive for them to get by and many can't afford the basics like food, travel and accommodation. More than that, many are lonely, isolated or lacking any social connections."

The programme has been operating four nights a week. More than 100 international students gather each night to share a meal and participate in a range of activities run by volunteers. The activities, like English conversation classes, barista training, movie nights, Spanish classes, yoga sessions and live music nights, aim to build a sense of community.

One *Couch* volunteer, Gary Lee, a former international student himself, was named *New Australian of the Year* for 2016 following on from his *Metropolitan Youth Volunteer of the Year* award for his service at *The Couch*.



Jill Porter (left) with two other volunteers in the Supreme Court Gardens, Perth.

Soup Run, Perth

Seven days a week, 365 days a year, you'll find volunteers in a Salvation Army van serving a breakfast of soup, sandwiches, pies and coffee around Perth's CBD to people who otherwise might not have a substantial breakfast.

Four volunteers gather at 7am to load the van, which stops at different locations in the city. Around 40 people are waiting at each location every morning. Some have been sleeping rough for a long time, others live in nearby public housing and others live independently but struggle to make ends meet.

Jill Porter volunteers on the soup van once a week and says she still gets a 'buzz' each time. "I'd like to do it every morning if I could. It gives me a good feeling. I enjoy talking and getting to know them all—lots of our regular people get to know us and get a bit of a kick when you remember their order."

The van also goes out at night, packed with hot food like lasagne or tuna bake. It doesn't stop anywhere in particular, but volunteers deliberately go to hidden laneways or places where they know people are sleeping rough.

Salvo Shuttle, Darwin

Darwin's isolated Holtze Prison opened in 2014 with bus stops along the way—but no buses. The local Darwin Salvation Army stepped in with their *Salvo Shuttle* service.

"Families are the forgotten ones," says The Salvation Army's Darwin officer, Lieutenant Kris Halliday. "The kids don't understand why they can't see their dad or mum and lots of families have their own children in prison."

Experts agree that prisoner visits are crucial to the prospects of rehabilitation.

Begun as a self-funded operation in April this year and utilising a completely volunteer team from Darwin Salvos, a 14-seater mini bus was put into service providing up to five trips a day to the Holtze Prison from Darwin and Palmerston Salvo centres.

Kris says the Darwin Salvation Army has been 'invigorated' through this great community service. Each bus run has two volunteers assigned to it—a driver and a support person providing water and fruit to passengers along the way and seeking to build relationships.

Prison visitors have also been linked in with other Salvation Army support services. One mother who used the shuttle service opened up to the team that her daughter had been sick in hospital for 15 months. Her housing was thousands of kilometres away and so she slept at her daughter's bedside constantly. The Salvation Army's *Towards Independence Top End* programme was able to house her right near the hospital.



The shuttle service also assists prisoners who are released without a place to go or any way to get home. In some cases, newly released men have been found by the *Salvo Shuttle* team wandering along the dirt track from the isolated prison.



A year 11 student mentors a child at the Graceville Centre.

Graceville Centre, Western Australia

The Salvation Army's Graceville Centre assists women and children who have escaped family violence or find themselves homeless because of violence in the home.

The refuge staff work around the clock to provide a range of on-site and outreach accommodation options and supports for single women and women with children. A positive lifestyle programme and boundaries and parenting classes are offered on-site and a community outreach worker also supports women who are still in abusive relationships in the community and can't leave.

In 2015 a number of year 11 students from two schools in Perth started a mentoring and tutoring club for the children living at the refuge. Sudden changes in environment can disrupt a child's or teenager's life and schooling and hinder their development. So each Tuesday and Wednesday after school, students spend about an hour at the refuge, playing games and helping children with their homework. Samantha, one of The Salvation Army's early learning advocates at the refuge says many children come from negative and unstable environments. "With the year 11 students here they can have role models around their age to look up to, and in lots of ways model their behaviour on."

Narelle's Story

I decided to leave my violent relationship which was quite bad. He was under the influence of alcohol and steroids.

So I turned up at Graceville...heavily pregnant, frail and pretty broken by this time. And scared to no end.

I was greeted by a staff member. She was an absolute angel. She gave me a big hug. She was really lovely. Just like everybody here.

The comfort of knowing that I was going to be OK was huge. The compassion that these women have is really important to women like me.

The Graceville staff helped me to find housing and, through their persistent encouragement, I enrolled in study and then got a job.

Since I've been here I've had constant positive encouragement and care. And the programme is designed to give me self-confidence, be a better parent and teach me to love myself again. These women transform your life, they really do.

The Graceville centre relies on public donations to keep assisting hundreds of women and their children each year.

MISSION IMPERATIVE TRANSFORMING LIVES

Another of the words emblazoned on the front of The Salvation Army's Territorial Headquarters is *Hope*.

A sense of hope is fundamental to a healthy state of human wellbeing. Lose hope and you can lose the desire for life itself.

The Salvation Army shield holds promise—and inspires hope. No matter how bad life seems, there is a high probability that the Salvos can help make it better.

And, for those most desperate, the highest hope is for life transformation in any way, shape or form.

Transforming Lives is not just a catchy phrase on a letterhead. It is a declaration of promise of the highest order.



The Salvation Army Employment Plus plays a pivotal role in empowering individuals and employers by delivering Federal Government employment programmes into our communities. As a leading employment services provider of the *jobactive* programme, we've matched hundreds of thousands of job seekers with employers through one of the largest recruitment networks across the country. It is not our size, nor our success, that defines us. It is our unwavering passion. It is our ability to empower individuals, businesses and the community. And it is also our ability to realise growth and opportunity. These really set us apart...and give us higher purpose.

To this end we proudly support all job seekers, regardless of their backgrounds, beliefs and capabilities.

This year The Salvation Army Employment Plus assisted over 20,000 people into work and education. Job placements were made across Australia with more than 14,400 employers across virtually every industry.

New partnerships were established to provide stronger links for ongoing vacancies and employment opportunities. In 2015/16 they included:

- MEGT and MIGAS—connecting our young jobseekers and participants to apprenticeships and traineeships;
- Programmed, ISS and Spotless—opening large numbers of employment opportunities in property maintenance and facility management;
- Woolworths—delivering both employment opportunities and pre-employment programmes to candidates; and
- Accommodation Association of Australia—providing hospitality skills training to our candidates.

In 2015, The Salvation Army Employment Plus became a provider of *Transition to Work* (TtW) services in six regions across Australia. TtW is a new Federal Government initiative which assists young people aged 15–21 in gaining ongoing employment or education. Participants include early school-leavers, disengaged youth and young parents.

From Sudan to Sodexo

A mature aged Sudanese job seeker has risen from the many atrocities of Sudan, and gained sustainable employment with Sodexo—a world leader in quality of life services.

Baha Abdallah first came seeking employment assistance in 2015 to The Salvation Army Employment Plus office in Morley, WA. One of our vocational trainers worked with Baha to update his resume and then introduced him to the senior recruiter Darryl to explore possible career options and assist him with applications.

Baha had been working on-and-off as a cook while completing a Certificate III in Commercial Cookery. He wanted to continue cooking and maximise his income for his family, but was unsure of his options or who to turn to given his limited English skills.

Julie, our WA Business Development Manager, had been working closely with Sodexo on recruiting fly-in-fly-out (FIFO) roles, and she was able to secure an interview for him with the organisation.

Darryl and Julie coached Baha through the interview process, which led him to gain employment as a FIFO utilities staff member. He now has a fantastic role with a reputable company, and there is also the opportunity for him to move into an apprentice chef role.

According to Sodexo, Baha's appointment is key to the organisation developing culturally diverse teams, accommodating social diversity, and making everyone feel welcome and at home, especially on remote sites.



Stock photo

Drug and Alcohol Rehabilitation Centre, Ulverstone, Tasmania

Early in 2016, a new 12-bed residential rehabilitation service was opened by The Salvation Army in the north-west of Tasmania to complement the range of services already available in the region.

Working closely with the Department of Health and Human Services for a number of months prior to opening the service, The Salvation Army now delivers 24/7 residential treatment and support to people with severe drug and alcohol dependencies, as well as their families and carers.

The residential facility provides a treatment option that is intense and structured and houses a specialised, intense ten-week recovery programme. Residents are required to remain free of illicit substances and alcohol for the entire programme. They participate in all aspects of the programme, including treatment planning, group work, art therapy, work therapy, assignments and individual sessions.

The facility operates under a through-care model, which includes a 12-month treatment process revolving around evidence-based programmes to help clients develop the knowledge and skills to tackle their addictions.

Around half of the people seeking help for addictions from The Salvation Army around Tasmania do so because of problems with alcohol. Nearly a quarter of programme participants use cannabis as their drug of choice. In practice though, most people seeking help are 'polydrug' users, so all of the available treatment services are flexible and create individual treatment plans.

Grant Herring from The Salvation Army says the addition of a residential service will improve the recovery options for people in the north-west with drug and alcohol addictions.

"We already have an established network across the region with skilled workers and strong working relationships with other providers," Grant says. "But adding the residential care option to the currently available support services will make access to recovery pathways easier for individuals and families in the region."



Transition to Independence, Victoria

Transition to Independence is a residential housing programme for young people aged 16–25 who are disadvantaged or at risk of homelessness for a number of reasons, like family breakdown.

Over two years, young people are given the opportunity to attend school while living in a supported environment free from the pressures that so often lead to homelessness.

A family reconciliation worker at the centre assists young people to resolve conflicts and re-establish relationships with their families.

Each week, young people participate in group and individual sessions that cover a range of independent-living skills, like budgeting and cooking.

Zac and Hayley's Story

Zac and Hayley were 16 when they found out they were going to be parents. They were living with Zac's mum in a small unit, made smaller still by his mum's long-running battle with severe depression and anxiety. They couldn't live with Hayley's parents because of the substance abuse. They couldn't even get a look in for private rental because of their age.

Finally a place came up at The Salvation Army's youth residential programme, *Transition to Independence*. Hayley gave birth to their son and for the next two years they were supported to raise their child and to complete their schooling.

Today Zac has an apprenticeship as an electrician and works five days a week to support his family. The three of them currently live in private rental.

"Before we came to The Salvation Army we were lost. We knew where we wanted to be but didn't have any direction to get there. The Salvos gave us security and a place to call home. They gave us an environment to gain life skills that will stay with us forever. And, above all, they gave us a fun place to be," says Zac.

MISSION IMPERATIVE MAKING DISCIPLES

Another word at the entrance to Territorial Headquarters is *Community*.

Building communities of love, communities of care, communities of hope—this is what *Making Disciples* is all about.

The Salvation Army is a Christian movement. In fact, the 'good news of Jesus Christ' lies at the very core of everything the Salvos aspire to be and do. After all, it is 'being like Jesus' to seek to meet human need—material, emotional and spiritual.

Behind our non-discriminatory welcome into our communities of help and healing also lies an 'always open' welcome into our communities of faith.

The Salvation Army Bellarine Peninsula, Victoria

The Salvation Army Bellarine Peninsula seeks to build communities of genuine care through all its activities and programmes.

The Bellarine Salvos *Community Garden* grows fresh fruit and produce for locals, but is ultimately a place where people can find a safe and trusting community. The *Healing Art* programme uses art to promote healing within a positive caring community. The *Making a Difference* group empowers young people to make a positive difference in their community, working with local schools on projects such as teaching children about anger management.

The community-oriented *Training Café* is a product of a partnership with McCafé and Gordon TAFE, while the *Open Air* music programme enlists local professional musicians to help teach music to children, complete with an 'open air' recording studio. *Salvo Resto* (car restoration) is a programme designed to train young people in the skills of panel beating, as well as important life skills such as commitment, endurance, team work and self-confidence. Each of the young people who went through *Salvo Resto* first now have jobs.

In May this year Bellarine Peninsula Salvos started an outreach van that goes out each Friday night through the surrounding suburbs looking out for vulnerable people. It's completely run by volunteers and offers material support like hot food and drinks, blankets and phone charging as well as a listening ear or further access to counselling, housing and addiction services.



The Salvation Army Bellarine Peninsula Op Shop volunteer manager, Linda.

Linda's Story

My son wanted to go to a fortnightly after-school programme run by the Salvos. So I decided I should go down and check it out.

They did these 'Family Gatherings' where the parents go too. I started helping out.

Then they opened a Salvos Op Shop and I started volunteering there. There are times when it becomes a bit of a healing centre and it's great because you get to care for others.

We had one guy come in. He was completely broken. He had no food. He'd just moved. We took a food parcel around and he was just so thankful. And it was his son's birthday that weekend so we packaged up a brand new backpack and some bits and pieces so he had something to give his son. He just broke down.

That guy still comes in and says, "This is Linda, the one who saved me!"



Rockingham Community Lunch, Western Australia

Rockingham has a high number of homeless people, especially rough sleepers. Many live in cars or tents along the nearby foreshore. Each Tuesday up to 100 locals gather at the Rockingham Salvos for a community lunch. Run by volunteers, its aim is to engage with people living on the fringes of the community.

The community lunch is a chance for people to talk with volunteers or Salvos counsellors, and they have access to the on-site laundry or a free hot shower. Should they require further assistance, we're able to link people to other programmes in the city of Perth, like our homelessness or drug and alcohol rehabilitation centres.

