

Annual Concise Report

2021-2022

For the year ended 30 June 2022
The Royal Automobile Club of W.A. (Incorporated)
ABN: 33 212 133 120



For the better

Acknowledgement of Country

RAC acknowledges the Aboriginal peoples of Western Australia as the Traditional Custodians of the lands on which RAC has been operating for more than 117 years.

We are privileged to share their lands, throughout Western Australia. Boorloo (Perth) is where RAC Headquarters is based, the place where we work with and alongside Aboriginal and Torres Strait Islander families and communities. RAC honours and pays respect to Aboriginal Elders, past and present across the lands of Western Australia.



RAC President and Group CEO Report

It is our pleasure to provide the 2021/22 Annual Report.

Throughout the financial year RAC continued to deliver important initiatives aligned to achieving our Vision 2030 for a safer, more sustainable, and better-connected future for Western Australians. We were also proud to continue providing services and support to 1.2 million members in 60 per cent of WA households.

COVID-19 restrictions, uncertain economic conditions, and increasing inclement weather and storms meant that many in our community have been impacted at times during the year. During this time our organisation remained purpose-led and always strived to be at its best in the support we provided.

This support involved nearly 2.5 million calls in relation to our services and experiences for members including responding to over 376,000 roadside breakdown events. Over \$600 million was also provided in insurance claims during the financial year.

RAC Group revenue for the year ended 30 June 2022 was \$1,215 million with an overall profit after tax of \$797 million.

The total net assets of the Group as at 30 June 2022 was \$1,007 million. We are also pleased to report our members received \$70 million in benefits – the largest amount ever.

To help make our roads safer, we delivered road safety lessons to more than 35,000 students across Perth and regional WA. RAC Safe Travels continued, with hundreds of free car safety checks and caravan training sessions provided across the year. We were proud to also continue our support for the life-saving RAC Rescue Helicopters which have now flown 9,000 missions since 2003*.

Almost \$900 million in Federal and State Government funding has now been secured for the Regional Road Safety Program, one of the most important road safety initiatives in WA's history.

To help deliver a more sustainable WA, we continued our focus on the impact of vehicle emissions, more options for active and public transport, expanding the RAC Electric Highway®, and providing discounts for members who drive low-emissions vehicles.

To better connect people and places our Reconnect WA program has seen \$3 million in funding made available to local governments since inception, with 12 projects funded in 2021/22 alone. As the Principal Partner of the Town Team Movement, RAC's Connecting Communities Fund also provided \$80,000 in grants to support neighbourhood Town Teams throughout the year.

We also continued as a powerful voice for change across a range of government policy areas, helping to shape decisions and investments for current and future generations.

On behalf of everyone at RAC, thank you for your support and your trust. Our people remained focused on the future, on the needs of our members, and delivering a better WA.

*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.



Rob Slocombe
RAC Group CEO



Jacqueline Ronchi
President



Purpose-driven For the better of WA

RAC is one of the most trusted and recognised organisations in Western Australia, with a membership that exceeds 1.2 million people.

Our Club has come a long way since our start in 1905 when cars were a novelty and most travelled by horse and cart.

For more than 117 years, our members and the WA community have guided our path.

As a purpose-led organisation without shareholders, we are focused on influencing positive change to improve life for all Western Australians.

In addition to making 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.



Our Purpose

The driving force for a better WA.

Our Vision

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

Our Mission

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



Social and Community Impact

RAC's vision is for a safer, sustainable and connected future for Western Australians.

» Safer

We want fewer people killed and seriously injured on our roads.

» Sustainable

We want to reduce harmful vehicle emissions for cleaner, healthier air.

» Connected

We want well-planned communities and transport that better connect people and places.

More on our impact in WA

To learn more about how RAC is creating a safer, sustainable and connected future for Western Australians, view our 2021/22 Social and Community Impact Report.



Safer

RAC's Automated Vehicle Program

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.



