



RANCCB 2015 - 2016 CORPORATE PLAN



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1. Introduction

This 2015-2016 Corporate Plan for the Royal Australian Navy Central Canteens Board trading as Navy Canteens (“Navy Canteens”) covers the period 1 July 2015 to 30 June 2019.

The plan is provided to meet the obligation under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

2. Purposes

Under the *Navy Canteens Regulations (1954)*, Navy Canteens exists to make grants to the Royal Australian Navy Relief Trust Fund (RANRTF), and to make grants and loans to persons operating canteens, clubs, cinemas or other institutions or facilities for the welfare and entertainment of serving Naval members. These regulations provide that the Directors shall, subject to and in accordance with the Regulations apply monies and property of the organisation; provide grants; loans and benefits for members of the Royal Australian Navy and further provide grants to the RANRTF.

Navy Canteens aims to fulfil this purpose by providing relevant, sustainable recreation and welfare alternatives for serving members of the Navy that enhance and recognise the unique nature of naval service.

This will be enabled by Navy Canteens growing profitability through commercial business undertakings, delivering enhanced benefits to the Navy community, and maintaining efficient and effective governance of the Navy Canteens organisation.

3. Environment

3.1 Stakeholders

The Honourable Stuart Robert, Assistant Minister for Defence, has portfolio responsibility for Navy Canteens.

The Chief of Navy, Vice Admiral Tim Barrett, AO, CSC, RAN has been the principal of Navy Canteens since being appointed Chief of Navy on 1 July 2014.

The Navy Canteens Board is chaired by Commodore Ian Murray, RAN who was appointed Chairperson of the Royal Australian Navy Central Canteens Board on 3 December 2013.

In addition to Commodore Murray, there are six other naval officers who are directors on the Board: Captain John Metzl RAN, Captain Fiona Sneath RAN, Commander Guy Blackburn RAN, Lieutenant Commander Sophia Hill RAN, Lieutenant Commander Heidi Rossendell RANR and Warrant Officer Stephen Downey.



3.2 Industries

The activities of Navy Canteens span a number of industries including food and beverage, holiday and tourism, promotional products, entertainment and fundraising. The activities of Navy Canteens connects the organisation to both Defence and the general public.

Business Activity	Industry	Defence	Navy Only	General Public
Canteen operations on Naval establishments	Food and beverage	X		X
Other services to Navy	Food and beverage		X	
Navy merchandise	Promotional products	X		X
Holiday centres	Holiday and tourism	X		X
Win With Navy Raffle	Gaming / Fundraising		X	
Navy Ticketing	Entertainment	X		

Figure 1: Matrix of Navy Canteens customer groups per business activity.



The Win With Navy Raffle is administered on behalf of Navy Canteens by the Returned Services League of Australia (Queensland Branch). Participation is restricted to Navy personnel only and undertaken in compliance with Gaming legislation. There is a very low limit (\$10) placed on the maximum amount that individuals can commit to the raffle and all profits are redistributed back to the Navy community through the normal provision of grants and disbursements.

3.3 Factors in full control of the entity

Navy Canteens disburses grants in accordance with the Navy Canteens Regulations (1954). The regulations determine that serving Navy personnel are to be the beneficiaries of the business, although second and third order benefits are passed on to members of the wider Defence organisation where available. Navy Canteens is in full control of decisions to disburse grants from its funds.

In consultation with the Principal, Navy Canteens determines the portfolio of businesses it operates, and is in full control of the decisions to commence, vary or cease business undertakings. Navy Canteens is also in full control of access to the services it provides. For example, the holiday centres operated by Navy Canteens are open to the general public throughout the year and Defence members receive discounts on accommodation charges. Navy Ticketing utilises industry contacts to procure its discounted product, and the service provided is restricted to Defence members.



3.4 Factors in partial control of the entity

Whilst Navy Canteens controls the operation of its canteen businesses on Navy establishments, Navy Canteens management works collaboratively with local Commands to meet their specific on-base requirements.

Navy Canteens has only partial control of some aspects of the maintenance and upkeep of its facilities on Navy establishments, as this is a matter managed in collaboration with Defence Estate and Infrastructure Group, and is subject to Defence resource constraints.

