

# Annual Concise Report

2020-2021

For the year ended 30 June 2021

The Royal Automobile Club of W.A. (Incorporated)  
ABN: 33 212 133 120



**For the better**

# RAC President and Group CEO Report

## It is our pleasure to provide the 2020/21 Annual Report.

During the year RAC continued to support 1.2 million members in WA through the important social and community impact activities we deliver and through the range of services we provide.

RAC Group revenue for the year ended 30 June 2021 was \$1,073 million with an overall profit after tax of \$79 million. The total net assets of the Group as at 30 June 2021 increased to \$995 million.

It is pleasing to report that RAC members received \$66 million in direct member benefits across the financial year.

RAC's new Purpose, Vision and Mission was launched in late 2020 and embodies our commitment to being a purpose-led WA member organisation which delivers great services and experiences while working to make our community a better place to live.

In support of our Vision 2030 for a safer, sustainable and connected future for Western Australians, we also progressed and delivered important initiatives across our State.

We have continued our calls for urgent funding toward the WA Government's Regional Road Safety Program, including during the lead up to the 2021 State Election. Across the year this resulted in a number of

funding announcements, which has now seen more than \$650 million in combined funding secured from the Australian and Western Australian Governments for this life-saving Program.

RAC's Reconnect WA initiative was launched and saw us partner with local governments to reinvigorate local streets and public spaces across the State. Pop-up plazas, community artwork and infrastructure improvements are just some of the projects we've helped bring to life so far. A second year of the program and a further \$1 million in funding has also been announced – bringing the total amount for Reconnect WA to \$2 million.

As part of our ongoing partnership with Town Team Movement, RAC's Connecting Communities Fund saw a pool of \$50,000 distributed to local initiatives throughout the year, inspiring residents, and businesses to shape and improve their communities.

Within both Reconnect WA and our Connecting Communities Fund it's been rewarding to see RAC members and local residents participating in and guiding the decision-making and design processes for the changes they are making to their local areas – including through a new RAC Member Vote initiative.

This year, 12,000 high school students witnessed the tragedy and life-long consequences of road trauma at RAC bstreetsmart which, due to overwhelming demand from schools, was run over two days for the first time. To support our regional schools, we also continued to deliver RAC Project Road Smart in Albany, Bunbury, Northam and Kalgoorlie.

We would like to acknowledge WA's emergency services for their wonderful support for these events which were held in Perth and throughout our regions.

Crucially, the RAC Rescue Helicopters continued to provide a life-saving service across WA, having now flown over 8,100 missions since 2003.

An expansion of the RAC Electric Highway® was also undertaken during the year, with Perth's first ultra-rapid charging station switched-on in April 2021 and delivering another exciting milestone in RAC's work to reduce harmful vehicle emissions and support the uptake of electric vehicles in WA.

The RAC Intellibus®, which has been offering driverless rides in South Perth since 2016, visited Geraldton, providing the local community and visitors an opportunity to experience driverless technology first-hand. This was the second demonstration of the RAC Intellibus® in regional WA and brings our communities closer to the benefits of driverless vehicles.



Tourism remained an important focus as we continued to invest and support our regions. With more Western Australians exploring our State, we launched our Safe Travels initiative which provides free car health checks and caravan training sessions to support those venturing into regional areas.

With COVID-19 ever-present, our organisation adapted to the

evolving impacts of the pandemic, ensuring the essential services our members rely on continued.

To assist members facing difficult circumstances we also maintained a dedicated Financial Hardship Support Team.

In what was an uncertain year for so many, we'd like to highlight the enormous support of members

and the many dedicated people who work for our organisation.

Your resilience, compassion and spirit are unmatched and has us well placed to meet the challenges and opportunities ahead, ensuring we can continue being the driving force for a better WA.



**Rob Slocombe**  
RAC Group CEO

**Jacqueline Ronchi**  
President







# A purpose-led organisation

**For more than 116 years, our members and the WA community have guided our path.**

Our Club has come a long way since 1905 when horse and cart were moving Western Australians around. Cars were a novelty and even considered a nuisance by some.

RAC has evolved into one of the most trusted and recognised organisations in WA, now with more than 1.2 million members.

In addition to working to make WA a better place, RAC provides a number of services to members including Roadside Assistance, Insurance, Travel, Tourism, Finance, Auto Services, Batteries, Tyres, Home Services and Security.

We will continue to work for our members today and tomorrow by improving our services and experiences, and by being a strong voice for community change to improve life for all Western Australians.

## **Purpose**

The driving force for a better WA.

## **Vision**

2030: A safer, sustainable and connected future for Western Australians.

## **Mission**

Delivering great member services and experiences, while inspiring positive community change, that makes life better in WA.