96%

Felt positive about driverless vehicles after riding the RAC Intellibus®

Consolidated results from post-ride surveys for the South Perth Trial.

Safe Travels

RAC Safe Travels continued to provide free car safety checks and free caravan safety training for WA motorists.

110

Free car safety checks through RAC Safe Travels

971

People attended free caravan safety sessions



**\$828
million**

Funding secured from the WA and Australian Governments for the Regional Road Safety Program



35,000+

Students educated
on road safety



9,000+

Lifesaving missions
since 2003

142,897 km

Distance flown ¹

1,625 hours

Total mission time ²

¹ FY22

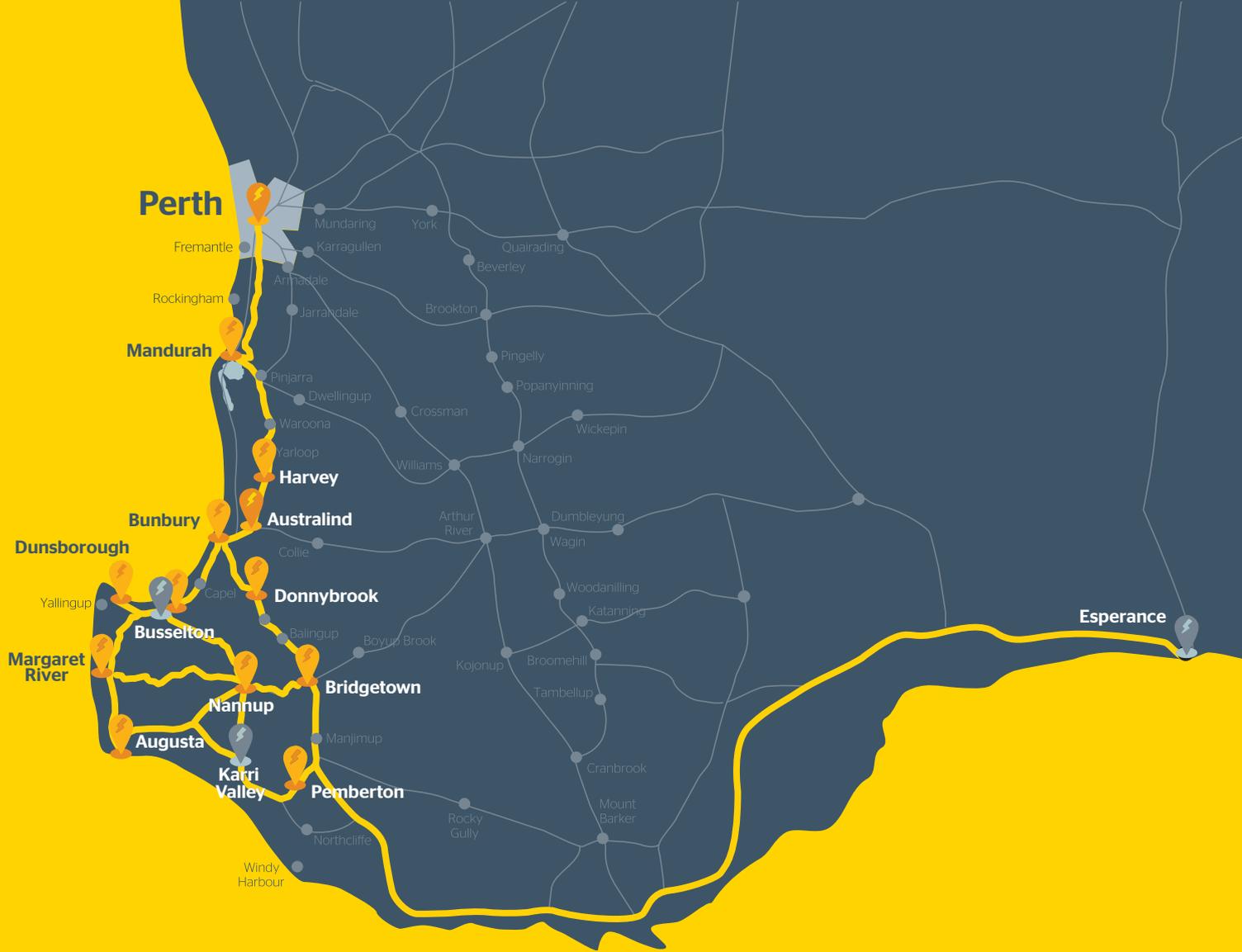
² Total time away from base, responding to missions - FY22

