# ANNUAL REPORT 2019–20

# Our Manifesto

**PURPOSE** We support the lives of Tasmanians

**VISION** By 2030, we will have a valued relationship with every Tasmanian

**WE BELIEVE**

In the collective power of our members

In supporting our communities

That diverse and inclusive communities are strong communities

In the power of human empathy

That trustworthiness and integrity have never been more important

In putting members at the centre of our decisions and actions

That engaged, energised, empowered and passionate staff will help us achieve our Vision

That courage, innovation and continuous improvement are a recipe for success

In taking the long view to drive strategic, financial and environmental sustainability

We want to be different.
We want to be bravely different.
We want to be extraordinary.


RACT

# Contents

# Delivering for our members

## CORPORATE

- **No.1 brand**
  in Tasmania
- **252**
  new employees inducted
- **23.8%**
  decrease in workplace incidents across the RACT Group
- **13.7%**
  decrease in injury and illness rates across the RACT Group
- **179,793**
  calls through our Call Centre
- **78.2%**
  Net Promoter Score (NPS)
- **200,000**
  members reached February 2020

## MOTORING

- **13,666**
  new roadside members
- **11,534**
  batteries sold
- Average of
  **184**
  roadside callouts a day
- **15,074**
  driver training lessons
- **911**
  L2 driver training assessments
- **898**
  P1 driver training assessments
- **1,756**
  child restraint fittings
- More than
  **90%**
  of vehicles were mobilised on the roadside
- **101,187**
  members used the United fuel discount, saving $3.28 million

## INSURANCE

- More than
  **124,000**
  Tasmanians covered by RACT Insurance
- Average of
  **1,815**
  claims finalised per month
- **$50m**
  paid in claims
- **Winner**
  Roy Morgan General Insurer of the Year for five years running
- **Winner**
  ANZIIF Small to Medium General Insurance Company of the Year


## TOURISM

- Members stayed **8,915** nights at Destinations properties
- **25,049** people experienced Gordon River Cruises
- **51,875** rooms sold across all three properties
- Launched **The Pillinger Explorer** in Strahan
- Launched **Elements Café** at Cradle Mountain

## COMMUNITY

- **288** older drivers engaged in community programs
- Nearly **600** Grade 3 and 4 students participated in RoadSafe
- Over **400** high school and college students participated in safe driving activities
- **12** organisations supported through the staff volunteer program
- **42** community sponsorship donations made
- **21** community groups supported through our Community Fund
- **85** additional community groups received COVID-19 Community Support Fund grants

## ADVOCACY

- First demonstration of **driverless technology**
- **Winner** Planning Institute of Tasmania award for 30-year Greater Hobart Mobility Vision

# President's report

**This financial year commenced with much anticipation and conscious intention, with the appointment of a new Group CEO and a repositioning of our strategic direction centred on delivering our members' needs into the future. As was the case for our members and within our communities both local and global, the COVID-19 pandemic changed our way of life, creating a temporary pause to focus on what matters most.**

Acknowledging the social and physical challenges, I was impressed with our organisational resilience and the flexibility and commitment shown by our employees who adapted with alternate ways to deliver exceptional service to our members in times of need. Despite the coronavirus, we continued to progress our strategic pathways to explore mobility futures, member rewards and services and advocacy for safer and sustainable communities including roads, drivers and modes of transport.

I share with you some highlights from the 2019-20 year:

## Member value

RACT continues to be valued by our members and the wider Tasmanian community. Our brand remains number one in Tasmania, and our insurance services have been named the Roy Morgan General Insurer of the Year for the fifth consecutive year. It was also pleasing to welcome our 200,000th member, Elisa Robinson, to the RACT family earlier this year.

As a member organisation, it is important that we not only gain members, but that we reinvest back into valuable programs. This year, over 50% of our members used our member benefits program, with the most popular benefit being our fuel discount at United Petroleum.

We also introduced over 100 new partners through our Better Together program. The program is designed to help Tasmanian businesses impacted by COVID-19. We also brought on two key partners – 1st Energy and HCF – who will provide everyday discounts on household expenses across home energy and health insurance, something our members have told us is important to them. Overall, our members saved $5.71m across the member rewards program.

## Advocating change

In collaboration with the Tasmanian Government and City of Hobart, we facilitated Tasmania's first autonomous vehicle trial. The NAVYA driverless shuttle bus was experienced by hundreds of RACT members, community groups, school children and key stakeholders over the course of a week at Lower Sandy Bay with many excited and impressed to see this emerging technology in action. The learnings, questions and conversations arising from the trial will shape the development of accessible, safe and environmentally friendly transport and mobility options for all Tasmanians into the future.

We commenced planning for a long-term mobility vision for the Greater Launceston region to deliver sustainable mobility solutions across public and active transport, urban planning, infrastructure, emerging technology and social cohesion in the state's northern hub.

We also recognised the importance of keeping the Tasmanian economy strong, and through the pandemic, we lobbied the Government to fast-track five key priorities that will improve the mobility of Tasmanians, while also providing much needed economic stimulus within the state. We were pleased to see the Government commit to all five priorities, which were upgrades to the Hobart Airport interchange, a ferry service on the River Derwent, a park and ride at Huntingfield, improvements on the West Tamar Highway and Bass Highway improvements at Boat Harbour.

We continued the pressure in advocating for lower petrol prices on behalf of our members and the broader Tasmanian community and after significant lobbying for real-time fuel price reporting, we were pleased to see the State Government commit to introducing the scheme in Tasmania. This is a positive step towards creating competitive tension and transparency amongst fuel retailers in the expectation of lowering petrol prices.

## Our community

We maintained strong community engagement through our education programs with 1,500 Tasmanians learning the importance of road safety. Despite the COVID-19 restrictions, we found new ways to engage with our members and the community with our online Learning Centre, a platform featuring educational material for primary and high school students, senior groups and families.

Our Community Fund provides a helping hand to those community organisations making a positive difference in their local area and this year we assisted 21 community organisations. We also assisted Meals on Wheels to deliver much needed services throughout the COVID-19 lockdown period.

## Our organisation

The impact of COVID-19 on this year's financial results is mainly reflected in the decline of revenues by 4.8%, with particular impact across our tourism portfolio. Importantly, the business was in a sound financial position prior to the pandemic, underpinning our ability to absorb adverse economic conditions and respond quickly with a fiscally responsible approach moving forward.

Notwithstanding the economic challenges presented during the financial year the Club achieved a profit after tax of $2.8m.

Capital investments of $3.3m included a refurbishment of the Launceston branch and investment in IT and digital improvements.

This year saw the culmination of the Board's review of the Club's membership structure, designed to recognise and value the broader relationships we have with our members beyond the traditional roadside assistance membership. To allow the implementation of the changes as well as further modernise and streamline the Club's governance practices we have reviewed the Club's Constitution and members will be asked to consider the adoption of a new Constitution at the Club's AGM in November 2020.

The COVID-19 pandemic has impacted all aspects of the organisation, including Board processes with Board and Committee meetings being held virtually and the unfortunate deferral of this year's cherished 50-year member events around the state. This year's AGM will be held virtually and we hope that this change will broaden attendance and level of engagement of our members in the key annual governance meeting of the Club.

At a ceremony where all seven living Honorary Life Members were invitees, the Club unveiled its RACT House Honours Monolith to acknowledge the 21 members who have received honorary life membership over our near 100-year history.

In addition we welcomed current Director, and former President of both the Club and the Australian Automobile Association, Peter Joyce, as our latest Honorary Life Member. Peter will step down from the Board after this year's AGM in line with our recent changes to the Constitution requiring staged movement towards the re-constitution of the Board as nine member-elected directors.

The launch of our Diversity and Inclusion Policy has further reinforced our commitment to building a diverse, inclusive and engaged workplace and community. Furthermore, the safety and wellbeing of our staff across the organisation remains our top priority. In light of COVID-19, we introduced a range of resources, policies and modules to help our staff build resilience, as well as prioritise and care for their mental health.

## Major projects

In August 2019 we launched our refurbished Launceston branch. The branch, which first opened in 1973, was given a major makeover, with the assistance of Tasmanian firm Invision Developments.

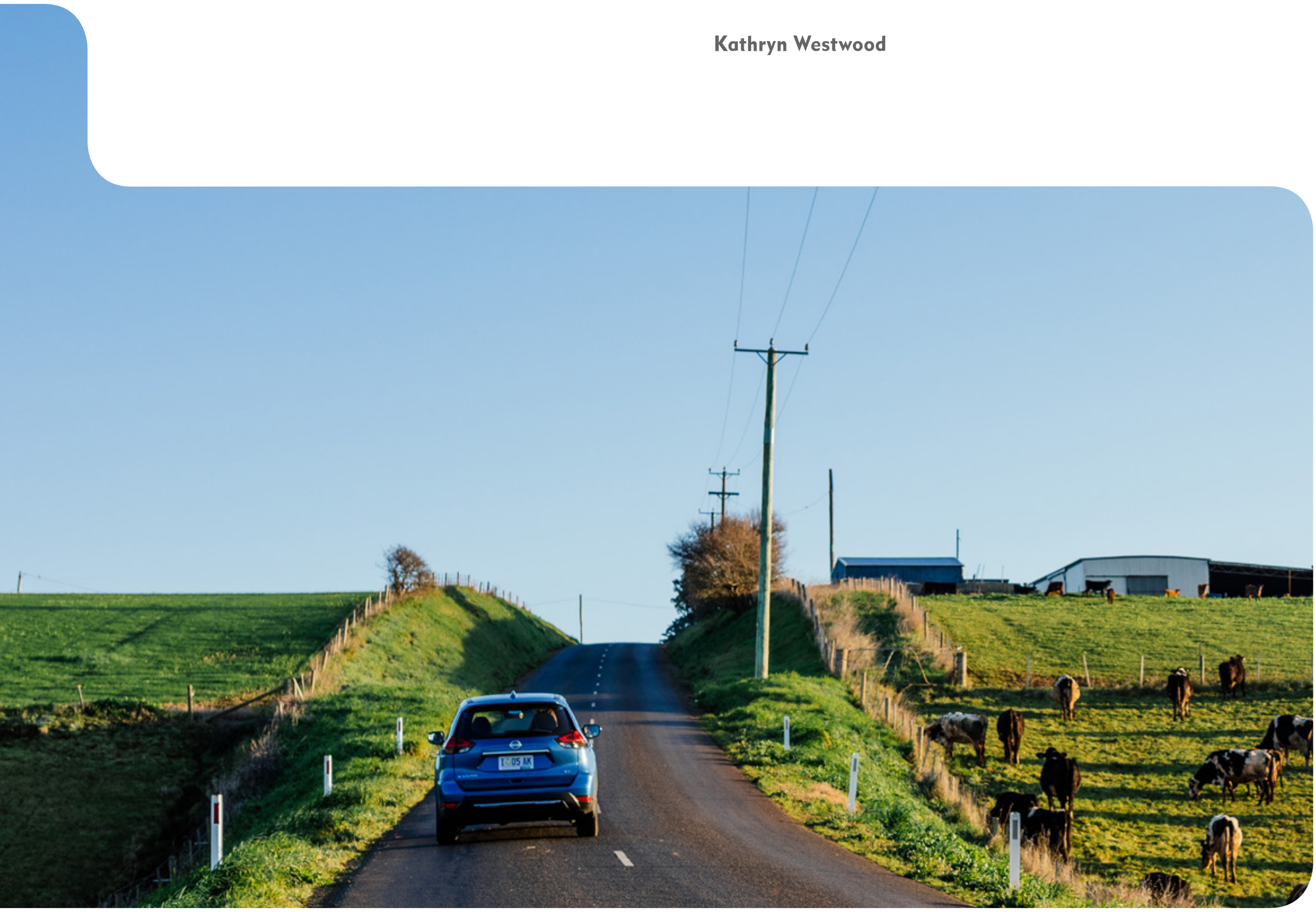
Early in 2020 we were also pleased to open Elements Café at Cradle Mountain, as a part of the redevelopment of the Cradle Mountain Visitor Centre.

## Our future

The RACT Board and Senior Leadership Team signed off on a new Group Strategy, which will take the organisation through to 2025. The Group Strategy is a positive and exciting step toward a bright, sustainable future.

In closing, I send my sincere appreciation to my fellow Board members, members of our Regional Advisory Committees, our Group Chief Executive Officer and Senior Leadership Team and our staff across the organisation for their dedication throughout the 2019-20 financial year. It has been an extraordinary 12 months, but their unwavering commitment has helped RACT achieve some incredible goals that I am especially proud of.

**Kathryn Westwood**



# GCEO's report

## As an organisation we've worked through unprecedented challenges and transformations in the 2019-20 financial year.

The Senior Leadership Team and RACT Board formulated a new Group Strategy. This new strategy outlines our key strategic imperatives and goals from now until 2025. Over the next five years we'll focus on strengthening our financial and strategic position; investing in our organisational health; and delivering more for our members. These key goals and deliverables will help us to continue supporting the lives of Tasmanians, while working towards our vision of having a valued relationship with every Tasmanian by 2030.

