



**Royal Australian Air Force
Veterans' Residences Trust**

**Annual Report
2022 - 2023**

ABN: 40 594 141 285

MEMBERS OF THE TRUST

ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST

Mr D.E. Tindal AM

Mr P.L. Finkelstein RFD LLB

Wing Commander M.S. Oakden RAAF

Wing Commander M.L. McPhail RAAF

ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST

OUR PURPOSE

'...provision of accommodation and support...'

to necessitous Royal Australian Air Force veterans



The Trust's apartments at 32 Primrose Street, Sherwood, Qld

**Australian Government****Royal Australian Air Force
Veterans' Residences Trust****Ground Floor, Building L474
RAAF Williams
LAVERTON VIC 3028
Tel: 03 9254 8446
Email: raaf.vrt@defence.gov.au**

The Hon. Matt Keogh MP
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister,

MEMBERS OF THE TRUST REPORT

1. The Royal Australian Air Force Veterans' Residences Trust has pleasure in furnishing our Annual Report. This report describes the performance and administration of the Trust for the year ending 30 June 2023, as required by Section 46 of the *Public Governance, Performance and Accountability Act 2013* (Cth).
2. Consistent with the purpose of the Royal Australian Air Force Veterans' Residences Act 1953, the Trust continues to modernise its offered accommodation whilst sustaining an effective preventative maintenance program. These actions, appreciated by our clients, preserve Trust assets, and enhance our clients' quality of life, safety and peace of mind.
3. In recent years the Trust has undertaken major maintenance projects to raise the standard of Trust assets. During 2022-23, refurbishments were completed in Sandringham, Victoria, and Elizabeth Park in South Australia. Apart from these projects, the Trust promptly responds to repairs and general maintenance requests to maintain the integrity of Trust assets. The benefits of this approach are evident as no major corrective maintenance was necessary during 2022-23.
4. Where eligible RAAF veterans are not on waiting lists, the Trust provides accommodation to veterans of other Services and members of the general public. Such practice maintains the Trust's financial viability without disadvantaging eligible RAAF veterans. Australian Government Solicitor advice has provided clarity on the circumstances in which non-eligible persons can be provided Trust tenancies.
5. As at 30 June 2023, the Trust's 75 apartments had a 100% occupancy rate.
6. The audited Trust financial statements for 2022-23 revealed Total Comprehensive Income of \$46,287. The surplus on operations was \$7,696 and Other Comprehensive Income captured the revaluation of Trust properties, which decreased property values by \$87,025, but offset by the removal of a depreciation charge of \$125,616 to increase the Asset Revaluation Reserve by \$38,591. The audited financial statements are attached to the Trust's Annual Report. Noteworthy financial results are indicated in the Annual Performance Statements.

7. The Trust advises that during 2022-23 the financial records were subjected to an Australian National Audit Office financial statement audit.

8. The Trust is classified as a Public Benevolent Institution through the Australian Charities and Not-for-Profits Commission. This classification enables the Trust to gain Deductible Gift Recipient (DGR) status from the Australian Taxation Office and other tax concessions. The Trust has the option to use the DGR classification to attract an additional revenue stream from donors who are sympathetic to the welfare of veterans.

9. In this Annual Report we have included the most recent (2011), but outdated, Statement of Ministerial Expectations, and the Trust's Statement of Intent in response.

10. The Trust expresses our thanks and appreciation to our staff, audit committee, each State advisory panel, managing agents, Defence personnel, ex-Service organisations, our tenants, and all others directly and indirectly involved for their valuable contributions and participation that has contributed to the successful operation of the Trust during the year.

Yours sincerely,



D.E. Tindal AM
Trust Chair

13 September 2023

REPORT OF OPERATIONS

Certification

This Report of Operations is submitted in accordance with a resolution of the Trust made on 13 September 2023, and which acknowledges that it is responsible under Section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), for the preparation and content of this report.

Enabling Legislation

Royal Australian Air Force Veterans' Residences Act 1953 (Cth), as amended.

Responsible Minister

Minister for Defence Personnel - The Hon. Matt Keogh MP.

Incorporation Purposes and Powers

Incorporation - Section 7(1)

The Trust is a body corporate with perpetual succession and a common seal and is capable of acquiring, holding and disposing of real and personal property and of suing and being sued in its corporate name.

Purpose - Section 4

The purpose of the Trust fund is the provision of a residence or residences in which eligible persons who are in necessitous circumstances, and, if the Trust so approves, the dependants of such eligible persons, may be accommodated or supported.

Powers - Section 8(1)

The Trust may, at such time and in such manner as, in its discretion, it determines, apply moneys or property forming part of the Fund for the purpose of the Fund, and do all other things necessary or convenient for, or incidental to, the carrying out of that purpose.

Annual Performance Statement

Introductory statement

The Royal Australian Air Force Veterans' Residences Trust presents the 2022-23 annual performance statement as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the Trust, and complies with subsection 39(2) of the PGPA Act.

Purpose of the Royal Australian Air Force Veterans' Residences Trust

The purpose of the Trust as stated in the Trust's 2022-23 Annual Plan, is to provide accommodation, and other forms of accommodation-related support for former Royal Australian Air Force personnel and their dependants, who are in necessitous circumstances.

