



Australian Government

Army and Air Force
Canteen Service

ANNUAL REPORT

2014 - 2015



AAFCANS

Army & Air Force Canteen Service



Australian Government

Army and Air Force Canteen Service

ABN 69 289 134 420

Report for the Year Ended
30 June 2015

Army and Air Force Canteen Service
trading as AAFCANS

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ISSN1329 797X

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6 October 2015

Senator The Hon Marise Payne
Minister for Defence
Parliament House
CANBERRA ACT 2600

Dear Minister

On behalf of the directors of the Army and Air Force Canteen Service, I have pleasure in submitting our annual report for the year ending 30 June 2015.

The directors are responsible under section 46 of the *Public Governance, Performance and Accountability Act 2013* for the preparation and content of the report of operations in accordance with the Finance Minister's rule made under that Act.

The report of operations was made in accordance with a resolution of the directors on 1 September 2015.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Tregaskis', with a stylized flourish at the end.

Andrew Tregaskis
Chairman

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FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

It is our pleasure to report another successful year as the Army and Air Force Canteen Service (AAFCANS) continues to refine its business model driven by servicing the needs of the ADF personnel. The financial year 2015 has resulted in a strong surplus attributed to the Australian Government of \$467,000.

The underlying strength of the financial performance is demonstrated by the EBITDA performance achieving \$1,062,000 highlighting a solid performance of the core business. This supports the ongoing investment on refurbishing the base canteens and adding new retail footprints to coordinate with some of the changes occurring across the bases. AAFCANS invested \$1,057,000 in capital projects in the 2015 financial year.

AAFCANS operating cash flow for the 2015 year increased by \$232,000 from last year.

The board and the senior management team completed a strategic review of the business in March from which our key objectives and focus were formed for the next few years.

AAFCANS is expanding and tailoring its meal replacements and convenience ranging as well as looking at region-specific opportunities. AAFCANS has and will continue to develop specific supply chain initiatives to assist with the challenges of the broad geographical areas in which it operates.

AAFCANS recognises the changes being undertaken in Defence including the First Principles reform, the Hamilton review, and the broader compliance throughout Government with the PGPA Act. We are working with Defence to strengthen our model and align our operations with the governance espoused.

At the commencement of the year AAFCANS resumed the management of the historic Australian Defence Force Academy (ADFA), AAFCANS first canteen in recent years within the ACT, serving both tri-Service officer recruits and the University of NSW.

AAFCANS this year is proud to celebrate its 100 years serving Defence Force personnel including through both World Wars and on many overseas deployments including Korea, Vietnam and in more recent years East Timor.

We are appreciative of the commitment and enthusiasm of our employees this year and look forward to building on our core skills and competencies over the coming years to be able to continually improve on our services to Army and Air Force both on base and exercise.

We also thank our fellow directors and senior management team for their continual support and passion over the past year and look forward to the opportunity to strengthen our position as a strategic member of the Defence community.

Finally, we thank the Chiefs of Army and Air Force and the members of the AAFCANS Advisory Committee for their continuing support and advice throughout the year.



Andrew Tregaskis
Chairman



Stewart McGrow
Managing Director

Our Mission & Vision



Our Mission

This Corporate Plan will continue to support our Mission:

To provide quality and accessible amenity services in support of the needs of our soldiers and airmen and airwomen.



Our Vision

To be the first choice of our customers and Defence as their trusted provider of canteen operations.

SERVING OUR OWN

Our Values

- Best quality food
- Efficient and effective service
- Innovation and improvement
- Value for money
- Appealing environment

Our Purpose



AAFCANS is a self-sustaining 'not for profit' statutory organisation administered under the *Army and Air Force Canteen Regulations 1959* as amended and the *Public Governance, Performance and Accountability Act 2013*.

AAFCANS' purpose is to:

- Provide convenient, inviting and competitive on-base canteen services that contribute to a pleasant, satisfying and safe work environment and which support the retention of ADF personnel
- Operate on a commercial and self-supporting basis with surplus funds either reinvested into the business by way of improvements to facilities or disbursed to welfare and trust funds for the benefit of ADF members and their families

Services provided by AAFCANS are designed to enhance the living conditions and social environment of Australian Defence Force members, their dependants and other persons employed in or in connection with Defence installations and include the following business lines:

- Canteen services comprising food, beverage and convenience items
- Wholesale supply to messes and clubs
- Vending
- Dry cleaning services
- Financial and postal services
- Fuel and mechanical workshops
- Military and adventure wear stores
- Hair services

Our Stakeholders



The Army and Air Force Canteen Service (AAFCANS), is a Commonwealth statutory authority formed to provide goods, facilities and services to or for the entertainment and recreation of designated members of the Defence community.

The Commonwealth Government owns AAFCANS through the responsible Minister. Our key stakeholders include:

- Customers (ADF members and their families, and Defence civilians and contractors)
- The Chief of the Defence Force, the Chief of Army and the Chief of Air Force
- AAFCANS' employees
- Suppliers
- Amenity and welfare funds



Image 1: ADFA café
(Please note: photos do not contain Defence personnel)

REPORT OF OPERATIONS

Year in Review



For the year ended 30 June 2015, AAFCANS recorded revenues of \$30.8 million and a net operating profit of \$467,000.

Key developments during the year in review:

- Implementation of an electronic staff rostering system
- Extensive review of our retail product range
- The refurbishment of RAAF Tindal bistro and grocery shop
- The opening of ADFA Canteen and subsequent refurbishment of the canteen and construction of an atrium
- The refurbishment of Café Central canteen and grocery store as well as Shout VC canteen and bistro at Robertson Barracks
- The refurbishment of Tom's Café at Lavarack.

Financial Overview



The financial statements for the financial year 2015 recorded a net profit of \$467,000. AAFCANS' cash at bank increased by \$232,000.

The key factors influencing the financial results are:

- A net increase in sales revenue of \$800,000 with the 2015 results reflecting a sales growth of 3.0% for the year
- Gross profit percentage increased 0.8% on the previous year. The improvement reflected a continued focus on controlling purchasing, wastage and stock losses and an improved product mix
- Labour costs as a percentage of sales increased 0.3% compared to 2014, from 33.5% to 33.8%
- \$1.3 million was invested in assets including outlet refurbishments and food van upgrades. Our total assets increased from \$9.0 million in 2014 to \$9.7 million in 2015
- AAFCANS controlled its expenses at 6.0% of sales, a drop of 0.4% on the previous year.

Full details of AAFCANS financial results are included in the financial statements section of this report.



Image 2: RAAF Tindal café & store

Strategic and Operational Outcomes



2015 was a year of system and facility improvements in tandem with a strong focus on our product and service standardisation.

AAFCANS operations for 2015 were delivered in line with:

- Our legislative purpose
- The Strategic Plan 2013-17
- The Annual Operating Plan 2014-15 (AOP) actions designed to achieve our strategies.

PURPOSE				
Enhance on-base canteen services on a commercially self-sustaining basis through key strategies developed under five themes				
Products & services	Financially self-supporting	Communication	People	Business structure

Theme 1: Products & Services

Strategic objective 2013-17	Provide a contemporary product and service offer which will be tailored to our customers' expectations and which will be flexible enough for us to change within a short period. We will deliver on our brand promise: quality and consistency of products and services; excellence in service standards.	
2015 stated performance indicator	<ul style="list-style-type: none"> • A standardised and consistent product offer across the country • Monitor customer feedback received in relation to food quality, product ranging, convenience and store ambience • Launch the new Hospitality Menu across AAFCANS sites • Consolidate the Retail Ranging List • Revised products in store based on demographic needs • Improved profitability from these operational efforts to continue our move towards our ultimate goal of self-sustainability 	Achieved Ongoing Ongoing Achieved Achieved Achieved

The stated priorities for theme 1 were met with some activities straddling more than the year under review.

Activity

Our Merchandising Manager has undertaken an extensive review of our sales data, our inventory and compared this information with our suppliers' most popular products and market trends. As a consequence of this holistic review, our product offer has been refined, revitalised and standardised across the country. We are in the process of updating our par ordering with our key suppliers. During the coming year, these lists will incorporate regional and demographic variances.

Promotions undertaken in FY2015 include the Meal Deal, Top 10 sandwiches, and a tour to key sites with our sponsor, Sushi Ginza, undertaking in-store demonstrations with their leading chef.

REPORT OF OPERATIONS

Training on our canteen menu and merchandising has been ongoing since our last report, as we strive to achieve consistency across the country. Additional training modules covering product and service, food safety and work place safety have been developed specifically for our diverse business. Investment in training has grown significantly over the past years with a focus on continued course learning and development. This is a circular element to our business and will continue to be refined.

A Bistro menu has been implemented at Shout VC Robertson and RAAF Tindal. Feedback has been extremely encouraging. During July the Robertson bistro served over 200 plates each evening. The menu will be rolled out at JLU at Moorebank, Watsonia Tavern and RAAF Wagga in the coming months.

As part of the Shout VC bistro upgrade, AAFCANS paid tribute to Alfred J Shout, the Victoria Cross recipient after whom the precinct was named, with a gallery of prints celebrating his military life. Updated posters linking AAFCANS and its history back to Defence have also been produced, strengthening our branding and key messages in all our locations.

The hospitality menu has been partially rolled out at key sites. This menu requires further refinement as we tailor the offer to match our consumer requirements on each base.



Image 3: Robertson's Shout VC - Alfred J Shout VC pictorial collage

Financially, the following key indicators impacted by these initiatives were:

- Sales increased \$800,000 or 3.0%
- Hospitality sales increased 200.0% due to the addition of the ADFA Café with its prominent catering business
- Gross profit increased from 38.7% to 39.5%.



Image 4: New top ten sandwich options on the canteen menu

Theme 2: Financially Self-Supporting

Strategic objective 2013-17	Develop an efficient and low cost organisation to ensure we are sustainable and self-supporting and can contribute to reinvestment in our facilities, services and disbursements to support our communities and Defence families.	
2015 stated performance indicator	<ul style="list-style-type: none"> • Payroll rostering and management system functioning and delivering benefits at all outlets • Par level ordering implemented within the purchasing system • Continue to improve the appearance of AAFCANS' facilities where necessary and as funds are available • Present to AAFCANS Advisory Committee (AAC) the outline for our 2025 Vision (subject to key external information availability) 	<p>Achieved</p> <p>Achieved Ongoing</p> <p>Achieved</p>

The stated priorities for theme 2 were met with some activities straddling more than the year under review.

Activity

During the year, a new electronic staff rostering system was rolled out. This allows for a reduction in paperwork in the outlets and the payroll department and increases accuracy in time-keeping. Whilst the fine-tuning of this system continues, its beneficial streamlining of information is already in place.

Significant effort was undertaken by the Finance department to implement par levels into the inventory system over the Christmas shut-down. The introduction of par levels has allowed outlets to better manage their stock and ensure key products are available at all times.

Vending machines on base are an essential element in both AAFCANS product offer to personnel on base as well as a method of returning funds for base welfare. For the 2015 financial year \$317,000 was returned to SADFOs or base welfare funds. Plans are in place for a significant revamp of the machines and their product offer in the coming year.

The AAFCANS Advisory Committee requested AAFCANS to present a vision of our organisation in 2025. This was presented to the AAC on 18 August 2015.

AAFCANS works closely with personnel in the Defence Estate and Infrastructure Group (DEIG) to optimise the maintenance of our facilities under Defence agreements.

Facilities

In recognition of the unique environment in which AAFCANS operates, the Commonwealth has provided a \$400,000 per annum special amenity payment which has been used exclusively to improve the general appearance and atmosphere of AAFCANS' canteens for its Service patrons. AAFCANS supplements this funding.