Alongside our new Group Strategy we also developed our Manifesto, which delves into the values and beliefs that underpin everything we do at RACT.

At RACT, we believe:

- In the collective power of our members;
- In supporting our communities;
- That diverse and inclusive communities are strong communities;
- In the power of human empathy;
- That trustworthiness and integrity have never been more important;
- In putting members at the centre of our decisions and actions;
- That engaged, energised, empowered and passionate staff will help us achieve our Vision;
- That courage, innovation and continuous improvement are a recipe for success; and
- In taking the long view to drive strategic, financial and environmental sustainability.

By applying these values and beliefs within our chosen ecosystems of mobility, home and lifestyle, we're well on our way to achieving extraordinary things for our members, the organisation and the Tasmanian community.

Our refreshed purpose, vision and values come at a significant time in our history. The effects of the COVID-19 global pandemic are wide reaching and will be felt for months, if not years, to come.

Acting quickly to the crisis, we closed our branches and Destinations properties across the state and moved around 400 staff to their homes. This is no easy feat, and I'm tremendously proud of the effort, generosity and spirit our staff showed in adapting to this new way of working. I'd also like to extend a sincere thank you to our roadside patrols who continued to work during this challenging time, keeping Tasmanians mobile while adhering to strict hygiene measures.

Thanks to the cooperation and strength of the Tasmanian community, we were pleased to be able to reopen all of our branches and driver training locations. Supporting our more than 200,000 members is what we do best, and having the opportunity to help our members face-to-face again was a positive step for our staff.

Some of the biggest impacts of COVID-19 have been felt at our Destinations properties. In line with government requirements, we closed our doors to all visitors in March. Although the following months were difficult and uncertain, our staff worked together to complete a range of tasks to refresh our properties in preparation for reopening. Since welcoming guests back to Freycinet Lodge, Cradle Mountain Hotel, Strahan Village and Gordon River Cruises, it's been fantastic to see an influx of locals taking the opportunity to enjoy these special parts of Tasmania. With the possibility of and requirements around interstate travel ever-changing, we'll continue to follow all government and hygiene guidelines to ensure the safety of our staff, members and guests.

The tourism industry has been further affected by the increasing cost of insurance for the business. This has had an impact on our overall results for the 2019-20 financial year.

As a new Tasmanian, I've been blown away by the sense of community across the state, even in the midst of a global pandemic. We're a proud local organisation. And as Tasmanians find new ways to live, work and play, we'll continue to support them in meaningful ways.

**Mark Mugnaioni**

**It's been fantastic to see an influx of locals taking the opportunity to enjoy these special parts of Tasmania.**

# Corporate social responsibility

As a member organisation, we are continually working to improve our state on key issues affecting our members. We act as the advocate and voice of our 200,000 members with the aim to benefit Tasmania and its people. Our members tell us that road safety is important to them, so we work to keep families safe through our advocacy and community programs. We continue to support Tasmanian communities by utilising local products and services wherever possible. It's also important to us that our staff are safe, healthy and vibrant contributors at work, home and in the community.

## Advocacy

In 2019-20 we partnered with the Tasmanian Government and City of Hobart to pioneer autonomous technology in Tasmania through our driverless electric bus demonstration in Lower Sandy Bay. Throughout the popular week-long trial, our members, school and community groups and key stakeholders had the opportunity to ride the NAVYA autonomous shuttle, and gain insight into how the driverless bus operates.

The demonstration led to valuable insight into what exactly is needed to introduce autonomous technology to Tasmanian roads and resulted in raising community awareness of the exciting opportunities this quiet and emission-free technology offers.

We consistently lobbied the State Government for legislation to make it compulsory for fuel retailers to report their prices at the bowser. This resulted in tangible success, with the Government announcing it will implement a real-time fuel price reporting program. The scheme will support Tasmanian households in the battle against rising fuel costs. Moving forward, fuel retailers will be required to report any changes to their fuel prices on a website and smart phone app, providing price transparency to Tasmanian motorists.

We continue to push for improvements in how we move around the state and successfully advocated to fast-track a variety of infrastructure projects. These key projects are all 'shovel ready' and important to Tasmania's COVID-19 recovery efforts. Here are some updates to them:

### Hobart Airport interchange upgrade

Following our calls to fast-track this project, site clearing and preparation works commenced in June. Major construction is expected to start in 2020.

### River Derwent ferry service

The Government has announced it's calling for ferry operators to register their expressions of interest.

### Huntingfield park and ride

An improved park and ride site near the Algona Road roundabout has been fast-tracked, with an expected completion time during 2020. The project includes upgrades to the existing car park and bus stops.

### West Tamar Highway north of Legana

Design work is underway for four priority projects: upgrades from north of Rosevears Drive to Gravelly Beach Road, Atkinsons Road to Waldhorn Drive, Exeter to Batman Highway and at Motor Road Junction.

Construction of these upgrades has been fast-tracked, with the first project to commence in spring 2020. All projects are expected to be completed by mid-2021.

### Bass Highway at Boat Harbour

Access improvements to the Boat Harbour Primary School, Dobsons Lane, Fists Lane and the Boat Harbour store have also been fast-tracked to commence in spring 2020.

**We act as the advocate and voice of our 200,000 members with the aim to benefit Tasmania and its people.**


The Greater Launceston area is at a critical juncture point, with planning required to improve and prepare the way people move in and around the transport network.  Most people use a private vehicle to get into the city, and congestion at peak times is causing concern. To ensure our members are at the centre of decision making, we reached out and asked them to contribute their ideas as we commenced preparation for the development of a long-term mobility vision for the Greater Launceston region. We are working with local councils and the Tasmanian Government to develop solutions to benefit the whole region.

In November, we held our first Mobility Futures Forum which included the members of our Regional Advisory Committees from all over the state. We had guest presenters from UTAS, RACWA, the Tasmanian Government, NAVYA and TasCoss.

We've also commenced a process of restructuring our advocacy efforts to ensure everything we do is backed up by evidence and the priorities of our members. Our Regional Advisory Committees will help us over the coming months to identify what our key priorities are and where we can make the biggest impact for our members and the communities in which they live.

# Community education

Our presence in the community continues to be expanded through our community education program offerings. We present a variety of free programs across diverse age groups to deliver road safety awareness in Tasmania. This financial year we presented road safety programs to more than 1,500 community members, including primary school students, parents, high school students and seniors groups.

Aimed at Grade 3 and 4 students, our interactive online program RoadSafe enables children to learn via video material, activities and quizzes. In light of the schooling environment changing throughout the COVID-19 period, we provided the opportunity for parents to register their children in this program. This meant they could continue their road safety learning outside of the classroom and through online learning. RoadSafe revealed the following insights around road usage and behaviour:

- 40% of students don't know what to look and listen for when crossing a road where there are no crossings available;
- 55% aren't aware of how to get in and out of cars safely;
- 55% of students don't know the difference between stop and give way signs, and what they must do; and
- 32% don't know when and where they can ride their bike or scooter safely.

We expanded our community education program for experienced drivers by introducing Years Ahead: Misunderstood Road Rules to seniors groups and clubs across Tasmania. This pop quiz session stimulates intense discussion by exploring road rules that are commonly misunderstood by Tasmanian drivers and reviewing pain points for drivers.

Throughout the COVID-19 period we launched our online Learning Centre. This platform features extensive reading material, research activities, video demonstrations, and knowledge-based quizzes. Our virtual hubs were designed to be an interactive resource for primary school students, high school students, seniors groups and families. Offering our community education resources online created the opportunity to continue to deliver road safety learnings during the pandemic period.

# Community sponsorship and funding

Local community groups make a big difference to how we work, play, live and raise families in Tasmania. To support them make a difference we provide a variety of programs to assist.

Our bi-annual Community Fund offered small grants of up to $2,000 to support the tangible projects of not-for-profit organisations in need of fiscal support. This year we assisted a total of 21 organisations across the state with funding. A further 85 community groups were granted help with RACT Insurance's COVID-19 Community Support Fund.

Our team members had the opportunity to utilise the staff volunteer program and spent time helping out in the community. 57 people volunteered their time for 12 different organisations.

We also provided support to major sporting and community groups through our sponsorship program. These included:

- RACT Insurance Tasmanian Portrait Prize
- RACTI Tasmanian Netball League
- Tasmanian State League
- Hurricanes Big Bash League
- Burnie Ten
- Tasmanian Symphony Orchestra
- MONA FOMA
- UTAS Stadium.

# Communication

It's important for us to communicate with our members and share with them the work we're doing to support the lives of all Tasmanians. Our main communication channels include *Journeys* magazine, as well as eNewsletters, our website, Member Hub and social media.

As Tasmania's largest circulating magazine, delivered to more than 117,000 members' households every two months, *Journeys* is an important way for us to communicate. Through this channel we let members know about our advocacy, motoring, member value and travel programs along with information and ideas for spending their leisure time.

In May, our first ever digital version of *Journeys* magazine was sent to 93,515 members. This new email brings all the stories our members know and love straight to their inbox. We encourage members to unsubscribe from print, assisting to improve environmental sustainability.

Our monthly eNews is now delivered to more than 97,000 subscribers, with an open rate of 33.6% and click-through rate of 16.5%. This is another important way of communicating messages such as how we're there for them when they need us most.

During COVID-19, we increased our internal communications to enable us to deliver important messages to our staff. We developed a staff newsletter to keep them up to date with our people, our community and our health. We invited photos and involvement to engage, energise and promote connection. We also ran regular town halls with our Group CEO and Senior Leadership Team to allow our people to ask questions and for important messages to be communicated. These sessions were recorded and included in our staff updates for those unable to attend live.

# People

## Diversity and inclusion

We appreciate the value of a diverse workforce. We value the differences between people and the contribution these differences make to our business. Building a diverse and inclusive workforce is how we can create the highest value for our people, our members and our communities.

During 2019, we launched our Diversity and Inclusion Policy and surveyed our workforce to benchmark our diversity data. We intend on using this data to track progress in achieving a more diverse workforce, and to inform a range of people policies and practices to ensure employees from all demographic backgrounds can contribute to their full potential.

## To help empower and support our staff, we delivered on a number of key priorities.

Overall we had 282 employees complete the survey from across the business, which is a 56% response rate. Of the 282 staff that participated, we learnt:

- 55 were born outside of Australia;
- We represent six out of the seven continents across the world;
- Collectively we speak 15 different languages; and
- 3% identified as Aboriginal.

## Supporting our employees

Building valued relationships with those we deal with is important to us, so it's critical we have the right community of staff. During the 2019-20 financial year, we recruited and inducted 252 new staff across our group of companies. To help empower and support our staff, we've delivered on a number of key priorities including:

- Launching our Domestic and Family Violence Policy, supported with training for our leaders;
- Checking in on our staff with our annual Employee Engagement Survey. Our overall staff engagement result was 68.72%;
- Introducing a Mental Health and Wellbeing Policy that supports our employees through the protection and promotion of mental health and wellbeing initiatives. This helps develop a positive workplace culture; and
- Installing eight defibrillators across our retail branch network and AutoServe sites statewide. These provide a network of publicly accessible defibrillators across the state and provide a potentially lifesaving community service.

## COVID-19 and our people

Additional support and assistance have also been provided to help our people navigate their way through the COVID-19 pandemic by:

- Supporting our Destinations team where many employees were international staff or seasonal casuals who didn't qualify for JobKeeper support. In some cases we continued to provide accommodation and meals to staff, allowing them to stay in the safety of our properties;
- Relocating staff to allow them to work from home by providing training, tools and resources to stay connected, engaged and work safely. All without missing a beat in looking after the needs of our members;
- Developing a Mental Health Framework that details steps and strategies to build a mentally healthy workplace during the COVID-19 pandemic. This framework is a supporting document to the Mental Health and Wellbeing Policy;
- During the peak COVID-19 period in Tasmania, we developed and launched three online learning modules to support the wellbeing of our staff and to help strengthen their resilience; and
- We also had 67 leaders from across the business complete an additional resilience module, strengthening their knowledge and skills on building resilient teams and helping individual team members to strengthen their resilience.

# Operations review

## Insurance

Excellent member experience was a key focus throughout 2019-20. We were proud to win our fifth consecutive Roy Morgan General Insurer of the Year award, and to be finalists for the first time in the prestigious Mansfield Awards for personal lines insurance.

Supporting members in our local communities is very important to us. We held our 13th and final Tasmanian Portrait Prize with hundreds of artists competing for the top spot. We remain a proud proponent of grassroots sport in Tasmania, via our continued sponsorship of the Tasmanian State League and the Tasmanian Netball League.

Following the outbreak of COVID-19, we set up the $200,000 COVID-19 Community Support Fund. Created to help community groups, non-profits and organisations survive the pandemic, we awarded grants to 85 groups across the state.

The outbreak also increased our customers' need for online services. The development and improvement of our online claims capacity and policy management portal has continued to be a key focus.