Results

Performance criteria

The Trust recognises the value of measuring its performance through the regular review of Key Performance Indicators. The Trust KPIs measure:

- Financial Performance;
- Demand Satisfaction.
- Asset Quality.
- Client Satisfaction; and
- Owner (Commonwealth government) happiness.

An explanation of these KPIs is provided in Annex B of the Trust's 2022-23 Annual Plan.

KPI evaluation

- Financial Performance: The three components for financial performance had satisfactory results during 2022-23. The *revenue to budget* component revealed revenue exceeded budget by 0.04%, with *expenditure to budget* over budget by 5.1% due to increased costs of materials for repairs and maintenance work. The third component - *cash at hand*, decreased by 41.1%, but after allowing for the withdrawal of \$200,000 of excess operational funds to establish an additional term deposit, cash assets increased by 22.3% (\$70,354).
- Demand Satisfaction: The four components for demand satisfaction aim to provide a snapshot of the Trust's capacity to satisfy demand for accommodation for Trust apartments.

The *occupancy* component assesses a national occupancy rate of apartments as at 30 June each year. As at 30 June 2023, all seventy-five Trust apartments were occupied.

The *general public tenant* component provides the percentage of tenanted members of the general public. As at 30 June 2023, 23% of Trust apartments were occupied by such tenants. This result is higher than desired with the Trust investigating means to increase the number of tenanted RAAF veterans.

The *waiting list* component indicates the number of applicants that have applied for Trust accommodation. There were a total of seven applicants on the national waiting list at 30 June 2023, of which five were eligible RAAF applicants. Victoria was in greatest demand, followed by Queensland, New South Wales, South Australia and Tasmania.

The *RAAF Client* component provides the percentage of residents that meet the eligibility criteria as described in the Trust's enabling legislation. As at 30 June 2023, there were 54% or 41 apartments occupied by RAAF clients. Other ADF and foreign allies' residents account for 23% or 17 apartments.

- Asset Quality: In recent years the Trust has focused on improving the quality of its accommodation to meet modern standards. The asset quality KPI provides a guide to the condition of Trust properties by recording *site upkeep costs* and *condition of apartments*.

Site upkeep costs include repairs, maintenance and refurbishment expenditure for all Trust apartment locations. This information assists the Trust by providing a data set to identify where Trust resources can be targeted to achieve the best outcome. The *condition of apartment* component is currently assessed by recording the number of full or partially refurbished apartments during the last ten years. During 2022-23, two apartment refurbishments were completed, bringing the total of refurbishments to twenty-eight during the last ten years. Apartment inspections by Trust representatives restarted during the last quarter of the 2022-23FY and provided a more accurate assessment of the condition of the apartments in Tasmania and Victoria. The remaining apartment locations in NSW, Qld and SA will be visited during the second half of 2023.

- Client Satisfaction: To determine whether tenants are satisfied with their residency, the Trust has trialled various methods to obtain meaningful tenant views. The Trust's policy of responding to residents' concerns in a timely manner regularly receives comments of appreciation from residents. As a result of the Trust maintaining its properties in good condition and promptly addressing residents' concerns, the residents are more likely to show a duty of care towards their apartment and surrounds.
- Owner Happiness: As a corporate Commonwealth entity, the Trust monitors owner happiness by recording instances of *legislative non-compliances*, *positive comments* and *negative comments*. In November 2022 the Australian National Audit Office tabled an audit finding challenging the independence of Trustees who are also members of the Audit Committee. No other legislative non-compliances, positive or negative were received from Government.
- During 2022-23 the Trust has complied with its legislative responsibilities and received no negative or positive comments from government, but the Trust has received from the Australian National Audit Office a negative comment regarding the independence of an Audit Committee member.

Analysis of performance against Purpose

During 2022-23, the Trust continued to ensure its operations are focused on accomplishing its purpose of providing accommodation, and other forms of accommodation related support to former Royal Australian Air Force personnel and their dependants, who are in necessitous circumstances.

In order for the Trust to fulfil its purpose, the performance achievements during 2022-23 have been:

- prudent management of financial resources;
- continued improvement of accommodation standards;
- a continued high occupancy rate;
- a duty of care to Trust tenants and staff.

The Trust is a small niche-provider of accommodation and accommodation support services within the much larger social welfare systems managed by Commonwealth and State governments. In order for the Trust to continue to provide valuable accommodation support to RAAF veterans and their dependants, the main internal and external factors that will influence the Trust's performance and capacity to achieve its purpose are:

- the continued ability to retain volunteer Members of the Trust;
- ongoing support by the Department of Defence; and
- the continued ability to maintain financial viability.

Other Performance Information

The financial viability of the Trust and the substance of the Trust's ability to fulfil its responsibilities under the *Royal Australian Air Force Veterans' Residences Act (Cth) 1953*, as amended, depend on a small number of essential factors. These are:

- Effective liaison with Department of Veterans' Affairs and leading ex-Service Organisations to inform ex-Service veterans of the existence and purpose of the Trust;
- A regular flow of applications from eligible persons seeking accommodation provided by the Trust;
- A stable occupancy rate of accommodation to ensure consistency of rental receipts from year to year;
- A controlled level of expenditure on repairs and maintenance; and
- A rational approach regarding the acquisition and development of properties commensurate with financial resources and the demands of those who are eligible and in need.

