

A photograph of a family of three sitting at a wooden table in an outdoor cafe. A man is partially visible on the left, smiling. A woman with blonde hair is in the center, smiling broadly. A young child is sitting next to her, also smiling. There are drinks and plates on the table. The background shows other people and greenery.

Keep on moving on

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Motor

- Insurance
- Road Service
- Driver Education
- Vehicle Inspections
- Technical Advisory Service
- Car Loans

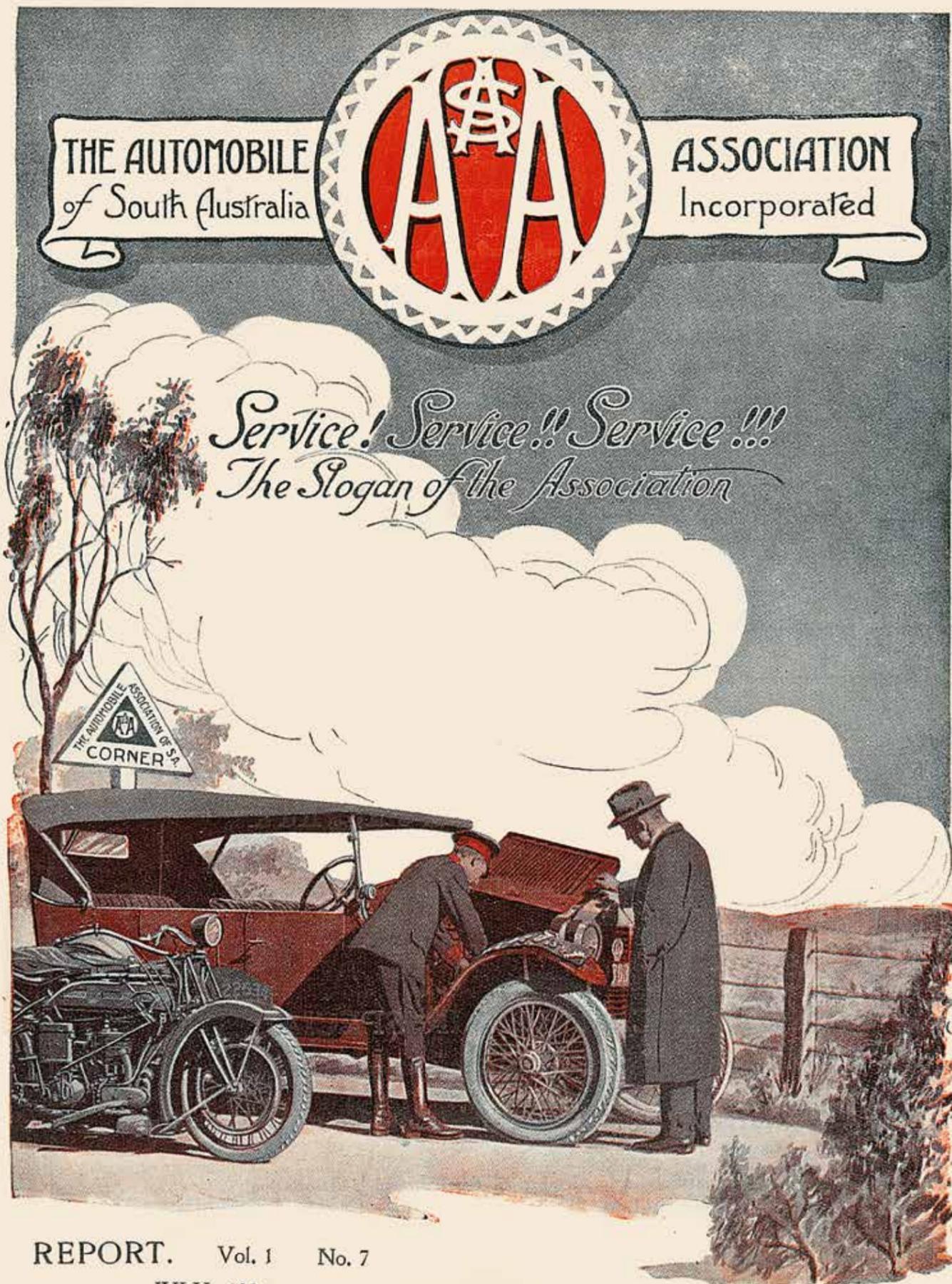
Home

- Insurance
- Home Security
- Personal Security
- Trade Assist
- Personal Loans



Travel

- International Holidays
- Domestic Holidays
- Cruising
- SA Experiences
- Insurance



Keep on moving on

When you think of RAA, a yellow patrol van is probably the first thing that comes to mind.

For over 116 years now we've been on the road, helping keep South Australians moving, whether they've got a flat battery on Kangaroo Island, locked their keys in their car in Port Augusta or broken down in Blackwood.

RAA and our yellow vans are synonymous with South Australia, a bit like frog cakes, the mall's balls and Adelaide Oval.

Now we're evolving and taking a step forward, keeping South Australian lives moving in all kinds of ways – not just on the road, but also at home and while they're on holidays.

We've developed a bold new logo to reflect how we're changing. Don't worry, we're keeping the things that make us who we are, including our famous yellow branding. You'll also continue to see the same dash of South Australian spirit in everything we do.

Our website, shops – and everything in between – will begin to look a bit different. We'll be working hard to bring you better experiences, whether you choose to interact with us online, over the phone or in person.



We're still dedicated to protecting you and your possessions, and are continually introducing new ways to help you around the home.

When it comes to planning your next holiday, our travel experts are here to help, whether you're heading to Port Lincoln or Peru.

We might look a little different on the outside but you, our members, are still

at the heart of every decision we make.

Our local team will still be doing their best to make your life easier, whether it's on the road, in the home or while you're on holiday.

Above all, we'll continue finding new ways to make things easier, safer and better for you, to keep you moving.

RAA. Keep on moving on.

A snapshot of our year:

Member satisfaction

90%

Member discounts

\$44m

Total income

\$450m

Net assets

\$253m

Total members

745,017

Profit

\$18.3m

President's report



Elizabeth Perry

RAA President and Chairman of the Board

Nearly half of all South Australians now choose to belong to RAA: to help keep them moving on the road, at home, and overseas. It is a responsibility we deeply appreciate, and we acknowledge members' trust in our organisation, which allows us to play a part in so many facets of their lives.

Throughout the year, our membership increased by 3.4 per cent, with RAA providing services to over 740,000 members across South Australia. We continue to put our members at the forefront of everything we do, and value the participation and passion from our members to see the organisation prosper and grow. There is no better example of this than our 36,000-plus Gold 50 members, who have loyally supported RAA for half a century or more.

It has been one of the highlights of my year to meet and talk with our long-time members at Gold 50 events on the Eyre Peninsula, Limestone Coast and across metropolitan Adelaide.

The RAA Board has a clear mandate to give our members maximum value from their membership. We are pleased by the significant progress made this year, with \$43.7 million delivered in member discounts and offers. Our member savings have encompassed almost every aspect of daily life, from major savings on security and insurance to heavily discounted travel, entertainment, health services and transport.

As with member benefits, the amount invested in South Australian sponsorships, partnerships and philanthropy is a great source of pride. During the year, RAA granted about \$265,000 to over 60 grassroots and charitable groups, including awarding 12 organisations a total of \$50,000 to help fund critical projects to improve the safety and wellbeing of regional communities.

