



RAAF WELFARE RECREATIONAL COMPANY (RWRC)
(Trustee of the RAAF Central Welfare Trust Fund - RCWTF)

2018/2019 – CORPORATE PLAN

STATEMENT OF PREPARATION

We, as the Accountable Authority of the RAAF Welfare Recreational Company (as Trustee of the RAAF Central Welfare Trust Fund [RCWTF]), present the Corporate Plan of the entity as required for paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*. The Plan is prepared in accordance with the Public Governance, Performance and Accountability Rule 2014.

The Plan covers the period 2018/2019 – 2022/2023 and has been adopted by a Resolution of the Accountable Authority.

PT Tammen
Air Commodore
Chair

PD Alomes
Squadron Leader
Secretary

PURPOSE

To provide access to discounted recreational accommodation and to manage and promote RAAF Welfare Recreational Company (RWRC) owned recreational facilities for RAAF members, their families and other eligible persons and to provide financial support to, and assist in the provision of recreational amenities and services to RAAF members.

The entity provides these as a component of a broader suite of support services to enhance the morale and wellbeing of members of the RAAF, their families and other eligible users.

As Trustee, the RAAF Welfare Recreational Company achieves the purpose through the effective management of the RAAF Central Welfare Trust Fund.

To achieve the purpose, the Accountable Authority will:

As trustee, manage the activities of the RAAF Central Welfare Trust Fund as a sustainable entity through a strategy of diversification and with broad long term vision in order to optimise the benefits to eligible persons in the provision of discounted recreational accommodation and welfare recreational amenities.

The Accountable Authority, over the period of the Plan, will adopt the following strategies to achieve its purpose:

- Facilitate access to discounted high quality recreational accommodation for all eligible persons.
- Explore alternative means of providing subsidised recreational accommodation.
- Ensure that the investment portfolio delivers income and growth to ensure the long term sustainability.
- Promote the availability of funds for worthwhile recreational and welfare projects on Air Force Establishments.
- Continually monitor the environment within which the entity operates to the extent that, if the provision of discounted recreational accommodation becomes unsustainable, the Accountable Authority will review the operational continuance in the sector.

Strategic Outcome. The overarching outcome is that the entity's operational and fiscal performance ensures that its value is maintained and that it remains enduring and relevant to the needs of members. Alternatively, that its operation can be continued but merged with an alternative entity supporting Air Force.

The following will inform and re-shape how the entity will undertake activities to achieve the Strategic Outcome over the period of the Plan:

Outcomes Statement for the period of the Corporate Plan: *The Accountable Authority will pursue a rationalisation of current assets in such a manner that will allow the Board to provide a sustainable and equitable benefit to members of the Air Force and other eligible persons.*

How is the Outcome statement to be delivered?

In 2018/2019 we will:

1. Finalise the value and profile of the First Wrap investment construct (in association with the RWRC investment advisor).
2. Begin a critical review of operational outcomes for the *Ambassador* apartments.
3. Begin high level consideration of revised accommodation models to determine which are worthy of additional scoping.
4. Continue consideration of alternative services to members.

During 2019/2020 to 2020/2021 we will:

1. Determine if the provision of loans and grants is a necessary function of the Trust and decide if the Trust Deed should be amended accordingly.
 2. Review and, if necessary, take action in relation to outcomes of the *Ambassador* apartment review.
 3. Begin the process of realigning to a new service delivery model or decide on consolidation with a like entity (or otherwise).
 4. If necessary, recommend amendments to the Trust Deed to bring it in line with services offered.
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During 2021/2022 to 2022/2023 we will:

1. Continue to measure operational performance.
2. Finalise a new service delivery model.

ENVIRONMENT

Operating within the hospitality environment creates its own set of unique challenges. The commercial sector's ability to provide an affordable holiday experience requires the Accountable Authority to be attuned to the needs of its customer base. If, for example, the commercial sector can provide the holiday experience outcome in a more economical manner (taking into account year round factors), the Accountable Authority, in accordance with its strategies, will further refine its continued operation in the sector.

Additionally, the needs of the primary customer base (members of the Air Force) must be a consideration. Operational tempo, leave profiles and the more sophisticated holiday experience offered in an affordable manner has a considerable impact on operations (for example, the ease and economy of an overseas holiday).

The current 'block' holdings of accommodation on the Gold Coast, whilst of a very good standard, may be a dated concept and uneconomical to retain. A move to refocus on a lesser profile of quality and affordable accommodation nearer commercial, sporting and cultural hubs may be required to maintain relevance and meet the needs of the customer base. Additionally, the manner in which the Accountable Authority meets its Strategic Outcome will continue to evolve as operational outcomes are delivered.

Factors in which the entity has full control:

The entity:

- owns the property holdings on the Gold Coast;
- was established to assist members of the Royal Australian Air Force and other eligible members;
- to some degree, has a 'captive' audience; and

- can, through consultation, continually refine ‘how’ it provides recreational amenities and financial assistance for worthwhile activities and thus ensure a more equitable benefit distribution across Air Force.

Factors in which the entity has partial control:

- Financial returns on the investment profile for managed funds portfolio, in that, the Accountable Authority will be able to move its posture quickly depending on domestic and international activities that influence markets.
- The effectiveness of a revised service delivery model will be driven by the entity’s financial position – there are / will be finite funds available.

Factors in which the entity has no control:

- Operational tempo and its impact on leave availability.
- Domestic and geo-political impacts on markets.
- Relative merit of the product on offer compared to commercial offerings both domestically and overseas.