REVIEW OF OPERATIONS

Location of Major Activities and Facilities

The Trust owns 75 apartments. They are located at:

<u>Address</u>	<u>No of Apartments</u>
10 Greenbank Street, CHERMSIDE, QLD	8
32 Primrose Street, SHERWOOD, QLD	12
23 Cecil Street, ASHFIELD, NSW	11
94 Ninth Avenue, CAMPSIE, NSW	12
29-31 Brighton Street, SANDRINGHAM, VIC	20
126 Yorktown Road, ELIZABETH PARK, SA	9
4 McRobies Road, HOBART, TAS	3

With the exception of the Brisbane and Hobart apartments, which are all two-bedroom, accommodation at all other locations generally comprise of a combination of one and two-bedroom self-contained apartments. The Trust also has two three-bedroom apartments at Sandringham.

In each State, except Victoria, the Trust has appointed an Advisory Panel or liaison contact, who advise the Trust Manager on details of prospective tenants, tenant issues and

maintenance needs. In addition, apart from Victoria, managing real estate agents have been appointed for most locations to collect rental income and to provide management services and building maintenance advice.

The States that have an Advisory Panel are closely associated with ex-Service Organisations in their State, and it is from this relationship that a majority of applications for tenancy are generated.

Persons to be accommodated are determined by the Trust Manager based on their eligibility, degree of need and their ability to live independently. Initially, tenants are charged rental based on a sliding scale that is related to their eligibility criteria, and all rentals are reassessed annually, on 1 January, in line with increases in the amounts payable by Centrelink/Veterans Affairs, for the Single rate of the Age Pension. The Trust does not provide welfare or medical services.

Subsidiaries

The Trust has no subsidiaries.

Acquisition of Properties

The Trust did not purchase any properties during 2022-23.

Judicial/Ministerial Decisions

There have been no judicial decisions from any court, Commonwealth Ombudsman, Parliamentary Committees, responsible Minister, other Ministers or general policies of the Australian Government by the responsible Minister under the *Public Governance, Performance and Accountability Act (Cth) 2013*, which impact on the operations of the Trust. The Auditor-General Report No. 8 2022–23 *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022* highlighted a moderate audit finding on Audit Committee independence which is being resolved by the Trust.

SPECIFIC INFORMATION

Members of the Trust and Staff

Members of the Trust

D.E. Tindal AM

(Returned and Services League of Australia Nominee)

Qualifications:

PhD, MEngSci, MA, MHistory, BA, BE (Hons), DipLaw, GradDipMgtSt.

Responsibilities:

Trust Chair

Mr P.L. Finkelstein RFD LLB

(Air Force Association Nominee)

Qualifications:

Bachelor of Laws (LLB).

Responsibilities:

Member of the Trust

WGCDR M.S. Oakden RAAF

(Chief of Air Force Nominee)

Qualifications:

Bachelor of Engineering (Aeronautical), Master of Engineering Science, CPEng.

Responsibilities:

Member of the Trust and Member of Audit Committee.

WGCDR M.L. McPhail RAAF

(Chief of Air Force Nominee)

Qualifications:

Bachelor of Arts (Journalism), GradCert Vocational Education & Training.

Responsibilities:

Deputy of RAAF-nominated Member of the Trust and Chair of Audit Committee.

Meetings

During 2022-23, the Trust held four meetings.

<u>Member</u>	<u>Participation</u>
Mr D.E. Tindal	4
Mr P.L. Finkelstein	4
WGCDR M.S. Oakden	4
WGCDR M. McPhail	3

Staff

The Trust has a full-time Manager, and part-time Assistant Manager.

Manager	Mr W.R. Bingham
Assistant Manager	Mrs K.L. Stewart

Contact Addresses

The Manager
Royal Australian Air Force Veterans' Residences Trust
Ground Floor - Building L474
RAAF Williams
LAVERTON VIC 3028
Telephone: (03) 9254 8446 or (03) 8850 1053
Web Page:
www.airforce.gov.au/community/members-and-veterans/veterans-residences-trust
E-Mail raaf.vrt@defence.gov.au

Statement of Governance

The Trust is governed by the Members of the Trust and Trust affairs are managed by the staff. Members of the Trust receive no remuneration from the Trust. The Trust usually meets at three-monthly intervals. In addition, much Trust business is transacted 'out of session'.

The only other board or committee formed to assist the Trust is its Audit Committee.

Audit Committee

An Audit Committee was established by the Trustees during 2009-10. During 2022-23 the Audit Committee met on three occasions. The RAAFVRT Audit Committee Charter can be accessed via the following website link:

www.airforce.gov.au/community/members-and-veterans/veterans-residences-trust

The Audit Committee comprises the appointees listed below. The Air Force members' qualification are listed in the previous section and additional qualifications, skills and experience relevant to Audit Committee responsibilities are noted below:

WGCDR M.L. McPhail
Audit Committee Chair

Experience and skills: As a senior Air Force Personnel Capability Officer with more than 20 years' experience, including military family liaison roles, WGCDR McPhail brings a strong background in governance and management and a genuine appreciation of the work of the Trust. WGCDR McPhail is also conversant with financial management reporting.

WGCDR M.S. Oakden
Audit Committee Secretary

Experience and skills: As a Trustee for ten years, WGCDR Oakden brings a good understanding of the Trust's operating context and insight into how the entity runs. As a senior Air Force Engineering Officer with 20 years' experience, she also brings a strong background in regulatory compliance and is conversant with financial management reporting.