Freed from a life of homelessness, 60-year-old Owen Farmer (*pictured above*) is one of the volunteers at Rockingham Salvos. At any opportunity he advocates for Rockingham's homeless at the local council and to the media. Owen says, "These brothers out on the street need love. Everyone's only a few pay cheques away from it if they lost their job, you know." He also runs a barbecue each month for the homeless.

Many other people from the community have also become volunteers or members of Rockingham Salvos. One rough sleeper, Ken, volunteers his time each week to clean the shower, laundry and other facilities.

Street Dreams, Mt Barker, South Australia

For me, it's like therapy...but through dance—Street Dreams website.

February 2016 saw the launch of the highly anticipated *Street Dreams* at The Salvation Army Mt Barker. The Salvos collaborated with *Musicians Making a Difference* (MMAD) and the Adelaide Crows Children's Foundation, to run the first *Street Dreams* programme in South Australia.

Street Dreams is an innovative programme that uses hip-hop dance to help address issues that affect young people at risk. The *Street Dreams* vision is to be an early intervention programme to help raise up a generation of healthy, community-minded young people.

The programme is open to anyone, with highly motivated and skilled instructors teaching a weekly session. Each teacher has a different dance style but all have a shared passion to make a difference through dance and mentoring.

Apart from the dancing, each session also includes a valuable life lesson, with topics including self-esteem and violence issues.

Street Dreams also fosters a deeper connection between The Salvation Army and the local community.

Since its inception, *Street Dreams* has impacted the Mt Barker community. People from all walks of life are being brought together in participation while families from other Salvation Army services are being connected in a loving and safe environment for both them and their children.

Local Salvation Army workers have reported many positive outcomes since February. One young girl's confidence has skyrocketed since starting *Street Dreams*. Another teenager, home-schooled by his mother, has become more open and outgoing from the social interaction with other students.

Local schools are now welcoming the *Street Dreams* team in to connect with their students and link them into the programme.



MISSION IMPERATIVE REFORMING SOCIETY

Finally, placed at ground level along the front of The Salvation Army's Territorial Headquarters, as if to underpin the other words, is *Justice*.

While the Salvos' primary purpose may be to 'meet human needs without discrimination', there is an implicit understanding that, sometimes, this will require a declaration of war against social injustices. *Reforming Society* is embedded in Salvation Army DNA.

In the mid-1880s, Bramwell and Florence Booth joined Josephine Butler, a social reformer and feminist, and the journalist Thomas Stead, in a campaign against the white slave trade, exposing the trafficking of young girls for prostitution. Catherine and William Booth sent a petition with 393,000 signatures to the House of Commons seeking government intervention. Ultimately, the British Parliament passed the *Criminal Law Amendment Act* in 1885, which raised the age of consent from 13 to 16.

Today The Salvation Army still seeks to bring about true justice and genuine freedom in our society through advocating on behalf of the disadvantaged and disempowered, challenging societal abuses and community inequities and continuing to alleviate, wherever possible, the suffering of those often lost in society's underbelly.

Street 2 Home, Tasmania

In Tasmania our *Street 2 Home* outreach assists people experiencing homelessness. Many of these people would not otherwise use mainstream services, or may have been excluded from them, for reasons including mental health issues, substance abuse, and problematic behaviour.

Street 2 Home workers, along with a Centrelink officer, help the growing number of people sleeping rough in Hobart. As well as reaching out to people in parks, gardens and other squats, they visit places like soup kitchens, food vans and drop-in centres.

Street 2 Home works with a wide range of health, rehabilitation, medical, housing and support services to create a case plan for each person. Advocacy and awareness-raising play a large part in the overall *Street 2 Home* programme. Presentations are made to city council management and maintenance teams, community workers, police and school groups to better enable them to support and refer those in their community who are experiencing homelessness.

In August during *National Homelessness Prevention Week* in Hobart and New Town, many local politicians, business leaders, service providers, teachers, emergency services representatives, a TasNetworks team and some who were currently homeless 'slept rough' in the annual *Sleeping out for the Salvos* event. The event raised awareness and much-needed funds (\$35,441) for the Salvos *Street 2 Home* programme.

This year Workskills Tasmania generously donated \$10,000 to the programme to create 'homelessness kits', which included items such as swags, sleeping bags and warm, weather-resistant clothing like waterproof coats with hoods, polar fleece jumpers, winter socks, beanies and gloves. This amount was significantly increased with the support of the Anaconda store at Cambridge, where the kits were put together. TasPlan superannuation also supported *Street 2 Home* with nearly \$10,000 worth of goods that assisted many people establish tenancies in the community.



Stock photo



Sunrise Centre, Northern Territory

Located in Darwin, The Salvation Army's *Sunrise Centre* provides two essential programmes on the one site—a drug and alcohol rehabilitation programme and a homeless men's support service.

Addiction Services provides a drug and alcohol programme to help people gain independence from substance abuse. The centre has 22 rooms and three withdrawal beds available to men and women who wish to address their substance misuse.



Homeless Men's Services help men not only find a permanent place to live, but also assist them back into 'community'. It accommodates 30 single homeless men year round. During their stay, each person receives intensive assistance from a professional case worker.

The goal of The Salvation Army *Sunrise Centre* is to fully understand each person and develop a strategy for rehabilitation and re-establishment so they can begin a new life and reconnect with their community.

Jim and Karla's Story

Jim and Karla, a drug-addicted couple with a family, came into the *Sunrise Centre* to deal with their addictions.

Jim: I started using marijuana. I think smoking pot is the worst of all. You go downhill fast. Because it's a social thing, you do it all the time. Then I learnt to cook drugs. You want to stop, but you just can't.

Karla: We got done for manufacturing amphetamines.

Jim: It was our kids that inspired us to get help. Getting caught was the best thing.

Karla: We've got three beautiful kids. They're just wonderful.

Jim: ...and they need their parents to be with them.

The *Sunrise* team are really good people. Always ready to listen. They want to help you.

Karla: They make you feel like a big family here.

Jim: It takes 12 weeks to make a difference. I could feel the changes as I worked with the programme. I really want this recovery. I want to give my family everything that I can.



Out of Reach

National Economic & Social Impact Survey 2016

Revealing the full scale of hardship

What if you had to live off less than \$17 a day?

The Salvation Army's fifth *National Economic & Social Impact Survey* (ESIS) surveyed more than 1,600 Salvation Army clients across Australia this year. We found that the average person seeking practical support from our community support services struggles to make ends meet on less than \$17 a day.

The findings of the survey reveal a bleak picture of the experiences and life circumstances for these individuals and families. Many go

without life's essential items and need to seek support from services like The Salvation Army for food and basic necessities.

It's these experiences that form the backbone of our advocacy to all levels of government, as we seek to be the voice for many people in our society who find themselves voiceless.

The table below shows some of the key findings from the report.

Read the full report: salvationarmy.org.au/esis2016



HOUSING

68%

of clients are now suffering extreme housing stress, spending over 60% of their income on housing



family violence

is the leading cause of housing transiency with children at significant risk of social exclusion due to housing instability

64% of respondents who moved due to family violence say their children had to change schools as a result

40% of people who were surveyed had moved house an average of three (2.7) times in just 12 months

DEPRIVATION



Numerous clients live off just

\$16.96

a day to pay for everything after housing/accommodation costs

86% of clients (and 58% of households with children) report severe deprivation and now go without five or more basic items

Some clients on Newstart are having to survive off just

\$15.29

 a day

IMPACT ON CHILDREN

one-in-five

cannot afford medical treatment or medicines prescribed for their children

two-in-five

cannot afford a yearly dental check-up for their children

more than **1/2** of all parents surveyed (six out of ten) cannot afford an internet connection for their children, placing them at significant risk of social exclusion and hinders their ability to fully participate in schooling

The report also shows people from regional towns/rural areas are over-represented in the survey, as are Aboriginal/Torres Strait Islander people



TRANSFORMATION

International Focus

In 1865, a young and zealous preacher, William Booth, lost his heart to the poverty-stricken people of the east end of London. Together with his equally visionary wife, Catherine, he was to oversee the establishment of a Christian humanitarian movement that would explode around the world. Many hundreds of lives were transformed through the efforts of the fledgling mission that became The Salvation Army.

Today, in 2016, The Salvation Army has grown to encompass a global membership of over 1.6 million people; youth and children's work engaging over two million young people; and local volunteer-based programmes involving at least another two million people from all nationalities and social status. More than 29,000 leadership and officer personnel, over 116,000 employees and countless thousands of volunteers in 127 countries work and serve under the banner of The Salvation Army.

In 2016, this global army provided:

- health services (hospitals, hospices, maternity, clinics) to 2,485,497 beneficiaries;
- education programmes (preschools, schools, colleges, training centres) to 606,411 students;
- rehabilitation pathways to 122,514 sufferers bound by addiction;
- emergency disaster relief to 245,292 displaced persons in the midst of tragedy;
- residential accommodation and day-care support (hostels, emergency housing, refuges, community centres) for 643,277 recipients; and
- community services (emergency relief, counselling, youth support, hospitality, rehabilitation, advocacy) to 21,346,293 people.



Salvation Army Family Violence Awareness Campaign Wins Webby Award

In 2016, The Salvation Army's Southern Africa Territory, along with its advertising agency, won a prestigious Webby Award for its family violence awareness campaign that created a global viral sensation.

The campaign drew on worldwide interest in an ambiguously-hued dress that had been posted on the social media platform Tumblr, with its Scottish originator asking her friends: "Is this dress white and gold, or blue and black?" The optical illusion spread across the internet to a massive global audience, due in part to its catchy hashtag #TheDress.

The Salvation Army's Southern Africa Territory public relations team, in conjunction with its advertising agency, realised the potential to reach a large audience with a deeper message. They swiftly designed a print and online campaign that used a powerful photo of a bruised model wearing a similar outfit, posing the question: 'Why is it so hard to see black and blue?' and highlighting the startling statistic that—in South Africa—one in six women is a victim of abuse.

Within 24 hours the campaign had been seen by 30.6 million Twitter users and additional media coverage achieved a reach of 640 million people. Data suggests that the total potential audience was 5.3 billion people in 179 countries, making #TheDress the most successful and most-shared public service campaign in South African history.



Cyclone Winston, Fiji, February 2016

Category 5 Cyclone Winston caused devastation in parts of the Pacific nation of Fiji on Saturday 20 February 2016. With wind speeds exceeding 320 kilometres per hour and waves of up to 12 metres, Cyclone Winston was one of the most severe weather systems ever to hit the southern hemisphere. At least 42 people were killed, power and communications disrupted and thousands of people moved to evacuation centres.

Around 90% of homes were destroyed or made uninhabitable with many villages, schools and crops wiped out.

As the only aid organisation based in the province before Winston hit, The Salvation Army was uniquely positioned to provide immediate and ongoing emergency relief to the community. Following consultation with the Fijian Government, The Salvation Army was given responsibility for 13 remote villages in the Ra Province.

Two of the hardest-hit areas were Rakiraki village and Malake Island village. At Rakiraki, where the cyclone first hit, there was almost total devastation of the homes located there. The local school was damaged and the kindergarten completely uprooted by the wind. The nearby island of Malake is home to over 1,400 people. The isolated nature of the island meant that when the cyclone hit, the villagers had little warning of its intensity.

The Salvation Army in Fiji provided immediate and ongoing relief to cyclone and flood-affected people. This included the supply of emergency containers stocked with mattresses, generators, shovels, wheelbarrows, chainsaws and protective clothing.

As part of cyclone preparedness training, all Salvation Army officers in Fiji are skilled in emergency crowd management and grief counselling. The Salvation Army was also asked to provide psycho-social support to the local children and a specialist travelled to Fiji to assist on the ground, focusing on the children's wellbeing and addressing their feelings and fears.

A day after the cyclone hit, most evacuation centres were full or running almost at capacity.

In Rakiraki, The Salvation Army's officers also had to evacuate their house but were able to get back in and look after several other families, all of whom had lost their homes.

Salvation Army Divisional Commander for Fiji, Major David Noakes, said, "We are very proud of our people here and their service to others, despite the disruption to their own lives."

International Development

Donations made to The Salvation Army's annual Red Shield Appeal bring essential aid to people right across our nation. However, financial support also from within Australia, but separate to that donated to the Red Shield Appeal, is having an international impact. Everyday Australians are sharing in the joy of seeing individual lives and impoverished communities around the world transformed through generous giving to our International Development programmes.

Child Sponsorship

In more than 30 developing countries, our Child Sponsorship programme helps more than 2,500 children and over 80 centres develop the skills and services required to thrive. From long-term environmental difficulties like drought, to temporary crises like natural disasters, the needs of children and communities vary greatly. Self-sufficiency is the ultimate goal for every family and community. Over \$1 million has been distributed around the world in 2016.

JUSTgifts

A gift catalogue is produced by our JUSTgifts programme which enables donors to choose a gift that doesn't go to their recipient, but goes to provide food, shelter or other forms of support to someone in another part of the world. All money raised goes to The Salvation Army's international aid work.

In Kenya, for example, cows, goats and rabbits have been distributed to families, schools and individuals living with disabilities and HIV/AIDS. This provided sustenance to families and enabled schools to supply furniture, uniforms and agricultural projects.

Recently, Myanmar children from Suhh Khin Ta Yar village were severely affected by floods. Many families lost their homes and struggled to rebuild their lives. Funds have been sent to provide school fees, uniforms, transport and tuition enabling children to get back to school.

