2022–23 ANNUAL REPORT

RACT

We acknowledge the ancient history of the traditional owners of Lutruwita, and their continuing connection to family, community, and the land, sea, and waterways.

We pay our deepest respects to those who have passed before us and acknowledge today's Tasmanian Aboriginal people, and their enduring connection to this island.

We stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history.

Our Manifesto

Our Purpose.

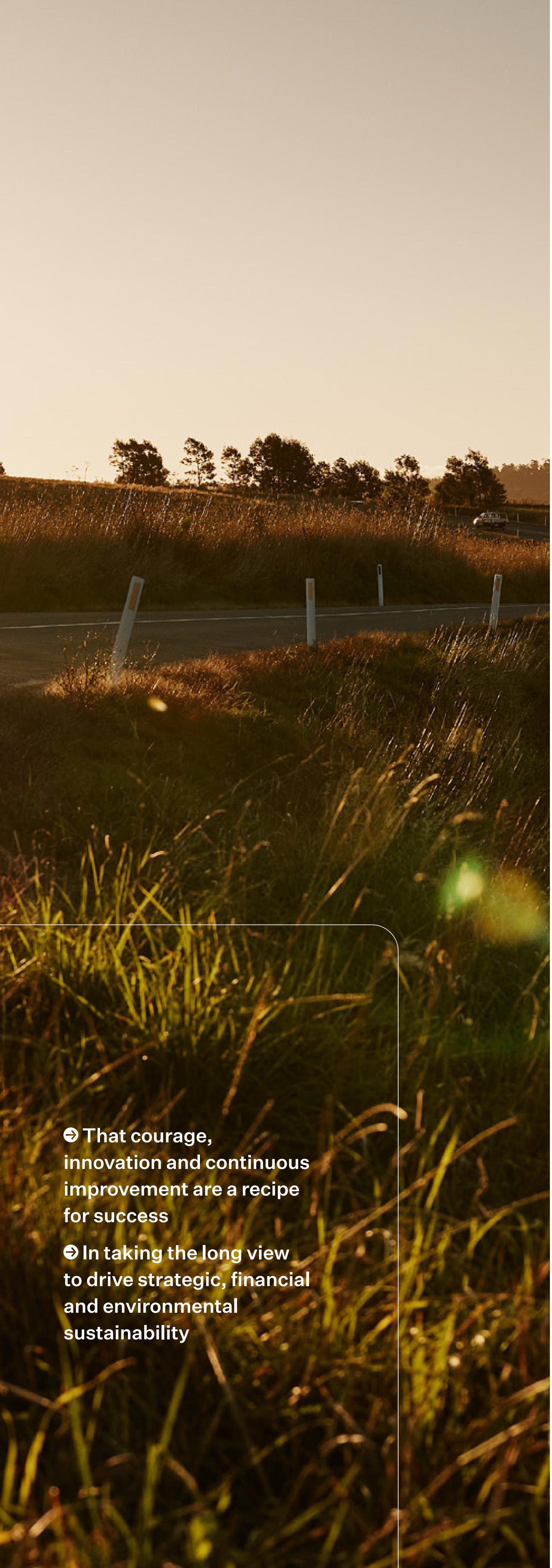
We're Tasmania's shoulder to lean on and voice when it matters

Our Vision.

By 2030, RACT 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

CELEBRATING 100 YEARS 1923 2023

Contents

10 moments that defined RACT

A lot can change over a century. Cars certainly have. Road rules, too. Even our name has changed twice. Like many Tasmanian roads, our story has a few twists and turns, and detours into important parts of the social, political, and cultural history of Tasmania. It's a story of a community of people, a 'Club', who share a common interest in a common place. Our home.

1 Starting up

It was Wednesday 21 March 1923,
to be exact, when we first legally came into existence. It all started when two Tasmanians wanted to elevate the voice of motorists.
The pair responsible for our inception was Raymond John Shield, a well-connected local accountant, and Allen Crisp, a lawyer who had served as a military officer in Gallipoli and on the Western Front with distinction.

1920s

2 Connecting Tasmania

Early in 1931, we received a letter from a Mr G. Hayton requesting a branch of the club at Queenstown. At the time, there were about 50 car owners in the area. Thinking the suggestion an excellent one, the idea was approved immediately. Not only did we advocate and help build the West Coast Road, but we actively raised funds.

1930s

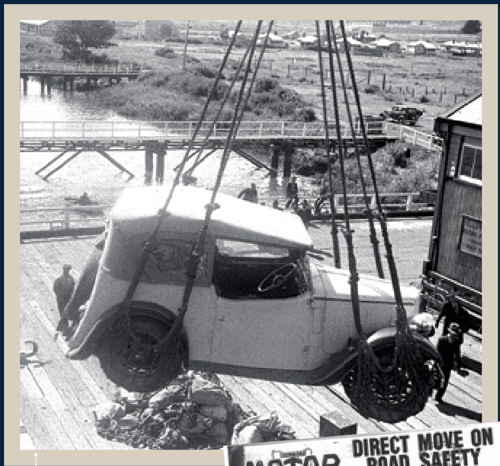
3 Wartime activities

After a large fundraising effort, in 1941 we donated an ambulance to the war effort. We also introduced the 'R.A.C.T Emergency Transport Corp' in 1940.
It was a register of members willing to help transport military personnel in the event of a local emergency. Fortunately, it was never activated.

1940s

4 Advocating for the ferry

We had been pushing for a modern Bass Strait ferry service and by the end of the decade this dream was becoming a reality. With the introduction of the *Princess of Tasmania*, the days when cars had to be drained of their fluids, have their batteries disconnected, and be lifted aboard the ships were over.



1950s

5 *Journeys* as we know it

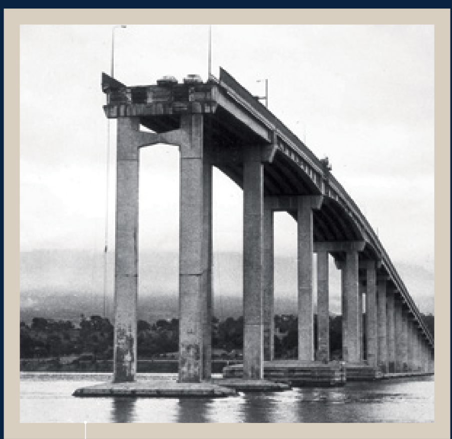
In July 1965, we acquired full ownership of Tasmanian Motor News, allowing even greater control over messaging. This would later go on to become Journeys in 2011.

1960s

CELEBRATING 100 YEARS 1923 2023

6 Rebuilding a bridge

When the Tasman Bridge was struck in January 1975, we were there to assist in reducing the impact on motorists and were among the leading advocates for repairing the bridge as quickly as possible.



7 The insurance gambit

Moving into the insurance industry was arguably one of the most important single developments in our history since the roadside emergency service was introduced. In 1985, a decision was taken to shift from acting as an insurance agent to being wholly into the insurance industry.

8 Product growth

We continued adapting to suburban demand during the early ‘90s with more moves and products. A premium roadside service, RACT Plus, was introduced, as well as our own battery replacement service.

9 Wanderlust

In February 2004, we began a series of acquisitions and partnerships that saw us become one of Tasmania’s major travel businesses, forming RACT Travelworld. With nine retail branches located around the state, we were Tasmania’s largest locally-owned travel agency.

10 Driving into the future

With more than an echo of our founding days, we are firmly focused on progress in Tasmania. It is local issues that most concern us, because it is local issues that most affect you, our members.

1970s

1980s

1990s

2000s

2010s

Our year at a glance

OPERATIONS

$187m total revenue

$381m total assets

$163m net assets

144,000 policyholders covered by RACT Insurance

133,083 home products

134,704 motor products

133,800 Tasmanians covered by RACT Roadside

DELIVERING FOR OUR MEMBERS

103,652 members saved **$3.4m** on fuel at United Petroleum

110,225 benefited from RACT Member Rewards in FY23

Members saved a total of **$4.95m** across our rewards program

472 daily users (average) of the RACT Fuel Saver App

520,000+ visitors to ract.com.au

200,000+ members supported across our retail branch network

400,000+ in calls answered across the year

CORPORATE

74% employee engagement result

Winner of the small to medium general insurer ANZIIF Award

DBM Australian Financial Awards **Best Home and Motor Insurance** in Tasmania

Net promoter score **81.1** and **#1** Tasmanian brand

214,933 members

MOBILITY

5,800 people on average saved on the roadside each month

10.5k batteries sold and fitted state-wide

CELEBRATING 100 YEARS 1923 2023

PEOPLE

RACT employees **45% male 55% female**

Number of mental first aid trained staff increased to **96**

62 staff completed external training

72 staff completed internal leadership training

$512,000 invested in staff training

SHAPING A SAFER COMMUNITY

4,687 students and experienced drivers engaged in road safety programs

1,491 Year 3 & 4 students participated in RACT RoadSafe programs

263 Year 10-12 students participated in safe driving activities

2,320 children engaged through our road safety storybook

613 senior drivers engaged in community programs

19,000 driver training lessons delivered

1,610 P1 assessments delivered

1,250 Child restraints fitted

Gave away **100** driver training lessons to disadvantaged Tasmanian youth

INSURANCE

On average **1,700** claims finalised per month

$83m paid in claims

15,000 vehicle claims finalised

94% renewal rate

President's and GCEO's report

The 2022-23 financial year marked a significant milestone as we celebrated our first full year since the acquisition of RACT Insurance under the single RACT Group identity. The merger reflects our unwavering commitment to our members and our dedication to enhancing the value we provide.

Alison Flakemore
PRESIDENT AND CHAIR

Mark Mugnaioni
GROUP CEO

Throughout this year, we focused intensively on the integration of our two entities, witnessing immense staff engagement throughout the process, and ending the year on a high with an increased engagement score. It's a credit to our dedicated teams who have worked tirelessly, ensuring a smooth transition and continued service delivery.

This commitment to service delivery and community support was exemplified in October 2022 during the northern Tasmania floods. Our efforts went beyond mere business transactions, we had boots on the ground almost immediately providing information and support that our members and community needed at this difficult time. Our industry leading payout of claims following these floods also demonstrated our efficiency in processing claims. Our quick response to the disaster was instrumental in helping our clients get back on their feet and recover from their losses faster.

This year, we also celebrated RACT's centenary, a testament to our enduring presence and commitment in Tasmania. From our early days as a club for the burgeoning motoring interests on our island to becoming Tasmania's most trusted organisation and a leading advocate for road safety improvement, we have always prioritised our members and our community.

Our advocacy work on road safety took a step forward as we led vital conversations and saw the Legislative Council hand down its final report from the Inquiry into Road Safety in Tasmania. The Inquiry made 94 findings and 49 overarching

recommendations on addressing the crisis occurring on Tasmania's roads. This is a testament to the power of collective action and commitment to community welfare.

Our lobbying efforts focussed on encouraging the Tasmanian Government to invest in new enhanced enforcement cameras, which have the technology to detect illegal mobile phone use and seatbelt compliance. While the government has made good progress in rolling out this technology, we continue to advocate for increasing the number of cameras, our end goal is to see Tasmania in a leading position nationally.

We also joined the Tasmanian Government's Climate Change Reference Group, providing us with a position to help shape our island's legislation as we move to a net zero emissions future. Our involvement allows us to champion proactive measures to protect and enhance the resilience of our communities in the face of a warming planet.

Our investment in technology, aiming to improve and streamline our processes, has been paramount. This year, we've embarked on a multi-year major technology transformation, ensuring that we're meeting the needs of members today, but also into the future. Our transformation will also strengthen our service delivery and assist in bringing new products to market to respond to our member needs.

Our new Customer Relationship Management (CRM) platform, a part of this technology transformation, will provide a holistic view of our members' interactions, helping us offer exceptional customer service to our 214,000 members.

Our Travel Insurance product, launched in February 2022, celebrated its first year in the market, surpassing expectations and affirming our continued commitment to meeting the evolving needs of Tasmanians. The success of this new offering exemplifies our strategic capacity to innovate, adapt and bring new products to market.

Looking forward, we're driven by a clear vision – to have a valued relationship with all Tasmanians by 2030. Guided by our member-centric approach, innovative solutions, and unwavering commitment to improving road safety, we're on track to achieve this ambitious goal, driven by the values that have shaped our journey thus far.

Cost-of-living pressures are impacting our members' lives. This year 110,225 members saved in excess of $4.95 million with our reward partners.

Member value

Our members tell us that cost-of-living pressures are impacting their lives. In 2022-23, we offered members more than 60 partners across the member rewards program. In line with trends from previous years, 50% of our members benefited from various discounts and advantages. As a result, transactions and unique members both saw an uptick, increasing by 3.93% and 2.14%, respectively. Over the year, a total of 110,225 members saved an average of $40 each. Our members collectively saved in excess of $4.95m with our reward partners, including $3.4m through our fuel discount.

Corporate social responsibility

At the heart of our identity as Tasmania's most trusted brand is the reliance that our members place upon us. We're not merely a brand; we represent a community, and with a network exceeding 214,000 members, we make up over 70% of Tasmanian households. Our members count on us to be a leading voice in road safety, public transport, and climate resilience.

In 2022-23, we stood up to that challenge and delivered some major wins for all Tasmanians.

Advocacy

Road safety remained at the forefront of RACT's advocacy agenda in 2022-23 as we continue to address Tasmania's concerning record – twice the number of road deaths per capita compared to NSW, Australia's best-performing state.

In 2022-23, we made significant strides in enhancing member engagement in our advocacy efforts through the establishment of our Member Sentiment Panels. These panels, comprising over 4,000 enthusiastic participants, have enriched our advocacy submissions with their diverse insights.

We also assembled a smaller panel of experts, comprising members from organisations aligned with our values and objectives, and former members of regional advisory committees. Their expertise further bolstered our advocacy strategy.

As a member of the Road Safety Advisory Council, we identified key projects such as improving speed management, integrating road safety into workplace health and safety

We celebrated a win for road safety with the rollout of automated speed enforcement cameras in September 2022.

regimes, and enhancing Tasmania's crash data collection for better decision-making, all of which we strongly advocated for.

We celebrated a win for road safety with the rollout of automated speed enforcement cameras in September 2022. Early data revealed a promising decrease in average speeds across Tasmania's road network, demonstrating the cameras' effectiveness in curbing two of the most common causes of death and serious injury on our roads – speed and distraction. We continue to support the use of these cameras and are advocating for the generated revenue to expand and maintain the network. We also continue to advocate for an increase in the number of cameras from the proposed 16 to 32 to further enhance road safety and put Tasmania in a nation-leading position.

