2023–24 ANNUAL REPORT

In the spirit of reconciliation, we not only acknowledge the ancient history of the Traditional Owners of Lutruwita/Tasmania, their continuing connection to family, community, and the land, sea, and waterways, but also incorporate this respect into our mission for a safer, more inclusive Tasmania.

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

At RACT, we stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history. Together, we strive for a future that honours and celebrates the rich culture of the Palawa.

Contents

Guided by purpose, serving our members

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

RACT exists to serve our members. As a mutual organisation, we're owned by our members, for our members. This means everything we do is focussed on their needs and interests, not profit margins. Our goal is to support our members, their families, and the communities they live in. With a legacy spanning over 100 years and a member base of more than 218,000, we're proud to be the most trusted organisation in Tasmania.

Our Manifesto highlights our commitment to trustworthiness, integrity and empathy. We stand by our promises and make complex issues simple for our members. By putting our members at the centre of every decision and action, we're ensuring we serve and advocate for them effectively. We help our members navigate life's challenges and opportunities, providing the support they need to live fulfilling lives.

A DRIVING FORCE FOR A BETTER TASMANIA

Our year at a glance

OPERATIONS

$197.1m total income

$319.2m total assets

$165.8m net assets

147,000 policy holders covered by RACT Insurance
135,433 home products
143,881 motor products

132,800 Tasmanians covered by RACT Roadside

DELIVERING FOR OUR MEMBERS

97,834 members saved **$3.12m** on fuel at United Petroleum and Astron

109,271 members benefited from RACT Member Rewards in FY24

Members saved a total of **$4.6m** across our rewards program

Over **520,000** visitors to ract.com.au

Our branch network supported more than **53,000** face to face customer interactions

Approximately **400,000** calls answered across the year

Over **27,000** survey results collected and synthesised

CORPORATE

218,634 members

Most trusted Tasmanian brand

72% employee engagement result

Awarded **Small-Medium Insurance Company of the Year** at the 2023 ANZIIF Awards

Net promoter score **81.5**

MOBILITY

5,500 people on average saved on the roadside each month

10,700 batteries sold and fitted state-wide

PEOPLE

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

Number of mental first aid-trained staff increased to **134**

820 voluntary learning courses completed

43 employees completed bespoke leadership program

Over **$1m** invested in employee training

51 employee engagement activities and events

SHAPING A SAFER COMMUNITY

8,873 students and experienced drivers engaged in road safety programs

2,022 Year 3 & 4 students participated in RACT RoadSafe programs over 93 sessions

1,533 Year 10-12 students participated in safe driving activities

4,889 children engaged through our road safety story time program, YIPPEE!

429 senior drivers engaged in community programs

97 suburbs engaged through our road safety programs

17,100 driver training lessons delivered

1,600 P1 assessments delivered

1,270 child restraints fitted

INSURANCE

On average over **2,000** claims finalised per month

$87m paid in claims

17,000 vehicle claims finalised

94% renewal rate

President's and GCEO's report

In 1923, RACT embarked on a journey to serve the people of Tasmania. One hundred years later, we stand as one of the island's most trusted institutions, a testament to a century of dedication, innovation and unwavering commitment to our members and community.

Alison Flakemore
PRESIDENT AND CHAIR

Mark Mugnaioni
GROUP CEO

This year, we celebrated not just a milestone, but a legacy of service. From countless roadside rescues, thousands of members supported through grief and loss, to advocating for safer roads and greater investment in protecting our communities from climate change, we've been a steadfast presence in Tasmanians' lives. We've been there in times of need, enriched lives with value and spoken up on issues that matter most. Our actions have shaped our community and solidified our position as a voice that cannot be ignored.

A century of trust and innovation

Our centennial anniversary is a symbol of the trust, innovation and dedication we've fostered over the years. From our humble beginnings as a club for motoring enthusiasts to our current standing, our journey has been guided by an unwavering commitment to our members and others who call this island home.

This commitment has not only shaped our past but continues to drive our future. We're dedicated to evolving our services and products to meet the changing needs of Tasmanians, ensuring that we remain their trusted partner for years to come.

At the heart of our identity is the reliance that our members place upon us. We represent a collective of more than 218,000 members who count on us to be a leading voice in road safety, mobility and climate resilience, and call on us for support in their times of need.

Despite the past year seeing seeing a marked improvement, with fewer people dying on our roads, our state still has one of the worst road tolls in the country, tragically, with young people continuing to be overrepresented in these statistics.

In response we launched the "More than a Statistic" campaign, targeting young Tasmanians to raise awareness about road safety. We also secured funding for our "Driving for Life" program, a nation-leading road safety education program that will be universally accessible to every Tasmanian secondary student.

Enhancing member value

RACT exists to serve our members—that is our sole purpose. This year, we've made significant strides in enhancing the value and support we provide. We introduced new products, including the launch of pet insurance in partnership with one of Australia's leading pet insurance providers, responding directly to member feedback. Our general insurance products continued to excel, with a 94% renewal rate and over $87 million paid in claims to support members during challenging times, and we were once again recognised as Small-Medium General Insurer of the Year at the 2023 ANZIIF awards in August.

Looking ahead, we're excited about the initiatives and innovations that will further enhance the value we provide to our members. Our technology transformation is well underway, with the successful launch of new systems that will enable more personalised and seamless member experiences. We're also modernising our digital offerings and strengthening our cyber defence capabilities to ensure the highest level of data security.

Our operating model continues to evolve, focussing on delivering greater value and efficiency. The creation of Member Central and new ways of working between distributors and manufacturers are just a few examples of how we are adapting to better serve our members.

Our actions have shaped our community and solidified our position as a voice that cannot be ignored, and as Tasmania's most trusted organisation.

A vision for the future

As we look to the future, our vision remains clear: to have a valued relationship with every Tasmanian by 2030. We'll continue to innovate, advocate and serve our members with unwavering dedication, ensuring that RACT remains an integral part of Tasmanian life for the next 100 years and beyond.

We're immensely proud of the achievements of the past year and excited about the future possibilities. Our success is a testament to the hard work and dedication of our staff and the trust and support of our members. Together, we'll continue to thrive, building a safe, sustainable and prosperous future for all Tasmanians.

Scan the QR code to see the video we created to celebrate our 100 years of service to Tasmanians.

A shoulder to lean on and voice when it matters

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 collective of more than 218,000 members who count on us to be a leading voice in road safety, mobility and climate resilience. In FY24, we met that challenge and delivered some significant achievements for all Tasmanians.

Creating a safer generation of drivers

As Tasmania's leading road safety advocate, RACT has more than 100 years of experience in protecting Tasmanians and keeping them safe on our roads. With our foundations deeply rooted in road safety, we're acutely aware of the concerning levels of road trauma occurring in Tasmania. Tragically, our state has one of the worst road tolls in the country, with young people continuing to be over-represented in these statistics. Over the next five years, almost 40,000 young Tasmanians are expected to gain their licence. If we do nothing, the upward trend of fatalities and serious injuries will continue to climb. We can't expect different outcomes with the same actions. To save lives, we need to bring about generational change.

More than a statistic

In response to Tasmania's concerning road toll amongst young people, RACT launched the "More than a Statistic" campaign in early May, primarily targeting young Tasmanians through the media channels they frequent. By the end of June, the campaign had connected with over 44,800 people, and the content was viewed more than 161,000 times across various platforms. This campaign aims to raise awareness and emphasise the importance of road safety among young drivers, while sparking conversations between them and their peers.

Tasmanian election

In further action we hope will lead to improved outcomes for young Tasmanians on our roads, RACT led the push for road safety education for all secondary school-aged students in the state.

With strong member backing and a collective desire to do more for safer young drivers, RACT secured widespread political support in the 2024 Tasmanian state election, resulting in $8 million over five years to fund our "Driving for Life" program.

The program, which will provide education to all Tasmanian secondary school students, will work with leading experts, stakeholders, young people and the community to develop a holistic approach to youth road safety. We look forward to working closely with the Tasmanian Government to commence the development of this program in the coming year.

We can't expect different outcomes with the same actions. To save lives, we need to bring about generational change.

National Road Safety Week

National Road Safety Week (NRSW) was hosted in Tasmania in May 2024, which coincided with the launch of our "More than a Statistic" youth road safety campaign. The successful multi-channel campaign was launched with a crash simulation installation capturing the confronting scene of a serious road crash. The installation was housed on Hobart's waterfront for two months and generated high levels of engagement in the campaign. This installation will continue to tour the state, bringing localised data and stories to our communities.

We worked closely with our road safety partners – Road Safety Advisory Council and Tasmania Police – to promote daily road safety messages. These efforts, alongside RACT's comprehensive publicity campaign, resulted in more than 95 RACT-led media mentions and reached an audience of over 3.3 million Australians throughout the week.

Additionally, we launched our first Youth Road Safety Showcase event. Nearly 100

We launched our first Youth Road Safety Showcase event ... providing driving-aged students with first-hand insights into risky driving behaviours.

students attended, participating in interactive activities related to road safety, such as a distracted driving practical course and a demonstration highlighting the dangers of drink driving. The event was also supported by emergency services, St John Ambulance, mental health advocate SPEAK UP! Stay ChatTY, the National Heavy Vehicle Regulator, and other road safety advocacy groups, providing driving-aged students with first-hand insights into risky driving behaviours.

NRSW in Tasmania demonstrated our ongoing commitment to improving road safety through education, community engagement and strategic partnerships. By focussing on safe driving practices and the collective efforts of our partners, we aim to create a safer environment for all road users.

Elevating member voices on key issues

In FY24, we made significant strides in enhancing member engagement through the establishment of our Member Sentiment Panels. These panels, composed of more than 3,000 enthusiastic participants, have enriched our advocacy efforts with valuable insights on road safety, public transportation, and other mobility issues. Each year, we'll invite members to join the panel and hope that more will participate.

As a member of the Road Safety Advisory Council, we identified and advocated for key projects such as improving speed management, integrating road safety into workplace health and safety regimes, and enhancing Tasmania's crash data collection for better decision-making. This year also saw the introduction of mobile phone and seatbelt detection cameras – a key issue RACT has long advocated for.

We continue to engage with all levels of government to advocate for issues important to our communities and members. We provided submissions to the Tasmanian Government on a range of policy matters, including a proposed road user charge on zero and low-emission vehicles, the draft Emergency Services Act, emissions reduction strategies, the Mac Point Precinct Plan, the Derwent River Ferry Service Masterplan, the Keeping Hobart Moving

Transport Solutions Plan, and the review of the Active Transport Strategy.

Nationally we've worked with other auto clubs and the Australian Automobile Association (AAA) to support significant projects, including the successful campaign to collect nationally consistent road crash data with the aim to improve insights, and the associated decisions and investment based on evidence and data. This year also saw the introduction of the Real-World Testing program, Australia's first testing regime that uncovers the real-world fuel efficiency standards of vehicles against manufacturers' advertised rates, a program the AAA is delivering on behalf of the Commonwealth.