3.5 Factors beyond the control of the entity

Navy Canteens is, from time to time, subject to factors beyond its control. Examples include:

- Changes to legislation, regulation and Defence policy; although Navy Canteens is often invited to provide comment on proposed changes.
- Security requirements on Defence establishments which impose restrictions on the normal conduct of business, such as limiting access by members of the public, contractors or suppliers.
- Changes in Defence base populations, such as changes to recruit numbers on Navy training establishments.
- Changes in the competitive public marketplace for products such as the merchandise sold online by SALT, and changes in demand in the domestic tourism market.



4. Performance

2016

Purpose					
<i>Grow relevant, sustainable recreation and welfare alternatives for serving Navy members that enhance and recognise the unique nature of Naval Service.</i>					
Activity	Activity	Activity	Activity	Activity	Activity
Canteen operations on Navy establishments	Other services to Navy	Navy merchandise (SALT)	Holiday centres	Win With Navy raffle	Navy Ticketing
Intended Results	Intended Results	Intended Results	Intended Results	Intended Results	Intended Results
Achieve overall profit for the entire canteen group	Increased revenue from National Fleet Pricing on Coca Cola Amatil products Successful pilot for canteen goods supply to RAN ships Increased revenue from operation of all vending on Navy establishments	Increased revenue from merchandise sales on Navy ships. Increased revenue from merchandise sales in Navy canteens	Increased revenue from greater occupancy Increased revenue from segment - Park Annuals Improved profitability at Amblin Holiday Park (WA) and Forster Holiday Village (NSW) arising from improved management	Increased revenue through greater Navy participation	Introduce revenue streams through commissions from third parties
Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy
Reverse FY 2014/15 losses at specific sites, by focusing on reduced Cost of Goods Sold and tighter control of labour costs Stabilise new operations in Nowra hub Commence trial operation of Rathey VC Club in Darwin	Closer engagement with customer base, including increased direct communication with Navy personnel and circulation of information within Navy	Increased direct communication and marketing with Navy personnel and circulation of information within Navy Better display of merchandise within canteens	Targeted marketing and promotions New management teams in Amblin Holiday Park (WA) and Forster Holiday Village (NSW) Control and maintenance of underground water infrastructure at Amblin Holiday Park (WA) Reduced monthly expenditure for Amblin Holiday Park (WA) and Forster Holiday Village (NSW)	Increased direct communication with Navy personnel and circulation of information within Navy	Negotiation with third parties including Captain Cook Cruises, Discovery Parks and selected hotels

Figure 2: Matrix of Navy Canteens 2016 performance and capability information.





2017

Purpose					
<i>Grow relevant, sustainable recreation and welfare alternatives for serving Navy members that enhance and recognise the unique nature of Naval Service.</i>					
Activity	Activity	Activity	Activity	Activity	Activity
Canteen operations on Navy establishments	Other services to Navy	Navy merchandise	Holiday centres	Win With Navy raffle	Navy Ticketing
Intended Results	Intended Results	Intended Results	Intended Results	Intended Results	Intended Results
Achieve overall profit for the entire canteen group Possible reduction of the number of canteens following profitability review of all sites	Increased revenue from National Fleet Pricing on Coca Cola Amatil products Canteen goods supply to RAN ships Increased revenue from additional vending on all bases	Increased revenue from merchandise sales on Navy ships. Increased revenue from merchandise sales in Navy canteens New merchandise range	Increased revenue from greater occupancy Increased revenue from additional investment	Increased revenue through greater participation	Increased revenue streams through commissions
Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy
Expansion of food offering Maintain focus on reducing Cost of Goods Sold Maintain focus on control of labour costs	Increased direct communication with Navy personnel and circulation of information within Navy	Increased direct communication with Navy personnel and circulation of information within Navy Better display of merchandise within canteens	Increased marketing activity Targeted facility development planning and investment	Increased direct communication with Navy personnel and circulation of information within Navy Variation to prize offerings.	Continue development with third parties including Captain Cook Cruises, Discovery Parks and selected hotels

Figure 3: Matrix of Navy Canteens 2017 performance and capability information.