Our advocacy was strongly reflected in our 2023-24 Budget submission to the Tasmanian Government. Based on our foundational policies and member feedback, we covered a broad spectrum of issues, ranging from climate change resilience to public transport, road conditions, safety initiatives, and local government reform.

During Tasmania's local government elections in October 2022, we seized the opportunity to engage more closely with the sector, further reinforced by the work of the Local Government Review Board. We advocated for a regional approach to road infrastructure management through council-owned regional road authorities.

In addition, we provided submissions to the Tasmanian Government on a range of policy matters, including population strategy, a proposed road user tax on zero and low-emission vehicles, transport emissions, and the review of the active transport strategy.

These concerns align with our ongoing fight against climate change, which will remain a central focus of our advocacy and ESG strategies in the years to come. Our mission is to echo the voices of Tasmanians in the corridors of power and effect positive change for our members and community.

Community

Road safety education is the key pillar of our community program, and in 2022-23 we were able to get our programs out to even more people. Our team went above and beyond, exceeding our targets for the year.

A big part of that success was reaching out to schools, colleges, and community groups, and using our social media channels to market the programs. The positive response we received spoke volumes about how much Tasmanians cares about road safety, particularly in a period where death and serious injury on Tasmania's roads has increased significantly.

The highlight of the program this year was the dramatic increase in primary school participation, with the Yippee program continuing to foster strong engagement.

Notwithstanding the success we saw in 2022-23, road safety programs in Tasmania continue to reach only a small number of students, and we would like to see this expanded, with the establishment of road safety programs in all Tasmanian schools.

These important programs, which aim to keep Tasmanians safe on our roads, directly address our 2030 goal of having a valued relationship with every Tasmanian.

Journeys remains Tasmania's most widely circulated publication, reaching approximately 114,000 households each edition.

Communications

Our member magazine, *Journeys*, remains Tasmania's most widely circulated publication, reaching approximately 114,000 households each edition. For financial and environmental sustainability reasons, and to align the magazine to Tasmania's distinct seasons, we reduced the production of the magazine from six to four issues annually. Our Winter edition of Journeys also recorded a new high in advertising revenue.

We frequently communicate with our members through digital mediums, with our monthly eNews reaching 114,000 members, and our quarterly Digital Journeys email regularly sent to 109,000 members, both generating engagements nearly double the industry benchmark.

In 2022-23, we achieved strong communications and public relations (PR) results, with more than 11.8m people reached

through our PR activities and earned media, and almost one million engagements across our social media channels.

We supported the organisation's 100-year celebrations by producing engaging written and visual content shared across the web and our new microsite. We also worked closely with our events team to maximise member engagement at our celebrations. During the week of our 100th birthday, we had a potential earned media reach of almost 400,000 people and achieved nearly $36,000 in advertising equivalency.

We secured extensive media coverage during National Road Safety Week (NRSW) and consistently promoted strong advocacy messages throughout the year via our media channels, underscoring our enduring commitment to protecting motorists and serving Tasmanians. In NRSW alone, we had a potential earned media reach of over a million people.

Our people

In fostering diversity and inclusion, we launched our Diversity, Inclusion & Belonging strategy to represent our diverse community, ensuring RACT continues to be a home for everyone. Culturally, we focused on growth and adaptation, with workshops conducted to explore our cultural identity. Our annual staff engagement survey saw an increased participation rate of 91% of staff, and staff engagement increase six points to 74%.

Employee wellbeing is paramount. Our partnership with Sonder, a smartphone app-delivered Employee Assistance Provider, ensures round-the-clock access to services for employees and their families. We continued our commitment to Mental Health First Aid, with 96 trained employees.

Performance-wise, we introduced Thrive&Grow, our new performance review system focusing on proactive development. We undertook a comprehensive skills audit, a first in our industry globally, aiming to understand and address any skill gaps. To nurture leadership, we enhanced existing leadership skills and launched a unique development program.

Lastly, aligning with our RACT Remuneration Strategy, we commenced transitioning from variable pay to intrinsic rewards. This ensures our employees' pay security and focuses on motivation that drives productivity, engagement, and reduces turnover. This shift towards satisfying our inner drive aligns with our purpose.

Our annual staff engagement survey saw an increased participation rate of 91% of staff, and staff engagement increase six points to 74%.

Operations review

Insurance

The past year was unprecedented with our team finalising a record volume of claims. We surpassed the claim volume of the 2018-19 financial year that was significantly influenced by the Hobart flash flooding event. We managed to deliver $15.7m of value back to our community, handling these claims 50% faster than industry peers. However, we continue to face supply chain shortage challenges as a result of the impacts of the COVID-19 pandemic.

Despite an increase of 30% in daily tasks per staff member compared to pre-COVID levels, we have excelled by fostering collaboration, leadership engagement, and an intensified focus on process automation. We've automated over 17,000 First Notice of Loss letter notifications and restructured our settlement process, resulting in a savings of over 233 hours of internal effort and a decrease in our risk.

Throughout the 2022-23 financial year, we undertook a comprehensive review of our assessing and repair strategy, implementing changes to both our internal structure and external supply chain requirements.

We broadened our local supplier network, fostering relationships based on shared performance expectations and strong partnerships. This strategic move has set the groundwork for better management of cost and customer outcomes in the field.

Despite the numerous challenges faced by our members, we remained committed to delivering exceptional results. Our dedication was reflected in an industry-leading net promoter score of 76.5 from our insurance members. Adding to this, we were grateful to be acknowledged as Tasmania's Best Home and Motor Insurance provider for 2023 in Australia's largest customer study of financial services. This recognition, which we have now received for the third consecutive year, is particularly meaningful to us, as it is based on the votes of our members.

Travel Insurance

In our first full financial year of selling travel insurance online, we exceeded expectations. In collaboration with Tokio Marine, we're committed to providing an excellent product to our members and are focused on its continued growth and improvement.

Finance

Despite economic challenges, our partnership with RACV Finance allowed us to offer a range of loans to our members, inclusive of a 1% p.a. discount off the standard base rate for used car loans.

Roadside Assistance

Our Roadside patrols and network of country agents logged an average of 195 roadside assistance jobs per day this year, successfully mobilising approximately 90% of vehicles without needing a tow. Our battery service remained in high demand, with over 10,500 new batteries sold and fitted across the state.

AutoServe

Our AutoServe mechanical workshops in Launceston and Hobart emphasised customer service and quality workmanship. We also performed pre-purchase inspections for those considering car purchases.

Driver Training

We delivered over 19,100 training lessons across the state and conducted a total of 1,610 state-wide P1 assessments. We partnered with the Tasmanian Government to provide driving lessons in high schools and colleges, helping disadvantaged students secure their driver's licenses.

Child Seats

We installed 1,250 child seats during the year, offering free fittings when members purchased seats from us. This service is part of our commitment to addressing the crucial issue of correct car seat fitment across Tasmania.

Technology

Our teams have accelerated their efforts in preparation for our 2024-26 technology transformation. We have begun enhancing our major platforms, with the development of our new Customer Relationship Management (CRM) system and moving Roadside-Online and Roadside-Billing to the cloud.

Our Cyber Operations team continued to safeguard our data and ensure business continuity. We further improved resilience by implementing 24/7 monitoring and alerting across all of our technologies and continued testing and preparation for major incidents.

Staff awareness of phishing and other cyber-related issues has increased, and we achieved our target for critical systems availability.

Operations

The newly added Operations function aims to streamline our frontline engagement, delivery, and operational effectiveness. By combining the Retail, Roadside, and Teleclaims contact centre into one business unit, we aim to enhance services provided to members across these channels.

Risk and Compliance

Our Risk and Compliance division continues to provide guidance on compliance, audit, and risk topics. We have ensured our operations and practices align with applicable laws, regulations, and licensing requirements.

The safety of our operations remains paramount. While we recognise the risk to our people, members, and the public cannot be eliminated entirely, we continuously seek opportunities to reduce it.

In the face of rapidly evolving regulatory reforms, a heightened risk environment, and increased scrutiny on data handling and security, it's crucial to focus on operational risk and resilience. We are committed to identifying and managing all risks while building a business that can weather disruptions, sustain operations, and continue serving our members.

Financial commentary

for the 2022-23 financial year

Financial performance

Total income growth continued through FY23 to $187.6 million (FY22: $166.6 million), as the first full financial year with RACT Insurance as a wholly owned subsidiary (wholly owned for seven months in FY22).

The additional five months of 100% ownership of RACT Insurance was a key factor to the significant growth in insurance revenue to $155.8 million (FY22: $81.8 million). The insurance business has experienced industry wide challenges with supply chain and inflationary pressures, but the underlying performance has improved during the year underpinned by strong policy retention and growth across the insurance portfolio.

Revenue from member subscriptions increased by 9% to $21.3 million in FY23, up from $19.5m in FY22.

Investment income grew to $4 million in FY23 as equity markets and deposits increased performance on the back of higher interest rates. The improved investment returns offset some of the impact of higher inflation and interest on RACT debt.

Earnings from joint venture operations in the current reflect only the activities of the AutoServe business.

The current year net profit after tax (NPAT) of $5.3 million represents an increase of 31% from the FY22 underlying NPAT of $4.1 million (excluding the extraordinary one-off fair value adjustment arising from the purchase of RACT Insurance in FY22 of $53.1 million). This result is representative of both the growth in revenue that has been achieved and the increased expenditure able to be invested back for future growth to benefit members and Tasmania.

Financial position

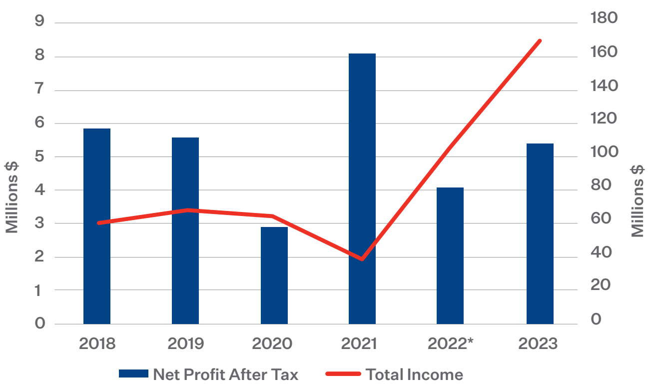
The steady rise in net assets to the end of FY23 is consistent with group assets and the overall NPAT for the year.

Group assets have risen by $21.4 million, as strong results have allowed for increased investment in, and increased valuation of, financial assets ($18.9 million increase). An increase in group liabilities partly offsets asset growth by $12.9 million is largely driven by increased unearned insurance premium liability, consistent with the growing insurance portfolio.

The Group utilised some of the available cash balance to make a voluntary $3.5 million repayment to the outstanding borrowings balance during the year to reduce exposure to increased interest rate costs.

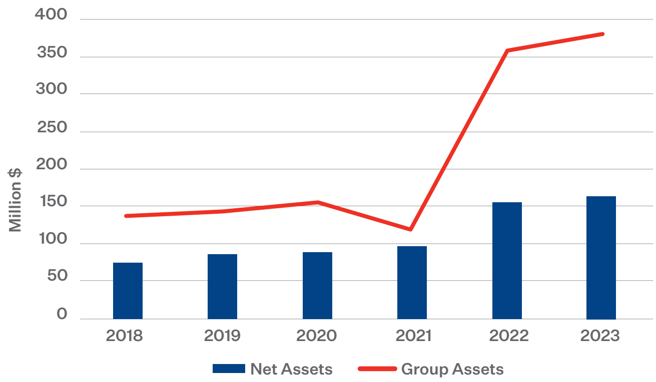
Goodwill from the acquisition of RACT Insurance remains the highest value individual class of asset at $127.8 million. Goodwill was assessed for impairment as at 30 June 2023, and was determined to not be impaired.

Financial Performance



Revenue and Net Profit After Tax excludes the fair value adjustment on the acquisition of the Insurance entity

Financial Position



Directors' Report

IN RESPECT of the year ended 30 June 2023, 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 A J Flakemore (President)
Mr P A W Kolkert (Vice President from 14 November 2022)
Ms J A L Richardson (Vice President to 14 November 2022)
Mr A M Coleman (from 23 September 2022)
Mr P A Dixon (to 14 November 2022)
Mr R P Doedens
Ms J A Franks (to 14 November 2022)
Mr M C Grey (from 14 November 2022)
Mr R J Knightley (to 14 November 2022)
Mr A S McKenzie (from 14 November 2022)
Ms K L Nylander (from 14 November 2022)
Hon Ms S L Smith AM

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


Mrs A J Flakemore


Mr P A W Kolkert


Ms J A L Richardson


Mr A M Coleman


Mr R P Doedens


Mr M C Grey


Mr A S McKenzie


Ms K L Nylander


Hon Ms S L Smith AM

2 Principal activities

The principal activities of the consolidated entity are to advance the interests of, and advocate on behalf of, its members, in regard to any matter that is determined to be relevant to members and the company, act as a roadside assistance provider, general insurance distributor and a general insurance underwriter.

3 Financial results of the consolidated entity

The consolidated entity's profit including discontinued operations for the period was $5.382 million (2022, $57.217 million) and total comprehensive income for the year ended 30 June 2023 was $8.423 million (2022, $57.896 million).

4 Review of operations

A review of operations is included in the President's and Group Chief Executive Officer's (GCEO's) Report 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 for the year ended 30 June 2023.

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.

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, education sessions and strategic workshops. Only the attendance at the formal Board meetings are recorded in the table below.

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

- Audit Committee
- Risk Committee
- Governance, Remuneration & Nomination Committee
- Community & Advocacy Committee

In addition, temporary Committees are formed by the Board as and when required. In the year ended 30 June 2023, this included a Committee to assess the skills, experience, and suitability of candidates in relation to nominations for election to the RACT Board (met three times in the year ended 30 June 2023, excluding candidate interviews).

Directors' Report

The members of the permanent Committees listed *(on page 15)* 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 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. Since the completion of the acquisition of RACT Insurance on 30 November 2021 the governance structures and processes of RACT and RACT Insurance have been increasingly aligned with policy frameworks being combined into a single group-wide framework wherever regulations allow. The Boards of the two companies hold joint strategic and education sessions to assist in alignment and the transfer of knowledge and information. RACT's Board committees incorporate joint sessions with the equivalent committee's of RACT Insurance within their quarterly agendas.

