

2022-23 Annual Report

What we delivered for our 805,000 members

At a glance



805,000 members



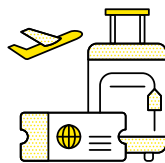
\$55.9m in member savings and discounts



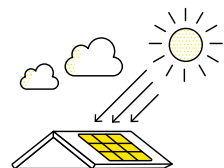
344,000+ Road Service call-outs attended



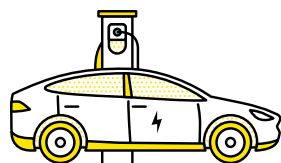
\$525m in home and car insurance claims



40,000+ RAA Travel holidays booked



14,000+ residential and commercial solar panels installed



Electric vehicle charging network launched



33,000+ kids educated on road safety



\$350,000+ in community grants and partnerships

A word from our President and CEO



Nick Reade (L) and Peter Siebels

RAA achieved a great deal for our members in the 2022-23 financial year in the face of challenges confronting the insurance industry.

Many of our members were impacted by extreme weather events - by the storms in November and the Murray River flood over summer.

Across the board we helped members with more than 81,000 insurance claims for their homes and cars.

While we know these extreme weather events were challenging for our members, additional global supply chain issues and inflationary pressures presented challenges for RAA's bottom line too.

That's why we're developing a more sustainable business model for the future—one that grows and diversifies our revenue streams.

We remain South Australia's largest and most trusted insurer, helping South Australians to protect and insure 628,000 homes and vehicles.

And, for the fifth year in a row we were recognised as having the most satisfied home insurance customers in SA.

We now have more than 805,000 members, connecting with more than 70% of South Australian households and we were pleased to welcome around 15,000 new members to the RAA family this year.

Our members saved \$55.9 million through loyalty discounts and our More for Members program.

It's better to be a member at RAA. A record 358,000 members flashed their RAA card to access exclusive benefits and discounts.

Our patrols attended more than 344,000 callouts for assistance and replaced more than 68,000 batteries to help keep our members moving.

A word from our President and CEO (cont.)

A big focus over the last 12 months has been improving the service we provide to our members – and we’ve made a lot of progress on this front.

We’ve upgraded the RAA app and introduced a number of new digital experiences so members can easily access our services at their fingertips.

We’ve introduced a real-time payment functionality so members can update their bank and credit card details online, improved our road service app lodgement experience reducing the number of clicks from 30 to 10 – streamlining the process for members – and that’s just the tip of the iceberg.

RAA Travel reached new heights with a record \$81.1 million in sales as we booked more than 40,000 holidays for South Australians.

And our energy business is booming.

We launched RAA Charge - South Australia’s first border-to-border electric vehicle charging network. We’re helping to solve ‘range anxiety’ for EV drivers, and build the infrastructure for a more sustainable transport network.

We also installed 14,000 solar panels on South Australian rooftops and delivered our first commercial solar installation.

RAA continued to focus on making life better for our community through our partnerships with organisations like Tjindu Foundation, Foodbank and the CFS Foundation.

Our voice remained strong on the issues that matter most to our members, with our technical experts providing advice and influencing policy makers on issues like road safety, fuel pricing, visitor tourism and home protection.

On behalf of the RAA Board and Executive team, we’re enormously proud of all these achievements, and of the team of talented people at RAA that give their all to make these possible.

Our achievements as an organisation saw us exceed our revenue targets.

However, the challenges confronting the insurance sector contributed to us posting a significant loss, as we incurred around \$525 million in claims and also provisioned \$25.5 million for a member remediation program associated with an industry wide insurance review.

RAA’s future is incredibly bright – we’ll continue to build a more resilient and diverse business so we can make life better for members, and better for our community.

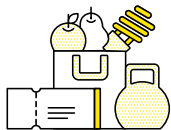
Peter Siebels and Nick Reade

RAA Travel reached new heights with a record \$81.1 million in sales as we booked more than 40,000 holidays for South Aussies.



It's better to be a member

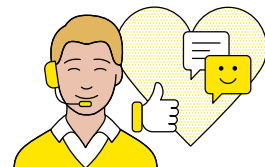
As we grow past 805,000 members, more South Aussies are realising it's better to be an RAA member.



358,000+ members saved \$31.3m through our member discount program



We welcomed more than 15,000 new members



We had an 85% overall member satisfaction rating



Better for members Motor

We were there when you needed us most.

- We helped with more than **908,000** calls for assistance.
- We insured more than **444,000** vehicles.
- We replaced more than **68,000** batteries.
- We inspected more than **7,500** vehicles.
- We incurred more than **\$258m** in motor insurance claims.

The Road Service functionality in our **RAA app** was rolled out in regional South Australia, giving regional members access to roadside assistance at their fingertips.

Our **RAA Go app** helped more than **20,000** South Australians plan their journey by finding the best, cheapest and most sustainable transport options.

And our Patrols received **electric vehicle training** so they can keep all members moving, no matter what car you choose to drive.

Vist raa.com.au/motor
to explore our motoring services.



Better for members Home

We were there when you needed insurance and repairs.

- We're expanding our offerings and helping more members in their own home than ever before.
- We now connect with more than **70%** of South Aussie households.
- We provided more than **\$1.7m** in **Trade Assist** services from plumbing to roof repairs and everything in between.
- We insured more than **183,000** of your homes.
- We paid out more than **\$267m** in home insurance claims.

RAA Insurance is leading the way in South Australia when it comes to customer satisfaction. We were recognised by Canstar for the fifth year running as having the most satisfied home and motor insurance customers in the state.

Vist raa.com.au/home
to explore our home services.



Better for members Travel

We're making holiday dreams come true for more South Aussies than ever before.

- We achieved more than **\$81m** in travel sales.
- We booked more than **40,000** holidays.
- We insured more than **45,000** holiday makers.
- We recruited **50** more South Aussies to our Travel team.
- We welcomed more than **1,300** members through our new Travel Pathway to Membership program.

We supported the South Australian tourism industry through our partnerships with the likes of the South Australian Tourism Commission and Tourism Industry Council of South Australia.

We presented Australia's premier food and wine festival, **Tasting Australia**, attracting more than 68,000 visitors to Town Square and boosting the local tourism economy.

And through 7 Network's **Discover with RAA Travel** show we're helping to showcase the best of South Australia and global holiday destinations.

Vist travel.raa.com.au
to explore our travel services.



Better for members Energy

We're helping to power your future.

On the road:

- On 2 March 2023 we launched **RAA Charge**, South Australia's first border-to-border electric vehicle (EV) charging network.
- **41** EV charging locations were either installed or entered construction.
- **96** site host agreements were put in place.
- We negotiated with **34** councils across the state.
- We connected with thousands of people through the Adelaide Motorsport Festival, helping educate them on the future of EVs.

In the home:

- We installed more than **14,000** solar panels on the rooftops of homes across the state.
- We grew our **solar and battery** business with the acquisition of Living Energy and Lovell Electrical, giving us commercial installation capacity.
- We delivered our first commercial solar installation, installing a massive **240** solar panels at Torresan Estate winery.
- We launched our home EV charger installation service, helping members charge their vehicles smarter and more sustainably.

🔍 Search 'energy' for more information



Better for our community Advocacy

We continued to advocate on key issues to improve the lives of our more than 805,000 members.

- We launched our 'Slow Down for Yellow' campaign to help keep you, your family and our patrols safe.
- We continued to reiterate road safety messaging, including during National Road Safety Week and our 'Too many South Australians taken from our roads' campaign.
- We had a consistent voice in the media, earning more than **\$22m** of coverage speaking out on issues that matter most to our members.
- Our members saved an estimated **\$28m** sourcing cheaper fuel through the **RAA app**, which was accessed over **3 million** times.
- We engaged with our online communities through social media, responding to thousands of enquiries and comments and generating a reach of **13.1m**.
- We reached all pockets of the community through our **sa move** (previously samotor) magazine and **RAA Daily** website.
- We helped to educate South Australians about the benefits of electric vehicles and their role in the sustainability of our future transport network and decarbonising our state.
- We received more than **2,500** nominations for risky road locations.
- We received more than **1,000** nominations for risky ride locations.
- Our experts travelled more than **4,300** kilometres to conduct road investigations.
- We had more than **50** meetings with industry, governments and politicians.



Better for our community Social impact

In every area of our business, we made big strides toward an inclusive and sustainable future.

We continued to focus and align our activities to our selected seven United Nations Sustainable Development Goals (UN SDGs) and are also proud to report on how RAA is acting on climate change.



Good health and well being



Affordable and clean energy



Decent work and economic growth



Reduced inequalities



Sustainable cities and communities



Responsible consumption and production



Climate action

Better for our community Social impact (cont.)

We fully implemented our first Reconciliation Action Plan (RAP).

- We donated **\$25,000** through our '**Grassroots Giving**' program to support reconciliation activities in South Australia.
- We delivered **400** hours of free driving lessons to Aboriginal and Torres Strait Islander students.
- We supported **14** Aboriginal students to get their driver's licence.
- Our '**Licence to Work**' program won an award as we helped disadvantaged students get their licence.
- We educated South Australians about the Uluru Statement from the Heart and our Board and Executives' support for the Statement.

We implemented new measures and continued to deliver programs to reduce our carbon footprint and protect our natural environment.

- We reduced our carbon emissions by **195** tonnes by transitioning our Mile End office to Greenpower.
- We diverted approximately **230** tonnes of waste from landfill.
- We replaced **100,000** *sa move* magazine plastic wraps with 100% certified compostable wraps.
- We recycled **55,000** car batteries.
- We recycled **1,310** car seats.





Better for members Grassroots

Over 120 years, RAA has become engrained in the South Australian community. We're part of our state's social fabric.

Through our grant programs we helped grow and support local communities across the state, with a focus on those who needed it most.

- We contributed **\$350,000** to community organisations and causes.
- We helped Foodbank deliver more than **359,000** meals for South Australians in need.
- We supported Tjindu Foundation's Aboriginal AFL Academy and mission to improve the lives of Aboriginal children.
- We supported firefighting volunteers on the frontline and their families, through our partnership with the CFS Foundation.
- We granted **\$93,000** to not-for-profits and community organisations through our Grassroots Giving program.

- We donated **\$72,000** to community organisations through our Regional Safety Grant program.

We helped to keep children safer on our roads.

- We visited **303** schools and educated more than **24,000** children through our Street Smart Primary program.
- We hosted a record 9,000 students from **77** schools at our annual Street Smart High event.
- We visited more than **152** preschools through Street Smart Preschool to help educate even the youngest South Aussies.

We also delivered **119** Years Ahead presentations to almost **3,000** attendees – with more than 30% being held in regional SA.

And to celebrate our longest serving and most loyal members, we held Gold 50 events for around **400** members in Mt Gambier, Kingston and Murray Bridge.



Better for members Our people

At RAA, our people come first.

Great people make a great workplace and at RAA we pride ourselves on being an employer of choice.

- **87%** of our people are proud to work at RAA.
- **80%** of our people would recommend working at RAA.
- **75%** of our team enjoys working flexibly.
- **138** employees were trained in wellbeing and resilience.
- **216** employees received Cultural Awareness Training as part of our reconciliation journey.
- We were recognised as having one of the Top 5 Graduate Programs and Top 3 Internship Programs in Australia.

We launched and supported several initiatives as part of our Inclusion, Diversity and Belonging Program.

- We sponsored the Making Her Mark program.
- We launched our inaugural LGBTQIA+ Employee Resource Group.
- We held events to celebrate International Women’s Day and International Men’s Day.

As our workforce continues to grow and diversify, we’re expanding our office footprint.

- RAA will be back in the heart of the city where we belong. We secured office space and the signage rights to the city’s most iconic building, 91 King William Street, which is now known as RAA Place.
- We secured space at Lot Fourteen, enabling our innovation team to collaborate with industry and start-ups to explore better products and solutions for our members.
- We sold our Mile End location to the State Government as part of the North-South Corridor project.

Governance

Board of Directors



Peter Siebels
President and Chairman of the Board

Peter Siebels joined the RAA Board in 2008 and is President and Chair of the Association and Chair of RAA Insurance Ltd. Peter is a professional director and advisor. He is currently Principal of 4D Advisory Pty Ltd, Chairman of Hood Sweeney and the Electricity Industry Superannuation Scheme, a Director of RAA Insurance Ltd, GCF Investments Pty Ltd.

Peter has extensive Board & Governance experience and brings skills in Accounting & Finance, People & Culture, Insurance, Risk Management, Mobility & Transport, Government and Public Policy, Innovation and Entrepreneurship, Regulatory, and Investment Management. Peter is Chair of the Group Governance, Nominations & Remuneration and Appeals Committees and a member of the Audit, Risk & Compliance, Reinsurance and Group Investment Committees.



Kathy Gramp
Vice-President

Kathy Gramp joined the RAA Board in 2013 and is Vice-President. Kathy's experience spans a diverse range of Australian organisations. She is Director of RAA Insurance Ltd, Codan Ltd (ASX.CDA), Adelaide Community Hospital Alliance Incorporated, and QANTM Intellectual Property Limited (ASX.QIP).

Kathy brings skills and experience across a range of areas most notably Accounting & Finance, Executive Board & Governance, Risk Management, Mergers & Acquisitions, large scale Capital and IT projects, Insurance, Regulatory and People & Culture and is the Chair of the Audit Committee and a member of the Risk & Compliance Committee, Group Investment Committee and Group Governance, Nominations & Remuneration Committee.



Victoria Angove

Victoria Angove joined the RAA Board in 2015. Victoria has a strong sales and marketing background gained from running a large, successful, consumer-oriented business and other business experience gained in Asian, North American and European markets. She is joint Managing Director of Angove's Pty Ltd and a Director of the Australian Grape and Wine Incorporated and Independent Winemakers Group.

Victoria brings skills in the areas of Consumer, Board & Governance and Regional Issues and contributes to RAA's corporate governance practices and investment in innovation and technology as a member of the Group Governance, Nominations & Remuneration Committee and Group Investment Committee.

Governance (cont.)



Dr Stephen Holmes

Steve Holmes joined the RAA Board in 2021 and is Rural Generalist Doctor (Emergency and Obstetrics) practicing in Clare. He is a member of AMASA Road Safety Committee, State Chair of Rural Maternity Services Committee, SA State Councilor Australian College Rural Remote Medicine and Chief Obstetric Advisor SA Rural Support Service.

Steve brings skills and experience in the areas of Regional Issues and Government & Public Policy.



Jacqui McGill AO

Jacqui is a highly accomplished Executive and Non-Executive Director with broad strategic and deep operational leadership experience across a range of sectors. On Australia Day 2020 she was awarded an Order of Australia for her contribution to the Resources sector and her leadership on Gender Inclusion in the sector.

Jacqui is Trustee of the Adelaide Festival Centre Trust, and a Non-Executive Director of New Hope Corporation Limited, 29 Metals Limited and Gold Fields Limited. She was Chairman of TAFE SA and Vice President of South Australian Chamber of Mines and Energy. During her executive career she held Chief Executive level roles within BHP for both BHP Mitsui Coal and Olympic Dam Corporation.

Jacqui brings skills and experience across a range of areas, most notably Governance, Risk Management, Environmental, Social & Governance (ESG), Government/ Public Policy and Regulatory and is a member of the Group Governance, Nominations & Remuneration Committee, Audit Committee and Risk and Compliance Committee.



David Osborn

David Osborn joined the RAA Board in 2020 bringing skills and experience in the technology and consumer space. David has significant experience as a Managing Director and Senior International Director with Kimberly Clark Corporation, a Fortune 150 company. David is co-founder and CEO of DelTech Solutions which has supported the launch of Uber Eats into Australia and New Zealand.

In addition to technology driven manufacturing and supply chain roles, David has a strong global sales and marketing background and is experienced in the application of technology to enhance the consumer digital experience and improve organisational performance.

David is passionate about what the RAA can deliver to members across the areas of road service, insurance and travel and the important role RAA plays in advocating for road safety, improved road infrastructure and other mobility initiatives.

David is Chair of the Group Investment Committee and a member of the Audit and Risk & Compliance Committees.

Governance (cont.)



Martin Small

Martin Small joined the RAA Board in November 2019. Martin owns and runs a road safety and regulatory management consultancy operating across Australasia, Asia and Africa. He previously held a variety of senior government transport positions over a 25 year period including in his native New Zealand, and in South Australia as Director Road Safety and Registrar of Motor Vehicles. Martin is the immediate past President of the Australasian College of Road Safety and a Director of Football South Australia.

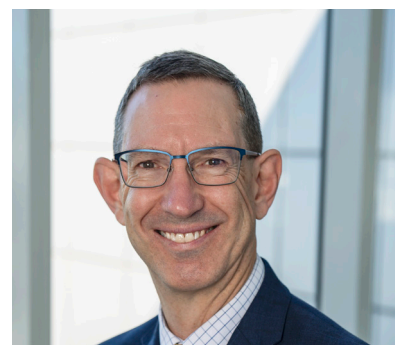
Martin contributes to the RAA Board in the areas of Risk Management, Environmental, Social & Governance (ESG), Mobility & Transport, Government & Public Policy, Energy & Infrastructure and Regulatory.



Sharon Starick

Sharon Starick joined the RAA Board in 2009. Sharon is a primary producer from the Murray Plains and is involved in rural and regional communities. She is Chair of Animal Health Australia and a Director of the Grains Research and Development Corporation, the Regional Investment Corporation, Murray Plains Farmers Inc and the Sedan Cambrai Football Netball Club. In the past Sharon has been Presiding Member of the SA Murray Darling Basin NRM Board and a Director of Nature Foundation.

Sharon contributes skills and experience in Board Governance, Regional Issues, Government and Public Policy, and Environmental, Social and Governance (ESG) and is a member of the Group Governance, Nominations & Remuneration Committee.



Kim Cheater

Kim Cheater joined the RAA Board in March 2023. Kim is an experienced Non-Executive Director. He is currently Chair of the SA Museum and Alwyndor Aged Care and a Director of Sarah Group, ReturnToWorkSA, Flinders University, RAA Insurance Ltd as well as Independent Chair of the Audit Risk & Investment Committee for Minda Inc and the Chair of the Warriparinga Advisory Team. Kim was formerly Deputy Chair of UnitingCare Wesley Bowden.

Kim is a Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand.

Kim was a partner at PwC for nearly 20 years and former Managing Partner of the Adelaide Office. He led the Governance, Risk and Cyber Security business of PwC in Adelaide for many years, as well as the Financial Services and the SA Government practice.

During his time at PwC, Kim led the firm's national Reconciliation Action Plan efforts for over 10 years, which included achieving "Elevate" status from Reconciliation Australia.

Kim brings strong skills and experience in the areas of Accounting & Finance, Information Technology, Digital, Insurance, ESG and Risk Management. He is Chair of the Risk and Compliance Committee and a member of the Audit Committee.

Governance (cont.)

Group Executive Team



Nick Reade
Chief Executive Officer
RAA



James Galdes⁴
Chief Technology Officer



Michael Healy³
Chief Marketing Officer



Gina Norman
General Manager
Travel and Distribution



Dorothy Nycz
General Manager
Automotive Services



Ben Owen¹
Chief Strategy Officer
and General Manager
Home & Energy



Sam Pafumi
Chief Financial Officer



Tara Page²
Chief Executive,
RAA Insurance &
Company Secretary



Emily Perry
General Manager
Community and
Corporate Affairs



Laura Schonfeldt⁵
Chief People Officer



Susan Crago⁵
Chief Governance and
Risk Officer

¹ Ben Owen, (appointed 16 January).

² Tara Page, Chief Risk Officer (4 July 2022 – 16 March 2023). Chief Executive, Insurance (appointed 17 March 2023).

³ Michael Healy, Chief Marketing Officer (appointed 16 January 2023).

⁴ James Galdes, Chief Technology Officer (appointed 20 March 2023).

⁵ Laura Schonfeldt, Chief People Officer and Susan Crago, Chief Governance and Risk Officer (both appointed October 2023).

Not pictured: Tom Griffiths, Chief Executive, resigned 20 March 2023; Douglas Parr, General Manager Marketing, Digital & Business Development (resigned 14 November 2022); Jeanette Dhondee, General Manager Information Services (resigned 16 November 2022); Ian Stone, Group Managing Director (resigned 1 August 2022).



Activities of the Board

Principal activities

The principal activity of the Royal Automobile Association of South Australia Inc ('RAA') in the course of the financial year was the provision of motoring, insurance, energy and travel products and services to members. The audited financial report of RAA for the financial year ended 30 June 2023 is available on RAA's website raa.com.au, or by request.

Directors

Information on the directors of RAA during the financial year is set out on pages 14-16.

Directors' meetings

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

Board committees

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

Group Governance, Nominations and Remuneration Committee

Responsible for ensuring RAA's corporate governance framework practices and procedures are relevant and appropriate.

The committee ensures the Board and its committees operate effectively and efficiently, reviews the remuneration of non-executive directors, the Chief Executive Officer and senior executives, and is responsible for the administration of general meetings and the Board election process.

Audit Committee

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

Governance (cont.)

Risk and Compliance Committee

Responsible for overseeing the coordination of RAA’s risk management and assurance and compliance activities.

Group Investment Committee

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

Appeals Committee

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

Nominations Committee

Responsible for developing endorsement criteria for the election or appointment of directors, assessing candidates for election or appointment against those criteria and making recommendations to the Board on the endorsement of those candidates. The committee is comprised of the RAA Chairman, Company Secretary and two independent members.

Director attendance at meetings in the 12 months to 30 June 2023

The number of meetings attended out of the number of meetings held which the Director was available to attend (and not subject to a leave of absence) is summarised in the table below. Committee attendance is only recorded where a Director is a member of the relevant committee.

Directors	Board of Directors	Group Governance Nominations and Remuneration**	Audit	Risk and Compliance	Group Investment
Peter Siebels (President)	9 of 9	8 of 8	6 of 6	4 of 4	4 of 4
Kathy Gramp (Vice President)	7 of 9	5 of 8	5 of 6	3 of 4	4 of 4
Victoria Angove	9 of 9	8 of 8			4 of 4
Stephen Holmes	8 of 9		6 of 6	4 of 4	
Jacqui McGill AO	9 of 9	6 of 8			3 of 4
David Osborn	9 of 9				4 of 4
Elizabeth Perry AM ²	5 of 5		2 of 3	1 of 2	
Martin Small	8 of 9		5 of 6	4 of 4	
Sharon Starick	9 of 9	6 of 8			
Kim Cheater ³	4 of 4		3 of 3	2 of 2	
Ian Stone ¹	1 of 1				1 of 1

Members don't attend any part of the meetings of the Group Governance Nominations & Remuneration Committee at which Board election matters are discussed if they are eligible for re-election. Partial attendance is recorded as attendance at the meeting.

¹ Ian Stone, Association Managing Director (resigned 1 August 2022).

² Elizabeth Perry (resigned 28 February 2023).

³ Kim Cheater (appointed 8 March 2023).

The increase in Executive remuneration reflects the rejuvenation of the Executive team, creation of new roles and calibrating remuneration through market benchmarking

Governance (cont.)

Remuneration reports

Director remuneration at 30 June 2023

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

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

Specified Directors	Short-term benefits Salary/Fees \$	Post employment benefits Superannuation \$	Total \$
Siebels (President)	92,986	9,764	102,750
Gramp (Vice President)	78,790	8,273	87,063
Angove	50,248	1,127	51,375
Holmes	46,493	4,882	51,375
McGill	55,543	5,832	61,375
Osborn	46,493	4,882	51,375
Perry	36,744	3,858	40,602
Small	46,493	4,882	51,375
Starick	46,493	4,882	51,375
Cheater	17,731	1,862	19,593
Total RAA	518,014	50,242	568,256

Executive remuneration at 30 June 2023

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

	Consolidated 2023 \$	Consolidated 2022 \$
Short-term employee benefits	4,682,320	3,663,855
Long-term employee benefits	81,436	50,524
Post-employment benefits	299,265	228,057
TOTAL	5,063,022	3,942,437

The increase in Executive remuneration reflects the rejuvenation of the Executive team, creation of new roles and calibrating remuneration through market benchmarking.

Financial performance

A summary of the financial performance is provided below, however to view the full financial reports please visit raa.com.au/about-raa/corporate-governance/annual-reports

Discussion and analysis of the statement of profit and loss

RAA made a \$52.3m loss after tax (2022: \$9.6m loss) for the year ending 30 June 2023. This year was a challenging year for RAA and the insurance industry, experiencing multiple natural perils events, including the River Murray floods, the recognition of a member remediation provision and a Liability Adequacy Test deficiency associated with increasing reinsurance costs.

Total revenue was \$807m, \$77m (10.6%) higher than the prior year. Insurance premium revenue increased by 13.5% to \$437m, driven by premium increases and policy growth to counteract increasing reinsurance costs and claims inflation. Motoring generated \$83.5m (6.3% increase on prior year) of subscription revenue in the year after member discounts. Travel grew significantly, generating \$9.6m in total commission, exceeding pre-COVID levels. Solar generated \$10.2m of income in the first full year of trading.

Total expenses was \$892m, an increase of \$147m (19.8%) on the prior year. Insurance claims expense was \$64m higher due to multiple weather events, high inflation and increasing supply chain costs. Employee benefits totalled \$131m, an increase of \$22m (20.7%) on prior year in line with FTE and wage increases. \$20.5m (2022: \$17.6m) of project expenditure is also included in total expenses as the RAA progressed with multiple operational and strategic projects.

Within the overall result, a total of \$21.2m (excluding GST and charges) of discounts was returned to members.

Financial performance (cont.)

Statement of profit or loss
For the year ended 30 June 2023

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Revenue from contracts with customers	141,164	120,009
Insurance revenue	666,172	609,895
Other revenue	51	56
Revenue	807,387	729,960
Share of net profit of associates	1,951	1,832
Total Income	809,338	731,792
Employee benefits	(130,902)	(108,417)
Payments to contractors for roadside assistance	(23,574)	(21,692)
Cost of sales	(23,686)	(18,051)
Depreciation, impairment and amortisation	(9,050)	(8,961)
Member remediation expense	(25,556)	-
Insurance claims expense	(525,198)	(461,600)
Outwards reinsurance premium expense	(73,231)	(58,873)
Other expenses	(80,503)	(66,549)
Total Expenses	(891,700)	(744,453)
Net investment income/(cost)	6,545	(2,361)
Operating loss before income tax	(75,817)	(15,022)
Income tax benefit	23,496	5,115
Loss after tax for the year	(52,321)	(9,597)
Other comprehensive income		
<i>Items not to be reclassified subsequently to profit or loss</i>		
Actuarial loss on defined benefit plan	(122)	(78)
Fair value adjustments relating to land and buildings	(1,455)	-
Income tax on items of other comprehensive income	37	23
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(1,540)	(55)
Total comprehensive loss for the year net of tax	(53,861)	(9,652)

Financial performance (cont.)**Discussion and analysis of the statement of balance sheet**

Net Assets for the year totalled \$214m, a decrease of \$54m on prior year due to the current year total comprehensive loss.

The increase in total assets of \$167m (20%) was due to a \$186m increase in current Trade and other receivables relating to \$40m of proceeds for the sale of the Mile End property and Reinsurance and other recoveries exceeding prior year by \$93m relating to the multiple events throughout the year.

Total liabilities increased by \$220m (38.8%) due to a \$92m increase in the Outstanding claims liability as a result of multiple weather events experienced during the year. A \$29.7m member remediation provision was recognised for member refunds, interest attributable to those refunds and the cost incurred in establishing and administering the remediation program. A \$4.2m asset was recognised within Trade and other receivables relating to the collection of indirect taxes associated with the remediation program, resulting in a net provision of \$25.5m. Unearned income increased by \$39m, in line with insurance premium revenue, and the drawdown of the loan facility further increased liabilities by \$30m to fund project investment.

Financial performance (cont.)

Statement of financial position
For the year ended 30 June 2023

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current Assets		
Cash and cash equivalents	47,066	24,546
Trade and other receivables	494,988	308,768
Inventories	2,237	1,851
Deposits in trust account	11,694	5,941
Current tax asset	10,759	7,050
Other current assets	5,121	4,453
Financial assets	272,674	289,743
Deferred acquisition costs	-	7,337
Total Current Assets	844,539	649,689
Non-Current Assets		
Trade and other receivables	9,063	7,399
Pension asset	714	927
Financial assets	3,622	4,664
Investments in associates	6,219	5,802
Property, plant and equipment	22,512	55,241
Right-of-use assets	15,887	9,460
Intangible assets	21,539	22,809
Goodwill	67,651	67,651
Deferred tax	10,175	11,734
Total Non-Current Assets	157,382	185,687
Total Assets	1,001,921	835,376
Current Liabilities		
Trade and other payables	77,311	55,456
Unearned income	293,235	253,892
Interest bearing liabilities	33,000	1,569
Deposits in trust account	11,694	5,941
Provisions	48,209	16,932
Outstanding claims liability	295,671	203,027
Total Current Liabilities	759,120	536,817
Non-Current Liabilities		
Trade and other payables	5,052	-
Interest bearing liabilities	15,639	9,085
Provisions	2,598	2,052
Deferred tax	-	13,695
Outstanding claims liability	5,427	5,777
Total Non-Current Liabilities	28,716	30,609
Total Liabilities	787,836	567,426
Net Assets	214,085	267,950
Equity		
Retained earnings	179,612	215,492
Reserves	34,473	52,458
Total Equity	214,085	267,950

Financial performance (cont.)**Discussion and analysis of the statement of cash flow**

2023 saw a net cash outflow from operating activities of \$18.5m (2022: \$17m inflow). The outflow was due to an increase in reinsurance costs and an increase in insurance claims from multiple events incurred.

Net cash from investing activities was \$12.1m (2022: \$18.7m cash used) as a result of a drawdown of investments to fund capital requirements and an increase in investment distributions.

Net cash from finance activities was \$28.9m (2022: \$626k cash used) due to the \$30m drawdown of the Westpac loan facility.

Statement of cashflows
For the year ended 30 June 2023

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Cash flows from operating activities		
Receipts from members and customers (inclusive of GST)	766,434	722,670
Payments to suppliers and employees (inclusive of GST)	(792,895)	(702,220)
Interest paid	(720)	-
Interest received	891	155
Rental income received	56	61
Income tax received/(paid)	7,688	(3,624)
Net cash (used in)/from operating activities	(18,546)	17,042
Cash flows from investing activities		
Proceeds from sale of fixed assets and intangibles	428	1,099
Proceeds from the sale of financial assets	28,310	17,418
Distributions received	9,202	6,918
Dividends received	1,534	-
Purchase of fixed assets and intangibles	(13,548)	(6,343)
Purchase of financial assets	(13,809)	(30,611)
Purchase of business combination assets	-	(7,200)
Net cash from/(used in) investing activities	12,117	(18,719)
Cash flows from financing activities		
Repayment of loans to related parties	963	990
Payment of principal portion of lease liabilities	(2,014)	(1,616)
Proceeds from borrowings	30,000	-
Net cash from/(used in) financing activities	28,949	(626)
Net increase/(decrease) in cash	22,520	(2,303)
Cash and cash equivalents at beginning of the year	24,546	26,849
Cash and cash equivalents at the end of the year	47,066	24,546

Financial performance (cont.)

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.

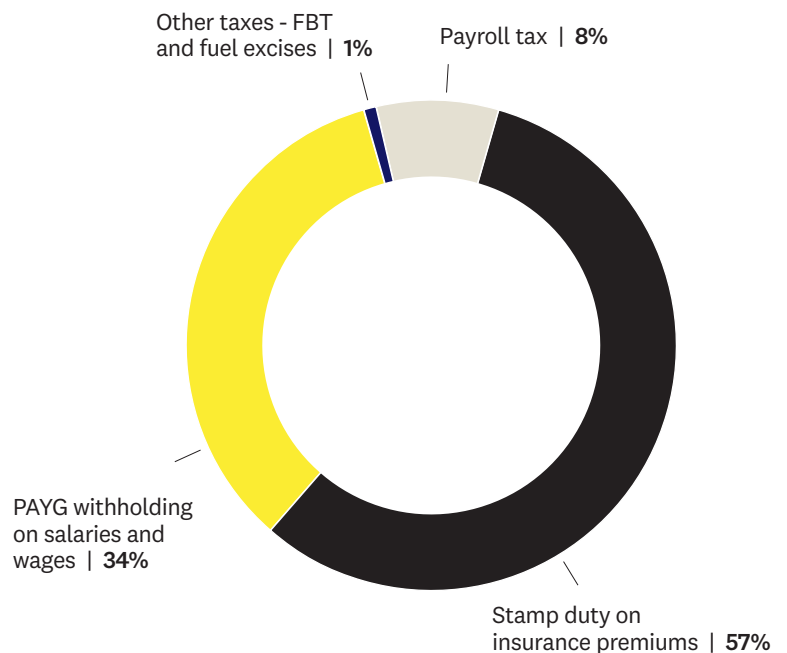
RAA contributes to our community as a major South Australian employer, investor and consumer, and subsequently pays the right amount of tax. RAA collects a significant amount of income tax on employee salaries and wages and makes payments of Fringe Benefits Tax (FBT) and Payroll Tax to the Australian 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 loss carry back refundable tax offset for 2022-23 of \$10.8m 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 2023 tax contributions

	\$ million
Income tax	-
Payroll tax	6.4
Stamp duty on insurance premiums	48.4
PAYG withholding on salaries and wages	29.2
Other taxes - FBT and fuel excise	0.8
Total 2023 financial year tax paid	84.8



Climate-related disclosure

This climate-related disclosure is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations addressing how RAA is acting on climate change through governance, strategy, risk management and metrics and targets.

We are aware of the risks of climate change and have an increasing awareness of the opportunities presented by being a low-carbon business. We are continuing to evolve our approach to climate risk, strengthening our response to the threat of climate change and contributing to limiting the increase in the global average temperature to below 1.5°C above preindustrial levels.

RAA is committed to reducing the environmental impact of our operations. We will be visible in our contribution to making life better for members and our community, today and tomorrow. We have recently formalised our commitment to the United Nations Global Compact and our intention to implement the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. RAA currently manages climate risk against large natural perils events and is maturing its understanding of the impacts relating to climate change risk. We have completed our first Communication on Progress against the Ten Principles of the United Nations Global Compact.

Governance

Board of Directors

The Board of Directors is responsible for the oversight of RAA, including:

- Approval of the RAA Environment and Social Impact Framework and Supporting Strategies; and
- Consideration and approval of the external reporting within the Annual Report.

RAA has Board-established Committees to assist with fulfilling these responsibilities for governing climate-related issues. These include:

- Risk and Compliance Committee – overseeing the management of strategic and operational risks of RAA. Climate change is a strategic risk in RAA’s Group Risk Management Framework;
- Audit Committee – overseeing the integrity of RAA’s external statutory financial reporting framework, including compliance with applicable laws, regulations and other requirements in relation to external financial reporting which incorporates climate risk-related disclosures; and
- Governance, Nominations and Remuneration Committee – which approves the format and content of our annual report.

Chief Executive Officer, RAA and Chief Executive Officer, RAA Insurance

The Chief Executive Officer, RAA and Chief Executive Officer, RAA Insurance are responsible for overall management and financial performance of RAA, including:

- Developing and overseeing overall implementation of climate-related strategies; and
- Receiving and reviewing progress reports including assigning actions.

Management Team

The Management Team is responsible for RAA’s climate change activities including:

- Embedding climate-related risk and opportunities into RAA’s Risk Management Framework and within underwriting decisions;
- Reviewing climate-related disclosures;
- Embedding climate strategy into RAA brand, narrative and engagement; and
- Implementation of the strategy to minimise the climate-related impact of RAA business operations.

Climate-related Forums

The Environment, Social and Governance (ESG) Steering Group has oversight of the strategy and governance for climate, environment and social impact and meets quarterly. The Committee sets the overall direction and monitors progress of RAA's existing and future activities in the areas of Environment and Social Impact. These activities are driven by our risk management process, regulatory obligations, member, stakeholder and community expectations. This work is undertaken in line with Business Strategy and Planning routines.

A Climate Change Working Group, which also meets quarterly, has been established and reports to the ESG Steering Group with responsibility for:

- Defining, approving and monitoring the Environment and Climate Change Strategy; and
- Scanning external environment and reviewing reporting.

Strategy

Integrating climate change into RAA's strategy

RAA's first five-year strategy, designed to achieve our new purpose, 'better for members, better for our community' introduces the United Nations Sustainability Development Goals (UN SDGs). These global goals frame, and increase, our commitment to deliver on our purpose through impactful RAA member, environmental and social activities.

Through the lens of the UN SDGs, we have integrated climate change into our strategy and committed to reducing the environmental impact of our operations, including addressing risks and embracing opportunities presented by climate change. We are focused on expanding our environmental activity to make a tangible contribution to making life better in our community. As the State's largest member organisation, key to our five-year strategy is RAA's pivotal role in helping others reduce their carbon footprint, contributing to environmental sustainability on a local, national, and global scale.

In achieving our purpose, RAA is

- working towards a Net Zero Carbon emissions target, contributing to UN Sustainable Development Goal 13: Climate Action. With an initial focus on our own operations, we have established a baseline for our existing greenhouse gas emissions and are developing strategies to reduce our emissions. From 1 January 2023 RAA's headquarters at Mile End are powered by a green power contract, reducing 85% of our Scope 2 emissions.
- developing solutions for solar and batteries, hydrogen, and electric vehicles (EVs) for members, commercial customers, and our community, helping to contribute to the decarbonisation of South Australia.
- establishing hundreds of electric vehicle charging points over 140 sites across South Australia over the next two years, with more than 75 per cent of the new charge points located in regional areas. More than 145 charging plugs have been installed across 41 charging sites.
- providing energy products, storage, and plans for solar and batteries systems and EVs. To help members reduce their energy bills, we will invest in a fully integrated system complete with solar, battery storage, EV charging and monitoring.
- exploring other technology solutions to further contribute to environmental sustainability and reduce energy costs for members.

Our strategy considers a range of external factors, such as climate change and environmental expectations of our members and community, both from the opportunities that they present and the need to mitigate our own impact. A changing climate underpins our key strategic decisions.

Consideration of climate change in underwriting

RAA Insurance is exposed to significant natural peril risks in our Home and Motor portfolios and we currently charge premiums reflecting our assessment of each individual property's exposure to these risks. We are continually

developing our understanding of climate risk using insights from specialist experts in natural perils modelling. We are also developing an understanding of portfolio segments most likely to be impacted by climate change in the medium to longer term.

We purchase reinsurance to manage climate risk and profitability and provide capital protection against large natural peril events.

We also proactively monitor new housing developments to build our understanding of how climate change may impact the physical risk in these areas over time. We make decisions on whether to underwrite based on these risks and any proposed mitigation in the area.

Consideration of climate change in investments

The RAA Board has approved a long-standing clear set of investment beliefs that govern its investment framework. As a result, all investment decisions must consider environmental, social and governance factors. This core belief has driven the following arrangements within the RAA portfolios:

- All asset managers engaged by RAA must be signatories to the UN Principles of Responsible Investing (UN PRI). Key amongst these principles is to monitor, manage and reduce the impact on the environment through transport, waste, consumption of natural resources, energy use and procurement.

Environmental challenges are obvious in heavy industry sectors such as metals and mining, machinery, and oil and gas. However, environmental concerns apply across many other sectors as changes in energy and in climate conditions may have pervasive effects. RAA does not hold direct equity positions in companies, and only has indirect positions through investments in trusts managed by recognised fund managers. With the fund managers being signatories to the UN PRI, they have a duty to discriminate against investment in companies that fail to manage their environmental and social impacts effectively, or against those that fail to adopt robust ethical policies and governance practices.

- All RAA asset managers are signatories to the 2021 Global Investor Statement to Governments on the Climate Crisis. This coalition of 732 other investors, with over US\$52 trillion in funds under management, asks that governments raise their climate ambition and implement credible policies to address the climate crisis. Greater clarity will help investors better allocate the capital needed to address climate change before it is too late. The Statement was coordinated by the Investor Agenda, a coalition of investor groups working to accelerate a net zero economy.

Climate scenarios supporting strategy and decisions

RAA is developing a series of climate change risk scenarios, including a scenario aligned with the Paris Agreement, to test the resilience of the business to climate risk over multiple time horizons. Led by our Insurance team, this work will contribute to the expectations of APRA's CPG 229 Climate Change Financial Risks.

Risk Management

Climate change risk impacts on RAA

RAA understands physical impacts in Australia present the most material short, medium and long-term climate risks to RAA's business. As such, RAA has a mature approach to responding to extreme weather events. The impacts of climate change could, without proper mitigation activities, result in increases in the cost of natural disasters in South Australia. Where these increased costs drive up the insurance premiums, this will have a negative impact on insurance affordability in the future.

RAA's exposure to physical risk comes from insurance coverage of assets in existing high-risk hazard areas associated with bushfires, floods and storms including locations that may be impacted in the future. The extent to which RAA is exposed to key physical risks is expected to increase over time.

Our understanding of climate change risk is evolving as more data relating to the underlying science and events becomes available. Climate change risk monitoring of the insurance portfolio is used by management to assist decision making

around future climate-related strategies and underwriting considerations.

A transition economy will also provide both risks and opportunities for RAA and its members through bespoke products and services. For example, an increased uptake of electric and hybrid vehicles and solar and battery products provide additional social, environmental and commercial opportunities.

In addition to the physical and transition risks, RAA regularly monitors metrics relating to the external climate environment. The metrics focus on anticipated climate changes in our market, with reporting used by management to inform strategic decision making, including:

- Carbon emissions over time (global and Australian, including sources of emissions);
- Changes in the mean temperature over time (global and Australian);
- Changes in sea level over time;
- Changes in rainfall over time (southern Australia);
- Southern Annular Mode, which affects winter storm and rainfall activity in southern Australia; and
- Renewable energy generation over time (global and Australian, including sources of generation).

Managing climate risks and opportunities

Management of climate risks will continue to evolve as RAA further develops its understanding of climate change risk and its impact to the business.

Risks relating to climate are managed across the business through a combination of:

- Disruptive event management, business continuity planning, recovery and resumption plans. The RAA Risk & Assurance team oversee the program, facilitate regular testing and assist in plan development.
- Peril modelling looking at the economic impacts of, and the challenges preparing for, climate change with a scope of activities that includes:
 - Assessing exposure and vulnerability to changing climate risk;

- Scenario analysis and stress testing; and
- Assisting with evaluating and designing an appropriate reinsurance program.
- Implementation of the Environment and Climate Change Strategy which includes:
 - Establishing formal metrics to monitor internal risk factors including insurance exposure;
 - Developing a Climate Action Plan;
 - External reporting and disclosure of material climate risks to the market; and
 - Collaboration to build capacity.

Metrics and Targets

With an initial focus on our own operations, we have established a baseline for our existing operational footprint greenhouse gas emissions.

We are also considering the greenhouse gas emissions from our investment portfolio, for example:

- The majority (approximately 90%) of RAA Group investments are held in cash and bonds with these exposures fully placed with governments and financial (mostly banking) entities.
- A minority (around 10%) of Group investments are held in Australian and Global equities via fund manager trusts. All investments of this nature meet the (1) UN PRI (Protocols for Responsible Investing) and (2) meet each managers climate change standards. Further, each manager employed by RAA has detailed climate change filters that discriminate against investment in any company that does not have high regard for climate change in its activities.

RAA's approach to waste management will also be further investigated in FY24. This ongoing work will form the basis of future targets. The development of scenario analysis and stress testing may identify additional metrics and targets for consideration.