



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

2021/2022 – 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 (PGPA)*. The Plan is prepared in accordance with PGPA Rule 2014.

The Plan covers the period 2021/2022 – 2025/2026 and has been adopted by a Resolution of the Accountable Authority.

MJ Smith
Air Commodore
Chair

DA Kelly
Warrant Officer
Secretary

PURPOSE

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 broad long term vision in order to optimise the benefits to eligible persons in the provision of discounted recreational accommodation and welfare services.

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 long term sustainability.
- Explore alternative welfare services outside discounted holiday accommodation
- 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.

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 consolidate and complete its investment portfolio profile, concentrate on its Ambassador Apartments (Gold Coast) as the flagship for discounted accommodation and continue to refine and implement an operating model that allows it to pursue the provision of additional welfare services to a greater percentage of eligible members.*

KEY ACTIVITIES

How is the Outcome statement to be delivered?

In 2021/2022 we will:

1. Governance: Develop a Business Case for the retendering of the Management Agreement for the Ambassador Apartments and a forensic analysis of the costs associated with their operation.
2. Finance: Proactively manage the Innova investment portfolio and set expectations for performance and reporting through MSI Taylor, and specifically Mr Peter O' Callaghan.
3. Operational Oversight: Continue to explore options for eligible people to access other Services and international holiday facilities.
4. Innovation: Explore New Business Models options to ensure the product offering remains relevant to the needs of eligible members.

During 2022/2023 we will:

1. Governance: Negotiate and execute a revised contract for the Ambassador Apartments Property Management agreement.
2. Finance: Determine if Loans and Grants for worthy Base projects are a desirable support mechanism and refresh processes accordingly.
3. Operational Oversight: Introduce a Communications Strategy to more accurately determine the needs of eligible members.
4. Innovation: Undertake high-level consideration of revised accommodation models to determine options worthy of additional scoping.

During 2023/2024 we will:

1. Governance: In association with a modernisation of the RAAF Central Welfare Trust Fund Deed, consider changes to the Trust Deed for approval. If necessary, recommend to CAF amendments to the Trust Deed to bring it in line with services offered by a new Business Model.
2. Finance: Assess the performance of the financial portfolio to validate the decision to transition from a fixed allocation model to a Wealth Creation portfolio.
3. Operational Oversight: Consider options for strategic partnering with other entities offering recreational amenities.
4. Innovation: Conduct a business case to determine the viability of selling the Ambassador Apartments and reinvestment options.

During 2024/2025 to 2025/2026 we will:

1. Governance: Maintain and refine RWRC governance processes and Board composition.
2. Finance: Review fiscal performance to ensure continued viability and sustainability.
3. Operational Oversight: Review operational performance to ensure validity and relevance of extant services, and revise where required.
4. Innovation: Review and Reshape the strategic direction of the entity.

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 ongoing viability of its operations. 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 and continue to critically examine its continued operation in the sector.

Additionally, the needs of the primary customer base (members of the Air Force) must be continually evaluated. Operational tempo, leave profiles and the composition and expectations of eligible members, has a considerable impact on how the Company’s services are valued.

The current ‘block’ holdings of accommodation on the Gold Coast, whilst of a very good standard, may be a dated concept and will be continuously scrutinised through the transition to a revised service delivery model. A move to refocus on a delivery profile with less fixed costs which services a greater percentage of eligible members will be sought to sustain the entity and meet the evolving needs of the customer base.

COVID 19. The COVID-19 pandemic will continue to impact operations for 2021/2022. Despite the Queensland Government easing state-wide restrictions amid reduced COVID concerns, the State is still subject to contingent border closures. If new cases in Queensland are identified, restrictions for movement and gatherings are likely to be reintroduced. Similarly, COVID hotspots in other States are likely to also preclude visitors from those States entering Queensland, and represents a significant risk to business continuity.

Factors in which the entity has full control:

The entity:

- owns the property holdings on the Gold Coast;
- has a mandate to assist members of the Royal Australian Air Force and other eligible members;
- to some degree, has a ‘captive’ audience due its Defence connections; and
- can, through consultation, continually refine ‘how’ it provides recreational amenities and financial assistance for worthwhile activities and thus provide a more valuable service offering across Air Force.

Factors in which the entity has partial control:

- Financial returns on the investment profile for managed funds portfolio.
- The effectiveness of a revised service delivery model(s) will be driven by the entity’s financial position noting the 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.
- COVID 19 residual impacts.