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, 27 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	Community & Advocacy	Governance, Remuneration & Nomination	Audit	Risk
Total meetings held during 2022/2023	**9**	**3**	**8**	**4**	**3**
Director					
Mrs A J Flakemore (President)	9	*	8	4	*
Mr P A W Kolkert (Vice President from 14 November 2022)	9	*	3 (out of 3)	*	1 (out of 1)
Ms J A L Richardson (Vice President to 14 November 2022)	8 (out of 8)	1 (out of 1)	8	*	2 (out of 2)
Mr A M Coleman (from 23 September 2022)	5 (out of 6)	*	*	2 (out of 2)	*
Mr P A Dixon (to 14 November 2022)	3 (out of 4)	1 (out of 1)	4 (out of 4)	1 (out of 1)	*
Mr R P Doedens	9	*	*	2 (out of 2)	2 (out of 2)
Ms J A Franks (to 14 November 2022)	4 (out of 4)	*	*	*	1 (out of 1)
Mr M C Grey (from 14 November 2022)	3 (out of 4)	2 (out of 2)	*	*	2 (out of 2)
Mr R J Knightley (to 14 November 2022)	4 (out of 4)	*	*	*	1 (out of 1)
Mr A S McKenzie (from 14 November 2022)	4 (out of 4)	2 (out of 2)	*	*	*
Ms K L Nylander (from 14 November 2022)	4 (out of 4)	2 (out of 2)	*	*	*
Hon Ms S L Smith AM	9	3	*	1 (out of 2)	*

* Director is not a member of this Committee.

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.

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 on page 15)*, the directors and secretaries of RACT Insurance Pty Ltd and all other executive officers of the company and of any related body corporate, against a liability incurred by 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. In addition, deeds of indemnity are in place between the company and the aforementioned directors, secretaries and executive officers in accordance with the company's Constitution.

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

As at the date of this report, the RACT Board comprises nine non-executive directors. RACT's Constitution requires the composition of the Board to be nine member-elected directors and up to three Board-appointed directors. The Board 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
- Arranges the employment of the GCEO and ensures a clear relationship between performance and executive remuneration
- Manages appropriate succession planning and renewal of the Board
- Represents members in line with RACT's constituted purpose and 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 executive leadership 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 up to $2. As at 30 June 2023, the number of eligible members was 132,576 (2022 – 132,932).

12 Auditor's Independence Declaration

The auditor's independence declaration is included on page 19 of the financial report.

13 Directors' qualifications and experience

Mrs A J Flakemore
B.Com (Hons), FCA, RCA, GAICD, PMIIA CIA
Chartered Accountant and Company Director
Senior Partner – Audit & Assurance, Crowe
National Council Member, Australian Automobile Association

Mr P A W Kolkert
FAICD
Executive and Company Director
Executive Director & Secretary, Ditech Holdings Pty Ltd
Director & Secretary of DPJ (TAS) Properties Pty Ltd
Director, Glass Wall Labs Pty Ltd
Director & Secretary, 39 Sandy Bay Road Pty Ltd
Director, Treklok Pty Ltd

Mr A M Coleman
BA, MBA, Hon D.Bus (Macq), FIAA, CERA, FAICD (from 23 September 2022)
Actuary and Company Director
Director, RACT Insurance Pty Ltd
Director, Munich Re Insurance (Australia and NZ)

Directors' Report

Mr P A Dixon
LL.B., BD (Hons), MBA, MAICD (to 14 November 2022)
Lecturer, College of Business & Economics, University of Tasmania
Legal Practitioner
Notary Public

Mr R P Doedens
B.Com (Acc) FCPA, GAICD
Executive Officer and Company Director
Executive Officer, Supported Affordable Accommodation Trust

Ms J A Franks
GAICD (to 14 November 2022)
Management Consultant and Company Director
Principal Consultant, Jude Franks Consultancy Pty Ltd
Director, The Mount Wellington Cablecar Company Pty Ltd
Director, Steamship Cartela Limited
Director, Gongola Pty Ltd

Mr M C Grey
BA, CS, CPM, GDACG, FCPA, FAICD (from 14 November 2022)
Company Director
Director, St Giles Disability Services (from 1 July 2023)
Director, The Public Trustee Tasmania (From 31 January 2023)
Chair, MND Australia (to 30 June 2023)
Chair, Eye Co Retinal Therapeutics (to 30 June 2023)

Mr R J Knightley
FIE Aust CPEng Eng Exec NER APEC Engineer Int (PE) Aust MAICD (to 14 November 2022)
Civil Engineer and Company Director
Director and Principal Engineer, RJK Consulting Engineers

Mr A S McKenzie
BA LLB (Hons), GDLP
Legal Practitioner and Company Director
Director, McLean McKenzie & Topfer
President, TasCOSS
Board Member, Tasmanian Community Fund
Chair, Tasmanian Rugby Union Judiciary
Member, Basketball Tasmania Judiciary

Ms K L Nylander
BA
Public Relations Advisor and Company Director
Principal, Nylander Consulting Pty Ltd
Chair, Tasmania Jackjumpers
Director, Aurora Energy
Director, Tempus Village Management Pty Ltd
Director, KLN Tasmania Pty Ltd

Ms J A L Richardson
JP, MBA, CMgr FIML, FAICD, FGIA, CAHRI
Executive and Company Director
Director Corporate Services, Glenorchy City Council

Hon S L Smith, AM
Company Director
Chair, Local Government Board Tasmania

Directors declaration

This report is signed in accordance with a resolution of directors pursuant to section 298(2) of the Corporations Act 2001, this 27th day of September, 2023

A J FLAKEMORE
DIRECTOR

A M COLEMAN
DIRECTOR

Auditor's Independence Declaration

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Royal Automobile Club of Tasmania

I declare that, to the best of my knowledge and belief, in relation to the audit of The Royal Automobile Club of Tasmania for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Sascha Adams

Partner

Hobart, Tasmania

27 September 2023

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	NOTE	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Continuing operations			
Insurance revenue	2	155,854	81,846
Fair value adjustment on acquisition of controlled entity	16	–	53,108
Revenue from contracts with customers	2	25,381	29,107
Investment Income / (losses)	2	4,044	(515)
Other income	2	2,151	2,409
Total revenue		**187,430**	**165,955**
Share of profit of associates	7	182	697
Total income		**187,612**	**166,652**
Expenses			
Insurance claims expense	17	(88,758)	(49,710)
Outward reinsurance premium expense	17	(16,628)	(9,496)
Personnel costs		(35,670)	(26,418)
Other underwriting and acquisition costs		(7,988)	(1,813)
Operating costs		(7,172)	(6,043)
Cost of goods sold		(988)	(840)
Marketing costs		(2,465)	(2,051)
Technology costs		(7,913)	(5,131)
Occupancy costs		(2,459)	(2,201)
Corporate costs		(3,635)	(4,861)
Interest costs		(2,795)	(862)
Depreciation and amortisation expense		(2,806)	(1,436)
Total expenses		**(179,277)**	**(110,862)**
Profit before income tax		**8,335**	**55,790**
Income tax benefit/(expense)	3	(2,999)	1,144
Profit from continuing operations		**5,336**	**56,934**
Discontinued operation			
Profit from discontinued operation, net of tax	26	46	283
Profit for the period		**5,382**	**57,217**
Other comprehensive income			
Fair value revaluation/(devaluation) of land and buildings		3,041	679
Income tax on items of other comprehensive income		–	–
Total other comprehensive income		**3,041**	**679**
Total comprehensive income for the period		**8,423**	**57,896**

Notes to the Financial Statements are included on pages 24 to 63.

Statement of Financial Position

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
		2023	2022
	NOTE	$'000	$'000
Current assets			
Cash and cash equivalents		15,132	19,834
Trade and other receivables	5	67,195	59,454
Deferred acquisition costs	17	6,866	6,454
Current tax receivable	3	–	4,107
Financial assets	6	88,573	73,784
Other assets	10	5,641	2,799
Total current assets		**183,407**	**166,432**
Non-current assets			
Trade and other receivables	5	255	141
Financial assets	6	8,057	3,996
Investment in associates	7	313	281
Property, plant and equipment	11	28,590	25,316
Right-of-use lease assets	12	2,453	2,241
Intangible assets	8	22,086	26,380
Goodwill	9	127,833	127,833
Deferred tax asset	3	8,122	7,101
Total non current assets		**197,709**	**193,289**
Total assets		**381,116**	**359,721**
Current liabilities			
Payables	13	11,236	8,522
Outstanding claims liabilities	17	33,296	31,610
Unearned premium liabilities	17	82,400	70,824
Current tax payable	3	994	–
Lease liabilities	12	838	947
Provisions	14	20,851	20,919
Total current liabilities		**149,615**	**132,822**
Non-current liabilities			
Outstanding claims liabilities	17	4,417	4,881
Borrowings	15	51,500	55,000
Provisions	14	569	818
Lease liabilities	12	1,783	1,453
Deferred tax liability	3	9,818	9,756
Total non current liabilities		**68,087**	**71,908**
Total liabilities		**217,702**	**204,730**
Net assets		**163,414**	**154,991**
Equity			
Retained earnings		153,578	148,196
Reserves		9,836	6,795
Total equity		**163,414**	**154,991**

Notes to the Financial Statements are included on pages 24 to 63.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	CONSOLIDATED		
	Asset revaluation reserve $'000	**Retained earnings $'000**	**Total attributable to Equity holders of the entity $'000**
Balance at 30 June 2021	6,116	90,979	97,095
Profit for the period	–	57,217	57,217
Other comprehensive income	–	–	–
Cash flow hedge termination	–	–	–
Revaluation of land and buildings	679	–	679
Balance at 30 June 2022	**6,795**	**148,196**	**154,991**
Profit for the period	–	5,382	5,382
Other comprehensive income	–	–	–
Cash flow hedge termination	–	–	–
Revaluation of land and buildings	3,041	–	3,041
Balance at 30 June 2023	**9,836**	**153,578**	**163,414**

Notes to the Financial Statements are included on pages 24 to 63.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
	NOTE	2023 $'000	2022 $'000
Cash flows from operating activities			
Insurance Premiums received		156,545	81,758
Receipts from customers		29,377	33,930
Insurance claims paid		(88,615)	(41,079)
Payments made to employees and suppliers		(76,520)	(57,923)
Reinsurance and other recoveries received		12,903	7,428
Outwards reinsurance premiums paid		(15,648)	(7,794)
Interest paid		(2,795)	(862)
Interest received		641	48
Dividends and distributions received		266	–
Income tax paid/(refunded)		7,819	(2,464)
Net cash from/(used in) operating activities	**20**	**23,973**	**13,042**
Cash flows from investing activities			
Payments for property, plant and equipment, and software		(2,053)	(923)
Funds withdrawn from/(investments in) term deposits		3,000	33,000
Payments for acquisition of RACT Insurance Pty Ltd		–	(83,750)
Cash balance received from acquisition of RACT Insurance Pty Ltd		–	3,784
Proceeds from sale of property, plant and equipment (excl. tourism business assets)		67	118
Proceeds from the sale or maturity of investment securities		–	2,000
Payments for purchase of investment securities		(19,022)	(14,000)
Loans to related parties		(6,267)	(211)
Dividends received		150	2,379
Net cash from/(used in) investing activities		**(24,125)**	**(57,603)**
Cash flows from financing activities			
Proceeds from borrowings		–	55,000
Repayment of borrowings		(3,500)	–
Payment of principal portion of lease liabilities		(1,050)	(1,030)
Net cash from/(used in) financing activities		**(4,550)**	**53,970**
Net increase/(decrease) in cash held		**(4,702)**	**9,409**
Cash at the beginning of the financial year		19,834	10,425
Cash at the end of the financial year	**20**	**15,132**	**19,834**

Notes to the Financial Statements are included on pages 24 to 63.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. Summary of Accounting Policies

Reporting Entity

The Royal Automobile Club of Tasmania Limited ('RACT' or the 'Company') is a company limited by guarantee, domiciled and incorporated in Australia.

The Company's registered office is 179-191 Murray Street, Hobart, Tasmania, 7000.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as 'RACT Group' or the 'Group') and were authorised for issue by the Board of Directors on 27 September 2023.

The Company is a for-profit entity for the purposes of preparing the financial statements. The Group's principal activities during the financial year were the provision of assistance, insurance and services to members.

Statement of Compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards statements comply with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board.

Significant accounting policies have been included in the relevant note to which the policies relate. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements. Certain comparative amounts have been restated to conform to the current year's presentation.

Changes to significant accounting policies are described in Note 1(w).

Basis of Preparation

The financial report has been prepared on the basis of historical cost, unless the application of fair value measurement is required by the relevant accounting standards and the revaluation of certain non-current assets and financial instruments. The significant accounting policies adopted in the preparation of these financial statements are set out within the relevant note to the financial statements.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

The following are the critical judgements and key sources of estimation uncertainty applied in the process of the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Critical accounting judgement and estimates	Note
Outstanding claims liability	17
Reinsurance and other recoveries	5
Liability adequacy test	17
Trade and other receivables	5
Impairment assessment of controlled entities carried at cost	9
Determination of fair values of investments	6
Recognised deferred tax balances	3
Intangible assets initial measurement, impairment testing and useful life	8
Employee benefits	14
Valuation of property	11
Estimation of useful lives	11
Right of use assets lease term	12
Customer remediation	14

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 Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

(a) Basis 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.

(b) 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.

(c) 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.

(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 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 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 'stand alone taxpayer within group' approach.

1. Summary of Accounting Policies (continued)

(d) Income Tax continued

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.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, net of outstanding bank overdrafts. They are measured at fair value, being the gross value of the outstanding balance.

(g) 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.

Subsequent additional costs are only capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Company in future years.

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 and equipment	4 to 15 years
Leasehold improvements	4 to 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.

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.

(h) 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(p).

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.

(i) 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.

(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.

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.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. Summary of Accounting Policies (continued)

(j) Financial Instruments continued

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.

v. Insurance assets backing general insurance liabilities

The investments held in the subsidiary RACT Insurance Pty Ltd are assessed under AASB 1023 General Insurance Contracts to be assets that are held to back general insurance liabilities (referred to as insurance funds) and assets that represent shareholder funds.