# Social and community impact

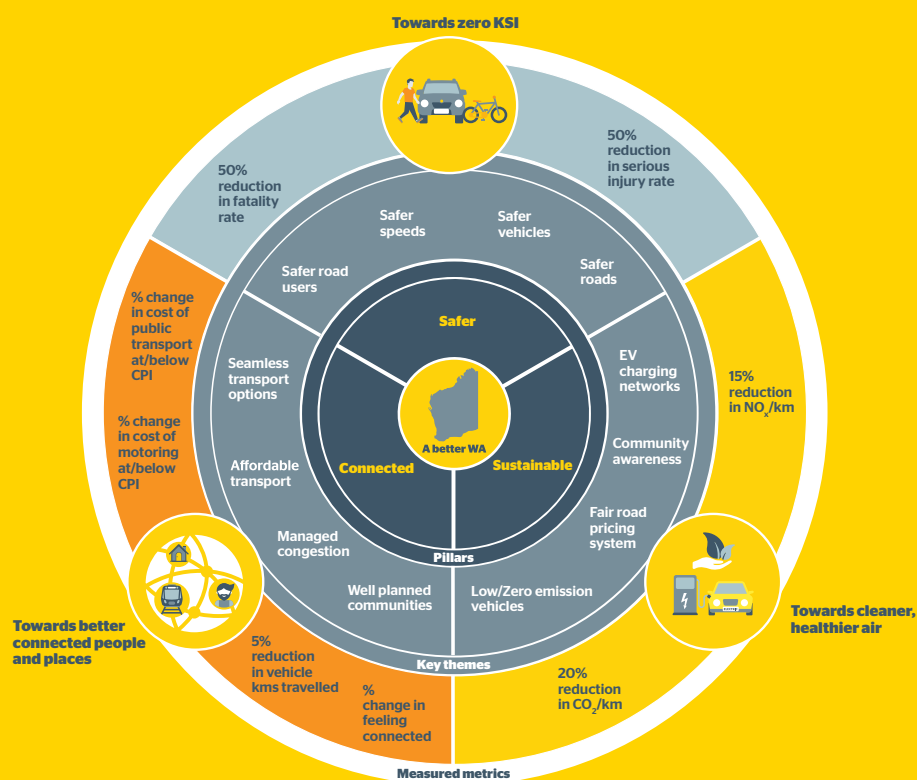
As a voice for over 1.2 million members across more than 60 per cent of Western Australian households, RAC speaks out on many challenges facing our State, including road safety, transport, community connectedness, land use and air quality.

RAC undertakes a range of activities focused on driving impact in these areas.

From world-leading demonstration projects, such as our automated vehicle trials and the RAC Electric Highway®, to supporting life-saving initiatives, such as the RAC Rescue Helicopters. We're also active at the grass-roots level, partnering with local communities to create more vibrant places to live, work and visit.

In line with RAC's Vision 2030, our social and community impact agenda is focused on three key pillars:

- » Safer
- » Sustainable
- » Connected







# Safer

**We want to reduce the rate that people are killed and seriously injured on WA roads by 50% by 2025.**

Safer mobility is vital to the wellbeing of our community. Less reliance on cars, better roads, and safer vehicles and road users will dramatically reduce the number of Western Australians killed or injured on our roads.

## **National Road Safety Week**

To support National Road Safety Week, RAC's Wardrobe of Memories illustrated one of the most difficult parts of losing a loved one; sorting through their clothes.

Each item in the wardrobe represented someone who never made it home to their family.

## **Regional Road Safety Program**

A total of \$669 million has now been secured from the WA and Australian Governments for the WA Government's Regional Road Safety Program.

Delivered in full, the program will upgrade more than 17,000 kilometres of regional roads, save more than 2,000 people from being killed and seriously injured and reduce the economic burden of road trauma — estimated to cost Western Australia as much as \$2 billion each year.



The Wardrobe of Memories highlighted the stories behind WA's road trauma statistics.



**61,000+**  
students educated  
about road safety



**12,000+**  
high school students attended RAC bstreetsmart



**1,400+**  
high school students in  
Northam, Bunbury and  
Kalgoorlie attended  
RAC Project Road Smart

## Safe Travels

With more Western Australians exploring regional WA, we launched our Safe Travels initiative to provide free car safety checks and free caravan safety training for WA motorists.



**700+**  
free car safety checks

**1,900+**  
people attended free  
caravan training sessions





**679**

**lifesaving missions  
in FY21<sup>1</sup>**



**70%**

**of primary missions are  
road trauma<sup>2</sup>**

**81%**

**of missions to  
regional WA<sup>3</sup>**

**8,285**

**missions  
flown<sup>4</sup>**

**145,157km**

**distance flown<sup>5</sup>**

**1,596 hrs**

**total mission time<sup>6</sup>**

<sup>1</sup> Sponsored by RAC, funded by the State Government and managed by the Department of Fire and Emergency Services (DFES), the two RAC Rescue helicopters provide vital search and rescue and critical care medical services to the WA community.

<sup>2</sup> FY21

<sup>3</sup> FY21

<sup>4</sup> Since 2003

<sup>5</sup> FY21

<sup>6</sup> Total time away from base, responding to missions, FY21

# Sustainable

**We want to reduce CO<sub>2</sub> emissions by 20% and NOx emissions by 15% (per kilometre travelled by car) by 2030.**

The mobility choices we make today should not impact negatively on the lifestyle and choices of future generations. Fewer cars overall, and more low and zero emissions vehicles, means cleaner air, greener towns and cities, and a healthier WA.

## **Less Emissions Mission**

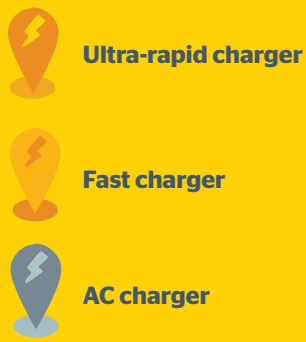
In FY21, 2,345 free Roadside Assistance upgrades were provided for lower emissions vehicles through our Less Emissions Mission, which rewards members who drive greener vehicles.

## **Perth's first ultra-rapid EV charging station switched-on**

In partnership with Chargefox, a new 350kW ultra-rapid electric vehicle charging station was installed at RAC's head office in West Perth and is available 24/7 to all EV and hybrid drivers.







**Fifteen electric vehicle  
chargers along the  
RAC Electric Highway®**

# Connected

We want any increase to the cost of public transport and private motoring to be at or below CPI and we want vehicle kilometres travelled (VKT) per capita reduced by 5% by 2030.

Vibrant communities and affordable, well-planned transport options bring people together more often; meaning more social and connected neighbourhoods.

## Reconnect WA

We're helping to connect communities across WA by partnering with local governments to reinvigorate local streets and spaces.