Mrs Amanda Griffith

Independent Member

Qualifications: Bachelor of Business (Accounting and Management)(Honours), Chartered Accountant

Experience and skills: With more than 20 years' experience in both chartered accounting and financial management environments, Mrs Griffith brings significant technical expertise, a comprehensive understanding of accounting and auditing standards, financial reporting, and external and internal audit functions.

The Independent Member was paid \$7,350 in 2022-23 for the provision of Audit Committee services (2021-22: \$11,250). No other member receives remuneration for their Audit Committee services.

Indemnities and Insurance Premiums for Officers

No indemnities have been given to either current or former officers against a liability. The Trust has arranged for Directors' and Officers' insurance coverage with Comcover, with the related insurance premiums met from the Trust Fund.

Commonwealth Fraud Control Policy

The Trust is a Corporate Commonwealth Entity and is not obliged to comply with the provisions of the Commonwealth Fraud Control Policy and Guidelines under the Commonwealth Fraud Framework. However, the Trust is bound under section 10 of the *Public Governance, Performance and Accountability Rule 2014* to set out the key requirements of fraud control and will observe the spirit and apply the principles contained in the Commonwealth Guidelines.

Commonwealth Disability Strategy

The Members of the Trust are cognisant of the provisions of the *Commonwealth Discrimination Act 1982*, as amended. All accommodation provided to persons having disabilities are modified, when requested, to enable better enjoyment of their tenancy. The Trust evaluates proposals from tenants and/or their representatives to ascertain whether the proposed changes are an acceptable, practical and affordable level of modifications to Trust property.

Summary of Operations

The Trust is an income tax exempt charity (as classified by the Australian Taxation Office) and has operated in this capacity since its establishment in 1953. In 2014 the Trust was classified as a Public Benevolent Institution by the Australian Charities and Not-for-Profits Commission and endorsed as a Deductible Gift Recipient by the Australian Tax Office. Both of these advances are expected to assist the Trust in developing additional financial resources for the benefit of veterans and their families.

Finances have been carefully managed with the intention of improving accommodation to modern standards, meeting maintenance requirements for the future and resourcing Trust programs to extend the reach of Trust's residential services to veterans.

The Statement of Comprehensive Income revealed a surplus in continuing operations of \$7,696 in 2022-23. Revenue from all sources increased by \$39,430 to \$708,752, an increase of 5.9%. The increase in revenue is primarily attributed to interest income from the \$1,200,000 term deposit.

Trust expenditure for 2022-23, after non-cash depreciation expenses are removed, decreased by \$103,444 in comparison to expenditure in 2021-22. The primary reason for less expenditure in 2022-23 was a one-off infrastructure charge of \$107,271 in 2021-22 for the Brisbane Redevelopment Project. As at 30 June 2023, there were no vacancies nationwide at all eight Trust properties, and therefore a 100% occupancy rate.

The Trust completed the 2022-23 year with cash reserves of \$1,385,604, of which \$1,200,000 was invested in Term Deposits, and \$185,604 available for ongoing operations. During 2022-23 there has been an increase in cash assets of \$70,354 in comparison to 2021-22. Trust operations have continued to focus on upgrading Trust properties to bring them up to required standards.

The completion of the Brisbane Redevelopment Project in 2019 has had a positive effect in reducing maintenance and refurbishment expenditure in future years. Given the remaining 73% of the Trust's property portfolio in other states are at least fifty years old, the Trust will continue to invest significant financial resources in future years into their maintenance, refurbishment and redevelopment. This program will incur expected increases in expenditure but will not affect the viability of the Trust.



D.E. Tindal AM
Chair of Members of the Trust

13 September 2023

Notes:

1. The Trust has complied with annual report requirements prescribed in sections 17BA to 17BF of the PGPA Rule that apply to accountable authorities of all Corporate Commonwealth entities, as defined in section 11 of the PGPA Act.
2. Members of the Trust - Appointed by and hold office at the pleasure of the Minister.
Staff - Appointed by and hold office at the pleasure of the Trust.

Appendix A

STATEMENT OF EXPECTATIONS FOR THE
ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST

Chairman
Royal Australian Air Force Veterans' Residences Trust

- 7 SEP 2011

This statement formally outlines my expectations concerning the operations and performance of the Royal Australian Air Force Veterans' Residences Trust Fund (RAAFVRT).

The Australian Government's vision for the RAAFVRT is that it will be a fund which supports Air Force veterans and their dependants in necessitous circumstances by providing subsidised housing.

As Chairman, you are to ensure that the RAAFVRT keeps me fully informed of any significant events or issues that may impact on its operations. All communication provided to me is to be forwarded, in parallel, to the Department of Defence.

My expectations for the Board of Trustees are that it will ensure that the RAAFVRT:

1. operates in accordance with relevant legislation (including the *Royal Australian Air Force Veterans' Residences Act 1953* and the *Commonwealth Authorities and Companies Act 1997*);
2. complies with government policy, as applicable, including the adherence to directions made by the Finance Minister, as promulgated in the Finance Minister's Orders, Estimates Memoranda and Finance Circulars;
3. provides the Finance Minister, through the Secretary of Finance and Deregulation and to me its Compliance Report;
4. assists the Department of Defence in the efficient management of the Defence portfolio through the provision of accurate, timely and relevant information, as requested;
5. is a welfare organisation that encourages continuous improvement practices, is financially independent and ensures the long term sustainability of housing services for Royal Australian Air Force Veterans in necessitous circumstances;
6. in response to this Statement of Expectations, provides me with its Statement of Intent and make both Statements publicly available;
7. provides me with its quarterly and annual financial statements, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force and the Chief of Air Force;
8. adopts best practice governance principles and implement risk management strategies as determined by the Commonwealth, as appropriate for the operation of small agencies; and
9. identifies and manages all actual and perceived conflicts of interest.