RACT Insurance Pty Ltd has designated financial assets held in portfolios that match the average duration of a corresponding insurance liability as assets backing general insurance liabilities. These comprise:

- Investments including financial assets and related receivables held in an investment portfolio specifically designated to pay insurance liabilities.
- Financial assets which back general insurance liabilities are initially recognised at fair value and subsequently measured at fair value. Movements in the fair value are recognised in profit and loss.
- Investment assets are valued at fair value at each reporting date based on the current bid price where available. Where a quoted price is not available one of the following valuation techniques are used to value the assets at reporting date: recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Receivables are valued at fair value which is approximated by taking the initially recognised amount and reducing it for credit risk as appropriate. Short duration receivables with no stated interest rate are normally measured at original invoice amount.

vi. Insurance assets not backing general insurance liabilities

Financial assets that do not back general insurance liabilities include:

- Investments and related receivables held in an investment portfolio allocated to shareholders' capital and reserves.
- Assets including cash that are designated to pay tax liabilities and other non-insurance related payables.
- Reinsurance recoveries on claims paid.
- Derivative financial instruments held in an investment portfolio.

Investments have been designated at fair value through profit or loss as they are managed and their performance evaluated on a fair value basis for internal and external reporting in accordance with the investment strategy.

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.

1. Summary of Accounting Policies (continued)

(n) Provisions continued

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.

(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.

Insurance premium revenue

Premium revenue comprise amounts charged to policyholders (direct premiums) for insurance policies. Premium includes applicable levies and charges but excludes stamp duty collected on behalf of the state government and is recognised net of goods and services tax.

Premium revenue is recognised when it has been earned, that is, from the date of attachment of risk over the period of the insurance policy in accordance with the pattern of the underlying exposure to risk expected under the insurance contract. In most cases the exposure to risk is assumed to be even over the policy period, which is usually one year.

At reporting date any proportion of premium revenue received and receivable but not earned in profit and loss is recognised in the Statement of Financial Position as an unearned premium liability. The unearned premium liability represents premium revenue which will be earned in subsequent reporting periods.

Unclosed business is not recognised in the financial report as it is not material.

Reinsurance and other recoveries revenue

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported and claims incurred but not enough reported are recognised as revenue. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Unit trust distributions

Distributions from unlisted unit trusts are recognised on the date the unit value is quoted ex-distribution.

(p) 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:

- RACT Insurance 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.

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.

Internally developed software

Development expenditure is capitalised only if the expenditure can be measured reliably, the product is technically feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and use the asset. Otherwise development costs are recognised in the profit and loss as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Development expenditure incurred prior to the asset being ready for use is recognised in Software work in progress.

Amortisation is calculated to write off the cost of the intangible assets less their estimated residual values using the straight line method over their estimated useful lives. The amortisation rate used for Software application is 20.0%.

(q) 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.

(r) Outward reinsurance premium expense

Premium ceded to reinsurers is recognised as outwards reinsurance premium expense in profit and loss from the attachment date over the period of indemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk.

(s) Insurance claims expense

Claims expense represents the benefits paid or payable to the policyholder on the occurrence of an event giving rise to a loss or accident according to the terms of the policy. Claims expenses are recognised in profit and loss as losses are incurred which is usually the point in time when the event giving rise to the claim occurs.

(t) Outstanding claims liabilities

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the Company, plus a risk margin to allow for the inherent uncertainty in the central estimate. The details of risk margin applied and the process of determining the risk margin is set out in Note 17.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported ("IBNR"), claims incurred but not enough reported ("IBNER") and the direct and indirect costs of settling those claims.

The expected future payments are discounted to present value using a risk free rate as at the reporting date.

1. Summary of Accounting Policies (continued)

(u) Deferred acquisition costs

Acquisition costs include commissions and other selling and underwriting costs incurred in obtaining and recording general insurance contracts.

Acquisition costs incurred in obtaining and recording general insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be recognised in profit and loss in subsequent reporting periods. Deferred acquisition costs are amortised systematically in accordance with the expected pattern of the incidence of risk under the general insurance contracts to which they relate. This pattern of amortisation corresponds to the earning pattern of the corresponding premium revenue.

Commission charged between entities within the Group are eliminated on consolidation.

(v) Liability adequacy test

The liability adequacy test is an assessment of the carrying amount of the unearned premium liability and is conducted at each reporting date. If current estimates of the present value of the expected future cash flows relating to future claims arising from the rights and obligations under current general insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the unearned premium liability less related deferred acquisition costs, then the unearned premium liability is deemed to be deficient.

The test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency arising from the test is recognised in profit or loss with the corresponding impact on the Statement of financial position recognised first through the write down of deferred acquisition costs for the relevant portfolio of contracts, with any remaining balance being recognised on the Statement of financial position as an unexpired risk liability.

(w) New Accounting Standards for Application in Future Periods

AASB 17 Insurance Contracts

AASB 17 Insurance Contracts is a new accounting standard that replaces AASB 1023 Insurance Contracts. The final standard is effective for annual periods beginning on or after 1 January 2023 and will be effective for RACT Group from 1 July 2023.

Measurement Model

AASB 17 introduces three new measurement models, the general measurement model (GMM), the variable fee approach and the premium allocation approach (PAA).

Under the general measurement model (GMM), contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. A modified version of the general model (variable fee approach) is applied to insurance contracts with direct participation features. The PAA method, which is similar in nature to the Group's existing measurement basis, is permitted when either the liability for remaining coverage under the PAA is not expected to be materially different from that determined under the GMM, or for eligible short-duration contracts. Under the PAA method, the liability for remaining coverage is based on premium received rather than measuring the disaggregated fulfillment of cash flows and contractual service margin.

In applying the standard, RACT has reviewed the Group's insurance and reinsurance contracts and considered the contract boundary for each type of policy. All policies have a coverage period of one year or less. As a result, the Group has taken the available policy choice to apply the PAA to these contracts.

Onerous Contracts

AASB 17 requires insurance contracts issued, and reinsurance contracts held, to be separately grouped into portfolios which comprise contracts subject to similar risk and managed together. AASB 17 requires the identification of groups of onerous contracts for insurance contracts issued at a more granular level than the liability adequacy test performed under the AASB 1023 accounting standard, with a loss component recognised on initial recognition of the group of contracts.

Under the PAA, the Group assumes that no contracts in the portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts not measured under the PAA, an assessment is made at initial recognition to determine if they are onerous or have no significant possibility of becoming onerous. The Group has developed a framework for identifying indicators of possible onerous contracts using internal management information. This will be assessed on an ongoing basis as part of the Group's reporting processes.

If facts and circumstances indicate that contracts may be onerous, the Group will perform an assessment to determine if a net outflow is expected from the contracts, measured based on an estimation of fulfilment cash flows. To the extent onerous contracts are identified, losses are recognised immediately in the profit or loss and a loss component established. AASB 17 requires that this assessment is performed on a gross basis (i.e., excluding the effect of reinsurance).

To the extent onerous contracts are covered by reinsurance, entered into on or before the recognition of the onerous contracts, reinsurance recoveries are recognised immediately in the profit or loss and a loss recovery component established. If a group of contracts which were initially identified as onerous were to subsequently become non onerous, the loss component and similarly the loss recovery component would be reversed within the profit and loss.

On transition there are not expected to be any onerous contracts based on facts and circumstances.

Discounting

Discounting is optional for the liability for remaining coverage (LFRC) carrying amount if the time between providing each part of the coverage and the related premium is one year or less and is optional for the liability for incurred claims (LFIC) if claims are expected to be paid in one year or less from the date the claims are incurred. Although most contracts meet this criteria, the Group's default policy decision is to discount. Under this approach, AASB 17 requires that the estimates of expected cash flows that are used to measure the liability for incurred claims are discounted to reflect the time value of money and the financial risks related to those cash flows. This aligns to the requirements for measuring the outstanding claims liability under AASB 1023 using the risk-free rate. In addition, AASB 17 also requires the discount rate to reflect the liquidity characteristics of the underlying insurance contracts.

Risk Adjustment

The measurement of insurance contract liabilities includes a risk adjustment to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risks as the Group fulfills insurance contracts. This differs from the risk margin used under the AASB 1023 accounting standard which reflects the inherent uncertainty in the central estimate of estimated future cash flows. The Group has developed models for determining the risk adjustment and expects to use a probability of sufficiency of 75% determined by a cost of capital model.

Capital Impacts

The Group has analysed the implications of implementing AASB 17 for changes to capital and prudential reporting standards. Major changes to capital management and dividend policy are not expected to arise from AASB 17.

Tax Impacts

Current tax law in Australia is drafted to mirror AASB 1023. The Federal Budget in May 2023 contained an announcement from the Australian Government about its intention to align tax legislation for insurers with AASB 17. Exposure draft legislation was released on 10 July 2023 and a Bill is expected to be introduced in Parliament in the coming months.

Presentation and Disclosure

AASB 17 introduces substantial changes in the presentation of both the statement of comprehensive income and balance sheet of the financial statements, as well as introducing more granular disclosure requirements. In the statement of comprehensive income, AASB 17 will require the presentation of the insurance revenue and insurance service expenses gross of reinsurance. For RACT, insurance revenue replaces gross earned premium and insurance service expenses largely reflects the combination of claims expense, non-reinsurance related recoveries, commission expense and underwriting expenses. All changes in value as a result of either the effect of or change in the time value of money or financial risk, will no longer form part of the insurance service result but will be recognised separately as insurance finance income or expenses. In the balance sheet, as all cash flows resulting from the rights and obligations under insurance and reinsurance contracts are included in the measurement of each group of contracts, existing balance sheet items will no longer be presented separately. AASB 17 requires these associated balances to be combined into single line items for portfolios of insurance contracts issued or reinsurance contracts held that are either in an asset or liability position. In order to reconcile the movement in insurance contract liabilities and reinsurance contract assets from period to period, the standard requires detailed disclosures that present the changes to each of the individual measurement components. AASB 17 permits recognition of a component of insurance finance income or expenses either in profit or loss or other comprehensive income. RACT intends to recognise all elements of insurance finance income or expense in profit or loss. This aligns to the current approach under AASB 1023 and maintains effective matching with valuation changes in the investment portfolio, which is measured at fair value through profit or loss.

Transition Impact

On transition to AASB 17 at 1 July 2022, RACT expects to apply the full retrospective approach to all insurance contracts issued and reinsurance contracts held. The impact of AASB 17 adoption on the Group's reported net assets as at 30 June 2022 is currently expected to be within a range of $4.82 million to $5.33 million decrease before tax impacts. The opening net asset impact is mainly driven by the derecognition of deferred acquisition costs assets offset by the impact of the change in risk adjustment.

The requirements of AASB 17 are complex and subject to ongoing interpretation and the Group's expectations noted above are subject to change as it continues to assess the impact of the standard and further interpretation developments.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. Summary of Accounting Policies (continued)

(x) Comparative Figures

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

(y) Discontinued Operation

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations or;
- is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparitive year.

2. Revenue

		CONSOLIDATED	
		2023 $'000	2022 $'000
Insurance revenue			
Insurance premium revenue	17	139,109	72,311
Reinsurance and other recoveries income	17	16,745	9,535
		155,854	**81,846**
Revenue from contracts with customers			
Membership subscriptions		21,250	19,486
Financial services		366	5,730
Motoring services		3,348	2,817
Corporate services		7	735
Advertising		410	339
		25,381	**29,107**
Other income			
Rental revenue		1,549	1,928
Other revenues		560	470
Profit on sale of property, plant and equipment		42	11
		2,151	**2,409**
Investment Income			
Interest income on financial assets at fair value through profit or loss		1,984	159
Interest income on financial assets held at amortised cost		441	48
Net gains/(losses) on financial assets at fair value through profit or loss		811	(937)
Trust distribution income		542	215
Dividends and Distributions		266	–
		4,044	**(515)**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3. Income Tax Expense

	CONSOLIDATED	
	2023 $'000	2022 $'000
(a) Income Tax Expense		
The components of tax expense comprise:		
Current Tax Expense	3,773	–
Deferred tax	(650)	(1,627)
Under/(over) provision from previous years	(105)	276
	3,018	**(1,351)**
Income tax from continued operations	2,999	(1,144)
Income tax from discontinued operations	19	(207)
	3,018	**(1,351)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Prima facie tax on profit before income tax at 30% (2022:30%)	2,519	17,360
Add tax effect of:		
Mutual (profits)/loss	723	387
Non deductible expenses	60	8
Tax credits	(179)	(745)
Impact of RACT Insurance acquisition	–	(18,637)
Under/(over) provision from previous years	(105)	276
Total	**3,018**	**(1,351)**
(c) Deferred tax recognised directly in other comprehensive income		
Relating to revaluation of property	(201)	133
Relating to valuation of interest rate swap	–	–
	(201)	**133**
(d) Current and Deferred Tax Balances		
Assets		
Current	–	–
Non-current	–	4,107
Deferred tax asset	8,122	7,101
Total	**8,122**	**11,208**
Liabilities		
Current/Non-current	994	–
Deferred tax liability	9,818	9,756
Total	**10,812**	**9,756**
Taxable and deductible temporary differences arise from the following:		
Amounts recognised in profit or loss		
Property, plant and equipment	(570)	(929)
Investments	(1,096)	(1,785)
Payables	471	72
Provisions	3,071	3,453
Other assets	1,258	687
Receivables	(71)	39
Equity accounted investments	(85)	(71)
Tax losses	–	829
Intangibles	(4,036)	(4,999)
Right of Use Assets	(638)	52
Net deferred tax liabilities	**(1,696)**	**(2,652)**
Movements		
Opening balance	(2,652)	(726)
Under/(over) provision from prior year	105	(276)
Acquisition	–	(3,144)
Credited to income statement	650	1,627
Debited to equity	201	(133)
Closing balance	**(1,696)**	**(2,652)**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4. Remuneration of Auditors

	CONSOLIDATED	
	2023	**2022**
	$'000	**$'000**
KPMG Australia		
Audit and review services		
Audit and review of financial reports	232	183
Other regulatory audit services	72	58
	304	**241**
Other services	5	30
Taxation services	5	30
Total auditor's remuneration	**309**	**271**

5. Trade and other receivables

	CONSOLIDATED	
	2023	**2022**
	$'000	**$'000**
Trade and other receivables		
Premium debtors	56,035	47,596
Reinsurance and other recoveries	5,800	7,510
Trade receivables and sundry debtors	5,679	4,663
Allowance for expected credit loss	(71)	(196)
	67,443	**59,573**
Related party receivables		
Associates – (Receivable from RACT Club Assist Pty Ltd (unsecured))	3	8
Associates – (Receivable from RACT Autoserve Pty Ltd (unsecured))	4	14
Carrying amount of trade and other receivables	**67,450**	**59,595**
Current	67,195	59,454
Non-current	255	141
Total financial assets	**667,450**	**59,595**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. Financial Assets

	CONSOLIDATED	
	2023	2022
	$'000	$'000
Financial assets held at amortised cost		
Fixed Interest rate investments	–	3,000
Financial assets designated at fair value through profit or loss		
Fixed Interest rate investments	47,211	30,048
Floating interest rate investments	24,449	27,690
Unit trusts	24,272	16,344
Equities	698	698
Total financial assets	**96,630**	**77,780**
Current	88,573	73,784
Non-current	8,057	3,996
Total financial assets	**96,630**	**77,780**

7. Investment in Associates

RACT Insurance Pty Ltd

On 30 November 2021, The Royal Automobile Club Of Tasmania Limited purchased the remaining 50% of RACT Insurance Pty Ltd. At this time, the Club's investment was transferred from an equity accounted investment to a 100% owned subsidiary. Refer to Note 16 for further information

	Equity Interest
	2022
Principal Activity – Personal Lines General Insurer	100%

Movements in the Carrying Amount of the Consolidated Entity's Investment in Associate

	$'000
At beginning of period	32,453
Share of profit after income tax	468
Dividends received	(2,279)
Transfer to investment in subsidiary on acquisition of RACT Insurance	30,642
At 30 June	–

Extract from Associate's Statement of Comprehensive Income:	
Revenue	49,196
Net profit	936

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7. Investment in Associates (continued)

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 has provided general mechanical services to RACT members and the greater public from 8 October 2012.