A woman wearing a colorful, patterned outfit and a headband is riding a silver hoverboard. She is holding a pink bubble gun and blowing bubbles. A young boy in a light blue shirt and dark shorts is jumping in the air, surrounded by bubbles. They are in a park-like setting with green grass, wooden benches, and a fence in the background. The scene is bright and cheerful.

**\$1 million**  
made available to local governments in FY21

**1,700+**  
members voted on their preferred projects

**10**  
projects funded in FY21



## RAC Connecting Communities Fund

As the Principal Partner of Town Team Movement, RAC's Connecting Communities Fund supports Town Teams across WA to deliver projects that create more vibrant and connected communities.

This year we provided additional funding for Town Team Movement's Regional Development Pilot, to extend the reach of Town Teams into regional areas, starting with the Wheatbelt and the South West.



# \$51,000+

allocated to Town  
Team initiatives

# 1,600

members voted on  
their preferred projects



Dunsborough  
Telstra Block Park

# Automated vehicles

Since 2016, RAC has been trialling driverless vehicle technology in real-life traffic conditions, to help us better understand and prepare for the changes it will bring to mobility.

We're helping prepare Australia for the safe transition to automated vehicles and a future of safer, easier and cleaner transport.

## Bringing driverless experiences to our regions

In late 2020, the RAC Intellibus® visited Geraldton, marking the second demonstration of the RAC Intellibus® in regional WA.



The RAC Intellibus® visited Geraldton

1,073

students attended the  
RAC Imagine Program™ in FY21<sup>7</sup>



22,000+

people have experienced an autonomous  
journey on the RAC Intellibus®

30,000+

kms travelled  
autonomously by  
the RAC Intellibus®



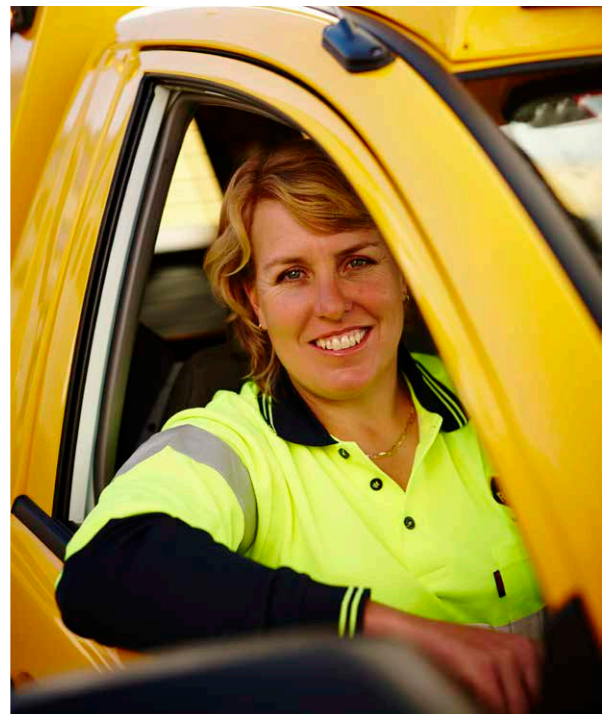
<sup>7</sup> A free primary school excursion for young Western Australians to discover past and future technologies, and learn about the changing nature of transport, mobility and road safety.



# Supporting members

**361,000+**

call-outs for Roadside Assistance



**\$469  
million**

paid in claims to RAC  
Insurance members

**550**

kids and pets rescued  
from locked cars

**2,960+**

car and personal loans  
provided through  
RAC Finance

**8,000+**

RAC Security consultations,  
installations and in-home  
visits

**4,560+**

RAC Home Repair  
and Maintenance jobs

# 1.2 million

**RAC members**

**72,000+**

increase in members  
compared to FY20



# 630,000+

**households reached through  
each edition of Horizons**





# Member benefits

A photograph of two women walking outdoors on a sunny day. The woman on the left is wearing a blue and white polka-dot top and a yellow bag. The woman on the right is wearing a white top. They are both smiling and looking towards the right. The background shows trees and a building.

## 715,000+

RAC members used  
the member benefits  
program

A solid yellow rectangular box containing text.

## \$66 million

in direct member benefits<sup>8</sup>

<sup>8</sup> RAC members received  
\$66 million in direct member  
benefits during the past year

# Supporting WA tourism

## Nine parks and resorts across WA



- 1 RAC Cable Beach Holiday Park
- 2 RAC Exmouth Cape Holiday Park
- 3 Ningaloo Reef Resort
- 4 RAC Monkey Mia Dolphin Resort
- 5 RAC Cervantes Holiday Park
- 6 RAC Busselton Holiday Park
- 7 RAC Karri Valley Resort
- 8 RAC Margaret River Nature Park
- 9 RAC Esperance Holiday Park



**335,000+**  
nights booked  
in FY21

## RAC Esperance Holiday Park

major redevelopment  
progressed in FY21



# RAC Karri Valley Resort

new caravan park opened  
December 2020





1,800+

**RAC people**



# Our People

**As an Equal Opportunity Employer, RAC values diversity and inclusivity, and promotes a workplace that welcomes contributions from all people.**

We're committed to engaging and giving back to Aboriginal and Torres Strait Islander people through a comprehensive Reconciliation Action Plan (RAP).

Throughout the year a number of events and activities were held in recognition of important initiatives including Pride Month, NAIDOC Week,

National Reconciliation Week, International Day of People with Disability, International Women's Day and Harmony Week.

## **RAC Community Ambassadors**

Our people are committed to giving back to WA. This includes through RAC's Beyond the Roads program, which saw RAC Community Ambassadors deliver presentations on road safety, mobility and travel to over 700 Western Australians during FY21.



