



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

## **2016/2017 – 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 2016/17 – 2020/21 and has been adopted by a Resolution of the Accountable Authority.

**A.R. B. ELFVERSON**  
Air Commodore  
Chair

**P.D. 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 Company is focussed on four lines of operations follows:

- RWRC Owned Recreational Accommodation
- Alternate Recreational Accommodation
- RWRC Fiscal Growth
- Welfare Loans and Grants and benevolent gifting

**To achieve the purpose, the Accountable Authority will:**

*Manage the activities of the RCWTF as a sustainable entity through a strategy of diversification and with broad long term vision in order to optimise the benefits, through its four lines of operation, 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 of the company.
- We do this as best we can but for the purposes of this document and the associated Performance Statement the reader will be focussed on achieving the stated purpose.
- 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 four lines of 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 2016/2017 we will:**

1. Through the better management of 'cash', achieve greater returns.
2. Implement a revised tariff model coupled with marketing to improve operational outcomes (if there is no improvement this provides the Accountable Authority a view of member's attitudes to RWRC owned accommodation).

3. Pursue the sale of all RWRC owned apartments at Merimbula (NSW) in a staged manner with no more than two apartments for sale at any one time.
4. Drip feed proceeds of apartment sale/s to income yielding portfolio (in association with the RWRC investment advisor).
5. Define the 'new' model for the provision of services to members.

**During 2017/2018 to 2018/2019 we will:**

1. Continuation of sales, if necessary, of RWRC owned apartments at Merimbula with proceeds feeding into improved returns on cash.
2. Improved cash returns used to provide other services for members if there is an operating surplus.
3. Critically review operational outcomes for the *Ambassador* apartments and decide on potential sale opportunities (to be informed by progress of Merimbula sales and the overall entity's operational outcomes).
4. Begin the process of realigning to a new service delivery model or decide on consolidation with a like entity (or otherwise).

**During 2019/2020 to 2020/2021 we will:**

1. Continue to measure operational performance.
2. Review and, if necessary, take action in relation to the *Ambassador* sale option.

## **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 and Southern NSW Coast, whilst of a very good standard, may be a dated concept and uneconomical to retain. A move to reduce property asset holdings and 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 and Southern NSW;
- was established to assist members of the Royal Australian Air Force and other eligible members;
- to some degree, has a ‘captive’ audience;
- 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.** Regularly advertise and promote recreational accommodation and other accessible discounted accommodation in Service newspapers and through widespread distribution of promotional brochures, the Web Page, and any other means available, within resource constraints.

**Result.** Maintain specified occupancy levels of holiday apartments at the following minimum levels:

Facility	Target
Ambassador	Breakeven
Tuscany	Breakeven

**Delivery.** Closely monitor occupancy levels through monthly analysis of occupancy statistics.

Ensure eligibility criteria for a holiday apartment is appropriate to achieve the occupancy targets set.

**Performance.**

- Achievement of specified target occupancy levels.
- Holiday facilities achieve, at a minimum, a 'cash' neutral outcome (that is, after discounting non-cash expenses such as depreciation).
- Demonstrate high level of occupancy by RAAF personnel.

**Recreational Amenities and Welfare Activities**

**Activity.** As determined by the Accountable Authority from time to time, provide financial assistance for the provision of recreational amenities and welfare activities such as, deployable operational recreational welfare facilities, recognised RAAF Service sport associations, special interest clubs, and RAAF welfare bodies.

**Result.** Funds are available for projects for which it is inappropriate to fund via Relevant Moneys (worthwhile recreational and welfare projects on bases).

**Delivery.** Ensure that RAAF welfare sporting and benevolent organisations are aware of the availability of funds for worthwhile projects.

Investigate investment options so as to maximise funds available for worthwhile recreational and welfare projects on bases

**Performance.**

- Align funding for all approved requests with funds availability

**Finances**

**Activity.** Conduct the financial activities of the entity, using sound financial management practices, designed to provide sufficient capital to meet the operational strategies of the Plan.

**Result.** Over the period of the Plan, operational outcomes are improved; asset rationalisation is conducted in a staged manner and the service delivery model is refined on an on-going basis.

**Delivery.** Review tariffs rates and structures annually and with Accountable Authority concurrence, implement rates which best suit an appropriate balance between annual incomes achieved and subsidised tariffs charged.

Review term deposits and balanced investment portfolio regularly to ensure returns are optimised. Augment the investment portfolio with proceeds from assets sales in a staged and consider manner.

**Performance.**

- Financial statements to indicate achievement of budget operating surpluses.
- Returns on investments reflect growth against CPI.

## **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 Chairman 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

To assist the Accountable Authority achieve the purposes outlined in the Plan it will use the following tools:

**Investment Advice.** After an appropriate due diligence exercise, the Accountable Authority has engaged expertise in the financial domain to assist with framing a suitable investment posture. This advice, complete with recommendations, will be considered by the Accountable Authority on a regular basis.

**Asset Sales.** Market interrogation, guidance from local real estate expertise and current apartment valuations will inform values to be placed upon asset sales and investment advice will best inform 'how' to invest realised funds.

**Service Delivery.** The Accountable Authority will, over the duration of the Plan, consult and use Board expertise to refine its delivery model to Air Force.

**Workforce.** The RWRC is managed by a member of the Air Force Reserve. The Accountable Authority is conscious of the need to ensure continuity through the five-year horizon of the Corporate Plan.

**ICT Capability.** Records management is an integral function of RWRC activities. Staff utilise Defence ICT management systems and are required to be compliant with Portfolio management practices.