WARREN SNOWDON
Minister for Defence Science and Personnel



Australian Government

**Royal Australian Air Force
Veterans' Residences Trust**

**Ground Floor, Building L474
Thorn Circle
RAAF Williams
LAVERTON RAAF Vic 3027
Tel: 03 9356 0002
Fax: 03 9256 0004**

W. Snowdon MP
Minister for Veterans' Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

**ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST
TRUSTEES' STATEMENT OF INTENT**

1. Receipt is acknowledged of your Ministerial Statement of Expectations. On behalf of the trustees of the Royal Australian Air Force Veterans' Residences Trust (the 'Trust'), it is my privilege to provide you with our Statement of Intent for the operation of the Trust.
2. The trustees recognise that the Trust is a welfare organisation focused on accommodating former members of the Royal Australian Air Force in necessitous circumstances. The trustees understand the need for continuous improvement in Trust operations to ensure its long-term financial independence and sustainability.
3. Consequently, from 2012 onwards the Trust intends to progress several initiatives that should improve its ability to support eligible members. Primary amongst these initiatives is a program to update the quality of accommodation being provided. To the extent financially feasible, the Trust will replace some of its ageing properties with accommodation more reflective of modern housing standards. This may encompass the purchase of existing properties, the development of new properties on available Trust land and the sale of existing properties.
4. The Trust also intends to explore alternative ways to support eligible members than the traditional landlord-tenant relationship. Any decision to implement alternative support mechanisms will be rigorously considered to ensure each is financially sustainable, legal and in the best interests of those being supported. Other initiatives in work include improved property maintenance and tenant management, as well as the introduction of a structured business planning framework.
5. As the Trust progresses these initiatives, you should be confident that the trustees will operate the Trust in accordance with all relevant legislation (particularly the Royal Australian Air Force Veterans' Residences Act 1953 and the Commonwealth Authorities and Companies Act 1997).

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6. The trustees will also comply with applicable government policy, including directions made by the Finance Minister. In doing so, the Trust aims to become a model Commonwealth Authority through effective engagement with departmental staff. We will adopt best practice governance principles and risk management strategies appropriate for small organisations.

7. We will provide both the responsible Minister and the Finance Minister, with their departments, the Trust's compliance report, financial statements and other accurate, timely and relevant information.

8. We will publish your Statement of Expectations and this Statement of Intent in the Trust's Annual Report for FY2011/12.

9. We will advise you of significant events or issues that may affect the operation of the Trust, including the possibility of any conflict of interest, actual or perceived.

10. The Trustees look forward to a successful next few years, in which the Trust achieves its purpose whilst satisfying its ongoing governance requirements.

Yours faithfully,



D. E. TINDAL
Chairman
RAAF Veterans' Residences Trust

/ March 2012

Copies:
Chief of Defence Force
Chief of Air Force
Secretary- Department of Defence



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence Personnel

Opinion

In my opinion, the financial statements of the Royal Australian Air Force Veterans' Residences Trust (the Entity) for the year ended 30 June 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*;
- (b) comply with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Trustees and Trust Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board of Trustees is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Board of Trustees is also responsible for the preparation and fair presentation of annual financial statements that comply with the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

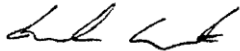
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority.
- Conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue

as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jennifer Carter

Audit Principal

Delegate of the Auditor-General

Canberra

15 September 2023

STATEMENT BY THE TRUSTEES AND TRUST MANAGER

In our opinion, the attached financial statements and notes for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

In our opinion, the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and are signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

This statement is made in accordance with a resolution of the Trust.



D.E. Tindal AM
Chair

13 September 2023



P.L. Finkelstein RFD LLB
Member of the Trust

13 September 2023



M.S. Oakden
Member of the Trust

13 September 2023



W.R. Bingham
Manager

13 September 2023

Statement of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 \$	2022 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	154,307	151,755
Suppliers	1.1B	379,690	485,686
Depreciation	2.3A	167,059	171,395
Total expenses		701,056	808,836
Own-source income			
Own-source revenue			
Rental income	1.2A	662,297	653,727
Interest	1.2B	38,815	7,065
Other revenue	1.2C	7,640	8,530
Total own-source revenue		708,752	669,322
Total own-source income		708,752	669,322
Net contribution by/(cost of) services		7,696	(139,514)
Surplus/(Deficit) on continuing operations		7,696	(139,514)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		38,591	2,988,343
Total comprehensive income		46,287	2,848,829