	Equity Interest	
	2023	**2022**
Principal Activity – Mechanical Repairs and Servicing	50%	50%

Movements in the Carrying Amount of the Consolidated Entity's Investment in Associate	**$'000**	**$'000**
At beginning of period	281	151
Share of profit after income tax	182	230
Dividends received	(150)	(100)
At 30 June	**313**	**281**

Summarised Financial Information

The following table illustrates summarised financial information relating to the consolidated entity's associate:

	2023	**2022**
Extract from the Associate's Statement of Financial Position	**$'000**	**$'000**
Current assets	598	699
Non-current assets	11	7
	609	**706**
Current liabilities	112	136
Non-current liabilities	8	8
	120	**144**
Net assets	**489**	**562**
Extract from Associate's Statement of Comprehensive Income:		
Revenue	2,448	2,067
Net profit	364	459
Share of profit/(loss) of Associates:		
RACT Insurance Pty Ltd	–	467
RACT AutoServe Pty Ltd	182	230
	182	**697**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. Intangible Assets

2023	CONSOLIDATED Computer Software $'000	CONSOLIDATED Customer Relationships & Customer Contracts $'000	CONSOLIDATED TOTAL $'000
As at 1 July 2022			
Cost or fair value	14,785	20,100	34,885
Accumulated amortisation	(6,230)	(2,275)	(8,505)
Net book value	**8,555**	**17,825**	**26,380**
Year ended 30 June 2023			
Opening net book value	8,555	17,825	26,380
Additions	11	–	11
Disposals	–	–	–
Amortisation	(1,735)	(2,570)	(4,305)
Closing net book value	**6,831**	**15,255**	**22,086**
As at 30 June 2023			
Cost or fair value	14,796	20,100	34,896
Accumulated amortisation	(7,965)	(4,845)	(12,810)
Net book amount	**6,831**	**15,255**	**22,086**

2022	CONSOLIDATED Computer Software $'000	CONSOLIDATED Customer Relationships & Customer Contracts $'000	CONSOLIDATED TOTAL $'000
As at 30 June 2021			
Cost or fair value	8,716	–	8,716
Accumulated amortisation	(5,237)	–	(5,237)
Net book amount	**3,479**	**–**	**3,479**
Year ended 30 June 2022			
Opening net book value	3,479	–	3,479
Additions on acquisition of RACT Insurance Pty Ltd	7,146	20,100	27,246
Additions	153	–	153
Disposals	(719)	–	(719)
Amortisation	(1,504)	(2,275)	(3,779)
Closing net book value	**8,555**	**17,825**	**26,380**
As at 30 June 2022			
Cost or fair value	14,785	20,100	34,885
Accumulated amortisation	(6,230)	(2,275)	(8,505)
Net book amount	**8,555**	**17,825**	**26,380**

8. Intangible Assets (continued)

Impairment test

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. No indicators of impairment were identified for the period ending 30 June 2023 (30 June 2022: None).

Valuation and amortisation

The valuation methodology used for the identifiable intangible assets on acquisition of RACT Insurance were as follows:

Software

The replacement cost approach was used which involved obtaining an overview of the various components of the software from management and obtaining an estimate of the time and resources required to replicate the software.

Software recognised on the acquisition of RACT Insurance Pty Ltd is amortised over a period of 8 years.

Customer contracts and relationships

The multi-period excess earnings method was used which involved obtaining historic and forecast revenue and earnings relating to each customer segment, estimating the probability of loss for each customer segment, application of churn and growth rates to each customer segment and adopted expected EBIT margin for each customer revenue stream.

Customer contracts recognised on the acquisition of RACT Insurance Pty Ltd are amortised over a period of 1 year.

Customer relationships are amortised over 10 years following the amortisation of the customer relationship.

9. Goodwill

	CONSOLIDATED	
	2023	2022
	$'000	$'000
Opening balance	127,833	–
Goodwill on acquisition of RACT Insurance Pty Ltd	–	127,833
Closing balance	**127,833**	**127,833**

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, all goodwill has been allocated to the RACT Insurance CGU.

The recoverable amount of this CGU was based on the value-in-use, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amuont are set out below.

	2023	2022
	%	%
Discount rate	11.9	9.0
Terminal value growth rate	2.5	2.5

The discount rate was a post-tax measure estimated based on the economic, market, and other conditions at the date of assessment with the assistance of experts engaged by management.

The cash flow projections included specific estimates for four years and a terminal growth rate thereafter. The terminal growth rate was estimated based on long term target inflation.

Forecast cashflows were estimated taking into account past experience, budgeted business decisions, forecast growth rates in premium and volume growth across insurance products, and claims inflation considerations.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $12.101 million (2022: $90.475 million). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Change required for carrying amount to equal recoverable amount	2023	2022
	%	%
Discount rate	0.61	3.20
Terminal value growth rate	-0.77	-4.20

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. Other assets

	CONSOLIDATED	
	2023	**2022**
	$'000	**$'000**
Prepayments	2,010	1,425
Accrued revenue	510	305
Recoveries on claims paid	3,101	1,050
Other	20	19
Total other assets	**5,641**	**2,799**

11. Property Plant and Equipment

	CONSOLIDATED			
	Freehold Land and Buildings (fair value)	**Leasehold Improvements (cost)**	**Plant and Equipment (cost)**	**TOTAL**
2023	**$'000**	**$'000**	**$'000**	**$'000**
Gross Carrying Amount				
Balance at 1 July 2022	22,915	935	14,879	38,729
Additions on acquisition of RACT Insurance Pty Ltd	–	–	–	–
Revaluation	1,781	(802)	–	979
Additions	–	435	1,607	2,042
Disposals	–	–	(225)	(225)
Transfers	–	4	(4)	–
Balance at 30 June 2023	**24,696**	**572**	**16,257**	**41,525**
Accumulated Depreciation				
Balance at 1 July 2022	1,396	75	11,942	13,413
Revaluation	(1,847)	(62)	–	(1,909)
Disposals	–	–	(158)	(158)
Depreciation expense	488	57	1,044	1,589
Transfers	(5)	5	–	–
	32	**75**	**12,828**	**12,935**
Net Book Value				
As at 1 July 2022	22,915	935	14,879	38,729
Accumulated Depreciation	(1,396)	(75)	(11,942)	(13,413)
Net carrying amount	**21,519**	**860**	**2,937**	**25,316**
As at 30 June 2023	24,696	572	16,257	41,525
Accumulated Depreciation	(32)	(75)	(12,828)	(12,935)
Net carrying amount	**24,664**	**497**	**3,429**	**28,590**

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

11. Property Plant and Equipment (continued)

	CONSOLIDATED			
	Freehold Land and Buildings (fair value)	Leasehold Improvements (cost)	Plant and Equipment (cost)	TOTAL
2022	**$'000**	**$'000**	**$'000**	**$'000**
Gross Carrying Amount				
Balance at 1 July 2021	22,104	1,020	13,686	36,810
Additions on acquisition of RACT Insurance Pty Ltd	–	185	532	717
Revaluation	850	(78)	–	772
Additions	–	–	770	770
Disposals	(231)	–	(109)	(340)
Transfers	192	(192)	–	–
Balance at 30 June 2022	**22,915**	**935**	**14,879**	**38,729**
Accumulated Depreciation				
Balance at 1 July 2021	1,123	36	11,146	12,305
Disposals	(203)	–	(108)	(311)
Depreciation expense	476	39	904	1,419
	1,396	**75**	**11,942**	**13,413**
Net Book Value				
As at 1 July 2021	22,104	1,020	13,686	36,810
Accumulated Depreciation	(1,123)	(36)	(11,146)	(12,305)
Net carrying amount	**20,981**	**984**	**2,540**	**24,505**
As at 30 June 2022	22,915	935	14,879	38,729
Accumulated Depreciation	(1,396)	(75)	(11,942)	(13,413)
Net carrying amount	**21,519**	**860**	**2,937**	**25,316**

	Level 1	Level 2	Level 3	Total
	$'000	**$'000**	**$'000**	**$'000**
30 June 2023				
Fair value hierarchy				
Freehold land and buildings	–	5,864	18,800	24,664
Total	**–**	**5,864**	**18,800**	**24,664**
30 June 2022				
Fair value hierarchy				
Freehold land and buildings	-	2,719	18,800	21,519
Total	**-**	**2,719**	**18,800**	**21,519**

Valuations of property

The Group holds three properties across the state of Tasmania. Every three years an independent property valuation is undertaken to assess the Fair Value of the property assets held. The last valuation was performed in June 2022.

For June 2023, RACT House in Hobart was also subject to valuation by Herron Todd White. As a result of this, the land held was revalued upwards from $2 million to $6 million. For the building however, the valuation received for RACT House did not address key factors which are considered relevant to the valuation of the building. However, given the sensitivity analysis conducted by management and the unfavourable position of those scenarios, the carrying value has been decreased by $1.16m by utilising the associated asset revaluation reserve.

Restrictions on assets

On 30 November 2021, The Royal Automobile Club of Tasmania entered into a $55,000,000 facility agreement with The Australia and New Zealand Banking Group Ltd (ANZ). The facility was used to purchase the remaining 50% of RACT Insurance Pty Ltd.

The borrowing arrangement includes security interest where each Grantor, as detailed below, grants a security interest in the collateral to RACT Pty Ltd to secure payment of Secured Money.

This security interest is a transfer by way of security of collateral. Collateral means anything in respect of which the Grantor has at any time a sufficient right, interest or power to grant a security interest; and the Trust property.

To the extent collateral is not transferred, this security interest is a charge. This represents a floating charge over revolving assets and a fixed charge over all other collateral.

Grantors

- The Royal Automobile Club of Tasmania Limited
- RACT Pty Ltd
- RACT Holdings Pty Ltd
- RACT Destinations Pty Ltd
- Destinations Property Pty Ltd (in its personal capacity and as trustee of the Trust)

Estimation of useful lives

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

12. Leases

Description of Lease Activities

Real estate leases

The consolidated entity leases land and buildings for some office and retail sites. 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 5 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.

12. Leases (continued)

AASB 16 Related Amounts Recognised in the Statement of Financial Position

	CONSOLIDATED			
2023	**Land & Building $'000**	**Motor Vehicle $'000**	**IT Hardware & Software $'000**	**TOTAL $'000**
Right of use assets				
Right of use assets	2,710	2,381	228	5,319
Accumulated depreciation	(1,795)	(863)	(208)	(2,866)
Total right of use assets	**915**	**1,518**	**20**	**2,453**
Movement in carrying amounts:				
Balance at 1 July 2022	1,253	863	125	2,241
Additions	205	1,005	–	1,210
Disposals	–	–	–	–
Depreciation expense	(549)	(340)	(108)	(997)
Balance at 30 June 2023	**909**	**1,528**	**17**	**2,454**
Lease liabilities				
Current	(397)	(418)	(23)	(838)
Non-current	(638)	(1,145)	–	(1,783)
Total lease liabilities	**(1,035)**	**(1,563)**	**(23)**	**(2,621)**

	CONSOLIDATED			
2022	**Land & Building $'000**	**Motor Vehicle $'000**	**IT Hardware & Software $'000**	**TOTAL $'000**
Right of use assets				
Right of use assets	2,383	1,556	469	4,408
Accumulated depreciation	(1,130)	(693)	(344)	(2,167)
Total right of use assets	**1,253**	**863**	**125**	**2,241**
Movement in carrying amounts:				
Balance at 1 July 2021	1,676	1,035	100	2,811
Additions on acquisition of RACT Insurance Pty Ltd	–	–	152	152
Additions	106	209	–	315
Disposals	(9)	(43)	(12)	(64)
Depreciation expense	(520)	(338)	(115)	(973)
Balance at 30 June 2022	**1,253**	**863**	**125**	**2,241**
Lease liabilities				
Current	(525)	(313)	(109)	(947)
Non-current	(843)	(590)	(20)	(1,453)
Total lease liabilities	**(1,368)**	**(903)**	**(129)**	**(2,400)**

Right of use assets lease term

The Group considered any extension options on buildings and have determined that due to market rent reviews and the remaining term of the non-cancellable lease term, it is not reasonably certain that the Group will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Maturity analysis – contracted undiscounted cashflows		
Less than one year	(839)	(947)
One to five years	(1,637)	(1,265)
More than five years	(145)	(188)
Total undiscounted lease liabilities	**(2,621)**	**(2,400)**
Lease liabilities included in the statement of financial position at 30 June	**(2,621)**	**(2,400)**
Amounts recognised in profit or loss		
Interest on lease liabilities	(130)	(112)
Depreciation on right-of-use assets	(997)	(973)
Amounts recognised in the statement of cashflows	**(1,127)**	**(1,085)**

13. Payables

	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Sundry creditors and accrued expenses	9,756	7,498
GST payable	1,480	1,024
	11,236	**8,522**

14. Provisions

	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Unearned revenue	11,047	10,736
Employee benefits	5,183	4,603
Customer remediation provision	5,190	6,398
Total provisions	**21,420**	**21,737**
Current	20,851	20,919
Non Current	569	818
Total provisions	**21,420**	**21,737**

Unearned revenues includes unearned portions of amounts for Roadside memberships and driving lessons.
The provision for employee benefits represents amounts for annual leave, long service leave and personal leave benefits.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

14. Provisions (continued)

	2022 $'000	Amounts used $'000	2023 $'000
Customer remediation	6,398	(1,208)	5,190

Customer remediation provision

The Group has recognised provisions with respect to matters where cashflows are considered probable. From time to time, the Group is also exposed to risks and potential liabilities arising from the conduct of its business including the actual or potential disputes, legal proceedings, regulatory reviews and actions. The directors have made provisions and disclosures as considered appropriate.

