



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

**2024/2025 – 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 2024/2025 to 2027/2028, and has been adopted by a Resolution of the Accountable Authority.

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## PURPOSE

The purpose of the entity is to manage and promote RWRC-owned recreational facilities for RAAF members, their families and other eligible persons, and to provide financial support and assist in the provision of recreational amenities and services to RAAF members and other eligible persons.

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

As Trustee, the RWRC achieves its purpose through the effective management of the RCWTF.

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

*As trustee, manage the activities of the RAAF Central Welfare Trust Fund as a sustainable entity through a risk managed 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 this Plan, will adopt the following strategies to achieve its purpose:**

- facilitate access to discounted high quality recreational accommodation for all eligible persons;
- apply appropriate risk management strategies to enable invested funds to deliver income and growth to ensure long term sustainability;
- explore alternative welfare services outside discounted holiday accommodation; and
- 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 its Strategic Outcome over the period of the Plan:**

**Outcomes Statement for the period of the Corporate Plan:**

*The Accountable Authority will actively manage its investment portfolio risk profile, enhance the Ambassador Apartments (Gold Coast) as the flagship for discounted accommodation, explore additional recreational facility options, 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**

Throughout the period of this Plan, the Accountable Authority aims to continue 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 continue to consider and review the future direction and service delivery model of the entity.

**Aim.** Any new service or facility 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 establishing strategic relationships and exploring new opportunities.

**Finance and Investment**

The RWRC will invest funds/assets not directly delivering services to members. The funds will be invested in a manner that will ensure the real value of those funds will be maintained over the long term.

**Aim.** Improved financial returns will provide the Accountable Authority with greater ability to fund future service in real terms.

The Accountable Authority will engage additional resources where needed to develop details of new opportunities to determine their practicality and suitability when measured against five key characteristics:

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

**Low Maintenance.** The service should be cognisant of the limited resources available for management and administration.

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

**Reputation.** The service will include a risk assessment to ensure it reflects Defence values, and is consistent with ethical principles.

**Principled.** The service 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 service business cases will identify current and future needs in terms of workforce resourcing, administration, cost, and any revised IT requirements.

#### **How is the Outcome statement to be delivered?**

During 2024/2025, we will:

1. **Governance:** Continue streamlining of processes and enhancement of the digital booking interface with the Ambassador Apartments Property Management Team, and assess actions to address any governance shortfalls identified in the Deloitte's Portfolio Entity Review.
2. **Finance:** Continue to assess the performance of the financial portfolio to validate the decision to transition from a fixed allocation model to a dynamic allocation model.

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3. **Operational Oversight:** Assess and refine the marketing campaign to ensure optimised engagement and service delivery to eligible persons. Incorporate additional apartment into complex and ensure it is consistent with look and feel of other apartments. Enhance the Gold Coast accommodation offering by continuing the Ambassador Apartment facility refurbishments and continuing the targeted marketing campaign to raise awareness of discounted opportunities available to eligible persons. Explore opportunities to provide ski field holiday amenities.
  4. **Innovation:** Assess outcomes of previous workshops and trials and how to connect with a greater proportion of members.

During 2025/2026 we will:

1. **Governance:** Determine if changes to the RCWTF Trust Deed are necessary, and if required, recommend amendments to CAF.
2. **Finance:** Continue to assess the performance of the financial portfolio to validate the decision to transition from a fixed allocation model to a dynamic allocation model.
3. **Operational Oversight:** Consider options for strategic partnering with other entities offering recreational amenities.
4. **Innovation:** Conduct a business case to assess the success of the facility refurbishment and marketing campaigns to identify whether the product offering is relevant, sustainable and attractive to contemporary eligible persons.

During 2026/2027 to 2027/2028 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.

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## OPERATING CONTEXT

### 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 RWRC's services are accessed and valued.

The current 'block' holdings of accommodation on the Gold Coast, have recently been renovated to regenerate appeal and interest in the apartments. A move to a delivery profile with reduced fixed costs has also been introduced in conjunction with the Ambassador Management Team. A key feature of the model is that the management fees will be significantly based on a percentage of the gross revenue from holiday lettings, providing enhanced incentives to optimise the Management Team's performance.

Social media marketing strategies are increasingly being used by companies as part of their marketing campaign to improve their brands, as it allows the customers to perceive hotel experiences from a personal and interactive approach, breaking the traditional hotel marketing strategy. There has also been an increase in the usage of digital technologies to improve property management systems and customer experiences, as it allows establishments to gather, analyse and interpret customer data, trends and needs. As a result, when using these technologies, the Accountable Authority will ensure compliance with privacy standards, and protection of consumer rights in relation storage of personal information.