2018

Purpose					
<i>Grow relevant, sustainable recreation and welfare alternatives for serving Navy members that enhance and recognise the unique nature of Naval Service.</i>					
Activity	Activity	Activity	Activity	Activity	Activity
Canteen operations on Navy establishments	Other services to Navy	Navy merchandise	Holiday centres	Win With Navy raffle	Navy Ticketing
Intended Results	Intended Results	Intended Results	Intended Results	Intended Results	Intended Results
Achieve overall profit for the entire canteen group	Increased revenue from National Fleet Pricing on Coca Cola Amatil products Canteen goods supply to RAN ships Maintain revenue from vending on all bases	Increased revenue from Navy units Increased revenue from merchandise sales in canteens	Increased revenue from greater occupancy Increased revenue from additional investment – possible acquisition of new serviced apartment and sale of an existing property.	Increased revenue through greater participation	Increased revenue streams through commissions
Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy
Maintain focus on reducing Cost of Goods Sold Maintain focus on control of labour costs Improve canteen facilities available on Navy establishments	Increased direct communication with Navy personnel and circulation of information within Navy Negotiation of more advantageous supplier arrangements as scale of business grows	Increased direct communication with Navy personnel and circulation of information within Navy	Increased marketing activity Research into recreation preferences of Navy personnel	Increased direct communication with Navy personnel and circulation of information within Navy Variation to prize offerings	Continue development with third parties including Captain Cook Cruises, Discovery Parks and selected hotels

Figure 4: Matrix of Navy Canteens 2018 performance and capability information.





2019

Purpose					
<i>Grow relevant, sustainable recreation and welfare alternatives for serving Navy members that enhance and recognise the unique nature of Naval Service.</i>					
Activity	Activity	Activity	Activity	Activity	Activity
Canteen operations on Naval establishments	Other services to Navy	Navy merchandise	Holiday centres	Win With Navy raffle	Navy Ticketing
Intended Results	Intended Results	Intended Results	Intended Results	Intended Results	Intended Results
Achieve overall profit for the entire canteen group	Increased revenue from National Fleet Pricing on Coca Cola Amatil products Canteen goods supply to RAN ships Maintain revenue from vending on all bases	Increased revenue from Navy units Increased revenue from merchandise sales in canteens New merchandise range	Increased revenue from greater occupancy	Increased revenue through greater participation	Increased revenue streams through commissions
Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy	Delivery Strategy
Maintain focus on reducing Cost of Goods Sold Maintain focus on control of labour costs Improve canteen facilities available on Navy establishments	Increased direct communication with Navy personnel and circulation of information within Navy	Increased direct communication with Navy personnel and circulation of information within Navy	Increased marketing activity	Increased direct communication with Navy personnel and circulation of information within Navy	Continue working with third parties including Captain Cook Cruises, Discovery Parks and selected hotels

Figure 5: Matrix of Navy Canteens 2019 performance and capability information.





5. Measurement and Assessment

The following table contains the performance measurement by business activity for the periods covered by the plan.

Business Activity	Performance Measurement	Y/E 30.06.16	Y/E 30.06.17	Y/E 30.06.18	Y/E 30.06.19
Canteen operations on Naval establishments	Comparison of actual net profit to budgeted net profit	Within 10%	Within 10%	Within 10%	Within 10%
	Labour % (Total Labour Cost as % of Gross Revenue)	35%	33%	31%	29%
	COGS % (Total COGS as % of Gross Revenue)	52%	50%	48%	46%
	Staff retention rate (%)	70%	72%	74%	76%
	Annual Customer satisfaction survey – overall satisfaction level of satisfied or better	70%	75%	80%	85%
Other services to Navy	Number of Major Fleet Unit customers supplied	2	5	10	15
Navy merchandise	Total revenue growth (over previous year)	5%	10%	15%	20%
Holiday centres	Total revenue growth (over previous year)	3%	3%	3%	3%
	Total number of customer complaints received annually	36	36	36	36
Win With Navy raffle	Number of Navy participants	4,000	4,200	4,410	4,630
Navy Ticketing	% Number of tickets sold to Navy	50%	55%	60%	65%
	Total number of ticket sold to Defence	14,500	15,000	15,500	16,000
	Commission from Third Party Accommodation arrangements	Nil	\$10,000	\$20,000	\$40,000
Total Navy Grants	Inclusive of Navy Sports Council, RANRTF, Shore establishments, RANCCB grants program	\$510,000	\$560,000	\$606,000	\$670,000

Figure 6: Matrix of Navy Canteens performance measurement.