Our efforts this year have demonstrated our commitment to elevating the voices of our members and advocating for the issues that matter most to them. By engaging directly with our members and collaborating with key stakeholders, we continue to drive positive change for our community.

Proactive risk mitigation

RACT is committed to supporting communities and helping Tasmanians build resilience in the face of a changing climate. As part of our efforts in this area we're engaging with governments, universities and international organisations to support understanding and research into initiatives that will reduce the impact of extreme weather events in Tasmania – this goes to the heart of what we stand for, and what our members expect of us. We continue to collaborate with the University of Tasmania's Bushfire Research Hub, have undertaken research into Tasmanian storm weather patterns, and engage with all levels of government to advocate for increased investment in community resilience to address the challenges posed by a warming planet.

Scan the QR code to see our National Road Safety Week Youth Showcase video

Safer journeys

Road safety education remains the key pillar of our community program, and in FY24 we reached even more people with our initiatives. Following the success of our program in FY23, the demand for our road safety programs reached significant levels, with almost 9,000 people undertaking one of RACT's road safety programs across 97 suburbs and towns. We delivered 27 member and community events across Tasmania, including celebrations of our 100-year anniversary.

Our commitment to enhancing road safety and engaging with the community is stronger than ever, as we strive to create a safer and more connected Tasmania.

Connecting and engaging with our communities

In FY24, we focussed on enhancing our communication channels to deliver content that truly resonates with our members, aiming to inform, engage and add value to their lives through multiple platforms.

Our member magazine, *Journeys*, continues to be a cornerstone of our communication, reaching approximately 118,000 households each edition through both a digital and printed product. As Tasmania's most widely consumed publication per issue, it offers a rich blend of lifestyle, travel and motoring content, along with updates on RACT's efforts to support our members and the broader community.

The digital edition of *Journeys* consistently achieves high engagement rates, indicating strong subscriber interest. To leverage this increased interest in website and mobile content, we have plans to expand our digital content offering in FY25.

Our monthly eNews reaches an average of 114,500 members, boasting impressive open and click-through rates that exceed industry averages. This digital newsletter delivers practical tips, advocacy articles, travel features and exclusive offers, providing real value and fostering a deeper connection with our members.

We have continued to invest in our social media presence by producing strategic content tailored to meet the diverse needs of our audience. We have seen substantial increases in reach and engagement across our platforms, underscoring the importance of these channels in connecting with our members and amplifying our messages.

We developed a "Life Hacks" video series, offering members important information in an engaging format. The series includes tips on protecting homes, maintaining cars, and improving driving skills, with a combined paid and organic reach of over 616,000 across our digital channels.

To better support our members in preparing for life's unexpected events, we launched our inaugural Bushfire Awareness Month campaign in October 2023. This initiative was aimed at supporting not only our members but the wider community to prepare for Tasmania's upcoming bushfire season. In conjunction with our media and community partners, we provided valuable information and engaging content on community preparedness and resilience. RACT also donated bushfire evacuation kits to a community group in Hobart's northern suburbs to assist vulnerable families.

Our PR and earned media efforts in FY24 resulted in 266 media mentions across various channels, achieving a reach of 17.7 million people across the year. Key themes focussed on road safety, home security and electric vehicles, demonstrating the effectiveness of our communication strategies.

By focussing on community engagement, informative content, and strategic communication, we continue to support and connect with our members in meaningful ways.

In FY24, we focussed on enhancing our communication channels to deliver content that truly resonates with our members.

Scan the QR code to see our Life Hacks series.

Helping our members save on what matters to them

In FY24, more than 60 local and national partners were featured across RACT Member Rewards, with 46% of members accessing these exclusive discounts and benefits. Throughout the year, 109,271 members saved an average of $42.13 each, primarily through discounts in our automotive, utilities and shopping categories.

Collectively, members transacted almost 1.6 million times, saving more than $4.6 million, including $3.1 million from our fuel discount alone. We introduced two new partners, offering additional discounts, and expanded our discounted energy offer to help members lower their household expenses. We also launched new research programs to better understand future opportunities and gather insights beyond our usual methods.

Empowering our people to deliver for our members

Our people are the backbone of everything we do, essential to delivering exceptional service to our members. Ensuring they're engaged and performing at their best is crucial to not just meeting, but exceeding our members' expectations.

A resilient and diverse team

Employee wellbeing is a top priority for us. We're committed to supporting the improved mental health and wellbeing of our teams by introducing various initiatives, including gratitude walls, yoga sessions, get-active challenges, lunch and learn sessions on nutrition, breast care seminars, financial wellbeing sessions, and morning teas and lunches to encourage people to come together to discuss mental health. We've also invested heavily in training 134 employees as mental health first aiders, equipping them to support their workmates and identify any members who might need extra assistance.

We aim to be one of the best workplaces in Australia by fostering a diverse and inclusive workforce, applying these principles not only to how we work with our workmates in the office, but also to how we recruit new members to our teams. Our first Reconciliation Action Plan was conditionally endorsed in FY24, and we continue to expand our calendar of events to recognise and celebrate our diverse community.

Additionally, we've made excellent progress in embedding our organisational values, shared language, behaviours, mindsets and emotions across the organisation. Our annual employee engagement survey had a participation rate of 83% and an engagement rate of 72%.

To prepare our teams to deliver exceptional service, we've embedded the Thrive and Grow performance development program to foster a culture of engagement and empowerment. We're committed to bringing out the best in our people by managing and supporting them fairly and transparently, so we can all thrive and grow together. We're pleased to see a significant increase in proactive development, with participation in voluntary learning for employees quadrupling. We've also seen an increase in leadership development, with 31% of our leaders taking on greater responsibilities within RACT.

To help build a future-proofed workforce that delivers exceptional performance, we focussed on implementing strategic workforce planning tools to ensure we have the right people with the right skills in the right roles at the right times. We also progressed, and are nearing completion of our capability framework, which will enhance our future-ready capabilities across the organisation.

Products and services that meet our members' needs

RACT is committed to providing a wide range of products and services that cater to the diverse needs of our members. Our offerings include comprehensive insurance options for home, motor, travel, and pets, designed to protect Tasmanians from life's uncertainties. We also offer roadside assistance, driver training programs and vehicle maintenance services to ensure our members' safety and convenience on the road.

Through our new operating model, we continue to refine and expand our product and service offerings to deliver exceptional value and meet the evolving needs of our members.

Insurance: Protecting Tasmanians

RACT understands the unique challenges Tasmanians face and is dedicated to providing comprehensive coverage and exceptional service to ensure our members' peace of mind. Our deep-rooted understanding of Tasmania allows us to offer insurance solutions tailored to Tasmanians' needs.

Our commitment to serving our members, continuous improvement and our team's professionalism was highlighted, when once again RACT was recognised on the national stage as the Small-Medium General Insurer of the Year at the 2023 ANZIIF awards in August.

Claims and community support

In FY24, our dedicated team settled a record 17,000 claims, paying out over $87 million to support our members during challenging times. We proactively updated and tested our catastrophe preparedness plans, incorporating the latest research and insights to ensure we're ready to assist members during bushfires, storms, and other natural disasters.

Fortunately, Tasmania was not significantly impacted by catastrophic bushfire or storm events this year. However, we did receive 157 claims from smaller-scale bushfires and storms, which were handled swiftly, highlighting our commitment to being there for our members when they need us most. By leveraging our local presence and strong supplier relationships, we finalised these claims faster than other insurers and above industry benchmarks.

Our deep-rooted understanding of Tasmania allows us to offer insurance solutions tailored to Tasmanians' needs.

Enhancing the claims experience

Recent improvements to our assessing and repair strategy, including realigning our internal structure and external supplier network, have led to positive outcomes. We've achieved lower gross incurred claim costs compared to industry averages in Tasmania, while maintaining an industry-leading Net Promoter Score (NPS) of 76% among our insured members. These cost savings enable us to offer competitive premiums and value-added products to our members.

In FY24, we continued to optimise our claims operating models, processes and supply chain, further refining our home and motor portfolios to deliver more specialised services. Looking ahead, we're focussed on enhancing motor claims management, strengthening partnerships with motor vehicle repairers, and automating key processes for increased efficiency.

In FY24, we sold and fitted 10,700 new batteries across the state, ensuring our members' vehicles remain reliable and roadworthy.

Travel Insurance

In our second year of offering travel insurance online, in partnership with Tokio Marine, we've continued to deliver an outstanding product to the Tasmanian market for both domestic and international travel. Our 10% member discount provided over $70,000 in savings for our members this year alone. We remain focussed on continuously enhancing the customer experience, raising awareness of this valuable benefit, and broadening availability of the product to support our members in lowering risk and providing peace of mind during their travels.

This year, the top international destinations for our members were Bali with 253 policies taken out for travel to the holiday destination, followed by Japan with 213, and New Zealand with 202. Our travel insurance partner handled a total of 179 claims on our behalf, with an average cost per claim of around $1,870. The most common claims were for overseas medical and hospital expenses (38 claims), cancellation fees and lost deposits (33 claims), and luggage (21 claims).

Pet Insurance

Responding to member feedback, we launched a new product in March 2024, opening new ways to support our members, with pet insurance, in partnership with petinsurance.com.au. To support the product launch, members could access two months free coverage.

Since launching in March 2024, pet insurance has surpassed expectations, with close to 200 Tasmanians taking out a policy to provide coverage to their family dog or cat. This product marks an exciting expansion of our service offerings, which we hope to continue to expand under RACT's new operating model.

To better support our members in accessing timely coverage, more than half of the clinics in the state now offer GapOnly™, with on-the-spot claiming available from Hobart to Launceston, out to Smithton, Deloraine and almost everywhere in between. The service is the only in-clinic claims experience helping to address affordability concerns of Tasmanians.

RACT Finance

Despite ongoing economic uncertainty and vehicle supply challenges, our collaboration with RACV Finance has enabled us to offer a variety of car loans to our members. Notably, our exclusive 1% p.a. discount on the standard base rate for used cars has provided significant savings, making vehicle purchases more accessible for our members.

Roadside Assistance

RACT Roadside Assistance stands as a pillar of support for our members, offering 24/7, 365-day coverage across Tasmania and Australia. Our extensive network of nearly 70 patrols and agents is always ready to respond, providing peace of mind and ensuring our members are never stranded. In FY24, we responded to an average of 181 calls per day, with an average response time of 30 minutes in metropolitan areas.

AutoServe

Our AutoServe mechanical workshops in Launceston and Hobart continued to prioritise customer service and quality workmanship for mechanical repairs and vehicle servicing. We also offered comprehensive pre-purchase inspections for those considering car purchases, empowering our members to make informed and confident decisions.