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	185,604	315,250
Trade and other receivables	2.1B	50,195	19,544
Term deposit investments	2.1C	1,200,000	1,000,000
Total financial assets		1,435,799	1,334,794
Non-financial assets			
Land	2.2A	24,297,500	24,440,000
Buildings	2.2A	6,659,117	6,615,000
Plant and equipment	2.2B	155,512	165,536
Total non-financial assets		31,112,129	31,220,536
Total assets		32,547,928	32,555,330
LIABILITIES			
Payables			
Suppliers	2.4A	30,916	19,454
Other payables	2.4B	16,314	88,393
Total payables		47,230	107,847
Provisions			
Employee provisions	3.1	67,155	60,227
Total provisions		67,155	60,227
Total liabilities		114,385	168,074
Net assets		32,433,543	32,387,256
EQUITY			
Reserves		29,392,443	29,353,852
Retained surplus		3,041,100	3,033,404
Total equity		32,433,543	32,387,256

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the period ended 30 June 2023

	2023	2022
	\$	\$
RETAINED EARNINGS		
Balance carried forward from previous period	3,033,404	3,172,918
Surplus/(Deficit) for the period	7,696	(139,514)
Closing balance as at 30 June	3,041,100	3,033,404
ASSET REVALUATION RESERVE		
Balance carried forward from previous period	29,353,852	26,365,509
Other comprehensive income	38,591	2,988,343
Closing balance as at 30 June	29,392,443	29,353,852
TOTAL EQUITY		
Balance carried forward from previous period	32,387,256	29,538,427
Surplus/(Deficit) for the period	7,696	(139,514)
Other comprehensive income	38,591	2,988,343
Closing balance as at 30 June	32,433,543	32,387,256

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement*for the period ended 30 June 2023*

	Notes	2023 \$	2022 \$
OPERATING ACTIVITIES			
Cash received			
Rendering of services		669,838	662,279
Interest		8,067	12,142
GST received		31,010	32,059
Total cash received		708,915	706,480
Cash used			
Employees		147,379	131,751
Suppliers		471,121	462,369
Total cash used		618,500	594,120
Net cash from operating activities		90,415	112,360
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant & equipment		20,061	57,224
Purchase of term deposits		200,000	-
Total cash used		220,061	57,224
Net cash (used by) investing activities		(220,061)	(57,224)
Net (decrease)/increase in cash held		(129,646)	55,136
Cash and cash equivalents at the beginning of the reporting period		315,250	260,114
Cash and cash equivalents at the end of the reporting period	2.1A	185,604	315,250

The above statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023

Overview Note

Objective of the Royal Australian Air Force Veterans' Residences Trust

The Royal Australian Air Force Veterans' Residences Trust (the Trust) is an Australian Government controlled entity. It is a not-for-profit entity. The purpose of the Trust as defined in section 4 of the *Royal Australian Air Force Veterans' Residences Act 1953* is:

'... the provision of a residence or residences in which eligible persons who are in necessitous circumstances, and, if the Trust so approves, the dependents of such eligible persons, may be accommodated or supported...'

The Basis of Preparation

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*;
- b) *Australian Charities and Not-for-profits Commission Act 2012*; and
- c) Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Trust's financial statements.

AASB 2021-6 - Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and other Australian Accounting Standards.

AASB 2021-6 amends AASB 1049, 1054 and 1060 to address disclosure of material accounting policies rather than significant accounting policies consistent with AASB 2021-2 and is applicable to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023****Overview Note****Taxation**

The Trust is exempt from all forms of taxation except for Fringe Benefits Tax (FBT) above the allowable threshold for a Public Benevolent Institution, and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

For GST purposes, the Trust has been classified by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC). The Trust is entitled to receive refunds for all GST expended that forms part of the invoiced costs of goods and services paid for or provided to the Trust. The Trust does not levy GST on any supplies or services provided by the Trust. The Trust has not provided any benefits to its employees that would generate FBT tax liabilities under the Fringe Benefits Tax legislation.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this Note, the Trust has made a judgement that the fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, Trust buildings are purpose-built and may in fact realise more or less in the market.

The Trust arranges for the Trust's Land and Buildings to be revalued every three years. In intervening years, a desktop or materiality valuation may be advised if there are significant property market movements. In March 2022, the Trust engaged Jones Lang LaSalle (JLL) to conduct a full valuation on behalf of the Trust, and a materiality review of Trust valuations as at 31 May 2023.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Revenue

Revenue from the Trust's rental properties is recognised when the rental payments become due and payable to the Trust.

The Trust's rental receivables have a thirty-day term and are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**Overview Note****Employee Benefits**Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Trust is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Trust's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by utilising the Australian Government Actuary's shorthand method and using the Australian Government public sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised as non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

All staff members of the Trust are excluded from being members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). The Trust, however, does make the employer-only contributions to the employees' individual superannuation schemes that are equivalent to full time Australian Public Service employees within the Department of Defence.

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

Overview Note

- b) demand deposits in bank accounts with an original maturity of no more than 3 months that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial Assets

The Trust classifies its financial assets as financial assets measured at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023

Overview Note

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the Notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**Overview Note****Property, Plant and Equipment***Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 (excluding GST), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Land	Market Selling Price
Buildings	Market Selling Price
Plant and Equipment	Depreciated Replacement Cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in surplus/deficit except to the extent that they reversed a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Trust using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**Overview Note**

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2023	2022
Buildings on freehold land	10 to 60 years	10 to 60 years
Plant and Equipment	10 years	10 years
Office Equipment	3 years	3 years

The Trust does not hold any items of property, plant and equipment that are classified as heritage and cultural assets.