6. Risk Oversight and Management

6.1 Navy Canteens Board

The Navy Canteens Board is actively engaged by the Senior Executive in all areas of risk management. Risk is considered at Board meetings as a normal part of the CEO and CFO reports. Daily management and oversight of the operations of Navy Canteens is delegated to the CEO with reputational and contractual risk being referred where appropriate to the Board and its Committees.

6.2 Risk Compliance and Audit Committee

The Navy Canteens Board is advised by the Risk Compliance and Audit Committee which continually reviews and periodically audits the conduct of the Navy Canteens organisation. The Committee meets twice as frequently as the Board and reports directly to each Board meeting to ensure all Directors are appraised of aggregated risk in all areas. The CEO is a permanently invited member of the Committee and it is advised by the CFO.

6.3 Director Prerequisites

The Navy Canteens Board constitution requires all Directors to have undertaken the Australian Institute of Company Directors Course. This course provides training and assessment in all business areas including risk oversight and management. Risk management is also addressed through Director diversity in the Board environment, with skill sets identified to complement Board requirements during director recruitment. The Board currently comprises four male directors and three female directors. One director is a member of the Royal Australian Naval Reserve.

6.4 Audit Regime

Navy Canteens is subject to annual audit. This audit is administered by the Australian National Audit Office who provide independent advice on the risk and compliance status of Navy Canteens. This advice is incorporated in the Navy Canteens Annual Report to the responsible Minister which is tabled in Parliament. Navy Canteens maintains a regime of self audit to supplement the annual audit and entrench a culture of transparency, innovation, compliance and continuous improvement.

6.5 Risk Register

Navy Canteens maintains a risk register which addresses and records key risks confronted by the organisation. This is administered through the Risk, Compliance and Audit Committee with full transparency to the Board.

6.6 Work Health & Safety (WHS)

The Navy Canteens Work Health and Safety Management System (WHSMS) applies to all business units, sites and offices of Navy Canteens and any other sites controlled by the organisation, along with any project involving Navy Canteens' workers.

The purpose of the WHSMS is to establish and maintain a structured approach to the management of health and safety in the workplace so that the organisation can achieve a consistently high standard of safety performance. In addition, Navy Canteens strives to meet its obligations to ensure a safe workplace for all workers by compliance to all relevant work



health and safety legislation and industry best practice. The Chairperson and CEO routinely attend the Navy Safety Board to brief CN on Navy Canteens WHS performance.

The Navy Canteens WHS is managed in conjunction with the following registers of the Navy Canteens WHSMS:

Contractor Register	A current list of all major contractors and their details is maintained in the Contractor Register.	Navy Canteens Contractor Register.
Hazardous Tasks & WHS Risk Register	Hazards and Risks are identified through consultation with all site workers, managers and supervisors and are addressed in the Hazardous Task register.	Navy Canteens Hazardous Task Register.
Training Registers	A list of all current training and qualifications held by workers are detailed in these registers. These registers also document various induction training and other training held with all stakeholders.	Navy Canteens Training Registers. (Compiled for each operation)
Hazardous Goods Register	A list of hazardous substances that exist in the work place are listed in this register. A copy of the SDS has been forwarded to the person responsible for First Aid.	Navy Canteens Hazardous Goods register.
Electrical Equipment Register	This register lists the electrical equipment that is brought on site and ensures that the use of electrical wiring, equipment, portable tools and extension leads is in accordance with applicable codes and standards including AS3012, Electrical Installations – Construction and Demolition Sites and AS3000, Wiring Rules.	Navy Canteens Electrical Equipment Register.
Injury & Incident Register	All injuries and incidents are listed in this register. All injuries are reported to the HR Manager and CEO. A summary is presented to the Board at each meeting.	Navy Canteens Injury & Incident Register.
Plant & Equipment Register	Regular inspections and maintenance of all plant and equipment is maintained in accordance with the relevant standard and manufacturer's recommendations. The inspection and maintenance history of each item is documented in this register.	Navy Canteens Plant & Equipment Register.
Asbestos Register	This register contains the required information regarding identified Asbestos in Navy Canteens workplaces.	Navy Canteens Asbestos Register.

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