Child Seats

We installed 1,270 child seats during the year, reinforcing our dedication to ensuring the correct fitment of car seats. This vital service addresses the crucial issue of child safety and provides peace of mind to parents and caregivers.

Our commitment to getting members back on the road quickly and efficiently is evident in our success rate: 86% of vehicles were mobilised without the need for a tow. This not only minimises inconvenience for our members but also speaks to the expertise and dedication of our roadside assistance team.

Beyond roadside repairs, our battery service remained in high demand. In FY24, we sold and fitted 10,700 new batteries across the state, ensuring our members' vehicles remain reliable and roadworthy.

Driver Training

We delivered over 17,100 driver training lessons across the state and assessed more than 1,600 new drivers gaining their P1 licence. In partnership with the Tasmanian Government, we proudly provided 1,300 driving lessons in high schools and colleges, helping vulnerable students gain the hours needed to attain their driver licence. This initiative supports our commitment to road safety and equips young Tasmanians with essential driving skills.

Driving excellence in member service

RACT's Operations group is dedicated to driving excellence in member service, ensuring every interaction exceeds expectations. The establishment of this team, encompassing centralised product and membership administration, workforce planning, compliance, quality, training and continuous improvement, has strengthened our ability to deliver consistent, high-quality service to our members.

Across our network of seven statewide branches, our Group Operations team assisted our members more than 53,000 times, and responded to almost 400,000 calls, while we had more than 520,000 visitors to our website.

This commitment to excellence is reflected in our industry-leading Net Promoter Score (NPS) of 81.5 across teleclaims, retail, and roadside services, a testament to our members' satisfaction and trust.

Investing in our people and transforming for the future

Our success hinges on our dedicated employees. By fostering a positive, customer-focussed culture and aligning teams around this shared vision, we've achieved strong annual employee engagement scores within Group Operations. This ensures our motivated workforce is equipped to provide the best possible service to our members.

Group Operations also played a pivotal role in driving key transformational projects, including the successful implementation of a new Customer Relationship Management (CRM) platform. We've also expanded our product and service offerings through our retail network, providing members with even greater choice and convenience.

Empowering the future of member services

RACT's 2024-26 technology transformation is well underway, driven by a commitment to enhance the member experience, streamline operations and ensure the highest level of data security.

A new era of member engagement

The successful launch of our new CRM system marks a significant milestone in this transformation. This tier one project provides a single, comprehensive view of our members, enabling us to deliver more personalised and seamless experiences across all touchpoints. By retiring outdated legacy applications, we've simplified our operations, allowing for greater efficiency and responsiveness to member needs.

We're also reimagining our digital landscape with updates to our online offerings, point of sale and payment platforms, all supported by a modernised finance system. These advancements will offer members easier access to services, convenient payment options and a streamlined online experience.

Protecting member data remains a top priority, with our Information Security and Technology Operations teams deploying new cyber defence capabilities and achieving our target for critical systems availability.

The implementation of a Digital Asset Management solution has streamlined our brand and campaign asset management, improving collaboration and ensuring brand consistency.

Our technology transformation is an ongoing journey, fuelled by our dedication to member satisfaction and operational excellence. We're excited about the progress made and the future possibilities as we continue to leverage technology to empower our team and enhance our services.

Navigating risk, ensuring compliance

RACT's Compliance & Risk division plays a crucial role in safeguarding our members' interests and ensuring the long-term sustainability of our operations.

Guiding informed decision-making

By staying on top of evolving laws, regulations, and licensing requirements, our Compliance & Risk team provides expert guidance and advice to support RACT in making informed decisions. This proactive approach ensures that we operate with integrity and transparency, maintaining the trust of our members and stakeholders.

We're committed to prioritising the safety of our people, members, and the public. In FY24, we intensified our focus on regulatory changes, particularly in the areas of information security and operational risk and resilience. By proactively addressing these evolving challenges, we strengthen our ability to safeguard our members' sensitive information and to respond to disruption.

Building a resilient future

We're dedicated to building a resilient business that can withstand disruptions and continue serving our members effectively. This involves identifying and mitigating potential risks, ensuring that we have robust processes in place to manage unexpected events. Our commitment to resilience not only protects our members but also ensures that we can continue to fulfill our mission of supporting Tasmanians for years to come.

Financial commentary

for the 2023-24 financial year

FY24 was the second full year of the Group owning and managing RACT Insurance and its consolidation into the Group's operating results.
With the introduction of a new accounting standard *(AASB 17 Insurance Contracts)* coming into effect on 1 January 2024, the Financial Statements have been reformatted in line with the Standard to provide improved understanding. This has required restatement of the FY23 financial performance, as well as the FY23 and FY22 financial positions to enable comparisons.

Financial performance

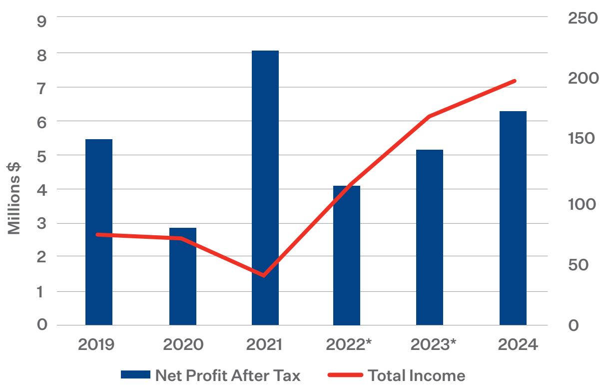
FY24 saw strong revenue growth with total income increasing by 15% to $197.1m. This follows FY23's 13% increase. Insurance continued to be the major contributor with revenue increasing to $162.8m, up from $139.2m in FY23.
Our core roadside business continues to be popular with revenue from membership subscriptions and other motoring services, such as driver training, increasing in FY24 by 4% to $25.5m.
Continued high cash rates and strong share market performance increased returns on investments to $5.8m in FY24, up from FY23's $4m.

Net profit after tax for the year increased to $6.3m, reflecting continued FY24 investments in replacing and building the technology backbone and improving member services. Community and advocacy saw increased funding with a larger number of community events being run, while driver safety was a key area of focus, supported by media events and television advertising.
While not being major contributors, FY24 also saw an increase in products offered to members with the introduction of pet insurance, which follows on from the previous year's introduction of travel insurance.

Financial position

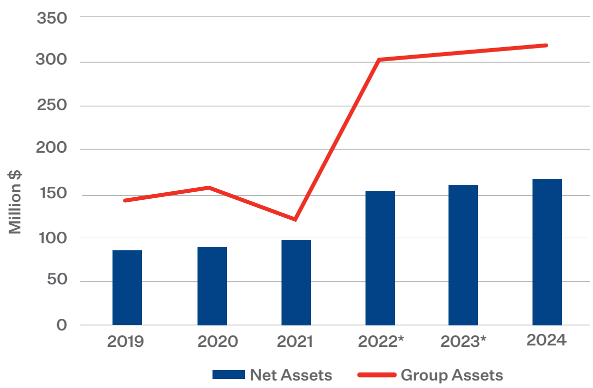
FY24 gross assets increased to $319.2m, up from $313.8m at the end of FY23. This was primarily driven by the underlying growth in insurance. Net assets also increased to $165.8m, a 3.4% increase on FY23, with borrowings continuing at $51.5m as available funds were invested in member services.
The major asset continues to be the insurance business, with in excess of $100m of policyholder and shareholder funds available to meet insurance contract liabilities of $62m.

Financial Performance



*Revenue and Net Profit After Tax excludes the fair value adjustment on the acquisition of the insurance entity in the 2022 finanical year. The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the 2023 comparative year.

Financial Position



*The Group adopted AABS 17 Insurance Contracts from 1 July 2023 and has restated the 2022 and 2023 comparative years.

Directors' report

In respect of the year ended 30 June 2024, the directors of The Royal Automobile Club of Tasmania Limited (RACT) present the following report prepared 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)
Mr A M Coleman
Mr R P Doedens
Mr I A Gillespie (from 16 November 2023)
Mr M C Grey
Mr A S McKenzie
Ms K L Nylander
Ms J A L Richardson
Hon Ms S L Smith AM (to 16 November 2023)

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


Mr A M Coleman


Mr R P Doedens


Mr I A Gillespie


Mr M C Grey


Mr A S McKenzie


Ms K L Nylander


Ms J A L Richardson


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 $6.3 million (2023 restated, $5.2 million) and total comprehensive income for the year ended 30 June 2024 was $5.5 million (2023 restated, $8.2 million).

4 Review of operations

A review of operations is included in the President's and Group Chief Executive Officer (GCEO's) Reports which accompany this report.

5 Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity for the year ended 30 June 2024.

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 section 8, 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 is 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
- Transformation Committee

In addition, temporary Committees are formed by the Board as and when required. In the year ended 30 June 2024, 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 2024, excluding candidate interviews).

Directors' report

7 Meetings of directors (continued)

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

During the year there was ongoing scrutiny of RACT's processes and procedures through the outsourced external assurance program. The Board regularly reviews its performance and that of its Committees to ensure 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 meetings, including 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 committees 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, 25 meetings of directors were held. The number of meetings attended by each director during the year is disclosed in the following table (including committees but excluding informal workshops).

Board/Committee	Board	Community & Advocacy	Transformation	Governance, Remuneration & Nomination	Audit	Risk
Total meetings held during 2023/2024	**8**	**1**	**2**	**6**	**4**	**4**
Director						
Mrs A J Flakemore (President)	8	*	*	6	3	1 (outof 2)
Mr P A W Kolkert	7	*	*	6	*	*
Mr A M Coleman	8	*	*	6	3	2 (out of 2)
Mr R P Doedens	8	*	*	*	2 (outof 2)	4
Mr I A Gillespie (from 16 November 2023)	4 (out of 4)	*	*	2 (out of 2)	*	*
Mr M C Grey	8	1	2	*	*	2 (out of 2)
Mr A S McKenzie	7	1	2	*	*	*
Ms K L Nylander	8	0	*	2 (out of 2)	*	*
Ms J A L Richardson	8	*	2	4 (out of 4)	*	2 (out of 2)
Hon Ms S L Smith AM (to 16 November 2023)	4 (out of 4)	1	*	*	2 (out of 2)	*

** Director is not a member of this Committee.*

Directors' report

8 Subsequent events

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

9 Indemnity of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the 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 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 2024, the number of eligible members was 134,636 (2023 - 132,576).

12 Auditor's Independence Declaration

The auditor's independence declaration is included on page 27 of the financial report.