In Zambia, diarrhoeal disease is the second leading cause of death in children under five years old. A water tank and toilet blocks have been put into schools to improve sanitation and provide safe drinking water.



Happy recipients of JUSTgifts toiletry kits at Shiloh Boys Home, Pakistan.

Disaster Relief

Food, water, shelter and medical aid are the first considerations in times of emergency or disaster. Emergency responses included a tropical storm in the Caribbean, refugees in Rwanda, natural disasters in northern India, and assistance for

internally displaced persons in Ukraine. In the aftermath of Cyclone Winston in the South Pacific, over \$15,500 was raised in Australia for the relief effort.

Self Denial

The annual *Self Denial* appeal is a global event. Everyone in Salvos churches and centres around the world gets involved by denying themselves some of 'life's little luxuries', or even some of life's necessities, in order to give sacrificially to others. Even in mountainous Ombinbini, South Africa, itself a village with no electricity or running water, you'll find the local Salvos supporting this appeal. Education projects in Kenya, microfinance projects in Pakistan, capacity-building in Bangladesh and accommodation for homeless children in India were just some of the outcomes. In 2016, Australia raised \$3.7 million.

TRANSFORMATION

Our People



Stephen Webb
Human Resources Director

The Salvation Army Human Resources (HR) team understands that our workforce plays an important part in the delivery of our organisation's goals and that everyone deserves our respect and recognition in what they contribute to the wider community.

As facilitators of people engagement, our renewed focus is on building quality relationships that take the time to care about what is important to our leaders and our people when delivering strategic outcomes.

We aspire to become business partners of choice in all our interactions as we seek to transform and improve the way we deliver our HR services.

OUR WORKFORCE

The Salvation Army Australia Southern Territory has a workforce consisting of:

	Officers	Employees
Territorial Headquarters*	106	322
State Social Command	52	1,164
Central Victoria Division	55	250
Eastern Victoria Division	69	119
Western Victoria Division	48	110
South Australia Division	66	397
Western Australia Division	63	387
Tasmania Division	24	249
Northern Territory Region	12	80
Salvos Stores	2	1,140
Employment Plus	1	548
Salvation Army Housing	–	47
Total	498	4,813

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

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

Status	Women		Men		Total
	#	%	#	%	
Full-Time*	1,752	33	1,019	19	2,771
Part-Time	1,214	23	381	7	1,595
Casual	673	13	272	5	945
Total	3,639	69	1,672	31	5,311

*Includes officer numbers and short-term contractors.



2015/16 HR HIGHLIGHTS

Key highlights for HR in 2015/16 include:

- The introduction of an operating model to enable improved flexibility, responsiveness and effectiveness in the delivery of our HR services;
- An initial realignment of HR structures and reporting arrangements to strengthen capability and service delivery where it is needed; and
- A significant review and overhaul of our HR policies and procedures that reinforces alignment with our mission, gives clarity to our workforce, assists managers with day-to-day decision making and meets Quality Accreditation requirements.

Key highlights for Work Health & Safety in 2015/16 include:

An intentional approach to promoting the health, safety and wellbeing of our workforce through the introduction of our three-year strategic plan launched in 2014.

Our strategic Work Health & Safety (WHS) plan focuses on achieving:

- best practice WHS governance systems;
- exemplary workplace culture and practices;
- minimal manual handling risks;
- psychological health and wellbeing; and
- safe and secure workplaces.

As part of the plan we have introduced:

- an online WHS manual, toolkit and training modules;
- executive leadership health and safety awareness and visibility initiatives;
- risk profiling capability across the organisation;
- local and territorial WHS action plans; and
- WHS training programmes for people leaders.

As a result we have seen:

- 25% reduction in premium costs; and
- 33% reduction in the number of workers compensation claims.



VOLUNTEERS

Without our army of volunteers, The Salvation Army would only be able to offer a small portion of the support services we do.

Our volunteers are the concerned face on the street late at night in our cities, the open hand that offers material aid through our community services, the listening ear in our *Salvo Caring* programme for the elderly, the front foot in maintaining Salvation Army sites and community gardens, and the heart in caring for children in foster care.

More than 15,000 volunteers work diligently alongside Salvation Army officers and employees on the front line and behind the scenes in over 500 distinct volunteer roles. This is not including those who volunteer collecting donations during the Red Shield Appeal in May. Such significant support for our mission makes us optimistic that our communities share in our concern for those doing it tough. Our Volunteer Resources Team works hard to enhance the abilities of our social programmes and churches to best engage and manage their volunteers. In the past year the team has developed a suite of resources and implemented training based on the *National Standards for Volunteer Involvement*.

To our volunteers we say your contribution helps oil the wheel, lighten the load, increases the output and brings significant value to the teams you support. We express a heartfelt thank you for being a part of The Salvation Army and for choosing to give of your time, skills and experience. Collectively we do make a difference to those who need help most.



VOLUNTEER PROFILES

Diane, Northside Community Centre, Geelong

For Diane (*pictured above*), Northside Community Centre in Geelong, Victoria is a place where she can give back to her community and engage with those who need support. Each day The Salvation Army runs a community lunch for anyone wanting a hot meal and interaction with others. It's completely volunteer run. "I'm working here on Tuesday and Wednesday and then they have a brass band for kids here on the Monday. I can read music so I help out with that. I love everything about volunteering here. You can tell everyone really appreciates it."



Graham, The Waterhole, Alice Springs

Graham volunteers at *The Waterhole* community centre in Alice Springs. The centre is somewhere to meet people, have a cup of tea, eat lunch, paint, sleep in safety, watch movies, shower and wash clothes. Graham is one member who has recently taken on a volunteer role and is responsible for helping with the day-to-day running of the centre. "It gets me out of the caravan park I'm living in," he says. "I can meet new people and feel good about helping others. It's a good place to chill out and make friends."



Rushira, Asylum Seeker Resource Centre, Brunswick

"I really look forward to Wednesdays," says Rushira, who volunteers one day a week at The Salvation Army Asylum Seeker Support Service in Brunswick, Victoria. Rushira has permanent residency in Australia and an IT diploma, but no job experience here makes it hard for her to find work. She started volunteering to learn administration and communication skills by assisting those who come into the support service for food and material aid. "I've learnt a lot since being here. I like this role because I can meet different kinds of people, hear different stories and I can actually help them out too."

TRANSFORMATION

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 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	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Rendering of Services	152,964	145,985	136,047	128,072	119,169
Fee for Service	28,889	41,262	34,713	34,170	40,876
Capital	121	2,483	5,059	7,255	6,159
Total	181,974	189,730	175,819	169,497	166,204

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

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.

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 Winston, 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—HWL Ebsworth
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

TRANSFORMATION

Community

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 is one such mode of communication and is 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.



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.

CORPORATE COMMUNITY

Real Estate Institute of Western Australia (REIWA)

Proudly Western Australian, REIWA is WA's real estate institute, the peak body for the real estate profession in the state. REIWA is a member-owned organisation representing over 1,100 agencies and more than 90 per cent of operating real estate agents in WA.

In 2013 REIWA created their *Community REInvest* programme and set up a partnership with The Salvation Army. Through *Community REInvest*, REIWA's members who signed up to the initiative assist in providing financial and volunteer support to help The Salvation Army continue vital services in WA.

REIWA has not only donated significant funds to The Salvation Army, but its agents have participated in the annual Red Shield Appeal fundraiser and also the annual Winter Appeal, where a significant number of sleeping bags and blankets were collected from members for The Salvation Army to supply to the many homeless people of Perth.

REIWA members' volunteering commitment to The Salvation Army has also extended to serving meals as part of the *Doorways* Perth street outreach programme and being part of the team at *The Beacon*, which provides support and accommodation to the homeless in Perth.

REIWA was also a founding partner of *The Beacon*, our shining light in the Northbridge area.

Participants in the REIWA *Community REInvest* programme: (top) Esther Nilson and Sarah Thompson from Rentwest; Tracey Rath and Mark McCasker from Joyce Property Investments.



Myer

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

In August Myer launched the *Give Registry*, a national giving programme to support women and families affected by family violence.

The *Give Registry* is a collection of essential items women need most when they're starting over after escaping a violent situation. All the items have been selected by women who have experienced abuse and understand first-hand the most important items needed when rebuilding their lives.

Through the *Give Registry*, customers are able to choose an essential item from any Myer store to donate to women and their families, with Myer matching each donation. All items will go to women and children supported by The Salvation Army's women's refuges.

Myer CEO and Managing Director, Richard Umbers, said the ongoing Myer initiative provides practical support to women experiencing family violence.

"Myer is standing up to family violence and we know that our customers and team members feel very passionately about this worthy cause. The *Give Registry* means that we can work together with our customers to help make a difference in these women's lives. Together, Myer can work with our customers to help women rebuild their lives," says Mr Umbers.

As of the end of September, \$70,000 worth of gifts had been purchased from the *Give Registry*, which Myer then matches, and \$20,000 was raised from customer donations at point-of-sale.

In addition, the Myer *Spirit of Christmas* CD raised a total of \$505,055 in 2015 for Salvation Army programmes. For more than 20 years, Australian musicians have donated their time and talents to this worthy cause and 2015's CD featured 'the best of the best' from past albums. Again in 2016, our best Aussie talent will donate their time and their music to this worthy cause.



Kmart

The Salvation Army is proud to be a long-standing charity partner of the *Kmart Wishing Tree Appeal*, Australia's largest and longest running Christmas gift appeal.

Through the appeal, Australians can support those in need by placing a gift under the 'Wishing Tree' in any Kmart store across Australia or donating cash online or in the collection box at any Kmart register.

In 2015, the appeal celebrated its 28th year with some new developments, including the addition of a second charity partner, Mission Australia, to help further extend the reach of the appeal into households and to assist with the distribution of gifts. Kmart customers contributed generously, donating in excess of 340,000 gifts and raising more than \$200,000.

Christmas can be a challenging time for many families who feel the strain of not being able to afford gifts for loved ones. With help from Kmart and the generosity of Australians nationwide, we are able to provide gifts to help brighten Christmas Day for families who would have otherwise gone without, as well as vouchers for people to buy items they desperately need.

The appeal has distributed more than 8 million gifts in its history, which have benefited countless children as well as adults and seniors, at a time when they most need the support.

The Salvation Army thanks Kmart, its staff and the generous Australian public for helping to share hope with thousands of Australians each Christmas.



Better Homes and Gardens celebrity chef, 'Fast Ed' was the ambassador of The Salvation Army's *Be a Souperhero* fundraising campaign during 2016.

MEDIA ENGAGEMENT

The Salvation Army interacts with the media to raise awareness of social issues or create and respond to discussion around social issues related to our key areas of work. Our spokespeople are often called upon by the media to provide expertise on issues like homelessness, drugs and alcohol, gambling, financial counselling and family violence.

We also seek media coverage to promote programmes run by The Salvation Army and generate donations for our fundraising appeals.

The Red Shield Appeal is The Salvation Army's biggest fundraising appeal and is greatly boosted by securing media coverage. This year we received more than 1,000 media hits during the month of May nationally, which combined had an editorial value of more than \$1.7 million. Some of this coverage focused on our annual *Economic & Social Impact Survey*, which shared the experiences of more than 1,600 of our clients and highlighted that the average person seeking support from The Salvation Army lives off less than \$17 a day.

We gratefully acknowledge the extensive editorial coverage that media outlets afford The Salvation Army, especially at our appeal times. The table below shows monthly coverage over the past year as well as the dollar value for the Australia Southern Territory.

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

Month	Print/Television/Radio	Dollar Value
January 2016	212	3,131,585
February 2016	215	4,206,913
March 2016	167	2,104,038
April 2016	263	2,921,525
May 2016	639	5,270,340
June 2016	234	2,858,146
July 2016	257	2,986,005
August 2016	307	4,289,089
September 2016	720	6,496,889
October 2016	539	5,156,793



TRANSFORMATION

Financial Position



Gregory Stowe
Chief Financial Officer

Qualifications: Bachelor of Business (Dist); FCPA.

Length of service: Mr Stowe has worked in The Salvation Army's finance department for 23 years, with the last 11 years spent as Chief Financial Officer. Prior to commencing with The Salvation Army, Mr Stowe worked in management consulting for a major accounting firm, and various finance/accounting roles in both the public and private sectors.

Responsibilities: Mr Stowe is responsible for the management of all accounting, finance, budgetary, taxation and investment matters for the Australia Southern Territory. He is a legal Trustee of the various State Property Trusts of The Salvation Army Australia Southern Territory and is a member of the Territorial Finance Council, Territorial Property Board, Territorial General Maintenance Board and the Information Technology Portfolio Governance Board.

The 2015/16 financial year saw continued challenges for The Salvation Army, especially in its fundraising area where the Red Shield Appeal fell below its budgeted income target (excluding specified donations, capital appeals and emergency appeal donations) by approximately \$2.5Mn. This was partly offset by reduced costs in its fundraising departments, but nevertheless, impacted on the overall result for the Social Fund. However, The Salvation Army received significant untied legacy income during the year, enabling additional funds to be allocated to its operational needs that partly offset the fall in the Red Shield Appeal income result.