We saw policy growth increase by 3.9%, largely driven by a range of Tasmanians including young families. More than $50m in claims were processed over the year, and by the end of 2019-20 we covered more than 124,000 Tasmanians across the state.

**51,875 rooms were sold across all three properties.**

## Tourism

In 2019-20 we continued to focus on providing unique Tasmanian experiences for locals and visitors alike.

Gordon River Cruises launched The Pillinger Explorer, departing from Strahan's waterfront daily in the warmer seasons. This small-group tour welcomes a maximum of 10 guests aboard the *MV Sophia* to travel deep into the Tasmanian wilderness to discover the sights and stories of the historical town of Pillinger, on the shores of Macquarie Harbour.

Also in the west, Gordon River Cruises:

- Won gold at the Tasmanian Tourism Awards in the Tour and Transport Operator category;
- Won silver at the Australian Tourism Awards; and
- Became a Natural Partner with Wildcare to help care for Tasmania's penguins.

Near our Cradle Mountain property, and as part of the new visitor centre at Cradle Mountain, we opened our new Elements Cafe. Our Cradle Mountain Hotel also achieved 'EcoStar' sustainability accreditation. It joins Freycinet Lodge and Gordon River Cruises in holding the standard.

Freycinet Lodge won bronze at the 2019 Tasmanian Tourism Awards for 'Deluxe Accommodation'. We were once again integral supporters of the Great Eastern Wine Weekend, hosting winemakers and producers from along the east coast. We supported local businesses such as Wineglass Bay Cruises and Freycinet Adventures, who provided experiences for our guests.

In total, 51,875 rooms were sold across all three properties. Our members, utilising their 25% discounts, stayed a total of 8,915 nights at our Destinations properties. A total of 25,049 people experienced Gordon River Cruises throughout the year. COVID-19 inevitably impacted the tourism industry and our members' uptake of our properties and cruises in the latter part of the year, however, we have been very pleased to see an enthusiastic return to intrastate travel since reopening in June.

## Roadside Assistance

Our focus is to always be there for our members and to help them get from A to B. We strive to get members back on the road as quickly and as safely as possible, no matter where they are in the state.

During the year, our roadside team, supported by our contractors statewide, logged 67,364 callouts. This is an average of more than 184 calls for help each day.

A total of 37,549 metropolitan road service jobs were completed by Hobart and Launceston patrols. We kept our members moving, with over 90% mobilised without needing to be towed.

We sold 11,534 batteries across Tasmania, providing an important service in keeping our members and the public on the road. This was our most prolific year for battery sales, contributed to by cars not being driven as often through the pandemic.

**We want to make sure we educate learners to be ready for the road ahead.**

## AutoServe

Our two AutoServe workshops, located in Launceston and Hobart, employ local mechanics to help keep our members safe on the road. They are highly valued by our customers who trust they'll explain what's wrong with their car and be transparent about costs. Members get a 10% discount on labour while they work with them to keep their car in safe and reliable order.

With 3,465 vehicles serviced, repaired or inspected in the Hobart and Launceston locations, the 10% discount passed on to our members totalled approximately $50,900.

## Driver Training

Our industry-leading training focuses on preparation. We want to make sure we educate learners to be ready for the road ahead. Whether they're new to the road or practising for a test, we're here to help.

We began participating in the P1 Pilot program, enabling us to offer P1 assessments statewide. The aim of this pilot is to give learners more options when it comes to completing assessments and getting on the road quicker. A total of 898 assessments were conducted.

We completed 911 L2 assessments before the need to sit these was removed by the Government. This update was to assist learners in progressing their licence while lessons were halted throughout COVID-19.

To help our students continue their learning journey, we created our first learning hub online. This space houses resources for students and supervisors alike in the form of articles, videos and quizzes. It focuses on important lessons and road rules to help teach inside and out of the car.

During 2019-20, we delivered 15,074 lessons in total, including Keys2drive sessions and licenced driver assessments.

## Child restraints

Our goal is to help keep little ones protected and comfortable at all times. Our trained fitters in Hobart, Launceston, Devonport and Burnie help take the confusion out of finding the right seat to fit each child.

While operations were reduced to nine months due to COVID-19, we sold a total of 392 child seats. A total of 1,756 fittings were conducted.

## Finance

We offer personal loans through our partnership with Victorian auto club RACV that can be used for any purpose, from cars to kitchen renovations or anything in between. Members can obtain fast, over-the-phone approval with no on-going fees. We also provide pre-approvals so that you can bargain to your best advantage, knowing exactly how much you have to spend.

Members receive a 1% p.a. discount off the standard base rate for used car loans (terms and conditions apply).

A total of 187 loans were funded for the financial year, this was 111% against budget. At the end of the financial year, the total loan portfolio was $6.72 million.

## Member value

Our members continue to access everyday savings with our member rewards program. This program offers a range of discounts and benefits through our partners to help members' money stretch further. This year, we celebrated as we welcomed our 200,000th member.

In total, over 50% of members accessed the program, saving on average $25.38. This figure was down on recent years due to the impact of COVID-19. The program launched 11 new premium partners during this reporting period.

These new partners include HCF, offering discounted health insurance, and 1st Energy, providing access to lower home energy costs.

Our fuel discount partner United Petroleum remains our most utilised partner. In total, 101,187 members benefited from the discount saving a total of $3.28 million.

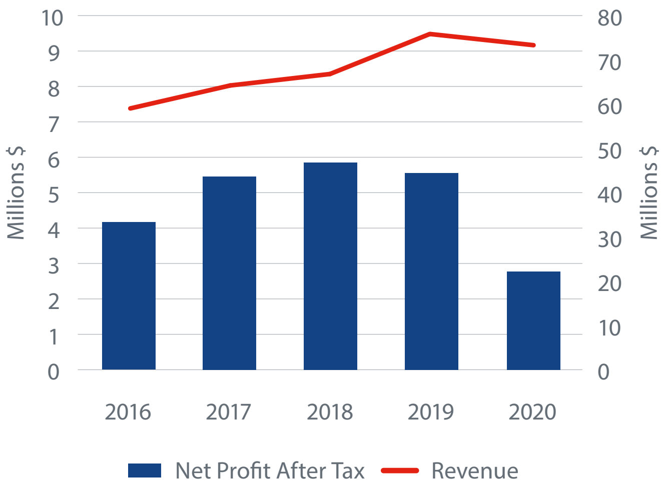
To support Tasmanians, we launched our Better Together campaign, harnessing our collective power to get more for less. Over 100 local businesses became free directory partners providing exclusive offers to our members. To help ease financial pressure arising from a difficult economic climate, we also extended free Lifestyle membership to all Tasmanians for a year.

During COVID-19 we launched a new roadside campaign letting our members know we'll be there for them. The 2019-20 financial year was our best roadside year on record with 14.7% growth in new members. Digital sales continued to grow, with our website the highest use channel for the financial year.

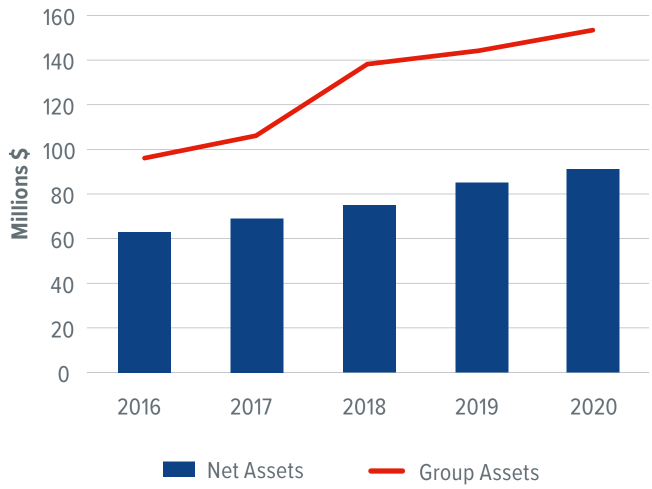
**We also extended free Lifestyle membership to all Tasmanians for a year.**

# Financial commentary

## Financial Performance




## Financial Position




Group revenue decreased by 4.8% due to the impacts of COVID-19 and subsequent closure of our Destinations accommodation during the height of the pandemic.

Our net assets increased to $88.9m from $85.0m in FY19 a 4.5% increase, largely as a result of an income tax benefit of $2.5m and the net revaluation adjustment to the Asset Revaluation Reserve following the revaluation of Destination properties.

After repayments, borrowings were reduced to $33.6m from $36.1m in FY19, with the Group's financial leverage moving down to 37%. After allowance for cash, leverage was 23% at year end.

Profit for the year was impacted by the impact of COVID-19 on business operations and particularly the revaluation of Destination properties and subsequent impairment loss and a goodwill impairment.

Membership subscriptions continued to grow with our Roadside Assistance revenue of $16.8m (FY19 $15.8m), as Tasmanians continued to see value in the security we provide and our member value offerings.

Tourism revenue decreased by 17% to $26.8m due to the impacts of COVID-19.

Our investment in our Insurance business continued to provide a solid return with a $5.2m dividend.Share of profit for the year was higher at $6.3m (FY19 $4.8m).

Capital investment this year was $3.3m, which included an upgrade to the Launceston branch, continued investment in IT and digital and improvements across the Destinations portfolio.

# Directors' report


*Mrs K A Westwood (President)*


*Mr P A Dixon (Vice President)*


*Mrs A J Flakemore*


*Ms J M Archer*


*Mr R P Doedens*

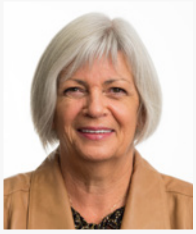

*Ms J A Franks*


*Mr P C Jones*


*Mr P J Joyce*


*Mr R J Knightley*


*Mr P A W Kolkert*


*Mrs J A L Richardson*


*Ms S L Smith*

In respect of the year ended 30 June 2020, the directors of The Royal Automobile Club of Tasmania Limited (RACT) present the following report made out in accordance with a resolution of the directors.

## 1. Directors

The names of the directors during and since the end of the financial year are:

Mrs K A Westwood (President)

Mr P A Dixon (Vice President)

Mrs A J Flakemore

Ms J M Archer

Mr R P Doedens

Ms J A Franks

Mr P C Jones

Mr P J Joyce

Mr R J Knightley

Mr P A W Kolkert

Ms J A L Richardson

Ms S L Smith

Directors are all members in accordance with the Constitution. Directors' qualifications and experience are provided in section 13 of this report.

## 2. Principal activities

The principal activities of the consolidated entity are to act as a roadside assistance provider, general insurance distributor and regional tourism operator.

## 3. Financial results of the consolidated entity

The consolidated entity's profit for the period was $2.865 million (2019, $5.558 million) and total comprehensive income for the year ended 30 June 2020 was $4.038 million (2019, $9.809 million).

## 4. Review of operations

A review of operations is included in the President's and GCEO's Reports which accompany this report.

## 5. Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year.

## 6. Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Except as disclosed in 8 below, this information has not been included in this report.

# Directors' report

## 7. Meetings of Directors

The Board generally meets monthly, with additional meetings being arranged when required. The monthly meetings are split between formal Board meetings and strategic workshops. Only the attendance at the formal Board meetings is recorded in the table below.

As at the date of this report the company had the following Committees that support the RACT Board, each of which has a clear operating charter and reports to the Board on a regular basis:

- Audit Committee
- Risk Management Committee
- Governance & Remuneration Committee
- Community & Advocacy Committee (formerly the Advocacy Committee).

In addition ad-hoc Committees are formed by the Board as and when required. In the 2019-20 year the Board formed a temporary Advocacy Review Committee to assess the success changes made to its governance of advocacy matters in the prior year as well as a number of committees to provide oversight on major projects.

The members of the permanent Committees listed above and the number of times they met during the year can be found in the table below.

During the year there was ongoing scrutiny of the RACT's processes and procedures through the Club's outsourced external assurance program. The Board regularly undertakes a review of its performance and that of its Committees to ensure its responsibilities are being carried out in the best possible manner. The Board periodically engages the assistance of external consultants to facilitate formal Board performance reviews.

An extensive system of documented and controlled policies and procedures is in place throughout RACT including risk management, disaster recovery, fraud assessment and business continuity.

Information about the RACT Board and its Committees, the RACT Constitution and By-Laws, the RACT Board Charter, and a full Corporate Governance Statement can be found on the RACT Website (www.ract.com.au).

During the financial year, 29 meetings of directors (including Committees but excluding informal workshops) were held. The number of meetings attended by each director during the year is disclosed in the following table.

| Board/Committee | Board | Road & Traffic | Governance & Remuneration | Audit | Risk Management |
|---|---|---|---|---|---|
| Total meetings held during 2019/2020 | 10 | 5 | 5 | 4 | 5 |
| **Director** | | | **Attendance at Meetings** | | |
| J M Archer | 10 | 5 | * | * | * |
| P A Dixon | 9 | 5 | 5 | * | * |
| R P Doedens | 10 | * | * | 4 | 5 |
| A J Flakemore | 10 | * | 4 | 4 | 5 |
| J A Franks | 10 | 5 | * | * | * |
| P C Jones | 10 | * | * | 4 | * |
| P J Joyce | 10 | * | * | * | * |
| R J Knightley | 8 | 5 | * | * | 3 |
| P A W Kolkert | 10 | * | * | * | 5 |
| J A L Richardson | 10 | * | 5 | 4 | 5 |
| S L Smith | 9 | 5 | * | 4 | * |
| K A Westwood | 10 | * | 5 | * | * |

** Director not a member of this committee*

# Directors' report

## 8. Subsequent events

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, with the exception of the ongoing uncertainty on the impact of COVID-19 on the RACT Destinations business.

