
THE
RAAF WELFARE
RECREATIONAL COMPANY
ANNUAL REPORT 2022 - 2023

THE RAAF WELFARE RECREATIONAL COMPANY

Annual Report

for the period

1 July 2022 to 30 June 2023

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Fairbairn (F4-02-008)
PO Box 7933
CANBERRA BC ACT 2610
Email: rwrc@optusnet.com.au

The Hon Matt Keogh, MP
Minister for Defence Personnel
Parliament House
Canberra ACT 2600

Dear Minister

This report of operations by the Directors of the RAAF Welfare Recreational Company is for the financial year ending on 30 June 2023. The report is accompanied by the Financial Statements for the period and other information read as part of this report.

Yours sincerely

A handwritten signature in black ink, appearing to be 'MJ Smith', written over a faint rectangular stamp area.

MJ Smith
Air Commodore
Chair, Board of Directors
RAAF Welfare Recreational Company

24 November 2023

RAAF WELFARE RECREATIONAL COMPANY

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Report of Operations

Purpose

The purpose of the RAAF Welfare Recreational Company (RWRC) is to manage and promote 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.

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

Enabling Legislation and Responsible Minister

The RWRC was incorporated on 25 October 1972 to administer the assets of the RAAF Central Welfare Trust Fund (RCWTF) and is subject to the *Corporations Act 2001*. The RWRC operates within the Defence Portfolio reporting to the Minister for Defence Personnel. The Hon Matt Keogh, MP was the Responsible Minister for the period of this report.

The initial seed funding for the Trust came from the profits of canteens operating during WW2 and subsequently disbanded.

Public Governance, Performance and Accountability Act 2013 and Australian Charities and Not-for-profits Commission Act 2012

The RWRC also complies with the requirements of the *Public Governance, Performance and Accountability Act 2013 (PGPA)* and the *Australian Charities and Not-for-profits Commission Act 2012* with respect to:

- Reporting to Ministers and Parliament;
- Contents of Annual Report;
- Audit of the RWRC's financial statements by the Auditor-General;
- Banking and investment powers of authorities;
- General policies of the Australian Government; and
- Conduct of directors and officers, including the civil consequences of any breach of their duties by the directors and officers.

Accountable Authority

The following persons formed the Accountable Authority (Board) of the RAAF Welfare Recreational Company during or since the end of the financial year:

Air Commodore Martin John Smith – A RAAF Reserve Officer. Director since 23 November 2020.

Group Captain Susan Lee Liddy – Director Capability Integration - Capability Acquisition and Sustainment Group. Director since 10 November 2021.

Group Captain Rossi Magno – Deputy Director of Logistics Capability – Headquarters Combat Support Group. Director since 25 May 2022.

Wing Commander Belinda Johnson – Deputy Director International Engagement, Air Force Headquarters. Director since 05 July 2021.

Wing Commander Fiona Grasby – Director Information and Intelligence – Joint Military Police. Director since 09 January 2023.

Warrant Officer Jason Roberts – Warrant Officer Headquarters Combat Support Group. Director since 12 March 2021

All members of the Board are appointed by the Chief of Air Force.

Gender and Staff Location of Personnel

	Male			Female			Total
	PAF	Reserve	Total	PAF	Reserve	Total	
QLD	1	1	2	-	-	-	2
SA	-	1	1	-	-	-	1
ACT	-	-	-	3	-	3	3

Directors serve on the Board in a voluntary capacity, and are either from the Permanent Air Force or Air Force Reserves; therefore, no income was received or due or receivable by any Director of the RAAF Welfare Recreational Company during the financial year 2022/2023.

Board Member Attendance at Meetings

During 2022-2023, the Board met five times. These meetings, except one, were held electronically.