Except for the matters disclosed below, the directors are not aware of any circumstances or information which would lead them wto believe that any other material liabilities will crystalise.

Following a review of the Group pricing practices dating back several years, the Group has identified where policy pricing promises were not fully delivered. As a result, the Group has recognised a $5.2 million provision in the Statement of Financial Position for the period ended 30 June 2023 (30 June 2022: $6.39m).

Significant resources have been committed to a comprehensive program of work to ensure that all issues are identified and addressed.

Employee benefits

For the purpose of measurement, AASB 119 Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Group expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

15. Borrowings

	CONSOLIDATED	
Interest-bearing loans	**2023 $'000**	**2022 $'000**
Non-current		
Secured bank loan (i) (ii) (iii)	51,500	55,000
Total borrowings	51,500	55,000

(i) On 30 November 2021, The Royal Automobile Club of Tasmania entered into a $55,000,000 facility agreement with The Australia and New Zealand Banking Group Ltd (ANZ). The facility was used to purchase the remaining 50% of RACT Insurance Pty Ltd.

The borrowing arrangement includes security interest where each Grantor, grants a security interest in the collateral to RACT Pty Ltd to secure payment of Secured Money.

This security interest is a transfer by way of security of collateral. Collateral means anything in respect of which the Grantor has at any time a sufficient right, interest or power to grant a security interest; and the Trust property.

To the extent collateral is not transferred, this security interest is a charge. This represents a floating charge over revolving assets and a fixed charge over all other collateral.

(ii) The borrowing arrangement is for a term of three years maturing at 25 November 2024. The borrowing arrangement contains a covenant that the Group will ensure that earnings before income tax depreciation amortisation (EBITDA) to interest expense of the Group is no less than 3 times (2023: 5.13:1) and the gearing of borrowing arrangement is no greater than 30% (2023: 24.08%) at year end. As at 30 June 2023, the Group has been compliant with these terms.

(iii)On 29 May 2023, The Royal Automobile Club of Tasmania made a voluntary repayment of $3,500,000 against the facility.

Interest rate risk

Details regarding interest rate risk are disclosed in note 19.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. Business Combination

Summary of acquisition in 2022 comparative year

On 30 November 2021, The Royal Automobile Club Of Tasmania Limited purchased the remaining 50% of RACT Insurance Pty Ltd. At this time, the Club's investment was transferred from an equity accounted investment to a 100% owned subsidiary. The increased holding in RACT Insurance is expected to deliver increased value to members.

The purchase was finalised for cash consideration of $83,750,000, at which stage the Club owned 100% of the issued ordinary shares in RACT Insurance Pty Ltd. The consolidated Statement of Comprehensive Income includes sales revenue and net profit for the year ended 30 June 2022 of $79,267,861 and $462,842 respectively, as a result of the acquisition of RACT Insurance Pty Ltd. Had the acquisition of RACT Insurance Pty Ltd occurred at the beginning of the reporting period, the consolidated Statement of Comprehensive Income would have included revenue and profit of $130,868,891 and $1,398,577 respectively (before consolidation adjustments). Details of the purchase consideration, the fair value of the assets and liabilities acquired and goodwill are as follows:

	2022 $'000
Acquisition-date-fair-value of consideration transferred	83,750
Cash paid	83,750
Fair value of equity interest in RACT Insurance Pty Ltd held before the business combination	167,500
Total net assets	28,070
Direct costs relating to the acquisition	1,456
Fair value gain on revaluation of equity accounted investment in associates	
Acquisition date fair value of 50% equity interest (immediately before acquisition date)	83,750
Less equity accounted investment as at 30 November 2021	(30,642)
Unrealised gain on fair value adjustment of equity investment	**53,108**
Purchase consideration	
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	3,784
Cash paid	(83,750)
Net consolidated cash outflow	**(79,966)**

Assets and Liabilities acquired

The Group has recognised the following fair values of the identifiable assets and liabilities of RACT Insurance Pty Ltd on acquisition in 2022 comparative year:

	Fair Value $'000	Carrying amount $'000
Assets		
Cash and cash equivalents	3,784	3,784
Investments securities	62,820	62,820
Current tax assets	3,182	3,182
Reinsurance and other recoveries	4,695	4,695
Premiums outstanding	42,866	42,866
Deferred reinsurance expense	5,858	5,858
Deferred acquisition costs	–	10,446
Other assets	2,467	2,467
Property, plant and equipment	718	718
Right-of-use lease assets	1,508	1,508
Intangible assets		
Software	7,146	46
Customer Contracts	3,900	–
Customer Relationships	16,200	–
Deferred tax assets	–	4,553
Total assets	**155,144**	**142,943**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. Business Combination (continued)

	Fair Value $'000	Carrying amount $'000
Liabilities		
Amounts due to reinsurers	5,668	5,668
Payables and other liabilities	12,361	12,361
Due to related parties	1,757	1,757
Unearned premium liabilities	64,203	64,203
Outstanding claims liabilities	26,841	29,315
Lease liabilities	1,569	1,569
Deferred tax liabilities	3,078	–
Total liabilities	**115,477**	**114,873**
Net assets	**39,666**	**28,070**
Goodwill arising on acquisition	127,834	–
Total net assets acquired	**167,500**	**–**

Goodwill recognised on acquisition is reflective of the skills and abilities of the assembled workforce, the future growth opportunities from new customers and the growth from ongoing investment in insurance product development.

Measurement of fair values

The valuation methodology used to value the identifiable intangible assets on acquisition of RACT Insurance were as follows:

Software

- The replacement cost approach was used which involved obtaining an overview of the various components of the software from management and obtaining an estimate of the time and resources required to replicate the software.

Customer contracts and relationships

- The multi-period excess earnings method was used which involved obtaining historic and forecast revenue and earnings relating to each customer segment, estimating the probability of loss for each customer segment, application of churn and growth rates to each customer segment and adopted expected EBIT margin for each customer revenue stream.

17. Insurance Activities

Insurance Result

The following table presents the Group's Insurance result included in the Consolidated Statement of Comprehensive Income.

	CONSOLIDATED 2023 $'000	2022 $'000
Insurance premium revenue	139,109	72,311
Outwards reinsurance premium expense	(16,628)	(9,496)
Net premium revenue	**122,481**	**62,815**
Claims expense	(91,022)	(51,275)
Reinsurance and other recoveries income	16,745	9,535
Net incurred claims	**(74,277)**	**(41,740)**
Acquisition costs	(20,810)	(11,757)
Liability adequacy test deficiency	–	–
Other underwriting expenses	(7,982)	(5,325)
Underwriting expenses (i)	**(28,792)**	**(17,082)**
Underwriting result	**19,412**	**3,993**
Investment income on insurance funds	1,509	85
Investment expense on insurance funds	(45)	(26)
Insurance trading result	**20,876**	**4,052**

(i) This represents underwriting expenses incurred in the Group's Insurance segment and includes intercompany charges which eliminate on consolidation.

Notes to and forming part of the Financial Statements

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Net Incurred Claims

	2023 Current Year $'000	2023 Prior Years $'000	Total $'000	2022 Current Year $'000	2022 Prior Years $'000	Total $'000
Direct business						
Gross incurred claims and related expenses	85,822	2,936	88,758	49,405	305	49,710
Reinsurance and other recoveries	(10,687)	(6,058)	(16,745)	(7,755)	(1,781)	(9,536)
Net incurred claims	**75,135**	**(3,122)**	**72,013**	**41,650**	**(1,476)**	**40,174**

Outstanding Claims

	CONSOLIDATED	
	2023 $'000	2022 $'000
Gross central estimate (undiscounted)	32,144	31,625
Risk margin	4,316	4,510
Claims handling costs	1,846	1,594
	38,306	**37,729**
Discount to present value	(593)	(207)
Total gross outstanding claims liabilities (discounted)	**37,713**	**37,522**
Acquisition adjustment for claims adjustment intangible	–	(1,031)
Outstanding claims liabilities	**37,713**	**36,491**
Current	33,296	31,610
Non-current	4,417	4,881
Total gross outstanding claims liabilities (discounted)	**37,713**	**36,491**

Reconciliation of Outstanding Claims Liabilities

	2023 $'000	2022 $'000
Net outstanding claims liabilities at the beginning of the financial year	30,012	23,079
Prior periods		
Claims payments	(18,130)	(13,762)
Discount unwind	95	(13)
Margin release on prior periods	(3,874)	(2,942)
Incurred claims due to changes in assumptions and experience	(2,629)	(1,558)
Current period		
Incurred claims	72,372	64,447
Claims payments	(45,930)	(39,238)
Net outstanding claims liabilities at the end of the financial year	31,914	30,012
Discounted reinsurance recoveries on outstanding claims liabilities and other recoveries	5,800	7,510
Gross outstanding claims liabilities (discounted) at the end of the financial year	**37,714**	**37,522**

Outstanding claims liabilities and assets arising from reinsurance contracts

The Group's estimation of its claims liabilities includes the expected future cost of claims notified to the Group as at reporting date as well as claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). Projected payments are discounted to present value and an estimate of direct expenses expected to be incurred in settling these claims is determined.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, with estimates and judgements continually being evaluated and updated based on historical experience and other factors. However, given the uncertainty in the estimation process, it is likely that the final outcome will prove to be different from the original liability established.

17. Insurance Activities (continued)

The estimation of claims IBNR and claims IBNER are generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available.

Estimation of assets arising from reinsurance and other recoveries are also calculated using the methods in Actuarial Assumptions and methods. The recoverability of these assets is assessed on a periodic basis, taking into consideration factors such as counterparty and credit risk.

Actuarial assumptions and methods

RACT Insurance writes one class of business: Personal insurance.

Personal insurance includes the sale of home, pleasure-craft and motor insurance products throughout Tasmania.

The estimation of the outstanding claims liabilities is based on multiple actuarial techniques that analyse experience, trends and other relevant factors utilising the Group's specific data, relevant industry data and general economic data. Methods undertaken to determine claims liabilities will vary according to the class of business.

The use of multiple actuarial methods assists in providing a greater understanding of the trends inherent in the historical data. The projections obtained from various methods also assist in setting the range of possible outcomes. The most appropriate method or a blend of methods is elected, taking into account the characteristics of the class of business and the extent of the development of each past accident period.

The following assumptions have been made in determining the outstanding claims liabilities on general insurance contract liabilities.

	2023	2022
Weighted average term to settlement (years)	0.44	0.44
Weighted average economic inflation rate	3.25%	5.0%
Discount rate	4.3%	1.4%
Claims handling expense ratio	5.9%	5.1%
Risk margin	15.6%	17.7%

A description of the processes used to determine these assumptions is provided below:

Weighted average term to settlement – The weighted average term to settlement is calculated separately by class of business and is based on historic settlement patterns.

Economic inflation – Economic inflation is based on economic indicators such as the consumer price index and/or increase in average weekly earnings. Inflation assumptions are set at a class of business level and reflect experience and future expectations.

Discount rate – Discount rates are derived from market yields on Commonwealth Government securities at the reporting date.

Claims handling expense ratio – Claims handling expense ratio is calculated with reference to past experience of claims handling costs as a percentage of past claim payments.

Risk margin – The overall risk margin is determined after analysing the relative uncertainty of the outstanding claims estimate for each class of business and the diversification between classes and geographical locations.

The assumptions regarding uncertainty for each class of business are applied to net central estimates, and the results are aggregated, allowing for diversification, in order to arrive at an overall position which is intended to have an approximate probability of sufficiency of 90%.

Impact of changes in key variables

RACT Group conducts sensitivity analyses to quantify the exposure to the risk of changes in the key underlying actuarial assumptions. A sensitivity analysis is conducted on each variable while holding all other variables constant.