In FY2015, AAFCANS undertook 8 notable outlet/facility upgrade projects on the following bases:

- \$340,000 Robertson Barracks upgrade
- \$257,000 ADFA refurbishments
- \$160,000 Tindal bistro and grocery store
- \$110,000 MFV refurbishments
- \$98,000 IT systems upgrades
- \$57,000 Tom's Café refurbishment, Lavarack Barracks
- \$20,000 Outlet equipment including, hot and cold food cabinets, fridges, ovens and dishwashers
- \$15,000 Gallipoli Barracks grocery store additional works.

In the FY2016 the following projects have been marked for capital spend:

- Puckapunyal – Grocery store refurbishment and Puckapunyal canteen installations
- IT systems improvements including the integration of EPAY on the POS system
- Lavarack refurbishment – Tom's Cafe round 2 and Harry's Cafe
- Additional merchandising equipment and stock at Kapooka, Singleton, Latchford and RAAF Amberley.



Image 5: RAAF Richmond

Theme 3: Communication

Strategic objective 2013-17	Through communication and focus on customer loyalty, re-establish and strengthen our stakeholder relationships and market our value proposition.	
2015 stated performance indicator	<ul style="list-style-type: none"> • Develop a Communications plan supporting opportunities for collaboration with key Defence personnel • Increase presence in Army & Air Force newspapers • Ensure marketing material and communications are consistent with AAFCANS' style and branding guidelines • Undertake focus group surveys 	<p>Achieved</p> <p>Ongoing</p> <p>Achieved</p> <p>Achieved</p>

The stated priorities for theme 3 were met with some activities straddling more than the year under review.

Activity

With the appointment of a specialty Marketing and Public Relations Manager in November 2014 significant focus has been trained on our marketing presence. Research into our history was undertaken in anticipation of AAFCANS' centenary celebrations in October 2015. This information has been placed on our website along with historic photos sourced from the Australian National Museum.

A Communication strategy for the coming two years was issued in July 2015 detailing AAFCANS' key messages, our planned activities and communications, and how we will evaluate its success.

Engagement with Defence newspapers has been undertaken, with the lines of communication now established. Several articles have appeared in the last six months. Further Defence news collaboration and news-worthy articles are planned in the coming financial year.

Investigation continues into ways for AAFCANS to digitise its retail offer to customers, speeding up service and increasing our accessibility. Options for a new website with the future capability for a complete digital storefront solution are currently being investigated.

AAFCANS management meet with on base personnel a number of times each year. The requirement to engage SADFOs, BSMs, RSMs and other key individuals has become a non-negotiable requirement for all base managers and is tracked monthly. Further, we invite BSMs to participate in our internal audit program and to provide feedback and assistance on the subsequent improvement plan including WHS legislative requirements.

A number of surveys were undertaken in FY2015:

- Puckapunyal online and paper surveys were undertaken in April and May including two information sessions
- Pricing survey across Australia where AAFCANS compared our in-store pricing to external competitors. The results revealed that AAFCANS is competitive with local retailers.

Theme 4: People

Strategic objective 2013-17	Invest and develop our people to move our culture towards that of a high-performing team consistently delivering our strategy and ensure that AAFCANS has an environment that supports staff satisfaction.	
2015 stated performance indicators	<ul style="list-style-type: none"> • 360 degree feedback completed for all senior managers • Increased training opportunities are made available • Core training modules are extended • Employee survey undertaken 	Achieved Achieved Achieved Achieved

The stated priorities for theme 4 were met.

Activity

Our senior management team participated in a leadership workshop, having been provided with 360 degree feedback on their effectiveness. The focus of the workshop was team-building and increasing our ability to communicate together and with our staff.

The 14 core training modules in place were extended to include both company specific training and general modules (e.g. management development and food preparation/ cooking).

An extensive review of our WHS rehabilitation framework and practices was undertaken. This has culminated in a series of fact sheets, policies, instructions, guidelines and training modules for managers and staff.

The biennial employee survey was conducted in March 2015. This survey identified that AAFCANS was particularly strong in work health and safety, diversity, pride in the workplace, and a willingness to put in the effort required for the company to achieve its goals. The results of this survey will be used for more targeted training in management skills, the clarification of career options within AAFCANS and developing internal marketing strategies to help staff understand who AAFCANS is, where we are going and how we will get there.

Theme 5: Business Structure

Strategic objectives 2013-17	Achieve consistency in our business and create the ability to be responsive to our customers' needs, realign our business model to create a central point for consistent decisions, standardisation and control of our brand and services on all bases.	
2015 stated performance indicators	<ul style="list-style-type: none"> • Review and update the Policy & procedures manual based on the new systems • New contracts in place for ongoing licenced businesses for start 1 July 2015 	Achieved Ongoing

The stated priorities for theme 5 were met with some activities straddling more than the year under review.

Activity

During the financial year in review, AAFCANS has significantly revised its Policy and procedures file to ensure that the new systems processes are included in detail. All our electronic systems, including the standardised purchasing system and the new employee rostering system, are

REPORT OF OPERATIONS

now fully described in a single location for all staff to access on the intranet. In addition, each site holds its own hard copy manual.

AAFCANS has been negotiating the terms of our agreements with Defence including licence to trade (LTT) agreements for contractors to trade on Defence bases. This negotiation is still underway and is expected to be resolved within the 2016 financial year.

The business structure is under constant review as our operations develop and our customers' expectations increase.

Funding & Disbursements

Under the Regulations, AAFCANS is to conduct its operations on a commercial and self-supporting basis, with the aim of providing profits sufficient to permit distribution of surplus funds for the benefit of the members of the Army, the Air Force and their families.

In accordance with a Ministerial directive AAFCANS now reinvests cash surpluses into remodelling and refurbishing canteen facilities and improving products and services.

During the year \$317,000 was paid to SADFOs or base welfare funds under contracts negotiated by AAFCANS for vending on base.

Where We Operate

As at June 2015, AAFCANS or its agents operated food services on 33 Army and Air Forces bases and joint ADF facilities throughout Australia. The service was provided from direct operations on 25 bases and the remaining seven locations under subcontract agreements with independent operators. The AAFCANS network as at 30 June 2015 included:

- 27 main canteens/cafes with convenience stores and dry cleaning services in most locations
- 7 satellite kiosks
- 3 diners/bistros
- 4 supermarket/grocery convenience stores
- 1 post office
- 1 tavern
- 2 petrol outlets
- 20 mobile food vans
- total service vending on 47 Defence establishments.

Additional services are provided at bases through Licenced to Trade agreements or concessions. These are:

- 16 financial services (Defence Bank and ADCU branches)
- 25 barber shops or hair and beauty salons
- 5 service stations & mechanical workshops
- 1 dry cleaning agent
- 1 newsagent
- 2 post offices
- 1 photographer
- 2 publisher
- 5 military and adventure wear stores.

Likely Developments and Expected Results



Our focus in 2016 is to provide contemporary, healthy and convenient products that are accessible by our customers in a variety of ways. There are a number of targets set that will ensure a challenging year. These include:

- Provide a bistro offer at Puckapunyal to complement the current convenience store offer
- Expand the business capability at Lavarack with a major revamp of Harry's Cafe and a broad convenience product offer added to Tom's Café
- Resume services at Sydney Victoria Barracks and enhance the offer
- Open the RAAF East Sale canteen in a new facility and under AAFCANS management
- Roll out a convenience product enhancement strategy across all bases to broaden the range and improve display of these products
- Undertake a trial of coffee on our MFVs at Gallipoli Barracks
- Create a new website with commerce interface capability
- Trial online ordering, initially at Gallipoli Barracks
- Undertake customer surveys on bases across Australia
- Our 100 year celebrations across Australia.

The forecast for 2015-16 shows that AAFCANS is expected to achieve a net profit of \$550,000. Total capital expenditure on facilities, plant, equipment, information and technology is forecast to be \$800,000. Note that this amount includes the \$400,000 in expenditure on canteen refurbishments funded by the special amenity payment.



CORPORATE GOVERNANCE

The overriding objective of the directors is to increase stakeholder value within an appropriate framework and to protect the rights and interests of stakeholders whilst ensuring that the Army and Air Force Canteen Service is properly managed.

The directors are committed to the principles underpinning better practice in corporate governance, applied in a manner that is best suited to the business and to address the directors' accountability to stakeholders. This is supported by an organisation-wide commitment to high standards of legislative compliance, and financial and ethical behaviour.

Organisational Structure

This chart is a diagrammatic presentation of 'lines of authority' that operated throughout the year. This is not an indication of 'seniority' within the corporation.

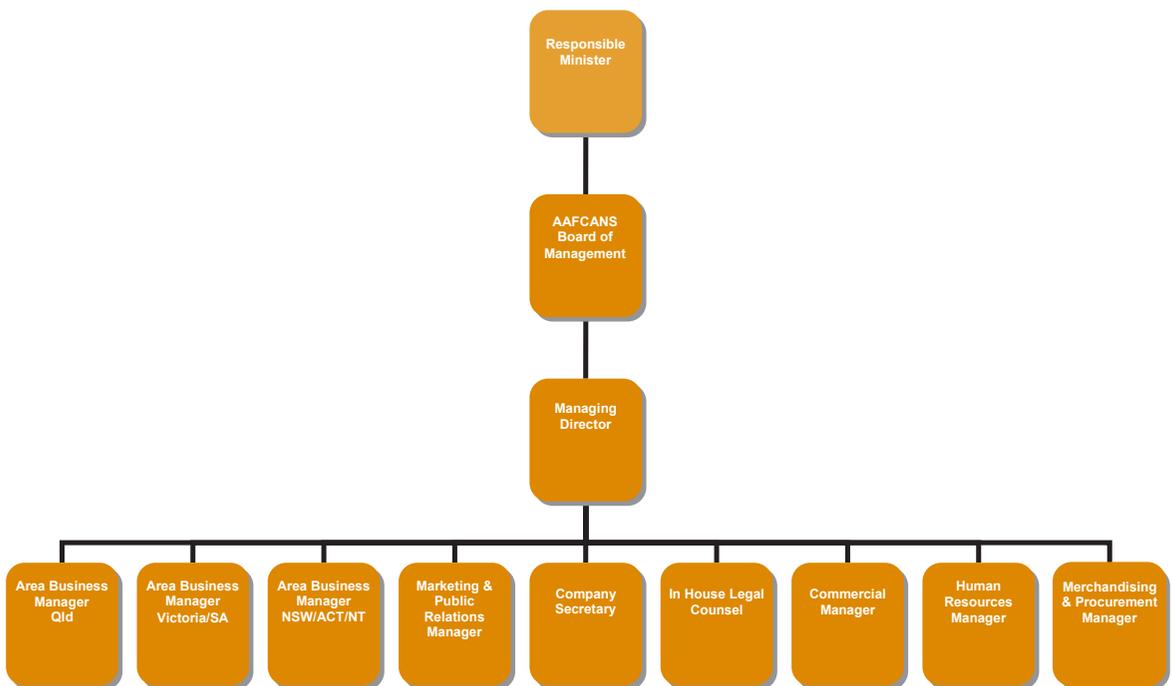


Chart 1: Organisational Structure

The Board of Management



Mr Andrew Tregaskis GAICD

Chairman and Non-executive director

Ministerial appointment
- 1 October 2011

Experience:

Andrew has more than 35 years experience in management and governance in the retail industry.

Andrew worked for Coles Myer Ltd for most of this time in store operations, state management, and state office merchandise management. Andrew's last role was State Manager for Coles Supermarkets NSW.

