



# Financial performance

## Financial performance

**A summary of the financial performance is provided below. To view the full financial reports visit [raa.com.au/about-raa/corporate-governance/annual-reports](http://raa.com.au/about-raa/corporate-governance/annual-reports)**

RAA has adopted AASB 17 Insurance Contracts, with a date of initial application of 1 July 2023. The requirements of AASB 17 have brought significant changes to the accounting and disclosures for insurance and reinsurance contracts. As a result, RAA has restated certain comparative amounts within the financial statements, including the presentation of a third statement of financial position as at 1 July 2022.

### Discussion and analysis of the statement of profit and loss

RAA made a \$2m profit after tax (2023 restated: \$52m loss) for the year ending 30 June 2024.

Total revenue was \$679m, \$100m (17.3%) higher than the prior year.

Insurance revenue increased by 20% to \$525m, driven by an increase in policy sales and average premium across portfolios. Motoring generated \$91.9m (10.1% increase on prior year) of subscription revenue in the year after member discounts. Travel continued post-COVID growth, generating \$14m

in total commission (46% increase on FY23) and Solar generated \$12m of income (17.6% increase on FY23).

Total expenses were \$698m, an increase of \$29.8m (4.5%) on prior year.

Net expense from reinsurance contracts (reinsurance premiums net of reinsurance recoveries) of \$66.4m was a \$164m increase on FY23 (\$97m net income) due to a reduction in reinsurance recoveries and increasing reinsurance premiums.

Insurance service expenses (predominantly claims expense) of \$383m was \$139.8m (26.7%) lower than FY23 due to a relatively benign weather experience and no reinsurable events.

Employee benefits totalled \$114m, an increase of \$6m (5.5%) on prior year in line with FTE and wage increases. \$23.9m (2023: \$20.5m) of project expenditure is also included in total expenses as RAA continued to progress multiple transformation and strategic projects.

The total comprehensive profit for the year, net of tax, following adjustments for the Group's defined benefit plan, was \$2m (2023: \$53.6m loss).

<b>Consolidated statement of comprehensive income for the year ended 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000 (Restated)*</b>
Revenue from contracts with customers	153,474	141,215
Insurance revenue	525,071	437,034
<b>Total Revenue</b>	<b>678,545</b>	578,249
Share of net profit of associates	152	1,951
<b>Total Income</b>	<b>678,697</b>	580,200
Net (expense) / income from reinsurance contracts	<b>(66,402)</b>	97,459
Employee benefits	<b>(114,434)</b>	(108,243)
Payments to contractors for roadside assistance	<b>(26,592)</b>	(23,574)
Cost of sales	<b>(21,305)</b>	(23,686)
Depreciation, impairment and amortisation	<b>(15,844)</b>	(9,050)
Member remediation expense	<b>(2,564)</b>	(25,556)
Insurance service expenses	<b>(383,094)</b>	(522,820)
Other expenses	<b>(68,131)</b>	(53,116)
<b>Total Expenses</b>	<b>(698,366)</b>	(668,586)
<b>Investment income and net finance result</b>	<b>23,808</b>	12,931
<b>Operating profit / (loss) before income tax</b>	<b>4,139</b>	(75,455)
Income tax (expense) / benefit	<b>(2,055)</b>	23,386
<b>Profit / (loss) after tax for the year</b>	<b>2,084</b>	(52,069)
<b>Other comprehensive income</b>		
Items not to be reclassified subsequently to profit or loss		
Actuarial loss on defined benefit plan	<b>(18)</b>	(122)
Fair value adjustments relating to land and buildings	-	(1,455)
Income tax on items of other comprehensive income	<b>5</b>	37
<b>Net other comprehensive (loss) not to be reclassified to profit or loss in subsequent periods</b>	<b>(13)</b>	(1,540)
<b>Other comprehensive loss for the year net of tax</b>	<b>(13)</b>	(1,540)
<b>Total comprehensive income / (loss) for the year net of tax</b>	<b>2,071</b>	<b>(53,609)</b>

\*The comparative period has been restated for the adoption of AASB 17.