## 9. Indemnity of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr M Hopster, and all other executive officers of the company and of any related body corporate, against a liability incurred as such a director, secretary or executive officer, to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

## 10. Corporate Governance

The consolidated entity is committed to conducting its affairs consistent with the highest standards of corporate governance. The Board supports the Corporate Governance Principles and Recommendations as amended and published by the ASX Corporate Governance Council as those Principles and Recommendations apply to a non-listed entity such as the consolidated entity and the Co-operative Mutual Enterprise Governance Principles as they apply to the company.

The RACT Board comprises 12 non-executive directors and is responsible for setting and reviewing the strategic direction of the RACT and monitoring the implementation of that strategy. The Board is also responsible for the management and control of the affairs of the organisation in accordance with the company's Constitution, statutory and compliance obligations. In particular, the Board:

- Promotes ethical and responsible decision-making
- Ensures compliance with laws, regulations and all appropriate accounting standards
- Establishes long term business goals and approves strategic plans to achieve those goals
- Approves the annual operating budget
- Monitors the operating and financial performance of the consolidated entity
- Monitors risk management and internal compliance and control
- Approves and monitors major capital expenditure programs
- Ensures a clear relationship between performance and executive remuneration
- Ensures that the members are fully informed of material developments.

The Group Chief Executive Officer (GCEO) is responsible for the day-to-day management of the consolidated entity with all powers, discretions and delegations authorised, from time to time, by the Board. The GCEO leads the senior management team, which meets regularly to review and report on the consolidated entity's business activities including operations, financial and investment performance and strategic direction.

All directors have the right to seek independent legal and accounting advice (at the company's expense) concerning any aspect of the company's operations or undertakings.

## 11. Ownership

The Company is incorporated under the *Corporations Act 2001* as a company limited by the guarantee of the members. If the company is wound up, its Constitution states that each subscribing member may be required to contribute an amount not exceeding 10% of the member's annual subscription at that time. As at 30 June 2020, the number of subscribing members was 125,508 (2019 - 120,880).

## 12. Auditor's Independence Declaration

The auditor's independence declaration is included on page 21 of the financial report.

# Directors' report

## 13. Directors' qualifications and experience

**Mrs K A Westwood, B.Com, GAICD, FIPA, ACPA, MRMIA**

Company Director
Director, RACT Insurance Pty Ltd
Member, National Council, Australian Automobile Association
Director, Sustainable Timber Tasmania
Chair, Blue Line Laundry, Inc
Chair, DPAC Audit and Risk Committee (from 13 February 2020)

**Mr P A Dixon, LL.B., BD (Hons), MBA, MAICD**

Legal Practitioner and Company Director
Lecturer, College of Business & Economics,
University of Tasmania
Notary Public

**Ms J M Archer, FAICD, GMQ**

Consultant and Company Director
Councillor, Australian Institute of Company Directors (Tasmanian Division) (to 31 August 2019)
Chair, Tamar Community Peace Trust
Principal Consultant, Linking Tasmania
Director, RACT Auto Glass Pty Ltd (to 13 November 2019)

**Mr R P Doedens B.Com (Acc) FCPA, GAICD**

Executive Officer and Company Director
Director, Crime Stoppers Tasmania (to 30 September 2019)
Executive Officer, Supported Affordable Accommodation Trust
Councillor, CPA Tasmanian Division (to 30 August 2019)

**Mrs A J Flakemore, B.Com (Hons), FCA, RCA, GAICD, PMIIA CIA**

Chartered Accountant and Company Director
Senior Partner - Audit & Assurance, Crowe
Independent Chair of Audit Panel, Huon Valley Council
(to 30 June 2020)
Advisory Board Member, Findex Community Fund

**Ms J A Franks, GAICD**

Consultant and Company Director
Principal Consultant, Jude Franks Consultancy Pty Ltd
Director, Port Arthur Historic Sites Management Authority
(to 17 December 2019)
Director, The Mount Wellington Cablecar Company Pty Ltd
Director, Steamship Cartela Limited
Director, RACT Destinations Pty Ltd
Director, Gongola Pty Ltd

**Mr P C Jones, BAppSc (Pharmacy), MAICD**

Pharmacist and Company Director
Director, Rosetta Holdings Pty Ltd
Director, P and R Holdings Pty Ltd
Director, RACT Destinations Pty Ltd
Director, RACT AutoServe Pty Ltd

**Mr P J Joyce, LL.B, MAICD**

Company Director
Director, Destinations Property Pty Ltd
Director, RACT Insurance Pty Ltd
Chair, RACT Destinations Pty Ltd

**Mr R J Knightley, FIE Aust CPEng Eng Exec NER APEC Engineer Int (PE) Aust MAICD**

Civil Engineer and Company Director
Director and Principal Engineer, RJK Consulting Engineers

**Mr P A W Kolkert, FAICD**

CEO and Company Director
CEO, Director & Secretary of Intuit Technologies Pty Ltd
Director & Secretary, Ditech Holdings Pty Ltd
Director & Secretary, Managed Technology Services Pty Ltd
Director & Secretary of DPJ (TAS) Properties Pty Ltd
Director, RACT Destinations Pty Ltd

**Ms J A L Richardson, JP, MBA, CMgr FIML, FAICD, FGIA, CAHRI**

Executive and Company Director
Director Corporate Services, Glenorchy City Council
Director, RACT Auto Glass Pty Ltd (to 13 November 2019)

**Ms S L Smith, AM**

Company Director
Chair, Marine and Safety Tasmania
Director, Tasmanian Farmers and Graziers Association
(to 31 March 2020)
Member, Local Government Code of Conduct Panel
Member, Australasian Council of Auditors -
General Assessment Panel

This report is signed in accordance with a resolution of directors pursuant to section 298(2) of the *Corporations Act 2001*, this 22nd day of September, 2020

**K A WESTWOOD**

DIRECTOR

**A J FLAKEMORE**

DIRECTOR

# Auditor’s Independence Declaration

Auditor's Independence Declaration

Auditor's Independence Declaration to the Directors of The Royal Automobile Club of Tasmania Limited

In relation to our audit of the financial report of The Royal Automobile Club of Tasmania Limited for the financial year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

N CARTER
Partner
Wise Lord & Ferguson

Date: 14/9/2020

Liability limited by a scheme approved under Professional Standards Legislation.

1st Floor 160 Collins Street, Hobart TAS 7000
GPO Box 1083 Hobart TAS 7000

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Move Forward

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www.wlf.com.au

# Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| | NOTES | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|---|
| Revenue | 2 (a) | 64,772 | 69,949 |
| Share of profit of associates | 7 | 6,435 | 4,867 |
| Personnel costs | | (30,322) | (32,038) |
| Operating costs | | (9,766) | (9,995) |
| Cost of goods sold | | (5,386) | (5,930) |
| Marketing costs | | (2,347) | (3,139) |
| Technology costs | | (3,653) | (3,670) |
| Occupancy costs | | (5,270) | (5,251) |
| Corporate costs | | (941) | (1,749) |
| Interest costs | | (1,983) | (1,857) |
| Impairment of property | | (2,043) | (1,067) |
| Impairment of goodwill | | (2,640) | (154) |
| Depreciation and amortisation expense | 2 (b) | (6,530) | (4,369) |
| **Profit before income tax** | | **326** | **5,597** |
| Income tax benefit/(expense) | 3 | 2,539 | (39) |
| **Profit for the period** | | **2,865** | **5,558** |
| **Other comprehensive income** | | | |
| Cash flow hedges: | | | |
| Gain/(loss) taken to equity | 26 | 103 | (66) |
| Fair value revaluation/(devaluation) of land and buildings | 11 | 1,573 | 5,767 |
| Income tax on items of other comprehensive income | 3 | (503) | (1,450) |
| **Total other comprehensive income** | | **1,173** | **4,251** |
| **Total comprehensive income for the period** | | **4,038** | **9,809** |

*Notes to the Financial Statements are included on pages 26 to 51.*

# Statement of Financial Position

AS AT 30 JUNE 2020

| | NOTES | CONSOLIDATED 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash | 22 | 13,127 | 10,884 |
| Receivables | 5 | 5,080 | 4,731 |
| Inventories | 9 | 882 | 932 |
| Other current assets | 10 | 1,904 | 1,206 |
| **Total Current Assets** | | **20,993** | **17,753** |
| **Non-Current Assets** | | | |
| Intangibles | 8 | 7,480 | 9,543 |
| Property, plant and equipment | 11 | 79,167 | 82,377 |
| Deferred tax asset | 3 | 7,454 | 3,367 |
| Investment in associates | 7 | 31,461 | 30,296 |
| Right-of-use leased assets | 12 | 8,373 | - |
| Other financial assets | 6 | 753 | 726 |
| **Total Non-Current Assets** | | **134,688** | **126,309** |
| **Total Assets** | | **155,681** | **144,062** |
| **Current Liabilities** | | | |
| Payables | 13 | 4,074 | 5,258 |
| Borrowings | 16 | 3,591 | 10,100 |
| Lease liabilities | 12 | 1,414 | - |
| Provisions | 14/15 | 12,375 | 11,855 |
| **Total Current Liabilities** | | **21,454** | **27,213** |
| **Non-Current Liabilities** | | | |
| Derivative financial instruments | 26 | 902 | 1,005 |
| Borrowings | 16 | 29,987 | 26,037 |
| Provisions | 15 | 712 | 598 |
| Lease liabilities | 12 | 7,325 | - |
| Deferred tax liability | 3 | 6,310 | 4,256 |
| **Total Non-Current Liabilities** | | **45,236** | **31,896** |
| **Total Liabilities** | | **66,690** | **59,109** |
| **Net Assets** | | **88,991** | **84,953** |
| **Equity** | | | |
| Retained earnings | | 81,850 | 78,985 |
| Reserves | | 7,141 | 5,968 |
| **Total Equity** | | **88,991** | **84,953** |

*Notes to the Financial Statements are included on pages 26 to 51.*

# Statement of Changes in Equity

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| | CONSOLIDATED | | | |
|---|---|---|---|---|
| | Cash flow hedge reserve $'000 | Asset revaluation reserve $'000 | Retained earnings $'000 | Total attributable to Equity holders of the entity $'000 |
| **Balance at 1 July 2018** | **(602)** | **2,319** | **73,427** | **75,144** |
| Profit for the period | - | - | 5,558 | 5,558 |
| Other comprehensive income | (46) | 4,297 | - | 4,251 |
| **Balance at 30 June 2019** | **(648)** | **6,616** | **78,985** | **84,953** |
| Profit for the period | - | - | 2,865 | 2,865 |
| Other comprehensive income | 72 | 1,101 | - | 1,173 |
| **Balance at 30 June 2020** | **(576)** | **7,717** | **81,850** | **88,991** |

*Notes to the Financial Statements are included on pages 26 to 51.*

# Statement of Cash Flows

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

| | NOTES | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 64,618 | 66,889 |
| Payments made to employees and suppliers | | (59,460) | (60,928) |
| Interest paid | | (1,485) | (1,857) |
| Interest received | | 106 | 138 |
| Dividends and distributions received | | 56 | 67 |
| Income tax paid/(refunded) | | - | 2 |
| **Net cash from/(used in) operating activities** | 22 | **3,835** | **4,311** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment, and software | | (3,335) | (11,313) |
| Proceeds from sale of property, plant and equipment | | 65 | 6,488 |
| Proceeds from sale of associates | | - | 2,377 |
| Loans to related party | | 76 | (352) |
| Dividends received | | 5,270 | 7,525 |
| **Net cash from/(used in) investing activities** | | **2,076** | **4,725** |
| **Cash flows from financing activities** | | | |
| (Repayment)/proceeds of borrowings | | (2,224) | (5,219) |
| Payment of principal portion of lease liabilities | | (987) | - |
| Payment of interest portion of lease liabilities | | (457) | - |
| **Net cash from/(used in) financing activities** | | **(3,668)** | **(5,219)** |
| **Net increase/(decrease) in cash held** | | **2,243** | **3,817** |
| Cash at the beginning of the financial year | | 10,884 | 7,067 |
| **Cash at the end of the financial year** | 22 | **13,127** | **10,884** |

*Notes to the Financial Statements are included on pages 26 to 51.*

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 1. Summary of accounting policies

### Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS').