Board Member's attendance at meetings

Name	Position	Meetings Attended
Air Commodore M. Smith	Chair	5
Group Captain S. Liddy	Director	2
Group Captain R. Magno	Director	5
Wing Commander B. Johnson	Director	5
Wing Commander F. Grasby	Director	1
Warrant Officer J. Roberts	Director	0

Board Qualifications

Name	Appointment	Qualifications
Air Commodore Martin Smith Non-Executive Director	Chair	Bachelor of Business (Dist), Graduate Diploma Supply Chain Management, Master of Business (Project Management), Doctor of Business (Honorary), Graduate of Australian Institute of Company Directors.
Group Captain Susan Liddy Non-Executive Director	Director	Master of Management Studies (Human Resource Management), Master of Arts in Strategy and Security, Graduate of Australian Command and Staff College, Master of Military and Defence Studies, Graduate of Australian Institute of Company Directors.
Group Captain Rossi Magno Non-Executive Director	Director	Associate Diploma of Engineering (Electronics), Royal Melbourne Institute of Technology (RMIT), 1993. Australian competencies / post- nominals: Associate Fellow of the Institution of Engineers Australia (AFIEAust), Chartered Engineering Associate (CEngA), Engineering Executive (EngExec) National Engineering Register (NER), International Engineering Technician Australia (IntETn (Aus) Graduate of Australian Institute of Company Directors.
Wing Commander Belinda Johnson Non-Executive Director	Director	Master of Business Graduate of Australian Command and Staff College, Master of Military and Defence Studies, Graduate Certificate in Management.
Wing Commander Fiona Grasby Non-Executive Director	Director	Advanced Diploma Government Investigations 2023.

Warrant Officer Jason Roberts
Non-Executive Director

Director

Graduate of Australian Institute of Company
Directors.

Organisational Structure

The RWRC is a Commonwealth company within the General Government Sector, and is managed by Directors who are appointed by the Chief of Air Force.

The RWRC owns the property on the Gold Coast in Queensland, and its Head Office is located in Canberra ACT.

RWRC is subject to the following general policies

The following policies were notified to RWRC by the responsible Minister prior to the commencement of the financial year, and remain in force:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities applies to annual reporting periods beginning on or after 1 July 2021, and replaces the reduced Disclosure requirements (RDR) framework

The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity

Compliance Reporting

The Corporations Act 2001 and sections 17AG and 17BE of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) require that Commonwealth entities' Annual Reports must include a statement of any non-compliance issues notified to the responsible Minister under paragraph 19[1][e] of the Public Governance, Performance and Accountability Act 2013 during the reporting period.

Review of Operations and Future Prospects

Operations were in accordance with the RWRC's statutory obligations under the Trust Deed, that is, to facilitate and manage provision of discounted recreational accommodation for RAAF members, their families and other eligible persons and to provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members.

Due to the minimal impact that COVID-19 is having on the market at present, the refurbishment of the apartments in July 2022 and increased marketing, occupancy levels have significantly improved for FY 2022-23, and the current demand for holiday accommodation is showing no signs of slowing down.

COVID-19 Pandemic

The COVID-19 pandemic still has the potential to impact on operations for 2023/2024 and beyond, due to regular occurrences of new variants of SARS-CoV-2, the virus that causes COVID-19. However, with the major shift from Government-imposed restrictions to personal responsibility for controlling the virus, a lesser burden on businesses is currently being experienced than those endured over the previous three years.

Reviews by Outside Bodies

RWRC Annual Reports are subject to review by the Senate Foreign Affairs, Defence and Trade Legislation Committee. The financial statements are lodged with the Australian Charities and Not-for-profits Commission every year.

The RWRC financial statements are subject to audit by the Australian National Audit Office.

Audit & Risk Committee

The RWRC has established an Audit & Risk Committee for the Trust it administers in accordance with the Public Governance, Performance and Accountability Act 2013. The primary objectives of the Audit & Risk Committee are:

- improving the effectiveness and efficiency of RWRC's internal control framework for managing the Trust,
- ensuring that RWRC has appropriate risk identification and management practices in place,
- improving the objectivity and reliability of financial reporting,
- ensuring that RWRC has adequate procedures on matters of audit independence, and
- assisting the Board to comply with all governance and other obligations in their role as Trustee.

The Audit & Risk Committee reports to the Board results of internal reviews of various aspects of Trust management and operations conducted during the period under review. The Audit & Risk Committee Charter may be found at: <https://www.airforceholidays.com.au/about-us/business-corporate-plan/>

During the reporting period the Audit & Risk Committee met four times.