## Financial performance (continued)

### Discussion and analysis of the statement of balance sheet

Net Assets for the year totalled \$220m, an increase of \$2m on prior year due to the current year total comprehensive income.

The decrease in total assets of \$136.9m (18.6%) is largely due to the decrease in Reinsurance Contract Assets, linked with recoveries from previous weather events. Total assets also included a \$45m receivable in FY23 relating to the sale of RAA's Mile End property.

Total liabilities decreased by \$139m (26.9%) due to the decrease in Insurance Contract Liabilities from settlement of FY23 flood event claims and a more moderate claims experience in FY24.

<b>Statement of financial position as at 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000 (30 June 2023 Restated)*</b>	<b>Consolidated 2022 \$'000 (Restated as at 1 July 2022)*</b>
<b>Current Assets</b>			
Cash and cash equivalents	52,879	47,066	24,546
Trade and other receivables	42,790	81,132	20,683
Inventories	2,023	2,237	1,851
Deposits in trust account	1,652	11,694	5,941
Current tax asset	-	10,759	7,050
Other current assets	8,377	5,121	4,453
Financial assets	325,642	272,674	289,743
Investments in associates - held for sale	5,219	-	-
Reinsurance contract assets	27,364	157,550	78,919
<b>Total Current Assets</b>	<b>465,946</b>	<b>588,233</b>	<b>433,186</b>
<b>Non-Current Assets</b>			
Pension asset	624	714	927
Financial assets	2,777	3,622	4,664
Investments in associates	651	6,219	5,802
Property, plant and equipment	24,223	22,512	55,241
Right-of-use assets	13,931	15,887	9,460
Intangible assets	19,319	21,539	22,809
Goodwill	63,243	67,651	67,651
Deferred tax	7,073	8,320	-
<b>Total Non-Current Assets</b>	<b>131,841</b>	<b>146,464</b>	<b>166,554</b>
<b>Total Assets</b>	<b>597,787</b>	<b>734,697</b>	<b>599,740</b>
<b>Current Liabilities</b>			
Trade and other payables	34,456	25,169	12,634
Unearned income	48,846	44,978	40,981
Interest bearing liabilities	18,371	33,000	1,569
Deposits in trust account	1,652	11,694	5,941
Provisions	50,749	48,209	16,932
Current tax liability	2,237	-	-
Insurance contract liabilities	207,938	329,945	234,818
<b>Total Current Liabilities</b>	<b>364,249</b>	<b>492,995</b>	<b>312,875</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	-	5,052	-
Interest bearing liabilities	10,738	15,639	9,085
Provisions	2,316	2,598	2,052
Deferred tax	-	-	3,706
<b>Total Non-Current Liabilities</b>	<b>13,054</b>	<b>23,289</b>	<b>14,843</b>
<b>Total Liabilities</b>	<b>377,303</b>	<b>516,284</b>	<b>327,718</b>
<b>Net Assets</b>	<b>220,484</b>	<b>218,413</b>	<b>272,022</b>
<b>Equity</b>			
Retained earnings	186,011	183,940	219,564
Reserves	34,473	34,473	52,458
<b>Total Equity</b>	<b>220,484</b>	<b>218,413</b>	<b>272,022</b>

\*The comparative period has been restated for the adoption of AASB 17.

## Financial performance (continued)

### Discussion and analysis of the statement of cash flow

RAA's cash position as at 30 June 2024 was \$52.9m (2023: \$47m).

FY24 saw a net cash inflow from operating activities of \$63.2m (2023: \$18.5m outflow). This year-on-year improvement was predominantly due to Insurance premium income and reinsurance recoveries exceeding reinsurance and claims paid by more than FY23, due to the improved performance of the Insurance business. A \$12m tax refund was also received in FY24 relating to the FY23 Group loss.

Net cash used in investing activities was \$35.6m (2023: \$12.1m cash from) from receipt of the proceeds from the sale of RAA's Mile End building in July 2023, and the transfer of surplus Insurance cash into the investment portfolio.

Net cash used in finance activities was \$21.8m (2023: \$28.9m cash from) due to the repayment of the \$30m Westpac loan facility reported at 30 June 2023, offset by the further \$11m drawdown in FY24.