Sustainable

**3,845 charges on the
RAC Electric Highway®**

57,000kW of electricity





**Ultra-rapid
charger**



**Fast
charger**



**AC
charger**

**The RAC Electric Highway[®]
features 16 charging locations
in Western Australia.**

Connected

More vibrant communities

Through **RAC Reconnect WA** and the **RAC Connecting Communities Fund**, we're partnering with local governments and community groups to deliver projects that reinvigorate streets and spaces.





**\$1
million**

Provided to local governments through Reconnect WA³

12

Projects funded through Reconnect WA

\$80,000

Provided to Town Team initiatives through the RAC Connecting Communities Fund

³ In FY22, building on funding over previous years.

Supporting members



2.47 million

Phone calls handled



199,677

Insurance claims lodged

\$603.6 million

Paid in claims to RAC members

376,000+

Callouts for Roadside Assistance

596

Kids and pets rescued from locked cars

8,400+

Security consultations, installations and in-home visits

3,600+

Home Repair and Maintenance jobs

1.2 million+ RAC members

Represented in over 60% of WA homes



700,000+

Households reached through each edition of Horizons



Member benefits



769,000

RAC members used the member benefits program



\$70 million +
in member benefits



RAC members received over \$70 million in member benefits during the past year - the largest savings ever.

Supporting WA tourism



350,000+
Nights booked in FY22

1,900+

RAC people



Our People

Diversity and inclusion at RAC

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

Our organisation has a broad membership base with more than 1.2 million members across Western Australia. Reflecting the diversity of our members helps us to understand their changing needs and engage more meaningfully with them. When people with different backgrounds and points of view come together, we know great things happen.

We're committed to engaging and giving back to Aboriginal and Torres Strait Islander people through a comprehensive Reconciliation Action Plan (RAP). We're also committed to gender equity through our Gender Equity Working group and Action Plan.

Throughout the year several activities were held in recognition of important initiatives including International Women's Day, Harmony Week, NAIDOC Week, National Reconciliation Week, International Day of People with Disability, and Pride Month.

Recognition

- » Diversity Council Australia: Inclusive Employer 2021/22
- » AIM WA Pinnacle Awards: Workplace Wellbeing Excellence (November 2021)



RAC

Councillors' Report

Annual Concise Report 30 June 2022

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 2022. 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 2022; 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 2022.

Signed in accordance with a resolution of Councillors on 5 September 2022.



Jacqueline Ronchi
President

The Royal Automobile Club of W.A. (Incorporated)
Perth, W.A.
Date: 5 September 2022



Meeting of Councillors

The number of meetings of the Club Council and of each Council's committee held during the year ended 30 June 2022, and the number of meetings attended by each Councillor were:

Councillor	Meetings of committees					
	Full meeting of Councillors		Member and Policy Committee		Audit and Risk	
	A	B	A	B	A	B
Jacqueline Ronchi	9	9	4	4	5	5
Ross Dowling	9	9	4	4	*	*
John Driscoll	9	9	4	4	*	*
Leanne Bishop	9	9	*	*	5	5
Allan Blagaich	7	9	3	4	*	*
Andrew Crane	*	*	*	*	4	4
Donna Cross	5	5	*	*	*	*
Freda Crucitti	8	9	*	*	*	*
Jill Darby	9	9	2	2	*	*
Anthony Evans	8	9	*	*	*	*
Stephen Fox	9	9	2	2	*	*
Dalton Gooding	9	9	*	*	*	*
Brian Hanson	9	9	*	*	*	*
Jody Nunn	9	9	*	*	*	*
Emmerson Richardson	8	9	4	4	*	*
Julie Wadley	4	4	*	*	*	*
Jim Walker	9	9	*	*	5	5
Robert Slocombe	9**	9	4**	4	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 Group CEO

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

Corporate governance

In recognising the needs for the highest standard of corporate behaviour and accountability, the Councillors of the Club support and adhere to generally accepted principles of good corporate governance. The Club's corporate governance statement may be accessed via the Club's website www.rac.com.au.

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 2022, 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 2022. 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 5 September 2022.

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Independent Auditor's Report to members



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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*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'F Drummond'.

F Drummond
Partner
Perth

5 September 2022

Consolidated statement of profit or loss For the year ended 30 June 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
Revenue	2	1,215,440	1,072,815
Fair value (losses)/gains on financial assets at fair value through profit or loss		(67,040)	32,555
Claims expense		(648,034)	(514,182)
Outwards reinsurance premium expense		(70,492)	(63,251)
Insurance policy acquisition costs		(52,086)	(46,674)
Employee benefits expense		(191,557)	(169,474)
Depreciation and amortisation expense		(19,312)	(22,529)
Property expenses		(14,707)	(13,064)
Materials and consumables used		(24,169)	(22,116)
Postage, printing and stationery		(6,874)	(7,401)
Information technology expense		(26,607)	(22,304)
Consulting expense		(16,779)	(21,038)
Advertising		(21,047)	(20,085)
Towing and subcontractor expenses		(34,658)	(32,198)
Other expenses		(25,351)	(26,741)
Finance costs		(4,313)	(6,345)
Profit/(loss) from equity-accounted associates and joint ventures		15,413	(11,726)
Profit before income tax		7,827	106,242
Income tax benefit/(expense)		144	(26,936)
Profit for the year		7,971	79,306

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 2022

	Consolidated	
	2022 \$'000	2021 \$'000
Profit for the year	7,971	79,306
Other comprehensive income		
<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	5,198	-
Income tax thereon	(1,560)	-
	3,638	-
Other comprehensive income for the year, net of tax	3,638	-
Total comprehensive income for the year	11,609	79,306
Total comprehensive income for the year is attributable to:		
Members of The Royal Automobile Club of W.A. (Incorporated)	11,609	79,306

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 \$143.6m compared to the prior year. The increase was driven by strong growth in the Insurance, Motoring, and Parks & Resorts 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 15.7% higher than the prior year.

Reinsurance and other recoveries revenue

Insurance recoveries increased in line with the growth in claims expense. However, reinsurance recoveries were lower than the prior year due to the size of the reinsured events.

Membership subscriptions

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

Tourism revenue

The tourism parks continued to experience high occupancy levels driven by significant intrastate travel while the WA border remained closed for most of the year due to the COVID-19 pandemic.

Finance interest income

As economic conditions improved during the financial year, growth was achieved in both the personal and property loan books which resulted in higher interest income.

Sales commissions

The Group's travel business continued to be heavily impacted by the COVID-19 pandemic during the year. However, the opening of WA's border in March led to a rapid increase in sales of travel insurance resulting in higher sales commissions compared to the prior year. Travel-related sales commissions are still only one-third of 2019 levels.

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 an 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 by the fund managers (because profits are distributed) and exchange rate fluctuations. A large portion of the unrealised gains in equity investment markets in the prior financial year were crystallised this financial year through trading of investments by the fund managers. The crystallised gains were distributed to unitholders (including RAC) and resulted in the Group's distribution revenue being significantly higher than previous years.