Advocacy has been the backbone of the organisation since RAA was established in 1903. During the year, RAA continued to speak out strongly on the urgent need to increase investment in road safety and the transport infrastructure required to keep our members moving safely, accessibly and sustainably.

We had significant outcomes in our ongoing work for safer roads for all users, with the confirmation of over \$4 billion in federal and state funding for a range of projects, including:

- Completion of the North-South Corridor;
- Duplication of Victor Harbor Road from Main South Road to McLaren Vale;
- Safety upgrades to Horrocks Highway and other regional roads;
- Separation of road and rail traffic at Torrens Road, Renown Park;
- A \$2.2 billion road safety plan; and
- The establishment of a National Office of Road Safety and innovation fund.

RAA is now moving towards expanding our member offerings in the areas of motor, home and travel, supported by a new logo and visual identity for the organisation, which we're pleased to showcase in this year's Annual Report.

The increasing scale and diversity of our activities also brings new challenges, including governance. We have ensured that the Board has a clear perspective on our expanding range of enterprises, and we continue to take a progressive approach towards risk management and compliance, maintaining high standards aligned to RAA's vision and values.

This year I had the privilege of being appointed President of the Australian Automobile Association, representing RAA and fellow state motoring organisations at national and international levels. Under the leadership of the Federation Internationale de l'Automobile, I have had the opportunity to experience firsthand the power of collaboration and idea-sharing in our efforts to ensure transport systems across the country are safe, affordable and transparent.

During the year, RAA continued to collaborate with other motoring clubs across Australia on a range of initiatives, including the roll out of electric vehicle infrastructure, national policy development, and emissions testing.

This is my third and final report as RAA President. Over the past three years, thanks to the collective wisdom and expertise of my fellow directors, we have set and steered a course towards the growth of the state's largest mutual organisation. Today, RAA is even more valuable to members in their everyday lives, while giving back more to South Australian communities through sponsorships, advocacy and education.

I acknowledge the entire RAA team, led by Managing Director Ian Stone, for their collective and individual contributions towards a very successful year. It has been an honour and a privilege to serve RAA members as President and Chairman.

I thank you, our members, for your continued support.



Keep moving: RAA's new direction

Motoring is taking a new direction and so is RAA. We're keeping abreast of how the industry is changing to make sure we can keep you safe on the road.

We're also building up our travel presence, offering more products and services in this area. We're dedicated to bringing you the best experiences the world has to offer.

To continue making your life easier, we want to help you around the home more. We're expanding into solar to help you navigate a tricky industry and get the best product possible, and supply tradies to assist you around the home.

To reflect these changes we have a fresh new logo. Our new look – which

you may have already noticed across our vans, on our website or in our shops – portrays our purpose to keep you, our members, moving.

We believe it shows how committed we are to finding new ways to make your life easier, safer and simpler, and to keep you moving.

Managing Director's report



Ian Stone
Group Managing Director

Strong membership growth, sound finances and more value delivered to members in the areas of motor, home and travel are among the key indicators of a successful reporting year for RAA.

Within RAA our people focus on placing the member at the heart of every decision we make. This is because there is a deep acknowledgement that RAA's growth into the future will continue to be built on trust, service, and the spirit of being part of the South Australian community.

The organisation delivered another strong financial performance for the year ended 30 June 2019, with an overall profit after tax of \$18.3 million. This profit is re-invested into member services and community programs like advocacy, community giving and More For Member discounts. In addition, this profit enables us to invest in growing and safeguarding the business.

The total net assets of the group at 30 June 2019 increased to \$253 million. This is

complemented by \$44 million of value that has been returned to members and South Australian communities during the year.

Our results were underpinned by growth in the motor, home and travel products and services we offer to help keep our members moving.

In our motor business, our iconic roadside service continues to play a major role in our members' lives with RAA attending to 349,636 breakdowns during 2018/19 – up 1.2 per cent on last year. Investment in our new road service management system continues to reap rewards, with our members benefitting from a seamless end-to-end system that delivers a quicker response to breakdowns. Comprehensive car insurance grew by 17 per cent in 2018/19, with more than 47,000 car insurance claims processed, resulting in \$142 million in paid claims.

While RAA's 116 year history is synonymous with reliably helping our members on the road, our motor business remains a focus for innovation. During the year, we announced a new partnership with GM Holden to bring Maven Car Sharing to South Australia. Through a seamless smartphone experience, motorists can search for and reserve a Holden, selecting their preferred vehicle by location or type, and then unlocking and accessing the vehicle via their phone. The early success of Maven Car Sharing is demonstrative of the changing landscape of mobility.

Making our members' lives easier in the home remained a strong focus for RAA during the year. A 13 per cent increase in home insurance was recorded for 2018/19, with over 23,000 claims processed. The professionalism of our insurance team was recognised at both the 2019 DBM Australian Financial Awards and Canstar awards with RAA claiming the title of Australia's Most Recommended General Insurer and Canstar's award for the SA insurer with the highest satisfaction rate. These are valued accolades and I congratulate our insurance team for continuing to deliver our members an unrivalled customer experience. During the year, RAA launched landlord and short stay insurance to meet the demand

of members looking to rent out their properties.

Following its successful trial last year, we expanded our Trade Assist service in 2018/19 and added new services including roofing, carpentry, roller door repairs and painting. This popular service makes it easier for our members to book reliable, experienced and licensed local tradespeople that will turn up on time, every time. Also in the home, RAA responded to 177,617 high priority alarms during the year, and dispatched more than 2213 security patrols, as part of our commitment to keep South Australians safe in their homes.

Travel is a developing area of our business, and seven per cent growth in 2018/19 is indicative that South Australians trust us when booking their holidays. Travel Insurance also grew by 18 per cent during the period.

Most pleasingly, Experience SA – RAA's web-based booking platform that offers accommodation and experiences across South Australia – achieved 100 per cent growth during the year. Since investing in upgrading the platform and launching it in February, the portal has grown exponentially. It now hosts over 400 tourism products and providers across the state's 12 regions, proving that local tourism operators value the opportunity to promote and sell their products to intrastate and inbound tourists.

As our products, services and member numbers grow, so too does the size of our workforce. RAA is proud to employ over 900 South Australians across a wide range of disciplines, offering depth and breadth in rewarding career opportunities. The service and value offered to our members would not be possible without our workforce, and I acknowledge everyone within RAA for their dedication and approach towards assisting over 740,000 members across South Australia.

I also recognise outgoing RAA President and Chairman Elizabeth Perry, who has led the Board and presided over continued member and business growth.

Most importantly, I thank our members for their ongoing support and trust in RAA.

Sharing Maven with South Australians

We're here to keep our members moving, whether they're looking to take a road trip down the Limestone Coast or need a car to help them move house.

That's why RAA has partnered with GM Holden to bring Maven Car Sharing to South Australia. The service, which offers members a great alternative to formal car hire, is one of the many initiatives RAA is implementing as part of its

commitment to trialling future mobility options.

Maven Car Sharing gives motorists the ability to book cars by the hour from a range of locations across metropolitan Adelaide, including RAA's head office in Mile End. The service is helpful for people who only need a car for a short trip or might occasionally want a heavy duty vehicle.

The 12-month trial, which started in March, has been well received by the public, with about 2000 people downloading the Maven Car Sharing smartphone app and almost 200 signing up to use the service.