Directors' 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, RACT Insurance 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
Actuary and Company Director
Director, RACT Insurance Pty Ltd
Director, Munich Re Insurance (Australia and NZ)
Director, Greenpeace Australia Pacific Ltd (from 27 May 2024)

Mr R P Doedens
B.Com (Acc) FCPA, GAICD
Executive Officer and Company Director
Executive Officer, Supported Affordable Accommodation Trust
Director, RACT Insurance Pty Ltd
Director, Crime Stoppers Tasmania

Mr I A Gillespie
AM, FAICD, FAIM, FCEOI (from 16 November 2023)
Company Director
Chair, RACT Insurance Pty Ltd
Director & Trustee, International Road Assessment Programme
Chair, Motorsport Risk & Safety Committee, Motorsport Australia
Director, Racing Together, Indigenous Australian Motorsport Program

Mr M C Grey
BA, CS, CPM, GDACG, FCPA, FAICD
Company Director
Chair, St Giles Disability Services
Director, The Public Trustee Tasmania
Director, General Practice Registrars Australia
Member, RSL Queensland Audit & Risk Committee

Mr A S McKenzie
BA LLB (Hons), GDLP
Legal Practitioner and Company Director
Director, McLean McKenzie & Topfer
President, TasCOSS (to 1 May 2024)
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
Director, Tasmania Jackjumpers (Chair up to 5 April 2024)
Director, Aurora Energy (Acting Chair from 5 March 2024)
Director, RACT Insurance Pty Ltd (from 1 January 2024)
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 (to 28 March 2024)

Hon S L Smith, AM (to 16 November 2023)
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 25th day of September, 2024

A J FLAKEMORE
DIRECTOR

A M COLEMAN
DIRECTOR

Auditor’s Independence Declaration

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

To the Directors of The Royal Automobile Club of Tasmania Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of The Royal Automobile Club of Tasmania Limited for the financial year ended 30 June 2024 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

25 September 2024

Sascha Adams

Partner

Hobart

25 September 2024

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 $'000	2023 Restated $'000
Continuing operations			
Insurance revenue	2	162,788	139,182
Insurance service expenses	16	(88,859)	(82,540)
Insurance service result before reinsurance contracts held		**73,929**	**56,642**
Allocation of reinsurance premiums	16	(22,222)	(16,438)
Amounts recoverable from reinsurers for incurred claims	16	974	5,653
Net expense from reinsurance contracts held		**(21,248)**	**(10,784)**
Insurance service result		**52,681**	**45,857**
Revenue from contracts with customers	2	25,499	24,538
Investment Income	2	5,833	4,044
Other income	2	2,940	3,018
Total revenue		**86,953**	**77,458**
Expenses			
Personnel costs		(41,509)	(35,670)
Operating costs		(6,914)	(7,175)
Cost of goods sold		(1,061)	(1,010)
Marketing costs		(2,557)	(2,445)
Corporate costs		(15,385)	(14,027)
Interest costs		(3,431)	(2,795)
Depreciation and amortisation expense		(5,867)	(6,841)
Total expenses		**(76,723)**	**(69,963)**
Finance (expenses) / income from insurance contracts		(10)	346
Finance income / (expenses) from reinsurance contracts		7	(9)
Net financial result		**(76,726)**	**(69,626)**
Share of profit of equity-accounted investees, net of tax	7	90	182
Profit before income tax		**10,317**	**8,014**
Income tax benefit/(expense)	3	(4,035)	(2,903)
Profit from continuing operations		**6,282**	**5,111**
Discontinued operation			
Profit from discontinued operation, net of tax	25	-	46
Profit for the period		**6,282**	**5,156**
Other comprehensive income			
Fair value (devaluation) / revaluation of land and buildings, net of tax		(811)	3,041
Total other comprehensive income		**(811)**	**3,041**
Total comprehensive income for the period		**5,471**	**8,197**

The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the comparative year. Refer note 1.

Notes to the financial statements are included on pages 32 to 71.

Consolidated statement of finanical position

AS AT 30 JUNE 2024

	NOTE	2024 $'000	2023 Restated $'000	2022 Restated $'000
Current assets				
Cash and cash equivalents		16,702	15,131	19,834
Trade and other receivables	5	5,410	4,521	3,702
Current tax receivable	3	-	-	4,107
Financial investments measured at fair value	6	101,703	88,573	73,784
Reinsurance contract assets	16	-	2,090	3,514
Other assets	10	2,999	2,540	1,750
Total current assets		**126,814**	**112,855**	**106,691**
Non-current assets				
Trade and other receivables	5	-	255	141
Financial investments measured at fair value	6	9,286	8,056	3,996
Investment in associates	7	254	314	281
Property, plant and equipment	11	26,600	28,590	25,316
Right-of-use lease assets	12	3,001	2,453	2,241
Intangible assets	8	18,898	22,086	26,380
Goodwill	9	127,833	127,833	127,833
Deferred tax asset	3	6,511	11,318	9,834
Total non-current assets		**192,383**	**200,905**	**196,022**
Total assets		**319,197**	**313,760**	**302,713**
Current liabilities				
Payables	13	6,629	6,145	4,921
Current tax payable	3	1,198	994	-
Lease liabilities	12	960	838	947
Insurance contract liabilities	16	61,973	58,905	55,132
Reinsurance contract liabilities	16	1,745	-	-
Customer contract liabilities	2	11,961	11,133	10,824
Provisions	14	5,785	9,805	10,183
Total current liabilities		**90,251**	**87,820**	**82,007**
Non-current liabilities				
Borrowings	15	51,500	51,500	55,000
Provisions	14	760	569	818
Lease liabilities	12	2,233	1,783	1,453
Customer contract liabilities	2	28	27	-
Deferred tax liability	3	8,598	11,704	11,276
Total non-current liabilities		**63,119**	**65,583**	**68,547**
Total liabilities		**153,370**	**153,403**	**150,554**
Net assets		**165,827**	**160,357**	**152,159**
Equity				
Retained earnings		156,802	150,521	145,364
Reserves		9,025	9,836	6,795
Total equity		**165,827**	**160,357**	**152,159**

The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the comparative year. Refer note 1.

Notes to the financial statements are included on pages 32 to 71.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	Asset revaluation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2022, as previously reported		**6,795**	**148,196**	**154,991**
Impact of initial application of AASB 17, net of tax	1	-	(2,832)	(2,832)
Balance at 1 July 2022 (restated)		**6,795**	**145,364**	**152,159**
Total comprehensive income for the year (restated)				
Profit for the period		-	5,156	5,156
Other comprehensive income				
Revaluation of land and buildings, net of tax		3,041	-	3,041
Total comprehensive income for the year (restated)		**3,041**	**5,156**	**8,197**
Balance at 30 June 2023		**9,836**	**150,520**	**160,356**
Balance at 1 July 2023		**9,836**	**150,520**	**160,356**
Total comprehensive income for the year				
Profit for the period		-	6,282	6,282
Other comprehensive income				
Revaluation of land and buildings, net of tax		(811)	-	(811)
Total comprehensive income for the year		**(811)**	**6,282**	**5,471**
Balance at 30 June 2024		**9,025**	**156,802**	**165,827**

The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the comparative year. Refer note 1.

Notes to the financial statements are included on pages 32 to 71.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 $'000	2023 Restated $'000
Cash flows from operating activities			
Insurance premiums received		164,815	142,873
Receipts from customers		33,778	29,437
Claims and other insurance expenses		(83,115)	(78,779)
Payments made to employees and suppliers		(76,740)	(62,505)
Other insurance services expenses paid		64	262
Reinsurance and other recoveries received		3,747	5,999
Reinsurance premiums paid		(21,152)	(15,367)
Interest paid		(3,431)	(2,707)
Interest received		703	868
Insurance acquisition cash flows		(4,778)	(3,596)
Dividends and distributions received		87	266
Income tax paid / (refunded)		(1,782)	1,327
Net cash from operating activities	**19**	**12,196**	**18,078**
Cash flows from investing activities			
Payments for property, plant and equipment, and software		(2,545)	(3,265)
Proceeds from sale of property, plant and equipment		1,975	1,341
Proceeds from the sale or maturity of investment securities		7,540	-
Payments for purchase of investment securities		(16,857)	(16,022)
Loans to related parties		271	(495)
Dividends received		150	150
Net cash used in investing activities		**(9,466)**	**(18,291)**
Cash flows from financing activities			
Repayment of borrowings		-	(3,500)
Payment of principal portion of lease liabilities		(1,159)	(990)
Net cash used in financing activities		**(1,159)**	**(4,490)**
Net increase/(decrease) in cash held		**1,571**	**(4,703)**
Cash at the beginning of the financial year		15,131	19,834
Cash at the end of the financial year	**19**	**16,702**	**15,131**

The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the comparative year. Refer note 1.

Notes to the financial statements are included on pages 32 to 71.

Notes to the consolidated financial statements

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

The consolidated financial statements comprise the Group and its subsidiaries (together referred to as 'RACT Group' or the 'Group') and were authorised for issue by the Board of Directors on 25 September 2024. The Group 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 adopted by the Australian Accounting Standards Board and the Corpoarations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Material 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 in material accounting policies are described in Note 1.

Basis of preparation

The financial statements are presented in Australian dollars, which is the Group's functional currency, and has been rounded to the nearest thousand dollars, unless otherwise stated. The financial statements have 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 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.

Critical accounting judgement and estimates

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

	Note
Recognised deferred tax balances	3
Trade and other receivables	5
Determination of fair values of investments	6
Intangible assets - initial measurement, impairment testing, and useful life	8
Impairment assessment of controlled entities carried at cost	9
Valuation of property	11
Estimation of useful lives	11
Right of use assets lease term	12
Employee benefits	14
Measurement of remediation provision	14
Measurement of insurance and reinsurance contracts	16

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.

The application of AASB 17 Insurance Contracts introduced the following significant estimates, judgements and assumptions to the financial statements in estimating the insurance and reinsurance contract assets and liabilities, discussed in note 16:

- Determination of risk adjustment to apply to the central estimate.
- Determination of the illiquidity premium to discount rate.
- Identification of groups of onerous contracts and measurement of the loss component.

Changes in material accounting policies

The Group has initially applied AASB 17 and AASB 9 Financial Instruments to transactions and balances of the wholly owned company, RACT Insurance Pty Ltd, including any consequential amendments to other standards, from 1 July 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 July 2022.

Except for the changes below, the Group has consistently applied the accounting policies as set out in the accounting policy notes, to all periods presented in these financial statements.

Notes to the consolidated financial statements

1. Summary of accounting policies (continued)

Changes in material accounting policies (continued)

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of AASB 17 and AASB 9 are summarised below.

(a) AASB 17 Insurance Contracts

Recognition

AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts.

The Group applies the Premium Allocation Approach (PAA) to simplify the measurement of general insurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. As all general insurance contracts are one year or less, the inclusion of discount rates only has a small impact on outstanding claims provisions due to the short nature of the liabilities. There is no impact on the Liability for Remaining Claims as it is discounted based on PAA approach which is undiscounted.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under AASB 17, insurance acquisition cash flows can be immediately expensed as the coverage period of each contract is less than one year.