A community presentation delivered by an RAC Community Ambassador.

# RAC Councillors' Report

## Annual Concise Report 30 June 2021

The concise financial report is an extract which has been derived from the full financial report of The Royal Automobile Club of W.A. (Incorporated) for the financial year ended 30 June 2021. This report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A free copy of The Royal Automobile Club of W.A. (Incorporated) (the "Club") and its controlled entities (the "Group" or "RAC") full financial report is available to all members upon request by contacting Legal Services on (08) 9436 4665.

## Statement by Councillors

In the opinion of the Council, the accompanying concise financial report of The Royal Automobile Club of W.A. (Incorporated):

- (a) gives a true and fair view of the state of affairs of The Royal Automobile Club of W.A. (Incorporated) and the entities it controlled as at 30 June 2021; and
- (b) gives a true and fair view of the result of The Royal Automobile Club of W.A. (Incorporated) and the entities it controlled for the year ended 30 June 2021.

Signed in accordance with a resolution of Councillors on 6 September 2021.



**Jacqueline Ronchi**  
President

The Royal Automobile Club of W.A. (Incorporated)  
Perth, W.A.  
Date: 6 September 2021





## Meeting of Councillors

The number of meetings of the Club Council and of each Council's committee held during the year ended 30 June 2021, and the number of meetings attended by each Councillor were:

Councillor	Meetings of committees					
	Full meeting of Councillors		Club Board meetings		Audit and Risk	
	A	B	A	B	A	B
Jacqueline Ronchi	11	11	4	4	**5	5
Ross Dowling	11	11	4	4	*	*
Leanne Bishop	10	11	*	*	5	5
Allan Blagaich	9	11	4	4	*	*
Freda Crucitti	10	11	*	*	*	*
Jill Darby	11	11	4	4	*	*
John Driscoll	11	11	4	4	*	*
Anthony Evans	11	11	*	*	*	*
Stephen Fox	6	6	*	*	*	*
Dalton Gooding	11	11	*	*	*	*
Alden Halse	11	11	*	*	4	5
Brian Hanson	11	11	*	*	*	*
Emmerson Richardson	10	11	4	4	*	*
Julie Wadley	11	11	*	*	*	*
Jim Walker	11	11	*	*	5	5

A = Number of meetings attended of the Council and each Council committee

B = Number of meetings held during the time the Councillor held office or was a member of the committee during the year

\* = Not a member of the relevant committee \*\* = Attended in capacity as Club president

The changes during the year to the composition of the Club Council and each Council committee are detailed in the corporate governance statement.

# Independent Auditor's Report to members



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## Independent auditor's report to the Members of The Royal Automobile Club of W.A. (Incorporated)

### Report on the Concise Financial Report

#### Opinion

We have audited the concise financial report, which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes, derived from the financial report of The Royal Automobile Club of W.A. (Incorporated) (the Association) and its subsidiaries (collectively the Group) for the year ended 30 June 2021. The concise financial report also includes discussion and analysis and the Councillors' declaration.

In our opinion, the accompanying concise financial report, including the discussion and analysis and the Councillors' declaration complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Concise Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Concise financial report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon.

#### The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 6 September 2021.



## Independent Auditor's Report to members continued



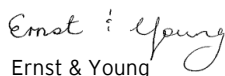
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### Responsibilities of the Councillors for the concise financial report

The Councillors of the Association are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Associations Incorporation Act 2015*, and for such internal controls as the Councillors determine are necessary to enable the preparation of the concise financial report.

### Auditor's responsibilities for the audit of the Concise Financial Report

Our responsibility is to express an opinion on whether the concise financial report complies, in all material respects, with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

The Ernst & Young logo is written in a cursive script. Below the script, the words 'Ernst & Young' are printed in a small, black, sans-serif font.

A handwritten signature in black ink, appearing to read 'F Drummond'.  
F Drummond  
Partner  
Perth

6 September 2021

# Corporate governance statement

The Council of The Royal Automobile Club of W.A. (Incorporated) ('Club') is responsible for the corporate governance of the Club. The Council guides and monitors the business and affairs of the Club on behalf of the members. The corporate governance of subsidiary companies is the responsibility of the Board of Directors of RACWA Holdings Pty Ltd.





## Corporate governance statement continued

### Council composition

The composition of the Council is determined in accordance with the following principles and guidelines, as detailed in the Club's Rules:

- » Councillors are elected from the membership of the Club and hold office for a period of three years;
- » only Honorary Life Members, Gold Life Members or Personal Members who have been entitled to vote for the preceding five years are entitled to hold office as a Councillor;
- » at each Annual General Meeting (AGM) one third of the Council will retire from office and are eligible for re-election;
- » each year the Council elects from its members Councillors to hold the positions of President, Senior Vice President and Vice President;
- » a Councillor cannot hold the office of President for more than three consecutive years;
- » while a Councillor holds the position of President or Senior Vice President for the year commencing as at the date of the next AGM, or ceases to hold the position of President at the conclusion of the next AGM because their term as President has expired, then the Councillor shall not be required to retire from office; and
- » when a vacancy on Council occurs, the Council may fill the vacancy and the appointee holds office for the unexpired portion of the appointee's predecessor's term.

### Council members

The names of the Councillors in office during the financial year were:

Jacqueline Ronchi	
Ross Dowling	
John Driscoll	
Leanne Bishop	
Allan Blagaich	
Freda Crucitti	
Jill Darby	
Anthony Evans	
Stephen Fox	(from 24 November 2020)
Dalton Gooding	
Alden Halse	(until 30 June 2021)
Brian Hanson	
Emmerson Richardson	
Julie Wadley	
Jim Walker	

Jacqueline Ronchi was re-appointed as President on 24 November 2020.