Audit & Risk Management committee attendance at meetings

Name	Position	Appointed Date	Meetings Attended
Squadron Leader Scott Minchin	Chair	1 October 2021	4
Flight Lieutenant Jason Kennelly	Member	1 October 2021	4
Flight Lieutenant Andrew Perkins	Member	1 October 2021	4

Audit & Risk Committee Members:

Membership. Members of the Audit & Risk Committee are in the Air Force Reserve, and serve on the Committee on a voluntary basis.

Squadron Leader Scott Minchin. Squadron Leader Minchin is currently employed by the Department of Foreign Affairs and Trade (DFAT) as the Principal Staff Officer to the Chief of Joint Operations. He is a Graduate of the Australian Institute of Company Directors Course, a Certified Internal Auditor and Certified Practising Risk Manager. He is an active reservist as the Air Force CIMIC Advisor to the Deployable Joint Force Headquarters.

Flight Lieutenant Andrew Perkins. Flight Lieutenant Perkins has been involved in the RAAF Edinburgh Formation Welfare organisation for 10 years, primarily as Financial Reviewer, but also in other roles and has been part of the Royal Australian Air Force Welfare Recreational Company's alternative business proposals team to research options to extend services to members. He possesses a Bachelor of Business, Master of Professional Accounting and is a Certified Practising Accountant as well as a Registered Tax Agent. He is currently self-employed as an Accountant and Financial Adviser and is an active Reservist primarily as an Engineer providing Safety and Governance support at Air Warfare Centre.

Flight Lieutenant Jason Kennelly. Flight Lieutenant Kennelly is the Managing Director of Kennelly Consulting and Projects Pty Ltd. An organisation providing Project Management services to help businesses successfully deliver projects. He has served on boards, committees and steering groups for the Queensland Studies Authority, Queensland University of Technology, Queensland Government, the Project Management Institute, and the United Service Club Queensland since 2008. Flight Lieutenant Kennelly is a Graduate Member of the Australian Institute of Company Directors. Flight Lieutenant Kennelly has been a member of the Royal Australian Air Force Active Reserve since 2009.

Freedom of Information Procedures and Initial Contact Points

Requests for access to RWRC documents should be directed to the Secretary of the RAAF Welfare Recreational Company, Fairbairn (F4-02-008), PO Box 7933, Department of Defence, CANBERRA BC, ACT, 2610.

Indemnities and Insurance Premiums for Officers

The RWRC has taken out insurance coverage with Comcover for Association Liability Insurance. Where applicable, the insurance cover is provided for all Directors, staff and contractors.

Commonwealth Disability Strategy

Given the nature of the RWRC's size and activities, the Directors consider that the current Organisational and operating procedures meet the requirements of the Commonwealth Disability Strategy.

Work Health and Safety

Directors of the RWRC are full time and reservist staff employed by the Commonwealth (Department of Defence) and, as such, fall within the policies and procedures of the Department of Defence for WHS purposes. Those who are contracted, fall within State provisions. There were no notifiable incidents during the period, nor were there any investigations conducted by Comcare with the RWRC.

Risk Management and Fraud Control

The Directors have established a risk management and fraud control plan in line with the Commonwealth's endeavors to make risk management an integral part of everyday business practice. The RWRC does not receive any funding from the Commonwealth and therefore does not need to apply the promulgated *Commonwealth Fraud Control Guidelines* (Guidelines). However, the Directors have adopted the Guidelines as best practice standards for fraud control, and have implemented fraud control arrangements commensurate with the RWRC's activities. The RWRC's risk management and fraud control plan was reviewed and updated in August 2022.

Related Party/Entity Transactions

There were no related entity transactions during the financial year. Directors who utilised holiday accommodation declared such use, and paid the rates applicable to all other eligible users.

Protective Security

At the 25 May 2023 Board meeting, the current Protective Security Plan was reviewed, and a decision was made that there was no requirement to have a separate protective security plan for RWRC Board business and administration. Specific protective security requirements for the RWRC's Apartments and webpage will now be covered in the RWRC's Risk Register. Other Protective Security measures will continue to be reinforced and managed as per Air Force Annual Mandatory Awareness Training. The RWRC Risk Register was updated on 13 June 2023.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration is required under s.307C of the *Corporations Act 2001* and is included within this Report.