Since retirement Andrew worked on another Not-for-Profit Board prior to this appointment.

Other current appointments:
Nil

Special duties (AAFCANS):

- Chairman of the corporate governance committee
- Member of the audit and risk management committee
- Member of the human resources and remuneration committee



Air Commodore Ian Pearson (RAAFAR) MAICD

Non-executive director

Chief of Air Force appointment
- 1 July 2010

Experience:

Ian, as a military representative, advises AAFCANS and represents the interests of Air Force personnel.

Ian had an extensive Air Force career in flying, training and staff duties before transferring to the RAAF Active Reserve in March 2010. In addition to his AAFCANS responsibilities, his Reserve duties have included conducting a number of reviews for Air Force and co-presenting an Air Power module to Air Force students at the Australian Command and Staff College.

Other current appointments:

- President, RAAF Staff College Association
- Director, John XXIII College, Australian National University



Brigadier Graeme Finney OAM MAICD

Non-executive director

Chief of Army appointment
- 1 December 2013

Experience:

Graeme, as a military representative, advises AAFCANS and represents the interests of the Army.

Graeme is currently appointed as Director General Army Operations. In this position he is responsible to the Chief of Army for managing the day-to-day operational and logistic requirements of Army. Graeme also has responsibility for developing and implementing Army's strategic policies related to safety, security, internal reform and enterprise risk management.

Graeme has extensive experience in command, training and operational appointments.

Other current appointments:
Nil



Mr Stewart McGrow GAICD

**Ms Catherine J Sinclair FAICD FAIM
D Univ**

Mr Peter Fairlie GAICD

Managing Director (executive director)

Non-executive director

Non-executive director

Board appointment
- 1 July 2011

Ministerial re-appointment
- 1 October 2012

Ministerial re-appointment
- 1 October 2014

Experience:

Stewart's management practice encompasses a wealth of commercial experience in sectors including retail, quick service restaurants/bars, restaurants and leisure clubs in both Australia and the UK. Within Australia, Stewart has held positions as General Manager, Corporate Business with the Compass Group, and National General Manager & General Manager Sydney Opera House.

Having previously worked with Defence in the UK, Stewart has a clear understanding of the nature of the AAFCONS business and the operational requirements that must be achieved to satisfy not only customers, but also key defence and government stakeholders.

Stewart brings to AAFCONS a renewed energy for the business and strong customer orientated focus. Stewart's experience provides him with an understanding of the way an organisation should look after its customers

Other current appointments:
Nil

Special duties (AAFCONS):

- Member of the corporate governance committee

Experience:

Catherine has served as a Board director since 1999. She completed her appointment to the Brisbane Airport Corporation in 2007. She was a Director of the Port of Brisbane in 2001 and became the Deputy Chair in 2005 completing her appointment in 2011. Ms Sinclair was awarded an Honorary Degree of Doctor of the University by Griffith University in 2014 and a Centenary Medal in 2001.

Catherine, an organisation consultant, brings with her extensive professional experience in corporate strategic planning, organization development, systems development and human resource management.

Other current appointments:

- Chair, Residential Tenancies Authority (Qld)
- Councillor, RNA (The Royal National Agricultural and Industrial Association of Queensland)
- State President, CEDA Qld
- National Member, CEDA
- Director, The Consultancy Bureau Pty Ltd

Special duties (AAFCONS):

- Chairman of the audit and risk management committee
- Member of the corporate governance committee
- Member of the human resources and remuneration committee

Experience:

Peter has over 30 years retailing experience, primarily with Coles Myer Ltd.

Peter held key executive roles in both Merchandise and Operations for Coles Supermarkets including heading the key store renewal project.

Peter's last role was General Manager Operations Development for Coles. Since leaving Coles, Peter has provided retail consulting services focussing on merchandising, range development and efficiency systems.

Other current appointments:

- Sole trader, Peter Fairlie Retail Consulting
- Director, Izzvarn Enterprises Pty Ltd

Special duties (AAFCONS):

- Chairman of the human resources and remuneration committee
- Member of the corporate governance committee
- Member of the audit and risk management committee

New and Former Directors

Other directors of the corporation during and after the period covered by this report were:

Mr Edward (Ted) Moore GAICD

Non-executive director

Ministerial re-appointment

- 1 October 2013

Resigned by rotation

- 30 September 2014

Experience:

Ted has more than 40 years' experience in management and governance in the retail industry. Ted worked for Coles Myer Ltd for most of this time in store operations, state management, and national and state office executive leadership teams. Prior to retirement Ted set up the regulatory affairs centre of excellence for Coles Myer.

Since retirement Ted has undertaken retail consultancy work and for six years was a director of Outback Stores Pty Ltd – an Australian Government initiative to introduce modern retail management practices and technology into indigenous community stores.

The Board's charter is set forth in the Regulations and includes that the:

- Minister appoints three members, at least two of whom have had extensive business or commercial experience, one of whom is appointed non-executive Chairman
- Board includes two nominee directors, one each from Army and Air Force
- Managing Director is appointed by the Board as the sole executive director

Civilian directors are appointed by the Minister, based on industry expertise, business acumen and other characteristics that are considered to be valuable skills for the management of the business. Military board members are selected from senior officers who have experience in management, personnel and other military aspects.

The Managing Director is appointed by the Board. The performance and remuneration of the sole executive director is reviewed on an annual basis by the Chairman acting in accordance with the determination of the Remuneration Tribunal. The Chairman then makes a recommendation to the Human Resources and Remuneration Committee.

Meetings of directors

The number of meetings of the directors held during the reporting period and the number of meetings attended by each director:

The Board of Management	Period (if not a member for the full year)	Meetings eligible to attend (No.)	Meetings attended (No.)
A Tregaskis (Chairman)		11	11
S McGrow (Managing Director)		11	11
I Pearson		11	11
G Finney		11	9
E Moore	Resigned 30 September 2014	2	2
P Fairlie	Appointed 1 October 2014	9	9
C Sinclair		11	10

Table 1: Director meeting attendance

Committees



Audit & Risk Management Committee

The members of the Audit and Risk Management Committee, all being non-executive directors, at balance date were C Sinclair (Chair of the Committee), P Fairlie and A Tregaskis. The Committee has issued a standing invitation to the military directors to attend committee meetings.

The number of meetings of the Audit and Risk Management Committee held during the reporting period and the number of meetings attended by each member:

Audit and Risk Management Committee	Period (if not a member for the full year)	Meetings eligible to attend (No.)	Meetings attended (No.)
C Sinclair (Chair)		4	4
E Moore	Resigned 30 September 2014	1	1
P Fairlie	Appointed 1 October 2014	3	3
A Tregaskis		4	4

Table 2: Audit and Risk Management Meeting Attendance

The Audit and Risk Management Committee is a standing committee. The members are appointed to the committee for the term of their Ministerial Board appointment. From 1 July 2015 our Chairman of the Board, Mr Andrew Tregaskis, has stepped down from this committee and has been replaced by an independent member, Ms Leonie Taylor.

The Committee operates under the charter approved by the Board, with reports of business given and minutes of meetings provided to the subsequent meeting of the Board. The charter was reviewed and re-issued during the financial year.

The Committee assists the Board in determining and ensuring:

- compliance with the *Public Governance, Performance and Accountability Act 2013* and other relevant Acts
- accounting records are appropriately maintained
- adequate internal controls to safeguard assets
- the correct identification, management and control of risks
- the internal audit function operates according to the Board's internal audit charter including ensuring appropriate action is taken on audit recommendations
- financial statements and management reports give a true and fair view
- a standard of corporate conduct and actively considering any ethical issues regarding policies and procedures

In fulfilling its responsibilities the Committee receives regular reports from internal and external auditors and management and maintains open lines of communication between committee members and internal and external auditors.

The external auditor is the Auditor General as prescribed by the *Public Governance, Performance and Accountability Act 2013*.

Risk Management

As a standing agenda item at each Audit and Risk Management Committee meeting, the members review operational risk, financial risk and other strategic risk factors as applicable. The Board discusses new strategic and operational risk factors at each meeting, amending the risk register as appropriate. AAFCANS' full risk management framework was reviewed for completeness during the year.

CORPORATE GOVERNANCE

Food safety (HACCP) and workplace health and safety (WHS) are integral parts of the AAFCONS service. The internal auditor, an externally appointed contractor, conducts random audits for compliance under these two programs as well as for compliance with key financial procedures and directives. The outlets are also audited for WHS and food safety by the respective Army and Air Force accredited officials.

The Board insures for a wide range of commercial risks including general liability, business interruption, directors' and officers' liability, travel and property loss, destruction or damage.

Corporate Governance Committee

The members of the Corporate Governance Committee, all being directors, at balance date were A Tregaskis (Chair of the committee), C Sinclair, P Fairlie and S McGrow. The number of meetings of the Corporate Governance Committee held during the reporting period and the number of meetings attended by each member:

Corporate Governance Committee	Period (if not a member for the full year)	Meetings eligible to attend (No.)	Meetings attended (No.)
E Moore (Chair)	Resigned 30 September 2014	1	1
A Tregaskis (Chair)	Chair from 1 October 2014	4	4
C Sinclair		4	4
P Fairlie	Appointed 1 October 2014	3	3
S McGrow		4	4

Table 3: Corporate Governance Meeting Attendance

The Committee has issued a standing invitation to the military directors to attend committee meetings.

The Committee operates under a charter approved by the Board, with reports of business given and minutes of meetings provided to each subsequent meeting of the Board. The Corporate Governance charter was reviewed and re-issued during the financial year.

The Committee reviewed and re-issued the Board charter during financial year.

The main responsibility of the Committee is to assist the Board in fulfilling its responsibilities for maintaining sound corporate governance over all activities within the organisation.

The charter and the employee code of conduct require all directors and employees to act with the utmost integrity and objectivity at all times in their dealings with each other, competitors, customers, suppliers, the organisation and the community. Expectations on issues such as avoiding any conflict of interest, compliance with all laws, compliance with all policies and procedures, stewardship of assets and confidentiality of information are detailed therein.

Human Resources and Remuneration Committee

The members of the Human Resources and Remuneration Committee, all being non-executive directors, at balance date were P Fairlie (Chair of the committee), A Tregaskis and C Sinclair.

The number of meetings of the Human Resources and Remuneration Committee held during the reporting period and the number of meetings attended by each member:

Human Resources and Remuneration Committee	Period (if not a member for the full year)	Meetings eligible to attend (No.)	Meetings attended (No.)
A Tregaskis (Chair)	Resigned Chair 1 October 2014	4	4
P Fairlie (Chair)	Appointed 1 October 2014 – Chair from that date	3	3
E Moore	Resigned 30 September 2014	1	1
C Sinclair		4	4

Table 4: Human Resources and Remuneration Meeting Attendance

The Committee has issued a standing invitation to the military directors to attend committee meetings.

The Committee operates under a charter approved by the Board, with reports of business given and minutes of meetings provided to each subsequent meeting of the Board. The charter was reviewed and re-issued during the financial year.

Under direction from the Committee, AAFCANS conducts a baseline survey of employee satisfaction biennially, with actions resulting from that survey being allocated to the HR function for implementation.

The main responsibility of the Committee is to assist the Board in fulfilling its responsibilities for maintaining sound managerial control over all human resource, industrial and superannuation activities within the organisation, reviewing all significant human resource practices and reporting of the organisation.

The Committee, after consultation with the Chairman, also reviews and makes recommendations on the performance and remuneration of the Managing Director.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Board's expense. Prior written approval of the Chairman is required but will not be unreasonably withheld. This right was not exercised during the year ended 30 June 2015 (2014: not exercised).