Ross Dowling was re-appointed as Senior Vice President on 24 November 2020.

John Driscoll was re-appointed to the position of Vice President on 21 December 2020.

All of the above persons, other than Stephen Fox, were Councillors during the year ended 30 June 2020.

# Corporate governance statement continued

## Council responsibilities

As the Council acts on behalf of, and is accountable to, the members, Council seeks to identify the expectations of the members, as well as other regulatory and ethical expectations and obligations. Each Councillor is bound by provisions in the Associations Incorporation Act 2015 (WA), the Club Rules and By-Laws and the terms of a Code of Conduct.

Council is vested with the management of the Club's affairs and the control of the funds and other property of the Club.

Council is responsible for social and community impact initiatives.

The responsibility for the operation and administration of the consolidated entity is delegated by Council to the Chief Executive and the executive team. Council ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Chief Executive and the executive team.

Council is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by Council. Council has a number of mechanisms in place to ensure this is achieved through the establishment of the committees, these mechanisms include the following:

- » Council approval of a Social and Community Impact strategic plan, which encompasses the Club's purpose, vision, and mission;
- » active involvement of Council in developing and approving initiatives and strategies designed to ensure the continued growth and success of the Club;

- » review and approval of the Club budget including monitoring of key performance indicators, both financial and non financial in respect of Social and Community Impact initiatives;
- » monitoring occupational health and safety;
- » procedures to allow Councillors, in the furtherance of their duties, to seek independent professional advice at the Club's expense;
- » enhancing and protecting the reputation of the Club; and
- » ensuring that significant risks facing the Club, including those associated with its legal compliance obligations, have been identified and appropriately and adequately controlled and monitored, and reporting mechanisms are in place.

## Remuneration process and requirements

Council may be paid from the funds of the Club for their services as Councillors or as members of the committee of Council known as "Club Board".

Rule 16.4(b) of the Club's Rules provides that the total aggregate amount of remuneration and the actual aggregate amount of remuneration paid to all Councillors during a financial year will be notified to members each year.

The total aggregate amount of remuneration that may be paid to Councillors during a financial year is \$492,561. The actual aggregate amount of remuneration that was paid to Councillors in the 2021 financial year was \$469,230 (excluding superannuation).



## Corporate governance statement continued

### Club Board

The Council has appointed a committee known as Club Board, comprising members of the Council and the Chief Executive. The Club Board has delegated authority granted by the Council in accordance with a charter approved by Council. The Club Board reports to the Council on a regular basis.

Club Board meets at least once each quarter and is responsible for assisting Council, including by:

- » reviewing and recommending to Council any changes to the membership structure and fees;
- » developing and reviewing policies on issues impacting the Club and its members; and
- » reviewing the Club budget.

The members of the Club Board during the year were:

Jacqueline Ronchi	
Allan Blagaich	
Jill Darby	
Ross Dowling	
John Driscoll	
Emmerson Richardson	
Robert Slocombe	Chief Executive Officer

### Group Audit & Risk Committee

The Council addresses audit and risk through the Group Audit and Risk Committee which operates under a charter approved by Council.

The members of the Group Audit and Risk Committee during the year were:

Jacqueline Ronchi	President, Councillor and Subsidiary Non-Executive Director
Jim Walker	Councillor and Subsidiary Non-Executive Director, Chairman
Alden Halse	Councillor and Subsidiary Non-Executive Director
Dennis Banks	Subsidiary Non-Executive Director (until 26 October 2020)
Helen Cook	Subsidiary Non-Executive Director (until 18 November 2020)
Leanne Bishop	Councillor

It is the committee's responsibility to ensure that an effective risk and internal control framework exists within the Club. This includes internal controls to deal both with the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations such as the benchmarking of risk key performance indicators.

The committee also provides Council with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Group Audit and Risk Committee is also responsible for:

- » reporting to Council on compliance with internal controls existing within the Club;
- » directing and monitoring the internal audit function; and
- » nominating the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit.

The external auditor is invited to attend all Group Audit and Risk Committee meetings and is able to discuss any matters with the Group Audit and Risk Committee without management's presence.

### Communication to members

Council aims to ensure that the members, on behalf of whom they act, are informed of the performance of the Council.

Information is communicated to the members through:

- » the concise financial report;
- » the RAC website, rac.com.au;
- » social media;
- » the Club's Official Journal; and
- » the AGM of the Club.

## Consolidated statement of profit or loss

### For the year ended 30 June 2021

		Consolidated	
	Notes	2021 \$'000	2020 \$'000
<b>Revenue</b>	2	<b>1,072,815</b>	930,355
Fair value gains/(losses) on financial assets at fair value through profit or loss		<b>32,863</b>	(13,994)
Claims expense		<b>(514,182)</b>	(437,727)
Outwards reinsurance premium expense		<b>(63,251)</b>	(50,675)
Insurance policy acquisition costs		<b>(46,674)</b>	(48,426)
Employee benefits expense		<b>(169,474)</b>	(157,956)
Depreciation and amortisation expense		<b>(22,529)</b>	(27,872)
Property expenses		<b>(13,064)</b>	(11,808)
Materials and consumables used		<b>(22,116)</b>	(19,741)
Postage, printing and stationery		<b>(7,401)</b>	(6,160)
Telecommunications expense		<b>(1,777)</b>	(1,605)
Information technology expense		<b>(22,304)</b>	(20,461)
Consulting expense		<b>(21,038)</b>	(14,005)
Advertising and promotional expenses		<b>(20,085)</b>	(18,963)
Towing and subcontractor expenses		<b>(32,198)</b>	(28,012)
Other expenses		<b>(25,272)</b>	(30,719)
Finance costs		<b>(6,345)</b>	(8,855)
(Loss)/profit from equity-accounted associates and joint ventures		<b>(11,726)</b>	3,629
<b>Profit before income tax</b>		<b>106,242</b>	37,005
Income tax expense		<b>(26,936)</b>	(9,897)
<b>Profit for the year</b>		<b>79,306</b>	27,108

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.