One of the very pleasing results for the year came from Salvos Stores operations, which achieved excellent profits from operations. As a result, Salvos Stores was able to make a greater contribution to the operations of the Social Fund, over and above its planned contributions. Total income for the year grew by 6.0% compared to 2014/15, with sales income increasing by 4.9% compared to the previous financial year.

Net investment income exceeded budget expectations for the year, thereby enabling further offset against the lower than expected Red Shield Appeal result. However, in an environment of lower interest rates and continued volatility in equity markets, The Salvation Army cannot afford to rely on growth in its investment returns to continue to supplement other income streams.

Financial sustainability work undertaken by the Territory over the past 1–2 years highlighted the need to strengthen our working capital position each year, to underpin the growing expenditure commitments of the Social Fund of The Salvation Army. In the last quarter of 2014/15, following some significant one-off revenue opportunities, the Territorial Finance Council agreed to establish a Future Fund, the objective of which was to achieve a percentage return above CPI whilst adopting a relatively conservative risk profile. A separate investment strategy has been adopted for these funds, in consultation with our external Investment Committee members, ensuring that the asset allocation of the Future Fund is well balanced. Budgets allow for the first 4% of income received (or part thereof) from this investment pool to be used towards meeting the operating expenditure of the Social Fund. Any excess income would then be allocated to the Future Fund reserves, thereby allowing these balances to grow over time. In 2015/16, the Future Fund held \$19.1Mn relating to the Social Fund, and it distributed in excess of \$330K to the Social Fund as its portion of income for the year.

Total operational expenditure for the year (\$380.4Mn) represented an increase on the previous year of only 0.36%. Employee expenses showed a net increase of 2.12% compared to 2014/15, and whilst reflecting the impact of general salary increases and Equal Remuneration Order (ERO) increases in the social programme centres, these costs were offset by cost reductions in other areas, particularly the downsizing within The Salvation Army Employment Plus as part of its move into the new *jobactive* contract (which was further reflected in the lower figure for welfare/jobseeker expenses in 2015/16, compared to the previous year).

In January 2016, The Salvation Army implemented a restructure in its Victorian divisional operations, which saw the move from four divisions each managing a combination of social and corps programmes, into one state-wide command



to oversight the majority of social programmes, and three divisions to primarily manage corps and their associated activities. This process was achieved with minimal additional costs, with existing resources and budgets redistributed to the new entities created under the new Victorian structure.

2015/16 saw a major change for The Salvation Army in terms of its provision of housing services under both the Victorian Housing Registrar and other state-based housing authorities. In order to comply with new regulations, two new legal entities were established—Salvation Army Housing (SAH) and Salvation Army Housing (Victoria) [SAHV], designed to provide and develop social housing through productive, mature working relationships expressed through successful, productive partnerships with government, NGOs, private and education sectors. The Salvation Army remains the sole shareholder of each of these new entities.

The Federal Government's *jobactive* employment services contract commenced on 1 July 2015. The Salvation Army Employment Plus successfully tendered for *jobactive* business and is the largest not-for-profit provider in the sector, operating across 13 regions. Implementation of the *jobactive* contract involved substantial restructure and capital investment costs to refurbish all 66 full-time sites, supply new IT infrastructure, on-board some 300 new frontline staff across the country, and roll out a new service delivery model. The *jobactive* financial model has some 55% of service provider revenues associated with achievement of 12 and 26 week employment outcomes. As a result of the outcome revenue timing in the first year of the contract, together with the substantial implementation costs, The Salvation Army Employment Plus incurred a loss for the year ended 30 June 2016. Financial modelling, based on expected caseloads and outcome fees in accordance with the *jobactive* contract, indicates that first year losses will be recouped during the term of the five year contract.

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

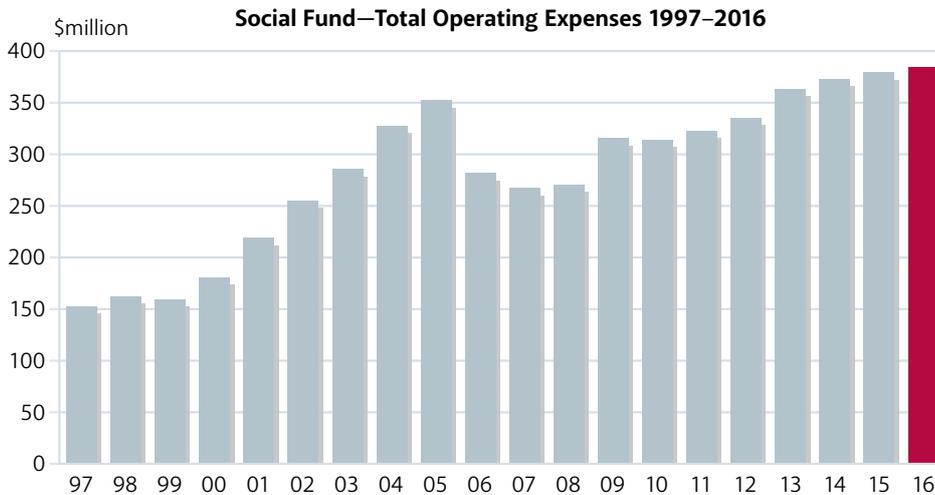
Sources of Income

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

	2015/16		2014/15	
	\$'000	%	\$'000	%
Government Income	181,974	46	189,730	47
Trading Revenue	114,279	29	108,524	27
Residents Contributions	21,167	5	19,332	5
Red Shield Appeal/ Other Donations	39,298	10	39,272	10
Investment Income	11,502	3	13,480	3
Legacies	13,501	3	21,269	5
Miscellaneous	16,707	4	10,257	3
Total	398,428	100	401,864	100

Expenditure

The Salvation Army recorded operating expenditure of \$367.8 million on social services delivered by its various social programme centres in 2015/16, compared with \$366.5 million in 2014/15. Net Social Fund expenditure for the 2015/16 financial year reached \$380.4 million (including Red Shield Appeal expenses) after eliminations.



Capital Investment

There were no major capital development projects undertaken in 2015/16. One significant purchase, however, was a property in northern Victoria, where the Westcare Trauma Recovery Centre was officially opened in late June 2016. This site enables Westcare to take children suffering from childhood trauma to a place that encourages wellness and a chance to recuperate in a safe rural environment. This programme formerly used the Camp Bambara site (supported by Ford Australia) in Victoria, which was destroyed by the 2009 Black Saturday bushfires.

In addition, just over \$2Mn was invested in a number of significant information technology business projects during 2015/16, including:

- *IT Infrastructure Remediation Programme*—designed 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 architecture for the IT enablement of people-related functions in The Salvation Army and a roadmap describing a succession of projects to move toward that future architecture;
- *Online Project—Business Case*: following a variety of technical and operational issues with its incumbent Content Management System (CMS) over an extended period of time, The Salvation Army embarked on a project to replace the current CMS platform. Key outcomes of the project to date include creation of a new mobile and user-friendly website design for its major websites, identification of a new CMS platform with implementation partner vendor, and development of a range of options for implementation of salvationarmy.org.au and sarmy.org.au website content;
- *Corporate and Imprest Cards Redevelopment*: aimed at changing the debit card platform and cards used by The Salvation Army, following the decision of the incumbent card services provider to no longer support the existing platform used since 2012;
- *Consumer Directed Care (CDC) Project*: as part of the *Living Longer Living Better* (LLL) aged care reforms, the Australian Government had introduced more choice for people receiving care at home. One of the key changes was that all packages were required to be delivered to consumers on a CDC basis, commencing 1st July 2015. This project was designed to introduce technology, appropriate training and organisational change to enable The Salvation Army to deliver home care on a CDC basis more efficiently and safely through better information management; and
- *Salvos Stores—Wyse Terminal Replacement Project*: with the current Salvos Stores hardware being aged and in need of replacement and with issues related to SSL certification, this project aimed to replenish the hardware and resolve those issues, replacing the current Wyse terminals with Acer Chromebox.

RED SHIELD APPEAL FINANCE SUMMARY



Major Paul Hateley
Territorial Public Relations Secretary

Angela was pregnant with her second child when she was beaten by her boyfriend and thrown out of his car. Bound by an addiction to alcohol and drugs, Angela lost connection with her daughter, her parents, her friends...her whole world. "I was just... stuck! Nowhere! It was the worst time of my life."

Angela then found The Salvation Army, or perhaps, The Salvation Army found her. Her Salvos counsellor journeyed for years with Angela right through the whole process of detox and rehabilitation, finding a place to live (complete "with a backyard for the kids," says Andrea) to connecting with new friends and new healthy priorities.

"They saved my life...the Salvos did."

An old Salvation Army motto declared *Heart to God, hand to man*. That primal Salvos connection with the Christian faith—love-in-action—still drives us today. Together with our friends, supporters and co-labourers, we seek to bring real transformation to the lives of those who have fallen foul of life.

The love of God compels us.

However, no one person, agency, group or government entity can heal our community's ills in isolation. Serious community impact is most powerfully advanced through the community collective.

When we together give finances, donate expertise or volunteer effort, we can impact and transform our world in ways far more life-changing than just the sum of us.

In my role as The Salvation Army's Territorial Public Relations Secretary, I continue to be encouraged by the depth of generosity and steadfast support offered by everyday Australians in aid of our cause.

On the one hand, a gift of significant dollars enables a comprehensive response to a major humanitarian challenge. On the other, a hand of a child reaches into their piggy bank to give precious pennies to our 'Red Shield'. And then there are the volunteer hours given and given again without any expectation of payment. Any reward is found in the rich joy of helping bring life-change to a fellow human being.

Perhaps The Salvation Army's richest resource is you—giving of yourself—for the sake of *others*.

Angela is just one whose life has been redeemed and reinstated through her contact with The Salvation Army. There are many, many others. And while there continue to be people deprived of life in all its fullness, The Salvation Army, along with you, will seek to be there for them as a vehicle for REAL life transformation.

Fundraising Results	2016 \$'000	2015 \$'000	Difference %
Red Shield Appeal			
Victoria	20,920	20,059	
South Australia	4,619	5,152	
Western Australia	8,592	8,688	
Tasmania	2,033	2,359	
Northern Territory	508	512	
Total Red Shield Appeal	36,672	36,770	-0.27
Wills and Bequests	36,789	46,839	-21.46
Other miscellaneous donations not through Red Shield Appeal	4,747	4,805	-1.21
Total Fundraising	78,208	88,414	-11.54
Expenses			
Red Shield Appeal	10,916	11,367	
Wills and Bequests	1,066	1,483	
Total Expenses	11,982	12,850	-6.75
Fundraising Ratio	15.32%	14.53%	

Red Shield Appeal Development Council

In 2016, The Salvation Army's annual Red Shield Appeal raised a significant \$36,672,000 in the Australia Southern Territory. This invaluable financial injection into the work of The Salvation Army would be impossible without the significant effort of so many. 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)	Wilkin Fon	Garry Tanner
Margie Reid	Gideon Perrott	David Drysdale
David Williamson	Major Paul Hateley	Brian Hallett

The 2015/16 financial year saw Salvos Stores contribute a record \$21.5 million to directly help the work of The Salvation Army. This surplus includes goods to the value of \$2.7 million given away free of charge to people referred through Salvation Army community support centres. This achievement is \$3.6 million ahead of budget for the year.

The sales growth is attributed to the sustainability of our workforce (including an increasing volunteer base) in addition to the growing number of stores in the Australia Southern Territory, and improving our surplus percentage year on year. Salvos Stores sales grew by 5.6% against a retail industry average of 2.8%.

Salvos Stores now operates 220 stores across the Australia Southern Territory plus an active eBay store. Staff numbers remain at around 1,250 and we have seen growth in our volunteer numbers to 5,100 during the year.





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(e).

Money may be invested—if it is recommended on investment grounds—in enterprises designed to improve the economy of the country concerned or of underdeveloped countries.

Funds are not to be invested in companies that are known to:

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

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

MANAGEMENT OF INVESTMENTS

The Salvation Army Australia Southern Territory administers its investments through The Salvation Army (Victoria) Property Trust ('the Trust'), which acts as the legal entity representing each of the individual state/territory property trusts that comprise the Territory.

Trustees' Responsibilities

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

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 in 2015/16 remained solid, resulting in net investment income of \$11.5 million.

	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Hybrids and Fixed Interest Securities	66,722	63,115	40,985	44,760	58,511
Unlisted Units in Managed Investment Funds	142,421	140,678	135,049	143,644	124,394
Other	470	654	857	692	789
Total Financial Assets	209,613	204,447	176,891	189,096	183,694
Total Investment Income	11,502	13,480	8,429	8,693	8,517
Impairment Expense	–	113	–	186	179

Five Year Trend—Revenue and Expenses

	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Total Operating Revenue	396,208	398,231	359,115	344,676	333,926
Total Capital Revenue	2,220	3,633	7,396	7,499	7,352
Total Operating Expenses	(380,432)	(379,053)	(372,288)	(362,350)	(335,922)
Total Allocations to/(from) Capital Funds	(16,287)	(22,187)	160	10,730	(5,530)
Net Surplus/(Deficit) after Allocations	1,709	624	(5,617)	555	(174)
Net Change in Fair Value of Available-for-Sale Financial Assets	(6,393)	1,165	10,424	11,505	1,248
Total Comprehensive Income/(Loss) after Allocations	(4,684)	1,789	4,807	12,060	1,074

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

TRANSFORMATION

Governance

GOVERNANCE AND OVERSIGHT

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

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

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

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

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



BOARD PROCESSES

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

- give strength to decisions taken;
- guard against ill-considered action;
- provide information first-hand from people who are constantly in close personal touch with all aspects of the work; and
- secure counsel and advice on all matters involving the expenditure of The Salvation Army's funds.