Insurance of Officers

AAFCANS paid premiums of \$3,105 for the year ended 30 June 2015 (2014: \$4,728) in respect of directors' and officers' liability and company reimbursement policies.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of AAFCANS. No indemnities have been provided to any current or former officers.

ASX Corporate Governance Principles

Whilst AAFCANS is not obliged to comply with these guidelines, the Board believes that voluntary compliance ensures that AAFCANS is pursuing appropriate best practice corporate governance. These eight core principles have been incorporated into our Corporate Governance charter and are set out below, along with a brief on AAFCANS's level of compliance during the year. A number of matters incorporated into these principles are addressed elsewhere in this report and are not repeated below.

1. *Lay solid foundations for management and oversight*

The roles and responsibilities of directors are documented in a Board charter. This charter is reviewed annually by members of the Corporate Governance Committee.

The delegation of powers and functions to the Managing Director are documented in the board delegation policy. Certain matters are reserved for the full Board. The Managing Director is responsible for ensuring the responsibilities as delegated are properly discharged by management and for keeping the Board informed on these matters.

The Board has in place proper procedures to assess the performance of senior executives, including the Managing Director, through the Human Resources and Remuneration Committee.

2. *Structure the Board to add value*

The size and composition of the Board are set by the AAFCANS Regulations as amended, comprising three independent civilian directors appointed by the responsible Minister, two military appointed directors and a Managing Director. Background information on all directors is available at the beginning of this section.

The Chair is an independent director.

The Board has established committees to assist it in carrying out its responsibilities and to consider certain issues and functions in detail. Each committee has its own written charter setting out its role, responsibilities and composition. Each committee reviews their performance annually. Each charter is reviewed annually.

3. *Act ethically and responsibly*

The directors comply with a code of conduct documented in the Board charter.

An employee code of conduct is signed by each employee as a condition of employment.

The fraud control policy, whistle-blowers policy and public interest disclosure policy give guidance on the reporting and investigation of unethical practices.

AAFCANS reports annually on the performance of the equal employment opportunity management policy and plan, including gender diversity and women in senior executive and board positions, as an attachment to the annual report – refer Appendix 1.

4. *Safeguard integrity in financial reporting*

The Board has established the Audit and Risk Management Committee to oversee the integrity of the financial processes and reporting. The Committee consists only of non-executive directors. The Chair of the Committee is an independent director who is not the Chair of the Board.

The internal audit function regularly performs audits to ensure that the financial safeguards are operating effectively.

The organisation is audited annually by an independent firm of auditors appointed by ANAO. The firm appointed to perform the audit is not engaged by AAFCANS to provide any other advice or services.

5. *Make timely and balanced disclosure*

AAFCANS reports on a quarterly basis to the responsible Minister, the Minister for Defence and other key stakeholders. Material matters that arise between reporting dates are advised to the responsible Minister and key stakeholders.

The AAFCANS annual report is given to the responsible Minister and tabled in Parliament in accordance with the provisions of the PGPA Act 2013.

6. *Respect the rights of shareholders*

The Board of AAFCANS is committed to the rights of its stakeholders, particularly as the organisation's regulatory framework does not provide some stakeholders (e.g. service personnel) direct access to decision makers. Management employs various tools to keep stakeholders informed of changes and to allow opportunities to provide feedback (e.g. on-base meetings with key personnel, customer surveys, military news, website feedback forms and correspondence with Chief of Army and Chief of Air Force).

7. *Recognise and manage risk*

The Board has assigned the detailed review of the risk function to the Audit and Risk Management Committee. AAFCANS has documented a risk management policy, plan and framework. Identified risks are set in a risk matrix which is regularly reviewed. Policies and procedures have been established to mitigate and manage the identified risks. Management reports to the Audit and Risk Management Committee on the risks and the effectiveness of the plans and strategies at each meeting. Management assurances regarding risk management are provided to the Board at least annually.

The Board, Managing Director and Commercial Manager sign off an annual written certification to the external auditor that the financial reports are founded on a sound system of risk management and internal compliance and that the system is operating effectively in all material aspects.

8. *Remunerate fairly and responsibly*

The Remuneration Tribunal sets the remuneration for all non-military non-executive directors and the Managing Director. The Board has established a Human Resource and Remuneration Committee to oversee the salaries of senior executives.

Remuneration packages for employees are reviewed annually and are determined having regard to appropriate packages in the public and private sectors, and to attract and retain high quality staff.

Accountability



Legislation

The Army and Air Force Canteen Service was established by Regulations under the *Defence Act, 1903*, by Statutory Rules as amended No. 40 of 1959.

The purpose of the canteen service is to supply goods, facilities and services to, or for the entertainment and recreation of

- members of the Army or the Air Force
- persons employed in, or in connection with, Army or the Air Force installations
- dependents of those members or persons
- visitors to Army or Air Force installations
- members of the Australian Army Cadets or the Australian Air Force Cadets.

The Board shall conduct the canteen service in accordance with the following policy guidelines

- to enhance the living conditions and social environment of the intended recipients
- the operations shall be conducted on a commercial and self-supporting basis with the aim of providing profits sufficient to permit distribution of surplus funds for the benefit of members of the Army or the Air Force
- Ministerial directives as advised from time to time.

Responsible Minister

During the financial year, the Army and Air Force Canteen Service was accountable to the Assistant Minister for Defence and through our Minister to Parliament. The Minister at reporting date is The Hon Stuart Robert MP.

Ministerial Directions

Dividend & Royalty Distributions

The responsible Minister directed on 19 June 2006 that distributions to stakeholders be discontinued until further notice. Accordingly no distributions were paid from canteens during the 2015 financial year, however payments were made to Army and Air Force welfare programs under vending machine contracts.

Borrowings

The Minister on 31 August 1995 approved borrowings by way of overdraft for working capital purposes. This option is not currently utilised.

Reporting

The Minister for Defence issued a Statement of Expectations to the Army and Air Force Canteen Service on 26 September 2008. AAFCANS responded with a Statement of Intent on 21 October 2008. These statements are detailed in Appendix 3.

As part of the Statement of Expectations, AAFCANS is required to submit quarterly financial reports to various key stakeholders (refer Appendix 3).

In December 2006, the Minister for Finance and Administration issued a directive in accordance with section 19 of the PGPA Act requiring AAFCANS to provide annual reports on legislative compliance.

AAFCANS prepares budget estimates for inclusion in the Department of Finance's whole of Government reporting.

CORPORATE GOVERNANCE

The agreement for services between Defence and AAFCONS that was applicable during the 2015 financial year required that the corporation submit to the AAFCONS Advisory Committee the following reports:

- an annual operating plan
- an annual performance report
- quarterly operational and financial reports.

All ministerial and legislative reporting requirements for the past financial year have been met.

Other

The Commonwealth has notified AAFCONS under section 28 of the CAC Act (superseded by s22 of the PGPA Act) that the following policies apply to the corporation:

- *Australian Government Property Ownership Framework*
- *Protective Security Manual 2005 (PSM)*.

Monitoring of the Equal Employment Opportunity Management Plan

The report made in accordance with s9(1) *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* appears at Appendix 1.

Workplace Health and Safety (WHS)

The Army and Air Force Canteen Service is subject to the requirements of the *Workplace Health and Safety Act 2011*. The report is made in accordance with Schedule 2, part 4 of the Act and appears at Appendix 2.

Judicial Decisions and Reviews by Outside Bodies

The Army and Air Force Canteen Service was not subject to any judicial or administrative tribunal decisions or to reports on the operations of the authority by the Auditor-General, a Parliamentary committee or the Commonwealth Ombudsman.

In April 2015, the Defence Ombudsman received two complaints relating to the end of licence arrangements. AAFCONS has assisted with these requests. One complaint has been finalised. One matter remains outstanding.

In May 2015, the ACCC received a complaint from a licensee relating to end of licence arrangements. AAFCONS is cooperating with the ACCC and the investigation is ongoing.

Freedom of Information

There was one application for information received in the reporting period (2014: nil). The estimated handling costs for this freedom of information (FOI) requests was nil (2014: nil).

The following information on AAFCONS is provided as required by the FOI Act:

- the corporation's organisational structure and functions are detailed elsewhere in this report
- the organisation consults directly and widely to help meet the needs of key stakeholders

CORPORATE GOVERNANCE

- a list of documents available for inspection has been lodged with the FOI unit of the Department of Defence; these documents include employment and retail related policies, establishment documents, the EEO plan and annual reports. The annual reports are also available on AAFCANS website.

Access to Documents

Access to documents under Freedom of Information legislation can be obtained by making a request in writing to the Managing Director, AAFCANS, Building E11, Lavarack Pde, Enoggera, Queensland, 4051.

Legal Services Expenditure

The Army and Air Force Canteen Service is required to report legal services expenditure as contained in the *Legal Services Direction 2005* issued by the Attorney-General. Accordingly, during the financial year, the Army and Air Force Canteen Service paid professional fees and related reimbursements to legal entities of \$42,539 excluding GST and including our in-house legal counsel hours (2014: \$60,779).

The Army and Air Force Canteen Service is required to purchase all legal services from approved suppliers as contained on the Legal Services Multi-Use List from 1 June 2012, with a transition period of 12 months for matters already under contract. AAFCANS conforms to this requirement.

Fraud Control

Although AAFCANS is not technically required to comply with the Commonwealth Fraud Control Guidelines, AAFCANS has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures that meet the required standard.

Ecological Sustainable Development

The report is made in accordance with s516A(6)(a) of the *Environment Protection and Biodiversity Conservation Act 1999*. The activities of the Army and Air Force Canteen Service are not relevant to ecological sustainable development in terms of the principles identified in the *Environment Protection and Biodiversity Conservation Act*.

Disability Discrimination

AAFCANS' policies, programs and services are accessible to people with disabilities and meet its obligations under the *Disability Discrimination Act 1992*. AAFCANS is not aware of any instance where a person with a disability has experienced difficulty in accessing any policy, program or service it offered.

AAFCANS - FINANCIAL STATEMENTS

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Independent Audit Report



INDEPENDENT AUDITOR'S REPORT

To the Assistant Minister for Defence

I have audited the accompanying annual financial statements of the Army and Air Force Canteen Service for the year ended 30 June 2015, which comprise:

- Statement by the Directors, Managing Director and Commercial Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The directors of the Army and Air Force Canteen Service are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the accounting policies used and the

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reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Army and Air Force Canteen Service:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Army and Air Force Canteen Service as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Lorena Skipper

Senior Director

Delegate of the Auditor-General

Canberra

1 September 2015

Statement by the Directors, Managing Director and Commercial Manager

In our opinion, the attached financial statements for the year ended 30 June 2015 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 Army and Air Force Canteen Service will be able to pay its debts as and when they fall due.