## Consolidated statement of comprehensive income For the year ended 30 June 2021

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Profit for the year</b>	<b>79,306</b>	27,108
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss</i>		
Changes in fair value of land and buildings	-	5,219
Income tax thereon	-	(1,565)
	-	3,654
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	3,654
<b>Total comprehensive income for the year</b>	<b>79,306</b>	30,762
Total comprehensive income for the year is attributable to:		
Members of The Royal Automobile Club of W.A. (Incorporated)	<b>79,306</b>	30,762

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Discussion and analysis

## Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

### Revenue from continuing operations

Revenue from operating activities of the Club and its controlled entities (the "Group") increased by \$142.5m compared to the prior year. The increase was driven by strong growth in the Insurance, Parks & Resorts and Motoring businesses.

### Trends in revenue arising from sales (refer to note 2)

#### Insurance premium revenue

The Motor and Home insurance portfolios experienced strong growth in premium revenue and increased their market share during the year. Gross written premium is 14.9% higher than the prior year.

#### Reinsurance and other recoveries revenue

Insurance recoveries increased in line with growth in exposure and policies issued, and the normalisation of claims frequency following the COVID-19 lockdowns late last financial year.

#### Membership subscriptions

Membership subscriptions revenue grew during the year as a result of an increase in member numbers and upgrades of memberships.

#### Tourism revenue

Park occupancy levels were significantly higher than prior years driven by high levels of intrastate travel while national and international borders remained closed due to the COVID-19 pandemic.

#### Finance interest income

Favourable conditions in the Perth property market resulted in high levels of repayments in the property loan book, significantly reducing the outstanding loans receivable. This reduction, in conjunction with lower interest rates, resulted in lower interest income during the financial year.

#### Sales commissions

The Group's travel business continues to be heavily impacted by the COVID-19 pandemic resulting in sales commissions being significantly lower than the prior year.

#### Retirement village revenue

Favourable conditions in the Perth

residential property market led to a high number of settlements in the Group's retirement villages, which resulted in a significant increase in deferred management fee income.

### Trends in revenue arising from other revenue (refer to note 2)

#### Distributions from financial assets

Trust distributions received in the Group's investment portfolio are subject to various factors including the performance of the companies invested in, the level of buying and selling of investments (as profits are distributed) and exchange rate fluctuations. Distribution revenue was significantly higher than the prior year as equity investment markets reached record highs by the end of the financial year.

### Fair value gains/(losses) on financial assets at fair value through profit or loss

The fair value movements include realised and unrealised gains and losses in the Group's investment portfolio and Insurance's investment portfolio. During the year, equity investment markets more than recovered the unrealised losses in the prior year from the COVID-19 pandemic. This was partially offset by unrealised losses in debt investment markets resulting from increasing bond yields as economies rebounded from the pandemic.

### Main influences on costs of operations

#### Claims expense

Claims expense has increased commensurate with the growth in exposure and policies issued, the normalisation of claims frequency following the COVID-19 lockdowns late last financial year, and general price increases.

#### Outwards reinsurance premium expense

The cost of reinsurance increased in line with the growth in exposure and policies issued, and an increase in the coverage limits for catastrophe claims.

### Employee benefits expense

Employee benefits expense increased to support revenue growth, particularly in Parks & Resorts, Insurance, and project activity to support strategic initiatives across the organisation.

### Depreciation and amortisation expense

The Group's IT cloud strategy is changing the nature of the costs incurred from an asset model (with intangible software assets and amortisation expense) to a service model (with IT and consulting expenses). Accordingly, amortisation expense was significantly lower than the prior year.

### Consulting expense

Higher consultancy fees were incurred to support the transition of IT systems to the cloud and other key strategic initiatives.

### Towing and subcontractor expenses

Towing expenses increased commensurate with the growth in roadside membership subscriptions, higher intrastate travel, and increased job volumes following the COVID-19 lockdowns late last financial year.

### Other expenses

The prior year includes a \$7.3m net unrealised loss on the annual revaluation of the St Ives retirement villages and associated resident loans.

### (Loss)/profit from equity-accounted associates and joint ventures

The current year loss was due to the Group's share of an impairment loss recognised in the Enrich Health Group joint venture.

### Income tax expense

The consolidated accounting profit for the Club was \$106.2m, which gives rise to a prima-facie income tax expense of \$31.9m at the Australian tax rate of 30%. The prima-facie income tax expense was reduced by \$5.0m to \$26.9m due to franking credits received from the Group's investment portfolio and the tax treatment of the net surplus from membership activities.