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 second half of the financial year, inflationary pressures and interest rate rises led to increasing bond yields and declines in equity investment markets resulting in unrealised losses in both portfolios.

Main influences on costs of operations

Claims expense

Claims expense has increased commensurate with the policy growth in the Motor and Home portfolios, higher average claim size, and a higher number and cost of claims events that were below the reinsurance coverage limit.

Insurance policy acquisition costs

All product, underwriting, and actuarial costs directly attributable to the sales of insurance policies are capitalised to a Deferred Acquisition Costs asset and released to the Consolidated Statement of Profit or Loss ("P&L") over the following 12 months. The increase in acquisition costs is commensurate with the growth in policies issued.

Outwards reinsurance premium expense

The cost of reinsurance increased commensurate with the policy growth in the Motor and Home portfolios.

Discussion and analysis

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income (continued)

Employee benefits expense

Employee benefits expense increased to support revenue growth, particularly in Insurance and Parks & Resorts, 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 information technology expenses). Accordingly, amortisation expense has reduced significantly.

Information technology expense

As mentioned above, the Group's IT systems have switched to a service model so there is an increase in costs paid to IT service providers to utilise their software and systems.

Consulting expense

As the implementation of the Group's IT cloud strategy has progressed, there has been a reduced requirement for external consultants to support the transition of IT systems to the cloud.

Towing and subcontractor expenses

Towing expenses increased commensurate with the growth in roadside membership subscriptions.

Profit/(loss) from equity-accounted associates and joint ventures

The current year profit includes the Group's share of a gain on sale of one of the businesses in the Enrich Health Group joint venture. The prior year loss included the Group's share of an impairment in the Enrich Health Group joint venture.

Income tax expense

The consolidated accounting profit for the Club was \$7.8m, which gives rise to a prima-facie income tax expense of \$2.3m at the Australian tax rate of 30%. The prima-facie income tax expense was reduced by \$2.4m to an income tax benefit of \$0.1m 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 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	3	171,485	146,725
Trade and other receivables		326,297	276,370
Contract assets		16,487	17,978
Loans and advances		135,465	115,557
Reinsurance and other recoveries receivable		31,708	36,039
Inventories		1,603	1,377
Financial assets at fair value through profit or loss		213,971	100,311
Current tax receivables		986	-
Deferred acquisition costs		27,378	25,635
Total current assets		925,380	719,992
Non-current assets			
Loans and advances		217,895	172,245
Reinsurance and other recoveries receivable		3,115	3,468
Investments accounted for using the equity method		86,562	80,088
Financial assets at fair value through profit or loss		533,484	673,368
Property, plant and equipment and right-of-use assets		243,073	215,517
Investment properties		279,577	270,303
Intangible assets and goodwill		107,550	109,177
Deferred tax assets		16,832	891
Total non-current assets		1,488,088	1,525,057
Total assets		2,413,468	2,245,049
Liabilities			
Current liabilities			
Trade and other payables		82,587	88,687
Interest bearing loans and borrowings		291,691	205,895
Current tax liabilities		-	18,025
Provisions		65,803	60,624
Outstanding claims liabilities		180,064	139,142
Unearned premium liabilities		473,470	411,405
Retirement village contract liabilities		219,047	206,317
Total current liabilities		1,312,662	1,130,095
Non-current liabilities			
Outstanding claims liability		18,134	15,354
Interest bearing loans and borrowings		70,069	98,709
Provisions		5,960	5,857
Total non-current liabilities		94,163	119,920
Total liabilities		1,406,825	1,250,015
Net assets		1,006,643	995,034
Equity			
Reserves		46,381	42,743
Retained earnings		960,262	952,291
Capital and reserves attributable to members of The Royal Automobile Club of W.A. (Incorporated)		1,006,643	995,034
Total equity		1,006,643	995,034

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. There's also an increase in distributions receivable in the Group's investment portfolio.