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

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
- Mr M J Roberts
- 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	10	7
Colonel P R Walker	1	1
Lieutenant-Colonel G L Rigley	10	8
Lieutenant-Colonel V E Callander	10	9
Lieutenant-Colonel B A Stevens	10	8
Lieutenant-Colonel K L Merrett	9	8
Mr M J Roberts	10	8
Mr G F Stowe	10	8

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 2016 and the number of meetings attended by each member were as follows:

Member	Meetings Eligible to Attend	Meetings Attended
Commissioner F J Tidd	38	28
Commissioner T L Tidd	38	29
Colonel P R Walker	2	2
Colonel J K Walker	2	0
Colonel G L Rigley	41	28
Colonel K J Rigley	38	26
Lieutenant-Colonel V E Callander	41	31
Lieutenant-Colonel I B Callander	41	28
Lieutenant-Colonel B A Stevens	41	36
Lieutenant-Colonel K L Merrett	38	35
Lieutenant-Colonel W Merrett	3	3
Major B M Casey	16	14
Major N R Venables	22	15
Major P S Hateley	41	31
Major G Main	41	34
Mr M J Roberts	41	31
Mr D A Sinden	41	37
Mr G F Stowe	41	36
Mr S J Webb	41	35
Mr C Tucker	41	38

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 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 Territorial Finance Council 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 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.

In May 2016 the Territorial Advisory Board was placed in recess to make way for a National Advisory Committee.

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—Independent Non-Executive Director, Australian Foundation Investment Company
- Mr Paul Laband—retired; Independent Director, JCP Investment Partners
- Mr Paul Costello—former CEO, Australian Future Fund

from The Salvation Army Australia Southern Territory:

- Colonel Graeme Rigley—Chief Secretary-in-Charge
- Lieut-Colonel Kelvin Merrett—Secretary for Personnel
- Lieut-Colonel Winsome Merrett—Secretary for Programme
- Major Gordon Main—Assistant Secretary for Business Administration
- Mr Greg Stowe—Chief Financial Officer
- Mr Chris O'Neill—Financial Controller
- Mr Colin Solomon—Finance Manager

In addition, the following persons may attend meetings when available:

- Commissioner Floyd Tidd—National Commander, Australia
- Lieut-Colonel Bruce Stevens—Trustee
- Lieut-Colonel Vivien Callander—Trustee
- Mr Malcolm Roberts—Trustee

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 Territorial Finance Council 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 Territorial Policy Council.

AUDIT, RISK AND COMPLIANCE COMMITTEE

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

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

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

Membership of the Committee comprises the Secretary for Business Administration and members recruited from outside The Salvation Army. The National Commander, Australia and Chief Secretary-in-Charge 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, Risk and Compliance Committee are:

- Ms Jay Bonnington (Chairperson)—Non-Executive Company Director
- Mr Richard Moore—Retired Partner, PricewaterhouseCoopers
- Mr Craig Burke—Assistant Auditor-General, Financial Audit—Victorian Auditor-General's Office
- Ms Karen Jones—Senior Managing Consultant, Bevington Group
- Ms Jane Bell—Non-Executive Director

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.

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 may receive the use of a motor vehicle when performing work on behalf of The Salvation Army. Private use of Salvation Army motor vehicles requires post-tax contributions to be made from salary.

Salvation Army employees are paid in accordance with their classification position as per the relevant award or agreement under which they are employed, and are paid any pay increases or other variations to remuneration and benefits as per the relevant award or agreement.

Non-award/agreement employees are paid in accordance with their terms and conditions outlined in their contracts of employment. For non-award employees, internal review of remuneration is conducted on an annual basis to maintain market position in the not-for-profit sector, with recommendations for salary adjustments submitted to the Territorial Finance Council 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, Risk and Compliance 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.

TRANSFORMATION

Sustainability & Environment

SALVOS STORES SUSTAINABILITY REPORT 2015/16

Salvos Stores—Reuse Philosophy

Australians generously donate an estimated 70 million items to Salvos Stores every year. That means nearly 20,000 tonnes of materials and items normally destined for landfill are diverted and reused by a new and satisfied owner. The table below displays the product categories and calculated weights of donations that were reused in 2015/16.

	Clothing		Electrical		Furniture		Books		Bric-a-brac		Accessories		Total Tonnes
	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	Items	Tonnes	
Store Sales	6,743,684	1,686	120,333	181	233,631	3,504	2,163,963	541	4,167,896	1,042	6,202,164	1,551	8,505
Surplus Stock		10,761											10,761
Annual Total		12,447		181		3,504		541		1,042		1,551	19,266

Greenhouse Emissions Remain Stable

Salvos Stores is a dynamic organisation experiencing organic growth and growth by opening new stores or relocating to larger retail stores. Naturally this growth correlates with a slight change in greenhouse gas emissions with a 2% variation from last year. Complementing the upgrading of some stores, 20 stores in both South Australia and Western Australia were refitted with modern LED lighting. When combining the refits from last year, electricity emissions only increased by 3%. Similarly our reuse and recycling efforts have resulted in a waste emission increase of 1% compared to a 14% increase last year. Although illegal dumping of goods continues to increase, our proactive recycling campaigns are keeping material out of landfill. The table below displays our emission factors for the last four years.

	2012/13 CO ₂ Emissions	2013/14 CO ₂ Emissions	2014/15 CO ₂ Emissions	2015/16 CO ₂ Emissions	CO ₂ Emissions Variance 2015/16 and 2014/15	% CO ₂ Emissions Variance 2015/16 and 2014/15
Air Travel	92	97	128	64	-65	-50
Electricity	6,629	6,902	7,493	7,704	211	3
Fleet Travel	1,005	1,051	1,054	1,087	32	3
Natural Gas	96	64	30	7	-23	-78
Stationery Energy	30	13	14	16	2	12
Paper	13	14	15	16	1	7
Synthetic Gases	1	1	1	1	0	8
Taxi Travel	7	6	0	9	9	2150
Waste	12,650	11,518	13,151	13,338	187	1
Total	20,523	19,665	21,888	22,241	353	2

Challenges for the year ahead will focus on continuous improvement relating to the management of waste and recycling.

For more information visit salvosstores.com.au



The Salvation Army Australia Southern Territory Social Fund Trustees' Report

Financial Report

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The Salvation Army Australia Southern Territory

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

International Headquarters

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The Trustees of The Salvation Army Australia Southern Territory Social Fund ('Social Fund') submit the following report, together with the financial statements, on the operations of the Social Fund for the financial year ended 30 June 2016, and the independent audit report thereon.

Principal Activities

During the year, the principal continuing activities of the Social Fund comprised of:

- aged care services;
- out-of-home care services;
- employment, education and training services;
- housing and homelessness programmes;
- family 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

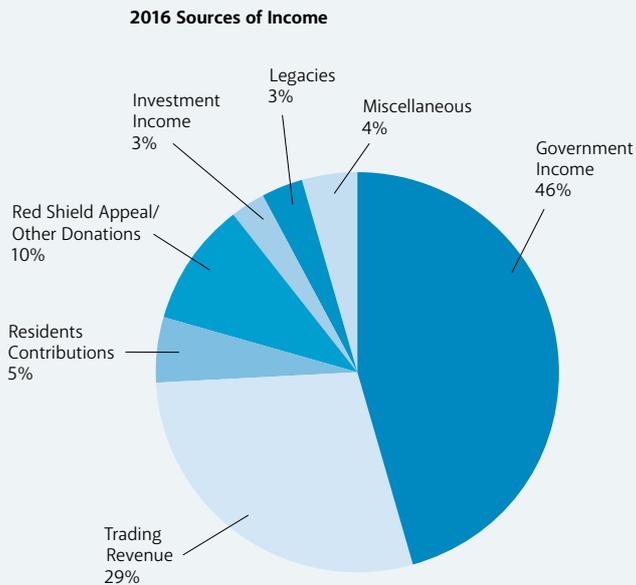
In 2016, the Social Fund's operating result was a surplus after allocations and before net change in fair value of financial assets of \$1,709,000 (2015: surplus of \$624,000). Total revenues were \$398,428,000 (2015: \$401,864,000), whilst total operating expenses were \$380,432,000 (2015: \$379,053,000).

In line with The Salvation Army Australia Southern Territory's policies and compliance with donors' restrictions on the use of certain funds, net transfers of \$16,287,000 were made to various reserves for specific purposes (2015: \$22,187,000 of net transfers were made to capital projects or set aside in various reserves for future specific purposes).

	2016 \$'000	2015 \$'000
Revenue	398,428	401,864
Expenditure	(380,432)	(379,053)
Surplus/(Deficit) before Allocations	17,996	22,811
Allocations (to)/from Reserves	(16,287)	(22,187)
Surplus/(Deficit) after Allocations	1,709	624
Net Change in Fair Value of Financial Assets	(6,393)	1,165
Total Comprehensive (Loss)/Income after Allocations	(4,684)	1,789

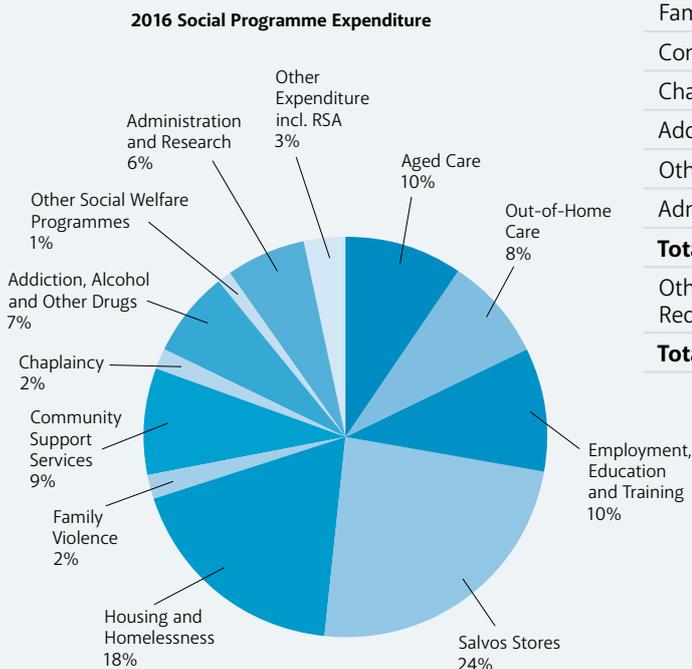
The Salvation Army Australia Southern Territory Social Fund Trustees' Report

The following is a summary of the main sources of income for the Social Fund in 2016.



Sources of Income	2016 \$'000	2015 \$'000
Government Income	181,974	189,730
Trading Revenue (including Salvos Stores income)	114,279	108,524
Residents Contributions	21,167	19,332
Red Shield Appeal/Other Donations	39,298	39,272
Investment Income	11,502	13,480
Legacies	13,501	21,269
Miscellaneous	16,707	10,257
Total Income	398,428	401,864

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 Social Fund in 2016.



Social Programme Expenditure	2016 \$'000	2015 \$'000
Aged Care	36,487	33,184
Out-of-Home Care	31,945	35,298
Employment, Education and Training	37,291	47,783
Salvos Stores	91,419	88,017
Housing and Homelessness	69,164	67,578
Family Violence	7,569	6,710
Community Support Services	32,769	33,318
Chaplaincy	6,972	6,661
Addition, Alcohol and Other Drugs	26,147	24,531
Other Social Welfare Programmes	4,667	4,369
Administration and Research	23,369	19,004
Total Social Centre Expenditure	367,799	366,453
Other Expenditure including Red Shield Appeal	12,633	12,600
Total Expenditure	380,432	379,053

The Salvation Army Australia Southern Territory Social Fund Trustees' Report

The 2016 result included the following:

- The Red Shield Appeal recorded income of \$36.7Mn before expenses for the year ended 30 June 2016. Excluding donor designated gifts and capital appeal donations, donation income fell considerably short of budget expectations, being \$2.5Mn below target for the year. This was partly offset by expenditure savings against budget of \$0.8Mn.
- Legacy income (\$13.5Mn) was received during the year. Legacy income received from one year to the next can fluctuate considerably, given the uncertain nature of this type of income. 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.
- Investment income for the portfolio managed by JANA Investment Advisers can fluctuate from year to year depending upon realised gains or losses resulting from rebalancing within the portfolio. Investment income in 2014/15 included a realised gain from such a rebalancing.
- Total government funding decreased by \$7.7Mn from 2014/15, a net decrease of 4.09%. Whilst government grants for social service programmes increased by \$7.0Mn in 2015/16, fee for service income fell by \$12.4Mn, mainly reflective of the new *jobactive* contract for The Salvation Army Employment Plus, where revenue based on 12 and 26 week employment outcomes is weighted to future operational years. Total government funding still remains the most significant source of income for The Salvation Army Australia Southern Territory's social programmes, representing 46% of the overall income for the year (2015: 47%).
- The Federal Government's *jobactive* employment services contract commenced on 1 July 2015. The Salvation Army Employment Plus successfully tendered for *jobactive* business and is the largest not-for-profit provider in the sector, operating across 13 regions. Implementation of the *jobactive* contract involved substantial restructure and capital investment costs to refurbish all 66 full-time sites, supply new IT infrastructure, on-board some 300 new frontline staff across the country, and roll out a new service delivery model. The *jobactive* financial model has some 55% of service provider revenues associated with achievement of 12 and 26 week employment outcomes. As a result of the outcome revenue timing in the first year of the contract, together with the substantial implementation costs, The Salvation Army Employment Plus incurred a loss for the year ended 30 June 2016. Financial modelling, based on expected caseloads and outcome fees in accordance with the *jobactive* contract, indicates that first year losses will be recouped during the term of the five year contract.
- Salvos Stores once again had an excellent year, exceeding annual budget expectations and providing a net surplus to the Social Fund, part of which will be reinvested in future capital needs for Salvos Stores.
- Miscellaneous income for 2015/16 included total profits of sales of property assets of \$7.0Mn (2014/15: \$0.6Mn). These funds are allocated to capital properties reserves for future property purchases by the Social Fund.