Transition

Changes in accounting policies resulting from the adoption of AASB 17 have been applied using a full retrospective approach to the extent practicable.

Under the full retrospective approach, at 1 July 2022 the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if AASB 17 had always been applied; and
- derecognised previously reported balances that would not have existed if AASB 17 had always been applied. These included deferred acquisition costs for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under AASB 17, they are included in the measurement of the insurance contracts.

The adoption of AASB 17 has resulted in a decrease of net assets at 1 July 2022 of $2,831,765. This amount, being the cumulative retrospective effect of adoption, was recognised as an adjustment to the opening balance of retained earnings as shown in the Statement of changes in equity. The opening net asset impact is due to the release of deferred acquisition costs ($6,453,918), which is offset by increase in net assets from application of AASB 17 risk adjustment at a 75% probability of sufficiency, compared to the risk margin previously recognised at 90% probability of sufficiency ($2,035,385) and higher discount rates for illiquidity premium ($373,152). The tax offset was $1,213,616 attributed to temporary differences from the transition impact of AASB 17.

(b) AASB 9 Financial Instruments

Recognition

AASB 9 includes three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Transition

AASB 9 has not had a significant effect on the Group's accounting policies for financial assets or financial liabilities.

(c) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to AASB 101 and AASB Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and removed or updated the information disclosed throughout the notes, as considered necessary, in line with the amendments.

(d) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

Notes to the consolidated financial statements

1. Summary of accounting policies (continued)

(d) Deferred tax related to assets and liabilities arising from a single transaction (continued)

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 3.4).

Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements:

(a) Classification of liabilities as current or non-current and non-current liabilities with covenants.

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

As disclosed in Note 15, the Group has a secured bank loan that is subject to specific covenants. While this is classified as non-current at 30 June 2024, a future breach of the related covenants may require the Group to repay the liabilities earlier than the contractual maturity dates.

2. Revenue

2.1. Revenue streams

		2024 $'000	2023 Restated $'000
Insurance revenue			
Insurance contracts measured under the Premium Allocation Approach (PAA)	16	162,788	139,182
Total		**162,788**	**139,182**
Revenue from contracts with customers			
Membership subscriptions		22,061	21,253
Motoring services		3,438	3,285
Total		**25,499**	**24,538**
Investment Income			
Interest income on financial assets at fair value through profit or loss		3,928	1,984
Interest income on financial assets held at amortised cost		381	441
Net gains/(losses) on financial assets at fair value through profit or loss		669	811
Trust distribution income		768	542
Dividends and distributions		87	266
Total		**5,833**	**4,044**
Other income			
Rental revenue		1,104	1,551
Commissions		509	497
Advertising		227	390
Other income		1,100	580
Total		**2,940**	**3,018**

The impacts of adoption of AASB 17 are detailed in note 1.

2. Revenue (continued)

2.1. Revenue streams (continued)

Insurance revenue

Insurance contracts are measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts based on the passage of time over the insurance coverage period, which is considered to closely approximate the pattern of risks underwritten.

Membership subscriptions

Revenue from subscriptions is recognised evenly over the subscription term, which is usually one year. The Company recognises the unearned portion of membership subscriptions as customer contract liabilities on the Statement of Financial Position.

Investment Income

Refer to accounting policy disclosure in note 6.

2.2.Contract liabilities

		2024 $'000	2023 Restated $'000
Insurance contract liabilities			
Insurance contract liabilities	16	61,973	58,905
Total		**61,973**	**58,905**
Customer contract liabilities			
Unearned membership subscriptions		11,193	10,555
Unearned motoring services revenue		681	556
Other unearned revenue		115	49
Total		**11,989**	**11,160**
Current		73,934	70,038
Non-current		28	27
Total contract liabilities		**73,962**	**70,065**

The impacts of adoption of AASB17 are detailed in Note 1.

3. Income tax expense

	2024 $'000	2023 Restated $'000
3.1. Income tax expense		
The components of tax expense comprise:		
Current tax expense	1,968	3,773
Deferred tax	2,015	(765)
Under/(over) provision from previous years	52	(105)
Total	**4,035**	**2,903**
Income tax from continued operations	4,035	2,884
Income tax from discontinued operations	-	19
Total	**4,035**	**2,903**

The impacts of adoption of AASB 17 are detailed in note 1.

3. Income tax expense (continued)

	2024 $'000	2023 Restated $'000
3.2. Numerical reconciliation of income tax expense to prima facie tax		
Prima facie tax on profit before income tax at 30% (2023:30%)	3,096	2,404
Add tax effect of:		
Mutual (profits)/loss	829	723
Non deductible expenses	21	60
Tax credits	(37)	(179)
Under/(over) provision from previous years	126	(105)
Total	**4,035**	**2,903**
3.3. Deferred tax recognised directly in other comprehensive income		
Relating to revaluation of property	(347)	(201)
Total	**(347)**	**(201)**
3.4. Current and deferred tax balances		
Assets		
Deferred tax asset	6,511	11,318
Total	**6,511**	**11,318**
Liabilities		
Current tax liability	1,198	994
Deferred tax liability	8,598	11,705
Total	**9,796**	**12,699**
Taxable and deductible temporary differences arise from the following:		
Amounts recognised in profit or loss		
Property, plant and equipment	(1,256)	(570)
Investments	(927)	(1,096)
Payables	-	471
Provisions	3,199	3,071
Other assets	(20)	1,258
Receivables	-	(71)
Equity accounted investments	-	(85)
Insurance liabilities	-	1,309
Intangibles	(3,170)	(4,036)
Right of use assets	87	(638)
Net deferred tax liabilities	**(2,087)**	**(387)**
Movements		
Opening balance	(387)	(1,442)
Under/(over) provision from prior year	(32)	105
Credited to income statement	(2,015)	749
Debited to equity	347	201
Closing balance	**(2,087)**	**(387)**

The impacts of adoption of AASB 17 are detailed in note 1.

Notes to the consolidated financial statements

3. Income tax expense (continued)

3.4. Current and deferred tax balances (continued)

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. 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.

4. Remuneration of auditors

	2024 $'000	2023 $'000
KPMG Australia		
Audit and review services		
Audit and review of financial reports	262	183
Other regulatory audit services	80	58
Total audit and review services	**342**	**241**
Other services		
Taxation services	-	30
Total other services	**-**	**30**
Total auditor's remuneration	**342**	**271**

5. Trade and other receivables

	2024 $'000	2023 Restated $'000
Trade and other receivables		
Trade receivables and sundry debtors	5,481	4,839
Allowance for expected credit loss	(74)	(71)
Total trade and other receivables	**5,407**	**4,768**
Related party receivables		
Associates - (Receivable from RACT Club Assist Pty Ltd (unsecured))	3	3
Associates - (Receivable from RACT AutoServe Pty Ltd (unsecured))	-	5
Total related party receivables	**3**	**8**
Carrying amount of trade and other receivables	**5,410**	**4,776**
Current	5,410	4,521
Non-current	-	255
Total trade and other receivables	**5,410**	**4,776**

The impacts of adoption of AASB 17 are detailed in note 1.

Notes to the consolidated financial statements

6. Financial investments

	2024	2023
Financial assets measured at fair value through profit or loss	**$'000**	**$'000**
Floating interest rate investments	34,753	24,449
Fixed Interest rate investments	51,542	47,211
Unit trusts	23,996	24,271
Equities	698	698
Total financial investments	**110,989**	**96,629**
Current	101,703	88,573
Non-current	9,286	8,056
Total financial assets	**110,989**	**96,629**

The three-level fair value hierarchy is presented in note 17 Financial Instruments.

(a) Recognition and initial measurement of financial assets

The Group recognises deposits with financial institutions on the date on which they are originated. All other financial instruments (including Bonds, Equities and cash management trusts) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

(b) Classification and subsequent measurement of financial assets

Financial assets not derecognised before 1 July 2023
Classification
The Company assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management.

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. They are initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date. Net gains and losses, including any interest or dividend income are recognised in the profit or loss.

(c) Derecognition and contract modification of financial assets

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

If a financial asset measured at amortised cost or FVOCI is modified but not substantially, then the financial asset is not derecognised. If the asset had not been derecognised at 1 July 2023, then the Group recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities
No financial liabilities are held for derecognition or contract modification.

Notes to the consolidated financial statements

7. Investment in associates

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	
	2024	**2023**
Principal activity - Mechanical repairs and servicing	50%	50%
	$'000	**$'000**
Movements in the carrying amount of the consolidated entity's investment in associate		
At beginning of period	**314**	**281**
Share of profit after income tax	90	183
Dividends received	(150)	(150)
At 30 June 2024	**254**	**314**

	2024	**2023**
Summarised financial information:	**$'000**	**$'000**
The following table illustrates summarised financial information relating to the consolidated entity's associate:		
Extract from the associate's statement of financial position		
Current assets	755	598
Non-current assets	8	11
Total assets	**763**	**609**
Current liabilities	296	112
Non-current liabilities	10	8
Total liabilities	**306**	**120**
Net assets	**457**	**489**
Extract from associate's statement of comprehensive income		
Revenue	2,389	2,448
Net profit	377	364
Share of profit/(loss) of associates:		
RACT AutoServe Pty Ltd	90	182
	90	**182**

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.

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 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.

Notes to the consolidated financial statements

8. Intangible assets

	2024		
	Computer software $'000	Customer relationships $'000	TOTAL $'000
As at 30 June 2024			
Cost or fair value	14,788	20,100	34,888
Accumulated amortisation	(9,525)	(6,465)	(15,990)
Net book amount	**5,263**	**13,635**	**18,898**
Year ended 30 June 2024			
Opening net book value	6,831	15,255	22,086
Disposals	(8)	-	(8)
Amortisation	(1,560)	(1,620)	(3,180)
Closing net book value at 30 June 2024	**5,263**	**13,635**	**18,898**

	2023		
	Computer software $'000	Customer relationships and customer contracts $'000	TOTAL $'000
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**
Year ended 30 June 2023			
Opening net book value	8,555	17,825	26,380
Additions	11	-	11
Amortisation	(1,735)	(2,570)	(4,305)
Closing net book value at 30 June 2023	**6,831**	**15,255**	**22,086**

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 2024 (30 June 2023: None).

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

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

Notes to the consolidated financial statements

9. Goodwill

	2024 $'000	2023 $'000
Goodwill on acquisition of RACT Insurance Pty Ltd	127,833	127,833
Total Goodwill	**127,833**	**127,833**

Impairment testing for CGUs containing goodwill

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The consolidated entity has allocated Goodwill to the RACT Insurance Pty Ltd cash-generating unit, being the independent operating segment of the consolidated entity's business.

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

No impairment has been determined as a result.

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

	2024 %	2023 %
Discount rate	12.2	11.9
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 $58.4 million (2023: $12.1 million).