Air Commodore Martin Smith
Chair of the Board
RAAF Welfare Recreational Company
C/O Department of Defence
Fairbarn (F4-02-008)
CANBERRA ACT 2610

**RAAF WELFARE RECREATIONAL COMPANY
FINANCIAL STATEMENTS 2022–23
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial statements of the RAAF Welfare Recreational Company for the year ended 30 June 2023, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contravention of any applicable code of professional conduct.

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Jennifer Carter'.

Jennifer Carter
Audit Principal
Delegate of the Auditor-General

Canberra

24 November 2023

Appreciation

The Directors wish to express appreciation to all persons who assisted the RWRC during the period of this report. The efforts of the holiday facility managers have given RAAF members the confidence that the RWRC can provide high quality affordable accommodation.

Signed in accordance with a resolution of the Directors.



MJ Smith
Air Commodore
Chair of RWRC

24 November 2023



R Magno
Group Captain
Director of RWRC

24 November 2023

Performance Statement 2022/2023

We, as members of, and on behalf of the Accountable Authority of the RAAF Welfare Recreational Company (trustee of the RAAF Central Welfare Trust Fund), presents the Company's Annual Performance Statement 2022/2023 as required under the PGPA and Corporations Act.

In our opinion, the Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, complies with subsection 39(2) of the PGPA Act, and is signed in accordance with a Resolution of the Directors.

The purpose of the RAAF Welfare Recreational Company is to provide amenity and related services to Air Force members and their families not normally provided at Departmental level.

The RAAF Welfare Recreational Company achieves its purpose through the effective management of the RAAF Central Welfare Trust Fund through which its purpose is achieved and reported upon in this statement.



MJ Smith

Air Commodore
Chair of RWRC

24 November 2023



R Magno

Group Captain
Director of RWRC

24 November 2023

Recreational Facilities

Performance Measure 1	Achievement	Analysis
<i>Financial statements indicate operating surplus</i>	<p>The operational gain for 2022/2023 was \$0.224m.</p> <p>This result is an increase from last year's operating loss of negative -\$0.297m. This shift has been due largely to the reduced impact of COVID-19 is having on the market, the positive impact of recent renovations to the apartments, and significant marketing initiatives that have raised the profile of the apartment offerings.</p>	<p>Overall holiday occupancy levels increased to 79% compared to 35% achieved for 2021-2022, due to the easing of travel and border restrictions associated with COVID-19, and the positive impact that renovations and marketing have made.</p> <p>Long-Term leasing was also up by 71.6% from last year representing an increase of \$0.044m. This improvement is a result of FY 2021-22 only having two apartments allocated for long-term leasing from July - December 2021.</p> <p>Fair value movement in investments was \$0.125 compared to negative -\$0.293m for the same period last year. This was also supplemented by investment income of \$0.171m.</p>
Performance Measure 2	Achievement	Analysis
<i>Property valuations are accurate</i>	<p>A Letter of Update for the Ambassador apartments was commissioned effective May 2023. The revaluation provided for an increase of \$0.825m for the apartments taking the building component to \$3.125m and the value of the land remained at \$3.5m.</p>	<p>The Valuation Report also noted that <i>from our research price levels in the Chevron Island locality of Surfers Paradise have continued to improve and remain relatively firm.... This has been aided by new multi-residential redevelopment in this locality of good to prestige quality units in recent years.</i></p>

Performance Measure 3	Achievement	Analysis
<p>Returns on investments reflect growth against CPI.</p> <p>CPI for the eight capital cities averaged 6.0% for June Qtr. 2022 to June 2023.</p>	<p>Cash returns on property were positive, which represented increases of 83.7% in holiday takings and 71.6% in long-term leasing from last financial year.</p> <p>The worth of the Colonial investment portfolio achieved a return of 7.49%.</p>	<p>Property. Holiday facilities recorded an 83.7% increase in accommodation takings from the previous financial year of \$0.098m, while long-term leasing had a 71.6% increase in returns of \$0.044m.</p> <p>Investment. Positive returns for the year, with a 7.49% increase representing \$0.282m for the reporting period.</p>