Our members

Our purpose is underpinned by our desire to make it easier for members to focus on what matters to them. This year we were proud to make it happen for 745,017 South Australian members – a three per cent increase on last year.

RAA now provides services to 70 per cent of all South Australian homes. Our vision is to continue to be there for our members, and to grow and prosper as a dynamic cornerstone of our state. During the year member satisfaction remained strong, with 90 per cent of our members satisfied RAA is meeting their needs.

Delivering value to our members

In 2018/19 we continued investing in our members and the communities they call home. We delivered \$44 million in member discounts – almost 15 per cent more than in 2017/18. The savings were provided through two main loyalty programs, More For Members and member loyalty savings.

The More For Members program helps members save through our retail partnerships, offering discounts on groceries, health, utilities and entertainment. This year we were excited to launch a partnership with South Australia's own CIBO Espresso. Members are able to show their card at any CIBO Espresso and receive one free coffee upgrade a day. More than 28,000 coffee upgrades have been given away so far.

Our member loyalty savings program rewards members depending on the number of RAA products they hold. This continues to see strong growth with 36.1 per cent of our member base receiving discounts, saving them \$23 million in 2018/19.

Supporting what matters to our members

Our members are at the heart of everything we do, so we're always looking for new ways to better their lives. Being an iconic South Australian organisation benefits our members, locals and the community.



This includes backing teams and community causes that are uniquely South Australian, including the Adelaide Crows and Port Adelaide football clubs, the Adelaide Festival Centre, DreamBIG Children's Festival, and the Royal Adelaide Show.

RAA Rangers creating a better atmosphere

Research from our partners at the Crows, Port and Adelaide Oval highlighted that the price of food and poor weather were pain points for South Australians attending the footy. This led to the creation of the charismatic RAA Rangers. The Rangers help South Australians have a better time at the footy through a range of 'surprise and delight' moments.

Since their launch in the 2018 AFL season, the Rangers have given away more than 900 AFL merchandise items, paid for 725 footy fans' food bills, handed out 60,000 quality RAA merchandise items, and provided 250 corporate ticket upgrades.

Saving members money

Mad March is an exciting time of year in Adelaide, but it can also be expensive. Our partnerships with Adelaide

Festival and Superloop, along with More For Member partner discounts for WOMADelaide, Moonlight Cinema, Carmen in the Square, and Cellar Door Fest formed our Members' Mad March promotion.

This promotion helped create excitement for RAA's competitions and member-only deals for the uniquely South Australian festival season. It also generated \$93,700 in member savings across 3800 transactions, 36,000 competition entries and 192 unique festival experiences.

We also saved members money at the 2018 Royal Adelaide Show, with over 7100 member transactions for discounted family and concession tickets – a 47 per cent increase on 2017.

Helping children DreamBIG

Our long-standing partnership with the biennial DreamBIG Children's Festival continued again this year. RAA Rangers attended the Big Family Weekend on North Terrace in May, creating emotional connections with thousands of South Australian children and families. The 10 Rangers also surprised guests with 50 tickets to headline shows and 200 coffee and hot drink purchases to warm up the rainy day.

Australia's most recommended general insurer

We pride ourselves on providing South Australians with a premium service, and to be recognised for our efforts shows we're doing just that.

In March, RAA was named Australia's Most Recommended General Insurer at the inaugural DBM Australian Financial Awards. RAA was awarded the accolade based on findings from a DBM consultants' survey of more than 60,000 Australian consumers on their attitudes towards the country's financial institutions and their products.

The award recognises the broad range of insurance options that provide members with value-for-money, as well as the exceptional customer service we offer.

More recently, RAA home and car insurance customers were judged the most satisfied in South Australia, following an independent consumer survey by Canstar.

The survey found that RAA customers were more content with their policy than customers from the other 32 home insurers and 29 car insurers in South Australia.

This award is another feather in RAA's cap, and shows our team is driven by a common goal to provide the best service and protection for South Australians.

It also follows our back-to-back success as Small/Medium Australian General Insurance Company of the Year at the Australian Insurance Industry Awards in 2016 and 2017.

RAA has been providing insurance products to South Australians for more than 75 years, including car, home and contents, caravan, boat, motorcycle, trailer insurance, and travel insurance. And during the year, RAA launched landlord and short stay insurance to meet the demand of members looking to rent out their properties.



Our advocacy

RAA represents the interests of more than 740,000 South Australians and is the leading advocate on the mobility issues and challenges facing the state. As South Australia's largest membership organisation, RAA is proud to be a strong voice for our members and for the betterment of our state.

We work hard to influence government and decision makers to secure better transport outcomes, so the community can move around South Australia safely, accessibly and sustainably.

Safe, accessible and sustainable mobility

In forming public policy, our mobility advocacy is built upon the following three themes:

Safe – a safe mobility system can be defined as a system that not only achieves national and international safety benchmarks, but outperforms. It encompasses safer drivers, in safer cars, on safer roads, at safer speeds.

Accessible – to have a cost efficient, convenient and reliable transport network as an essential part of personal mobility.

Sustainable – sustainable mobility encompasses the needs of current and future generations, and considers financial, societal and environmental factors.

Regional roads advocacy

As a result of our advocacy, funding packages announced by the government in this year's State Budget included \$1.115 billion to make country driving safer and boost the regional economy.

Due to its poor condition, Horrocks Highway – between Roseworthy and Templers – has been a key focus for RAA over the past few years. After extensive lobbying, the state government committed \$55 million to upgrading the stretch of road voted the worst highway in South Australia by our members.



Amongst funding for other regional road improvements, \$125 million has been budgeted for road upgrades on the Eyre Peninsula, including Eyre Highway. With the closure of the rail grain service on Eyre Peninsula, RAA called out the need to upgrade the roads that are subject to increased grain movements.

On track for completing the North-South Corridor

For many years, RAA has been lobbying for a non-stop link between Gawler and Noarlunga, which was a government promise to South Australians back in 2014.

Completion of the North-South Corridor is the most important infrastructure project in South Australia, according to RAA members. And it's easy to see why, when you consider that some areas of the 78km South Road stretch between Noarlunga and Gawler are flooded with an average of 50,000 motorists each day.

Completing the North-South Corridor will enable South Australia to realise the full benefit of nearly \$5 billion already invested in the corridor, plus deliver flow-on benefits including major reductions in traffic congestion

on some of the state's key routes, such as Port Wakefield Road, Main North Road and Marion Road.

Ahead of this year's federal election and State Budget, RAA called for the completion of the two remaining sections of the corridor between Darlington and Anzac Highway, and between Anzac Highway and River Torrens.

In a great outcome for South Australian motorists, the federal government committed \$1.5 billion towards the completion of the corridor, which followed \$1.2 billion commitment in last year's budget, while the state government also budgeted \$3 billion to completing the final stages.

Good news for the south

The state and federal governments have committed to funding the duplication of the notorious stretch of Victor Harbor Road, between Main South Road and McLaren Vale – a priority that RAA has been advocating for, for many years.

A total of \$92 million has been promised to duplicate the road, benefitting Fleurieu Peninsula residents and tourists alike. This investment will improve travel times and safety along the road, accommodate future growth in the area and increase economic productivity.

Pushing for change: RAA's federal election advocacy

Ahead of this year's federal election, RAA called on the next government to invest in critical infrastructure improvements across the state to help keep South Australians moving safely, accessibly and sustainably.