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


A Tregaskis

A Tregaskis
Chairperson

1 September 2015



C J Sinclair
Director

1 September 2015



S I McGrow
Managing Director

1 September 2015



K A Pemberton
Commercial Manager

1 September 2015

Statement of Comprehensive Income
for the period ended 30 June 2015

	Notes	2015 \$	2014 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	9,180,534	8,897,461
Suppliers	3B	18,461,221	18,147,460
Depreciation and amortisation	3C	694,684	583,709
Asset Write off		2,402	33,263
Licenced facilities on base	3D	559,869	581,341
Other expenses	3E	1,824,278	1,828,238
Total expenses		30,722,988	30,071,473
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	4A	29,421,585	28,595,966
Interest		118,979	114,166
Other revenue	4B	1,248,963	1,414,692
Total own-source revenue		30,789,527	30,124,824
Net (cost of) contribution by services		66,539	53,351
Revenue from Government		400,000	400,000
Surplus attributable to the Australian Government		466,539	453,351
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	(71,014)
Total other comprehensive income		-	(71,014)
Total comprehensive income attributable to the Australian Government		466,539	382,337

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

Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Financial assets			
Cash and cash equivalents		3,772,099	3,540,181
Trade and other receivables		438,028	359,305
Total financial assets		4,210,127	3,899,486
Non-financial assets			
Leasehold improvements	5A, C	1,473,728	946,165
Plant and equipment	5B, C	2,363,482	2,465,046
Intangibles		121,986	163,230
Inventories	5D	1,444,905	1,297,087
Other non-financial assets		146,401	249,196
Total non-financial assets		5,550,502	5,120,725
Total assets		9,760,629	9,020,211
LIABILITIES			
Payables			
Suppliers	7A	1,404,265	1,307,702
Other payables	7B	1,080,468	883,394
Total payables		2,484,733	2,191,096
Provisions			
Employee provisions	8A	780,434	800,192
Total provisions		780,434	800,192
Total liabilities		3,265,167	2,991,288
Net assets		6,495,462	6,028,923
EQUITY			
Contributed equity		1,328,804	1,328,804
Asset revaluation surplus		334,393	334,393
Retained earnings		4,832,264	4,365,725
Total equity		6,495,462	6,028,923

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

Statement of Changes in Equity
for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	4,365,725	3,912,374	334,393	405,407	1,328,804	1,328,804	6,028,923	5,646,585
Balance carried forward from previous period								
Comprehensive income	466,539	453,351	-	-	-	-	466,539	453,351
Surplus for the period								
Other comprehensive income	-	-	-	(71,014)	-	-	-	(71,014)
Total comprehensive income	466,539	453,351	-	(71,014)	-	-	466,539	382,337
Closing balance as at 30 June	4,832,264	4,365,725	334,393	334,393	1,328,804	1,328,804	6,495,462	6,028,923

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

Cash Flow Statement

for the period ended 30 June 2015

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		400,000	400,000
Sale of goods and rendering of services		33,190,991	32,499,498
Interest		118,979	114,166
Total cash received		33,709,970	33,013,664
Cash used			
Employees		(9,195,688)	(8,737,755)
Suppliers		(21,732,009)	(21,472,549)
Net GST paid		(1,433,122)	(1,310,836)
Total cash used		(32,360,819)	(31,521,139)
Net cash from operating activities	9	1,349,151	1,492,525
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		(1,117,232)	(1,314,988)
Total cash used		(1,117,232)	(1,314,988)
Net cash used by investing activities		(1,117,232)	(1,314,988)
Net increase (decrease) in cash held		231,919	177,535
Cash and cash equivalents at the beginning of the reporting period		3,540,181	3,362,646
Cash and cash equivalents at the end of the reporting period	9	3,772,099	3,540,181

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

Schedule of Commitments
as at 30 June 2015

	2015	2014
	\$	\$
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(18,227)	(22,993)
Total commitments receivable	(18,227)	(22,993)
Other commitments		
Operating leases	200,502	252,919
Total other commitments	200,502	252,919
Total commitments payable	200,502	252,919
Net commitments by type	182,275	229,927
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
Within 1 year	(8,850)	(13,266)
Between 1 to 5 years	(9,377)	(9,727)
Total net GST recoverable on commitments	(18,227)	(22,993)
Total commitments receivable	(18,227)	(22,993)
Operating lease commitments		
Within 1 year	97,354	145,925
Between 1 to 5 years	103,149	106,994
Total operating lease commitments	200,502	252,919
Total commitments payable	200,502	252,919
Net commitments by maturity	182,275	229,927

Note: Commitments are GST inclusive where relevant.

Operating leases included were effectively non-cancellable.

Agreements for the provision of motor vehicles: no contingent rentals exist. There were no renewal or purchase options available to the Army and Air Force Canteen Service. All leases were classified as operating leases. At the end of each lease term the Army and Air Force Canteen Service has the option to renew the lease.

This schedule should be read in conjunction with the accompanying notes.

Note 1 Summary of Significant Accounting Policies

1.1 Objectives of the Army and Air Force Canteen Service

The Army and Air Force Canteen Service is an Australian Government controlled entity. It is a not-for-profit entity. The objective and structure of the Army and Air Force Canteen Service is to provide goods and services to or for the entertainment and recreation of designated members of the 'Defence family'.

The continued existence of the Army and Air Force Canteen Service in its present form and with its present program is dependent upon the Chiefs of Army and Air Force requiring the provision of canteen services on specified bases and providing space to operate the canteens free of charge.

1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations 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 the 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 and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the Army and Air Force Canteen Service or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the entity has made the following judgements that have the most significant impact on the amounts recorded in the financial statements. The fair value of leasehold improvements and plant and equipment has been taken to be depreciated replacement cost or market value as determined by an independent valuer.

1.4 New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statement by the directors, managing director and commercial manager, were applicable to the current reporting period for the Army and Air Force Canteen Service's financial statements:

Applies Year Ended 30 June	Number and Title	Main Changes
2015	AASB 1031 Materiality	AASB 1031 was reissued as a result of the AASB's decision to gradually withdraw the accounting standard on materiality. As a consequence of these amendments, AAS no longer has guidance on how to assess materiality. AAFCANS have adopted their own Materiality policy and have adopted it throughout these financial statements.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the Army and Air Force Canteen Service retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the Army and Air Force Canteen Service.

Revenue from rendering of services is recognised by reference to licence agreements held with third party service contractors at the reporting date. The revenue is recognised when:

- a) the amount of revenue and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the Army and Air Force Canteen Service.

Receivables for goods, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at 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 as set out in AASB 139

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Revenue from Government

Funding received or receivable from the Department of Defence is recognised as Revenue from Government unless the funding is in the nature of an equity injection or a loan.

1.6 Gains

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period.

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 leaves is non-vesting and the average sick leave taken in future years by employees of the Army and Air Force Canteen Service is estimated to be less than the annual entitlement for sick leave.

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

Superannuation

The staff of the Army and Air Force Canteen Service are members of self-selected superannuation funds.

The Army and Air Force Canteen Service makes employer contributions to the employees' superannuation schemes at rates determined by legislation. The Army and Air Force Canteen Service accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final month of the year.

1.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Army and Air Force Canteen Service only had operating leases in the 2015 financial year and its comparative year. Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Cash

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

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

1.10 Financial Assets

The Army and Air Force Canteen Service classifies its financial assets in the following categories:

- a) loans and receivables.

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.

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.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at 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, 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.

1.11 Financial Liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

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

1.12 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and 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.

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition. 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.

1.14 Plant and Equipment

Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000 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).

Revaluations

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

Fair value for Leasehold Improvements and Plant and Equipment are at depreciated replacement cost. Any revaluation increment was credited to equity under the heading of asset revaluation surplus except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Any accumulated depreciation as at the revaluation date was eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Army and Air Force Canteen Service 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.

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

	2015	2014
Leasehold improvements	10 years	10 years
Plant and equipment	3 to 10 years	3 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2015. Where indications 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 to sell 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 Army and Air Force Canteen Service were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

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

1.15 Intangibles

The Army and Air Force Canteen Service's intangibles comprise software purchased for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Army and Air Force Canteen Service's software are 2 to 3 years (2014: 2 to 3 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

1.16 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Costs of inventories (finished goods held for sale) have been assigned an average purchase cost on a first-in-first-out basis.

1.17 Taxation

The Army and Air Force Canteen Service is exempt from all forms of taxation except Fringe Benefits Tax (FBT), Payroll Tax (Queensland), Wine Equalisation Tax (WET) and the Goods and Services Tax (GST).

Revenues, expenses, liabilities and assets are recognised net of GST except:

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

Note 2 Events After the Reporting Period

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Army and Air Force Canteen Service.

Note 3 Expenses

	2015	2014
	\$	\$
Note 3A: Employee Benefits		
Wages and salaries	7,907,662	7,486,154
Superannuation - defined contribution plans	776,134	726,196
Leave and other entitlements	461,486	659,605
Separation and redundancies	1,408	10,571
Other employee benefits	33,844	14,936
Total employee benefits	9,180,534	8,897,461
Note 3B: Suppliers		
Goods and services supplied or rendered		
Cost of goods sold	17,875,232	17,574,238
Total goods and services supplied or rendered	17,875,232	17,574,238
Goods supplied in connection with		
External parties	17,875,232	17,574,238
Total goods supplied	17,875,232	17,574,238
Total goods and services supplied or rendered	17,875,232	17,574,238
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	119,874	197,823
Workers compensation expenses	466,115	375,399
Total other suppliers	585,989	573,222
Total suppliers	18,461,221	18,147,460
Note 3C: Depreciation and Amortisation		
Depreciation:		
Leasehold improvements	131,115	72,104
Plant and equipment	324,325	393,831
Computer hardware	136,876	67,357
Total depreciation	592,316	533,292
Amortisation:		
Intangibles	102,368	50,417
Total amortisation	102,368	50,417
Total depreciation and amortisation	694,684	583,709

Note 3D: Licenced Facilities on Base

Licenced facilities on base	559,869	581,341
Total licenced facilities on base	559,869	581,341

Licensed facilities on base was the cost of the rent and utilities that were used by licenced traders on base. The AAFCANS headquarters on base was estimated on the cost of renting a similar space in the area. These facilities were provided free of charge by the Department of Defence. The revenue in relation to the provision of these facilities is disclosed in Note 4B.

Note 3E: Other Expenses

Bank fees	236,848	228,822
Vehicle running costs	174,786	160,767
Telephone and internet communications	174,426	207,840
Professional services	158,130	124,228
Payroll tax	157,510	154,955
Support office facilities	150,017	166,447
Sundry expense	151,176	90,684
Travel	138,759	136,549
Computer support and expenses	133,750	116,612
Selling, stationery, postage and courier	124,223	152,123
External Audit fees	55,000	55,000
Defence amenities expenses	44,548	68,057
Insurance	41,665	51,264
Recruitment fees and agency staff	40,640	96,276
Fringe benefits tax	24,511	18,612
Internal Audit Fees	18,289	0
Total other expenses	1,824,277	1,828,238

Note 4 Own-Source Income

	2015	2014
	\$	\$
Own-Source Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Sale of goods in connection with		
External parties	28,974,216	28,127,125
Total sale of goods	<u>28,974,216</u>	<u>28,127,125</u>
Rendering of services in connection with		
External parties	447,369	468,841
Total rendering of services	<u>447,369</u>	<u>468,841</u>
Total sale of goods and rendering of services	<u>29,421,585</u>	<u>28,595,966</u>
Note 4B: Other Revenue		
Marketing revenue and commissions	680,856	832,501
Resources received free of charge - Defence facilities	559,869	581,341
Sundry income	8,238	851
Total other revenue	<u>1,248,962</u>	<u>1,414,692</u>

Note 5 Non-Financial Assets

	2015	2014
	\$	\$
Note 5A: Leasehold Improvements		
Leasehold improvements		
Fair value	1,719,728	1,061,221
Accumulated depreciation	(246,001)	(115,056)
Total leasehold improvements	<u>1,473,728</u>	<u>946,166</u>

No indicators of impairment were found for leasehold improvements.

No leasehold improvements are expected to be disposed of within the next 12 months.

Note 5B: Plant and Equipment

Plant and equipment		
Fair value	4,472,495	4,117,855
Accumulated depreciation	(2,109,013)	(1,652,809)
Total plant and equipment	<u>2,363,482</u>	<u>2,465,046</u>

No items of plant and equipment are expected to be sold or disposed of within the next 12 months.