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	
	2024 **%**	**2023** **%**
Discount rate increase of	3.09	0.61
Terminal value growth rate decrease of	-4.20	-0.77

10. Other assets

	2024 $'000	2023 Restated $'000
Prepayments	2,440	2,010
Accrued revenue	559	510
Other	-	20
Total other assets	**2,999**	**2,540**

The impacts of adoption of AASB 17 are detailed in note 1.

11. Property, plant and equipment

	2024			
	Freehold land and buildings (fair value) $'000	Leasehold improvements (cost) $'000	Plant and equipment (cost) $'000	TOTAL $'000
Cost				
Balance at 1 July 2023	24,696	572	16,257	41,525
Revaluation	(1,714)	-	-	(1,714)
Additions	-	129	962	1,091
Disposals	-	(278)	(9,897)	(10,175)
Balance at 30 June 2024	**22,982**	**423**	**7,322**	**30,727**
Accumulated depreciation				
Balance at 1 July 2023	32	75	12,828	12,935
Revaluation	(554)	-	-	(554)
Disposals	-	(166)	(9,755)	(9,921)
Depreciation expense	587	55	1,025	1,667
Balance at 30 June 2024	**65**	**(36)**	**4,098**	**4,127**
Net book value				
Cost	22,982	423	7,322	30,727
Accumulated depreciation	(65)	36	(4,098)	(4,127)
As at 30 June 2024	**22,917**	**459**	**3,224**	**26,600**

Notes to the consolidated financial statements

11. Property, plant and equipment (continued)

	2023			
	Freehold land and buildings (fair value)	Leasehold improvements (cost)	Plant and equipment (cost)	TOTAL
	$'000	$'000	$'000	$'000
Cost				
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	-	-
Balance at 30 June 2023	**32**	**75**	**12,828**	**12,935**
Net book value				
Cost	24,696	572	16,257	41,525
Accumulated depreciation	(32)	(75)	(12,828)	(12,935)
As at 30 June 2023	**24,664**	**497**	**3,429**	**28,590**

	Level 1	Level 2	Level 3	Total
	2024			
	$'000	$'000	$'000	$'000
Fair value hierarchy				
Freehold land and buildings	-	2,181	20,736	22,917
Total	**-**	**2,181**	**20,736**	**22,917**

	Level 1	Level 2	Level 3	Total
	2023			
	$'000	$'000	$'000	$'000
Fair value hierarchy				
Freehold land and buildings	-	8,774	15,890	24,664
Total	**-**	**8,774**	**15,890**	**24,664**

11. Property, plant and equipment (continued)

Valuations of property
Property is stated at fair value. 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 covering all properties was performed in June 2022.

For June 2024, RACT House in Hobart was subject to an additional valuation by Herron Todd White. RACT House was also held for sale for a period of time during the financial year and received expressions of interest for the sale of the building. However, these valuations for RACT House did not address key factors which are considered relevant to the valuation of the building. Upon 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.

Depreciation
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

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.

The borrowing arrangement was for a term of three years maturing at 25 November 2024. On the 18th of June 2024, RACT signed an amendment to the debt facility to extend the terms for a further 3 years with the ANZ. RACT House was added as a secured property for the purpose of the loan. There were no other material change in the terms of the arrangement.

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)

12. Leases

12.1 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.

Notes to the consolidated financial statements

12. Leases (continued)

12.2 AASB 16 related amounts recognised in the statement of financial position

	2024			
	Land and building $'000	Motor vehicle $'000	IT hardware and software $'000	TOTAL $'000
Right of use assets				
Right of use assets	3,093	2,665	483	6,241
Accumulated depreciation	(2,027)	(921)	(292)	(3,240)
Total right of use assets	**1,066**	**1,744**	**191**	**3,001**
Movement in carrying amounts:				
Balance at 1 July 2023	909	1,528	17	2,454
Additions	614	858	258	1,730
Disposals	-	(96)	-	(96)
Depreciation expense	(457)	(546)	(84)	(1,087)
Balance at 30 June 2024	**1,066**	**1,744**	**191**	**3,001**
Lease liabilities				
Current	(395)	(481)	(84)	(960)
Non-current	(798)	(1,326)	(109)	(2,233)
Total lease liabilities	**(1,193)**	**(1,807)**	**(193)**	**(3,193)**

	2023			
	Land and building $'000	Motor vehicle $'000	IT hardware and 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
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)**

12. Leases (continued)

12.2 AASB 16 related amounts recognised in the statement of financial position (continued)

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.

Maturity analysis - contracted undiscounted cashflows	2024 $'000	2023 $'000
Less than one year	(901)	(839)
One to five years	(1,746)	(1,637)
More than five years	(145)	(145)
Total undiscounted lease liabilities	**(2,792)**	**(2,621)**

	2024 $'000	2023 $'000
Lease liabilities included in the statement of financial position at 30 June	**(3,193)**	**(2,621)**

Amounts recognised in profit or loss	2024 $'000	2023 $'000
Interest on lease liabilities	(130)	(130)
Depreciation on right-of-use assets	(1,087)	(997)
Expenses relating to short-term leases	(72)	(142)

Amounts recognised in the statement of cashflows	2024 $'000	2023 $'000
Total cash outflow for leases	(1,159)	(990)

13. Payables

	2024 $'000	2023 Restated $'000
Sundry creditors and accrued expenses	6,126	5,537
GST payable	503	607
Total payables	**6,629**	**6,145**

Notes to the consolidated financial statements

14. Provisions

	2024 $'000	2023 $'000
Employee benefits	6,115	5,184
Customer remediation provision	430	5,190
Total provisions	**6,545**	**10,374**
Current	5,785	9,805
Non-Current	760	569
Total provisions	**6,545**	**10,374**

The provision for employee benefits represents amounts for annual leave, long service leave and personal leave benefits.

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.

	2023 $'000	Additions $'000	Amounts used $'000	Used amounts reversed $'000	2024 $'000
Remediation provision	5,190	90	3,812	1,039	430
Total	**5,190**	**90**	**3,812**	**1,039**	**430**

Customer remediation provision
Following a review of the Group's pricing practices dating back several years, the Group has identified where policy pricing promises were not fully delivered.   The Group recognised a provision of $5.19 million in the Statement of Financial Position at 30 June 2023. Since the end of the last financial year, payments of remediation amounts have commenced to customers and the estimated program operational expenses have been drawn down. The closing balance of the provision at 30 June 2024 is $429,972 (2023:$5,190,058).

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

15. Borrowings

Interest-bearing loans	2024 $'000	2023 $'000
Non-current		
Secured bank loan	51,500	51,500
Total borrowings	**51,500**	**51,500**

Notes to the consolidated financial statements

15. Borrowings (continued)

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.

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

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.

The borrowing arrangement was for a term of three years maturing at 25 November 2024. On the 18th of June 2024, RACT signed an amendment to the debt facility to extend the terms for a further 3 years with the ANZ. RACT House was added as a secured property for the purpose of the loan. There were no other material change in the terms of the arrangement.

The borrowing arrangement contains two covenants:

Earnings before income tax depreciation amortisation (EBITDA) to interest expense of the Group is no less than 3 times.
At 30 June 2024 the Group held a ratio of 5.96:1 (2023, 5.13:1*).

The gearing of the borrowing arrangement is no greater than 25% (30% at 30 June 2023). At 30 June 2024 the Group held a ratio of 23.70% (2023, 24.08%*).

*2023 covenants have not been restated as part of AASB 17 adoption, however there has been no material impacts on the covenants.

Interest rate risk

Details regarding interest rate risk are disclosed in note 18.

Notes to the consolidated financial statements

16. Insurance and reinsurance contracts

16.1 Movement in net insurance contract liabilities

The following reconciliation shows how the net carrying amount of insurance contracts changed during the year as a result of cash flows and amounts recognised in the Statement of profit and loss.

Insurance contracts analysis by remaining coverage and incurred claims - Contracts measured under the PAA

	2024			
		Liabilities for incurred claims		
	Liability for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000
Opening liabilities at 1 July 2023	**28,013**	**28,980**	**1,912**	**58,905**
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Insurance contracts measured under the PAA	(162,788)	-	-	(162,788)
	(162,788)	**-**	**-**	**(162,788)**
Insurance service expenses				
Insurance acquisitions costs	4,714			4,714
Incurred claims and other insurance service expenses		106,615	1,555	108,170
Adjustments to liabilities for incurred claims	-	(22,517)	(1,508)	(24,025)
	4,714	**84,098**	**47**	**88,859**
Insurance service result	**(158,074)**	**84,098**	**47**	**(73,929)**
Net finance income from insurance contracts	-	10	-	10
Total changes in the statement of profit or loss and OCI	**(158,074)**	**84,108**	**47**	**(73,919)**
Cash flows				
Premiums received	164,953	-	-	164,953
Claims and other expenses paid, including investment components	-	(83,114)	-	(83,114)
Insurance acquisition cash flows	(4,788)	-	-	(4,788)
Other movements	(64)	-	-	(64)
Total cash flows	**160,101**	**(83,114)**	**-**	**76,987**
Closing liabilities at 30 June 2024	**30,040**	**29,974**	**1,959**	**61,973**

Notes to the consolidated financial statements

16. Insurance and reinsurance contracts (continued)

16.1 Movement in net insurance contract liabilities (continued)

Insurance contracts analysis by remaining coverage and incurred claims - Contracts measured under the PAA

	2023 (Restated)			
		Liabilities for incurred claims		
	Liability for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000
Opening liabilities at 1 July 2022	**24,322**	**28,335**	**2,475**	**55,132**
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Insurance contracts measured under the PAA	(139,182)	-	-	(139,182)
	(139,182)	**-**	**-**	**(139,182)**
Insurance service expenses				
Insurance acquisitions costs	3,334	-	-	3,334
Incurred claims and other insurance service expenses	-	100,381	1,213	101,594
Adjustments to liabilities for incurred claims	-	(20,612)	(1,776)	(22,388)
	3,334	**79,769**	**(563)**	**82,540**
Insurance service result	**(135,848)**	**79,769**	**(563)**	**(56,642)**
Net finance expenses from insurance contracts	-	(346)	-	(346)
Total changes in the statement of profit or loss and OCI	**(135,848)**	**79,423**	**(563)**	**(56,988)**
Cash flows				
Premiums received	143,135	-	-	143,135
Claims and other expenses paid, including investment components	-	(78,778)	-	(78,778)
Insurance acquisition cash flows	(3,858)	-	-	(3,858)
Other movements	262		-	262
Total cash flows	**139,539**	**(78,778)**	**-**	**60,761**
Closing liabilities at 30 June 2023	**28,013**	**28,980**	**1,912**	**58,905**

The impacts of adoption of AASB 17 are detailed in note 1.

