RAA Group

Annual Report 2016–17

raa.com.au

We do a lot more than you might think …

Contents

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

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

We responded
to more than
270,000
personal and
security alarms

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

Sold almost
60,000
batteries

RAA patrols attended
345,164 breakdowns

Members saved almost
$34m

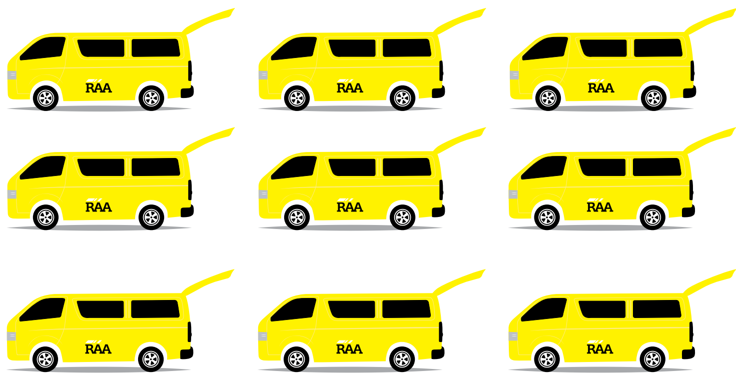
Provided more than
$200,000
in safety grants and community sponsorship

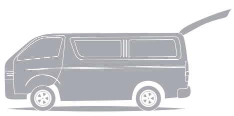
More than **80%** of Road Service calls were answered within **30 seconds**