Trust Administration

Performance Measure 1	Achievement	Analysis
<p>Annual Return lodged with the Australian Charities and Not for profits Commission by end of calendar year</p>	<p>The 2022/2023 Annual Financial Report will be lodged within timeframes.</p>	<p>The entity will comply with provisions that require the Annual Financial Report to be lodged with the Commission by the end of the calendar year.</p>
Performance Measure 2	Achievement	Analysis
<p>Board changes are processed in accordance with mandated timeframes</p>	<p>All changes in appointments processed in accordance with mandated time frames.</p>	<p>The entity is compliant with processing timeframes for reporting changes in appointments.</p>

Summary

Holiday occupancy levels increased to **79%** compared to the **35%** achieved for 2021-2022. This shift has been due largely to the reduced impact that COVID-19 is having on the market, due to the easing of travel restriction and the positive impact that recent renovations and marketing initiatives are having on occupancy levels.

Additionally, the Colonial investment portfolio increased in value by 7.49% which represents a **\$0.282m** increase from 2021-2022.

The Board continues to investigate alternate business models with the view to extend amenities to a greater percentage of eligible members, and to continue to investigate initiatives that will improve the attractiveness of the existing amenities in order to improve occupancy levels.

Air Force members continue to be the most frequent users of the recreational facilities, closely followed by the Ex-Member group; however, the challenge now will be to maintain the current occupancy levels outside of the peak holiday periods.



INDEPENDENT AUDITOR'S REPORT

To the members of the Royal Australian Air Force Welfare Recreational Company

Opinion

In my opinion, the financial statements of the Royal Australian Air Force Welfare Recreational Company (the Company) for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures, the *Corporations Regulations 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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

- Directors' Declaration;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Overview and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial statements audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

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

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

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

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

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office



Jennifer Carter

Audit Principal

Delegate of the Auditor-General

Canberra

24 November 2023

Directors' Declaration

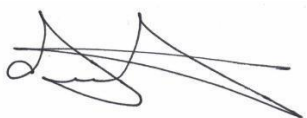
The Directors of the Company declare that:

1. The financial statements and notes:
 - (a) comply with Australian Accounting Standards – Simplified Disclosure Requirement (including Australian Accounting Interpretations) and the *Corporations Act 2001* satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*;
 - (b) are signed in accordance with subsection 60.15 (2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (c) give a true and fair view of the financial position as at 30 June 2023 and performance for the year ended on that date for the Company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Company.

Dated at Canberra this 31st day of October 2023



MJ Smith
Air Commodore
Chair
RAAF Welfare Recreational Company



R Magno
Group Captain
Director
RAAF Welfare Recreational Company

RAAF WELFARE RECREATIONAL COMPANY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NET COST OF SERVICES		
Expenses	<u>0</u>	<u>0</u>
Total expenses	<u>0</u>	<u>0</u>
 Own-Source Income		
	<u>0</u>	<u>0</u>
Total own-source revenue	<u>0</u>	<u>0</u>
 Net (cost of) / contribution by services	<u>0</u>	<u>0</u>
	<u> </u>	<u> </u>
Total Comprehensive income	<u><u>0</u></u>	<u><u>0</u></u>

The above Statement is to be read in conjunction with the accompanying notes.

RAAF WELFARE RECREATIONAL COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	2023	2022
	\$	\$
ASSETS		
Financial assets		
Receivables	<u>0</u>	<u>0</u>
Total financial assets	<u>0</u>	<u>0</u>
Total assets	<u>0</u>	<u>0</u>
LIABILITIES		
Payables		
Payables	0	0
Provisions	<u>0</u>	<u>0</u>
Total payables	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
Net assets	<u>0</u>	<u>0</u>
EQUITY		
Total equity	<u>0</u>	<u>0</u>

The above Statement is to be read in conjunction with the accompanying notes.

RAAF WELFARE RECREATIONAL COMPANY**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Opening balance	<u>0</u>	<u>0</u>
Closing balance as at 30 June	<u><u>0</u></u>	<u><u>0</u></u>

The above Statement is to be read in conjunction with the accompanying notes.