As voters prepared to head to the polls, RAA had already gained bipartisan support for the completion of the North-South Corridor – the most important road infrastructure project in South Australia, as well as other key priorities critical for the state's road safety and economic prosperity.

Around \$3.9 billion in election commitments were secured for South Australian motorists, including \$1.5 billion for the completion of the North-South Corridor; \$64 million towards the staged duplication of Augusta Highway; and separation of road and rail traffic at the level crossing on Torrens Road in Renown Park.

Together with the Australian Automobile Association and other Australian mobility clubs, RAA's advocacy secured a \$2.2 billion road safety plan, and \$12 million for a National Office of Road Safety and a Road Safety Innovation Fund.

The Coalition also committed to upgrading intersections at Cross and Fullarton roads, Portrush and Magill roads, and Goodwood/Springbank/Daws roads; duplication of Victor Harbor Road between Main South Road

and McLaren Vale; upgrade of the level crossing at Brighton Road, Hove; and \$220 million regional road upgrades.

While we're pleased that the Coalition has committed to these initiatives, RAA will now hold the federal government accountable and ensure it delivers on its promises to South Australia.



Our community

RAA works across the community to help keep South Australians moving safely. We deliver road safety education, assess the key infrastructure that South Australians travel and rely on, and sponsor the organisations and programs that make a difference in our state.

Improving road safety

As part of RAA's service to the South Australian community, we conduct regular road reviews, assess regional highways, and investigate transport issues identified by motorists.

In 2018/19, we assessed more than 7000km of regional roads as part of our regional road assessment program.

Roads on the Yorke Peninsula and Limestone Coast, as well as Augusta, Dukes and Riddoch highways were our main focus this year.

We also investigated 200 roads nominated by our members for issues like dangerous intersections, poor line markings and unacceptable road surfaces. Once these roads were investigated, they were referred to the relevant road authority for resolution.

In 2018/19, RAA's motoring road rules information service received 932 phone

enquiries and 851 email requests for information on a wide range of road rule-related issues.

Educating the community

As the leading road safety educator in the state, RAA continued to deliver its suite of free education programs across all ages, from primary school age to retirees.

Our Street Smart programs deliver South Australian youths age appropriate road safety information, with an emphasis on pedestrian, passenger and cycling safety.

Throughout the year, we delivered free Smart Primary education to 18,000 students across the state, while more than 8000 students from 78 high schools attended our free Street Smart High events at Adelaide Entertainment Centre. Jointly funded by the South Australian Government and Lifetime Support Authority, Street Smart High is highly impactful and fully booked over two full days.

In the RAA Safety Centre, we provide advice to new parents and carers about how to safely install child restraints. Throughout the year we fitted and checked 10,799 children's car seats for our members.

RAA driver educator programs help prepare South Australians for driving safely on the road. We offer a range of learner, corporate and refresher lessons. In 2018/19 we delivered 13,000 lessons to more than 1750 customers in both Competency Based Training and Assessment (CBTA) and Vehicle on Road Testing (VORT), as well as refresher lessons.

Our commitment to safer transport on the roads also extends to other forms of mobility. RAA visited up to 20 schools each school term to complete safety checks on students' bikes before they begin their practical bike ed lessons.

For older drivers, we delivered over 132 Years Ahead presentations during 2018/19, complete with content designed to maintain more mature drivers' control in the car. We also continued our CarFit program – a free, practical program focussing on seat, mirror, head rest and seatbelt positioning.

Sponsoring South Australians

In addition to offering a range of educational programs for South Australians and delivering a variety of savings to our members, we also sponsor a number of organisations and programs.

On behalf of our members, we invested roughly \$265,000 in South Australian communities during 2018/19. We assisted a number of important local projects in regional and metropolitan South Australia, including:

- Helping the Hutt Street Centre build new lockers in their bathrooms;
- Funding the Designated Driver Program at the Riverland Wine and Food Festival;
- Helping 40 young people from regional centres attend a CanTeen therapeutic camp; and
- Supporting the women's respite and education centre at Catherine House.

This also included RAA giving \$50,000 to 12 regional organisations – including the Kingsley CFS Group, Renmark West Primary School, and the Goolwa Regatta Club – as part of our Regional Safety Grant program. The grants will help the community groups fund critical projects which improve safety and wellbeing.



Street Smart Primary helping keep young people safe on our roads

Children and young people are at significant risk on our roads. Road trauma is the leading cause of death and the second most frequent cause of hospitalisation among children in Australia.

There is evidence that children who start learning about the road system from a very early age adopt safer behaviours in later life.

Road safety education plays an important role in shaping the attitudes and behaviours of children and young people – ensuring they become responsible drivers, passengers, pedestrians and cyclists.

In conjunction with the South Australian Government and Lifetime Support Authority, our team of qualified teachers has been delivering road safety education lessons to primary school students across metropolitan and regional South Australia since 2016.

The 45-minute lessons, which are free-of-charge for schools, provide young people with the skills and knowledge they need to help them make better decisions when they're in a road environment.

At the end of every session, classes receive advice on how to deliver follow-up programs, as well as information for parents to continue road safety learning at home.

In the past year, our Street Smart Primary teachers visited 156 schools across South Australia, educating 18,000 students.



Our people and culture

In a watershed year for RAA, we collaborated with employees across the organisation to develop a new guiding purpose: *keep members moving*, underpinned by our wanting to make it easier for our members to focus on what matters to them.

Keep members moving now sits at the centre of everything we do, informing the way we think, act and work. And our people are united in bringing our purpose to life.



Our values and behaviours

To support our organisational purpose, we developed a set of organisational values and behaviours, which describe how we work together to be the best we can for our members and our community:

Champion the member – we are focussed on delivering value to our members and putting their needs at the centre of all decision making.



Do the right thing – in every decision we make and every action we take, integrity is our guiding light.

On the same side – we play to our strengths and help those around us do the same, working together as a dynamic team with a collective goal of keeping our members moving.

Think beyond – our approach to work is creative and courageous.

Developed collaboratively with staff from across the organisation, our values bring together our cultural DNA with the principles that are critical to help us move towards delivering for our members in the future. Our behaviours bring our values to life and make them real.

A diverse and inclusive organisation

During the year, RAA continued to deliver our diversity and inclusion program, designed to help build a workforce that is more representative of the South Australian community.

By attracting, retaining and promoting diversity, complete with a broader range of experiences and opinions, we can better understand and serve our members, and ensure our employees feel valued and able to contribute wholeheartedly.

A key outcome this year was the introduction of a family and domestic violence policy that provides for paid leave, together with a range of educational programs that equips our managers to provide the right support at the right time.

Reviewing our recruitment practices in consideration of gender neutral language and unconscious bias was another key activity we undertook this year towards our diversity and inclusion goal. We also focussed on raising awareness through shared stories, news articles, and inviting guest speakers to talk about their experiences in inclusive leadership and gender equality.



Flexibility in our work place

With a goal to position the organisation as an adaptable employer of choice, our efforts have been set around designing the work practices needed for the future.

We believe that flexible working is a key driver to attracting and recruiting top talent, and supporting our employees to balance personal and professional demands.

Following a successful pilot of flexible work practices and conditions, we have developed a Working Flex program, incorporating Flex Leave, Flex Place and Flex Time – designed to give our employees the best opportunity to flourish.

We are implementing an approach that is focussed on maximising flexibility in a way that works for members, teams and individuals.