Loans and advances (current and non-current)

As economic conditions improved during the financial year, growth was achieved in both the personal and property loan books.

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. Increasing bond yields and declines in equity investment markets resulted in a reduction in the value of the investments in both portfolios. This was partially offset by the reinvestment of surplus operating cashflows into the portfolios.

Investments accounted for using the equity method

The investment in the Enrich Health Group ("EHG") increased as a result of the Group's share of EHG's profit for the financial year. This was partially offset by a capital return from EHG to its shareholders via a share buyback.

Property, plant and equipment and right-of-use assets

The redevelopments of the RAC Esperance Holiday Park and the RAC Margaret River Nature Park were completed during the year.

A refurbishment of the West Perth head office was commenced during the year and is expected to be completed by the end of this calendar year.

Investment properties

The buoyant Western Australian residential property market led to an unrealised gain on the annual revaluation of the St Ives retirement villages.

Current tax receivables and current tax liabilities

The Group's profit before tax was significantly lower than the prior year, which resulted in a small estimated tax receivable at year-end after factoring in tax instalments paid during the year.

Deferred tax assets

The unrealised losses during the current financial year in the Group's investment portfolio and Insurance's investment portfolio resulted in an increase in the net deferred tax assets.

Interest bearing loans and borrowings

There was an increase in investment notes issued during the financial year by the Finance business to support the growth of its loan portfolio.

Outstanding claims liabilities

Outstanding claims liabilities has increased commensurate with the policy growth in the Motor and Home portfolios, and higher average claim size.

Unearned premium liabilities

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

Retirement village contract liabilities

The remaining unsold units in stage 1 of the St Ives Carine retirement village were settled during the year and the settlement proceeds resulted in the recognition of additional retirement village contract liabilities because the village units are under a long-term lease to residents. In addition, the value of the contract liabilities increased as a result of the annual revaluation of the St Ives retirement villages.

Consolidated statement of changes in equity For the year ended 30 June 2022

	Attributable to owners of The Royal Automobile Club of W.A. (Incorporated)		
	Property, plant and equipment revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Consolidated entity			
Balance at 1 July 2020	42,743	872,985	915,728
Total equity at the beginning of the financial year	42,743	872,985	915,728
Profit for the year	-	79,306	79,306
Total comprehensive income for the year	-	79,306	79,306
Balance at 30 June 2021	42,743	952,291	995,034
Balance at 1 July 2021	42,743	952,291	995,034
Profit for the year	-	7,971	7,971
Other comprehensive income (net of tax)	3,638	-	3,638
Total comprehensive income for the year	3,638	7,971	11,609
Balance at 30 June 2022	46,381	960,262	1,006,643

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	Consolidated	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	257,105	247,964
Insurance premiums received	946,487	821,132
Reinsurance and other recoveries received	105,084	95,321
Payments to suppliers and employees (inclusive of GST)	(386,890)	(366,915)
Claims paid	(689,855)	(535,351)
Outward reinsurance premium paid	(77,606)	(64,159)
Insurance policy holder acquisition costs and underwriting expenses paid	(52,370)	(47,232)
Net (advances to) / receipts from finance customers	(67,204)	32,981
Net proceeds from / (repayments of) finance borrowings	58,276	(89,979)
Distributions received from financial assets	22,734	17,865
Interest received from financial assets	7,882	7,601
Income taxes paid	(36,367)	(22,309)
Interest paid	(4,105)	(7,914)
Other income received	13,353	11,491
Net cash inflow from operating activities	96,524	100,496
Cash flows from investing activities		
Payments for property, plant and equipment	(42,395)	(21,630)
Payments for intangibles	(1,746)	(1,592)
Proceeds from sale of property, plant and equipment	493	401
Payments for investment property	(1,281)	-
Proceeds from sale of investment property	2,080	735
Dividends received from associates	-	1,438
Purchase of financial assets at fair value through profit or loss	(572,230)	(528,640)
Proceeds from sale of financial assets at fair value through profit or loss	531,962	380,455
Receipts from capital repayments by joint ventures and associates	8,940	3,030
Net cash outflow from investing activities	(74,177)	(165,803)
Cash flows from financing activities		
Retirement village resident loans repaid	(2,920)	(2,495)
Retirement village resident loans received	7,734	9,389
Loans advanced to related parties	-	(333)
Loan repayments from related parties	990	906
Repayment of lease liabilities	(3,391)	(3,299)
Net cash inflow from financing activities	2,413	4,168
Net increase/(decrease) in cash and cash equivalents	24,760	(61,139)
Cash and cash equivalents at the beginning of the financial year	146,725	207,864
Cash and cash equivalents at end of year	171,485	146,725