At 30 June 2016, the Social Fund Statement of Financial Position continues to reflect a positive 'current assets versus current liabilities' position. 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 2016, there have been no transactions or events of an unusual nature likely to affect significantly the operations of the Social Fund, the results of those operations, or the state of affairs of the entity in future financial years.

Likely Developments

On 1 March 2016, The Salvation Army International Headquarters announced the amalgamation of the Australia Eastern and Southern Territories. The objective of this amalgamation is to provide a structure for The Salvation Army to best deliver our spiritual and social mission to all Australians. The amalgamation has commenced with the goal for the national Australia Territory to be fully operational by January 2019.

It is expected that the amalgamation will produce significant and lasting benefits, including:

- A clear and consistent mission strategy and mission culture across the whole of Australia, ensuring that all our efforts and resources are being used for greatest effect;
- A unified national strategy for solving the spiritual and social issues that affect vulnerable Australians;
- Improving our capacity for innovation and strategic thinking by building on the best of each Territory;
- The ability to speak and act with a single voice for greater impact on matters of national interest, including social justice, care for the vulnerable and other matters of spiritual and community significance;
- The ability to build a stronger national partnership with other denominations and Christian organisations, Federal Government, news and media organisations, national corporate and business organisations, national peak bodies, other agencies and community organisations; and
- Releasing more personnel and financial resources for front-line mission by reducing duplication and streamlining systems and processes.

In the opinion of the Trustees, other than the above, there are no likely changes in the operations of the Social Fund that will adversely affect the results of the Social Fund in subsequent financial years.

Environmental Issues

The operations of the Social Fund are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Officers

The Social Fund 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 Social Fund. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by The Salvation Army Australia Southern Territory 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.

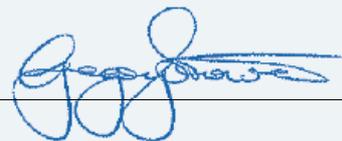
Auditor

KPMG continues as the Social Fund's auditor at the date of this report.

Signed in accordance with a resolution of the Trustees:



Graeme L Rigley, Colonel
Chief Secretary-in-Charge
TRUSTEE



Gregory F Stowe
Chief Financial Officer
TRUSTEE

Dated at Melbourne this 25th day of October 2016.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Profit or Loss and Other Comprehensive Income
 for year ended 30 June 2016

	NOTE	2016 \$'000	2015 \$'000
Revenues and other income			
Revenue from rendering of services	2	203,020	206,579
Other revenues from ordinary activities	2	116,905	111,026
Financing income		11,502	13,480
Legacies income		13,501	21,269
Red Shield Appeal donations	5	36,672	36,770
Total operating revenue		381,600	389,124
Capital revenue:			
Government grants		121	2,483
Other income		2,099	1,150
Total capital revenue		2,220	3,633
Other income		14,608	9,107
Total revenue and other income		398,428	401,864
Employee expenses		(214,420)	(209,969)
Depreciation expenses	10	(10,784)	(9,514)
Computer expenses		(2,534)	(2,620)
Welfare/Jobseeker expenses		(23,077)	(31,144)
Building/Occupancy expenses		(53,233)	(52,479)
Motor Vehicle expenses		(7,957)	(8,627)
Contribution—General/Property Funds	1(n)	(23,750)	(24,434)
Rollover accommodation bond credits	1(h)(i)	203	7
Amenities and supplies		(14,827)	(14,487)
Professional fees expenses		(11,742)	(11,354)
Other expenses from ordinary activities		(18,311)	(14,432)
Total operating expenses		(380,432)	(379,053)
Operating surplus	14	17,996	22,811
Other comprehensive income			
Net change in fair value of financial assets		(6,393)	1,165
Total comprehensive income for the year		11,603	23,976
Allocations to capital funds	3	(16,287)	(22,187)
Total comprehensive (loss)/income for the year after allocations		(4,684)	1,789

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 83.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Financial Position as at 30 June 2016

	NOTE	2016 \$'000	2015 \$'000
CURRENT ASSETS			
Cash	6	6,863	3,315
Receivables and other assets	7	16,597	14,178
Other financial assets	8	36,332	44,356
Inventories	9	1,315	1,200
Land and buildings held for sale		215	558
TOTAL CURRENT ASSETS		61,322	63,607
NON-CURRENT ASSETS			
Receivables and other assets	7	21,617	19,172
Property, plant and equipment	10	239,207	237,455
Other financial assets	8	173,281	160,091
TOTAL NON-CURRENT ASSETS		434,105	416,718
TOTAL ASSETS		495,427	480,325
CURRENT LIABILITIES			
Payables	11	29,303	32,820
Employee benefits	12	21,495	19,956
Interest-free loans	16	2,550	1,874
Provisions	13	3,965	2,677
TOTAL CURRENT LIABILITIES		57,313	57,327
NON-CURRENT LIABILITIES			
Employee benefits	12	2,868	2,478
Provisions	13	12,471	11,169
Interest-free loans	16	12,750	10,920
Special purpose funds	17	109	118
TOTAL NON-CURRENT LIABILITIES		28,198	24,685
TOTAL LIABILITIES		85,511	82,012
NET ASSETS		409,916	398,313
CAPITAL FUNDS			
Working capital fund	14(a)	4,762	3,053
Property contributions fund	14(a)	218,805	219,695
Reserves	14(a)	146,504	138,102
Trusts and special purpose funds	14(a)	9,906	5,864
Legacies	14(a)	29,939	31,599
TOTAL CAPITAL FUNDS		409,916	398,313

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 60 to 83.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Cash Flows for the year ended 30 June 2016

	NOTE	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		373,872	386,282
Cash payments in the course of operations		(368,859)	(372,072)
Investment revenue received		10,939	11,665
Capital revenue received		2,220	3,632
Net cash provided by operating activities		18,172	29,507
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from redemption of investments		54,400	11,988
Payments for investments		(65,958)	(38,377)
Payments for property, plant and equipment		(16,019)	(7,300)
Proceeds from sale of property, plant and equipment		10,373	1,221
Net cash used in investing activities		(15,203)	(32,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(200)	(200)
Proceeds from residents' interest-free loans		4,818	2,771
Repayment of residents' interest-free loans		(2,038)	(1,058)
Net cash provided by financing activities		2,580	1,513
Net increase/(decrease) in cash held		3,548	(1,448)
Cash at the beginning of the financial year		3,315	4,763
Cash at the end of the financial year	20	6,863	3,315

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 60 to 83.

The Salvation Army Australia
 Southern Territory Social Fund
 Statement of Changes in Capital Funds
 year ended 30 June 2016

	Working Capital Fund	Property Contribution Fund	Reserves	Trusts and Special Purpose Funds	Legacies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2014	2,429	222,930	117,605	7,378	23,995	374,337
Operating Surplus before allocations	22,811	-	-	-	-	22,811
Other comprehensive income	-	-	1,165	-	-	1,165
	25,240	222,930	118,770	7,378	23,995	398,313
Allocations within other capital funds	(22,187)	(3,235)	19,332	(1,514)	7,604	-
At 30 June 2015	3,053	219,695	138,102	5,864	31,599	398,313
At 1 July 2015	3,053	219,695	138,102	5,864	31,599	398,313
Operating Surplus before allocations	17,996	-	-	-	-	17,996
Other comprehensive income	-	-	(6,393)	-	-	(6,393)
	21,049	219,695	131,709	5,864	31,599	409,916
Allocations within other capital funds	(16,287)	(890)	14,795	4,042	(1,660)	-
At 30 June 2016	4,762	218,805	146,504	9,906	29,939	409,916

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 83.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Salvation Army Australia Southern Territory Social Fund ('Social Fund') includes the following entities:

The Salvation Army (Victoria) Property Trust (ABN 64 472 238 844);
The Salvation Army (Tasmania) Property Trust (ABN 94 917 169 560);
The Salvation Army (South Australia) Property Trust (ABN 13 320 346 330);
The Salvation Army (Western Australia) Property Trust (ABN 25 878 329 270);
The Salvation Army (Northern Territory) Property Trust (ABN 65 906 613 779);
The Salvation Army (Victoria) Property Trust atf The Salvation Army (VIC) Social Work (ABN 18 730 899 453);
The Salvation Army (Tasmania) Property Trust atf The Salvation Army (TAS) Social Work (ABN 23 860 168 024);
The Salvation Army (South Australia) Property Trust atf The Salvation Army (SA) Social Work (ABN 45 781 882 681);
The Salvation Army (Western Australia) Property Trust atf The Salvation Army (WA) Social Work (ABN 92 646 174 644);
The Salvation Army (Northern Territory) Property Trust atf The Salvation Army (NT) Social Work (ABN 34 413 960 392);
Salvation Army Housing Limited (ABN 59 608 346 934); and Salvation Army Housing (Victoria) (ABN 85 133 724 651).

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

The Social Fund is a not-for-profit entity.

The financial report was authorised for issue by the Trustees on 25 October 2016.

(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), the *Australian Charities and Not-for-Profit Commission Act (ACNC) 2012* and the *Australian Charities and Not-for-Profit Commission Regulations 2013*.

(b) Basis of preparation

The operations of the Social Fund during the year ended 30 June 2016 have been carried out in accordance with *The Salvation Army—Social Trust Deed of 1920*.

The financial report is presented in Australian dollars. The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

Basis of aggregation

(i) Subsidiaries

Subsidiaries are entities controlled by the Social Fund. The Social Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Social Fund loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the Statement of 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
▪ 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) Financial instruments

The Social Fund has elected to early adopt Accounting Standard AASB 9 Financial Instruments from 1 July 2015. The date of the initial application (ie. the date on which the Social Fund has assessed its existing financial assets and financial liabilities) is 1 July 2015. AASB 9 requires that an entity classifies its financial assets and liabilities as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Refer to note 1(w) for the impact of application of AASB 9 Financial Instruments.

Investments in equity instruments, which were previously classified as available-for-sale financial assets, are from 1 July 2015 classified as equity and hybrid instruments and are subsequently measured at fair value through Other Comprehensive Income.

The Social Fund classifies non-derivative financial liabilities into the other financial liabilities category.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Non-derivative financial assets and financial liabilities—recognition and derecognition

The Social Fund initially recognises loans and receivables and debt securities on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date at which the Social Fund becomes a party to the contractual provisions of the instrument.

The Social Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Social Fund is recognised as a separate asset or liability.

The Social Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Social Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets—measurement

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Social Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity and hybrid instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity and hybrid instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair market investment reserve. The cumulative gain or loss will never be reclassified to profit or loss.

The Social Fund has designated all investments as equity instruments, which were previously classified as available-for-sale financial assets that are not held for sale at FVTOCI on initial application AASB 9 (refer to note 1(w)).

There is also no requirement to test equity instruments for impairment with the result that there is no transfer of unrealised impairment losses from the asset revaluation reserve to profit or loss. Dividends earned from such investments are recognised in profit or loss unless the dividends clearly represent a part repayment of the cost of the investment.

Assets classified as fair value through other comprehensive income include unlisted units in managed investment funds and hybrid and fixed interest securities.

Financial assets measured at amortised cost

A financial asset is classified as subsequently measured at amortised cost if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially valued at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Assets classified as financial assets measured at amortised cost include cash and cash equivalents, trade and sundry receivables and short-term deposits.

(iii) Non-derivative financial liabilities—measurement

Financial liabilities measured at amortised cost

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Liabilities classified as financial liabilities at amortised cost include trade and other payables.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Measurement of fair values

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Social Fund's accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A number of the Social Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Social Fund has an established control framework with respect to the measurement of fair values. This includes management that has overall responsibilities for all significant fair value measurements, including level 3 fair values, and reports directly to the Territorial Finance Council.

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 three-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 level 2 financial assets and their carrying value approximates their fair market value.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and cash in transit balances with an original maturity of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value.

(h) 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 (1.98% pa), refundable accommodation deposit levels and increments in future years, and the estimated inflows and outflows for residents eligible for assistance.

The Salvation Army Australia

Southern Territory Social Fund

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Refundable/Amortisable Accommodation Bonds

Many residents of aged care centres pay a refundable and amortisable accommodation bond to the Social Fund. 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.

(i) 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; slow moving or damaged items are provided for within a provision for stock obsolescence.

