



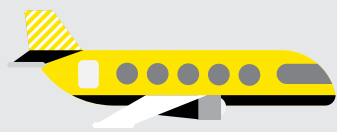
RAA Group

Annual Report 2014–15

raa.com.au







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Highlights

Group Profit
after Tax

\$17.2
million

Total income

\$319
million

Over

90,404

free *keys2drive* lessons
given to learner drivers

32,302

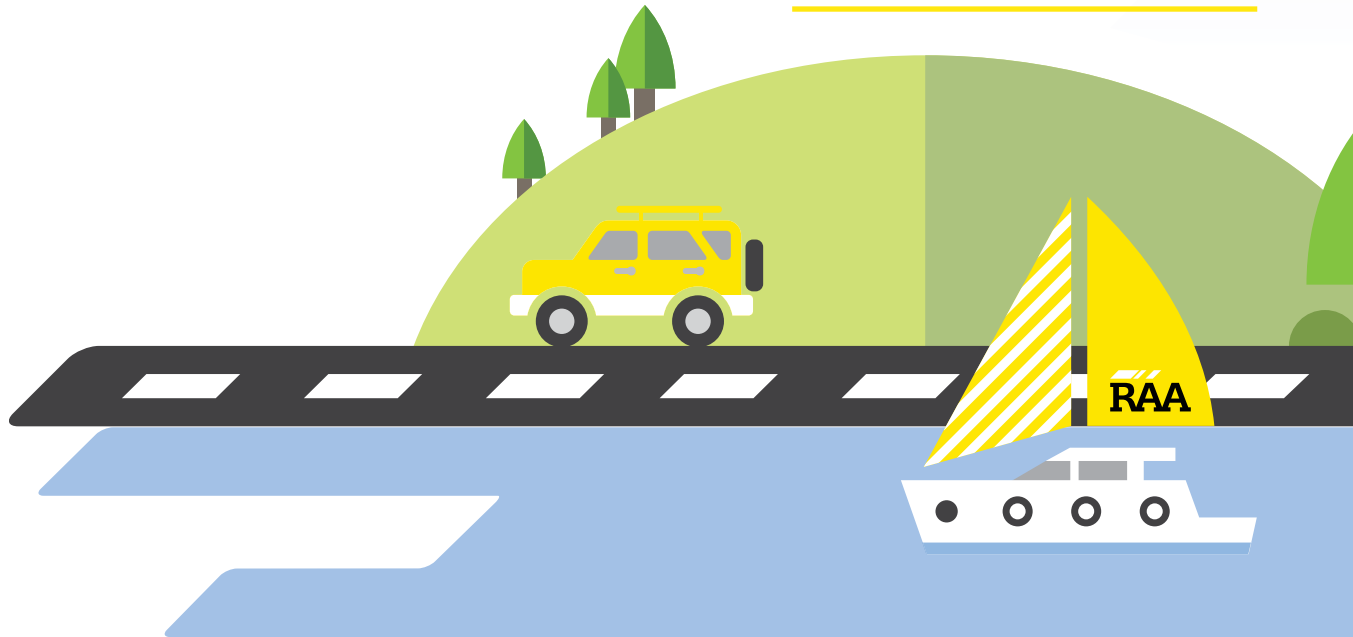
car batteries recycled

Over

100

personal loans settled worth

\$1,740,000



655,321

RAA members in South Australia

70,628

more members than last year

Over

850

employees

RAA services received a

92%

rating for quality satisfaction
from our members

Holidays booked
for nearly

7,000

members and their
families

Responded to over

119,000

security events

25,000

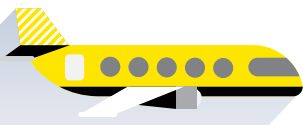
homes, businesses
and personal security
systems monitored

\$119
million

insurance claims paid

67,000

new insurance policies



Over

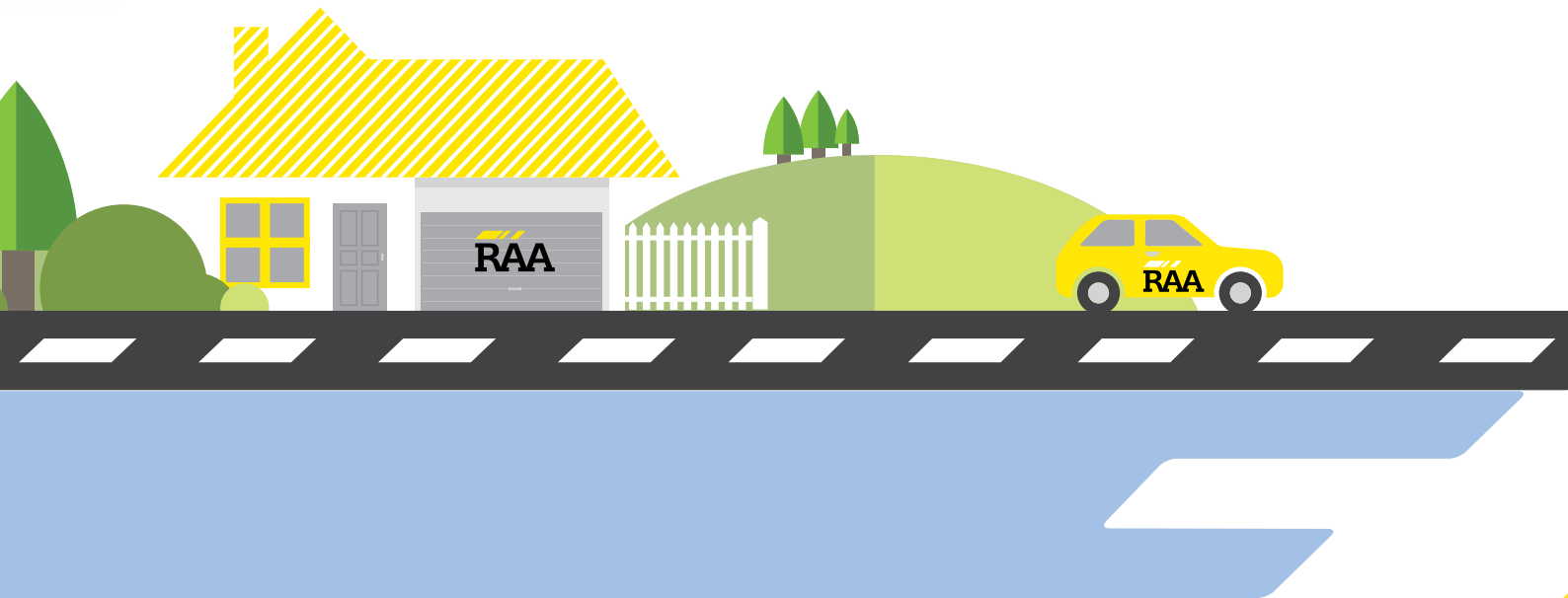
7,000 km

of South Australian
roads assessed by
our road safety team

RAA attended

342,066

breakdowns



Members saved over

\$13,074,000

through discounted RAA products

Members saved over

\$9,800,825

through our More for Members
program

Message from the President and Chairman



Behind the scenes, 2015 has been a year of innovation at one of South Australia's most trusted brands.

For more than 100 years we have built our business on unrivalled road service and advocacy for motorists.

This year we have continued the drive to build on our great reputation and grow RAA's diverse offerings.

Today we offer our members more opportunities to save money on a great range of products and services, including road service, insurance products, world-class education for drivers, security services, personal loans for life's big moments and travel deals – and have extended opening hours at RAA shops.

As a result, RAA members saved record amounts, with nearly \$23 million saved through discounts for members on our expanding range of RAA products and a suite of partner benefits.

What's more, this is only a sample of what RAA has on offer. Our new marketing campaign shows 'there's more to RAA' and those are words you will hear a lot more of in the future.

Our latest TV ad farewelled 11 years of 'accident prone' George, to take you on a tour of a secret RAA world, where people are booking holidays, insurance claims are being processed and members are saving on their everyday purchases.

Behind the scenes, 2015 has been a year of innovation at one of South Australia's most trusted brands.

As we continue to grow our offering, I am delighted that the Board has endorsed plans to expand our travel service even further next year, focussing first on holiday deals right here in South Australia.

We are here to serve our members; we will continue to deliver new offerings and look for innovative ways to save you money.

RAA Group has again delivered a strong financial performance, which has allowed us to reinvest in creating new services, products and opportunities to enable our members to save. This year, our Group profit stood at \$17.2 million – up \$1.2 million on last year – which is an excellent achievement in a tough economic climate. This is the result of putting our members at the heart of everything we do.

Our robust performance has also allowed us to support our community, and I am pleased that we have distributed over \$200,000 to provide vital sponsorship and support for a range of important projects across South Australia, of which you will hear much more in the pages to come.

The dedication and expertise of over 850 people at RAA does not go unnoticed and this is evident in our latest survey, with our members rating our service at 92% across the RAA Group. I would like to sincerely thank all our people for their outstanding efforts.

I would especially like to pay tribute to Ruth Robinson, who retired from the Board this year after 13 years' service. I would like to thank Ruth for her dedication, wise counsel and significant contributions, especially as a strong voice for our regional members.

Finally, I would like to warmly welcome all our new RAA members and I am delighted that our younger staff have been actively involved in helping RAA to engage with and attract younger members. Importantly, I would like to take this opportunity to thank our long-standing members for their loyalty.

We are here to serve our members; we will continue to deliver new offerings and look for innovative ways to save you money.

David Cross

President and Chairman of the Board

Message from the Group Managing Director



It's been an exciting year, with a host of major achievements.

Our insurance offering again performed strongly, paying out \$119 million in claims and issuing 67,000 new insurance policies.

We remain a major provider of road service in South Australia and have expanded our services to offer vital roadside assistance for mobility scooter breakdowns. We also launched our RAA-branded Driving Education School and delivered more than 11,000 lessons.

RAA now monitors over 25,000 home, business and personal security systems and we are leading the way in the advancement of personal security, with the launch of a mobile personal alert system and a device to protect people who work alone.

Since launching in November, RAA Finance settled over 100 personal loans worth \$1.74 million, ranging in value from \$8,000 to \$100,000.

RAA Travel Agency booked holidays for 7,000 passengers, up 14% on last year. We also sold more than 15,000 attraction tickets, up 22% on last year.

The strength of our people and the relevance of our offerings again shone through in our solid financial performance, generating a net profit after tax of \$17.2 million. This was achieved with growth in total income to \$319 million, an increase of \$32.6 million – or 11% on last year. Our net assets also now stand at \$222 million.

RAA membership reached new heights this year, with more than 655,000 RAA members.

I am particularly proud of the RAA's response to the devastating Sampson Flat bushfires in January and the outstanding efforts of our dedicated and caring staff.

As a part of the South Australian community, more than 140 of our insurance members were directly affected through damage to their properties, as the fire burnt through more than 12,500 ha.

Being a local insurer and seeing the event unfold firsthand, we understood the importance of a fast response. Our staff were at the Golden Grove and Gumeracha emergency relief centres, reassuring members and helping with claims.

RAA insurance experts worked around the clock processing claims, and emergency payments were made within 24 hours.

Over \$11 million was paid out to RAA members in bushfire claims, helping them get their lives back on track.

RAA is one of South Australia's most trusted independent voices, and our advocacy work on behalf of our members continues at a pace as we regularly campaign for improvements in fuel prices, the condition of our roads and road safety. We've also worked with state and local governments to secure funding for more roads nominated by you as the state's risky roads. Eleven member-nominated roads received funding for improvements, including the Tod Highway, Bute to Kulpara Road and the intersection of Penola and Wireless roads.

We have also actively campaigned for innovations in the transport of the future. I am pleased that we started the conversation on how we can use self-driving cars and welcomed the government's move to update the road laws to allow for self-driving cars on South Australian roads in the future. This will pave the way for more, much-needed, transport options.

Well done to everyone at RAA. We have much to look forward to in the year ahead.

Ian Stone
Group Managing Director

I am particularly proud of the RAA's response to the devastating Sampson Flat bushfires in January and the outstanding efforts of our dedicated and caring staff.

Road Service with you on the road

568,881

Road Service members

**South Australia's
largest provider of
road service**

RAA responded to over

342,066

calls for roadside assistance
in South Australia

Attended

267,635

breakdowns in the
metropolitan area

Attended

74,431

breakdowns in
country areas

94.8%

of breakdowns in the
metropolitan area
attended within an hour

the average being

32

minutes

RAA Patrols fixed
over

89%

of breakdowns at
the roadside in the
metropolitan area

Answered

529,139

calls for 24 hour Roadside
Assistance

7,514

vehicles independently inspected for our members

↑225

more inspections than last year



Members saved

\$61,665

from RAA's intervention in repair cost disputes after dispute resolution with repairers

This year, RAA introduced a new road service for mobility scooters

RAA now provides assistance for mobility scooter breakdowns at home or at the roadside

58,846

new batteries sold to drivers in South Australia

RAA responsibly recycled

32,302

members' old batteries

2,747

vehicle windows repaired by RAA Auto Glass

Insurance



RAA is South Australia's largest personal insurance brand

67,000 new insurance policies

\$119 million paid out in insurance claims for our members

Time taken to settle claims cut by **30%** members tell us they appreciate the RAA's friendly and professional service in their time of need.



Over **\$11 million**

paid out to RAA members for **Sampson Flat bushfire claims**, helping people get their lives back on track after disaster struck.

RAA responded quickly as the only insurer at the Golden Grove and Gumeracha emergency response centres. We helped to reassure members and offer friendly, face-to-face assistance with claims – with emergency payments made within 24 hours.

\$50,000

in grants provided for local South Australian safety initiatives through our Regional Safety Grants.

RAA is proud to have helped to support a range of projects including:

- Playground fencing for youth sports clubs
- Safety equipment for a group of retirees who support the community with wood working
- Funding for a campaign targeting driver distraction.



The Whyalla Road Safety Centre received new helmets, trikes and specialised bikes.

Secure Services



RAA is a leading provider of high-quality home, business and personal security services in South Australia

Protecting people in South Australia for over

20 years

RAA monitors over

25,000

home, business and personal security systems

Responded to over

119,000

alarms

Dispatched over

3,300

security patrols

And called emergency services

3,300

times on behalf of RAA members

This year, we further grew our revenue by

17%

in the provision of secure services

Leading the way in personal security systems innovation.

This year, we launched a new mobile personal alert system and a new device to protect people who work alone.

Strong links in the community

RAA has developed more new monitoring relationships with a number of retirement villages, businesses and other auto clubs.

Sponsored by the RAA



After a spate of attacks on staff, and with thieves trying to abduct animals at a RSPCA rescue centre in Adelaide, our experts installed a new hi-tech video surveillance and alarm system to keep staff and animals safe and secure.

Looking out for our community and sponsoring worthy causes needing a helping hand with security.

Travel



RAA Travel services growing

Offering RAA members exclusive member travel savings, benefits and deals.

Trusted Travel Services

Helping South Australian, national and international travellers with everything from flights and accommodation, to holiday packages, cruises, car hire, travel insurance and attraction tickets.

Trips booked for nearly **7,000** members and their families

With the number of trips booked, up **14%** on last year



15,457 domestic tours and holiday attraction tickets sold

up **22%** on last year



4 exclusive RAA-guided rail and sail trips held

with **160** members enjoying these unique experiences

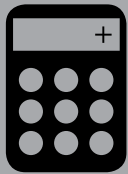
780 cruise bookings

and a rise in cruise liners coming to South Australia





Finance



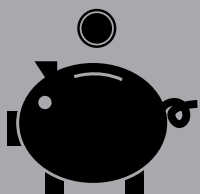
RAA Finance launched November 2014

We aim to be the **best personal lender for RAA members.**

Offering discounted interest rates, deductions on fees, a speedy service; and packaging car loans, insurance and vehicle inspections to maximise RAA member benefits.

101 personal loans settled, worth

\$1,740,000



And over **580** loan applications received



Shop



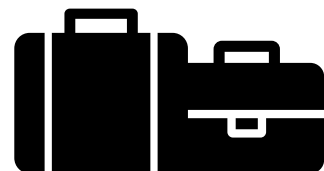
Network of

22

metropolitan and country shops across South Australia

Greater accessibility than ever before to our Shop network

Extended opening hours at Adelaide, Elizabeth, West Lakes, Marion and Colonnades shops



Luggage and travel accessories our most popular shop products

32,000

products sold, up

23%

on last year

Mobility products proving popular

738

products sold, up

11%

on last year

Advocacy, education and road safety



RAA is the **leading advocate on motoring and road safety issues in South Australia.**

Providing a strong voice for over 655,000 members.

Report A Road

Launched a new web tool for RAA members to report road concerns

Over

400



143

road concerns reported by our members

addressed by road authorities



Risky Roads Campaign

11

member-nominated roads received funding for improvements



Assessed more than

7,000 km

of South Australian highways

Recommendations made to government and road authorities on traffic, roadside hazards, rest areas, lanes, intersections, bridges and pavements.

Driving School



Launch of our RAA branded Driving Education School, following our joint venture with Allan Miller Driving School

11,495

lessons delivered, up 18% on last year



Street Smart Primary

Road safety lessons delivered to over

120

South Australian primary schools



Fair Deal on Fuel Prices

RAA fuel heat maps warn motorists of price hikes and recommend places to buy cheaper fuel.

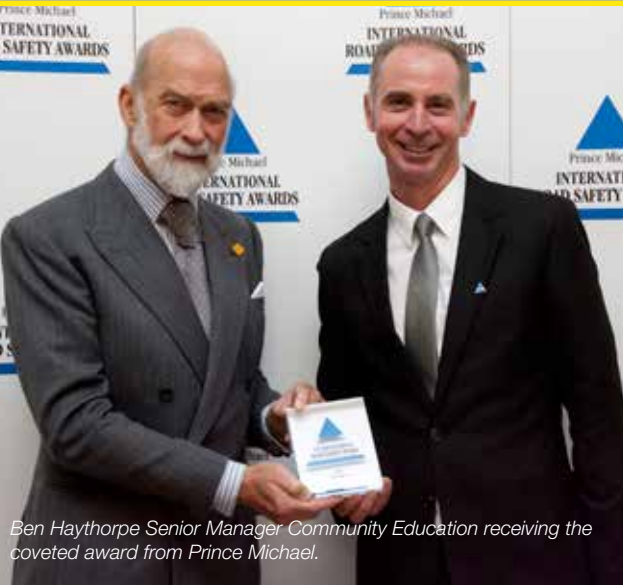
Our widely respected Regional Fuel Star Rating regularly highlights growing gaps between city and country prices.



Spotlight on travel time

Our extensive Travel Time test compared more routes and transport options than ever before.

And we had another bike win. Taking the bike is often around twice as fast as bus, train or car!



Ben Haythorpe Senior Manager Community Education receiving the coveted award from Prince Michael.

Over **90,404** free lessons for learner drivers nationally

Recognised by the 'Prince Michael International Road Safety Awards' as making an outstanding global contribution to improving road safety and saving lives. The program helps learner drivers to get more real world and on-road driving experience, before going solo.



OurCar

Launch of new RAA advice service offering members independent vehicle maintenance advice when cars are due for a service.

44,380

motorists provided with advice on vehicle maintenance.



Cars of the Future

Making self-drive cars a reality

RAA hosted a state-wide summit, paving the way for trials of self-driving cars.

RAA supports a call for trials to take place in Adelaide – putting South Australia ahead of the curve in improving transport options.



Protecting Number Plates

Over **600**

RAA members provided with free tamper-resistant number plate screws to prevent vehicle theft.

Our People



One of South Australia's largest employers

RAA people deliver a **trusted service** for members across South Australia. Exceptional service on the road, in homes, over the phone, in our shops and travel centres, or behind the scenes.

Over **850** staff in South Australia and new-look uniforms for over **600** frontline staff



RAA Services received a **92%** recognising the great service delivered by RAA employees quality satisfaction rating from our members

We promote a positive workplace health & safety culture

We achieved a **5 year** renewal for our self-insurance status



New virtual hubs for managers and employees

Packed with information and accessible at the stroke of a key



Employer of choice in South Australia
A strong brand attracting excellent people



Board of Directors

Rod Payze

James Sarah

Geoff Rohrsheim

Sharon Starick

Ray Grigg

Tony Sharley

Kathy Gramp

Peter Siebels

David Cross

Elizabeth Perry

Ian Stone

Karen Thomas

Board of Directors

David Cross – President and Chairman of the Board

BEC, CA, GAICD

Chair, Group Governance and Nominations Committee

Chair, Group Remuneration Committee

Chair, Appeals Committee

Member, Audit Committee

Member, Risk and Compliance Committee

Member, Public Policy Committee

Member, Group Investment Committee

Member, Technology and Innovation Committee

Member, Mergers and Acquisitions Committee

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

Elizabeth Perry – Vice-President

LLB, MAICD

Chair, Audit Committee

Chair, Risk and Compliance Committee

Member, Group Investment Committee

Member, Group Governance and Nominations Committee

Member, Public Policy Committee

Member, Group Remuneration Committee

Member, Appeals Committee

Elizabeth Perry became an RAA Board Member in 2009 and is Vice-President of RAA. Elizabeth is a lawyer, practising in employment and industrial relations law and has more than 30 years of experience in the legal sector. She is a Director of RAA Insurance Ltd, partner at EMA Legal and a member of Flinders University Council and various law associations.

Ian Stone – Group Managing Director

BEC, CA

Member, Group Investment Committee

Ian Stone was appointed Managing Director of RAA in August 2009 and prior to that was Chief Executive Officer from 2007. Ian has extensive senior management experience and expertise in the motor, home and health insurance industry. He is a Director of RAA Insurance Ltd and a Director of various Australian automotive associated entities.

Kathy Gramp

BA, ACC, FCA, FAICD

Member, Audit Committee

Member, Risk and Compliance Committee

Member, Mergers and Acquisitions Committee

Kathy Gramp has been on the RAA Board since 2013. Kathy's experience spans a diverse range of Australian organisations. She is Deputy Chairman of Masonic Homes Ltd and a Director of Southern Cross Media Group Ltd, Silver Chain Group Ltd, the Bushfire and Natural Hazard CRC and a member of Flinders University Council. Kathy contributes to the community through the Leaders Institute of SA and as a member of the Council of Prince Alfred College.

Ray Grigg

F SAE-I/A, FAICD, FAIM

Member, Group Investment Committee

Member, Group Remuneration Committee

Member, Appeals Committee

Ray Grigg joined the RAA Board in 2005. Ray spent 47 years with General Motors in Europe and Japan, and as Director and General Manager of Operations for General Motors-Holden Australia. He is a past President of RAA and the Automobile Association of Australia (AAA), Honorary Member of Fédération Internationale de l'Automobile (FIA), Chairman of Bedford Phoenix Inc., Patron and Business Ambassador of the Central Districts Football Club and Mayor of the Town of Walkerville.



Rod Payze

*BE, MSc, FIE Aust, FC ILT
Chair, Group Investment Committee
Member, Public Policy Committee*

Rod Payze became an RAA Board Member in 2001. Rod is a Director of Flinders Ports Holdings Pty Ltd. He is a former Commissioner of Highways who served the South Australian Government as head of the Transport Agency for a number of years.

Geoff Rohrsheim

*BE (Hons), MEngSc, AssDip (Computing), GAICD
Chair, Technology and Innovation Committee
Member, Group Governance and Nominations Committee
Member, Audit Committee
Member, Risk and Compliance Committee*

Geoff Rohrsheim became an RAA Board Member in 2011. Geoff is passionate about the IT industry and how IT can improve business performance in South Australia. Geoff is a Director of RAA Insurance Ltd, the Silver Lining IT Consulting Group, Chamonix IT Management Consulting (SA) Pty Ltd, Kloud Solutions Pty Ltd, Business SA and Nimbal Pty Ltd.

James Sarah

*BAppSc (Build), MBA, FAIB, FAICD
Member, Technology and Innovation Committee
Member, Mergers and Acquisitions Committee*

James Sarah has been an RAA Board Member since 2005. James is Joint Managing Director of the Sarah Group and a Director of Masonic Homes Ltd. He is a graduate of Harvard Business School, a Member and past President of the Australian Institute of Building and a past President of the Property Council of Australia.

Tony Sharley

*BAppSc, MSc, GAICD
Member, Public Policy Committee
Member, Group Remuneration Committee*

Tony Sharley joined the RAA Board in 2012. Tony is passionate about the tourism industry and its ability to diversify the economy of the Riverland and South Australia. Tony is a strong advocate for a healthy Murray River and former manager of the award-winning Banrock Station. As the General Manager of Destination Riverland he led the development of its Riverland Tourism Plan 2020. Tony is Chairman of the Conservation and Hunting Alliance of SA, and Director of RiverSmart Australia.

Peter Siebels

*BEC, FCA, CTA, MAICD
Member, Group Investment Committee
Member, Technology and Innovation Committee
Member, Mergers and Acquisitions Committee
Member, Audit Committee
Member, Risk and Compliance Committee*

Peter Siebels has been an RAA Board Member since 2008. Peter is a taxation and business advisory specialist and retired as KPMG's National Managing Partner, Private Enterprise in December 2014. Peter was a member of the National Board of KPMG Australia, Business SA, the State Theatre Company and the Walford Anglican School for Girls. He is Director of Emerald Valley Investments Pty Ltd, Board Member of Robert Gerard AO Athlete Development Fund, Member of the Council of St Ann's College Inc., Board Member of Meals on Wheels (SA) Inc., and Chairman of the Electricity Industry Superannuation Scheme Board.

Sharon Starick

*BAGSc, MAICD
Chair, Public Policy Committee
Member, Group Governance and Nominations Committee*

Sharon Starick joined the RAA Board in 2009. Sharon is a primary producer from the Murray Plains and is involved in rural and regional communities. She is Chair of Rural Business Support Services Inc., Animal Health Australia and Presiding Member of the SA Murray-Darling Basin Natural Resources Management Board.

Karen Thomas

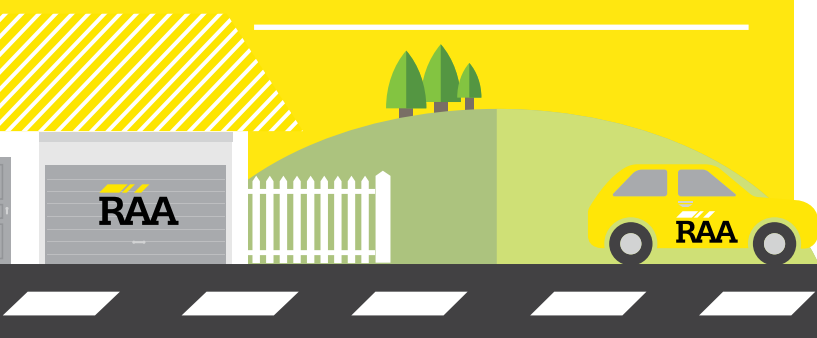
*LLB (Hons), BEC, MAICD
Chair, Mergers and Acquisitions Committee
Member, Group Remuneration Committee
Member, Group Governance and Nominations Committee*

Karen Thomas became an RAA Board Member in 2011. Karen is the Managing Partner of the law firm Fisher Jeffries. She is also the current Chair of the Helpmann Academy for Visual and Performing Arts Inc. Karen brings to the Board her skills and experience as a commercial lawyer, professional board member and private business owner.

Ruth Robinson

*RDA, RDAT, GAICD
Member, Public Policy Committee
Member, Group Governance and Nominations Committee*

Ruth Robinson joined the RAA Board in 2001 and retired from the Board in February 2015. Ruth manages a mixed farm near Jamestown, where she runs a self-replacing flock of merino sheep. She also acts as Practice Manager for Voumard Lawyers, a regional law firm servicing the northern areas of South Australia. She has participated in and led several community advocacy organisations, and is currently a member of the SA Sheep Advisory Group.





Executive Team

Malcolm Butcher
General Manager Human Resources

David McGown
Group Chief Financial Officer

Tom Griffiths
General Manager Sales and Marketing

Mike Walters
General Manager Information Services

Dominic Jacob
General Manager Automotive Services

The Executive team had authority and responsibility for planning, directing and controlling the activities of the RAA Group during the financial year.

David Russell
Chief Executive Insurance

Peter Hurcombe
General Manager Strategy and Risk

Ian Stone
Group Managing Director

Douglas Parr
General Manager Secure Services

Penny Gale
General Manager Public Affairs

Corporate Governance



Principal activities

The principal activity of the Group in the course of the financial year was the provision of motoring, insurance, travel, finance and secure services to members. The audited financial report of the Group for the financial year ended 30 June 2015 is available on RAA's website raa.com.au or by request.

Directors

The names and particulars of the Directors of the Royal Automobile Association of South Australia Inc. ('RAA') during the financial year are disclosed herein.

Directors' meetings

The table below sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director, while he/she was a Director or Committee Member.

Board Committees

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

Group Governance and Nominations Committee

Responsible for ensuring that RAA's Corporate Governance Framework practices and procedures are relevant and appropriate. The committee ensures the Board and its committees operate effectively and efficiently and is also responsible for the administration of the Board election process.

Summary of meeting attendance 2014/15

Directors	Board of Directors		Group Governance & Nominations*		Audit, Risk & Compliance**		Audit		Risk & Compliance		Group Investment		Group Remuneration		Mergers & Acquisitions		Public Policy		Technology & Innovation		Appeals	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Cross	10	10	8	8	3	2	3	3	2	2	6	5	3	3	2	1	6	6	5	5	0	
Perry	11	11	10	10	3	3	3	3	2	2	2	2	3	3			6	5			0	
Gramp	11	9			3	3	3	2	2	1					2	1						
Grigg	11	11	3	3							6	6	3	3								0
Payze	11	10					1	1			6	6					6	4				
Robinson	7	7	3	3													3	3				
Rohrsheim	11	10	10	8	3	3	3	3	2	2									5	5		
Sarah	11	10	3	3										2	2				5	4		
Sharley	10	10	5	3									3	3			3	3				
Siebels	10	10					3	3	2	2	6	6			2	2			5	5		
Starick	10	10	8	5													6	6				
Thomas	11	10	6	5									3	3	2	2						
Stone	11	9	11	9	3	3	3	3	2	2	6	5	3	3	2	2	6	6	5	5	0	

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

**Audit, Risk & Compliance Committee separated into Audit Committee and Risk & Compliance Committee on 1/1/15.

***Ian Stone attends all committee meetings as an invitee excluding the Group Investments Committee, of which he is an RAA Insurance appointed member.

Remuneration report

The Group Remuneration Committee reviews the remuneration packages of all Directors 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. The Non-Executive Directors' remuneration during the financial year appears below.

Remuneration packages are reviewed in the 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 Remuneration Committee seeks the advice of external advisers on remuneration packages that reflect the market.

Non-Executive Directors' Remuneration 2014/15

	Short-Term employment benefits	Post- employment benefits	Total
Specified Directors	\$	\$	\$
DA Cross (President)	73,024	6,937	79,961
ED Perry (Vice President)	50,197	4,769	54,966
KJ Gramp	35,101	4,873	39,974
RG Grigg	36,506	3,468	39,974
RJ Payze	13,435	29,039	42,474
RN Robinson (i)	25,266	2,534	27,800
GR Rohrsheim	17,989	24,485	42,474
JE Sarah	36,506	3,468	39,974
AJ Sharley	26,106	13,868	39,974
PR Siebels	36,506	3,468	39,974
SR Starick	38,789	3,685	42,474
KN Thomas	38,789	3,685	42,474
Total	428,214	104,279	532,493

(i) Resigned 28 February 2015.

Remuneration packages for the Managing Director and Senior Executives contain the following:

- Salary
- Benefits – including the provision of motor vehicles, fringe benefits tax and superannuation; and
- At-risk component – performance-based payment dependent on the achievement of agreed targets.

Senior Executives' Remuneration 2014–15

The aggregate compensation paid and provided for the Senior Executives during the financial year is:

	Consolidated 2015 \$	Consolidated 2014 \$
Short-term employee benefits	3,068,360	2,933,970
Long-term employee benefits	111,061	94,203
Post-employment benefits	243,860	216,013
	3,423,281	3,244,186

Statement of comprehensive income

For the year ended 30 June 2015

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Continuing operations		
Revenue - Association	108,926	102,500
Revenue - Insurance	201,514	176,616
Total Revenue	310,440	279,116
Other Income	8,809	7,235
Share of net profit of associates and joint ventures	57	330
Total income	319,306	286,681
Expenses		
Employee benefits	(69,768)	(65,545)
Payments to contractors for roadside assistance	(14,764)	(14,654)
Cost of sales	(19,948)	(16,720)
Depreciation and amortisation	(6,927)	(8,573)
Finance costs	(524)	(639)
Insurance claims expense	(119,349)	(109,225)
Outwards reinsurance premium expense	(24,554)	(14,874)
Other expenses	(41,485)	(37,522)
Total expenses	(297,319)	(267,752)
Operating profit before income tax from continuing operations	21,987	18,929
Income tax expense	(4,819)	(2,965)
Operating profit after tax from continuing operations	17,168	15,964
Net profit after tax for the period	17,168	15,964
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net fair value gain / (loss) on financial assets and derivatives	(713)	2,345
Income tax on items of other comprehensive income	209	(704)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain on defined benefit plan	125	347
Fair value adjustments relating to land and buildings	-	117
Income tax on items of other comprehensive income	(38)	(139)
Other comprehensive income for the year net of tax	(417)	1,966
Total comprehensive income for the year net of tax	16,751	17,930

Discussion and analysis of the Statement of comprehensive Income

2014–15 was another successful year for the RAA Group. The operating profit before tax increased by \$3.1m (16.2%) to \$22.0m. The total comprehensive income for the year is \$16.8m, which is comprised of operating profit after tax and other comprehensive income.

The RAA Group continued to show strong income growth of 11.4%, to \$319.3m. Insurance had a great year, contributing a \$24.9m increase in insurance revenue off the back of its highest underwriting result on record. The association revenue also increased during the year and contributed an additional \$6.4m on the prior year.

From 1 July 2014 we introduced further multi-product discounts to Road Service and Security policy holders, which provided an additional \$3.8m of member discounts, with a total of \$10.1m provided to our members during the year.

Total expenses increased by \$29.5m from \$267.8m to \$297.3m. The four major expenses of the Group comprise employee benefits, cost of sales, insurance claims expense and outwards reinsurance premium expense.

Employee benefits, which include all salaries, wages, allowances and superannuation contributions, increased by \$4.2m to \$69.8m, with \$1.2m of this increase due to the additional resources required for major project work carried out during the year. The cost of sales, of \$19.9m, increased from the prior year by \$3.2m due to the on-going success of Woolworths gift cards sold at a discount to members; this is also reflected in the increase in sales of goods.

Insurance claims of \$119.3m increased by \$10.1m as a result of the Samson Flat bushfires during the year resulting in increased claims. The outwards reinsurance premium of \$24.6m increased by \$9.7m due to a more conservative home reinsurance programme.

Statement of financial position

As at 30 June 2015

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Current assets		
Cash and cash equivalents	15,625	26,036
Trade and other receivables	85,919	71,364
Inventories	2,530	2,370
Deposits in trust account	704	430
Other current assets	1,205	1,247
Financial assets	149,865	140,854
Deferred acquisition costs	4,289	3,817
Total current assets	260,137	246,118
Non-current assets		
Trade and other receivables	1,427	1,401
Pension asset	1,324	1,276
Financial assets	2,547	45
Investments in joint ventures	3,206	-
Investments in associates	4,479	3,538
Property, plant and equipment	51,887	51,126
Intangible assets	41,740	41,255
Goodwill	58,041	58,254
Deferred tax asset	4,724	5,141
Total non-current assets	169,375	162,036
Total assets	429,512	408,154
Current liabilities		
Trade and other payables	9,833	12,925
Unearned income	116,125	114,431
Interest-bearing loans and borrowings	250	-
Deposits in trust account	704	430
Provisions	12,093	11,049
Current tax liability	2,456	2,320
Outstanding claims liability	38,644	35,871
Total current liabilities	180,105	177,026
Non-current liabilities		
Interest-bearing loans and borrowings	10,000	10,157
Provisions	1,502	1,462
Deferred tax liability	15,047	13,817
Outstanding claims liability	552	137
Total non-current liabilities	27,101	25,573
Total liabilities	207,206	202,599
Net assets	222,306	205,555
Equity		
Reserves	53,911	54,415
Total equity	222,306	205,555

Discussion and analysis of the Statement of financial position

The total equity as at 30 June 2015 is \$222.3m compared to \$205.6m at 30 June 2014, an increase of 8.1%, further enhancing the strength of the Group.

The total assets of the Group increased by \$21.4m to \$429.5m. Cash and cash-equivalent reserves were used to further invest in related parties, increase financial asset portfolios and fund project spending throughout the year.

The total liabilities of the Group increased by \$4.6m to \$207.2m. This is primarily due to small increases in unearned income, outstanding claims liability and deferred tax liability. The interest-bearing loans and borrowings balance remained stable at \$10.2m in order to fund investments and projects.

Statement of cash flows

For the year ended 30 June 2015

	Consolidated 2015 \$'000	Consolidated 2014 \$'000
Cash flows from operating activities		
Receipts from members and customers (inclusive of GST)	368,284	338,693
Payments to suppliers and employees (inclusive of GST)	(362,739)	(313,374)
Interest paid	(524)	(639)
Interest received	3,578	4,313
Rental income received	98	98
Income tax paid	(2,863)	(5,371)
Net cash from operating activities	5,834	23,720
Cash flows from investing activities		
Proceeds from sale of fixed assets and intangibles	332	521
Proceeds from the sale of investments	13,823	14,587
Distributions received	311	580
Dividends received	1,629	912
Purchase of fixed assets and intangibles	(8,839)	(15,563)
Purchase of financial assets	(14,791)	(7,887)
Investment in related parties	(4,500)	-
Net cash used in investing activities	(12,035)	(6,850)
Cash flows from financing activities		
Loans to related parties	(4,300)	(124)
Proceeds from borrowings	90	50
Repayment of finance leases	-	(7,705)
Net cash used in financing activities	(4,210)	(7,779)
Net increase / (decrease) in cash	(10,411)	9,091
Cash and cash equivalents at beginning of the year	26,036	16,945
Cash and cash equivalents at the end of the year	15,625	26,036

Discussion and analysis of the Statement of cash flows

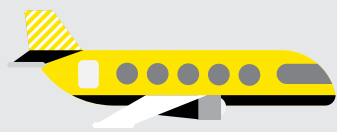
Good cash reserves and strong cash flows resulted in a cash balance at the end of the year of \$15.6m. The cash flow from the Group's operating activities was \$5.8m, with the operating inflows totalling \$372.0m, an increase on the prior year of \$28.9m. This increase is net of \$10.1m of member discounts recognised as a reduction in cash inflows. The operating outflows, which total \$366.1m; represents an increase on the prior year of \$46.7m, reflecting the increased claim payments and additional reinsurance expenses for the year.

The net cash used in investing activities was an outflow of \$12.0m during the year, due to the additional investment in related parties and purchase of investments. The net cash from financing activities was an outflow of \$4.2m as a result of loans granted to related parties.

The closing cash balance for the Group was \$15.6m, a strong position in order to meet project commitments and investments planned in 2015–16.

The full RAA Group Financial Report 2014–15 can be viewed online at raa.com.au





Mission:

Serve our members.

Strategic Intent:

Invest in providing a range of trusted services that help to keep our employees and our members safe, secure and mobile.

Shops

Regional

Berri.....	(08) 8582 2744
Broken Hill.....	(08) 8088 4999
Clare.....	(08) 8842 2575
Gawler.....	(08) 8202 8377
Kadina.....	(08) 8821 1111
Mount Barker.....	(08) 8398 2134
Mount Gambier.....	(08) 8725 4101
Murray Bridge.....	(08) 8532 1935
Naracoorte.....	(08) 8762 2247
Port Augusta.....	(08) 8642 2576
Port Lincoln.....	(08) 8682 2934
Port Pirie.....	(08) 8632 3035
Renmark.....	(08) 8586 3160
Victor Harbor.....	(08) 8552 1033
Whyalla.....	(08) 8645 8188

Metropolitan

Phone.....	(08) 8202 4600
Adelaide.....	41 Hindmarsh Square
Colonnades.....	Shop 25, Centro Colonnades
Elizabeth.....	Shop 147, Elizabeth Shopping Centre
Marion.....	Shop 2042, Westfield Marion
Mile End.....	101 Richmond Road
Modbury.....	33 Smart Road
West Lakes.....	Shop 31, Westfield West Lakes