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

### Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant affects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

### (a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

### (b) Principles of Consolidation

The consolidated Statement of Financial Position is prepared by combining the Statement of Financial Positions of all the entities that comprise the consolidated entity, being The Royal Automobile Club of Tasmania Limited (the company) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated Statement of Financial Position.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as Goodwill. If, after reassessment, the cost of acquisition exceeds the fair values of the identifiable net assets acquired, the deficiency is taken to Profit and Loss in the period of acquisition.

The consolidated Financial Statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated Statement of Financial Position, all intercompany balances and transactions and unrealised profits arising within the consolidated entity are eliminated in full.

### (c) Business Combinations

Business combinations are accounted for using the acquisition method.

The cost of acquisition is measured as the fair value of the assets acquired and the liabilities assumed by the consolidated entity as at acquisition date. Associated transaction costs that the consolidated entity incurs in relation to the business combination such as legal fees, professional and consulting fees are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair values as at acquisition date. If the cost of the acquisition is greater than the fair value of the identifiable net assets acquired, the excess is recorded as Goodwill.

### (d) Income Tax

**Current tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred tax**

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a

## 1. Summary of accounting policies (continued)

business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from Goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

**Tax consolidation**

The company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. The Royal Automobile Club of Tasmania Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### (e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### (f) Property, Plant and Equipment

Property is stated at fair value. Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

| | |
|---|---|
| Plant & equipment | 4 to 15 years |
| Leasehold improvements | 7 years |
| Buildings | 40 years |

**Revaluations of land and buildings**

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 1. Summary of accounting policies (continued)

Additionally, any accumulated depreciation as at the revaluation date is eliminated against gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

**Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

### (g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill cannot subsequently be reversed. Refer also to note 1(q).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses (other than Goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

### (h) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### (i) Derivative Financial Instruments and Hedging

The consolidated entity uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as either:

i. Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

ii. Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment. (The consolidated entity does not currently have any fair value hedges).

iii. Hedges of net investment. (The consolidated entity does not currently have any hedges of net investment).

**Cash flow hedges**

The consolidated entity tests designated cash flow hedges for effectiveness on an annual basis both retrospectively and prospectively using the dollar offset method. If the testing results fall within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge. Any ineffective portion is taken to other expenses in the Statement of Comprehensive Income.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument is sold, terminated or exercised without a replacement or rollover, or if its designation as a hedge is revoked (due to being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

### (j) Financial Instruments

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

**Financial assets**

i. Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost.

## 1. Summary of accounting policies (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the consolidated entity initially measures a financial asset at its fair value.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The consolidated entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- Other financial assets at amortised cost
- Other financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- Other financial assets at fair value through profit or loss
- Other financial assets designated at fair value through profit or loss.

**Financial assets at amortised cost**

The consolidated entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The consolidated entity's financial assets at amortised cost includes trade receivables and other financial assets.

iii. Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The consolidated entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the consolidated entity has transferred substantially all the risks and rewards of the asset, or
  - the consolidated entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the consolidated entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the consolidated entity continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

iv. Impairment

**Trade receivables**

For trade receivables that do not have a significant financing component, the consolidated entity applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the consolidated entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

**Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the consolidated entity recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive, discounted at an approximation of the original effective interest rate.

The consolidated entity considers a financial asset to be in default when internal or external information indicates that the consolidated entity is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 1. Summary of accounting policies (continued)

**Financial Liabilities**

i. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The consolidated entity's financial liabilities include trade and other payables and borrowings.

ii. Subsequent measurement

**Financial liabilities at amortised cost**

After initial recognition, trade payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### (k) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

### (l) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (m) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At inception of a contract, the consolidated entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the consolidated entity where the consolidated entity is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the consolidated entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is an initial measurement of the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable).

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the consolidated entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### (n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 1. Summary of accounting policies (continued)

### (o) Revenue Recognition

**Sale of goods and disposal of assets**

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has transferred the product or assets to the customer. For such transactions, this is when the goods are delivered or collected by the customer. Revenue from these sales is based on the sales price stipulated in the contract. Revenue is then only recognised to the extent that there is a high probability that a significant reversal of revenue will not occur. The segment categories are detailed in note 2.

A receivable will be recognised when the goods are delivered or collected. The consolidated entity's right to consideration is deemed unconditional at this time as only the passage of time is required before payment of that consideration is due.

**Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

**Interest**

Revenue is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset as the interest accrues.

**Dividends**

Revenue is recognised when the consolidated entity's right to receive the payment is established.

**Commission income**

Commission income is recognised when the right to receive payment is established.

**Subscriptions and recognition of contracts relating to vehicle break-down services**

Under A-IFRS, the accounting treatment for income and expenditure relating to vehicle breakdown services is recognised in accordance with AASB 15 Revenue from Contracts with Customers. The Company's policy to comply with the requirements of AASB 15 is to provide for unexpired subscriptions having regard to the due dates of the subscriptions.

### (p) Investment in Associates

The consolidated entity's investment in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The consolidated entity has significant influence over the jointly controlled associates.

Under the equity method, the investments in the associate entities are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the entity. Goodwill relating to associated entities is included in the carrying amount of the investment and is not amortised. After application of the equity method, the consolidated entity determines whether it is necessary to recognise any additional impairment loss with respect to the consolidated entity's net investment in the associate entities. The consolidated Statement of Comprehensive Income reflects the consolidated entity's share of the results of the operations of the associate entities.

Where there has been a change in the associate entity's equity, the consolidated entity recognises its share of any changes through profit and loss.

The reporting dates of associate entities and the consolidated entity are identical and the consolidated entity's accounting policies conform to those used by the associate entities for like transactions and events in similar circumstances.

### (q) Intangibles

**Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the consolidated entity's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the consolidated entity's cash-generating units, or consolidated entity's of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the consolidated entity are assigned to those units or consolidated entity's of units. Each unit or consolidated entity of units to which Goodwill is so allocated:

- represents the lowest level within the consolidated entity at which goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the consolidated entity's primary or the consolidated entity's secondary reporting format

The consolidated entity has allocated Goodwill to the following identified cash-generating units, being the independent operating segments of the consolidated entity's businesses:

- Driver training
- RACT Destinations Pty Ltd

Impairment is determined by assessing the recoverable amount of the cash-generating unit (consolidated entity of cash-generating units), to which the Goodwill relates. When the recoverable amount of the cash-generating unit (consolidated entity of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When Goodwill forms part of a cash-generating unit (consolidated entity of cash-generating units) and an operation within that unit is disposed of, the Goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for Goodwill cannot be subsequently reversed.

## 1. Summary of accounting policies (continued)

An impairment loss for goodwill was recognised at 30 June 2020 as a result of an assessment of the business value of the cash-generating units. An independent valuation was undertaken at 30 June 2020 which included assumptions and estimates around the impact of COVID-19 on business profitability and length of border closures impacting on the interstate market.

**Computer software**

Computer software is recognised at cost less accumulated amortisation. Maintenance costs associated with maintaining computer software are expensed when incurred.

Amortisation is calculated on a straight line basis and amortised over the estimated useful life. The estimated useful life of computer software is between 5 to 10 years.

### (r) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, time in lieu and personal leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their recorded values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

### (s) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been adopted by the consolidated entity. There are no standards that are not yet effective and would be expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

### (t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (u) Initial Application of AASB 16

The consolidated entity has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The consolidated entity has recognised a lease liability and right-of-use asset for all leases (with the exception for short term and low value leases) recognised as operating leases under AASB 117 Leases where the consolidated entity is the lessee.

There has been no significant change from prior year treatment for leases where the consolidated entity is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The consolidated entity's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right of use assets for property, plant and equipment was measured at its carrying amount as if AASB 16 Leases had been applied since the commencement date, but discounted using the consolidated entity's weighted average incremental borrowing rate of 4.00% on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the consolidated entity in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117 Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The difference between the lease liability as at 1 July 2019 and the discounted operating lease commitments as at 30 June 2019 comprises:

| | $'000 |
|---|---|
| Operating lease commitments at 30 June 2019 | 12,674 |
| Recognition exemption for leases of less than 12 months | (109) |
| Recognition exemption for leases of low value assets | (11) |
| Extension options reasonably certain to be granted | 1,346 |
| Discounted using the incremental borrowing rate | (5,114) |
| Lease liability at 1 July 2019 | 8,786 |

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 2. Revenue/Expenses

| | NOTES | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|---|
| **(a) Revenue** | | | |
| **Continued operations** | | | |
| Revenue from contracts with customers | | 60,138 | 64,196 |
| Other sources of revenue | | 4,634 | 5,753 |
| | | 64,772 | 69,949 |
| **Disaggregated revenue** | | | |
| The Consolidated Entity has disaggregated revenue into the following categories by service line: | | | |
| Hospitality revenue | | 26,888 | 32,536 |
| Membership subscriptions | | 16,807 | 15,855 |
| Financial services | | 11,319 | 10,725 |
| Motoring services | | 3,054 | 2,976 |
| Corporate services | | 1,795 | 1,621 |
| Advertising | | 275 | 483 |
| | | 60,138 | 64,196 |
| Dividends and distributions | | 56 | 67 |
| Rental revenue | | 2,517 | 2,267 |
| Other revenues | | 1,902 | 426 |
| Interest income | | 106 | 138 |
| Profit on sale of property, plant & equipment | | 53 | 2,855 |
| | | 4,634 | 5,753 |
| **(b) Expenses** | | | |
| The following items are included within each item of specified expenses: | | | |
| **Corporate costs include:** | | | |
| Bad debts written off | 5 | 72 | 132 |
| | | 72 | 132 |
| **Depreciation and amortisation expense includes:** | | | |
| Depreciation - Plant and equipment | 11 | 2,661 | 2,475 |
| Depreciation - Buildings and leasehold improvements | 11 | 1,432 | 1,101 |
| Amortisation - Software | 8 | 1,084 | 793 |
| Depreciation - Right-of-use leased assets | 12 | 1,353 | - |
| | | 6,530 | 4,369 |

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 3. Income Tax Expense

| | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|
| **(a) Income Tax Expense** | | |
| The components of tax expense comprise: | | |
| Deferred tax | (1,565) | (825) |
| Under/(over) provision from previous years | (974) | 864 |
| | (2,539) | 39 |
| **(b) Numerical reconciliation of income tax expense to prima facie tax payable** | | |
| Prima facie tax on profit before income tax at 30% (2019:30%) | 98 | 1,679 |
| **Add tax effect of:** | | |
| Mutual profits/(loss) | 78 | (174) |
| Non mutual deductions | (145) | (70) |
| Non deductible expenses | 2 | 17 |
| Tax credits | (1,598) | (2,277) |
| Under/(over) provision from previous years | (974) | 864 |
| **Total** | (2,539) | 39 |
| **(c) Deferred tax recognised directly in other comprehensive income** | | |
| Relating to revaluation of property | 472 | 1,470 |
| Relating to valuation of interest rate swap | 31 | (20) |
| | 503 | 1,450 |
| **(d) Current and Deferred Tax Balances** | | |
| **Assets** | | |
| **Current/Non-current** | | |
| Deferred tax asset | 7,454 | 3,367 |
| **TOTAL** | 7,454 | 3,367 |
| **Liabilities** | | |
| **Current/Non-current** | | |
| Deferred tax liability | 6,310 | 4,256 |
| **TOTAL** | 6,310 | 4,256 |

## 3. Income Tax Expense (continued)

| | CONSOLIDATED | |
|---|---|---|
| Taxable and deductible temporary differences arise from the following: | **2020 $'000** | **2019 $'000** |
| **Amounts recognised in profit or loss** | | |
| Property, plant and equipment | (938) | (1,826) |
| Inventories | (27) | (29) |
| Investments | (229) | (229) |
| Payables | 45 | 226 |
| Provisions | 554 | 598 |
| Other assets | 202 | 104 |
| Receivables | 20 | 5 |
| Other liabilities | 279 | 334 |
| Prepayments | (21) | (38) |
| Equity accounted investments | (2,472) | (2,122) |
| Tax losses | 2,540 | 1,773 |
| Intangibles | 792 | - |
| Right of use assets | 110 | - |
| Other | 22 | 13 |
| | 877 | (1,191) |
| **Amounts recognised directly in other comprehensive income** | | |
| Interest rate swap | 270 | 301 |
| | 270 | 301 |
| **Net deferred tax liabilities** | 1,147 | (890) |
| **Movements** | | |
| Opening balance | (889) | 600 |
| Under/(over) provision from prior year | 974 | (864) |
| Credited to income statement | 1,565 | 825 |
| Debited to equity | (503) | (1,450) |
| Closing balance | 1,147 | (889) |

## 4. Remuneration of Auditors

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| Audit of the financial report | 54 | 53 |
| | 54 | 53 |

## 5. Receivables

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Trade and Other Receivables** | | |
| Trade receivables/sundry debtors | 3,203 | 2,731 |
| Allowance for expected credit loss | (65) | (18) |
| | 3,138 | 2,713 |
| Related party receivables (b) | | |
| Associates - (Receivable from RACT Insurance Pty Ltd (unsecured)) | 1,942 | 1,993 |
| Associates - (Receivable from RACT Travel Pty Ltd (unsecured)) (ceased to be an Associate on 31 December 2018) | - | 25 |
| Carrying amount of trade and other receivables | 5,080 | 4,731 |

**(a) Allowance for expected credit loss**

Trade receivables are not interest bearing and are generally on 30-90 day terms. An allowance for expected credit loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $65,077 (2019 - $17,701) has been recognised by the consolidated entity and reflects assumptions and estimates for expected credit loss particularly for Destinations debtors as a result of economic conditions impacting some businesses in the tourism sector.