No indicators of impairment were found for plant and equipment

No Revaluation of Assets was undertaken in the 2015 Financial year (2014: \$71k).

Note 5C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Plant and Equipment and Computer Hardware**Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and computer hardware for 2015**

	Leasehold improvements \$	Plant & equipment \$	Computer hardware \$	Total \$
As at 1 July 2014				
Gross book value	1,061,221	3,142,084	975,771	5,179,076
Accumulated depreciation and impairment	(115,056)	(1,145,104)	(507,705)	(1,767,865)
Total as at 1 July 2014	946,165	1,996,980	468,066	3,411,211
Additions				
By purchase	658,507	262,253	99,787	1,020,547
Depreciation expense	(130,945)	(324,325)	(136,876)	(592,146)
Disposals				
Asset write-off	-	(2,402)	-	(2,402)
Total as at 30 June 2015	1,473,728	1,932,505	430,977	3,837,211
Total as at 30 June 2015 represented by:				
Gross book value	1,719,728	3,397,098	1,075,397	6,192,224
Accumulated depreciation and impairment	(246,001)	(1,464,593)	(644,420)	(2,355,013)
Total as at 30 June 2015	1,473,728	1,932,505	430,977	3,837,211

Reconciliation of the opening and closing balances of leasehold improvements, plant and equipment and computer hardware for 2014

	Leasehold improvements \$	Plant & equipment \$	Computer hardware \$	Total \$
As at 1 July 2013				
Gross book value	409,492	3,071,528	796,631	4,277,651
Accumulated depreciation and impairment	(42,951)	(975,906)	(436,644)	(1,455,501)
Total as at 1 July 2013	366,541	2,095,622	359,987	2,822,150
Additions				
By purchase	651,729	399,466	175,436	1,226,631
Revaluations recognised in other comprehensive income	-	(71,014)	-	(71,014)
Depreciation expense	(72,105)	(393,831)	(67,357)	(533,293)
Disposals				
Asset write-off	-	(33,263)	-	(33,263)
Total as at 30 June 2014	946,165	1,996,980	468,066	3,411,211
Total as at 30 June 2014 represented by:				
Gross book value	1,061,221	3,142,084	975,771	5,179,076
Accumulated depreciation and impairment	(115,056)	(1,145,104)	(507,705)	(1,767,865)
Total as at 30 June 2014	946,165	1,996,980	468,066	3,411,211

Note 5D: Inventories	2015	2014
	\$	\$
Inventories held for sale		
Finished goods	1,444,905	1,297,087
Total inventories held for sale	1,444,905	1,297,087
Total inventories	1,444,905	1,297,087

During 2015, nil inventory held for sale was recognised as an expense (2014: nil).

No items of inventory are recognised at fair value less cost to sell.

All inventories are expected to be sold in the next 12 months.

Note 6 Fair Value Measurements

Note 6A Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

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

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

Level 3: Unobservable inputs for the asset or liability.

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2015

	Fair value measurements at the end of the reporting period using	
	Fair value	Level 3 inputs
	\$'000	\$'000
Non - financial assets		
Leashold improvements	1,473	1,473
Other plant and equipment	2,363	2,363
Total non-financial assets	3,836	3,836
Total fair value measurement of assets in the statement of financial position	3,836	3,836

Note 6B: Valuation Technique and Inputs for Level 3 Fair Value Measurements

Level 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2015

	Category	Fair value \$'000	Valuation technique(s) ¹
Non-financial assets			
Leasehold improvements	Level 3	1,473	Depreciated replacement cost
Other plant and equipment	Level 3	2,363	Depreciated replacement cost

1. No change in valuation technique occurred during the period

2. Significant unobservable inputs only.

3. The highest and best use for all non-current financial assets are the same as their current use.

Recurring and non-recurring Level 3 fair value measurements - valuation process

AAFCANS revalued their assets through an independent valuer in the 2013-2014 Financial Year. No valuation was completed in the current year instead a desktop valuation was performed to determine fair value.

Note 7 Payables

	2015 \$	2014 \$
Note 7A: Suppliers		
Trade creditors and accruals	1,404,265	1,307,702
Total suppliers	1,404,265	1,307,702

All suppliers are non-related entities and are expected to be settled within 12 months.

Settlement was usually made net 30 days.

Note 7B: Other Payables

Wages and salaries	381,658	355,485
Superannuation	74,614	85
GST payable	314,142	238,403
Vending commissions	114,143	20,735
Other	195,911	268,686
Total other payables	1,080,468	883,394

All other payables are expected to be settled within 12 months.

Note 8 Employee Provisions

Note 8A: Employee Provisions	2015	2014
	\$	\$
Annual leave	324,367	284,506
Long service leave	456,067	515,686
Total employee provisions	780,434	800,192
Employee provisions are expected to be settled		
No more than 12 months	571,933	472,099
More than 12 months	208,501	328,094
Total employee provisions	780,434	800,192

Note 9 Cash Flow Reconciliation

	2015	2014
	\$	\$
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	3,772,099	3,540,181
Statement of financial position	3,772,099	3,540,181
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net contribution by services	66,539	53,351
Revenue from Government	400,000	400,000
Adjustments for non-cash items		
Depreciation/amortisation	694,684	583,709
Net write down of non-financial assets	-	71,014
Loss on disposal of assets	2,402	33,263
Changes in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	77,121	82,261
(Increase)/Decrease in inventories	147,818	(193,480)
(Increase)/Decrease in prepayments (other financial assets)	13,833	155,478
Liabilities		
Increase/(Decrease) in employee provisions	(54,771)	152,156
Increase/(Decrease) in supplier payables		96,741
Increase/(Decrease) in other payables	1,525	58,031
Net cash from operating activities	1,349,151	1,492,525

Note 10 Contingent Assets and Liabilities

There are no quantifiable contingent assets or liabilities as at 30 June 2015 (2014: Nil).

There are no unquantifiable or significant remote contingent assets or liabilities (2014: Nil).

Note 11 Senior Management Personnel Remuneration

Note 11A: Senior Management Personnel Remuneration Expenses for the Reporting Period	2015	2014
	\$	\$
Short-term employee benefits		
Salary	228,450	225,477
Annual leave	18,262	4,284
Performance bonuses	27,173	22,539
Total short-term employee benefits	273,885	252,300
Post-employment benefits		
Superannuation	24,284	22,941
Total post-employment benefits	24,284	22,941
Other long-term employee benefits		
Long service leave	6,200	5,002
Total other long-term benefits	6,200	5,002
Total senior executive remuneration expenses	304,369	280,243

Note 12 Financial Instruments

Note 12A: Categories of Financial Instruments	2015	2014
	\$	\$
Financial Assets		
Loans and receivables		
Cash and cash equivalents	3,772,099	3,540,181
Trade and other receivables	250,563	245,486
Total loans and receivables	4,022,662	3,785,667
Total financial assets	4,022,662	3,785,667
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	1,404,265	1,307,702
Total financial liabilities measured at amortised cost	1,404,265	1,307,702

Note 12B: Net Gains or Losses on Financial Assets

Loans and receivables

Interest revenue	118,979	114,166
Net gains on loans and receivables	118,979	114,166
Net gains on financial assets	118,979	114,166

There was no interest income from financial assets not at fair value through the profit and loss in the year ending 2015 (2014: Nil).

Note 12C: Fair Value of Financial Instruments

The carrying value is a reasonable approximation of fair value of the financial assets and liabilities.

Note 12D: Credit Risk

The Army and Air Force Canteen Service was exposed to minimal credit risk as loans and receivables were cash or trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables in 2015: \$250,563 (2014: \$245,486).

Note 12E: Liquidity Risk

The Army and Air Force Canteen Service's financial liabilities were payables. The exposure to liquidity risk was based on the notion that the Army and Air Force Canteen Service will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely due to mechanisms available to the Army and Air Force Canteen Service (eg the Defence Agreement) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Army and Air Force Canteen Service had only trade creditors as a financial liability. All trade creditors mature within 1 year (2015: \$1,404,265 and 2014: \$1,307,702).

The Army and Air Force Canteen Service had no derivative financial liabilities in 2015 (2014: Nil).

Note 12F: Market Risk

The Army and Air Force Canteen Service held basic financial instruments that did not expose the Army and Air Force Canteen Service to certain market risks, such as 'Currency risk' and 'Other price risk'.

The only interest-bearing items on the statement of financial position were the 'Cash deposits'. All bear interest at a floating interest rate and will fluctuate due to changes in the market interest rate.

Note 13 Financial Asset Reconciliation

	2015	2014
	\$	\$
Total financial assets as per statement of financial position	4,210,127	3,899,486
Less: non-financial instrument components		
GST receivable from the Australian Tax Office	(190,955)	(117,310)
Impairment allowance - goods and services	3,491	3,491
Total non-financial instrument components	(187,465)	(113,819)
Total financial assets as per financial instruments note	4,022,662	3,785,667

Note 14 Reporting of Outcomes

The Army and Air Force Canteen Service has only one outcome being the provision of goods and services to members of the Defence family.

Note 14A: Net (Cost)/Contribution of Outcome Delivery

	Outcome 1		Total	
	2015	2014	2015	2014
	\$	\$	\$	\$
Expenses	30,722,988	30,071,473	30,722,988	30,071,473
Own-source income	30,789,527	30,124,824	30,789,527	30,124,824
Net (cost)/contribution of outcome delivery	66,539	53,351	66,539	53,351

APPENDIX 1: ANNUAL REPORT ON THE MONITORING OF THE EEO MANAGEMENT PLAN

Overview



AAFCANS domestic retail operations include convenience stores, cafes, petrol stations, mobile food vans and the provision of "Class 6" products to major military exercises. A number of licenced traders provide additional retail and non-core services e.g. fast food shops, hairdressers, mechanics, barbers, banks and postal services, utilising their own employees.

AAFCANS remains geographically dispersed with small staff numbers at each individual site. Casual and part time employees account for 68% (69% - 2014) of all staff. A profile of staff in terms of target group member classification appears as Table 6, highlighting that women constitute:

- a) 81% (2014 85%) of all staff
- b) 75% (2014 68%) of manager level staff
- c) 50% (2014 83%) of executive level staff

The organisation's employment profile consists of predominantly casual staff and is subject to significant fluctuation on a local basis. During 2014-15 spouses or dependants of Defence personnel filled 14% (18% - 2014) of all positions, in large part due to the on-base location of our stores.

Table 5 provides a profile of staffing by category and classification. Total staff numbers have remained at 259 as at 30 June 2015. The Full Time Equivalent (FTE) statistic increased to 172 compared to 170 at 30 June 2014.

The general staffing profile reflects trading patterns that can significantly fluctuate in line with Australian Defence Force training, exercises and operations activity and the narrowly defined customer base to which AAFCANS has direct access. In particular, outlets at bases where troops are drawn for operational deployment overseas experience significant fluctuations in trade, profitability and casual staff numbers.

General Management of the EEO Plan



The success of continuing to achieve the objectives of the EEO management plan is dependent upon:

- a) Management commitment
- b) The allocation of responsibility and resources for implementation
- c) The awareness, participation and training of staff
- d) Effective monitoring and evaluation.

APPENDIX 1: ANNUAL REPORT ON THE MONITORING OF THE EEO MANAGEMENT PLAN

AAFCANS continues to:

- Ensure all staff are aware of senior management's commitment to the EEO program
- Allocate adequate resources to the development and management of the EEO plan
- Encourage and promote non-discrimination policies e.g. reissues of the code of conduct to all employees (attached to each contract of employment)
- Develop our policy and procedures manual, and train staff on those policies which includes a policy addressing human rights and equal opportunity
- Promote skill- and potential-based recruitment and selection process. This is achieved by providing specific training support to all managers, appropriate policies on recruitment, selection, termination, performance appraisal, secondment and training, and guidelines to assist development of selection and interview criteria.