Our Working Flex program offers a range of flexible working options, including working remotely on a regular basis, or modifying hours to assist in work/life balance; ultimately recognising that working flexibly means different things to different people.

Wellbeing and resilience at the forefront

The wellbeing and resilience of our employees at RAA is of the utmost importance. Let's be honest, without them we wouldn't be able to provide our members with the top-notch service they've come to expect.

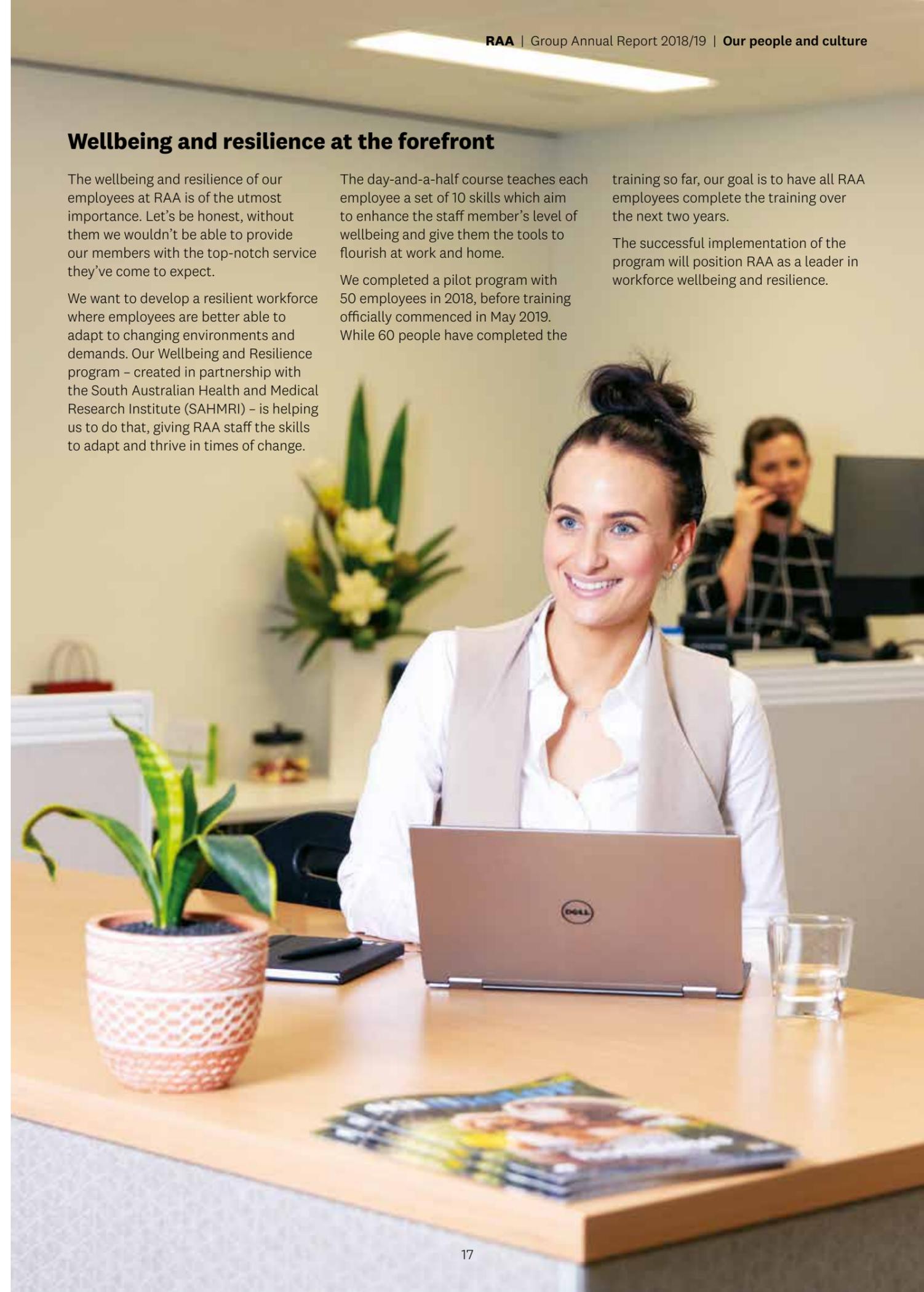
We want to develop a resilient workforce where employees are better able to adapt to changing environments and demands. Our Wellbeing and Resilience program – created in partnership with the South Australian Health and Medical Research Institute (SAHMRI) – is helping us to do that, giving RAA staff the skills to adapt and thrive in times of change.

The day-and-a-half course teaches each employee a set of 10 skills which aim to enhance the staff member's level of wellbeing and give them the tools to flourish at work and home.

We completed a pilot program with 50 employees in 2018, before training officially commenced in May 2019. While 60 people have completed the

training so far, our goal is to have all RAA employees complete the training over the next two years.

The successful implementation of the program will position RAA as a leader in workforce wellbeing and resilience.





Governance

Our Executive team



Ian Stone
Group Managing Director



Jayne Flaherty
General Manager Government and Public Policy



Tom Griffiths
Group Chief Finance, Membership and Brand Officer



Dominic Jacob
General Manager Automotive Services



Gina Norman
General Manager Travel



Dougie Parr
General Manager Product Marketing and Distribution



David Russell
Chief Executive Insurance



Belinda Vivian
General Manager People and Environment



Mike Walters
General Manager Information Services

Board of Directors



Elizabeth Perry

President and Chairman of the Board
LLB, FAICD

Elizabeth Perry joined the RAA Board in March 2009 and is President and Chair of the Association and Chair of RAA Insurance Ltd. Elizabeth is a company director and lawyer. She is President of the Australian Automobile Association, Council member of the Federation Internationale de l'Automotive (FiA), Deputy Chancellor of the Flinders University Council, Director of Return to Work SA, Director of Ankara Pty Ltd, and a member of various law associations.



Peter Siebels

Vice President

BEC, FCA, FAICD

Peter Siebels joined the RAA Board in 2008 and is Vice-President of the association. Peter is a professional director and advisor. He is currently Principal of 4D Advisory Pty Ltd, Chairman of Fox Creek Wines Pty Ltd, Robern Menz (MFG) Pty Ltd, Hood Sweeney and the Electricity Industry Superannuation Scheme. Peter is also Director of RAA Insurance Ltd and ECH Inc, and a member of the Finance Committee of the University of Adelaide.



Ian Stone

Group Managing Director
BEC, FCA

Ian Stone was appointed Managing Director in August 2009, formerly CEO from August 2007. Ian has extensive senior management experience and expertise in the motor, home and health insurance industries. He is a director of RAA Insurance Ltd and various Australian automotive associated entities.



David Cross

BEC, CA, GAICD

David Cross joined the RAA Board in 2007 and is past President of RAA and past Chairman of RAA Insurance Ltd. David has significant experience as a CEO and senior finance executive, working primarily in large global businesses. He is a director of Global Strategy (Supply Chain) for Specsavers and is a non-executive director of a number of businesses in the Asia Pacific region.



Victoria Angove

BCom., GAICD

Victoria Angove joined the RAA Board in 2015. Victoria is joint Managing Director of Angove's Pty Ltd and has a strong sales and marketing background, specialising in export, public relations and national account management with experience gained in the local, Asian, North American and European markets. She is also Director of the Australian Grape and Wine Incorporated.



