



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

2015/2016 – 2019/2020 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 initial reporting period for the plan is financial year 2015/2016.

The Plan covers the period 2015/16 – 2019/2020 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 based on four lines of operation and growth policies and is targeted as follows:

- RWRC Owned Holiday Accommodation Operations
- Alternate Holiday Accommodation Arrangements
- RWRC Fiscal Growth Operations
- Welfare Loans and Grants Operations 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, though 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 alternate means of providing subsidised rental accommodation.
- ensure that the investment portfolio delivers income and growth to ensure the long term sustainability of the company.
- maintain a high level of awareness of the availability of RWRC discounted recreational accommodation and other welfare amenity benefits, including those of other services and nations.
- continually monitor the environment within which the entity operates to the extent that, if the provision of discounted holiday 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?

Shorter term (1-2 years):

1. Better management of 'cash' to achieve greater returns.
2. 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 (SNSW) 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. Improved cash returns to be used to offset operating losses.
6. Define the 'new' model for the provision of services to members.
7. Discontinue leasing apartment 8 at *Ambassador* (Gold Coast) and retain ownership of the remaining 11 apartments for the short to medium term.
8. Review the continuation, or otherwise, of the leased apartment at Marrakai (Darwin) in association with Command staff at Tindal.

Short to medium term (3-4) years:

1. Continuation of sales 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 operational outcomes).

Medium to longer term (4-5 years):

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 sectors' 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:

- It owns the property holdings on the Gold Coast and Southern NSW.
- It was established to assist members of the Royal Australian Air Force and other eligible members.
- It, to some degree, has a 'captive' audience.
- It 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.
- How effective revised service delivery will be driven by the entity's financial position – there are / will be finite funds available.

Factors in which the entity has no control:

- It, like any commercial holiday operator, is reliant on occupancy – nothing is guaranteed.
- Holiday experience 'deals' offered by the commercial sector.
- Attractiveness of overseas travel.
- Operational tempo.
- The desire for a greater sophistication in the holiday experience that the entity cannot match.
- Domestic and geo-political impacts on markets

PERFORMANCE

This section of the Plan articulates 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 the RWRC apartment complexes 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 RWRC holiday apartments at the following minimum levels:

Facility	Target
Ambassador	Breakeven
Tuscany	Breakeven
Marrakai	Breakeven

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

Monitor the annual percentage of RAAF personnel accessing discounted holiday facilities.

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

Monitor occupancy statistics and, if necessary, investigate and implement changes to eligibility criteria.

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 majority occupancy of RAAF personnel using available facilities.

Recreational Amenities and Welfare Activities

Activity. As determined by the Board 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.

Delivery. Ensure that RAAF welfare and sporting organisations are aware of the RCWTF Loans and Grants Policy that provides for the possible availability of RCWTF funds to assist their activities.

Promote the availability of RCWTF financial assistance to RAAF welfare and sporting organisations under the auspices of the RCWTF Loans and Grants Policy, and provide guidelines for applying for assistance at an affordable level.

Set, and annually review, Loans and Grants Policy criteria, which detail the assessment processes that determine the worth of an application for funding assistance.

Monitor the percentage of applications for assistance that were able to be satisfied while aiming to disburse 50% of the return generated on liquid assets during the pre-eding financial year.

Investigate investment options so as to maximise the funds available for provision of amenities.

Performance.

- Align funding for all reasonable requests lodged with the total number of grants made.

Finances

Activity. Conduct the financial activities of the RCWTF, 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.

Review property valuations every three years and insurance policies annually.

Review property valuations with a view to maintaining the value of the properties in the longer term against indexed commercial property benchmarks.

Performance.

- Financial statements to indicate achievement of budget operating surpluses.
- Appropriate property valuations to be reflected in the books of account together with an assessment of the market value against current indexed benchmarks.
- Returns on investments reflect growth against CPI.

Trust Value

Activity. Monitor leasing and other delivery models for recreational accommodation.

Result. The Accountable Authority, in the broad context of providing recreational accommodation, considers a potentially more efficient delivery model.

Delivery. Seek guidance from Industry service providers.

Performance.

- Discontinue leasing at Ambassador (Gold Coast) and review the lease at Marrakai (Darwin).
- Consideration of a strategy which will make for maximum access to RCWTF amenities.