Movements in the provision for impairment loss were as follows:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| At 1 July | 18 | 18 |
| Charge for the year | (25) | (132) |
| Amounts written off | 72 | 132 |
| At 30 June | 65 | 18 |

At 30 June, the ageing analysis of trade receivables is as follows:

| | **Total** | **0-30 days** | **31-60 days** | **61-90 days** | **+ 91 days PDNI*** | **+ 91 days CI*** |
|---|---|---|---|---|---|---|
| **2020** | 3,138 | 2,836 | 55 | 23 | 160 | 65 |
| **2019** | 2,713 | 2,544 | 100 | 43 | 8 | 18 |

** Past due not impaired (PDNI*)*

** Considered Impaired (CI*)*

Payment terms on these amounts have not been re-negotiated, each operating unit has been in contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

**(b) Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the consolidated entity's policy to transfer (on-sell) receivables to special purpose entities.

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 6. Other Financial Assets

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| **Non-current** | | |
| Loan to associates | 55 | 80 |
| Equities (i) | 698 | 646 |
| | 753 | 726 |

*(i) Designated as a financial asset at fair value through profit or loss.*

## 7. Investment in Associates

| | | |
|---|---|---|
| **Total Investment in Associates** | 31,461 | 30,296 |
| Represented by: | | |

**Investment in Associate - RACT Insurance Pty Ltd.**

RACT Holdings Pty Ltd has held shares as part of a joint venture in RACT Insurance Pty Ltd since 1 September 2007. RACT Insurance Pty Ltd is incorporated in Australia and provides general insurance products that are distributed by The Royal Automobile Club of Tasmania Limited.

| | | |
|---|---|---|
| **(a) Movements in the carrying amount of the Consolidated Entity's investment in associate** | | |
| At beginning of period | 30,166 | 32,838 |
| Share of profit after income tax | 6,376 | 4,817 |
| Dividends received | (5,210) | (7,489) |
| At 30 June | 31,332 | 30,166 |

**(b) Summarised financial information:**

The following table illustrates summarised financial information relating to the Consolidated Entity's associate:

| | | |
|---|---|---|
| **Extract from the Associate's Statement of Financial Position** | | |
| Current assets | 110,454 | 103,448 |
| Non-current assets | 8,708 | 7,644 |
| | 119,162 | 111,092 |
| Current liabilities | 85,198 | 81,791 |
| Non-current liabilities | 4,515 | 2,184 |
| | 89,713 | 83,975 |
| Net assets | 29,449 | 27,117 |
| **Extract from Associate's Statement of Comprehensive Income** | | |
| Revenue | 102,869 | 109,652 |
| Net Profit | 12,752 | 9,635 |

## 7. Investment in Associates (continued)

**Investment in Associate - RACT Travel Pty Ltd.**

RACT Holdings Pty Ltd held shares as part of a joint venture in RACT Travel Pty Ltd from 1 July 2010. On 31 December 2018 the consolidated entity disposed of its remaining 70% interest in RACT Travel Pty Ltd to the joint venture partner. RACT Travel Pty Ltd will continue to trade under the RACT brand and will provide services to RACT members and the general public.

| | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|
| **(a) Movements in the carrying amount of the Consolidated Entity's investment in Associate** | | |
| At beginning of period | - | 2,336 |
| Share of profit after income tax | - | 42 |
| Dividends received | - | - |
| Divestment in associate | - | (2,378) |
| At 30 June | - | - |

**Investment in Associate - RACT AutoServe Pty Ltd.**

RACT Holdings Pty Ltd has held shares as part of a joint venture in RACT AutoServe Pty Ltd since 14 June 2012. RACT AutoServe Pty Ltd is incorporated in Australia and provides general mechanical services to RACT members and the greater public from 8 October 2012.

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **(a) Movements in the carrying amount of the Consolidated Entity's investment in Associate** | | |
| At beginning of period | 130 | 129 |
| Share of profit after income tax | 59 | 37 |
| Dividends received | (60) | (36) |
| At 30 June | 129 | 130 |
| **(b) Summarised financial information** | | |
| The following table illustrates summarised financial information relating to the Consolidated Entity's associate: | | |
| **Extract from the Associate's Statement of Financial Position** | | |
| Current assets | 341 | 328 |
| Non-current assets | 29 | 41 |
| | 370 | 369 |
| Current liabilities | 106 | 103 |
| Non-current liabilities | 5 | 4 |
| | 111 | 107 |
| Net assets | 259 | 262 |
| **Extract from Associate's Statement of Comprehensive Income** | | |
| Revenue | 1,576 | 1,346 |
| Net Profit | 117 | 75 |

## 7. Investment in Associates (continued)

**Investment in Associate - RACT Auto Glass Pty Ltd.**

RACT Holdings Pty Ltd has held shares as part of a joint venture in RACT Auto Glass Pty Ltd since 18 September 2012. RACT Auto Glass Pty Ltd is incorporated in Australia and provides general auto glass repairs and installations to RACT members and the greater public. RACT Auto Glass Pty Ltd is in the process of deregistration.

| | CONSOLIDATED | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| **(a) Movements in the carrying amount of the Consolidated Entity's investment in Associate** | | |
| At beginning of period | - | 29 |
| Share of profit after income tax | - | (29) |
| At 30 June | - | - |

**(b) Summarised financial information**

The following table illustrates summarised financial information relating to the Consolidated Entity's associate:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Extract from the Associate's Statement of Financial Position** | | |
| Current assets | 110 | 161 |
| Non-current assets | - | - |
| | 110 | 161 |
| Current liabilities | 9 | 50 |
| Non-current liabilities | 160 | 160 |
| | 169 | 210 |
| Net assets | (59) | (49) |
| **Extract from Associate's Statement of Comprehensive Income** | | |
| Revenue | - | 588 |
| Net Profit | (14) | (83) |

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Share of profit/(loss) of Associates:** | | |
| RACT Insurance Pty Ltd | 6,376 | 4,817 |
| RACT Travel Pty Ltd | - | 42 |
| RACT AutoServe Pty Ltd | 59 | 37 |
| RACT Autoglass Pty Ltd | - | (29) |
| | 6,435 | 4,867 |

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| **8. Intangibles** | | |
| **a) Goodwill on Driver Training Business** | | |
| Opening balance | - | 154 |
| Goodwill impairment | - | (154) |
| Closing balance | - | - |
| **b) Goodwill on RACT Destinations Pty Ltd** | | |
| Opening balance | 5,653 | 5,653 |
| Goodwill impairment | (2,640) | - |
| Closing balance | 3,013 | 5,653 |
| **c) Computer software** | | |
| Opening balance | 3,890 | 2,763 |
| Additions | 892 | 1,920 |
| Transfers from plant and equipment | 769 | - |
| Amortisation expense | (1,084) | (793) |
| Closing balance | 4,467 | 3,890 |
| | 7,480 | 9,543 |
| **9. Inventories** | | |
| At cost | | |
| Finished goods | 882 | 932 |
| | 882 | 932 |
| **10. Other Assets** | | |
| **a) Current** | | |
| Prepayments | 1,728 | 1,146 |
| Accrued revenue | 176 | 60 |
| | 1,904 | 1,206 |

## 11. Property, Plant And Equipment

| | CONSOLIDATED 2020 | | | |
|---|---|---|---|---|
| | Freehold Land and Buildings (fair value) $'000 | Leasehold Improvements (cost) $'000 | Plant and Equipment (cost) $'000 | TOTAL $'000 |
| **Gross Carrying Amount** | | | | |
| Balance at 30 June 2019 | 63,864 | 224 | 39,752 | 103,840 |
| Additions | - | 1,747 | 696 | 2,443 |
| Disposals | (125) | - | (3,813) | (3,938) |
| Transfers | 1,173 | (975) | (769) | (571) |
| Revaluations *(i)* | 1,529 | - | - | 1,529 |
| Devaluations | (2,717) | - | - | (2,717) |
| Balance at 30 June 2020 | 63,724 | 996 | 35,866 | 100,586 |
| **Accumulated Depreciation** | | | | |
| Balance at 30 June 2019 | - | 36 | 21,427 | 21,463 |
| Disposals | - | - | (3,618) | (3,618) |
| Depreciation expense | 1,345 | 87 | 2,661 | 4,093 |
| Transfers | 35 | (35) | 198 | 198 |
| Revaluations *(i)* | (43) | - | - | (43) |
| Devaluations | (674) | - | - | (674) |
| Balance at 30 June 2020 | 663 | 88 | 20,668 | 21,419 |
| **Net Book Value** | | | | |
| As at 1 July 2019 | 63,864 | 224 | 39,752 | 103,840 |
| Accumulated depreciation | - | (36) | (21,427) | (21,463) |
| Net carrying amount | 63,864 | 188 | 18,325 | 82,377 |
| As at 30 June 2020 | 63,724 | 996 | 35,866 | 100,586 |
| Accumulated depreciation | (663) | (88) | (20,668) | (21,419) |
| Net carrying amount | 63,061 | 908 | 15,198 | 79,167 |

| | CONSOLIDATED 2019 | | | |
|---|---|---|---|---|
| | Freehold Land and Buildings (fair value) $'000 | Leasehold Improvements (cost) $'000 | Plant and Equipment (cost) $'000 | TOTAL $'000 |
| **Gross Carrying Amount** | | | | |
| Balance at 30 June 2018 | 52,822 | 2,651 | 44,087 | 99,560 |
| Additions | 5,551 | 2,572 | 776 | 8,899 |
| Disposals *(ii)* | (1,900) | - | (5,547) | (7,447) |
| Transfers | 4,563 | (4,999) | 436 | - |
| Revaluations *(ii)* | 4,566 | - | - | 4,566 |
| Devaluations | (1,738) | - | - | (1,738) |
| Balance at 30 June 2019 | 63,864 | 224 | 39,752 | 103,840 |
| **Accumulated Depreciation** | | | | |
| Balance at 30 June 2018 | 728 | 177 | 23,163 | 24,068 |
| Disposals *(ii)* | (98) | - | (4,211) | (4,309) |
| Depreciation expense | 678 | 423 | 2,475 | 3,576 |
| Transfers | 144 | (144) | - | - |
| Revaluations *(iii)* | (781) | (420) | - | (1,201) |
| Devaluations | (671) | - | - | (671) |
| Balance at 30 June 2019 | - | 36 | 21,427 | 21,463 |
| **Net Book Value** | | | | |
| As at 1 July 2018 | 52,822 | 2,651 | 44,087 | 99,560 |
| Accumulated depreciation | (728) | (177) | (23,163) | (24,068) |
| Net carrying amount | 52,094 | 2,474 | 20,924 | 75,492 |
| As at 30 June 2019 | 63,864 | 224 | 39,752 | 103,840 |
| Accumulated depreciation | - | (36) | (21,427) | (21,463) |
| Net carrying amount | 63,864 | 188 | 18,325 | 82,377 |

*(i) RACT Destinations revalued and restated its land and buildings at 30 June 2020 as an out of cycle (normally three year policy) revaluation to reflect the impact of COVID-19 on the business. In conjunction with this the valuation of the businesses value was also used to test goodwill impairment (Note 8). This valuation is based on a number of assumptions and best estimates at a volatile and uncertain time.*

*(ii) In 2018-19 the consolidated entity sold surplus land and buildings located in Patrick Street, Hobart, and cruise vessel Lady Jane Franklin II following commissioning of its replacement vessel Spirit of the Wild in 2018.*

*(iii) The consolidated entity revalued and restated its land and buildings during 2018-19 in accordance with its policy to revalue land and building on a three year cycle. Capital expenditure subsequent to that date has been included in Additions.*

## 12. Leases

### (a) Description of Lease Activities

**Real estate leases**

The consolidated entity leases land and buildings for its office and retail stores, staff accommodation and tourism operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases range from a fixed period of 1 to 35 years and may include extension options which provide operational flexibility.

**Vehicle leases**

The consolidated entity leases vehicles for roadside assistance operations, driving school and daily operations of the business. Leases range from 3 to 7 years.