RAAF WELFARE RECREATIONAL COMPANY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Cash received/(used)	0	0
Net cash flows from/(used in) operating activities	0	0
INVESTING ACTIVITIES		
Cash Received/(Used)	0	0
Net cash from/(used by) investing activities	0	0
Net increase/(decrease) in cash held	0	0
Cash and cash equivalents at the beginning of the reporting period	0	0
Cash and cash equivalents at the end of the reporting period	0	0

The above Statement is to be read in conjunction with the accompanying notes.

Notes to and forming part of the Accounts for the Year Ended 30 June 2023

Overview

The financial report is for the entity RAAF Welfare Recreational Company (the Company) as an individual entity. The Company is a company limited by guarantee, incorporated and domiciled in Australia, and is registered as a charity with the Australian Charities and Not-for-profits Commission.

The purpose of the Company is to provide access to discounted accommodation and to manage and promote owned recreational facilities for RAAF members, their families and other eligible persons, and provide financial support to, and assist in the provision of, recreational facilities and services to RAAF members. The sole activity of the Company is to act as the trustee for the RAAF Central Welfare Trust Fund (the Trust), a charitable trust registered with the Australian Charities and Not-for-profits Commission.

Basis of Preparation

The Company is a Commonwealth company as defined in the *Public Governance, Performance and Accountability Act 2013*, and is subject to the *Corporations Act 2001*. The Company applied the Australian Accounting Standards - Simplified Disclosure Requirements, including the Australian Accounting Interpretations.

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Simplified Disclosure Requirements of the Australian Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis, and is based on 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 financial position. The financial statements are presented in Australian dollars.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue on 31 October 2023 by the Directors of the Company.

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

Note 1: Trust Assets, Liabilities and Right of Indemnity

The Company acts solely as trustee of the Trust, and liabilities have been incurred on behalf of that Trust in the Company's capacity as corporate trustee.

Liabilities incurred on behalf of the Trust are not recognised in the financial statements if it is not probable that the Company will have to meet any of the Trust liabilities from its own resources. If the Company becomes obliged to meet Trust liabilities, the trustee has a right to be indemnified from Trust assets. If it is probable that there will be a deficiency in Trust assets, a liability is recognised by the Company to the extent of that deficiency. Details of the Trust liabilities, the offsetting right of indemnity, and any deficiency in the right of indemnity are disclosed by way of notes to the financial statements.

Trust Liabilities Table

The RAAF Welfare Recreational Company, as Trustee for the RAAF Central Welfare Trust Fund, has a right of indemnity from the Fund's assets. Liabilities of the Trust not recorded in the financial statements of the Company were:

ASSETS and LIABILITIES FOR THE YEAR ENDED 30 JUNE 2023

ASSETS

Financial Assets

	2023	2022
	\$	\$
Cash and Cash Equivalents	109,209	252,383
Trade and Other Receivables	28,277	14,362
Other Investment	4,055,699	3,773,133
Total financial Assets	4,193,185	4,039,878

Non-Financial Assets

	2023	2022
	\$	\$
Land	3,500,000	3,500,000
Buildings	3,125,000	2,300,000
Plant and Equipment	132,888	38,548
Other Non-Financial Assets	32,119	6,818
Total Non-Financial Assets	6,790,007	5,845,366

Total Assets	10,983,192	9,885,244
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LIABILITIES**Current Liabilities**

	2023	2022
	\$	\$
Trade Payables	(14,798)	(10,808)
Other Payables	0	0
GST Payable	0	0
Total Current Liabilities	(14,798)	(10,808)

Non-Current Liabilities**Provisions**

	2023	2022
	\$	\$
Other Provisions		
Trade Payables	0	(1,874)
Total Non-Current Liabilities	0	(1,874)
Total Liabilities	(14,798)	(12,682)
Net Assets	10,968,394	9,872,562

The net assets of the Trust totaling **\$10,968,394** which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right. The assets of the trust were sufficient to discharge all liabilities of the trust at 30 June 2023 and 30 June 2022.

Note 2: Revenue, Expense and Cash Flows

The Company acted solely as trustee of the Trust, and did not carry on any business activity on its own behalf during the current year or the preceding year. Therefore, there were no revenues, expenses or cash flows in relation to the Company during the current or preceding financial year. All movements in assets and liabilities relate to the Trust, and are not cash flows of the Company.