Notes to the consolidated financial statements

16. Insurance and reinsurance contracts (continued)

16.2 Movement in net reinsurance contract assets

The following reconciliation shows how the net Assets for Remaining Coverage (ARC) and Assets for Incurred Claims (AIC) have changed during the year as a result of cashflows and amounts recognised in the Statement of profit and loss.

Reinsurance contracts analysis by remaining coverage and incurred claims

	2024			
		Assets for incurred claims		
	Assets/ Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000
Net opening reinsurance contracts assets/ (liabilities)	**(2,492)**	**4,482**	**100**	**2,090**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	(22,222)	-	-	(22,222)
	(22,222)	**-**	**-**	**(22,222)**
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	3,278	50	**3,328**
Adjustments to assets for incurred claims	-	(2,304)	(50)	**(2,354)**
	-	**974**	**-**	**974**
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expenses from reinsurance contracts	**(22,222)**	**974**	**-**	**(21,248)**
Net finance income from reinsurance contracts	-	7	-	7
Total changes in the statement of profit or loss and OCI	**(22,222)**	**981**	**-**	**(21,241)**
Cash flows				
Premiums paid	21,152	-	-	**21,152**
Amounts received	-	(3,746)	-	**(3,746)**
Total cash flows	**21,152**	**(3,746)**	**-**	**17,406**
Net Closing reinsurance contracts assets/ (liabilities)	**(3,562)**	**1,717**	**100**	**(1,745)**

16. Insurance and reinsurance contracts (continued)

16.2 Movement in net reinsurance contract assets (continued)

Reinsurance contracts analysis by remaining coverage and incurred claims

	2023 (Restated)			
		Assets for incurred claims		
	Assets/ Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000
Net opening reinsurance contracts assets/ (liabilities)	**(1,512)**	**4,667**	**359**	**3,514**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	(16,438)	-	-	**(16,438)**
	(16,438)	**-**	**-**	**(16,438)**
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	3,587	53	**3,640**
Adjustments to assets for incurred claims	-	2,326	(312)	**2,014**
	(16,438)	**5,913**	**(259)**	**(10,784)**
Effect of changes in non-performance risk of reinsurers	-	-	-	**-**
Net expenses from reinsurance contracts	**(16,438)**	**5,913**	**(259)**	**(10,784)**
Net finance income from reinsurance contracts	-	(9)	-	**(9)**
Total changes in the statement of profit or loss and OCI	**(16,438)**	**5,904**	**(259)**	**(10,793)**
Cash flows				
Premiums paid	15,458	-	-	**15,458**
Amounts received	-	(6,089)	-	**(6,089)**
Total cash flows	**15,458**	**(6,089)**	**-**	**9,369**
Net Closing reinsurance contracts assets/ (liabilities)	**(2,492)**	**4,482**	**100**	**2,090**

The impacts of adoption of AASB 17 are detailed in note 1.

16.3 Material accounting policies for insurance and reinsurance contracts

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

These contracts are measured under the Premium Allocation Approach (PAA).

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by

16. Insurance and reinsurance contracts (continued)

16.3 Material accounting policies for insurance and reinsurance contracts (continued)

identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and then into three groups based on the profitability of contracts:

– any contracts that are onerous on initial recognition;
– any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
– any remaining contracts.

All the insurance contracts held have been classified into 'remaining contracts' as there are no contracts identified as onerous on initial recognition and all contracts have the potential to be loss making in the event of a claim.

An insurance contract issued by the Group is recognised from the earliest of:

– the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
– when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
– when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts
The Group has one group of reinsurance contracts as the contracts are established for the purpose of capital and risk management.

A group of reinsurance contracts is recognised at the beginning of the coverage period of the group of reinsurance contracts.

Insurance acquisition cash flows
For the Group, there is currently one group of insurance contracts: personal insurance. Insurance contracts subject to similar risks are managed together and constitute a portfolio. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

The Group recognises insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than AASB 17.

Measurement
The Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception:

– Insurance contracts: The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Group determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.
– Reinsurance contracts: The Group has loss occurring reinsurance contracts and the coverage period of each contract in the group is one year or less.

Liability for remaining coverage
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition less any insurance acquisition cash flows allocated to the group at that date. The Group has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the LRC coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services that have been provided.

On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than one year. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

16. Insurance and reinsurance contracts (continued)

16.3 Material accounting policies for insurance and reinsurance contracts (continued)

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the LRC.

A corresponding loss-recovery component within the reinsurance Asset for Remaining Coverage (ARC) depicts amounts recoverable in respect of losses on onerous contracts covered by reinsurance contracts held.

Liability for incurred claims
The Group recognises the Liability for Incurred Claims (LIC) of a group of insurance contracts at the amount of the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable expenses that have not been paid, including claims that have been incurred but not yet reported. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts
The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. Under the PAA, the Asset for Remaining Coverage (ARC) is measured as reinsurance premiums paid less reinsurance expense recognised for the services received. The Group does not discount the ARC.

Derecognition and contract modification
The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

Presentation
Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the Statement of profit or loss into:
(a) an insurance service result, comprising insurance revenue and insurance service expenses; and
(b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a gross basis as 'allocation of reinsurance premiums' and 'amounts recoverable from reinsurers for incurred claims' in the insurance service result.The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts

Outstanding liabilities and assets arising from insurance contracts
The Group's estimation of its liability for incurred claims 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 risk adjusted for non-financial risk, and an estimate of direct expenses expected to be incurred in settling these claims is determined. The liability is measured based on a valuation performed by the Appointed Actuary.

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.

16. Insurance and reinsurance contracts (continued)

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts (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 Note 18. 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
The Group has one portfolio of insurance contracts: Personal insurance.

Personal insurance includes the sale of home, pleasure-craft and motor insurance products throughout Tasmania. The estimation of the liability for incurred claims 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.

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 each portfolio and the extent of the development of each past accident period.

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

	2024 $	2023 Restated $
Weighted average term to settlement (years)	0.42	0.44
Weighted average economic inflation rate	3.25%	5.00%
Discount rate	4.63%	4.67%
Claims handling expense ratio	5.76%	5.85%
Risk adjustment	6.51%	6.57%

Process used to determine assumptions
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 - a rate to measure insurance contracts and report estimated future payments, reflecting the characteristics of insurance cash flows for the time value of money.

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 adjustment - A component of insurance and reinsurance contract assets and liabilities that reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk. This replaces the risk margin under AASB 1023.

16. Insurance and reinsurance contracts (continued)

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts (continued)

Impact of changes in key variables
The 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 or loss to changes in key variables. All amounts are net of reinsurance and taxation at The Group's effective tax rate.

	Movement in variable	2024 Profit/(loss) $	2023 Restated Profit/(loss) $
Weighted average term to settlement	+0.1 years	32,394	(19,725)
	-0.1 years	(32,428)	19,712
Weighted average economic inflation rate	+1%	(124,397)	(123,020)
	-1%	125,094	123,678
Discount rate	+1%	132,421	141,272
	-1%	(113,712)	(106,047)
Claims handling expense ratio	+1%	(359,699)	(335,727)
	-1%	359,699	335,727
Risk adjustment	+1%	(285,696)	(275,964)
	-1%	285,696	275,964

The impacts of adoption of AASB 17 are detailed in note 1.

Discount rate
AASB 17 requires insurers to adjust the projected cash flows for the time value of money and the financial risks related to those cash flows. The Group applies the bottom up approach to determine the discount rates used to discount insurance and reinsurance contract cash flows. The discount rates under this approach are determined based on a risk free yield curve adjusted to reflect the liquidity characteristics of the insurance contracts.

The Group's liability for incurred claims is relatively illiquid as the policyholder has limited ability to influence the timing of the cashflows. The Group has adopted an illiquidity ratio of 75% to reflect this. The illiquidity ratio is less than 100% to reflect the limited ability of the policyholder to influence the timing of the cashflows (e.g. through delaying the notification of the claim). The inclusion of the illiquidity premium in the discount rates does not have a material impact due to the short nature of the liabilities.

There is no impact on the liability for remaining coverage as it is calculated based on the PAA approach which is undiscounted.

Risk adjustment
Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

The Group uses the Confidence Level Approach to calculate the risk adjustment.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies the confidence level technique both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The risk adjustment recognised in relation to the liability for incurred claims (net of reinsurance held) corresponds to a confidence level of 75% (2023: 75%).

Onerous contracts
Insurance contracts are onerous when the LRC is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

The Group measures contracts under PAA and assume that contracts are not to be onerous unless facts and circumstances

Notes to the consolidated financial statements

16. Insurance and reinsurance contracts (continued)

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts (continued)

indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Group considers management information for Company planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows attributable to the group of contracts exceed the LRC for that group.

Onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the LRC is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

The Group has determined there are no groups of onerous contracts.

17. 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:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	16,702	-	-	16,702
Trade and other receivables	-	5,410	-	5,410
Financial assets at fair value	86,993	23,996	-	110,989
Loans to associates	-	3	-	3
Total	**103,695**	**29,409**	**-**	**133,104**
Liabilities				
Payables	-	6,629	-	6,629
Borrowings	-	51,500	-	51,500
Total	**-**	**58,129**	**-**	**58,129**

The impacts of adoption of AASB 17 are detailed in note 1.

Notes to the consolidated financial statements

17. Financial instruments (continued)

	2023 (Restated)			
	Level 1	Level 2	Level 3	Total
Assets	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	15,132	-	-	15,132
Trade and other receivables	-	4,775	-	4,775
Financial assets at fair value	71,660	24,969	-	96,629
Loans to associates	-	7	-	7
Total	**86,792**	**29,751**	**-**	**116,543**
Liabilities				
Payables	-	7,052	-	7,052
Borrowings	-	51,500	-	51,500
Total	**-**	**58,552**	**-**	**58,552**

The impacts of adoption of AASB 17 are detailed in note 1.

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.

18. 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 Royal Automobile Club of Tasmania Ltd (the RACT 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 the RACT Group to manage uncertainty and meet our objectives in a consistent manner.

In May 2023, the Boards (of the RACT Level Two Insurance Group and the Royal Automobile Club of Tasmania Ltd) approved a consolidated Risk Management Strategy (RMS) and Risk Appetite Statements (RAS) for both entities that complies with APRA Prudential Standards CPS 220 and CPS 510. The RMS and RAS are reviewed and approved annually by the Boards and were last approved in May 2024.

The purpose of the RMS is to:

1. Establish risk management practices that support the Group's goals and objectives;
2. Describe the benefits of effective risk management;
3. Build a risk aware workforce and an environment that encourages responsible risk-taking while ensuring legitimate precautions are taken to observe the risk appetite and tolerance limits outlined in the Risk Appetite Statement, protect directors, employees, customers and other stakeholders;
4. Improve compliance and governance;
5. Align with AS ISO 31000:2018 Risk Management Guidelines;
6. Comply with APRA Prudential Standards CPS 220 and CPS 510 (for the Level 2 Insurance Group and to the extent practicable for the non-regulated Group entities); and
7. Enhance stakeholder trust.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

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

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 Company within the CEO's authorities and limits.