<b>Statement of cash flows for the year ended 30 June 2024</b>	<b>Consolidated 2024 \$'000</b>	<b>Consolidated 2023 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from members and customers (inclusive of GST)	<b>792,481</b>	766,434
Payments to suppliers and employees (inclusive of GST)	<b>(741,806)</b>	(792,895)
Interest paid	<b>(1,358)</b>	(720)
Interest received	<b>1,646</b>	891
Rental income received	-	56
Income tax received	<b>12,264</b>	7,688
<b>Net cash (used in)/from operating activities</b>	<b>63,227</b>	(18,546)
<b>Cash flows from investing activities</b>		
Proceeds from the sale of fixed and intangible assets	<b>680</b>	428
Proceeds from the sale of financial assets	<b>42,761</b>	28,310
Purchase of fixed and intangible assets	<b>(6,993)</b>	(13,548)
Purchase of financial assets	<b>(75,014)</b>	(13,809)
Distributions received	<b>2,500</b>	9,202
Dividends received	<b>501</b>	1,534
<b>Net cash from/(used in) investing activities</b>	<b>(35,565)</b>	12,117
<b>Cash flows from financing activities</b>		
Repayment of loans to related parties	<b>966</b>	963
Payment of principal portion of lease liabilities	<b>(3,815)</b>	(2,014)
Proceeds from borrowings	<b>11,000</b>	30,000
Repayment of borrowings	<b>(30,000)</b>	-
<b>Net cash from/(used in) financing activities</b>	<b>(21,849)</b>	28,949
<b>Net increase in cash</b>	<b>5,813</b>	22,520
<b>Cash and cash equivalents at beginning of the year</b>	<b>47,066</b>	24,546
<b>Cash and cash equivalents at the end of the year</b>	<b>52,879</b>	47,066

## Tax transparency

**As a proudly South Australian and membership organisation, RAA is committed to corporate responsibility and transparency. We recognise our contributions to governments’ 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 consumer, and subsequently pays the right 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)/ State Revenue Offices.

RAA supplies services to the community which result in the collection of Goods and Services Tax (GST) and Stamp Duty on insurance premiums which are remitted to the ATO/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 has an estimated tax payable for 2023–24 of \$2.2m on lodgement of the tax return.

RAA adopted the Board of Taxation’s Voluntary Transparency Code in 2016–17. In 2017–18, the RAA Board approved the RAA Tax Governance Framework.

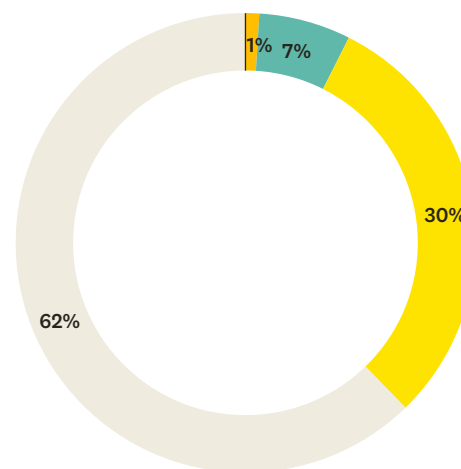
The RAA Tax Governance Framework reflects RAA’s low risk appetite and is consistent with RAA’s overall strategy, approach to risk and core values. RAA makes decisions for commercial reasons and does not enter transactions for the primary purpose of obtaining a tax benefit.

RAA takes advantage of available deductions, tax rebates, offsets and credits to achieve the best tax outcomes for the organisation. RAA continually monitors 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.

### RAA’s 2024 tax contributions

	\$- million
Income tax	-
Other taxes – FBT and fuel excise	\$1.0 million
Payroll tax	\$6.7 million
PAYG withholding on salaries and wages	\$31.4 million
Stamp duty on insurance premiums	\$64.5 million
<b>Total</b>	<b>\$103.6 million</b>



- Income tax
- Other taxes – FBT and fuel excise
- Payroll tax
- PAYG withholding on salaries and wages
- Stamp duty on insurance premiums

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