## Consolidated balance sheet As at 30 June 2021

		Consolidated	
	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	146,724	207,864
Trade and other receivables		276,370	248,833
Contract assets		17,978	17,689
Loans and advances		115,557	156,677
Reinsurance and other recoveries receivable		36,039	23,121
Inventories		1,377	1,459
Financial assets at fair value through profit or loss		100,311	171,762
Deferred acquisition costs		25,635	22,305
<b>Total current assets</b>		<b>719,991</b>	<b>849,710</b>
<b>Non-current assets</b>			
Loans and advances		172,245	162,982
Reinsurance and other recoveries receivable		3,468	2,066
Investments accounted for using the equity method		80,088	96,281
Financial assets at fair value through profit or loss		673,368	421,752
Property, plant and equipment and right-of-use assets		215,517	218,796
Investment properties		270,303	268,982
Intangible assets and goodwill		109,177	124,524
Deferred tax assets		891	-
<b>Total non-current assets</b>		<b>1,525,057</b>	<b>1,295,383</b>
<b>Total assets</b>		<b>2,245,048</b>	<b>2,145,093</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		88,686	87,193
Interest bearing loans and borrowings		205,895	284,379
Current tax liabilities		18,025	10,994
Provisions		60,624	56,676
Outstanding claims liabilities		139,142	98,947
Unearned premium liabilities		411,405	358,938
Retirement village contract liabilities		206,317	201,588
<b>Total current liabilities</b>		<b>1,130,094</b>	<b>1,098,715</b>
<b>Non-current liabilities</b>			
Outstanding claims liability		15,354	10,839
Interest bearing loans and borrowings		98,709	113,211
Deferred tax liabilities		-	1,513
Provisions		5,857	5,087
<b>Total non-current liabilities</b>		<b>119,920</b>	<b>130,650</b>
<b>Total liabilities</b>		<b>1,250,014</b>	<b>1,229,365</b>
<b>Net assets</b>		<b>995,034</b>	<b>915,728</b>
<b>Equity</b>			
Reserves		42,743	42,743
Retained earnings		952,291	872,985
Capital and reserves attributable to members of The Royal Automobile Club of W.A. (Incorporated)		995,034	915,728
<b>Total equity</b>		<b>995,034</b>	<b>915,728</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



## Discussion and analysis

### Consolidated balance sheet

#### **Trade and other receivables**

Continued growth in the Insurance business has resulted in an increase in insurance premiums receivable. This relates to the annual premiums paid by members in monthly instalments.

#### **Loans and advances (current and non-current)**

Favourable conditions in the Perth property market resulted in high levels of repayments in the property loan book, significantly reducing the loans and advances receivable.

#### **Reinsurance and other recoveries receivable**

Cyclone Seroja and storm activity in June resulted in an increase in reinsurance and other recoveries receivable

#### **Financial assets at fair value through profit or loss (current and non-current)**

These assets include investments in the Group's investment portfolio and investments in Insurance's investment portfolio. Insurance's portfolio increased due to strong growth and operating performance generating cash for investment. The Group's portfolio increased due to significant unrealised gains in equity investment markets and the reinvestment of surplus cash.

#### **Intangible assets and goodwill**

The Group's IT cloud strategy is changing the nature of the costs incurred from an asset model (with intangible software assets and amortisation expense) to a service model (with IT and consulting expenses). Accordingly, IT-related intangible assets were significantly lower than the prior year.

#### **Interest bearing loans and borrowings**

High repayments in the property loan book, along with strong cash reserves at the beginning of the year, were used to repay investment notes on issue.

#### **Current tax liabilities**

The Group's profit before tax was significantly higher than the prior year, which resulted in a higher estimated tax liability at year-end.

#### **Outstanding claims liability**

In addition to rising claims case reserves, Cyclone Seroja and storm activity in June have caused a temporary increase in outstanding claims liabilities.

#### **Unearned premium liabilities**

The unearned premium liabilities increased as a result of insurance policy growth in the Motor and Home portfolios during the year.

## Consolidated statement of changes in equity For the year ended 30 June 2021

	Attributable to owners of The Royal Automobile Club of W.A. (Incorporated)		
	Property, plant and equipment revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Consolidated entity</b>			
<b>Balance at 1 July 2019</b>	<b>39,089</b>	<b>846,944</b>	<b>886,033</b>
Adjustment on adoption of AASB 16 (net of tax)	-	(1,067)	(1,067)
<b>Restated total equity at the beginning of the financial year</b>	<b>39,089</b>	<b>845,877</b>	<b>884,966</b>
Profit for the year	-	27,108	27,108
Other comprehensive income (net of tax)	3,654	-	3,654
<b>Total comprehensive income for the year</b>	<b>3,654</b>	<b>27,108</b>	<b>30,762</b>
<b>Balance at 30 June 2020</b>	<b>42,743</b>	<b>872,985</b>	<b>915,728</b>
<b>Balance at 1 July 2020</b>	<b>42,743</b>	<b>872,985</b>	<b>915,728</b>
Profit for the year	-	79,306	79,306
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>79,306</b>	<b>79,306</b>
<b>Balance at 30 June 2021</b>	<b>42,743</b>	<b>952,291</b>	<b>995,034</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.





## Consolidated statement of cash flows

### For the year ended 30 June 2021

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	247,964	214,018
Insurance premiums received	821,132	710,495
Reinsurance and other recoveries received	95,321	66,698
Payments to suppliers and employees (inclusive of GST)	(366,915)	(313,135)
Claims paid	(535,351)	(477,752)
Outward reinsurance premium paid	(64,159)	(52,867)
Insurance policy holder acquisition costs and underwriting expenses paid	(47,232)	(44,202)
Net receipts from / (advances to) finance customers	32,981	(13,659)
Net (repayments of) / proceeds from finance borrowings	(89,979)	61,781
Distributions received from financial assets	17,865	9,881
Interest received from financial assets	7,601	7,149
Income taxes paid	(22,309)	(15,241)
Interest paid	(7,914)	(9,241)
Other income received	11,491	9,633
<b>Net cash inflow from operating activities</b>	<b>100,496</b>	<b>153,558</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(21,630)	(26,671)
Payments for intangibles	(1,592)	(6,587)
Proceeds from sale of property, plant and equipment	401	258
Proceeds from sale of investment property	735	310
Dividends received from associates	1,438	320
Purchase of financial assets at fair value through profit or loss	(528,640)	(565,187)
Proceeds from sale of financial assets at fair value through profit or loss	380,454	506,360
Receipts from capital repayments by joint ventures	3,030	-
Payment for investment in joint ventures and associates	-	(2,975)
Payment for acquisition of business (net of cash acquired)	-	(446)
<b>Net cash outflow from investing activities</b>	<b>(165,804)</b>	<b>(94,618)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	15,000
Retirement village resident loans repaid	(2,495)	(1,040)
Retirement village resident loans received	9,389	6,019
Loans advanced to related parties	(333)	(218)
Loan repayments from related parties	906	2,805
Repayment of lease liabilities	(3,299)	(3,185)
<b>Net cash inflow from financing activities</b>	<b>4,168</b>	<b>19,381</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(61,140)</b>	<b>78,321</b>
Cash and cash equivalents at the beginning of the financial year	207,864	129,543
<b>Cash and cash equivalents at end of year</b>	<b>146,724</b>	<b>207,864</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Discussion and analysis