George Freney

BE Chem (Hons), GDipFin, MAICD

George Freney joined the RAA Board in July 2018. George is passionate about entrepreneurship and harnessing rapidly accelerating technology. He is currently a Director of 11point2 Pty Ltd, Space Machines Company Pty Ltd and UP Ventures Pty Ltd, and a member of the Flinders University Council, South Australian Government Entrepreneurship Advisory Board, and Port Adelaide Football Club Brand and Marketing Committee. George contributes valuable experience and interest in business innovation and ideation.



Ray Grigg

FAIM, F SAE-I/A, FAICD

Ray Grigg joined the RAA Board in 2005. Ray spent 47 years with General Motors in Europe, Japan, and as Director and General Manager of Operations for General Motors-Holden. He is past President of RAA and the Automobile Association of Australia, and past Chair of RAA Insurance Ltd. He is Honorary Member of Federation Internationale de l'Automotive (FiA), and Patron and Business Ambassador of the Central Districts Football Club.



Kathy Gramp

BAcc, FCA, FAICD

Kathy Gramp joined the RAA Board in 2013. Kathy's experience spans a diverse range of Australian organisations. She is Director of RAA Insurance Ltd, the Silver Chain Group Ltd, Codan Ltd, Uniti Group Ltd, the Australian Institute of Company Directors (SA & NT), the Adelaide Community Hospital Alliance Incorporated, and the Bushfire & Natural Hazards CRC, and a member of the Flinders University Council.



James Sarah

BAppSc (Build), MBA, FAIB, FAICD

James Sarah joined the RAA Board in 2005. James is Joint Managing Director of the Sarah Group. A graduate of Harvard Business School, past President of the Property Council, Institute of Building and Hindmarsh Rotary Club, James contributes valuable business, advocacy and community service skills and experience to the Board.



Sharon Starick

BAGSc (Hons), MAICD

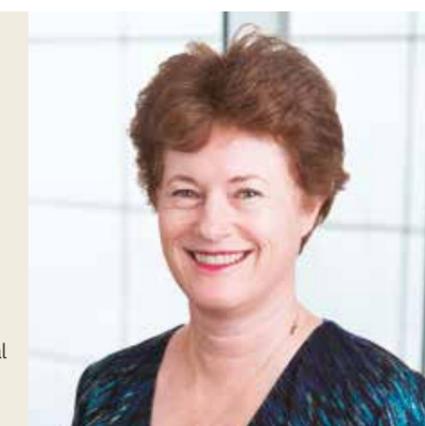
Sharon Starick joined the RAA Board in 2009. Sharon is a primary producer from the Murray Plains and is involved in rural and regional communities. She is Chair of Rural Business Support, and a Director of the Grains Research and Development Corporation, Animal Health Australia, the Nature Foundation of SA, the Regional Investment Corporation and the Sedan Cambrai Football Netball Club.



Karen Thomas

LLB (Hons), BEc, MAICD

Karen Thomas joined the RAA Board in 2011. Karen is the Managing Partner of law firm Fisher Jeffries. Karen brings to the Board her skills and experience as a commercial lawyer, professional board member and private business owner. Karen is a Director and Secretary of Fiscal Pty Ltd and Director of RAA Insurance Ltd, the Queen Adelaide Club Ltd and Opacus Pty Ltd. She is also the Chair of the Helpmann Academy for the Visual and Performing Arts Inc and a member of the Board of Examiners (SA).



Activities of the board

Principal activities

The principal activity of RAA in the course of the financial year was the provision of motoring, insurance, travel, finance and secure services to members. The audited financial report of RAA for the financial year ended 30 June 2019 is available on RAA's website raa.com.au, or by request.

Directors

Information on the directors for the Royal Automobile Association of South Australia Inc. ('RAA') during the financial year is set out on page 20.

Directors' meetings

The table below sets out the number of directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each director, while he/she was a director or committee member.

Board committees

Each committee operates under a charter approved by the board. The primary functions are as follows:

Group Governance, Nominations and Remuneration Committee

Responsible for ensuring that RAA's corporate governance framework practices and procedures are relevant and appropriate. The committee ensures that the board and its committees operate effectively and efficiently, reviews the remuneration of non-executive directors, the Managing Director and senior executives, and is responsible for the administration of the board election process.

Audit Committee

Responsible for reviewing and reporting to the board on internal and external audit performance, financial policies, statements and transactions, taxation and internal control.

Risk and Compliance Committee

Responsible for overseeing the coordination of RAA's risk and compliance management.

Group Investment Committee

Reviews the investments of RAA in line with the investment policy set and agreed by the board.

Appeals Committee

Reviews appeals by members whose membership has been refused, suspended or cancelled.

Summary of meeting attendance 2018/19

Directors	Board of Directors		Group Governance Nominations and Remuneration**		Audit		Risk and Compliance		Group Investment		Appeals	
	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
Perry	10	10	6	6	8	8	6	6	4	4	0	
Angove	10	10							4	4		
Cross	9	9	5	5	4	4	3	3				
Freney	10	10			1	1	1	1	3	3		
Gramp	10	10			8	8						
Grigg	9	9							3	3	0	
McDowell*	2	2										
Sarah	9	8										
Siebels	10	10	6	6	8	8	6	6	4	4	0	
Starick	10	10	5	5								
Thomas	9	8	3	3	3	3	2	2				
Stone	10	10	6	6	8	8	6	6	4	4		

*A meeting was held which the Director was available to attend (and not subject to a leave of absence).

**Members do not attend meetings of this Committee at which Board election matters are discussed if they are eligible for re-election at the AGM. *Resigned 31 August 2018.

Remuneration report

Non-Executive Directors' remuneration 2018/19

The Group Governance, Nominations and Remuneration Committee reviews the remuneration packages of all non-executive directors, the Managing Director and senior executives on an annual basis and makes recommendations to the board.

For non-executive directors, the constitution of RAA specifies that the aggregate remuneration shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. At the date of this report the latest determination was at the Annual General Meeting held on 18 November 2013, at which members approved an aggregate remuneration up to \$600,000 per year.

Specified Directors	Short-term benefits Salary/Fees \$	Post employment benefits Superannuation \$	Total \$
ED Perry (President)	140,002.89	7,665.81	147,668.70
PR Siebels (Vice President)	55,407.48	5,263.79	60,671.27
VM Angove	40,345.94	3,832.90	44,178.84
DA Cross	40,345.94	3,832.90	44,178.84
G Freney	39,589.01	3,760.99	43,350.00
KJ Gramp	40,345.94	3,832.90	44,178.84
RG Grigg	42,189.95	4,008.04	46,197.99
J McDowell*	8,182.28	777.32	8,959.60
GR Rohrsheim**	756.94	471.91	1,228.85
JE Sarah	40,345.94	3,832.90	44,178.84
SR Starick	40,345.94	3,832.90	44,178.84
KN Thomas	40,345.94	3,832.90	44,178.84
TOTAL	528,204.19	44,945.26	573,149.45

* Resigned 31 August 2018. ** Resigned 29 June 2018.

Executive team

Remuneration packages for senior executives are reviewed in light of performance and other relevant factors; the aim being to retain and attract executives of sufficient calibre to facilitate the effective management of RAA. The Group Governance, Nominations and Remuneration Committee seeks the advice of external advisers on remuneration packages that reflect the market.

Remuneration packages for the Managing Director and senior executives contain salary, superannuation, non-cash benefits and at-risk components, based on achievement of agreed targets.