**COVID 19.** The COVID-19 pandemic may continue to impact operations for 2024/2025 and beyond, due to regular occurrences of new variants of SARS-CoV-2, the virus that causes COVID-19, will continue to occur. However, with a major shift from Government-imposed restrictions to personal responsibility for controlling the virus, this should have a lesser burden on businesses than those endured over the previous four years.

**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 its eligible member base.

**Factors in which the entity has partial control:**

- the investment risk profile for managed funds portfolio; and
- the effectiveness of new 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 the economy and markets,
- the impact of further interest rate rises on discretionary consumer spending,
- COVID 19 residual impacts, and
- decisions as a result of Deloitte’s Portfolio Entity Review.

## **CAPABILITY**

### **Executive Capability**

**Accountable Authority.** Ultimate responsibility for ensuring appropriate risk management processes are applied rests with the Accountable Authority. The Accountable Authority is responsible to:

- a. review and approve the Risk Management and Fraud Control Plan and Risk Register;
- b. assess identified risks and develop strategies and controls to manage those risk; and
- c. ensure that risks given a High or Extreme rating are reduced or eliminated where possible, or otherwise closely managed.

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

- a. maintaining the Risk Management and Fraud Control Plan;
- b. maintaining the Risk Register; and
- c. maintaining the Security Incident register, including cyber security incident reporting.

**Audit and Risk Committee.** The Audit and Risk Committee is responsible for:

- a. reviewing any proposed changes to the Risk Management and Fraud Control Plan prior to submission to the Accountable Authority for approval, and
- b. carrying out regular internal reviews of business operations to ensure compliance with risk management and fraud control requirements.



## **Infrastructure Requirements**

The only infrastructure held by RWRC is the apartments known as Ambassador Apartments at 9 Parnoo Street, Surfers Paradise QLD 4217. The organisation owns 11 of the 12 apartments and is exploring an opportunity to purchase the 12<sup>th</sup> apartment. This opportunity will provide the accountable authority of the RWRC with full control of the apartment complex. Funding of the purchase will be provided through liquidation of part of the financial portfolio.

The purchase of the apartment will provide additional resources to meet the purpose of the RWRC. Occupancy rates are well over the target and therefore the additional apartment increases the opportunity for members to access the apartments, particularly during the high season.

As the RWRC considers opportunities to provide ski field holiday amenities, the infrastructure requirements will depend on the model used to deliver the amenities.

## **ICT Requirements**

The RWRC does not have any specific ICT requirements that are not able to be provided through the Defence ICT system or organisations that cooperate with the RWRC to provide services to members.

## **RISK**

### **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 moderate 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<sup>1</sup>. Acceptance of some degree of risk is necessary to grow the entity and explore new business opportunities. Nonetheless, there is a Low to Medium 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 risk management procedures 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, Audit and Risk Committee, and the Secretary of the Company will progressively review and update the Risk Register; and
- c. the Risk Register will be maintained as a dynamic and standalone record as per the *RWRC 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, and
- d. diversification.

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<sup>1</sup> The only exception is the management of risk to personnel safety where the risk of harm to personnel must be eliminated or otherwise minimised So Far As Reasonably Practicable (SFARP) as required by the WHS Act 2011.

## COOPERATION

### Who the entity cooperates with to achieve its purposes:

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

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 (CAF) is the sole Appointer of the RWRC as Trustee of the RAAF Central Welfare Trust Fund. The RAAF also provides the personnel and their salaries to perform duties as Directors and staff for the RWRC.
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.
Gold Coast Holiday Management Pty Ltd	Ambassador Apartments Management Team
Strata Services	Strata Services provides Body Corporate management to the RWRC's Ambassador Apartments.
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 and Gallop – Lawyers	Snedden Hall and Gallop are engaged for legal matters.
SLR Valuations	SLR Valuations are engaged for full property valuations and valuation up-date letters.
Solutions in Engineering	Solutions in Engineering are engaged for Replacement Value Insurance valuation.

## 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+3 <sup>2</sup> .

### 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. All Company Directors complete AICD course. Company Secretary to complete relevant course (Accidental Company Secretary Course through Governance Institute of Australia or AICD equivalent) ARC members to complete risk	Preserve and enhance the reputation of the Company and by association, the RAAF. 100% completion of the AICD Company Directors Course by Directors, Accidental Company Secretary Course by Company Secretary and Risk Management Course by ARC members.		

<sup>2</sup> While the Accountable Authority has adopted this target as a long term investment strategy in consultation with its appointed Financial Advisor, it is recognised that current market turbulence created by global and economic factors beyond the control of the RWRC will likely impact its achievement in the short term.

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		management course.			
Review operational performance to ensure validity and relevance of extant services, and revise where required.	Focussed marketing and improved product offering.	Maintain sustainable occupancy levels.	Accommodation business is generating sufficient revenues to sustain and enhance product offer	Gold Coast – 70%	Gold Coast – 90%
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.		