**IT hardware**

The consolidated entity also leases IT hardware to support the operations of the consolidated entity. The average contract duration is 3 years.

| | CONSOLIDATED 2020 | | | |
|---|---|---|---|---|
| | **Land & Building Leases $'000** | **Motor Vehicle Leases $'000** | **IT Hardware Leases $'000** | **TOTAL $'000** |
| **b) AASB 16 Related Amounts Recognised in the Statement of Financial Position** | | | | |
| **Right of use assets** | | | | |
| Right of use assets | 7,757 | 1,717 | 252 | 9,726 |
| Accumulated amortisation | (786) | (490) | (77) | (1,353) |
| Total right of use assets | 6,971 | 1,227 | 175 | 8,373 |
| **Movement in carrying amounts** | | | | |
| Recognised on initial application of AASB 16 *(i)* | 7,364 | 1,170 | 252 | 8,786 |
| Addition to right of use asset | 393 | 547 | - | 940 |
| Depreciation expense | (786) | (490) | (77) | (1,353) |
| Net carrying amount | 6,971 | 1,227 | 175 | 8,373 |
| **Lease liabilities** | | | | |
| Current | (889) | (444) | (81) | (1,414) |
| Non-current | (6,423) | (804) | (98) | (7,325) |
| Total lease liabilities | (7,312) | (1,248) | (179) | (8,739) |
| **c) AASB 16 Related Amounts Recognised in the Statement of Comprehensive Income** | | | | |
| Amortisation charge | 786 | 490 | 76 | 1,353 |
| Interest expense on lease liabilities | 399 | 49 | 9 | 457 |
| Short-term lease expense | 90 | 19 | - | 109 |
| Low value asset leases expense | 11 | - | - | 11 |
| Variable lease payment expense | 53 | - | 65 | 118 |
| Income from subleasing right of use assets | 166 | - | - | 166 |
| Total cash outflows for leases | 997 | 538 | 146 | 1,681 |

*(i) Previously classified as operating leases under AASB 117*

| | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|
| **13. Payables** | | |
| Sundry creditors and accrued expenses | 3,614 | 4,418 |
| GST payable | 460 | 840 |
| | 4,074 | 5,258 |

## 14. Provisions – Unearned Revenues

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Current** | | |
| Unearned revenues *(i)* | 10,086 | 9,440 |

*(i) Unearned revenues includes unearned portions of amounts for Roadside memberships, driving lessons and cruise tickets paid in advance, as well as a $1.0M grant received for the development of Freycinet which cannot be recognised as income until the grant requirements are satisfied.*

## 15. Provisions - Employee Benefits

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Current** | | |
| Employee benefits *(i)* | 2,289 | 2,415 |
| **Non - Current** | | |
| Employee benefits *(i)* | 712 | 598 |

*(i) The provision for employee benefits represents amounts for annual leave, long service leave and personal leave benefits.*

## 16. Borrowings

### (a) Interest-Bearing Loans

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| **Current** | | |
| Secured bank loan (The Royal Automobile Club of Tasmania Limited) | 631 | 556 |
| Secured bank loan (RACT Destinations Pty Ltd) | 2,282 | 8,500 |
| Chattel mortgage (RACT Destinations Pty Ltd) | 678 | 1,044 |
| | 3,591 | 10,100 |
| **Non - Current** | | |
| Secured bank loan (The Royal Automobile Club of Tasmania Limited) | 4,172 | 4,727 |
| Secured bank loan (RACT Destinations Pty Ltd) | 22,418 | 17,438 |
| Chattel mortgage (RACT Destinations Pty Ltd) | 3,397 | 3,872 |
| | 29,987 | 26,037 |

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 16. Borrowings (continued)

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| **(b) Assets Pledged as Security** | | |
| The carrying amounts of assets pledged as security for current and non-current interest-bearing borrowings are: | | |
| **Current** | | |
| Cash and cash equivalents | 13,127 | 10,884 |
| Receivables | 5,080 | 4,731 |
| Inventories | 882 | 932 |
| Other current assets | 1,904 | 1,206 |
| Total current assets pledged as security | 20,993 | 17,753 |
| **Non-current** | | |
| Intangibles | 7,480 | 9,543 |
| Property, plant and equipment | 79,167 | 82,377 |
| Other non-current assets | 7,454 | 3,367 |
| Other financial assets | 753 | 726 |
| Total non-current assets pledged as security | 94,854 | 96,013 |
| Total assets pledged as security | 115,847 | 113,766 |

**(c) Terms and Conditions**

The terms and conditions relating to the financial assets are as follows:

Present and future assets, undertaking and unpaid/uncalled capital are pledged against the secured bank loan on a fixed and floating charge.

**(d) Interest Rate Risk**

Details regarding interest rate risk are disclosed in notes 24 and 26.

## 17. Ownership

The Company is incorporated under the *Corporations Act 2001* as a company limited by the guarantee of the members. If the company is wound up, its Constitution states that each subscribing member may be required to contribute an amount not exceeding 10% of the members annual subscription at that time. As at 30 June 2020, the number of subscribing members was 125,508 (2019 - 120,880).

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 18. Related Party Disclosures

**(a)** Transactions between directors and director-related entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The directors may obtain discounted services from the consolidated entity. These services are obtained on the same terms and conditions as those obtained by employees of the consolidated entity.

**(b)** Director - Related Party Disclosures

Intuit Technologies, of which Mr P Kolkert, is CEO together with being a director and part owner of its ultimate parent company Ditech Holdings, provides Information Technology services to the consolidated entity. All transactions between the two entities are undertaken on a normal commercial basis.

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| **(c)** Loan to RACT Auto Glass Pty Ltd (short-term, unsecured) | 55 | 80 |
| | 55 | 80 |

**(d)** The names of directors who have held office during the financial year are:

| | | |
|---|---|---|
| Ms J M Archer | Ms J A Franks | Mr P A W Kolkert |
| Mr P A Dixon | Mr P C Jones | Ms J A L Richardson |
| Mr R P Doedens | Mr P J Joyce | Ms S L Smith |
| Mrs A J Flakemore | Mr R Knightley | Mrs K A Westwood |

**(e)** The Royal Automobile Club of Tasmania Limited is the ultimate parent entity.

## 19. Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

| | 2020 | 2019 |
|---|---|---|
| **(a)** Total remuneration for directors: | 472 | 463 |

**(b)** The number of directors of the consolidated entity whose remuneration (including superannuation contributions) fell within the following bands are:

| | 2020 | 2019 |
|---|---|---|
| $10,000 - $19,999 | - | - |
| $20,000 - $29,999 | - | 2 |
| $30,000 - $39,999 | 7 | 8 |
| $40,000 - $49,999 | 4 | 1 |
| $50,000 - $59,999 | - | - |
| $60,000 - $69,999 | 1 | 1 |
| | 12 | 12 |

**(c)** Remuneration for key management personnel as listed:

| | 2020 | 2019 |
|---|---|---|
| Short term employee benefits | 2,061 | 1,937 |

Key management personnel:

Mr J Holliday - Chief Information Officer

Mr H Lennon - Chief Executive Officer (to 31 October 2019)

Mr S Lester - Chief Risk Officer & Acting Chief Financial Officer (to 10 February 2020)

Mr S Lester - Chief Risk Officer

Mr M Mugnaioni - Chief Executive Officer (from 14 October 2019)

Mr A Paynter - Chief Operating Officer, Destinations

Ms S Pennicott - Chief Member Experience Officer

Ms A Robertson - Chief Financial Officer (from 11 February 2020)

Ms R Schmalfuss - Acting Chief Member Operating Officer (from 25 January 2020)

Mr D Turner - Chief Operating Officer (to 24 January 2020)

Ms D Underwood - Chief People Officer (from 27 July 2020)

# Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 20. Parent Entity Information

Information relating to The Royal Automobile Club of Tasmania Limited:

| | CONSOLIDATED | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| Current assets | 12,026 | 7,244 |
| Total assets | 48,927 | 39,689 |
| Current liabilities | 13,696 | 9,974 |
| Total liabilities | 16,624 | 7,941 |
| Net assets | 32,303 | 31,748 |
| Retained earnings | 26,763 | 26,280 |
| Cashflow hedge reserve | (575) | (647) |
| Asset revaluation reserve | 6,115 | 6,115 |
| Total equity | 32,303 | 31,748 |
| Profit/(loss) of parent entity | 483 | 423 |
| Other comprehensive income | 72 | 3,751 |
| Total comprehensive income of the parent entity | 555 | 4,174 |

The Parent has issued the following guarantees in relation to the debts of it subsidiaries:

Pursuant to ASIC Class Order 98/1418, relief has been granted to RACT Pty Ltd, RACT Holdings Pty Ltd and RACT Destinations Pty Ltd from the *Corporations Act 2001* requirement for preparation, audit and lodgement of a financial report and a directors report. As a condition of the Class Order The Royal Automobile Club of Tasmania Limited, RACT Pty Ltd, RACT Holdings Pty Ltd and RACT Destinations Pty Ltd have entered into a deed of cross guarantee on 27 June 2014. The effect of the deed is that The Royal Automobile Club of Tasmania Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities have also given a similar guarantee in the event that The Royal Automobile Club of Tasmania Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

## 21. Details Of Controlled Entities

| | PERCENTAGE OF SHARES HELD | |
|---|---|---|
| | 2020 | 2019 |
| **Parent entity** | | |
| The Royal Automobile Club of Tasmania Limited (i) | - | - |
| **Controlled entities** | | |
| RACT Destinations Pty Ltd (ii) | 100 | 100 |
| Destinations Property Pty Ltd (as trustee for Destinations Property Unit Trust) (ii) | 100 | 100 |
| RACT Pty Ltd (ii) | 100 | 100 |
| RACT Holdings Pty Ltd (ii) | 100 | 100 |

RACT Holdings Pty Ltd is 50% owned by RACT Pty Ltd and 50% owned by The Royal Automobile Club of Tasmania Limited. The shares in the Financial Statements of RACT Pty Ltd and The Royal Automobile Club of Tasmania Limited are recorded at $1.00 each.

All companies are incorporated in Australia.

*(i) The Royal Automobile Club of Tasmania Limited is the head entity within the tax consolidated group.*
*(ii) These companies are members of the tax consolidated group.*

## 22. Notes To The Statement Of Cash Flows

### (a) Reconciliation of Cash

For the purpose of this Statement of Cash Flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position:

| | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|
| Cash on hand | 13 | 13 |
| Cash at bank | 13,114 | 10,871 |
| | 13,127 | 10,884 |

### (b) Reconciliation of Profit after Income Tax to Net Cash Flows from Operating Activities

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Profit for the year | 2,865 | 5,558 |
| *Add/(less) items classified as investing activities* | | |
| Share of profit of associate | (6,435) | (4,867) |
| Net (profit)/loss on sale of property, plant and equipment | (53) | (2,855) |
| Unrealised gains on investments | (52) | - |
| *Add/(less) items classified as financing activities* | | |
| Interest on lease liabilities | 457 | - |
| *Add/(less) non-cash items* | | |
| Depreciation and amortisation expense | 6,530 | 4,369 |
| Devaluation of property, plant and equipment | 2,043 | 1,067 |
| Impairment of goodwill | 2,640 | 154 |
| *Changes in assets and liabilities* | | |
| Decrease/(Increase) in receivables | (400) | (192) |
| Decrease/(Increase) in inventory | 51 | (50) |
| Decrease/(Increase) in other assets | (389) | (442) |
| Decrease/(Increase) in deferred tax assets | (4,087) | 1,112 |
| (Decrease)/Increase in payables | (1,518) | 852 |
| (Decrease)/Increase in unexpired subscriptions | 645 | 352 |
| (Decrease)/Increase in provision for employee benefits | (12) | 325 |
| (Decrease)/Increase in provision for income tax liabilities | 2,053 | 378 |
| (Decrease)/Increase in tax effect entries taken directly to equity | (503) | (1,450) |
| Net cash from/(used in) operating activities | 3,835 | 4,311 |

## 23. Operating Lease Commitments

| | CONSOLIDATED 2020 $'000 | CONSOLIDATED 2019 $'000 |
|---|---|---|
| Operating lease commitments relate to shop front leases, motor vehicles leases and IT hardware leases. | | |
| Due not later than one year | - | 1,437 |
| Due later than one but not later than two years | - | 1,074 |
| Due later than two but not later than five years | - | 1,529 |
| Due later than five years | - | 8,634 |
| | - | 12,674 |

Lease commitments are now accounted for under AASB 16 Leases (Note 12)

## 24. Financial Instruments

### (a) Interest Rate Risk

The following table details the Consolidated Entity's exposure to interest rate risk as at the reporting date.

| 2020 | Average Interest Rate % | Variable Interest Rate $'000 | Fixed Interest Rate $'000 | Non-Interest Bearing $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash | 0.60 | 6,127 | 7,000 | - | 13,127 |
| Trade Debtors | | - | - | 3,203 | 3,203 |
| Equities | | - | - | 87 | 87 |
| Club Consortium | | - | - | 611 | 611 |
| Loan to Associate | | - | - | 55 | 55 |
| **TOTAL** | | **6,127** | **7,000** | **3,956** | **17,083** |
| **Financial Liabilities** | | | | | |
| Borrowings | 2.87 | 9,200 | 20,303 | - | 29,503 |
| Chattel Mortgage | 3.72 | - | 4,075 | - | 4,075 |
| Trade Creditors | | - | - | 3,614 | 3,614 |
| **TOTAL** | | **9,200** | **24,378** | **3,614** | **37,192** |

| 2019 | Average Interest Rate % | Variable Interest Rate $'000 | Fixed Interest Rate $'000 | Non-Interest Bearing $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash | 1.63 | 3,885 | 7,000 | - | 10,885 |
| Trade Debtors | | - | - | 2,731 | 2,731 |
| Equities | | - | - | 35 | 35 |
| Club Consortium | | - | - | 611 | 611 |
| Loan to Associate | | - | - | 80 | 80 |
| **TOTAL** | | **3,885** | **7,000** | **3,457** | **14,342** |
| **Financial Liabilities** | | | | | |
| Borrowings | 3.41 | 10,438 | 20,783 | - | 31,221 |
| Chattel Mortgage | 3.72 | - | 4,916 | - | 4,916 |
| Trade Creditors | | - | - | 4,418 | 4,418 |
| **TOTAL** | | **10,438** | **25,699** | **4,418** | **40,555** |

## 24. Financial Instruments (continued)

**(b) Capital Management**

For the purpose of the consolidated entity's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent entity. The primary purpose of the consolidated entity's capital management is to maximise member benefit by way of return on capital and ensuring there is sufficient provision for future capital requirements while complying with financial covenants.