	Consolidated 2019 \$	Consolidated 2018 \$
Short-term employee benefits	3,863,031	3,025,016
Long-term employee benefits	72,512	88,158
Post-employment benefits	194,381	174,971
Total	4,129,924	3,288,145

Financial performance

To ensure RAA meets members' needs in the long-term, we must achieve financial results that balance the value we provide to members and the broader South Australian community, as well as support RAA's growth and ensure our ongoing relevance for generations to come.

RAA's performance is underpinned by strong growth, together with operations that ensure the productivity of our core motoring and insurance businesses. This growth is supported by our continued commitment to driving member value, maintaining the quality of our products and services, and ongoing investment in personnel capability.

Our financial performance has enabled RAA to continue to re-invest in our differentiated member service and drive our membership to more than 740,000.

Strong financial growth

In 2019 RAA reported a net profit after tax of \$18.3 million – an increase in profit of \$7.6 million from the previous year.

The profit was driven largely by an increase in new and existing members accessing our insurance and roadside assistance products, along with an increase in investment returns. In addition, our business improvement program continued to deliver above budget cost savings.

The net asset position of the group at the close of the 2019 financial year was a healthy \$253 million, up \$19 million from the previous year. This is primarily reflective of the \$18.3 million net profit after tax.

Effective working capital management continues to enable RAA to meet operational, capital and project expenditures, while meeting the APRA capital adequacy requirements of the insurance business.

During the year, we commenced our investment in the development of our Travel business, enhancing our member offerings in this category. Work also began on enhancing the Insurance claims digital platform and automation of claims processing. Overall, \$6.5 million was invested in projects across RAA in 2019.

Growth, generating member value and building sustainable operations

This year our membership numbers have grown to more than 740,000. This growth is driven by our commitment to advocacy and member benefits. Members received \$44 million in discounts through our member loyalty and More For Members programs during the 2019 financial year.

RAA is building a sustainable organisation to maximise areas of competitive advantage, while focussing on building effective and cost-efficient operations to generate and sustain the funds for future growth.

Membership retention, services and returns help drive revenue growth within our established insurance and motoring businesses, generating profits. This profit is then re-invested into our member service areas like advocacy, community programs and More For Member discounts.

Profits are also used to fund projects within our core businesses and internal support services, forming the basis of our business improvement program and culture. To ensure we remain relevant and well positioned to serve our members in the future, we continue to commit funds to underpin innovation and support the development of new products and assets.

These investments may ultimately become a part of RAA's core business and, with further development, contribute to member growth, services and returns through generation of profits.



Our key performance indicators

Group net revenue



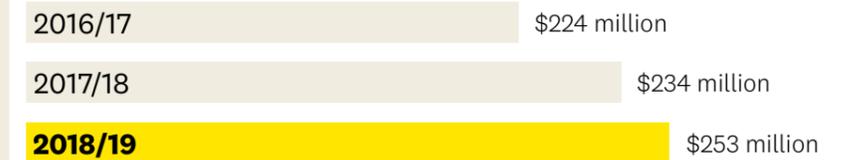
Normalised Group revenue represents RAA Group revenue as reported in our Financial Report, but excluding reinsurance and other recoveries revenue. We exclude this revenue as it is influenced by significant claim events and not growth in our business.

Profit/(loss) after tax



The impact of the severe weather events on claims expense and the overall result can be seen in 2016/17. Improvements in cost management and operational efficiencies have seen our revenue growth translate to profit after tax from 2015/16 to 2017/18.

Net assets



Our net asset movement year on year is a direct result of RAA's profit or loss after tax. Our strong net asset position demonstrates the financial stability of the RAA.

Member loyalty discounts

\$23m

RAA rewards loyalty, reducing costs for members who hold two or more products. These discounts are funded through our established insurance and motoring businesses.

More For Member discounts

\$21m

We reward the loyalty of our members by providing savings through our portfolio of partners. The average saving per member in 2019 was \$80.

Project investment

\$6.5m

Project investment is key to driving efficient, effective and sustainable operations.

Business improvement

\$4m profit

This is generated through business improvement initiatives across the organisation.

Statement of profit or loss

For the year ended 30 June 2019	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Revenue from contracts with customers	113,284	107,374
Other revenue	325,331	294,988
Revenue	438,615	402,888
Other income	10,290	6,157
Share of net profit/(loss) of associates and joint ventures	717	67
Total income	449,622	409,112
Expenses		
Employee benefits	(81,177)	(80,858)
Payments to contractors for roadside assistance	(20,714)	(16,958)
Cost of sales	(11,678)	(11,766)
Depreciation and amortisation	(8,917)	(8,491)
Finance costs	(529)	(551)
Insurance claims expense	(213,755)	(197,236)
Outwards reinsurance premium expense	(37,169)	(32,207)
Other expenses	(50,226)	(45,540)
Total expenses	(424,165)	(393,607)
Operating profit(loss) before income tax from continuing operations	25,457	15,505
Income tax (expense)/benefit	(7,205)	(4,783)
Profit/(loss) after tax for the year	18,252	10,722

Discussion and analysis of the statement of profit or loss

RAA made an \$18.3 million profit after tax (2018: \$10.7 million profit) in the year ending 30 June 2019. This result was driven largely by the performance of the insurance and motoring businesses. Gross Written Premium Insurance Premiums almost reached \$300 million, at \$298 million, in 2019. This, along with favourable weather conditions resulting in no significant claims events, led to an outstanding result for Insurance.

Specifically, the profit was driven by an increase in Insurance Premium Revenue of \$36 million (net of reinsurance premium expense) offset by an increase in Insurance Claims Expense of \$16.5 million. Further to this, Roadside Assistance subscription revenue increased by \$3 million – a 4.7 per cent increase on the previous year. Within this overall result, \$23 million of discounts were returned to members.

Statement of financial position

As at 30 June 2019	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Current assets		
Cash and cash equivalents	28,211	40,550
Trade and other receivables	171,318	154,638
Inventories	1,801	1,988
Deposits in trust account	1,276	2,336
Other current assets	2,533	2,934
Financial assets	208,177	170,823
Deferred acquisition costs	6,064	5,511
Total current assets	419,380	378,780
Non-current assets		
Trade and other receivables	4,312	2,484
Pension asset	1,146	1,261
Financial assets	7,011	10,351
Investments in joint ventures	3,082	3,077
Investments in associates	4,062	3,735
Property, plant and equipment	57,860	54,998
Intangible assets	36,706	39,034
Goodwill	61,199	61,199
Deferred tax asset	9,070	8,605
Total non-current assets	184,448	184,744
Total assets	603,828	563,524
Current liabilities		
Trade and other payables	45,237	36,325
Unearned income	191,028	169,025
Deposits in trust account	1,276	2,336
Provisions	15,816	14,468
Current tax liability	7,646	4,191
Outstanding claims liability	66,769	61,657
Total current liabilities	327,772	288,002
Non-current liabilities		
Interest-bearing loans and borrowings	-	20,000
Provisions	1,723	2,141
Deferred tax liability	17,831	17,394
Outstanding claims liability	3,561	2,064
Total non-current liabilities	23,115	41,599
Total liabilities	350,887	329,601
Net assets	252,941	233,923
Equity		
Retained earnings	205,445	182,513
Reserves	47,496	51,410
Total equity	252,941	233,923

Discussion and analysis of the statement of financial position

Net assets for the 2019 year totalled \$253 million – an increase of \$19 million on the previous year. This was as a result of the current year profit as well as a minor adjustment on initial application of AASB 9 to retained earnings.