PERFORMANCE

This section of the Plan details how the business entity will continue monitoring its performance to achieve its Purpose whilst transitioning through delivery of the actions supporting the Outcomes Statement.

Recreational Facilities

Activity	Delivery	Desired Result	Operational target	Occupancy target	Aspirational Occupancy target
Provide ‘owned’ discounted holiday facilities.	Focussed marketing.	Maintain and/or increase occupancy levels.	Cash break even.	Gold Coast – 65%	Gold Coast – 75%
Explore other relevant accommodation options.	Align other relevant accommodation with service delivery model.	Accommodation options that compliment owned facilities.			

Gain access to alternative holiday accommodation	Members gain access to alternative holiday accommodation (eg other services and Armed Forces Vacation Club).	Members have access to a variety of accommodation types and destinations.	n/a	n/a	n/a
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Recreational Amenities and Welfare Activities

Activity	Delivery	Desired result
Provide loans/grants for worthwhile amenities and/or activities on RAAF bases.	1. Sufficient funds are generated to support submissions.	Funded projects provide enhanced amenity to members.
	2. Base Commanders are aware that funds exist to support worthwhile projects.	

Finances

Activity	Delivery	Desired Result	Target
In partnership with the investment advisor, actively manage the entity's investment portfolio.	Be agile and move quickly to mitigate risks or take advantage of opportunities within the construct of the investment domain.	Sufficient funds generated to fund operational objectives and maintain relevance of the entity.	Return on investment of a minimum of CPI+3.

RISK OVERSIGHT and MANAGEMENT

Risk Appetite Statement

The RAAF Welfare Recreational Company (RWRC) faces a range of risks reflecting its responsibilities as a service provider to eligible members. There risks include those resulting from its responsibilities of managing, in trust, activities in holiday facilities, financial stability and performance as well as day to day operational activities.

The risks arising from the RWRC governance and operational responsibilities can be significant. These risks are managed through a process that emphasises the importance of integrity, intelligent inquiry, maintaining high quality staff and directors and accountability.

The RWRC faces financial risks, largely due to its property and managed fund investment profile. It accepts that, by the entity's standards, the balance sheet risks are significant and manages these risks carefully but not at the expense of its responsibilities.

The RWRC recognises that it is not possible or necessarily desirable to eliminate all risks inherent in its activities. Acceptance of some degree of risk is necessary to grow the entity. Nonetheless, the RWRC has a low appetite for operational risk and controls those risks to acceptable levels.

Risk Monitoring and Review

The following procedures will apply:

- a. A review of the Risk Management and Fraud Control Plan and Risk Register will be undertaken on an annual basis.
- b. The Accountable Authority, Audit Committee and the Secretary of the Company will be involved in each review of the Risk Register.
- c. The Risk register is to be maintained as part of the Risk Management and Fraud Control Plan.
- d. In the event that a security incident occurs the Secretary of the Company is to advise the circumstances to the Chair of the Audit Committee as soon as practicable. The Chair of the Audit Committee is to decide whether further immediate action is required and bring the incident to the attention of the Accountable Authority at the next meeting of Directors.

Risk Sharing

Where possible, the RWRC is to offset risks through risk sharing processes. All risks detailed in the Risk Register are to be examined to determine whether risk sharing is relevant to the risk. Factors to be taken into consideration are:

- a. Cost effectiveness.
- b. Third party contracts.
- c. Insurance.

Roles and Responsibilities

Accountable Authority. Ultimate responsibility for ensuring appropriate risk management processes are applied rests with the Accountable Authority.

The Accountable Authority is responsible to review and approve the risk management plan and risk register.

Secretary of the Company. The Secretary of the Company is responsible for:

- a. Development and implementation of a Risk Management and Fraud Control Plan;
- b. Assessment of identified risks and developing strategies to manage those risks, as they are identified;
- c. Ensure that risks given an H or higher grading are closely monitored;
- d. Maintenance of the Risk Register; and
- e. Maintenance of the Security Incident register.

Audit Committee. The Audit Committee are responsible for:

- a. Reviewing any proposed changes to the Risk Management and Fraud Control Plan prior submission to the Accountable Authority for approval.
- b. Carrying out regular internal reviews of business operations to ensure compliance with risk management and fraud related issues.

CAPABILITY

The RWRC provides discounted holiday accommodation on the Gold Coast. Additionally, the entity management works with Navy, Army, the New Zealand Defence Force and Armed Forces Vacation Club to ensure members of the Air Force have access to a broad spectrum of discounted holiday facilities nationally and internationally.

Throughout the period of the Plan, this entity aims to refine its service delivery model to maximise benefits to members of the Air Force primarily, and other eligible members.

Success Measures. Level of occupancy is the immediate measure for recreational holiday facilities.

Business development

The Accountable Authority will build on initial workshops considering the future direction and service delivery model of the entity.

Capability Aim. Any new model will deliver a direct or indirect benefit to a greater percentage of Air Force and other eligible members in a cost effective and sustainable manner. This will potentially be achieved through growing strategic relationships and exploring new models.

Finance and investment

The RWRC model provides that returns on liquid assets will subsidise, where necessary, recreational holiday accommodation operational shortfalls. Additionally, funds may be used for the provision of loans and or grants to Bases for worthwhile projects for which it is inappropriate to use relevant funds.

Capability aim. In consultation with the RWRC financial advisor, the entity will finalise its investment portfolio following completion in 2017/2018 of the assets sales program. Improved financial returns will provide the Accountable Authority greater flexibility in determining a service delivery model that delivers a benefit, directly or indirectly, to a greater number of members.