(j) Impairment

The carrying amounts of the Social Fund's assets, other than inventories (see accounting policy 1(i)) and investments (see accounting policy 1(e)), 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 that have maturity dates approximating to the terms of the Social Fund's obligations.

(l) 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(m) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(n) Contribution to General and Property Funds

The General Fund records all territorial and divisional headquarters' costs. These headquarters oversee the social infrastructure of the Social Fund. An 'arm's 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 'arm's length' contribution is charged by the Property Fund to the Social Fund for services provided, and towards the costs of the Territorial Headquarters building.

(o) Revenues

Revenues are recognised when the Social Fund 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.

Donations

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

Legacies

Legacies are recognised when the Social Fund 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 Social Fund becomes legally entitled to the shares or property.

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

Red Shield Appeal

Donations to the Red Shield Appeal are recognised when received.

Revenue from Social Programmes

The Social Fund's social programme activity is supported by grants received from the federal, state and local governments. Grants received on the condition of specified services are delivered, or conditions are fulfilled, and where there is a return obligation are considered reciprocal. Such grants are initially recognised as a liability called prepaid government funding and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the organisation obtains control of the funds.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Salvation Army Employment Plus—Fee for Service Government Funding

Revenue from employment administration services is recognised in line with the completion and provision of ongoing employment services on a percentage of completion basis. Revenue from employment outcome fees is recognised in line with the unconditional right to receive the outcome fee.

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 property assets is determined as the difference between the carrying value of the asset at the 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.

(p) Expenses

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

(q) Capital Revenue available for allocation

The Social Fund has adopted a policy of separately disclosing revenue received which is designated for capital purposes rather than operating activities. This designation is determined either directly by the donor or by the Trustees of the Social Fund. 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 Social Fund.

(r) Accounting estimates and judgements

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

(s) The Salvation Army Employment Plus

The Salvation Army Australia Southern Territory, in conjunction with The Salvation Army Australia Eastern Territory, has been jointly involved in a jointly controlled operation of The 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. The proportionate interests in the assets, liabilities, income and expenses of The Salvation Army Employment Plus programme have been incorporated in the financial statements.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Leases

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

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

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

(u) Rounding

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

(v) 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 2016, and have not been applied in preparing these financial statements.

None of these are expected to have a significant effect on the financial statements of the Social Fund, except for:

- AASB 15 Revenue from Contracts with Customers, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised, and is mandatory for the Social Fund's 2019 financial statements; and
- AASB 16 Leases, which requires companies to bring most operating leases on-balance sheet and becomes mandatory for the Social Fund's 2020 financial statements.

The Social Fund does not plan to adopt these standards early and the extent of their impact has not yet been determined.

(w) Changes in accounting policies

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

Adoption of revised AASB 9 Accounting Standard: Financial Instruments

The Social Fund has elected to early adopt Accounting Standard AASB 9 Financial Instruments from 1 July 2015. AASB 9 requires that an entity classify its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. An election is to be made as to whether fair value gains or losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The Social Fund has made an irrevocable decision on initial recognition to present gains and losses on investments in equity and hybrid instruments that are not held for trading in other comprehensive income.

Gains and losses on equity investments are recognised in other comprehensive income. There is no transfer of other impairment losses from the fair market investment reserve to profit or loss.

The transition provisions of AASB 9 require the standard to be applied retrospectively but it cannot be applied to investments that were disposed of prior to the initial application date of 1 July 2015. Therefore investments that were sold prior to 1 July 2015 have been accounted for under the previous standard AASB 139 in profit or loss. The adoption of AASB 9 did not result in changes to opening balances at 1 July 2015.

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

	NOTE	2016 \$'000	2015 \$'000
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenue from rendering of services:			
Government grants		152,964	145,985
Fee for service—Government Funding		28,889	41,262
Resident contributions and patient fees		21,167	19,332
		203,020	206,579
Other revenue from ordinary activities:			
Revenue from trading and rent		114,279	108,524
Other donations received—other than from the Red Shield Appeal		2,626	2,502
		116,905	111,026
Total revenue from ordinary activities		319,925	317,605
3. ALLOCATIONS (TO)/FROM CAPITAL FUNDS			
Allocations have been made (to)/from the following capital funds, excluding working capital:			
Property contributions fund	14(a)	4,129	3,592
Reserves	14(a)	(5,205)	(8,091)
Trusts and special purpose funds	14(a)	(4,200)	–
Legacies	14(a)	(11,011)	(17,688)
		(16,287)	(22,187)
		\$	\$
4. AUDITORS' REMUNERATION			
<i>Audit Services</i>			
Auditors of the Social Fund			
KPMG Australia		300,700	306,736
<i>Other Services</i>			
Auditors of the Social Fund			
KPMG Australia		–	41,599

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

	2016	2015
	\$'000	\$'000
5. RED SHIELD APPEAL DONATIONS		
Donations		
Victoria	20,920	20,059
South Australia	4,619	5,152
Western Australia	8,592	8,688
Tasmania	2,033	2,359
Northern Territory	508	512
	36,672	36,770
Less: Expenses	(10,916)	(11,367)
Net Revenue Available for Distribution/Allocations	25,756	25,403
Distribution/Allocations		
Social programme deficits:		
Out-of-home care	1,279	973
Addictions, alcohol and other drugs	3,549	4,054
Family violence	1,119	1,074
Housing and homelessness	6,144	6,431
Community support services	11,607	11,420
Chaplaincy	5,433	4,888
Emergency services	786	576
Other	2,444	1,947
Social services and community programmes total	32,361	31,363
Less: Funding provided outside of Red Shield Appeal—Note 1.	(11,288)	(9,926)
	21,073	21,437
Capital Appeals	102	86
Other Emergency Appeals	794	2
Donor designated gifts	3,787	3,878
Total Distribution/Allocations	25,756	25,403

Note

1. The 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	2016 \$'000	2015 \$'000
5. RED SHIELD APPEAL DONATIONS (continued)		
Victorian Bushfire Appeal		
Amount set aside within reserves at 30 June 2015 for commitments beyond 30 June 2015	242	342
Transfer to Victorian Disaster Relief Reserve	(174)	-
Expenditure in 2015/16	(68)	(100)
Amount set aside within reserves at 30 June 2016 for commitments beyond 30 June 2016	-	242
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 Social Fund. Interest of \$3,200 (2015: \$7,000) was allocated to this reserve during 2016, and the Disaster Relief Reserve has a balance of \$953,000 at 30 June 2016 (2015: \$1,063,000).		
6. CASH		
Cash on hand	176	181
Cash at bank	6,687	3,134
	6,863	3,315
7. RECEIVABLES AND OTHER ASSETS		
Current		
Prepayments	907	711
Accommodation Bond Rollovers	3,120	4,396
Sundry debtors (including deferred consideration)	12,570	9,071
	16,597	14,178
Non-current		
Accommodation Bond Rollovers	17,506	15,279
Sundry debtors (including deferred consideration)	4,111	3,893
	21,617	19,172

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 embedded provision for bad debts for both specific losses and collective losses amounts to \$8,000 (2015: \$10,000).

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

	2016 \$'000	2015 \$'000
8. OTHER FINANCIAL ASSETS		
Current		
Short-term deposits	36,332	44,356
Non-current		
Unlisted units in managed investment funds	142,421	140,678
Hybrid and fixed interest securities	30,390	18,759
Other	470	654
	173,281	160,091
	209,613	204,447
9. INVENTORIES		
Raw materials and stores	408	232
Work in progress	9	11
Finished goods	898	957
	1,315	1,200
10. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land and Buildings		
Freehold land at cost	38,029	36,791
Buildings at cost	239,308	239,345
Accumulated depreciation	(56,449)	(53,347)
	182,859	185,998
Total Freehold Land and Buildings	220,888	222,789
Leasehold Property		
At cost	14,950	13,165
Accumulated depreciation	(9,773)	(9,999)
Total Leasehold Land and Buildings	5,177	3,166
Building Schemes in Progress—at cost	268	551
Motor Vehicles		
At cost	5,520	4,902
Accumulated depreciation	(4,020)	(3,933)
Total Motor Vehicles	1,500	969

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

	2016 \$'000	2015 \$'000
10. PROPERTY, PLANT AND EQUIPMENT (continued)		
Plant and Equipment		
At cost	30,527	30,169
Accumulated depreciation	(19,153)	(20,189)
Total Plant and Equipment	11,374	9,980
Total Property, Plant and Equipment Net Book Value	239,207	237,455
Social Fund freehold/leasehold land and buildings of \$226,065,000 (2015: \$225,955,000) are funded through the Property Contributions Fund (excluding building schemes in progress funding) of \$217,253,000 as at 30 June 2016 (2015: \$218,456,000). The remaining balance is funded from the following sources:		
Interest-free loans	5,900	6,100
Social Fund freehold properties—unfunded	2,912	1,399
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	222,789	220,216
Additions (transfers from Building Schemes in Progress—Cost)	5,835	8,367
Transfer to Land and Buildings held for sale	(215)	(558)
Disposals	(2,710)	(566)
Depreciation	(4,811)	(4,670)
Carrying amount at end of year	220,888	222,789
Leasehold Property		
Carrying amount at beginning of year	3,166	4,754
Additions (transfers from Building Schemes in Progress—Cost)	201	75
Other Additions	4,546	23
Depreciation	(2,736)	(1,686)
Carrying amount at end of year	5,177	3,166
Building Schemes in Progress—Cost		
Carrying amount at beginning of year	551	5,520
Additions	6,076	4,184
Transfers to Freehold Land and Buildings/Leasehold Property	(6,036)	(8,442)
Transfers to Plant and Equipment	(323)	(711)
Carrying amount at end of year	268	551
Motor Vehicles		
Carrying amount at beginning of year	969	1,137
Additions	820	148
Depreciation	(289)	(316)
Carrying amount at end of year	1,500	969

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

	NOTE	2016 \$'000	2015 \$'000
10. PROPERTY, PLANT AND EQUIPMENT (continued)			
Plant and Equipment			
Carrying amount at beginning of year		9,980	9,172
Additions		4,342	3,656
Disposals		-	(6)
Depreciation		(2,948)	(2,842)
Carrying amount at end of year		11,374	9,980
11. PAYABLES			
Current			
Sundry creditors and accruals		22,497	22,635
Prepaid government funding		6,806	10,185
		29,303	32,820
12. EMPLOYEE BENEFITS			
Current			
Employee entitlements		21,495	19,956
Non-current			
Employee entitlements		2,868	2,478
<p>The Social Fund contributed \$16,570,000 (2015: \$15,940,000) on behalf of employees to the superannuation plans of their choice, in accordance with superannuation guarantee legislation.</p>			
Amounts not expected to be settled within the next 12 months			
<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>			
Long service leave obligation not expected to be settled after 12 months		6,593	6,152
13. PROVISIONS			
Current			
Accommodation bond rollovers	1(h)	1,465	1,377
Care Leavers claims	21(b)	2,500	1,300
		3,965	2,677

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

	NOTE	2016 \$'000	2015 \$'000
13. PROVISIONS (continued)			
Non-current			
Accommodation bond rollovers	1(h)	9,103	8,271
Care Leavers claims	21(b)	3,000	2,650
Make good of leased premises	1(l)	368	248
		12,471	11,169
14. CAPITAL FUNDS			
(a) Movements in Capital Funds			
Property Contributions Fund			
Opening Balance		219,695	222,930
Net Transfers		3,239	357
Allocations from working capital fund	3	(4,129)	(3,592)
Closing balance		218,805	219,695
Reserves			
Opening Balance		138,102	117,605
Net Transfers		9,590	11,241
Transfer (from)/to Fair Market Reserve		(6,393)	1,165
Allocations to working capital fund	3	5,205	8,091
Closing balance	14(c)	146,504	138,102
Trusts and Special Purpose Funds			
Opening Balance		5,864	7,378
Net Transfers		(158)	(1,514)
Allocations from working capital fund	3	4,200	-
Closing balance	14(d)	9,906	5,864
Legacies			
Opening Balance		31,599	23,995
Net Transfers		(12,671)	(10,084)
Allocations from working capital fund	3	11,011	17,688
Closing balance		29,939	31,599
Working Capital Fund			
Opening Balance		3,053	2,429
Operating surplus/(deficit) before allocations		17,996	22,811
Allocations from other capital funds	3	(16,287)	(22,187)
Closing balance		4,762	3,053

(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 Social Fund. 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 Social Fund.

	2016	2015
	\$'000	\$'000
(c) Reserve Balances		
Board Designated Funds		
Property development	25,322	15,138
Training	2,072	2,072
Social programme enhancement and development	25,871	25,753
Capital asset contribution	5,620	5,672
Planned maintenance	10,063	9,391
Asset replacement	8,378	7,760
Aged care reserves	23,376	20,563
Capital projects funding	4,426	3,356
Future Fund	19,099	12,667
Employment and training	(3,885)	3,974
Fair Market Investment Reserve	18,097	22,393
Other	8,065	9,363
	146,504	138,102

These balances are amounts set aside by the Territorial Finance Council to meet realistic, planned or anticipated needs for the Social Fund, 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.

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 Australia Southern Territory, 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 Social Fund has established a 'Future Fund', to which a significant legacy received in 2015 and 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 The Salvation Army Employment Plus beyond the current job network contract period. The Salvation Army Employment Plus incurred a loss for the year ended 30 June 2016. Financial modelling, based on expected caseloads and outcome fees in accordance with the *jobactive* contract, indicates that first year losses will be recouped during the term of the five year contract.