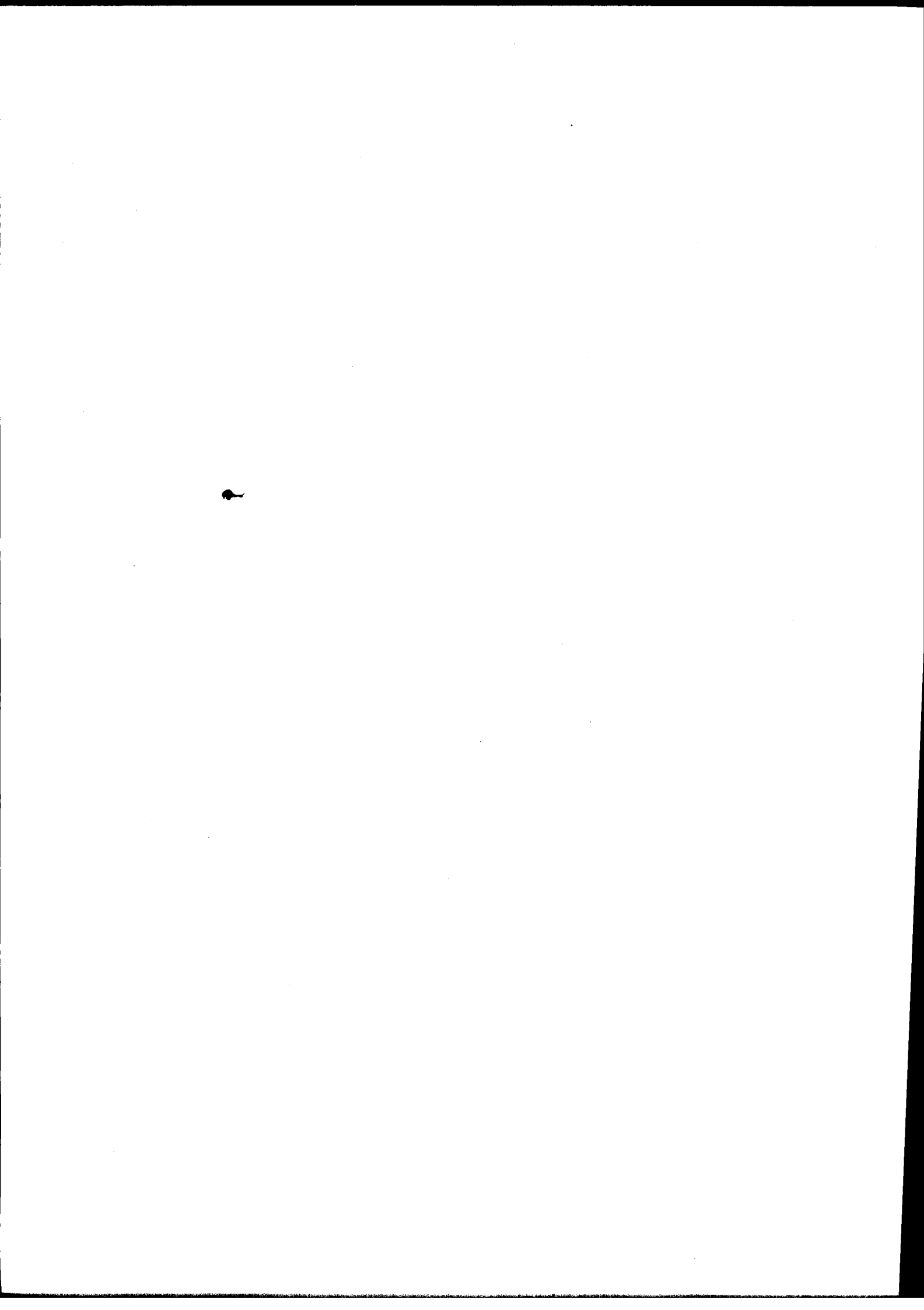
Administrative Objectives

Activity. Through the use of sound management practices conduct the business activities of the Company to meet current and future operational objectives and statutory reporting timeframes, including maintenance and periodic review of the documentation necessary to give effect to those management practices

Results. Ensure statutory lodgement timeframes are met for:

- Financial Statements
- Annual Report
- Changes in Board appointments
- Any other requirement of the *Corporations Act 2001 / Public Governance, Performance and Accountability Act 2013*; and
The Australian Securities and Investments Commission (ASIC) / Australian Charities and Not-for-Profit Commission (ACNC).

Delivery. Ensure that the provisions of the Company Constitution continue to meet the amenity requirements of RAAF members and other eligible persons and that Statutory Reporting timeframes are monitored and met.



Performance.

- Annual Report provided to Responsible Minister by 15 October and tabled in the Parliament by end October.
- RWRC Annual Return to the ACNC is accurate and lodged *iaw* mandated timeframes (end of calendar year).
- Board appointments / resignations are actioned and advised *iaw* mandated timeframes.

RISK OVERSIGHT and MANAGEMENT

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 will be 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 will be 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.