People engaged in providing Retail Services as at 30 June 2015

Total number of staff employed at 30 June 2015 was 259 (2014 – 259) equating to 172 (2014 – 170) full time equivalent (FTE) staff employed throughout the period.

Category	FTE (average)		Total		Male		Female	
Full time	82	(86)	81	(81)	21	(19)	60	(62)
Part time	15	(16)	19	(23)	0	(0)	19	(23)
Casual	75	(68)	159	(155)	27	(19)	132	(136)
Total	172	(170)	259	(259)	48	(38)	211	(221)

Table 5: Staff as at 30 June 2015 (2014)

Target Group Members (TGMs) are well represented in all employment categories, including at the executive/professional levels. There is one nominated TGM on the governing Board (33% representation).

During 2014-15 employees who identified as Indigenous personnel filled 1.5% of all positions. In response to the Forrest Review, AAFCANS aims to increase Indigenous representation to 2.5% by 2018.

All Staff No		Employment Classification	Salary \$	All TGM as a % of all Staff		Women as a % of all staff		All Women No	
178	(192)	Sales Assistants	10,000 to 44,100	90%	(93)	90%	(93)	161	(178)
32	(28)	Managers	38,000 to 93,000	75%	(61)	75%	(61)	24	(17)
14	(11)	Clerical	40,000 to 104,000	71%	(82)	71%	(82)	10	(9)
10	(5)	Executive	72,000 to 232,000	50%	(80)	50%	(80)	5	(4)
25	(23)	Other	22,500 to 50,000	48%	(57)	48%	(57)	11	(13)
259	(259)	TOTAL		81%	(85)	81%	(85)	211	(221)

Table 6: Target Group Members by Classification as at 30 June 2015 (2014)

Recruitment and Selection

For consistency and regard for EEO and other staff policy, all terminations are only initiated and managed by senior management. A grievance process is well established and is accessible to all staff.

The recruitment and selection policy has been developed within a framework of merit-based fair and equitable staff selection. This policy:

- a) Covers ethics in recruitment as they relate to internal use and ensure all external recruitment consultants also maintain our standards
- b) Continues to apply EEO principles of assisting and developing existing staff to enhance their ability to compete for available positions
- c) Details standard recruitment tools for use by managers
- d) Incorporates a formal feedback mechanism for internal applicants, and to external applicants
- e) Incorporates a detailed induction process.

In evaluating prospective staff, emphasis is placed on the inherent requirements of the job skills and potential rather than detailed local knowledge and experience. If a person with a disability can perform the inherent requirements of the job with some alteration or adjustments these adjustments are made unless this imposes unjustifiable hardship.

AAFCANS continues to work with employment service providers and rehabilitation providers (Mission Australia, Max Employment, Rehabilitation Management Australia, Health Works).

TGMs are made aware of their rights, entitlements and conditions of employment by our base managers as well as through the provision of policy and procedure manuals and delivery of a standard induction program. A plain English summary of the terms and conditions of employment is provided in the general induction module.

There have been no requests for EEO material to be prepared in languages other than English or requests for interpreters to be made available for any reason.

Training and Staff Development

Management strives to deliver appropriate staff training and development opportunities through both internal and external training programs.

AAFCANS provides formal training covering areas such as WHS and food safety. The training and development plan is reviewed each year to ensure the matching of current staff skills against the organisational competency framework and to develop targeted training programs to meet those competency shortfalls. This system has been in place since October 2008.

A range of management development modules have been developed and implemented in 2014 and 2015. These will continue to be developed, offering a suite of leadership development training tools.

Training programs were implemented in 2015, aimed at training all staff to the equivalent level of a Food Safety Supervisor.

All training modules are reviewed annually to ensure content is current and each module has been revised to provide ease of access for employee who has literacy difficulties.

Conditions of Employment

AAFCANS employs staff under appropriate terms and conditions subject to direction from the Fair Work Commission and the Minister for Employment.

AAFCANS is respondent to three awards. If an employee is not of a classification covered by these awards, or does not have a specific matter dealt with by an individual contract of employment, management applies the terms and conditions of employment as exists for other AAFCANS employees.

Details of the staff profile in classification and salary terms appear at Table 3 and 4.

The code of conduct was approved by the Board and Executive of AAFCANS in 2013. A full review of the code of conduct is in progress at the time of reporting. The code of conduct defines and standardises expectations for all staff at AAFCANS. It guides the behaviour of all employees in terms of individual representation, relations with customers, and relations with fellow employees. This document sets the framework for AAFCANS' culture going forward.

A company policy and procedures manual is maintained that consolidates the major terms and conditions of employment. This was last revised in January 2015 and will be reviewed in late 2016. Updates are posted to the AAFCANS intranet and distributed both in hard copy and via the weekly bulletin throughout the year as procedures are improved and new policies are implemented. Significant changes are also advised and explained during management telephone conferences and at outlet staff meetings.

AAFCANS ensures employees are not subjected to any form of discrimination or harassment in the workplace by:

- a) Distributing and displaying material aimed at raising awareness of the nature and incidence of discrimination or sexual and racial harassment
- b) Ensuring the working environment is free of material which may be offensive to TGMs and other employees
- c) Continuing to maintain a register of grievances (no issues were reported to Fair Work Australia in the year under review)
- d) Reiterating EEO principles in management training programs and in designated work group meetings, i.e. at the local trading outlet level
- e) Incorporating EEO awareness in the formal induction program for all new staff
- f) Incorporating a detailed harassment and bullying policy and whistleblowers policy in the company policy and procedures manual which operate in tandem with the EEO policy to ensure that staff have numerous reporting avenues for inappropriate conduct

Personnel policies, procedures and related correspondence have been reviewed and are free of any gender, cultural or racial bias.

As at 30 June 2015, 62 (2014 – 51) staff members were employed on individual employment contracts, including all full and part-time salaried staff.

APPENDIX 2: ANNUAL REPORT OF WHS ARRANGEMENTS AND STATISTICS

This report is provided pursuant to Schedule 2, Part 4 of the *Work Health and Safety Act 2011*.

Overview



The Army and Air Force Canteen Service maintains:

- a) A national WHS committee
- b) Health & safety representatives (HSR) for all designated work groups
- c) Documented health and safety management arrangements
- d) An extensive range of WHS policies
- e) A WHS audit and reporting system, including both internal audits and third party external audits

Comcare did not conduct any new investigations under s160 of the WHS Act for the year ending June 2015.

Occupational Health and Safety



Food Safety

AAFCANS contracts a professional organisation to conduct internal food safety and premises audits on the AAFCANS controlled facilities throughout Australia. The results from these audits are addressed in conjunction with the Defence Estate and Infrastructure Group to ensure that all AAFCANS premises comply with the relevant legislation and continue to provide a safe and healthy environment for staff and customers alike.

AAFCANS's web based food safety induction training was updated to align with revised food safety policies and procedures. This web based food safety training program ensures that all employees receive the required training in food safety and ensures they attain the required skills and knowledge in order to maintain safe food practices in the work place.

The provision of good quality, safe food continues to be a priority with AAFCANS.

Work Health and Safety

Our processes to ensure compliance with WHS and food safety program requirements continue to improve. Health and safety management arrangements were reviewed and re-issued to all staff in 2015, with updates distributed throughout the year via the AAFCANS intranet, in hard copy and through the weekly bulletin and reinforced in team and base management meetings. The HSMA will be fully reviewed again in late 2015. Each outlet is audited twice yearly with those issues identified reported to either the Defence Support Reform Group or AAFCANS management for resolution.

The agency's policy statement was reviewed and updated in September 2014 and approved by the Managing Director. The policy will be reviewed again in 2016.

APPENDIX 2: ANNUAL REPORT OF WHS ARRANGEMENTS AND STATISTICS

There were no dangerous occurrences in the reporting period.

Whilst the process of outlet audits is continuous with improvements occurring with regard to local practice, the issues in relation to major facilities works remain the responsibility of Defence.

	2014/15	2013/14	2012/13 ⁶	2011/12 ⁶	2010/11
Employees at period end	262	259	254	228	136
Average Number of FTE Employees throughout the period	172	170	162	119	89
Hours of Labour ('000's)	351	337	275	230	185
All injuries ¹	56	34	65	30	1
Lost time Injuries	17	11	29	9	1
Hours Lost (year of review)	287	243	275	500	448
Frequency Rate ²	48.2	38.8	105.3	39.2	0.005
Severity Rate ³	0.0001	0.0001	0.001	0.06	0.32
Absenteeism (% Wages) ⁴	1.24% ⁵	1.76% ⁵	1.66% ⁵	7.72% ⁵	1.46

Table 7: Work Health & Safety Performance

Note 1 For events with a date of injury in the year ended 30 June

Note 2 Frequency Rate: Number of lost time injuries per thousand hours worked

Note 3 Severity Rate: Number of lost days per thousand hours worked

Note 4 Absenteeism for sick leave, not being workers compensation

Note 5 Permanent payroll only – excludes casual wages paid. Prior years have not been restated. 2011/12 includes one employee on long term paid sick leave

Note 6 Changed reporting requirements increased reported incidents

During the 12 months from July 2014 to June 2015 no new claims were submitted to Comcare. Time lost due to workplace injuries totaled 287 hours compared to 243 hours in 2013/14.

The number of injuries reported increased to 56 (34 in 2013/14), with the severity rate for incidents remaining at 0.0001 (0.0001 in 2013/14).

Although no claims were made in 2014-15, Comcare has again applied an increased annual premium for workers' compensation in the 2015/16 financial year. The increase has been due to an increase in the regulatory contribution charged across all agencies. AAFkans continues to manage existing long term claims, and resolves minor claims through early intervention outside the Comcare system.

Workers Compensation

Insurance cover for workers compensation is maintained as follows:

- a) Claims established prior to 1 July 1989 are determined under the *Commonwealth Employees Rehabilitation and Compensation Act 1988*; however payments as directed by Comcare are the responsibility of the Army and Air Force Canteen Service.
- b) Claims established from 1 July 1989 are managed, by government direction, in conjunction with Comcare under the provisions of the *Commonwealth Employees Rehabilitation and Compensation Act 1988*.

Claim performance by mechanism of incident for the 12 months ending 30 June 2015 (compared to the year 2014) appears in summary in Chart 2 and Table 8. AAFCANS has experienced an increase in the reporting of injuries. AAFCANS will continue to monitor the workplace through inspection reports and hazard identification forms to keep the number of incidents in the workplace to an absolute minimum, striving for zero injuries.

Absenteeism for sick leave, not being for workers compensation, was at a rate of 1.24% of non-casual wages for the period (2013-14 – 1.76%).

Future focus will be on increasing the skills and abilities of staff at all levels to assist in the identification and notification of hazards in the workplace. AAFCANS will continue to communicate with staff regularly, ensuring safety remains a clear priority throughout the working day. AAFCANS also aims to build on current levels of compliance and strive toward best practice in WHS.

The cost to date of all claims with an injury date in this period is nil compared to last year which was \$44,190.