The table below summarises the sensitivity of the profit and loss to changes in key variables. All amounts are net of reinsurance and taxation at the Group's effective tax rate.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Movement in variable	2023 Profit (loss) $'000	2022 Profit (loss) $'000
Weighted average term to settlement	+0.1 years	(21)	(103)
	-0.1 years	21	104
Weighted average economic inflation rate	+1%	(134)	(127)
	-1%	134	127
Discount rate	+1%	149	130
	-1%	(120)	(132)
Claims handling expense ratio	+1%	(365)	(370)
	-1%	365	370
Risk margin	+1%	(276)	(255)
	-1%	276	255

	CONSOLIDATED	
Reinsurance and other recoveries	**2023 $'000**	**2022 $'000**
Expected future reinsurance and other recoveries receivable		
Undiscounted	5,924	7,564
Discount to present value	(124)	(54)
Total reinsurance and other recoveries	**5,800**	**7,510**
Current	5,545	7,369
Non-current	255	141
Total reinsurance and other recoveries	**5,800**	**7,510**
Reconciliation of movements in reinsurance and other recoveries		
Balance at the beginning of the financial year	7,510	23,448
Reinsurance and other recoveries income	14,996	11,988
Reinsurance and other recoveries received	(16,706)	(27,926)
Balance at the end of the financial year	**5,800**	**7,510**
Deferred acquisition costs		
Current	6,866	6,454
Non-current	–	–
Total deferred acquisition costs	**6,866**	**6,454**
Reconciliation of movements in deferred acquisition costs		
Balance at the beginning of the financial year	6,454	10,028
Acquisition costs deferred	29,123	22,444
Acquisition costs charged to profit or loss	(22,728)	(21,665)
Fair value adjustment for deferred acquisition costs	(5,983)	(4,353)
Balance at the end of the financial year	**6,866**	**6,454**

17. Insurance Activities (continued)

	CONSOLIDATED	
Liability adequacy test	**2023**	**2022**
	$'000	**$'000**
Unearned premium liabilities	82,400	70,824
Related deferred acquistion costs	(13,154)	(11,519)
Net unearned premium liability	**69,246**	**59,305**
Central estimate of present value of expected future cashflows arising from future claims	62,209	52,044
Risk margin	3,657	3,066
Expected present value of future cash flows for future claims including risk margin	**65,866**	**55,110**
Net deficiency/(surplus)	**(3,380)**	**(4,195)**
Risk margin	**7.10%**	**6.95%**
Unearned premium liabilities		
Balance at the beginning of the financial year	70,824	62,100
Premiums written during the financial year	150,685	130,787
Premiums earned during the financial year	(139,109)	(122,063)
Balance at the end of the financial year	**82,400**	**70,824**
Current	82,400	70,824
Non-current	–	–
Total unearned premium liabilities	**82,400**	**70,824**

Insurance risk management

Policies and practices for mitigating insurance risk

Risk appetite statements are in place and controls are implemented to manage the following components of insurance risk:

Pricing, including pricing strategies, technical pricing and pricing adequacy reviews;

Roles and responsibilities for pricing, the development and approval of new products and changes to existing products;

Processes that identify and respond to changes in the internal and external environment impacting insurance products;

Underwriting, including processes to consider aggregate exposure from a portfolio perspective to determine the actual exposure to particular risks or an event, monitoring of significant accumulation and concentration of risk, and guidelines around the utilisation of reinsurance in pricing and underwriting;

Delegated authorities for the acceptance, assessment and settlement of claims including operational and ex-gratia authority limits;

Procedures relating to the notification, assessment and settlement and closure of claims, and processes to detect and reduce loss associated with claims risk; and

Reserving practices and procedures at individual claim and portfolio level.

The Board receives the Financial Condition Report from the Appointed Actuary who also provides advice in relation to premium, issuing of new policies and reinsurance arrangements in accordance with APRA Prudential Standards.

Concentration of insurance risk is mitigated through diversification over classes of insurance business, the use of reinsurer coverage and ensuring there is an appropriate mix of business. Property catastrophe, per risk and casualty reinsurance contracts are purchased to ensure that any accumulation of losses from a single event is mitigated.

Terms and conditions of insurance business

The majority of direct insurance contracts written are entered into on a standard form basis. Insurance contracts are generally entered into on an annual basis and at the time of entering into a contract all terms and conditions are negotiable or, in the case of renewals, renegotiable. There are no special terms and conditions in any non-standard contracts that would have a material impact on the financial statements. There are no embedded derivatives that are separately recognised from a host insurance contract.

Capital management and capital adequacy

The capital management strategy of the RACT Group is to ensure that efficient levels of capital are maintained and to establish robust processes to ensure that sufficient capital is held at all times. The Group's Internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group is capitalised to meet internal and external requirements.

The ICAAP is reviewed regularly and, where appropriate, adjustments are made to reflect changes in the capital needs and risk profile of the Group. Capital targets are established which are informed by probability of impairment outputs from an annually run Dynamic Financial Analysis model that is calibrated to the Group's most recent financial projection.

All APRA authorised general insurance entities that conduct insurance business in Australia are subject to a risk-based approach for measuring and holding the required regulatory level of capital, referred to as the Prudential Capital Requirement (PCR). The PCR is the minimum level of capital that APRA deems must be held to meet policy owner obligations and consists of the Prescribed Capital Amount (PCA) and any supervisory adjustment determined by APRA. The Group uses APRA's standardised method for calculating the PCA in accordance with the relevant Prudential Standards and holds regulatory capital in excess of the PCA.

The PCA is calculated by assessing the risks inherent in the business, charges for which comprise;

Insurance risk charge to reflect the risks inherent in claims and premium liabilities;

Insurance concentration risk charge to ensure capital is set aside for the risk of loss resulting from a large event or a series of smaller events;

Operational risk charge to ensure capital is set aside for the risk of loss resulting from inadequate processes or failed internal control, people and systems;

Asset risk charge to better reflect the risk of adverse movements in the value of on-balance sheet and off-balance sheet exposures by including a variety of asset stress scenarios as well as some default charges;

An asset concentration risk charge to reflect an overconcentration to counterparties, if any; offset by

An aggregation benefit, which makes an explicit allowance for diversification between asset risk charges and the sum of insurance risk and insurance concentration risk charges.

These risk charges are quantified to determine the prescribed capital required under the prudential standards. The requirement is compared with the regulatory capital held in RACT Insurance.

For regulatory purposes, capital is classified as follows:

Common Equity Tier 1 (CET1) Capital comprising accounting equity with adjustments for intangible assets and regulatory reserves;

Tier 1 Capital comprising CET1 Capital plus Additional Tier 1 Capital such as certain hybrid securities with 'equity-like' qualities;

Tier 2 Capital comprising certain securities recognised as Tier 2 Capital, such as subordinated notes; and

Total Capital, being the sum of Tier 1 Capital and Tier 2 Capital.

CET1 Capital has the greatest capacity to absorb potential losses, followed by Additional Tier 1 Capital and the Tier 2 Capital.

For capital adequacy purposes, a general insurer is required to hold CET1 capital in excess of 60% of PCA, Tier 1 capital in excess of 80% of PCA and total capital in excess of PCR to ensure solvency. For this purpose, a general insurer's capital base is expected to be adequate of its size, business mix, complexity and the risk profile of its business.

RACT Group satisfied all regulatory capital requirements during both the current and the prior financial years. The Board of Directors monitors the Group's regulatory capital position on a monthly basis.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

17. Insurance Activities (continued)

The following table summarises the capital position and PCA at the end of the financial year.

	CONSOLIDATED	
	2023	2022
Level 2 Insurance Group	**$'000**	**$'000**
Common Equity Tier 1 Capital		
Issued capital	167,500	167,500
Retained profits	14,706	1,659
Technical provision in excess of liability valuation	5,882	6,844
Tax effect of excess technical provisions	(1,765)	(2,053)
Other intangible assets	(135,576)	(140,741)
Deferred tax assets (net of deferred tax liabilities)	(3,090)	(2,827)
Common Equity Tier 1 Capital	**47,657**	**30,382**
Additional Tier 1 Capital	–	–
Tier 2 Capital	–	–
Total Capital	**47,657**	**30,382**
Prescribed Capital Amount		
Insurance risk charge	11,780	10,101
Insurance concentration risk charge	4,416	2,500
Asset risk charge	7,602	5,563
Asset concentration risk charge	–	–
Operational risk charge	4,518	3,924
Aggregation benefit	(4,579)	(3,407)
Total prescribed capital amount	**23,737**	**18,681**
Capital adequacy multiple	**2.01**	**1.63**

18. Financial Instruments

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

Level 1: derived from quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date.

Level 2: derived from other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly.

Level 3: fair value measurement is not based on observable market data.

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

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	30 June 2023			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Cash and cash equivalents	15,132	–	–	15,132
Trade and other receivables	–	67,449	–	67,449
Financial assets at fair value	71,660	24,970	–	96,630
Financial assets held at amortised cost	–	–	–	–
Loans to associates	–	7	–	7
Total	**86,792**	**92,426**	**–**	**179,218**
Liabilities				
Payables	–	11,236	–	11,236
Borrowings	–	51,500	–	51,500
Total	**–**	**62,736**	**–**	**62,736**

	30 June 2022			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Cash and cash equivalents	19,834	–	–	19,834
Trade and other receivables	–	59,595	–	59,595
Financial assets at fair value	57,738	17,042	–	74,780
Financial assets held at amortised cost	3,000	–	–	3,000
Loans to associates	–	22	–	22
Total	**80,572**	**76,659**	**–**	**157,231**
Liabilities				
Payables	–	8,522	–	8,522
Borrowings	–	55,000	–	55,000
Total	**–**	**63,522**	**–**	**63,522**

Level 1: the Group's level 1 investments comprise fixed interest rate investments and floating interest rate investments held in term deposits and at call funds. The fair value of these investments is based on their market value at the end of the reporting period without any deduction for estimated future selling costs.

Level 2: the Group's level 2 investments comprise investments in unlisted unit trusts. Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment manager of the funds. The unlisted unit trusts are open for applications and redemptions on a regular basis.

19. Financial Risk Management Objectives and Policies

Policies

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives. While the RACT Group (outside of the RACT Level Two Insurance Group) is not subject to APRA regulation (APRA Core Prudential Standard 220 Risk Management requires the adoption of a risk appetite statement and risk management strategy), sound risk management practices are critical to making decisions and setting strategy to enable RACT to manage uncertainty and meet our objectives in a consistent manner.

The Boards (of the RACT Level Two Insurance Group and the RACT Group) approved separate Risk Management Strategies and Risk Appetite Statements for the Level 2 Insurance Group and RACT Group in May 2022. This was done to allow time for consideration of whether a single Group document would be appropriate given the regulated and non-regulated businesses. In May 2023, the documents were consolidated into a single Group version of each.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

19. Financial Risk Management Objectives and Policies (continued)

The APRA CPS 220 requires the inclusion of minimum categories being:

- Strategic
- Operational
- Insurance
- Credit
- Market & Investments
- Liquidity

In addition to these minimum categories, RACT has also included Safety as an Enterprise level risk category given the materiality of it (particularly in the Roadside business).

The Board and management recognise that effective risk management is critical to the achievement of the Group's objectives. The Board Risk Committee (BRC) has delegated authority from the Board to carry out the oversight of the adequacy and effectiveness of the risk management frameworks and processes within the Group.

The Board has delegated authorities and limits to the CEO to manage the business. Management recommends to the Board, and the Board has approved, various frameworks, policies and limits relating to the key categories of risk faced by the Group within the CEO's authorities and limits.

The Executive Leadership Team provides executive oversight and direction-setting across the Group, taking risk considerations into account. The Chief Risk Officer, a member of the Executive Leadership Team, is charged with the overall accountability for the risk management framework.

The risk management strategy and risk appetite statement is subject to an annual review, updated for material changes as they occur and is approved by the Board. The risk management strategy utilises the 3 Lines of Defence Model (3LoD), a widely used risk management model. The model explains the relationship between functions that own and manage risks (1st line of defence), functions that assist in the development, implementation and compliance with the risk management framework (2nd line of defence) and functions that provide independent assurance on the appropriateness, effectiveness and adequacy of the risk management framework (3rd line of defence).

The material risk categories identified in the Group's risk management framework are defined below.

Strategic risk

Strategic risks arising from strategic and business plans, for example from the development of new products or the introduction of new systems and processes; changes in strategic direction; planned activities such as merger or acquisition; or changes to external environment.

Operational risk

Operational risks relating to internal processes, people and systems or from external events. Typically including but not limited to the risks associated with outsourcing, business continuity, inadequate human resources, internal and external fraud, risk arising from failures in the storage, use, transmission, management and security of data, project management, business and financial management processes. Resulting from both inadequate or inappropriate design and execution and unexpected residual impacts from this activity that could expose the Group to financial loss and other consequences.

Insurance risk

Risks relating to core insurance activity such as underwriting practices, claims management, product design and pricing, or reinsurance management. Due to both inadequate or inappropriate design or execution and unexpected residual impacts from this activity that could expose the Group to financial loss and result in the ability to meet its policy holder liabilities.

Credit risk

Risks arising from the default by transactional counterparties. Exposure to credit risk results from financial transactions with securities issuers, policyholders and reinsurers.

Market & investment risk

Risks that arise from the potential for adverse movement in the value of the Group's assets and insurance liabilities due to changes in general market factors, such as interest rates, equity prices, credit spreads and inflation.

Liquidity risk

Risks associated with inability to meet short term financial obligations from current liquid assets.

Safety risk

Risks arising from hazards in the physical work environment or by work design and management which lead to harm of people (whether RACT Workers, members or others).

The Group is exposed to the following categories of market risk:

Interest rate risk

The risk of loss of current and future earnings and unfavourable movements in the value of interest-bearing assets and liabilities from changes in interest rates.

Equity risk

The risk of loss of current and future earnings and unfavourable movement in the value of investment in equity instruments from adverse movements in equity prices.

Credit spread risk

The difference in yield due to difference in credit quality. This is the risk of loss of current and future earnings and unfavourable movement in the value of investment from changes in credit spreads as determined by capital market sentiment or factors affecting all issuers in the market and not necessarily due to factors specific to an individual issuer.

Exposure to credit risk by credit risk rating

	AAA $'000	AA $'000	A $'000	Below A $'000	Not rated $'000	Total $'000
2023						
Cash and cash equivalents	–	15,132	–	–	–	15,132
Trade and other receivables	–	1,805	3,001	–	62,643	67,449
Financial assets	–	79,164	–	–	17,465	96,631
Total	**–**	**96,101**	**3,001**	**–**	**80,108**	**179,212**
2022						
Cash and cash equivalents	–	19,834	–	–	–	19,834
Trade and other receivables	279	943	3,568	6	54,799	59,595
Financial assets	–	64,811	–	–	12,969	77,780
Total	**279**	**85,588**	**3,568**	**6**	**67,768**	**157,209**

Exposure to credit risk by past due/impaired

	Neither past due nor impaired $'000	0 – 3 months $'000	3 – 6 months $'000	> 6 months $'000	Impaired $'000	Total $'000
2023						
Trade and other receivables	63,843	1,339	1	–	2,266	67,449
2022						
Trade and other receivables	58,300	1,050	–	–	245	59,595

Liquidity risk

To ensure payments are made when they fall due, the Group has the following key facilities and arrangements in place to mitigate liquidity risks:

Investment policy guidelines stipulate that sufficient cash deposits be held at all times to meet day-to-day obligations;

Investment funds set aside within the portfolio can be realised to meet significant claims payment obligations;

In the event of a major catastrophe, cash access is available under the terms of reinsurance arrangements;

Mandated liquidity limits; and

Regularity of premiums received provides substantial liquidity to meet claims payments and associated expenses as they arise.

The following table summarises the maturities of the Group's financial liabilities based on the remaining undiscounted contractual obligations.