Note 3: Events after the Reporting Period

There were no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected the ongoing structure and financial activities of the RAAF Welfare Recreational Company.

Note 4: Company Limited by Guarantee

The RAAF Welfare Recreational Company is a company limited by guarantee and by its Constitution, members' liability is restricted to \$10 per member. As at 30 June 2023, the Company had five members.

Note 5: Contingent Liabilities*Quantifiable Contingencies*

The Company held no quantifiable contingencies as at 30 June 2023 (2022: Nil).

Unquantifiable Contingencies

The Company held no unquantifiable contingencies as at 30 June 2023 (2022: Nil).

Significant Remote Contingencies

The Company held no significant remote contingencies as at 30 June 2023 (2022: Nil).

Accounting Policy

Contingent liabilities are not recognised in the statement of financial position. They may arise from uncertainty as to the existence of a liability or represent liability in respect of which the amount cannot be reliably measured. Contingent liabilities are disclosed when settlement is greater than remote. The Trust has no contingent liabilities in either the current or preceding reporting period.

Note 6: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The Company has determined the key management personnel to be the Directors of the Company, Chief of Air Force and the responsible Minister, the Minister for Defence Personnel.

The Directors of the RAAF Welfare Recreational Company during the financial year were as follows:

Name	Appointed	Resigned
Air Commodore Martin Smith	26 October 2020	
Group Captain Susan Liddy	10 November 2021	
Group Captain Rossi Magno	25 May 2022	
Wing Commander Belinda Johnson	5 July 2021	
Wing Commander Fiona Grasby	9 January 2023	
Warrant Officer Jason Roberts	12 March 2021	17 November 2022

Directors are employed by the RAAF in a voluntary capacity and are either from the Permanent Air Force or Air Force Reserves, therefore no income was received or due or receivable by any Director of the RAAF Welfare Recreational Company during the financial year 2022/2023:

- a. from the RAAF Welfare Recreational Company, or any related party in connection with the management of the RAAF Welfare Recreational Company.
- b. from the RAAF Welfare Recreational Company in connection with the management of a related party.

Note: The Minister of Defence Personnel's remuneration and other benefits are set by the remuneration tribunal and are not paid by the Company.

Note 7: Related Party Disclosures

The entity is an Australian Government controlled entity. Related parties to this entity are Directors, Key Management Personnel including the Minister for Defence Personnel and Chief of Air Force, the RAAF Central Welfare Trust Fund and other Australian Government entities.

Note 8: Transactions with Related Parties

Directors who utilised holiday accommodation declared such use, and paid the rates applicable to all other eligible users. During the year, the Chief of Air Force has authorised the appointment of new Directors and terminated the appointments of outgoing Directors. The Minister for Defence Personnel approved the tabling of the 2020/2021, 2021/2022 Annual Reports.

Note 9: Auditors' Remuneration

The Company acts solely as the trustee for the RAAF Central Welfare Trust Fund.

	2023	2022
	\$	\$
Audit Fees		
Financial Statements Audit Services		
Total	10,000	6,000

Note: Auditors' remuneration is paid from Trust Funds.

Note 10: RAAF Welfare Recreational Company Details:

Fairbairn (F4-02-008)

PO BOX 7933

CANBERRA BC ACT 2610

Appendix A – List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(a)	1	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	12-15	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Mandatory
28E(b)	After inside front page	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	N/A	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	N/A	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	N/A	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	2-4	Information on each director of the company during the reporting period	Mandatory
28E(g)	1	An outline of the Organisational structure of the company (including any subsidiaries of the company)	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(ga)	2	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
28E(h)	5	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	6-8	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory
28E(j), 28E(k)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	N/A	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	N/A	Particulars of any reports on the company given by: (a) the Auditor-General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(o)	N/A	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	26	Information about executive remuneration	Mandatory
28E (ob)	6-7	The following information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; e) the remuneration of each member of the audit committee.	Mandatory
28F	Disclosure requirements for government business enterprises		
28F(1)(a)(i)	N/A	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, Mandatory
28F(1)(b)	N/A	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	N/A	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory