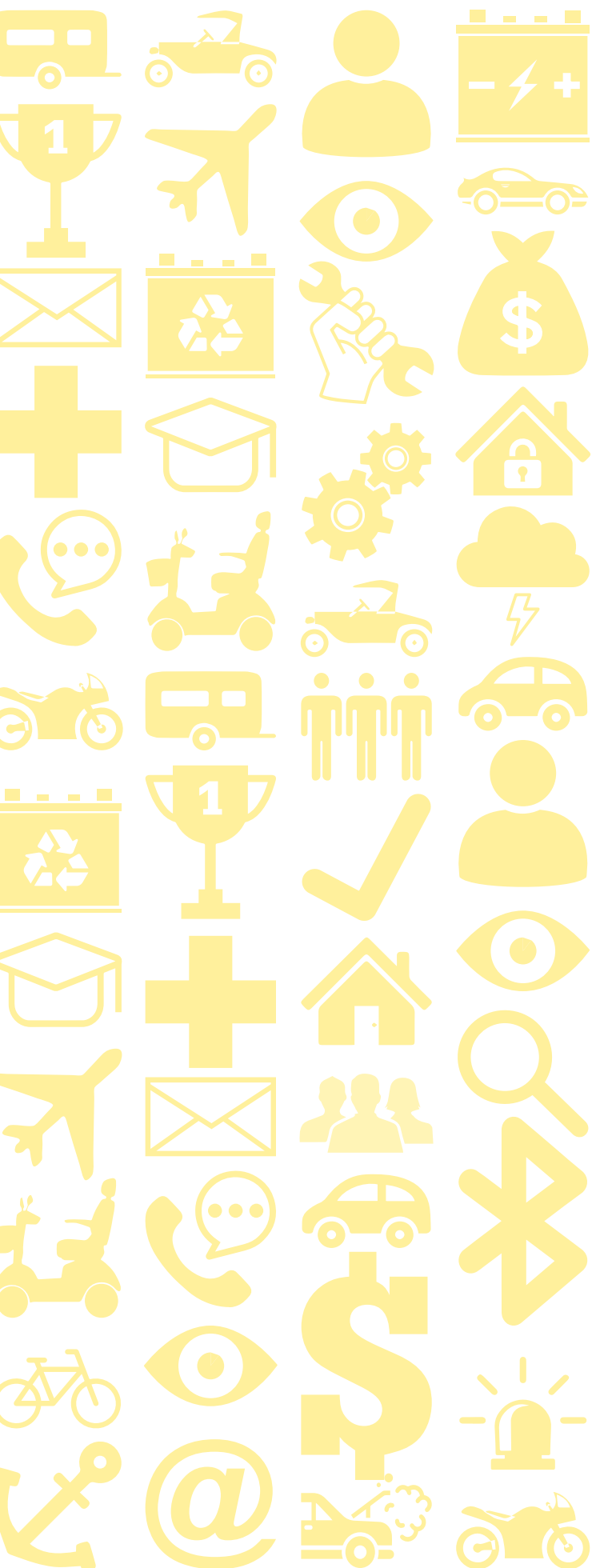


RAA Group

# Annual Report 2016–17







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# Highlights



**7,000** holidays booked  
for domestic and international travellers

Our Risky Roads  
Campaign  
received almost  
**3,000**  
nominations



Completed  
**7,560**  
vehicle  
inspections

Road safety  
education delivered  
to more than

**48,417**

South Australians  
of all ages



Processed nearly

**20,000**

insurance claims after storms battered  
the state in the second half of 2016



We responded  
to more than

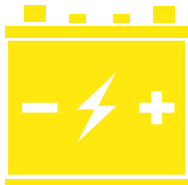
**270,000**

personal and  
security alarms



Almost  
a **quarter** of  
South Australians  
insured with RAA

Our membership  
grew almost  
**4 per cent**  
in total to  
**690,007**



Sold almost  
**60,000**  
batteries



RAA patrols attended  
**345,164 breakdowns**

Members saved  
almost  
**\$34m**

Provided more than  
**\$200,000**  
in safety grants  
and community  
sponsorship

More than **80%** of Road Service  
calls were answered within  
**30 seconds**



Answered more than  
three-quarters of  
calls to our  
Retail Contact  
Centre in fewer than  
**30 seconds**

RAA member  
satisfaction  
level rated

**94%**

**Nine out of ten**  
vehicles were  
straight back on the  
road after receiving  
roadside assistance







## Message from the President and Chairman

**'It is our core business to offer reliable service, at value for money to our members'**

RAA membership has increased by almost 4 per cent since last financial year, and now provides services to 690,000 members in South Australia. This is our highest membership number to date, and it is our greatest priority to maintain member satisfaction and trust in our services. Our satisfaction rating remains at a high 94 per cent.

It is our core business to offer reliable service, at value for money to our members. Savings and discounts are among the many benefits of membership, and we were pleased to deliver a record \$33.9 million in member savings during the year.

Improvement and innovation have continued to be key areas of focus. We worked on and trialled Trade Assist, a new service that provides reliable and experienced tradespeople for both emergency call outs and routine repairs.

Our aim is to make it easier for members to engage with us and use our products in a cost-effective manner. For an increasing number of our members, their preferred means of communication is digital. We saw an increase in members choosing to receive their renewals by email, up from 16 per cent to 30 per cent in the past financial year.

New technology continues to revolutionise the motor vehicle industry, and RAA is at the forefront of investigating its impact. The rapid advance of self-driving vehicles means it is important RAA understands and tests the suitability of this technology in a real-world environment.

RAA partnered with Flinders University and was successful in receiving a state government grant that will allow us to purchase and trial self-driving vehicles on South Australian roads – starting at Flinders University's campuses and the Flinders Medical Centre before reaching public roads.

RAA Group has again delivered a strong financial performance. Revenue grew by 43 per cent to \$464.4 million and our net assets were \$224 million, meaning we are one of the largest and most successful organisations in South Australia.

This has enabled us to continue to support our community through our Community Sponsorship Program and Annual Regional Safety Grants.

Our community support enabled transport and accommodation for regional teenagers across the state to access CanTeen's wonderful programs. We provided driving lessons and vehicle maintenance workshops to victims of domestic violence living in shelters, and shared the spirit of Christmas with disadvantaged families through the Smith Family and Salvation Army. Our support of our regional communities delivered safety fencing at schools and sporting clubs; security equipment in community buildings; first aid equipment and training; bushfire preparation; and safe driver education programs.

Finally, I would like to sincerely thank our 850 employees for the service they continue to provide our members. None of our achievements would be possible without the hard work and care they invest in serving our members.

**Elizabeth Perry**  
RAA President and Chairman of the Board



## Message from the Group Managing Director

This year, one event in particular highlighted what RAA is renowned for – dedication to serving our members.

A series of severe storms struck South Australia and Broken Hill in the first half of the financial year. The November hailstorm was the largest natural event in the history of our insurance business.

We covered members for more than \$110 million in event claims – representing more than half the total \$200 million paid out in the financial year. Special hail vehicle assessment centres were set up, assessment crews were sent to Broken Hill, and extra staff were hired to help manage the exceptionally large amount of member claims. Staff from across the business pulled together to take phone calls and get information to affected members.

Insurance policy numbers continued to grow throughout the year, with almost a quarter of South Australians now insured with RAA. We were also pleased to be recognised as the best Small–Medium Australian General Insurance Company of the Year at the 2016 Australian Insurance Industry Awards.

RAA remains the prominent provider of road service in the state, offering assistance not just for motor vehicles but also mobility scooters and bicycle breakdowns. Our patrols completed more than 345,000 road service jobs – a 3.9 per cent increase on the previous financial year. Regional breakdowns accounted for almost a quarter of all

roadside assistance jobs. More than 80 per cent of calls for help were answered within 30 seconds, and almost nine out of ten call outs resulted in our patrols getting the vehicle back on the road straight away.

Travel remains a popular component of the business, with around 8000 holiday bookings made last financial year, while travel income surged by 19 per cent and domestic holiday sales grew by 10 per cent. Travel insurance recorded a very strong increase, growing by 51 per cent, to nearly \$6.5 million in sales.

Our personal finance offering again proved popular. RAA Finance settled more than 750 personal loans to the value of \$17.48 million.

RAA now monitors almost 32,000 home, business and personal security systems and responded to more than 270,000 high-priority alarms throughout the year.

Encouraging the community to be safe on our roads is another important role for RAA. We delivered road safety education to more than 130,000 South Australians of all ages through our various education programs.

We also continued to raise issues affecting our members with all levels of government. Your nominations to our Risky Roads campaign, launched in February, helped us highlight to state and federal governments the roads most in need of upgrades. A number of these roads were marked for improvement in the latest state budget. We also campaigned for increased road maintenance funding and easily accessible real-time petrol pricing across fuel outlets to help motorists save money.

None of this is possible without the dedication and energy of our staff across the business.

**Ian Stone**  
Group Managing Director

**‘The November hailstorm was the largest natural event in the history of our insurance business’**

# Motoring



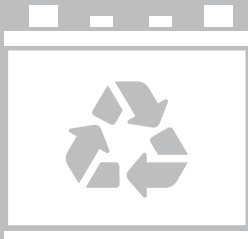
**575,501**

Road Service members

Safely recycled

**34,440**

old batteries

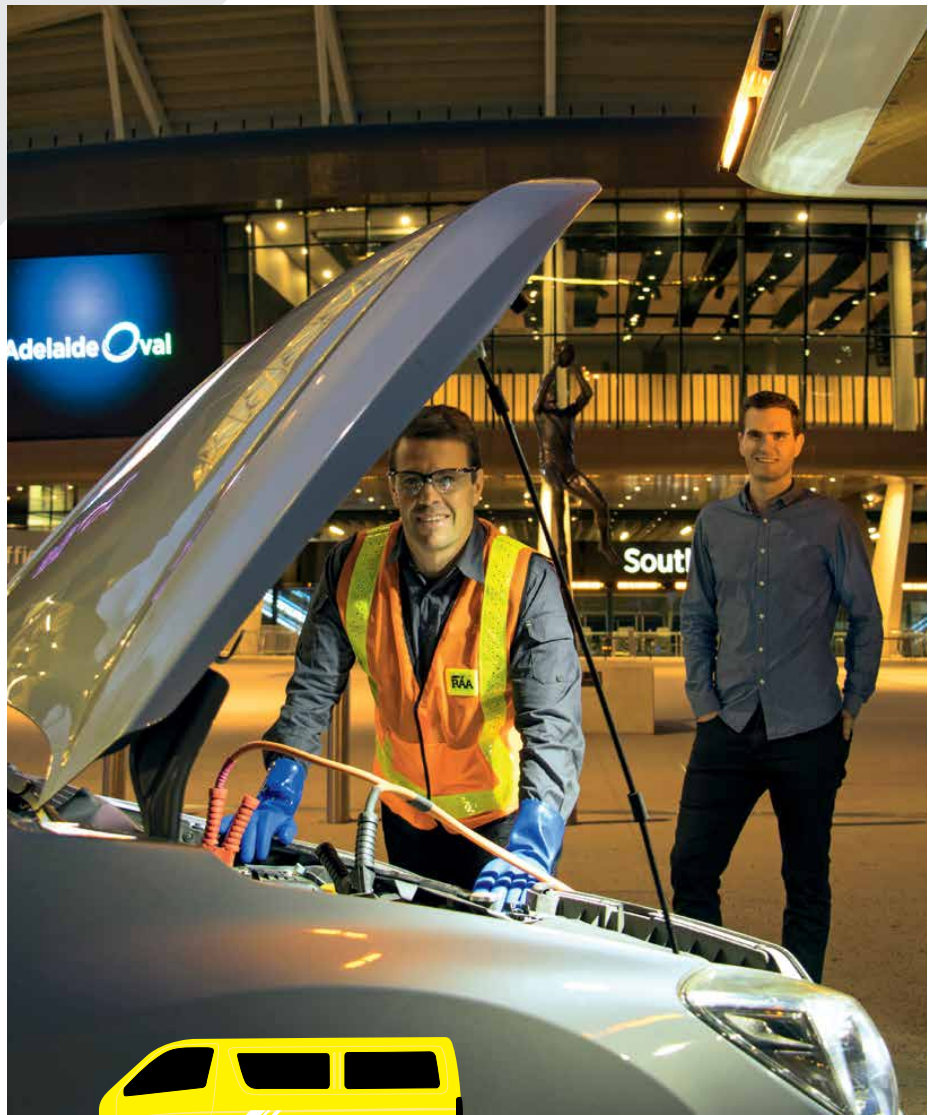


Repaired

**367**

windcreens and replaced almost

**3,200**



RAA patrols responded to almost

**13,000**

extra calls for roadside assistance

Country call-outs increased almost **5%** and city call-outs rose by **3.5%**





# Insurance

RAA is the state's **largest** personal insurance provider



Car



Home



Motorcycle



Caravan



Boat



Trailer



Vintage



Modified

November's hailstorm claims were the **largest** in RAA Insurance history



More than **\$200m** paid out in insurance claims to members

Won national industry award for Best Small to Medium General Insurer of 2016



# Secure Services



Achieved **93%** satisfaction rating among new customers



Monitored almost **32,000** customer alarms



Dispatched more than **3,700** security patrols

Approved supplier for SA personal alert government rebate scheme



# RAA Finance

Competitive personal loans to help with car purchases, renovations, holidays and other important items



More than **750** loans settled to the value of **\$17.48m**, with an average loan size of **\$23,307**.



A significant increase on the **\$13m** in total personal loans settled in 2015–16.

# Travel



Travel insurance sales have grown

**46%**

to nearly

**\$6.5 million**



Entry to Adelaide and Monarto Zoos were our most popular local attraction bookings



Holiday sales revenue grew by **19%**, while sales to domestic destinations increased by **10%**

**Bali** was the number one international holiday booking destination in October



# Advocacy, Education and Road Safety



Surveyed members on a range of issues, including cycling, motor cycles and the future of driverless vehicles



Partnered with Flinders University to test driverless car technology

Increased number of driving instructors from **25** to **34**



Driving lessons rose to **13,109**

– with new offer of free roadside assistance and insurance discounts for customers who purchase lessons in bundles of 5 and 10



Carried out a Kangaroo Island Regional Road Assessment

Provided free motoring road rules advice to members



Trialed Bluetooth technology to track traffic congestion



# Membership



Member satisfaction was **94%** up **2%** in the past two years

Membership numbers grew by more than **25,000** last financial year



Paid in excess of **\$3.3m** in extended Plus/Premium benefits

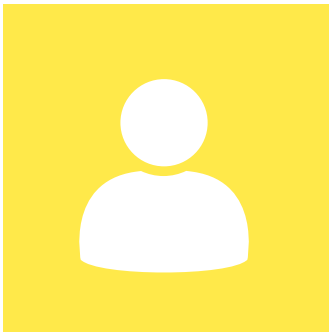
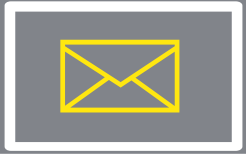


**217,908** members hold two or more RAA products



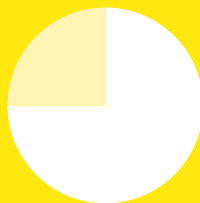


## Keeping in touch

More than **30%** of members chose to receive their renewals by email – 12 months ago the rate was 16%

Our Retail Contact Centre answered more than **596,000** calls



More than **75%** of calls were answered in fewer than **30 seconds**

## Community Support

Funded bus driver training for volunteers at Port Augusta Special School to help kids with special needs to attend community events




Provided **\$50,000** to regional communities

Supported Designated Driver programs at SA events, Foodbank and Royal Society for the Blind

# People

We are one of South Australia's largest employers



with more than **850** employees



Recognised as a Mental Health First Aid Skilled Workplace

In accordance with the requirements of the *Workplace Gender Equality Act 2012*, RAA lodged its annual compliance report with the Workplace Gender Equality Agency in May 2017.

Go to:

[raa.com.au/about-us/members-reports](http://raa.com.au/about-us/members-reports) to view a copy of the report.

Staff from across the organisation helped their **RAA Insurance** colleagues take calls from customers hit by the hailstorm in November

## Executive Team

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



### Ian Stone

Group Managing Director

### Mike Walters

General Manager Information Services

### Dominic Jacob

General Manager Automotive Services

### Belinda Vivian

General Manager People & Environment

### Tom Griffiths

Group Chief Finance Membership and Brand Officer

### Penny Gale

General Manager Engagement & Innovation

### Douglas Parr

General Manager Product, Marketing & Distribution

### David Russell

Chief Executive, Insurance

# 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 2017 is available on RAA's website [raa.com.au](http://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, Nominations and Remuneration Committee

Responsible for ensuring that RAA's Corporate Governance Framework practices and procedures are relevant and appropriate. The Committee ensures that the Board and its Committees operate effectively and efficiently, reviews the remuneration of Non-Executive Directors, the Managing Director and Senior Executives, and is responsible for the administration of 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.

### Risk and Compliance Committee

Responsible for overseeing the coordination of RAA's risk and compliance management.

### Group Investment Committee

Reviews the investments of the Group in line with the Investment Policy set and agreed by the Board.

### Mergers and Acquisitions Committee

Provides advice to the Board on development opportunities regarding current businesses or new areas of interest.

### Public Policy Committee

Assists the Board in reviewing RAA public policies and ensuring that they are relevant and appropriate.

### Technology and Innovation Committee

Reviews the significant information technology projects undertaken by RAA.

### Appeals Committee

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

## Summary of Meeting Attendance 2016/17

Directors	Board of Directors		Group Governance Nominations and Remuneration <sup>++</sup>		Audit		Risk and Compliance		Group Investment		Mergers and Acquisitions		Public Policy		Technology and Innovation		Appeals	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Perry	10	10	11	11	7	7	5	5	5	5			2	2	1	1	0	
Angove	10	10											2	2	3	3		
Cross	10	10	6	4	7	6	5	5	5	5	1	1			2	2		
Gramp	10	10	4	4	7	7	5	4			1	1			1	1	0	
Grigg	10	10	9	9					5	5							0	
McDowell	10	8	3		3				5	4					1	0		
Rohrsheim	10	9	2	1	7	7	5	5							3	3		
Sarah	10	10									1	1			2	2		
Sharley	9	9	5	5									2	2				
Siebels	10	10			7	6			5	5	1	1			2	2		
Starick	8	8	8	8									2	2				
Thomas	9	9	6	6	5						1	1						
Stone	10	10	11	11	7	6	5	5	5	5	1	1	2	2	3	3	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.

+The Group Governance & Nominations Committee and Group Remuneration Committee merged on 26 April 2017 to form the Group Governance, Nominations & Remuneration Committee. The Mergers & Acquisitions, the Public Policy Committee and the Technology & Innovation Committees ceased on 26 April 2017.

# Board of Directors



*Standing from left to right*

---

Jim McDowell

---

Geoff Rohrsheim

---

Victoria Angove

---

Tony Sharley

---

Sharon Starick

---

James Sarah

---

Kathy Gramp

---

Ray Grigg

---

Karen Thomas

*Seated from left to right*

---

Peter Siebels

---

Ian Stone

---

Elizabeth Perry

---

David Cross



## Elizabeth Perry

President & Chairman of the Board

**LLB, FAICD**

Elizabeth Perry joined the RAA Board in March 2009 and is President of the Association. Elizabeth is a Partner with EMA Legal, specialising in employment and industrial relations. She is the Chairman of RAA Insurance Ltd, Director of Ritoso Pty Ltd, Ankara Pty Ltd, Deputy Chancellor of the Flinders University Council, and a member of various law associations.

## Peter Siebels

**BEC, FCA, CTA, GAICD**

Peter Siebels joined the RAA Board in 2008 and is Vice President of the Association. He is a professional Director and Advisor with KPMG. He is currently Principal of 4D Advisory, a Director of RAA Insurance Ltd, Fox Creek Wines Pty Ltd, the Electricity Industry Superannuation Scheme and ECH Inc. Peter is also a Council member of the University of Adelaide.

## Ian Stone

Group Managing Director

**BEC, FCA**

Ian Stone was appointed Managing Director in August 2009 and formerly Chief Executive Officer, from August 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 various Australian automotive associated entities.

## Victoria Angove

**BCom, GAICD**

Victoria Angove joined the RAA Board in 2015. She is joint Managing Director of Angove's Pty Ltd, specialising in sales and marketing, export and public relations. She is a Director of the Independent Winemakers Group and the Winemakers Federation of Australia.

## David Cross

**BEC, CA, GAICD**

David Cross joined the RAA Board in 2007. He is the past President of RAA, and past Chairman of RAA Insurance Ltd. David is the Director of Operations (Asia Pacific) for Specsavers, and is a non-executive director of a number of businesses in the Asia Pacific region.

## Kathy Gramp

**BAcc, FCA, FAICD**

Kathy Gramp joined the RAA Board in 2013. She is Deputy Chairman of Masonic Homes Ltd, Director of the Silver Chain Group, Codan Ltd, the Australian Institute of Company Directors, and the Bushfire & Natural Hazards CRC. Kathy is also a member of the Prince Alfred College Council and Flinders University Council.

## Ray Grigg

**F SAE-I/A, FAICD**

Ray Grigg joined the RAA Board in 2005. Ray spent 47 years with General Motors across Europe, Asia and Australia. He is past President of RAA and the Automotive Association of Australia (AAA) and past Chairman of RAA Insurance Ltd. He is an Honorary Vice President of Federation Internationale de l'Automotive (FIA) and Chairman of Bedford Phoenix Inc.

## Jim McDowell

**LLB (Hons)**

Jim McDowell joined the RAA Board in 2016. Jim is Chancellor of the University of South Australia and Chair of the Australian Nuclear Science & Technology Organisation, Total Construction Pty Ltd and the Defence CRC for Trusted Autonomous Systems. He is also a Director of Codan Ltd, Austal Ltd, Adelaide Football Club Ltd and the Australian Strategic Policy Institute. Jim is the former Chief Executive Officer of BAE Systems Middle East, Asia and Australia and a Governor of St Peter's College Council of Governors.

## Geoff Rohrsheim

**BE (Hons), MEngSc, Ass Dip (Computing), GAICD**

Geoff Rohrsheim joined the RAA Board in 2011. He is a Director of RAA Insurance Ltd, Chamonix IT Management Consulting Pty Ltd, Business SA, Cevo Pty Ltd, Hatch Creations Pty Ltd and Expose Pty Ltd. Geoff is also a Member of the Rivergum Homes Group Strategic Advisory Board.

## James Sarah

**BAppSc (Build), MBA, FAIB, FAICD**

James Sarah joined the RAA Board in 2005. He is joint Managing Director of the Sarah Group specialising in construction and housing, and a Director of Masonic Homes Ltd. James is past President of the Property Council and Institute of Building.

## Tony Sharley

**BAppSc, MAppSc, GAICD**

Tony Sharley joined the RAA Board in 2012. He is the Managing Director of Luxury River Trails Pty Ltd. Tony is a Committee Member of Nature Foundation SA and Director of Country Arts SA and RiverSmart Australia.

## Sharon Starick

**BAGSc, GAICD**

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 and the SA Murray-Darling Basin NRM Board, and Director of Animal Health Australia, Unity College and Livestock Biosecurity Network.

## Karen Thomas

**LLB (Hons), BEc**

Karen Thomas joined the RAA Board in 2011. Karen is the Managing Partner of law firm Fisher Jeffries. Karen brings to the Board her skills and experience as a commercial lawyer, professional board member and private business owner. Karen is a Director of Fiscal Pty Ltd, Kapitel Pty Ltd and the Helpmann Academy Inc.

# Remuneration Report

## Non-Executive Directors' remuneration 2016–17

The Group Governance, Nominations and Remuneration Committee reviews the remuneration packages of all Non-Executive Directors, the Managing Director 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.

	Short-term benefits	Post employment benefits	
	Salary/Fees	Superannuation	Total
Specified Directors	\$	\$	\$
ED Perry (President)	55,859	17,497	73,356
PR Siebels (Vice President)	47,611	4,523	52,134
VM Angove	38,344	3,643	41,987
DA Cross	54,195	5,153	59,348
KJ Gramp	38,344	3,643	41,987
RG Grigg	38,344	3,643	41,987
J McDowell	38,344	3,643	41,987
GR Rohrsheim	19,827	24,660	44,487
JE Sarah	38,344	3,643	41,987
AJ Sharley	27,944	14,043	41,987
SF Starick	40,627	3,860	44,487
KN Thomas	40,627	3,860	44,487
<b>Total</b>	<b>478,410</b>	<b>91,811</b>	<b>570,221</b>

## Executive Team

Remuneration packages for Senior Executives 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 Group Governance, Nominations and Remuneration Committee seeks the advice of external advisers on remuneration packages that reflect the market.

Remuneration packages for the Managing Director and Senior Executives contain salary, superannuation, non-cash benefits and at-risk components, based on achievement of agreed targets.

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

	Consolidated 2017 \$	Consolidated 2016 \$
Short-term employee benefits	3,055,643	3,344,324
Long-term employee benefits	89,206	94,896
Post-employment benefits	257,380	277,240
	<b>3,402,229</b>	<b>3,716,460</b>

# Statement of Profit or Loss

For the year ended 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Continuing operations</b>		
<b>Revenue</b>	<b>464,411</b>	323,991
Other income	4,937	5,457
Share of net profit/(loss) of associates and joint ventures	(414)	(41)
<b>Total income</b>	<b>468,934</b>	329,407
<b>Expenses</b>		
Employee benefits	(75,457)	(72,502)
Payments to contractors for roadside assistance	(16,464)	(15,990)
Cost of sales	(21,209)	(20,446)
Depreciation and amortisation	(7,854)	(7,424)
Finance costs	(315)	(341)
Insurance claims expense	(273,694)	(137,945)
Outwards reinsurance premium expense	(34,102)	(26,899)
Other expenses	(43,531)	(42,289)
<b>Total expenses</b>	<b>(472,626)</b>	(323,836)
<b>Operating profit before income tax from continuing operations</b>	<b>(3,692)</b>	5,571
Income tax benefit/(expense)	1,373	(40)
<b>Profit/(loss) after tax for the year</b>	<b>(2,319)</b>	5,531

## Discussion and analysis of the Statement of Profit or Loss

Gross Written Premium exceeding \$200m was a significant growth milestone, up by \$32m (17%) with Road Service policies increasing by 0.5% from the previous year, both of which had a positive impact on growth in Group revenue. In addition, within this overall result a total \$15m of discounts were given back to members via both Insurance and the Association.

2016–17 was a challenging year, with the RAA Group making a loss of \$2.3m. This was primarily the result of RAA Insurance experiencing the largest weather event in its history. This, along with several other severe events throughout the year, resulted in a significantly unfavourable claims result, with reinsurance recoveries not meeting the full claims expense.

Specifically, the weather events during the year resulted in Insurance Claims Expense increasing by \$136m (98%) from the prior year. This was partially offset by an increase in Insurance premium revenue (net of reinsurance premium expense) of \$15m (10%) and an increase in reinsurance and other recoveries revenue of \$116m (306%).

# Statement of Comprehensive Income

For the year ended 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Profit/(loss) after tax for the year</b>	<b>(2,319)</b>	5,531
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net fair value gain/(loss) on financial assets and derivatives	980	(663)
Income tax on items of other comprehensive income	(294)	199
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>	<b>686</b>	(464)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain/(loss) on defined benefit plan	246	(104)
Fair value adjustments relating to land and buildings	(3,231)	-
Income tax on items of other comprehensive income	896	31
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>	<b>(2,089)</b>	(73)
<b>Other comprehensive income/(expense) for the year net of tax</b>	<b>(1,403)</b>	(537)
<b>Total comprehensive income for the year net of tax</b>	<b>(3,722)</b>	4,994

## Discussion and analysis of the Statement of Comprehensive Income

This year saw a downward revaluation of the RAA Group's property portfolio in line with an independent valuation performed at 30 June 2017, with the revaluation recognised directly through equity.

# Statement of Financial Position

## As at 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Current assets</b>		
Cash and cash equivalents	18,913	19,789
Trade and other receivables	176,211	96,873
Inventories	2,375	2,530
Deposits in trust account	1,042	807
Other current assets	3,089	1,499
Financial assets	144,412	154,455
Deferred acquisition costs	5,094	4,876
<b>Total current assets</b>	<b>351,136</b>	280,829
<b>Non-current assets</b>		
Trade and other receivables	2,130	1,865
Pension asset	1,252	1,122
Financial assets	11,529	6,934
Investments in joint ventures	2,832	2,971
Investments in associates	3,913	4,228
Property, plant and equipment	54,522	53,094
Intangible assets	37,059	39,978
Goodwill	61,199	61,199
Deferred tax asset	8,261	7,430
<b>Total non-current assets</b>	<b>182,697</b>	178,821
<b>Total assets</b>	<b>533,833</b>	459,650
<b>Current liabilities</b>		
Trade and other payables	17,660	16,581
Unearned income	145,957	126,021
Deposits in trust account	1,042	807
Provisions	13,204	12,465
Current tax liability	(1,082)	(558)
Outstanding claims liability	102,586	45,716
<b>Total current liabilities</b>	<b>279,367</b>	201,032
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	10,000	10,000
Provisions	1,993	1,860
Deferred tax liability	17,544	18,519
Outstanding claims liability	1,351	939
<b>Total non-current liabilities</b>	<b>30,888</b>	31,318
<b>Total liabilities</b>	<b>310,255</b>	232,350
<b>Net assets</b>	<b>223,578</b>	227,300
<b>Equity</b>		
Retained earnings	171,707	173,853
Reserves	51,871	53,447
<b>Total equity</b>	<b>223,578</b>	227,300

## Discussion and analysis of the Statement of Financial Position

Net assets for the year totalled \$224m, down \$3.7m on prior year due to the current year loss and the downward revaluation of the property portfolio, reflected in the Asset Revaluation Reserve.

Total assets of \$534m increased \$74m (16%) from 2016 predominantly due to a \$62m increase in Reinsurance and other recoveries receivable at 30 June 2017 and a \$17.6m increase in net Trade Receivables, reflecting growth and take-up of direct debit arrangements. This was partially offset by a \$10m reduction in the investment portfolio, which was drawn down to assist in funding business operations and projects.

Total liabilities increased \$78m (34%) from 2016 as a result of an increase in Outstanding claims liability at 30 June 2017.



# Statement of Cash Flows

For the year ended 30 June 2017

	Consolidated 2017 \$'000	Consolidated 2016 \$'000
<b>Cash flows from operating activities</b>		
Receipts from members and customers (inclusive of GST)	444,615	353,259
Payments to suppliers and employees (inclusive of GST)	(446,999)	(334,083)
Interest paid	(315)	(341)
Interest received	315	544
Rental income received	51	55
Income tax paid	(355)	(5,216)
<b>Net cash from/(used in) operating activities</b>	<b>(2,688)</b>	<b>14,218</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets and intangibles	653	615
Proceeds from the sale of financial assets	22,944	11,154
Distributions received	5,486	5,926
Dividends received	-	409
Purchase of fixed assets and intangibles	(10,511)	(7,097)
Purchase of financial assets	(11,700)	(17,416)
Investment in related parties	-	-
<b>Net cash from/(used in) investing activities</b>	<b>6,872</b>	<b>(6,409)</b>
<b>Cash flows from financing activities</b>		
Loans to related parties	(5,060)	(3,395)
Proceeds from borrowings	-	-
Repayment of borrowings	-	(250)
<b>Net cash used in financing activities</b>	<b>(5,060)</b>	<b>(3,645)</b>
<b>Net increase/(decrease) in cash</b>	<b>(876)</b>	<b>4,164</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>19,789</b>	<b>15,625</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18,913</b>	<b>19,789</b>

## Discussion and analysis of the Statement of Cash Flows

RAA Group cash position at 30 June 2017 was \$18.9m. The cash balances remained stable, with the use of investment portfolio funds to meet operational and project cash flow needs.

Purchase of fixed assets and intangibles increased due to the Group's focus on upgrading and improving our digital presence. Loans were granted to related parties to fund our new Roadside Assistance System.

Severe weather events through the year saw an additional \$100m paid for claims and outward reinsurance. This was funded by increased insurance premiums of \$31.1m and reinsurance recoveries of \$58.4m. The shortfall was met by savings in income tax and proceeds from the investment portfolio.

The full RAA Group Financial Report 2016–17 can be viewed online at [raa.com.au](http://raa.com.au)

# Mission

To serve our members

# Strategic Intent

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







# Shops

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## 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

## Regional

Berri..... (08) 8582 2744  
Broken Hill ..... (08) 8088 4999  
Clare..... (08) 8842 2575  
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  
Renmark..... (08) 8586 3160  
Victor Harbor ..... (08) 8552 1033  
Whyalla..... (08) 8645 8188

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