Impairment

All assets were assessed for impairment at 30 June 2023. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Trust was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Events after the Reporting Period

There were no events identified after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the Trust or impact on the Trust's financial reporting or operational capability.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

1.0 Financial Performance		
1.1 Expenses		
	2023	2022
	\$	\$
1.1A: Employee benefits		
Wages and salaries	127,711	125,817
Superannuation		
Defined contribution plans	20,042	19,941
Leave and other entitlements	6,554	5,997
Total employee benefits	154,307	151,755
1.1B: Suppliers		
Goods and services supplied or rendered		
Property repairs, maintenance and renovations	226,585	209,266
Municipality and service charges	70,938	174,019
Agency fees	27,652	29,318
Insurance	20,750	19,100
Administration and sundries	33,765	53,983
Total goods and services supplied or rendered	379,690	485,686
Goods supplied	187,902	178,573
Services rendered	191,788	307,113
Total goods and services supplied or rendered	379,690	485,686
Total suppliers	379,690	485,686
1.2 Own-Source Revenue		
	2023	2022
	\$	\$
Own-Source Revenue		
1.2A: Rental income		
Rental of Trust properties	662,297	653,727
Total revenue from contracts with customers	662,297	653,727
Operating leases		
<p>The Trust enters into open-ended licence agreements with eligible tenants and periodic rent agreements for the general public for the rental of the Trust's 75 units. General public tenants pay market rent and occupied 17 Trust units as at 30 June 2023. General public tenants are only sought when there are no applications from eligible applicants at the location of the available unit, and can be given notice to vacate if an eligible applicant subsequently applies for accommodation at that location. Eligible tenants pay rent based on their income and military heritage and are allocated a unit under a tenancy licence indefinitely, but if they contravene the conditions of their licence, the licence agreement can be cancelled.</p>		
Maturity analysis of operating lease income receivables:		
Within 1 year	671,448	662,297
One to three years	1,342,896	1,324,594
Three to five years	1,342,896	1,324,594
More than five years (i)	-	-
Total undiscounted lease payments receivable	3,357,240	3,311,485

(i) As licence agreements have no maturity date, the maturity analysis is based on the current licencing arrangements and assumption that the Trust will maintain its 100% occupancy rate. The Trust anticipates no increase in total rental income during the next five years. The Trust has assumed that any rental increments relating to eligible tenants will be offset with a reduction in the number of general public tenants. The assumptions and inherent uncertainties relating to projected data used in this analysis may not materialise.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023 \$	2022 \$
<u>1.2B: Interest</u>		
Deposits	38,818	7,065
Total interest income	38,815	7,065
<u>1.2C: Other revenue</u>		
Utility levy	7,640	8,530
Total other revenue	7,640	8,530

2.0 Financial Position

2.1 Financial Assets

	2023 \$	2022 \$
<u>2.1A: Cash and cash equivalents</u>		
Cash on hand or on deposit	185,604	315,250
Total cash and cash equivalents	185,604	315,250
<u>2.1B: Trade and other receivables</u>		
Good and services receivables		
Rental income - external parties	8,708	8,609
GST refund - ATO	4,737	4,933
Total goods and services receivables	13,445	13,542
Other receivables		
Interest	36,750	6,002
Total other receivables	36,750	6,002
Total trade and other receivables (net)	50,195	19,544
<u>2.1C: Term deposit investments</u>		
Deposits		
Deposits-Defence Bank Ltd	1,200,000	1,000,000
Total other investments	1,200,000	1,000,000

No indicators of impairment were found for Financial Assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

2.2 Non-Financial Assets

	2023	2022
	\$	\$
2.2A: Land and buildings		
Land		
Fair value (i)	24,297,500	24,440,000
Total land	24,297,500	24,440,000
Buildings on freehold land		
Fair value (i)	6,670,475	6,615,000
Accumulated depreciation	(11,358)	-
Total buildings on freehold land	6,659,117	6,615,000
Total land and buildings	30,956,617	31,055,000
2.2B: Plant and equipment		
Cost	476,315	458,293
Accumulated depreciation	(320,803)	(292,757)
Total plant and equipment	155,512	165,536

(i) All revaluations are conducted in accordance with the revaluation policy stated in the Overview note. On 31 May 2023, Jones Lang LaSalle (JLL), an independent valuer, conducted a materiality review of land and building revaluations.

No Plant and Equipment is expected to be sold or disposed of within the next 12 months.

No indicators of impairment were found for plant and equipment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

2.3 Non-Financial Assets

**2.3A: Reconciliation of the opening and closing balances of property,
plant and equipment.**

	Land (i)	Buildings (i)	Plant & equipment	Total
	\$	\$	\$	\$
As at 1 July 2022				
Gross book value	24,440,000	6,615,000	458,293	31,513,293
Accumulated depreciation	-	-	(292,757)	(292,757)
Total as at 1 July 2022	24,440,000	6,615,000	165,536	31,220,536
Additions				
Purchases	-	-	20,061	20,061
Revaluations and impairments recognised in other comprehensive income	(142,500)	181,091	-	38,591
Disposal of fully depreciated P&E assets	-	-	(2,039)	(2,039)
Reversal of Accumulated depreciation for P&E disposal	-	-	2,039	2,039
Depreciation expense	-	(136,974)	(30,085)	(167,059)
Total as at 30 June 2023	24,297,500	6,659,117	155,512	31,112,129
Total as at 30 June 2023 represented by				
Gross book value	24,297,500	6,670,475	476,315	31,444,290
Accumulated depreciation	-	(11,358)	(320,803)	(332,161)
Total as at 30 June 2023	24,297,500	6,659,117	155,512	31,112,129

(i) The above table discloses land and buildings which are subject to operating leases.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

2.4 Payables

	2023	2022
	\$	\$
2.4A: Suppliers		
Trade creditors and accruals	30,916	95,115
Total suppliers	30,916	95,115
2.4B: Other payables		
Rent prepayments	16,314	12,732
Total other payables	16,314	12,732

Settlement of suppliers is usually made within 30 days.