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 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

Insurance recoveries increased in line with the growth in claims expense. This was partially offset by a reduction in reinsurance recoveries due to a lower total claims cost of reinsured events and an increase in the reinsurance retention limit.

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 policy growth in the Motor and Home portfolios, higher average claim size, and a higher number and cost of claims events that were below the reinsurance coverage limit.

Outward reinsurance premium paid

The cost of reinsurance increased commensurate with the policy growth in the Motor and Home portfolios.

Net advances to finance customers and net proceeds from finance borrowings

Growth in the personal and property loan books of the Finance business led to an increase in investment notes to support the growth.

Income taxes paid

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

Payments for property, plant and equipment

The redevelopments of the RAC Esperance Holiday Park and the RAC Margaret River Nature Park were completed during the year.

A refurbishment of the West Perth head office was commenced during the year and is expected to be completed by the end of this calendar year.

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

There were net outflows to the Insurance investment portfolio due to surplus operating cash flows being reinvested into it.

Receipts from capital repayments by joint ventures and associates

The Group received a return of capital from participating in a share buyback undertaken by the Enrich Health Group.

Retirement village resident loans received

The remaining unsold units in stage 1 of the St Ives Carine retirement village were settled during the year and the settlement proceeds resulted in the recognition of additional retirement village contract liabilities because the village units are under a long-term lease to residents.

Notes to the consolidated 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 noted below for the adoption of new standards and amendments.

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 July 2021:

- » *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*
- » *AASB 2021-3 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021*
- » *AASB 2022-2 Amendments to Australian Accounting Standards - Extending Transition Relief under AASB 1*

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 consolidated financial statements continued

2 Revenue

	Consolidated	
	2022 \$'000	2021 \$'000
Sales revenue		
Insurance premium revenue	832,363	720,685
Reinsurance and other recoveries revenue	97,680	94,357
Membership subscriptions	98,101	90,973
Tourism revenue	48,709	45,664
Sale of goods	22,643	21,194
Services	24,013	24,021
Finance interest income	21,349	18,899
Sales commissions	6,851	4,195
Retirement village revenue	14,270	12,334
	1,165,979	1,032,322
Other revenue		
Interest from financial assets	7,794	7,808
Distributions from financial assets	31,372	22,367
Other items	10,295	10,318
	49,461	40,493
	1,215,440	1,072,815

Notes to the consolidated financial statements continued

3 Cash and cash equivalents

	Consolidated	
	2022 \$'000	2021 \$'000
Current assets		
Cash at bank and in hand	169,714	144,985
Deposits at call	923	978
Cash deposits - trust account	848	762
	171,485	146,725

(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	
	2022 \$'000	2021 \$'000
Balances as above	171,485	146,725
Balances per consolidated statement of cash flows	171,485	146,725

4 Contingencies

Contingent liabilities

The Group had contingent liabilities at 30 June 2022 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.

Other

The Group has committed to providing financial support to Australian Motoring Services Pty Ltd in case of its financial difficulties up to \$2.2m, expiring on 31 December 2023.

5 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.



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