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

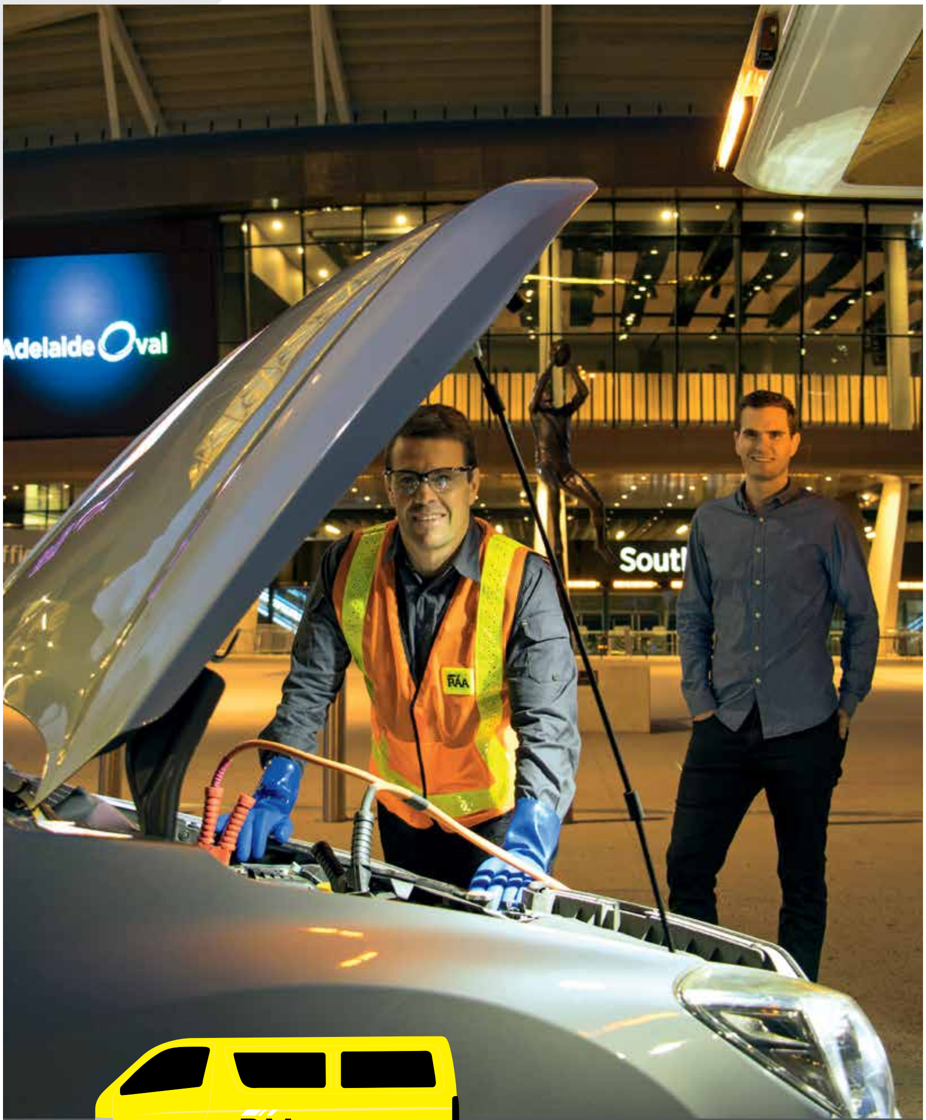
old batteries

Repaired

367

windscreens 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

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

Approved supplier for SA personal alert government rebate scheme

Monitored almost
32,000
customer alarms

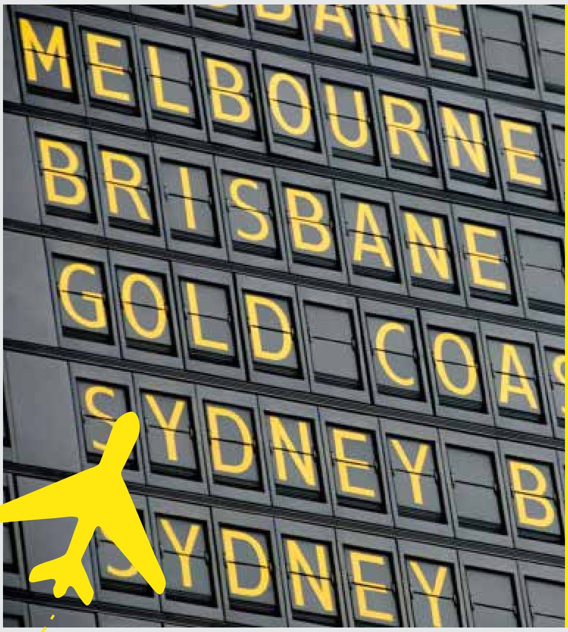
RAA Finance

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

Trialled 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 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

Belinda Vivian
General Manager People & Environment

Douglas Parr
General Manager Product, Marketing & Distribution

Mike Walters
General Manager Information Services

Tom Griffiths
Group Chief Finance Membership and Brand Officer

David Russell
Chief Executive, Insurance

Dominic Jacob
General Manager Automotive Services

Penny Gale
General Manager Engagement & Innovation

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 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*+		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 Ritosa 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
SR Starick	40,627	3,860	44,487
KN Thomas	40,627	3,860	44,487
Total	**478,410**	**91,811**	**570,221**

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
	3,402,229	3,716,460

Statement of Profit or Loss

For the year ended 30 June 2017	Consolidated 2017 $'000	Consolidated 2016 $'000
Continuing operations		
Revenue	**464,411**	323,991
Other income	**4,937**	5,457
Share of net profit/(loss) of associates and joint ventures	**(414)**	(41)
Total income	**468,934**	329,407
Expenses		
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)
Total expenses	**(472, 626)**	(323,836)
Operating profit before income tax from continuing operations	**(3,692)**	5,571
Income tax benefit/(expense)	**1,373**	(40)
Profit/(loss) after tax for the year	**(2,319)**	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
Profit/(loss) after tax for the year	**(2,319)**	5,531
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net fair value gain/(loss) on financial assets and derivatives	**980**	(663)
Income tax on items of other comprehensive income	**(294)**	199
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**686**	(464)
Items that will not be reclassified subsequently to profit or loss		
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
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(2,089)**	(73)
Other comprehensive income/(expense) for the year net of tax	**(1,403)**	(537)
Total comprehensive income for the year net of tax	**(3,722)**	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
Current assets		
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
Total current assets	**351,136**	280,829
Non-current assets		
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
Total non-current assets	**182,697**	178,821
Total assets	**533,833**	459,650
Current liabilities		
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
Total current liabilities	**279,367**	201,032
Non-current liabilities		
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
Total non-current liabilities	**30,888**	31,318
Total liabilities	**310,255**	232,350
Net assets	**223,578**	227,300
Equity		
Retained earnings	**171,707**	173,853
Reserves	**51,871**	53,447
Total equity	**223,578**	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
Cash flows from operating activities		
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)
Net cash from/(used in) operating activities	**(2,688)**	14,218
Cash flows from investing activities		
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	**-**	-
Net cash from/(used in) investing activities	**6,872**	(6,409)
Cash flows from financing activities		
Loans to related parties	**(5,060)**	(3,395)
Proceeds from borrowings	**-**	-
Repayment of borrowings	**-**	(250)
Net cash used in financing activities	**(5,060)**	(3,645)
Net increase/(decrease) in cash	**(876)**	4,164
Cash and cash equivalents at beginning of the year	**19,789**	15,625
Cash and cash equivalents at the end of the year	**18,913**	19,789

The full RAA Group Financial Report 2016–17 can be viewed online at raa.com.au

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.

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


RAA

Shops

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

RAA

Royal Automobile Association of South Australia Inc
ABN 90 020 001 807