In order to achieve this overall objective, the consolidated entity's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The consolidated entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The consolidated entity monitors capital based on the measures prescribed by financial covenants including loan to value limitations and working capital requirements.

## 25. Fair Value Measurements

The consolidated entity measures and recognises the following assets at fair value on a recurring basis after initial recognition:

**Freehold land and buildings, financial assets and loan to associates**

The following table provides the fair values of the consolidated entity's assets and liabilities measured on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

| | 30 JUNE 2020 | | | |
|---|---|---|---|---|
| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial Assets:** | | | | |
| Financial assets at fair value | - | 698 | - | 698 |
| Loan to associates | - | 55 | - | 55 |
| **Total financial assets recognised at fair value** | **-** | **753** | **-** | **753** |
| **Non-Financial Assets:** | | | | |
| Freehold land and buildings | - | 63,061 | - | 63,061 |
| **Total Non-Financial Assets recognised at fair value** | **-** | **63,061** | **-** | **63,061** |

| | 30 JUNE 2019 | | | |
|---|---|---|---|---|
| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Financial Assets:** | | | | |
| Financial assets at fair value | - | 646 | - | 646 |
| Loan to associates | - | 80 | - | 80 |
| **Total Financial Assets recognised at fair value** | **-** | **726** | **-** | **726** |
| **Non-Financial Assets:** | | | | |
| Freehold land and buildings | - | 63,864 | - | 63,864 |
| **Total Non-Financial Assets recognised at fair value** | **-** | **63,864** | **-** | **63,864** |

Borrowings, note 16, fall under the fair value hierarchy level 2 using current commercial borrowing rates.

There has been no change in the valuation techniques used to calculate the fair values disclosed in the financial statements.

| | CONSOLIDATED | |
|---|---|---|
| | **2020 $'000** | **2019 $'000** |
| **26. Derivative Financial Instruments** | | |
| **(a) Interest Rate Swap Contracts - Cash Flow Hedges** | 902 | 1,005 |

**(b) Interest Rate Swap - Cash Flow Hedges**

Interest-bearing loans of the consolidated entity currently bear an average variable interest rate of 1.72%. In order to protect against rising interest rates the consolidated entity has entered into an interest rate swap contract under which it has a right to receive interest at variable rates and to pay interest at fixed rates. The swap in place covers approximately 99% of the principal outstanding and is timed to expire at the renewal date of the loan. The fixed interest rate for the swap is 6.07% and the variable rates ranged between 1.15% and 2.10% for the period.

The interest rate swap requires monthly settlement of net interest receivable or payable. The settlement dates closely coincide with the dates on which interest is payable on the underlying debt. The swap is matched directly against the loan and interest expense and as such is considered highly effective. It is settled on a net basis. The swap is measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

| **(c) Movement in Cash Flow Hedge Reserve** | 2020 | 2019 |
|---|---|---|
| Opening balance | (648) | (602) |
| Charged to other comprehensive income | 103 | (66) |
| Deferred tax | (31) | 20 |
| Closing balance | (576) | (648) |

## 27. Financial Risk Management Objectives and Policies

The consolidated entity's principal financial instruments comprise receivables, payables, borrowings, bank overdrafts, shares, cash, short-term deposits and investments.

The consolidated entity manages its exposure to key financial risks, including interest rate risk in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, price risk and credit risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed.

These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates.

Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Risk Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below including interest rate risk, credit allowances, and future cash flow forecast projections.

**Risk Exposures and Responses**

**a) Interest Rate Risk**

The consolidated entity's exposure to market interest rates relates to the consolidated entity's short-term cash investments and borrowings.

Subsequent to the loan agreement for the building project, RACT Ltd entered into a forward start interest rate swap agreement designated as a cashflow hedge. The swap agreement is aligned with the loan draw down schedule and commenced in the 2010 financial year. The interest rate swap will continue for the 15 year term of the loan agreement.

The consolidated entity constantly analyses its interest rate exposure. Within the analysis, consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

## 27. Financial Risk Management Objectives and Policies (continued)

**Risk Exposures and Responses (continued)**

**b) Price Risk**

Price risk arises from investments in equity and unit based securities. To limit this risk the consolidated entity diversifies its portfolio in accordance with limits set by the Board's Investment Policy.

**c) Credit Risk**

The credit risk on financial assets, which comprise cash and cash equivalents and trade and other receivables but exclude investments of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for impairment losses. Exposure at reporting date is addressed in each applicable note.

The consolidated entity minimises concentration of credit risk by undertaking transactions with a large number of customers and counterparts. Receivables balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is not significant. The consolidated entity is not materially exposed to any individual customer.

## 28. Capital Commitments

| | CONSOLIDATED | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| Less than 1 Year | 35 | 763 |
| 1 to 5 Years | - | 240 |
| | 35 | 1,003 |

## 29. Coronavirus (COVID-19)

The Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world including Australia and the community where the Club operates. During the 2020 financial year a number of government restrictions were imposed as a result of COVID-19. This resulted in the closure of some of the Club's operations, particularly the RACT Destination's operations. The RACT Destination operations closed from late March, with operations resuming in mid- June 2020.

As detailed in Note 11, RACT Destination's revalued its land and buildings as a result of the COVID-19 pandemic and the associated revaluations have been reflected in these financial statements. One of the key assumptions adopted by the independent valuer was the opening of state borders within the next six months and a return to normal trading for the peak tourism season from Spring 2020. Since the valuation has been completed, there has been an extension of the Tasmanian border closure to December 2020. This highlights the level of uncertainty that the RACT Destinations business currently operates under. Given this uncertainty, the pandemic will likely continue to have a financial impact for the RACT Destinations operations for the 2021 financial year and potentially beyond. The scale, timing and duration of the potential impacts on RACT Destinations business is unknown due to the continued uncertainty of the pandemic.

The Board is continuing to monitor and assess the situation based on available information at the time and is utilising government stimulus measures available to mitigate the impact of COVID-19 in the future financial period where eligible.

## 30. Subsequent Events

There are no other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, with the exception of the ongoing uncertainty on the impact of COVID-19 on the RACT Destinations business.

**Registered Office**

179 Murray Street
HOBART TAS 7000
Tel: (03) 6232 6300

**Principal Place of Business**

179 Murray Street
HOBART TAS 7000
Tel: (03) 6232 6300

# Directors' Declaration

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Board, made pursuant to s295(5) of the *Corporations Act 2001.*

**K A WESTWOOD**
DIRECTOR

**A J FLAKEMORE**
DIRECTOR

Hobart, 22 September 2020

# Independent Auditor's Report

Independent Auditor's Report to the Members of The Royal Automobile Club of Tasmania Limited

## Opinion

We have audited the financial report of The Royal Automobile Club of Tasmania Limited which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the company as at 30 June 2020 and of its consolidated financial performance for the year then ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter – COVID-19

We draw attention to Note 29 of the financial report, which describes the ongoing effects of the COVID-19 pandemic across the world and the environment which the company operates. Our opinion is not modified in respect of this matter.



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# Independent Auditor's Report

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

# Independent Auditor's Report

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N CARTER
Partner
Wise Lord & Ferguson

Date: 22 September 2020

# Club Directory

**ANNUAL REPORT 2019-2020**
**THE ROYAL AUTOMOBILE CLUB OF TASMANIA LIMITED**
**ABN 62 009 475 861**

**President**

Kathryn Westwood

**Vice President**

Peter Dixon

**Board**

Jo Archer
Ralph Doedens
Alison Flakemore
Jude Franks
Phil Jones
Peter Joyce
Risden Knightley
Pieter Kolkert
Jenny Richardson
Sue Smith

**Company Secretary**

Michael Hopster

**Honorary Life Members**

Mr AJ Beck*
Mr EC Best AM
Mr DM Catchpole
Mr TG Challen OAM*
Mr BB Cox*
Mr GW Fysh*
Mr P J Joyce
Mr KM Kidd*
Mr C J Langdon
Mr HD Loane OBE*
Mr RS Locke
Mr HR Mitchell*
Mr DC Nation
Mr CAS Page*
Mr TAC Preston*
Prof P Scott AO OBE*
Mr CL Sherry*
Mr RC Southee*
Mr AC Stacey AM
Mr TA Stephens*
Mrs JM Trethewey OAM*

**Deceased*

**Regional Advisory Committees**

**North:** Jo Archer (Chairperson); Ella Dixon; Peter Dixon; Alana Fazackerley; Katrina Hill; Kerry Holloway; Ian Howard; Michael Johnston; Gary O'Keefe; Bob Panitzki; David Pyke.

**North-West:** Rodney Medwin (Chairperson); Bruce Buxton; Bruce Clark; Michael Dixon; Bill Enkelaar; Leon Peck; Sue Smith.

**South:** Jude Franks (Chairperson); Chris Boron; Ralph Doedens; Alison Hetherington; Ian Holloway ESM; Phil Jones; Bill Lawson AM; Jim Nicholson; Betty Parssey; David Paton APM.

In addition representatives of relevant stakeholder bodies also attend meetings of the Regional Advisory Committees.

| | |
|---|---|
| **Registered Head Office** | 179 Murray Street, Hobart, Tasmania, 7000 |
| **Postal Address** | GPO Box 1292, Hobart, Tasmania, 7001 |
| **Contact Details** | Telephone: (03) 6232 6300<br>Email address: info@ract.com.au<br>Internet site: www.ract.com.au |
| **Branches** | Hobart (Murray Street); Hobart (Collins Street); Launceston; Devonport; Ulverstone; Burnie; Rosny Park; Glenorchy; Kingston. |
| **Solicitors** | Butler McIntyre and Butler<br>20 Murray Street<br>Hobart, Tasmania, 7000 |
| **Auditors** | Wise Lord & Ferguson<br>160 Collins Street<br>Hobart, Tasmania, 7000 |
| **Bankers** | ANZ Banking Group Limited<br>Level 1, 61-63 Liverpool Street<br>Hobart, Tasmania, 7000 |

**Senior Leadership Team**

**Group Chief Executive Officer:**
Mark Mugnaioni

**Chief Financial Officer:**
Anita Robertson

**Chief Information Officer:**
John Holliday

**Chief Member Experience Officer:**
Stacey Pennicott

**Chief Member Operating Officer:**
Andrew Paynter

**Chief People Officer:**
Dianne Underwood

**Chief Risk Officer:**
Simon Lester

## Useful Numbers:

**RACT General Enquiries:** 13 27 22

**RACT Roadside Assistance:** 13 11 11

**RACT Ultimate Members:** 1800 088 865

**RACT AutoServe:** 1300 127 684

**RACT Driving Training:** 1300 761 429

**Freycinet Lodge:** 03 6256 7222

**Strahan Village:** 03 6471 4200

**Cradle Mountain Hotel:** 03 6492 1404

**Gordon River Cruises:** 03 6471 4300

**Travel enquiries:** 1300 368 111

Burnie

24 North Terrace, 7320
Phone: (03) 6434 2933

Devonport

68 Rooke Street Mall, 7310
Phone: (03) 6421 1933

Glenorchy

Cnr Main Road & Terry Street, 7010
Phone: (03) 6212 9588

Hobart – (Cruise Travel Centre)

Shop 1, 110 Collins Street, 7000
Phone: (03) 6222 9222

Hobart – Murray Street

179-191 Murray Street, 7000
Phone: (03) 6232 6300

Kingston

Shop 60, Channel Court, 7050
Phone: (03) 6242 3200

Launceston

Corner York & George Streets, 7250
Phone: (03) 6335 5633

Rosny Park

Rosny Mall, 2 Bayfield Street, 7018
Phone: (03) 6212 6755

Ulverstone (Helloworld)

38 Reibey Street, 7315
Phone: (03) 6425 8050