2.5 Current/non-current distinction for assets and liabilities

	2023	2022
	\$	\$
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	185,604	315,250
Trade and other receivables	50,195	19,544
Term deposits	-	1,000,000
Total no more than 12 months	235,799	1,334,794
More than 12 months		
Land and buildings	30,956,617	31,055,000
Plant and equipment	155,512	165,536
Term deposits	1,200,000	-
Total more than 12 months	32,312,129	31,220,536
Total assets	32,547,928	32,555,330
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	30,916	95,115
Employee provisions	36,436	33,633
Other payables	16,314	12,732
Total no more than 12 months	83,666	141,480
More than 12 months		
Employee provisions	30,719	26,594
Total more than 12 months	30,719	26,594
Total liabilities	114,385	168,074

3.0 People and Relationships**3.1 Employee Provisions**

	2023	2022
	\$	\$
3.1 Employee Provisions		
Leave	67,155	60,227
Total employee provisions	67,155	60,227

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023****3.2 Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Trust has determined the key management personnel to be the Trustees who are appointed by the Minister for Defence (or his delegate). All Trustees act for the Trust in an honorary capacity. No remuneration is paid by the Trust to any Trustee.

The key management personnel below excludes the remuneration of the Minister of Defence Personnel. The Minister of Defence Personnel's remuneration and other benefits are set by the remuneration tribunal and are not paid by the Trust.

The Trust is administered by three Trustees who are appointed by the Minister for Defence (or his delegate). The Deputy Trustee deputises if Wing Commander M.S. Oakden, the RAAF nominated Trustee, is unable to attend a Trust meeting. Four meetings of the Trust were conducted during the fiscal year to 30 June 2023. The following are all Trustees that held office during the year:

Mr D.E. Tindal AM	Appointed Trustee on 12 February 2007. Elected by Trustees as Chair on 4 May 2011. Attended four meetings during 2022-23.
Mr P.L. Finkelstein RFD LLB	Appointed Trustee on 5 September 1995. Attended four meetings during 2022-23.
Wing Commander M.S. Oakden RAAF	Appointed Trustee on 10 March 2011. Attended four meetings during 2022-23.
Wing Commander M.L. McPhail	Appointed Deputy Trustee on 30 March 2020. Attended three meetings during 2022-23.

3.3 Related Party Disclosures**Related party relationships**

The Trust is an Australian Government controlled entity. Related parties to this entity are the Minister for Defence Personnel, Cabinet Ministers, Trustees, key management personnel and their close family members and their personal business interests, and other Australian Government entities.

Loans to Trustees and Trustee-Related Entities

There were no loans to the Trustees or Trustee related entities during 2022-23 and 2021-22 financial years.

Other Transactions with Trustees or Trustee-Related Entities

There were no related party activities to the Trustees or Trustee related entities during 2022-23. In 2021-22, \$1,167.87 (incl. GST) was paid to FLA Partners for legal services, of which Mr P.L. Finkelstein (a Trustee) was a partner. FLA Partners were appointed on 25 May 2000 to act as solicitors of the Trust until 31 December 2021 when Mr P.L. Finkelstein retired from FLA Partners.

4.0 Managing Uncertainties**4.1 Contingent Assets and Liabilities**

There were no quantifiable contingent liabilities or contingent assets, nor were there any unquantifiable or remote contingent liabilities or contingent assets for both 2022-23 and 2021-22 financial years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

4.2 Financial Instruments

	2023	2022
	\$	\$
<u>4.2A: Categories of financial instruments</u>		
Financial assets at amortised cost		
Cash and cash equivalents	185,604	315,250
Trade and other receivables (i)	8,708	14,611
Term deposits	1,200,000	1,000,000
Total financial assets at amortised cost	1,394,312	1,329,861
Total financial assets	1,394,312	1,329,861
 Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	47,230	107,847
Total financial liabilities at amortised cost	47,230	107,847
Total financial liabilities	47,230	107,847
 <u>4.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	38,815	7,065
Net gains/(losses) on financial assets at amortised cost	38,815	7,065
Net gains on financial assets	38,815	7,065

(i) Trade and other receivables excludes GST receivable as it is a statutory receivable, not a contractual receivable, therefore not a financial instrument.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2023**

4.3 Fair Value Measurement

4.3: Fair value measurement

	Fair value measurements at the end of the reporting period	
	2023	2022
	\$	\$
Non-financial assets		
Land	24,297,500	24,440,000
Buildings	6,659,117	6,615,000
Plant and equipment	155,512	165,536
Total non-financial assets	31,112,129	31,220,536

The Trust did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2023.

5.0 Other Information

5.1 Remuneration of Auditors

	2023	2022
	\$	\$
Remuneration of Auditors	14,000	12,000
Total Remuneration of Auditors	14,000	12,000