Who the entity cooperates with to achieve its purposes:

The RWRC cooperates with the following groups and agencies to achieve its purposes:

Service Provider	Service
Royal Australian Air Force (RAAF)	The Chief of Air Force is the sole Appointer of the RWRC as Trustee of the RAAF Central Welfare Trust Fund.
Australian National Audit Office (ANAO)	The ANAO conducts an annual audit of the RWRC to meet the requirements of the PGPA.
RSM Australia Pty Ltd	RSM Australia conducts an annual audit of the RAAF Central Welfare Trust Fund to meet the requirements of the PGPA.
COMCOVER	COMCOVER is the RWRC insurance provider.
MSI Taylor Wealth Management	Peter O’Callaghan is a partner at MSI Taylor Wealth Creation and advises on the financial investments of the RWRC.
Strata Savings	Strata Services provides Body Corporate management to the RWRC’s Ambassador Apartments.
Defence Special Needs Support Group (DSNSG)	RWRC is a Supporting Partner to the DSNSG and provides discounted accommodation to the Group for respite care as part of the RWRC’s philanthropic business activities
Royal Australian Navy Central Canteens Board (RANCCB)	The RWRC and RANCCB offer reciprocal discounts on the accommodation they manage.
Army Amenities and Relief Trust Fund (AARTF)	The RWRC and AARTF offer reciprocal discounts on the accommodation they manage.

Snedden Hall & Gallop - Lawyers	Snedden Hall & Gallop are engaged for legal matters.
---------------------------------	--

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.

Finance

Activity	Delivery	Desired Result	Target
Review fiscal performance to ensure continued viability and sustainability.	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+4.

RWRC Activities

Activity	Delivery	Desired Result	Operational target	Occupancy target	Aspirational Occupancy target
Maintain and refine RWRC governance processes and Board composition.	Maintain currency on the fiduciary duties of the Company and best practice for Board management.	Assure compliance with PGPA and other regulatory obligations.	Preserve and enhance the reputation of the Company and by association, the RAAF.		
Review operational performance to ensure validity and relevance of extant services, and revise where required.	Focussed marketing and improved product offering.	Maintain and/or increase occupancy levels.	Accommodation model is cost neutral.	Gold Coast – 65%	Gold Coast – 75%
Review and Reshape the strategic direction of the entity.	Incorporate other relevant accommodation and welfare services with extant delivery model.	Enhanced value, relevance and reach to eligible members.	Promote the morale and well-being of eligible members.		

RISK OVERSIGHT and MANAGEMENT

Risk Appetite Statement

The Accountable Authority of the RWRC faces a range of risks reflecting its responsibilities in providing services to eligible members. Risks include those resulting from responsibilities of managing activities in holiday facilities and the financial stability and performance of the Trust.

The risks arising from 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. The Accountable Authority accepts that, by the entity's standards, the risks are significant and manages these risks carefully but not at the expense of achieving positive outcomes and returns.

The Accountable Authority 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 and explore new business opportunities. Nonetheless, there is a low appetite for operational risk and necessary controls have been adopted to ensure those risks are maintained at acceptable levels.

Risk Monitoring and Review

The following procedures will apply:

- a. A comprehensive review of the Risk Management and Fraud Control Plan and Risk Register will be undertaken on an annual basis.
- b. The Accountable Authority, Risk and Audit Committee and the Secretary of the Company will progressively review and update the Risk Register.
- c. The Risk register will be maintained as part of the Risk Management and Fraud Control Plan.

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.
- d. Diversification.

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 and Fraud Control 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 a High or higher grading are closely monitored;
- d. Maintenance of the Risk Register; and
- e. Maintenance of the Security Incident register.

Audit and Risk Committee. The Audit and Risk Committee are responsible for:

- a. Reviewing any proposed changes to the Risk Management and Fraud Control Plan prior to 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 US Armed Forces Vacation Club and other Defence aligned service providers 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 Accountable Authority aims to refine and expand its service delivery model to maximise benefits to members of the Air Force primarily, and other eligible members.

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 and other welfare services offerings. Subject to the review of the Provision of loans/grants for worthwhile amenities and /or recreational activities on RAAF bases, funds may be used for the provision of loans and or grants to Bases for worthwhile projects for which it is inappropriate to use public monies.

Capability aim. 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. The Accountable Authority will engage additional resources to develop detailed scoping papers of revised models to determine their practicality and suitability when measured against five key characteristics:

Equitable. While the RWRC primarily exists to support RAAF members, any new model should not show any bias to rank, geography or current serving/retired members.

Low maintenance. The model should be cognisant of the limited resources available to administer it.

Sustainable. The model should not erode the value of the entity and risk its enduring nature.

Reputation. The model will include a risk assessment to ensure it reflects Air Force values.

Principled. The model should be guided and developed in the best interests of members and avoid conflict/duplication with Navy, Army, Air Force and other Defence services.

Additionally, new model business case's will identify current and future needs in terms of workforce resourcing, administration, cost and any revised IT requirements.