19. Financial Risk Management Objectives and Policies (continued)

	Carrying amount $'000	1 year or less $'000	1- 5 years $'000	over 5 years $'000	Total $'000
Outstanding claims	37,713	33,296	4,417	–	37,713
Payables	11,236	11,236	–	–	11,236
Lease liabilities	2,621	838	1,640	143	2,621
Unearned premium liabilities	82,400	82,400	–	–	82,400

Market risk

Interest rate risk exposure arises mainly from investment in interest-bearing securities and from ongoing valuation of insurance liabilities. Interest rate sensitive securities within the portfolios include cash, term deposits, at-call investments and indirectly held notes and bonds within pooled investment schemes.

The investment portfolios, which hold significant interest-bearing securities in support of corresponding outstanding claims liabilities, are invested in a manner consistent with the expected duration of claims payments.

The sensitivity of profit and loss after tax to movements in interest rates in relation to interest-bearing financial assets held at the reporting date is shown in the table below. It is assumed that all residual exposures for the shareholder after tax are included in the sensitivity analysis, that the percentage point change occurs at the reporting date and that there are concurrent movements in interest rates and parallel shifts in the yield curves.

	Exposure at June 2023 $	Change in interest rate bp	2023 Profit/ (Loss) after tax $	Exposure at June 2022 $	Change in interest rate bp	2022 Profit/ (Loss) after tax $
Interest bearing securities	103,305	+100	1,281	92,864	+100	1,010
		-50	(641)		-50	(505)
Borrowings	(51,500)	+100	(515)	(55,000)	+100	(550)
		-50	258		-50	275

Equity price risk

The Group is exposed to equity risk through indirectly held Australian shares within a pooled investment scheme. The table below presents a sensitivity analysis showing the impact on profit or loss after tax for price movements for exposures as at the reporting date, with all other variables remaining constant.

The movements in equity prices used in the sensitivity analysis for 2023 have been subject to a comprehensive review and determined to be unchanged over the next twelve months, given observations and experience in the investment markets during the financial year.

	Exposure at 30 June 23 $'000	Movement in variable	2023 Profit/ (Loss) before tax $'000	Exposure at 30 June 22 $'000	Movement in variable	2022 Profit/ (Loss) before tax $'000
Units in Equity Trusts	8,202	+10%	820	4,770	+10%	477
		-10%	820		-10%	(477)

Credit spread risk

The Group is exposed to credit spread risk through its investments in interest-bearing securities, which are largely comprised of corporate notes and bonds indirectly held within pooled investment schemes. This risk is mitigated by incorporating a diversified investment portfolio, establishing maximum exposure limits for counterparties and minimum limits on credit ratings.

The table below presents a sensitivity analysis on how credit spread movements could affect profit or loss for the exposure as at the reporting date.

The movements in credit spread used in the sensitivity analysis for 2023 have been subject to a comprehensive review and determined to be unchanged over the next twelve months, given observations and experience in the investment markets during the financial year.

Notes to and forming part of the Financial Statements

	Exposure at 30 June 23 $'000	Change in interest rate bp	2023 Profit/ (Loss) before tax $'000	Exposure at 30 June 22 $'000	Change in interest rate bp	2022 Profit/ (Loss) before tax $'000
Credit securities	16,768	+70	(267)	12,272	+70	(154)
		-30	114		-30	66

20. Notes to the Statement of cashflows

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	
	2023 $'000	**2022 $'000**
Cash at bank	15,132	19,834
Reconciliation of Profit after Income Tax to Net Cash Flows from Operating Activities		
Profit for the year	5,382	57,217
Add/(less) items classified as investing activities		
Share of profit of associate	(182)	(697)
Net (profit)/loss on investment in associate	–	(53,108)
Net (profit)/loss on disposal of property, plant and equipment	(41)	672
Net (profit)/loss related to business acquisition	(1,703)	(520)
Add/(less) non-cash items		
Movement in fair value of investments	(2,828)	737
Depreciation and amortisation expense	4,290	1,436
Changes in assets and liabilities		
Decrease/(Increase) in premiums outstanding	(8,371)	(4,607)
Decrease/(Increase) in reinsurance and other recoveries	1,710	(2,815)
Decrease/(Increase) in receivables	(643)	(199)
Decrease/(Increase) in inventory	(2)	(5)
Decrease/(Increase) in deferred acquisition costs	3,213	(1,074)
Decrease/(Increase) in deferred reinsurance opening position	–	5,858
Decrease/(Increase) in other assets	(2,756)	1,124
Decrease/(Increase) in deferred tax assets	635	3,314
(Decrease)/Increase in payables	6,018	(1,955)
(Decrease)/Increase in unexpired subscriptions	310	703
(Decrease)/Increase in provision for employee benefits	782	494
(Decrease)/Increase in provision for income tax liabilities	5,210	(4,073)
(Decrease)/Increase in amounts due to reinsurers	980	(4,156)
(Decrease)/Increase in outstanding claims liabilities	191	8,207
(Decrease)/Increase in unearned premium liabilities	11,576	6,622
(Decrease)/Increase in tax effect entries taken directly to equity	202	(133)
Net cash from/(used in) operating activities	**23,973**	**13,042**

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

21. Ownership

The Group 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 up to $2. As at 30 June 2023, the number of subscribing members was 132,878 (2022 – 132,932).

22. Related Party Disclosures

Transactions

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.

Related party transactions	**2023 $'000**	**2022 $'000**
The aggregate amounts included in the determination of profit before tax that resulted from transactions with related parties are:		
RACT Insurance Pty Ltd		
Commissions, rent and IT management paid or due and payable	–	6,441
Insurance premiums received or due and receivable	–	107
Insurance claims paid or due and payable	–	22

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.

The names of directors of The Royal Automobile Club of Tasmania Limited who have held office during the financial year are:

Mrs A J Flakemore (President)
Mr P A W Kolkert (Vice President from 14 November 2022)
Mr A M Coleman (from 23 September 2022)
Mr P A Dixon (to 14 November 2022)
Mr R P Doedens
Ms J A Franks (to 14 November 2022)
Mr M C Grey (from 14 November 2022)
Mr R J Knightley (to 14 November 2022)
Mr A S McKenzie (from 14 November 2022)
Ms K L Nylander (from 14 November 2022)
Ms J A L Richardson (Vice President to 14 November 2022)
Hon Ms S L Smith AM

The names of directors of RACT Insurance Pty Ltd who have held office since the acquisition of the Company are:

Mr I A Gillespie AM (Chair)
Mr A M Coleman
Ms E Collins (to 30 September 2022)
Mr R P Doedens (from 1 December 2022)
Mr C A Ellis (from 30 May 2023)
Mr P J Joyce (to 30 June 2023)
Mr P A W Kolkert
Mrs K A Westwood

The RACT Group consolidated financial statements are required to include the fees paid to both RACT Group directors and RACT Insurance Directors.

The Royal Automobile Club of Tasmania Limited is the ultimate parent entity.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

23. Key Management Personnel

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

	CONSOLIDATED	
	2023	2022
	$'000	$'000
RACT Directorship Fees (i)	453	369
Amounts due to directors for additional roles (ii)	567	384
Ancillary amounts paid to directors (iii)	104	75
Total remuneration for directors	**1,124**	**828**

(i) Amounts allocated in accordance with cl.9.15(a) of the Constitution as approved by a resolution members passed in November 2020 (Member approved limit 2023: $662k)

(ii) Amounts payable and excluded from the member approved amount in accordance with cl.9.15(g) there has been an increase due to RACT Insurance directors being part of the group for a full financial year

(iii) Amounts payable and excluded from the member approved amount in accordance with cl's.9.15(b) & 9.15(f)

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

	CONSOLIDATED	
	2023	2022
	$'000	$'000
$0 – $9,999	1	–
$10,000 – $19,999	2	4
$20,000 – $29,999	2	–
$30,000 – $39,999	3	1
$40,000 – $49,999	–	4
$50,000 – $59,999	2	1
$60,000 – $69,999	–	1
$70,000 – $79,999	–	3
$80,000 – $89,999	3	1
$90,000 – $99,999	1	1
$100,000 – $119,999	3	–
	17	**16**

Remuneration for key management personnel as listed:

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:		
Short-term employee benefits	3,000	2,617
Post-employment benefits	315	273
Other long-term benefits	–	–
Termination benefits	129	425
	3,444	**3,315**

Key management personnel:

S Pennicott – Chief Experience Officer (to 5 June 2023)

S Pennicott – Chief Operations Officer (from 31 January 2023)

K Wasinski – Chief Experience Officer (from 5 June 2023)

M Mugnaioni – Chief Executive Officer

I Shannon–Smith – Chief People Officer

K Mackay – Chief Technology Officer (to 11 November 2022)

M Mugnaioni – Acting Chief Technology Officer (from 11 November 2022 to 11 April 2023)

D de Vries – Chief Technology Officer (from 11 April 2023)

P Sofronoff – Chief Insurance Officer

P Riley – Chief Financial Officer

J Reid – Chief Risk Officer

S Lester – Executive Officer

G Bailey – Chief Advocacy Officer (to 30 January 2023)

B Callaway – Chief Mobility Officer

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

24. Parent Entity Information

Information relating to The Royal Automobile Club of Tasmania Limited:

	CONSOLIDATED	
	2023 $'000	2022 $'000
Current assets	20,845	23,926
Non-current assets	171,930	171,152
Total assets	**192,775**	**195,078**
Current liabilities	44,449	39,360
Non-current liabilities	59,208	60,727
Total liabilities	**103,657**	**100,087**
Net assets	**89,118**	**94,991**
Retained earnings	79,282	88,063
Cashflow hedge reserve	–	–
Asset revaluation reserve	9,836	6,928
Total equity	**89,118**	**94,991**
Profit/(loss) of parent entity	(6,882)	53,771
Other comprehensive income	–	–
Total comprehensive income of the parent entity	**(6,882)**	**53,771**

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.

25. Details of controlled entities

	PERCENTAGE OF SHARES HELD	
	2023	2022
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 Insurance Pty Ltd (ii) (iii)	100	100
RACT Investment Holdings 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 entities 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.

(iii)Control was acquired during the previous financial year, the company was previously held as an investment in associate.

Notes to and forming part of the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

26. Discontinued operations

On 30 April 2021, all tourism business assets were sold to NRMA and operations in this segment were discontinued.

Revenue, expenses and tax implications related to activities prior to disposal continue to be recognised. Events that impact post 30 April 2021 operating activity results may include: adjustments to provisions or other balance sheet accounts, refunds, and supplier payment requests not previously recognised.

	CONSOLIDATED	
Results of discontinued operation	**2023**	**2022**
	$'000	**$'000**
Revenue	66	117
Expenses	(1)	(41)
Results from operating activities	**65**	**76**
Income tax	(19)	207
Results from operating activities, net of tax	**46**	**283**
Gain on sale of discontinued operation assets	–	–
Income tax on gain on sale of discontinued operation assets	–	–
Profit from discontinued operations, net of tax	**46**	**283**
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	69	70
Net cash from investing activites	–	–
Net cash used in financing activities	–	–
Net cash flows for the year	**69**	**70**

27. Contingent Liabilities – Regulatory and internal reviews

Reviews and enquiries from regulators may result in investigation costs, administrative costs, legal costs, system changes and compensation and/or remediation payments (including interest) or fines and penalties. The Group also conducts its own internal reviews of its regulatory compliance, which may result in similar costs. An assessment of the likely cost of the Group of reviews and customer complaints has been made on a case-by-case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated, the amount has been provisioned.

28. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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*.

A J FLAKEMORE
DIRECTOR

A M COLEMAN
DIRECTOR

Hobart, 27th September 2023

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of The Royal Automobile Club of Tasmania Limited

Opinion

We have audited the ***Financial Report*** of The Royal Automobile Club of Tasmania Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2023
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of The Royal Automobile Club of Tasmania Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Independent Auditor’s Report

KPMG

Other Information

Other Information is financial and non-financial information in The Royal Automobile Club of Tasmania Limited’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

Independent Auditor's Report

KPMG

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf .This description forms part of our Auditor's Report.

KPMG

Sascha Adams

Partner

Hobart, Tasmania

27 September 2023

Club Directory

ANNUAL REPORT 2022 – 2023
THE ROYAL AUTOMOBILE CLUB OF TASMANIA LIMITED
ABN 62 009 475 861

President
Mrs A J Flakemore

Vice President
Mr P A W Kolkert

Board
Mr A M Coleman
Mr R P Doedens
Mr M C Grey
Mr A S McKenzie
Ms K L Nylander
Ms J A L Richardson
Hon Ms S L Smith AM

Company Secretary
Mr P Riley

Honorary Life Members
Mr AJ Beck*
Mr EC Best AM
Mr DM Catchpole
Mr TG Challen OAM*
Mr BF Clark
Mr BB Cox*
Mr MG Dixon
Mr GW Fysh*
Mr PJ Joyce
Mr KM Kidd*
Mr CJ Langdon
Mr HD Loane OBE*
Mr RS Locke
Mr HR Mitchell*
Mr DC Nation
Mr CAS Page OBE*
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*
Mrs KA Westwood

**Deceased*

Executive Leadership Team (as at 27 September 2023)
Mr B Callaway – Chief Mobility Officer
Mr D de Vries – Chief Technology Officer
Mr S Lester – Executive Officer
Mr M Mugnaioni – Chief Executive Officer
Ms S Pennicott – Chief Operations Officer
Ms J Reid – Chief Risk Officer
Mr P Riley – Chief Financial Officer
Ms I Shannon-Smith – Chief People Officer
Mr P Sofronoff – Chief Insurance Officer
Ms K Wasinski – Chief Experience Officer

Registered Head Office
179-191 Murray Street,
Hobart, Tasmania, 7000

Postal Address
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Hobart, Tasmania, 7001

Contact Details
Telephone: 13 27 22
Website: ract.com.au

Branches
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Launceston; Devonport; Burnie;
Rosny Park; Glenorchy; Kingston

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:
13 27 22
Travel enquiries:
1300 368 111

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Devonport
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Glenorchy
Cnr Main Road & Terry Street, 7010

Hobart
Murray Street
179-191 Murray Street, 7000

Kingston
Shop 60, Channel Court, 7050

Launceston
Cnr York & George Streets, 7250

Rosny Park
Rosny Mall, 2 Bayfield Street, 7018

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