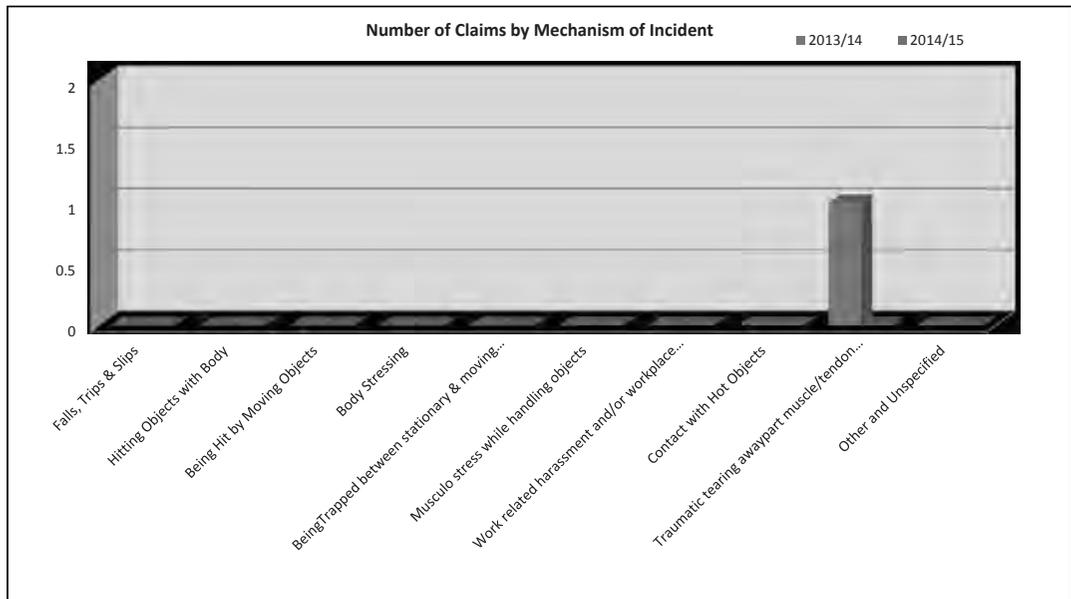


Chart 2: Claims Incidence by Injury Group

APPENDIX 2: ANNUAL REPORT OF WHS ARRANGEMENTS AND STATISTICS

AAFCANS 2015/(2014) INJURIES						
Injury/Disease	Claims No.	% of claims	% of cost to date	Average cost to date (\$)		
Falls, Trips & Slips	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Hitting Objects with Body	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Being Hit by Moving Objects	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Body Stressing	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Being trapped between stationary and moving objects	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Musculo stress while handling objects	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Work related harassment and/or work place bullying	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Traumatic tearing away part muscle/tendon structure	0 (1)	0 (100)	0 (100)	0 (100)	0 (44,190)	0 (44,190)
Contact with hot objects	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Other and Unspecified	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total	0 (1)	0 (100)	0 (100)	0 (100)	0 (44,190)	0 (44,190)

Table 8: Injury Types for year ending 30 June 2015 (2014)

APPENDIX 3: STATEMENTS OF EXPECTATIONS AND INTENT

Statement of Expectations

Chairman
Army and Air Force Canteen Service

This statement formally outlines my expectations concerning the operations and performance of the Army and Air Force Canteen Service (known as Frontline).

The government's vision for Frontline is that it will be a high-performing and self-supporting organisation which provides goods, facilities and services to, or for the entertainment and recreation of, Army and Air Force personnel, and their families, to enhance their living conditions and social environment.

As Chairman, you are to ensure that Frontline keeps the Minister for Defence Science and Personnel (the Minister) fully informed of any significant events or issues that may impact on the financial and business operations of Frontline. All communication provided to the Minister is to be forwarded, in parallel, to the Department of Defence.

My expectations for the Board of Directors are that it will ensure that Frontline:

1. operates in accordance with relevant legislation (including the *Army and Air Force Canteen Service Regulation 1959* made under the *Defence Act 1903* and the *Commonwealth Authorities and Companies Act 1997*);
2. complies with the appropriate government policy, including directions made by the Finance Minister;
3. is a commercially viable organisation which is financially independent of government;
4. delivers on the strategies identified in the 2008-12 Strategic Plan within the agreed timeframes and having regard to guidance provided by the Frontline Advisory Committee;
5. encourages continuous improvement practices to maximise opportunities that will ensure its long term viability;
6. in response to this Statement of Expectations, provides the Minister with its Statement of Intent and makes both Statements publicly available;
7. provides the Minister with its quarterly and annual financial and compliance reports, with copies to be provided to the Secretary for Defence, the Chief of the Defence Force, the Chief of Army and the Chief of Air Force;
8. adopts best practice governance principles and implements 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, promptly advising the Minister of any significant issues as they arise.

Signed Joel Fitzgibbon
(Former) Minister for Defence

Issued 26 September 2008

APPENDIX 3: STATEMENTS OF EXPECTATIONS AND INTENT

Statement of Intent

The Hon Joel Fitzgibbon
Minister for Defence

This statement outlines our intent concerning the operations and performance of the Army and Air Force Canteen Service (known as Frontline).

The Board will ensure that the Minister for Defence Science and Personnel (the Minister) is kept fully informed of any significant event or issue that may impact on the financial and business operations of Frontline. All communication provided to the Minister is to be forwarded in parallel to the Department of Defence.

The intention of the Board of Directors is that it will ensure that Frontline:

1. operates in accordance with relevant legislation (including the *Army and Air Force Canteen Service Regulation 1959* made under the *Defence Act 1903* and the *Commonwealth Authorities and Companies Act 1997*);
2. complies with the appropriate government policy, including directions made by the Finance Minister;
3. is a commercially viable organisation which is financially independent of government through the performance of all parties to the relevant Defence Instructions and the Frontline Agreement;
4. delivers on the strategies identified in the Strategic Plan 2008-2012 within the agreed timeframes and having regard to guidance provided by the Frontline Advisory Committee;
5. encourages continuous improvement practices to maximise opportunities that will ensure its long term viability;
6. in response to the Minister's Statement of Expectations, provides this Statement of Intent and makes both Statements publicly available;
7. provides the Minister with its quarterly and annual financial and compliance reports, with copies provided to the Secretary for Defence, the Chief of the Defence Force, the Chief of Army and the Chief of Air Force;
8. adopts best practice governance principles and implements 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, promptly advising the Minister of any significant issues as they arise.

Signed Ted Moore
(Former) Chairman
Army and Air Force Canteen Service

Issued 21 October 2008

APPENDIX 4: LOCATION OF OUTLETS AND LICENCED TRADERS

Directly Operated AAFCANS Outlet Locations



Chart 3: Visual Representation of Outlet Locations

Licensed Traded Services by Location

Outlet Name	Barracks/Base
Mechanical Workshop	Royal Military College, Legge Road, Duntroon, ACT
Café	Royal Military College, Fraser Road, Duntroon, ACT
Barber &/ Hairdresser	Royal Military College, Fraser Road, Duntroon, ACT
Banking Services	Royal Military College, Fraser Road, Duntroon, ACT
Café	Victoria Barracks, Paddington, NSW

APPENDIX 4: LOCATION OF OUTLETS AND LICENCED TRADERS

Outlet Name	Barracks/Base
Mechanical Workshop	RAAF Base Richmond, NSW
Banking Services	RAAF Base Richmond, NSW
Barber &/ Hairdresser	RAAF Base Richmond, NSW
Banking Services	RAAF Base Williamtown, NSW
Barber &/ Hairdresser	RAAF Base Williamtown, NSW
Banking Services	Lone Pine Barracks, Singleton, NSW
Barber &/ Hairdresser	Lone Pine Barracks, Singleton, NSW
Clothing (military/adventure wear)	McArthur Drive, Holsworthy, NSW
Banking Services	McArthur Drive, Holsworthy, NSW
Barber &/ Hairdresser	McArthur Drive, Holsworthy, NSW
Banking Services	RAAF Base Wagga Wagga, NSW
Barber &/ Hairdresser	RAAF Base Wagga Wagga, NSW
Photographer	ARTC, Blamey Barracks, Kapooka, NSW
Barber &/ Hairdresser	ARTC, Blamey Barracks, Kapooka, NSW
Clothing (military/adventure wear)	Robertson Barracks, Palmerston, NT
Banking Services	Robertson Barracks, Palmerston, NT
Barber &/ Hairdresser	Robertson Barracks, Palmerston, NT
Service Station & Mechanical Workshop	RAAF Base Darwin, NT
Barber &/ Hairdresser	LWC, Kokoda Barracks, Canungra, QLD
Banking Services	Gallipoli Barracks, Enoggera, QLD
Barber &/ Hairdresser	Gallipoli Barracks, Enoggera, QLD
Pool Kiosk	RAAF Base Amberley, QLD
Mechanical Workshop	RAAF Base Amberley, QLD
Banking Services	RAAF Base Amberley, QLD
Barber &/ Hairdresser	RAAF Base Amberley, QLD
Clothing (military/adventure wear)	Lavarack Barracks, Townsville, QLD
Publisher	Lavarack Barracks, Townsville, QLD
Barber &/ Hairdresser	Lavarack Barracks, Townsville, QLD
Barber &/ Hairdresser	RAAF Base Townsville, QLD
Café	Woodside Barracks, Woodside, SA
Barber &/ Hairdresser	Keswick Barracks, Adelaide, SA

APPENDIX 4: LOCATION OF OUTLETS AND LICENCED TRADERS

Outlet Name	Barracks/Base
Barber &/ Hairdresser	RAAF Base Edinburgh, SA
Banking Services	Latchford Barracks, Bonegilla, VIC
Barber &/ Hairdresser	Latchford Barracks, Bonegilla, VIC
Banking Services	Simpson Barracks, Macleod, VIC
Hairdresser	Simpson Barracks, Macleod, VIC
Post Office	PMA, Puckapunyal, VIC
Fish and Chip Take-away	PMA, Puckapunyal, VIC
Pizza Parlour	PMA, Puckapunyal, VIC
Chinese Food Take-away	PMA, Puckapunyal, VIC
Clothing (military/adventure wear)	PMA, Puckapunyal, VIC
Banking Services	PMA, Puckapunyal, VIC
Barber &/ Hairdresser	PMA, Puckapunyal, VIC
Barber &/ Hairdresser	RAAF Base Williams, Laverton, VIC
Barber &/ Hairdresser	Victoria Barracks, Melbourne, VIC
Café & Post Office	RAAF Base East Sale, East Sale, VIC
Café	RAAF Base Pearce, Bullsbrook, WA
Barber &/ Hairdresser	RAAF Base Pearce, Bullsbrook, WA

APPENDIX 5: TERMS AND ABBREVIATIONS

Term / Acronym	Description / Definition
AAFCANS	Army and Air Force Canteen Service
ADF	Australian Defence Force
ANAO	Australian National Audit Office
Board	Army and Air Force Canteen Service Board of Management
CAC Act	Commonwealth Authorities and Companies Act 1997
Direct Operations	Cafes & other retail facilities directly operated and staffed by AAFCANS
DEIG	Defence Estate and Infrastructure Group
EEO	Equal Employment Opportunity
ePOS	Electronic Point of Sale
FOI	Freedom of Information
Frontline/Frontline Defence Services/ FDS	Previous trading name for the Army & Air Force Canteen Service
FTE	Full Time Equivalents
FY	Financial year
HACCP	Hazard Analysis and Critical Control Points
HSR	Health and Safety Representative
MFV	Mobile Food Vans
NSW	New South Wales
PGPA Act	Public Governance, Performance and Accountability Act
PPE	Property, plant and equipment
RAAF	Royal Australian Air Force
TGM	Target Group Member
WHS	Workplace Health and Safety

APPENDIX 6: COMPLIANCE INDEX

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AAFCANS

Army & Air Force Canteen Service



Army and Air force Canteen Service Report for the
Period 1 July 2014 to 30 July 2015 incorporating the
Annual Report on the monitoring of the
Equal Employment Opportunity (EEO) Management Plan.