Fair Market Investment Reserve

This balance represents the unrealised gains and losses on unlisted units held in managed investment funds as at 30 June 2016.

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

	2016 \$'000	2015 \$'000
Special purpose trusts	2,619	2,521
Salvation Army Housing surpluses	3,669	-
Emergency appeals	747	624
General deposits	2,582	2,354
Building deposits	289	365
	9,906	5,864

The Social Fund 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 Social Fund until they are expended on the purpose specified by the donors. There can be no change of purpose of any amount donated without reference to the person or organisation that set the conditions. An explanation of the purpose of each special purpose reserve is provided below.

Special Purpose Trusts

The Social Fund 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.

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

14. CAPITAL FUNDS (continued)

Salvation Army Housing Surpluses

This balance represents surplus funds held within Salvation Army Housing for future use within this entity as determined by its Board of Directors.

Emergency Appeals

The Social Fund has received funds from donors for specific emergency appeals, mainly for Victorian bushfire relief. These relief efforts will continue well beyond 30 June 2016 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 (Victoria) Property Trust (ABN 64 472 238 844)	Salvation Army Housing Limited (ABN 59 608 346 934)
The Salvation Army (Tasmania) Property Trust (ABN 94 917 169 560)	Salvation Army Housing (Victoria) (ABN 85 133 724 651)
The Salvation Army (South Australia) Property Trust (ABN 13 320 346 330)	
The Salvation Army (Western Australia) Property Trust (ABN 25 878 329 270)	
The Salvation Army (Northern Territory) Property Trust (ABN 65 906 613 779)	

Donations of two dollars (\$2) or more given to the following funds, which are Deductible Gift Recipient (DGR) endorsed, attract income tax deductibility:

- (i) The Salvation Army (Victoria) Property Trust atf The Salvation Army (VIC) Social Work (ABN 18 730 899 453);
- (ii) The Salvation Army (Tasmania) Property Trust atf The Salvation Army (TAS) Social Work (ABN 23 860 168 024);
- (iii) The Salvation Army (South Australia) Property Trust atf The Salvation Army (SA) Social Work (ABN 45 781 882 681);
- (iv) The Salvation Army (Western Australia) Property Trust atf The Salvation Army (WA) Social Work (ABN 92 646 174 644); and
- (v) The Salvation Army (Northern Territory) Property Trust atf The Salvation Army (NT) Social Work (ABN 34 413 960 392).

The Salvation Army Red Shield Appeal is operated under the above state-based DGR entities.

	2016	2015
	\$'000	\$'000
16. INTEREST-FREE LOANS		
Current		
Accommodation Bonds—amortisable	35	71
Accommodation Bonds—refundable	2,315	1,603
Unsecured Loans	200	200
	2,550	1,874
Non-Current		
Accommodation Bonds—amortisable	105	213
Accommodation Bonds—refundable	6,945	4,807
Secured Loans	4,300	4,300
Unsecured Loans	1,400	1,600
	12,750	10,920

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

16. INTEREST-FREE LOANS (continued)

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 Social Fund. 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.

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 amount relates to trust funds of \$109,000 (2015: \$118,000) held by the Social Fund on behalf of residents of various social centres.

18. COMMITMENTS

(a) Capital Commitments

The Social Fund 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:

	2016	2015
	\$'000	\$'000
Cost to complete property schemes in progress	1,441	718
Property schemes approved but not commenced as at 30 June 2016	221	317
	1,662	1,035
(b) Operating Lease Commitments		
Future operating lease rentals for properties not provided in the financial statements and payable:		
Not later than one year	25,125	21,647
Later than one year but not later than five years	43,737	42,781
Later than five years	356	213
	69,218	64,641

The Social Fund leases a number of properties under operating leases. During the year, \$19,755,000 (2015: \$19,862,000) 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.

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

19. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

The Trustees of the Social Fund 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 2016 were:

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

Trustees' Remuneration

The Trustees are officers or staff of the Social Fund, 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 may receive the use of a motor vehicle when performing work on behalf of The Salvation Army. Private use of Salvation Army motor vehicles requires post-tax contributions to be made from salary. There are no other transactions with key management personnel.

	2016	2015
	\$'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	579	385

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	2016	2015
		\$'000	\$'000
Cash	6	6,863	3,315

21. CONTINGENT LIABILITIES

a) Sale of aged care centres on 1 July 2005

On 1 July 2005, the Social Fund completed the sale of 15 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 Social Fund to the purchasers, whereby under certain circumstances, they may seek financial compensation from the Social Fund.

In addition, at the time of divesting some of its aged care centres, the Department of Health and Ageing had provided the Social Fund 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 Social Fund 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 2016, the maximum capital grant funding which would have been repayable to the Department of Health and Ageing was \$892,000 (2015: \$1,085,000).

At 30 June 2016, 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.

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

21. CONTINGENT LIABILITIES (continued)

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.

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.

The provision for care leavers claims has been based on the assessment by The Salvation Army Australia Southern Territory's legal representatives. Where a file is opened but has not advanced beyond an initial request for records, a standard provision including legal costs is allocated. Where claims have progressed beyond initial enquiries, the provisions have been based on a reasonable estimation of the settlement outcomes of each individual claim taking into account the abuse alleged, the impact of that abuse and any other factors put forward.

In addition to the provision for care leavers claims of \$5,500,000 recorded as at 30 June 2016 (refer note 13), there may be further claims lodged, for which The Salvation Army Australia Southern Territory is unable to quantify the estimated future costs of such claims. The Social Fund is unable to quantify the cost of claims incurred but not reported.

c) Capital grant funding

The Salvation Army Australia Southern Territory 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 Australia Southern Territory 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 2016, the amount repayable would have been \$15,147,000 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 Equity Trustees Limited as the sole trustee. During 2014/15, each territory provided seeding funds of \$2Mn each.

23. FINANCIAL RISK MANAGEMENT

The Social Fund has exposure to the following risks from their use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Social Fund's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Trustees of the Social Fund consider the Social Fund's risk exposure to be low from their use of financial instruments. Further quantitative disclosures are included throughout this financial report.

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

23. FINANCIAL RISK MANAGEMENT (continued)

The Social Fund has a proportion of its total assets in cash at bank and deposits at call. Management of the Social Fund regularly monitor the returns obtained on interest bearing deposits.

Credit risk

Credit risk is the risk of financial loss to the Social Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Social Fund's receivables from customers.

Trade receivables

The Social Fund's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Social Fund operates in the Australian region. The Social Fund has a concentration of transactions with reputable organisations, financial institutions and Australian governments, including the various commonwealth and state departments, accordingly limiting its credit risk.

The Social Fund has established a credit policy under which the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Social Fund does not require collateral in respect of financial assets.

The Social Fund has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance are a specific loss component that related to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Refer to note 6 'Cash', note 7 'Receivables and Other Assets' and note 8 'Other Financial Assets' for the carrying amount of the Social Fund's financial assets representing the maximum credit exposure. As at 30 June 2016 receivables 30 days past due are immaterial balance.

Exposure to credit risk

The carrying amount of the Social Fund's financial assets represents the maximum credit exposure.

The Social Fund's maximum exposure to credit risk at balance date was as follows:

	Carrying Amount	
	2016 \$'000	2015 \$'000
Cash and cash equivalents	6,863	3,315
Trade receivables	16,681	12,964
	23,544	16,279

Trade and other receivables

The ageing of the Social Fund's sundry debtors at the reporting date was:

	Gross 2016 \$'000	Impairment 2016 \$'000	Gross 2015 \$'000	Impairment 2015 \$'000
Not past due	16,681	-	12,964	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
	16,681	-	12,964	-

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

23. FINANCIAL RISK MANAGEMENT (continued)

Market risk

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 equity and hybrid securities. Management monitors the proportion of equity and hybrid securities in its investment portfolio based on market indices. The primary goal of the Social Fund's investment strategy is to maximise investment returns.

Management is assisted by JANA Investment Advisers and Crestone Wealth Management in this regard.

Exposure to market risk

The Social Fund monitors movements in equity return rates on a regular basis, and ensures that returns obtained are at market levels. No derivative contracts are used to manage market risk.

Profile

At the reporting date, the market rate profile of the Social Fund's equity financial instruments is set out in note 8.

Fair value sensitivity analysis for equity and hybrid instruments

The equity financial asset represents managed funds, Australian shares and hybrid interest rate securities. There is no material fair value impact on profit or loss, as such instruments are held through FVOCI.

Sensitivity analysis

A reasonably possible change of 100 basis points in returns at the reporting date would have increased/(decreased) equity and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant.

	Other comprehensive income/equity	
	1% Increase \$'000	1% Decrease \$'000
2016		
Equity rate instruments	1,733	(1,733)
	<u>1,733</u>	<u>(1,733)</u>
2015		
Equity rate instruments	1,600	(1,600)
	<u>1,600</u>	<u>(1,600)</u>

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.

Exposure to liquidity risk

Liquidity risk is the risk that the Social Fund will not be able to meet its financial obligations as they fall due. The Social Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Social Fund's reputation.

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

23. FINANCIAL RISK MANAGEMENT (continued)

The Social Fund monitors its cash flow requirements and ensures that it has sufficient cash on demand to meet expected operational expenses.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount \$	Contractual Cash Flows \$	12 months or less \$	1–2 years \$	More than 2 years \$
30 June 2016					
Non-derivative financial liabilities					
Trade and other payables	(22,497)	(22,497)	(22,497)	–	–
Interest free loans	(15,300)	(15,300)	(2,550)	(7,250)	(5,500)
	<u>(37,797)</u>	<u>(37,797)</u>	<u>(25,047)</u>	<u>(7,250)</u>	<u>(5,500)</u>
30 June 2015					
Non-derivative financial liabilities					
Trade and other payables	(22,635)	(22,635)	(22,635)	–	–
Interest free loans	(12,794)	(12,794)	(1,874)	(5,220)	(5,700)
	<u>(35,429)</u>	<u>(35,429)</u>	<u>(24,509)</u>	<u>(5,220)</u>	<u>(5,700)</u>

24. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustees of the Social Fund, to affect significantly the operations of the Social Fund, the results of those operations, or the state of affairs of the Social Fund, in future financial years.

The Salvation Army Australia Southern Territory Social Fund Trustees' Declaration

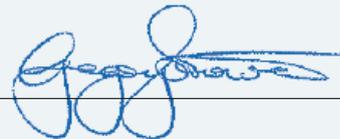
In the opinion of the Trustees of The Salvation Army Australia Southern Territory Social Fund ('Social Fund'):

- (i) The accompanying financial statements and notes set out on pages 56 to 83 are drawn up so as to present a true and fair view of the financial position of the Social Fund as at 30 June 2016 and the results of its operations and its cash flows for the year then ended;
- (ii) The operations have been carried out in accordance with *The Salvation Army—Social Trust Deed* of 1920;
- (iii) The financial statements comply 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:



Graeme L Rigley, Colonel
Chief Secretary-in-Charge
TRUSTEE



Gregory F Stowe
Chief Financial Officer
TRUSTEE

Dated at Melbourne this 25th day of October 2016.



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 2016, 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 24 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 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 2016 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

25 October 2016



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

To: the trustees of The Salvation Army Southern Territory 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 2016 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
25 October 2016

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CORPORATE PARTNERS

South Australia

Adelaide Crows Children's Foundation
Adelaide Hatters
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
State Government of South Australia
Westpac Banking Corporation

Tasmania

ABC Giving Tree
Anaconda
Bendigo Bank
Big W Glenorchy
Budget Car Rental
Colin Bisdée Trust
Examiner Newspaper
Federal Group
Hotel Grand Chancellor Hobart
IGA
Jessica Lord Foundation
JLL
Knight Frank
MRA Toy Run
R.F & R.E Cane Charitable Trust
Scene Change
Shannons Classic Car
Southern Cross Media
Tasmanian Community Fund
Tasmanian Police
Tasmanian State Government
TasNetworks
Tasplan
University of Tasmania
WD Booth Estate
Workskills

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
Grenet Foundation Ltd
The G W Vowell Foundation Limited
The Hugh Williamson Foundation
JLL
John and Betty Laidlaw

Kmart Australia Ltd
Lionel R.V. Spencer Trust,
managed by Perpetual
Lord Mayor's Charitable Foundation
The Marian & E.H. Flack Trust
McConnell Dowell Corporation
Melbourne Airport
The Miller Foundation
Myer Community Fund
Orloff Family Charitable Trust
R. M. Ansett Trust
Scobie & Claire MacKinnon
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
Austal
Bendigo Bank
BHP Billiton Iron Ore Pty Ltd
Bunnings Group Ltd
Burning Bush Resources
Channel Nine Perth
Community Enterprise Foundation
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The Constantine Family Foundation
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Dale Alcock Homes
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PEK Nominees Pty Ltd
Perth Airport
Perth Arena
Printforce
The Ragdoll Foundation Pty Ltd
Real Estate Institute of WA
The Richardson Foundation
Rollason Pty Ltd
Sirus Pty Ltd
Solid Gold
Southern Cross Austereo
The Stan Perron Charitable Trust
State Government of Western Australia
The Theodore & Isabella Wearne
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Australia Southern Territory

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