The increase in total assets of \$40 million (7.2 per cent) is due to a \$37 million increase in financial assets (investment portfolio plus loans to related parties) arising from unrealised gains, and the reinvestment of realised gains and surplus cash. Further to this, the \$18.5 million increase in trade and other receivables arising from the increase in Insurance premiums was partially offset by a \$12.3 million decrease in cash as external borrowings were extinguished.

Total liabilities increased by \$21 million (6.5 per cent) due to an increase in unearned income of \$22 million in line with the increase in subscription and Insurance premium revenue, as well as a \$3.5 million increase in the current tax liability, and a \$9 million increase in trade and other payables. This increase was partially offset by the \$20 million repayment of external borrowings.

Statement of cash flows

For the year ended 30 June 2019	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Cash flows from operating activities		
Receipts from members and customers (inclusive of GST)	481,931	491,243
Payments to suppliers and employees (inclusive of GST)	(437,941)	(449,101)
Interest paid	(529)	(551)
Interest received	800	526
Rental income received	53	42
Income tax paid	(4,109)	158
Net cash from/(used in) operating activities	40,205	42,317
Cash flows from investing activities		
Proceeds from sale of fixed assets and intangibles	607	725
Proceeds from the sale of financial assets	6,339	497
Distributions received	3,773	6,715
Dividends received	383	153
Purchase of fixed assets and intangibles	(10,004)	(11,557)
Purchase of financial assets	(36,915)	(25,881)
Net cash from/(used in) investing activities	(35,817)	(29,348)
Cash flows from financing activities		
Loans to related parties	3,273	(1,332)
Proceeds from borrowings	-	10,000
Repayment of borrowings	(20,000)	-
Net cash used in financing activities	(16,727)	8,668
Net increase/(decrease) in cash	(12,339)	21,637
Cash and cash equivalents at beginning of the year	40,550	18,913
Cash and cash equivalents at the end of the year	28,211	40,550

Cash flow discussion and analysis

In 2019 RAA saw a net cash inflow from operating activities of \$40.2 million – \$2.1 million below 2018. This was due to a \$4 million increase in income tax paid, offset by a \$2 million increase in the net of receipts from members and payments to suppliers and employees.

Net cash used in investing activities was \$35.8 million (2018 outflow of \$29.3 million) as a result of the reinvestment of surplus operational cash into financial assets.

Net cash used in finance activities was \$16.7 million (2018 inflow of \$8.7 million) due to the repayments of the \$20 million external loan net of the \$3.3 million receipt of loan repayments from related parties.

After taking into account the above movements, RAA held cash of \$28.2 million at the end of the financial year.

Tax transparency

As a major South Australian organisation, RAA puts an emphasis on corporate responsibility and transparency. We recognise that our total contributions to government’s public finances is of interest to our members and the South Australian community.

RAA contributes to our community as a major South Australian employer investor and purchaser of products, and subsequently pays the appropriate amount of tax. RAA collects a significant amount of income tax on employee salaries and wages and makes payments of Fringe Benefits Tax (FBT) and Payroll Tax to the Australian Taxation Office (ATO) and State Revenue Offices.

We also supply services to the community which result in collection of Goods and Services Tax (GST), as well as stamp duty on insurance premiums which are both passed on to the ATO and State Revenue Offices.

RAA pays income tax at the company tax rate of 30 per cent based on accounting profit before tax adjusted for differences between the accounting standards and the income tax legislation.

RAA’s estimated income tax payable for 2018/19 is \$7.644 million of which \$0.427 million has been paid and the remainder is due on lodgement of the tax return.

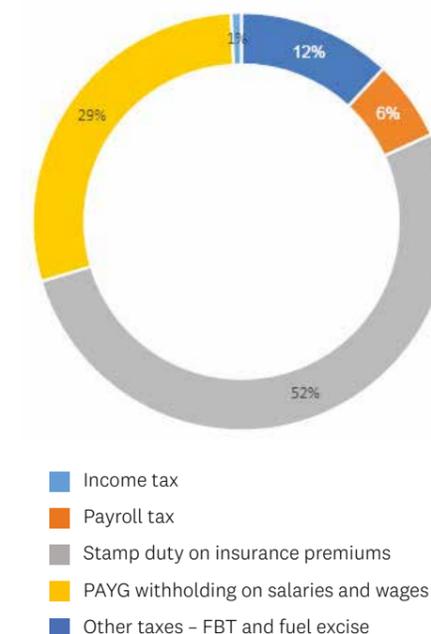
RAA’s 2019 tax contributions

Income tax	\$7.6 million
Payroll tax	\$4 million
Stamp duty on insurance premiums	\$33.5 million
PAYG withholding on salaries and wages	\$18.5 million
Other taxes – FBT and fuel excise	\$0.5 million
TOTAL	\$64.2 million

RAA adopted the Board of Taxation’s Voluntary Taxation Transparency Code in 2016/17. In 2017/18 the RAA Board approved the RAA Tax Governance Framework. This framework reflects RAA’s low-risk appetite and is consistent with the business’ overall strategy, approach to risk and core values.

This means RAA makes decisions for commercial reasons and not for the primary purpose of obtaining a tax benefit. RAA takes advantage of available deductions, tax rebates, offsets and credits to achieve the best tax outcomes for the organisation. We continually monitor the RAA Tax Governance Framework, ensuring best practices are adopted and addressing regulatory developments.

RAA is committed to complying with all relevant tax laws, rulings and regulations and to maintaining a transparent and proactive relationship with tax authorities. RAA has controls in place to ensure it pays the right amount of tax.



Notes

Corporate directory

Head office

101 Richmond Rd, Mile End, SA 5031

Website raa.com.au
Email info@raa.com.au
General enquiries (08) 8202 4600

Motor

Emergency road service 13 11 11
Motoring road rules information (08) 8202 4570
Technical advice (08) 8202 4689
Traffic and road safety (08) 8202 4517
Vehicle inspections (08) 8202 4688

Home

Insurance 1300 884 567
Claims 1300 884 575
Security services (08) 8202 4695

Travel

Travel services (08) 8202 4589

RAA Shops

Metropolitan (08) 8202 4600
Adelaide 41 Hindmarsh Square
Colonnades Shop 169, Centro Colonnades
Elizabeth Shop 147, Elizabeth Shopping Centre
Marion Shop 2042, Westfield Marion
Mile End 101 Richmond Road
Modbury 33 Smart Road
West Lakes Shop 31, Westfield West Lakes

Regional

Broken Hill (08) 8088 4999
 320 Argent Street
Clare (08) 8842 2575
 280 Main North Road
Kadina (08) 8821 1111
 62 Graves Street
Mount Barker (08) 8398 2134
 2 Victoria Crescent
Mount Gambier (08) 8202 8055
 55 Commercial Street West
Murray Bridge (08) 8532 1935
 19 Bridge Street
Port Augusta (08) 8642 2576
 7 Caroon Road
Port Lincoln (08) 8682 2934
 2 Liverpool Street
Renmark (08) 8586 3160
 49 Renmark Avenue
Victor Harbor (08) 8552 1033
 66 Ocean Street
Whyalla (08) 8645 8188
 85 McDouall Stuart Avenue

**Group Annual Report
2018/19**