## Consolidated statement of cash flows

### Receipts from customers

The increase in receipts was driven by strong growth in the Parks & Resorts and Motoring businesses as well as higher deferred management fee receipts from the sales of units in the Group's retirement villages.

### Insurance premiums received

Insurance premiums received increased during the year as a result of insurance policy growth in both the Motor and Home portfolios.

### Reinsurance and other recoveries received

Reinsurance and other recoveries increased in line with growth in claims expense.

### Payments to suppliers and employees (inclusive of goods and services tax)

Payments to suppliers and employees increased to support revenue growth across the organisation, the IT cloud strategy and other project activity to support our strategic initiatives.

### Claims paid

The growth in claims paid is commensurate with the growth in exposure and policies issued, the normalisation of claims frequency following the COVID-19 lockdowns late last year, and general price increases.

### Outward reinsurance premium paid

The cost of reinsurance increased in line with the growth in exposure and policies issued, and an increase in the coverage limits for catastrophe claims.

### Net advances to finance customers and net proceeds from finance borrowings

The net cash inflow from finance customers resulted from high repayments in the property loan book. These repayments, along with cash reserves at the beginning of the year, were used to repay investment notes resulting in a net cash outflow to investment note holders.

### Distributions received from financial assets

Most of the trust distributions received in the Group's investment portfolio were recognised as revenue in the prior year. Trust distributions received in the current year were higher than the prior year due to increased volatility in equity investment markets leading to greater trading activity (as profits are distributed to investees).

### Income taxes paid

Tax instalments are based on the prior year assessment. The increase in tax paid resulted from an increase in the taxable profit.

### Payments for intangibles

The Group's IT cloud strategy is changing the nature of the costs incurred from an asset model (with intangible software assets and amortisation expense) to a service model (with IT and consulting expenses). Accordingly, purchases of IT-related intangible assets were significantly lower than the prior year.

### Purchase of and proceeds from sales of financial assets at fair value through profit or loss

There were net outflows to both the Insurance investment portfolio and the Group investment portfolio due to strong operating cash flows being reinvested into the portfolios.

### Receipts from capital repayments by joint ventures

The Motoring Club Finance joint venture was wound up during the year and the share capital was repaid to the venture partners.

# Notes to the financial statements

## 1 Basis of preparation of concise financial report

### (a) Basis of preparation

The concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB 1039 "Concise Financial Reports".

The accounting policies adopted are consistent with those of the prior year, except as follows. The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 July 2020:

- » *AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*
- » *AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform [Phase 1]*
- » *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*

- » *Conceptual Framework for Financial Reporting issued on 29 March 2018*
- » *AASB 2020-4 Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions*
- » *AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*

The adoption of the new and amended standards has not had any significant impact on the financial results or the position of the Group. Disclosures have been changed where required.

### (b) Rounding of amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar. The financial report has been presented in Australian dollars.



# Notes to the financial statements continued

## 2 Revenue

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Sales revenue</b>		
Insurance premium revenue	<b>720,685</b>	629,764
Reinsurance and other recoveries revenue	<b>94,357</b>	75,183
Membership subscriptions	<b>90,973</b>	84,155
Tourism revenue	<b>45,664</b>	25,174
Sale of goods	<b>23,359</b>	22,743
Services	<b>21,856</b>	21,435
Finance interest income	<b>18,899</b>	22,893
Sales commissions	<b>4,195</b>	8,741
Retirement village revenue	<b>12,334</b>	8,753
	<b>1,032,322</b>	898,841
<b>Other revenue</b>		
Interest from financial assets	<b>7,808</b>	8,144
Dividends and distributions from financial assets	<b>22,367</b>	14,256
Other items	<b>10,318</b>	9,114
	<b>40,493</b>	31,514
	<b>1,072,815</b>	930,355

## Notes to the financial statements continued

### 3 Cash and cash equivalents

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash at bank and in hand	145,962	150,791
Deposits at call	-	55,092
Cash deposits – trust account	762	1,981
	<b>146,724</b>	<b>207,864</b>

#### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2021 \$'000	2020 \$'000
Balances as above	146,724	207,864
Balances per consolidated statement of cash flows	146,724	207,864

### 4 Contingencies

#### Contingent liabilities

The Group had contingent liabilities at 30 June 2021 in respect of:

#### Guarantees

The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. These amounts are not material and it is not expected that these guarantees will be called upon.

### 5 Business combinations

#### (a) Prior period

On 4 December 2019, RAC Tourism Assets Pty Ltd, a subsidiary of RACWA Holdings Pty Ltd, acquired 100%

of the business of the Esperance Seafront Caravan Park, a tourist park, for cash consideration of \$0.4m, from the Shire of Esperance. The property is held under a leasehold arrangement. The acquisition is aligned to the Group's tourism park growth strategy. Goodwill of \$0.3m was recognised in this business combination.

### 6 Events occurring after the reporting period

There has been no matter or circumstance that has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