The Executive Leadership Team provides executive oversight and direction-setting across the Company, 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 (in accordance with CPS 220 sections 39 and 40).

The risk management strategy and risk appetite statement are subject to an annual review, updated for material changes as they occur and are approved by the Board. The risk management strategy uses 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 and enterprise level risks identified in the Company's risk management framework are defined below. Further context on the risks is in the RAS (which also sets out tolerance (will/will not) statements for each risk).

Risk Category	Risk Title	Risk Context
Strategic	ER-1 Strategic Risk	Development and execution of an inappropriate or materially suboptimal enterprise strategy and/or material strategic objectives, which negatively impacts the value that RACT creates for its members and stakeholders, and/or fails to support organisational sustainability.
	ER-2 Strategic Execution Risk	The organisation fails to generate and execute the right plans, in an appropriate way, within an affordable budget, and within an acceptable timeframe, to seize strategic opportunities and respond to strategic challenges.
	ER-3 Brand/ Reputation Risk	Reputation and Brand is damaged from ineffective management practices that result in external stakeholder dissatisfaction.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

Risk Category	Risk Title	Risk Context
Operational	ER-4 People Risk	Inability to attract / retain skilled employees. Includes culture risks.
	ER-5 Product Risk (excluding RACTI)	We design and provide member offerings that are inappropriate or not suitable, based on member desirability.
	ER-6 Compliance Risk	RACT fails to act in accordance with laws, regulations, internal policies, prescribed good practice or contractual obligations.
	ER-7 Finance Risk	Ineffective financial management practices - including potential material misstatement in the financials, non-compliance with accounting standards, prudential standards, taxation law or other relevant legislation, internal fraud or inappropriate financial projections.
	ER-8 Technology Risk	Business systems cannot be safely or securely accessed or fully utilised.
	ER-9 Data Risk	An event where Information/data loss, leak or integrity occurs. Inadequate data management practices.
	ER-10 Business Continuity Risk	The risk that RACT is unable to operate effectively, arising from Interruption to business operations.
Safety	ER-11 Safety Risk	The risk that people (whether RACT workers as defined by the relevant WHS legislation, members or other people) are harmed by hazards in the physical work environment or by work design and management.
Credit	ER-12 Credit Risk	The risk of loss that may occur from a counterparty's failure to settle an outstanding amount in accordance with the contractual terms, or failure of a banking institution.
Market & Investment	ER-13 Market & Investments Risk	Adverse impact on the value of RACT's investment assets (including the value of insurance business and associated goodwill) and insurance liabilities, from changing operating internal or external factors.
	ER-14 Capital Risk	Inability to access capital at a price point that is acceptable to the entity.
Liquidity	ER-15 Liquidity Risk	RACT will be unable to meet short-term financial obligations with available, liquid funds.
Insurance	ER-16 Reinsurance Risk (RACTI)	The risk of unacceptable financial strain, significant earnings volatility or insolvency from the failure to establish adequate reinsurance arrangements to mitigate potential extreme catastrophic loss experience (i.e., a single extreme event or multiple lower order catastrophic events), large casualty losses or large property per risk losses.
	ER-17 Insurance Product Risk (RACTI)	The risk of significant financial loss, brand damage, and non-compliance with key regulatory obligations.
	ER-18 Insurance Claims Risk (RACTI)	Net incurred claim cost increase unexpectedly and significantly beyond projected / budgeted NIC.

Further discussions on the application of Company's risk management practices are presented in the following sections:

- Note 18.1 Insurance risk management
- Notes 18.2 to 18.5 Risk management for financial instruments: credit, liquidity and market risks

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.1. Insurance risk management

18.1.1. 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.

18.2. Credit risk

The Group is exposed to and manages the following key sources of credit risk:

Key sources of credit risk	How these are managed
Premium receivable	Outstanding premiums on policies arise on those which are generally paid on an instalment basis. Payment default will result in the termination of the insurance contract with the policyholder, as provided by law, eliminating both the credit risk and insurance risk for the unpaid balance.
Investments in financial instruments	Investments in financial instruments in the investment portfolios are held in accordance with the Company's investment policy. Credit limits have been established within the policy guidelines to ensure counterparties have appropriate credit ratings and exposure is appropriately diversified amongst a broad range of counterparties to mitigate credit risk.
Reinsurance recoveries	Eligible recoveries under reinsurance arrangements are monitored and managed internally and by specialised reinsurance brokers operating in the international reinsurance market. Reinsurance is placed with companies with Standard & Poor's credit ratings of A- or better and downgrade clauses are present within contractual terms to afford the Company the opportunity to replace a reinsurer on its program in the event that a reinsurer's credit rating falls below the A- threshold. Where applicable reinsurers are not APRA-authorised reinsurers, collateralised security of outstanding liabilities is obtained in line with treaty stipulations.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.2. Credit risk (continued)

The carrying amount of the relevant asset classes in the Statement of Financial Position represents the maximum amount of credit exposures as at the end of the financial year.

The following table provides information regarding credit risk exposure of financial assets, classified according to Standard & Poor's counterparty credit ratings. AAA is the highest possible rating. Assets rated below BBB are classified as non-investment grade.

Exposure to credit risk by credit risk rating

	2024					
	AAA $'000	**AA $'000**	**A $'000**	**Below A $'000**	**Not rated $'000**	**Total $'000**
Cash and cash equivalents	-	16,702	-	-	-	16,702
Premium receivable	-	-	-	-	68,938	68,938
Receivables within insurance contract liabilities	-	-	-	-	5,779	5,779
Other receivables	-	338	-	-	141	479
Financial investments measured at fair value	-	64,079	-	-	46,910	110,989
Receivables within reinsurance contract assets	-	959	743	17	98	1,817
Total	**-**	**82,078**	**743**	**17**	**121,866**	**204,704**

Exposure to credit risk by credit risk rating

	2023 (Restated)					
	AAA $'000	**AA $'000**	**A $'000**	**Below A $'000**	**Not rated $'000**	**Total $'000**
Cash and cash equivalents		15,131	-	-	-	15,131
Premium receivable		-	-	-	55,845	55,845
Receivables within insurance contract liabilities		-	-	-	4,404	4,404
Other receivables		86	-	-	2,449	2,535
Financial investments measured at fair value		71,660	-	-	24,969	96,629
Receivables within reinsurance contract assets		1,496	3,017	-	68	4,581
Total		**88,373**	**3,017**	**-**	**87,735**	**179,125**

The impacts of adoption of AASB 17 are detailed in note 1.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.2. Credit risk (continued)

Exposure to credit risk by past due/impaired

	2024					
	Neither past due nor impaired $'000	0-3 months $'000	3-6 months $'000	> 6 months $'000	Impaired $'000	Total $'000
Trade and other receivables	70,122	1,705	127	4	49	72,007

Exposure to credit risk by past due/impaired

	2023 (Restated)					
	Neither past due nor impaired $'000	0-3 months $'000	3-6 months $'000	> 6 months $'000	Impaired $'000	Total $'000
Trade and other receivables	63,843	1,339	1	-	2,266	67,449

The impacts of adoption of AASB 17 are detailed in note 1.

18.3. 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.

	Carrying amount $'000	1 year or less $'000	1-5 years $'000	over 5 years $'000	Total $'000
Outstanding claims	37,680	33,474	4,206	-	37,680
Payables	9,240	9,160	270	1,458	10,888
Lease liabilities	2,670	1,038	1,444	188	2,670
Unearned premium liabilities	96,620	96,620	-	-	103,784
Amounts due to reinsurers	3,562	3,562	-	-	7,125

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.4. Market risk

18.4.1. Interest rate 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.

			2024			2023
	Exposure at June 24	Change in interest rate	Profit/ (Loss) after tax	Exposure at June 23	Change in interest rate	Profit/ (Loss) after tax
	$'000	bp	$'000	$'000	bp	$'000
Interest bearing securities	115,724	+100	1,157	103,305	+100	1,164
		-50	(579)		-50	(582)
Borrowings	(51,500)	+100	(515)	(51,500)	+100	(515)
		-50	258		-50	258

18.4.2. 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 2024 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.

			2024			2023
	Exposure at 30 June 24	Movement in variable	Profit/ (Loss) before tax	Exposure at 30 June 23	Movement in variable	Profit/ (Loss) before tax
	$'000		$'000	$'000		$'000
Units in Equity Trusts	11,412	+10%	1,141	7,504	+10%	750
		-10%	(1,141)		-10%	(750)

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.4.3. 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 2024 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.

			2024			2023
	Exposure at 30 June 24	Change in interest rate	Profit/ (Loss) before tax	Exposure at 30 June 23	Change in interest rate	Profit/ (Loss) after tax
	$'000	bp	$'000	$'000	bp	$'000
Credit securities	12,585	+70	204	16,768	+70	(267)
		-30	(102)		-30	114

19. Notes to the statement of cashflows

19.1. 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:

	2024 $'000	2023 $'000
Cash at bank	16,702	15,131

Notes to the consolidated financial statements

19. Notes to the statement of cashflows (continued)

19.2. Reconciliation of profit after income tax to net cash flows from operating activities

	2024 $'000	2023 Restated $'000
Profit for the year	6,282	5,157
Add/(less) items classified as investing activities		
Share of profit of associate	(90)	(182)
Net (profit)/loss on disposal of property, plant and equipment	(94)	(63)
Add/(less) non-cash items		
Movement in fair value of investments	(5,038)	(2,828)
Depreciation and amortisation expense	5,867	6,841
Changes in assets and liabilities		
Increase (decrease) in insurance contract liabilities	3,067	3,773
(Decrease) Increase in reinsurance contract liabilities	3,835	1,424
Decrease/(Increase) in receivables	(908)	(436)
Decrease/(Increase) in other assets	(459)	(791)
Decrease/(Increase) in deferred tax assets	1,700	(1,053)
(Decrease)/Increase in payables	(3,347)	596
(Decrease)/Increase in customer contract liabilities	829	336
(Decrease)/Increase in provision for income tax liabilities	204	5,100
(Decrease)/Increase in tax effect entries taken directly to equity	348	202
Net cash from/(used in) operating activities	**12,196**	**18,078**

The impacts of adoption of AASB 17 are detailed in note 1.

20. 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 2024, the number of subscribing members was 134,636 (2023 - 132,878).

21. 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
The aggregate amounts included in the determination of profit before tax that resulted from transactions with related parties are:

Notes to the consolidated financial statements

21. Related party disclosures (continued)

	2024 $'000	2023 $'000
RACT Insurance Pty Ltd		
Commissions, rent and IT management paid or due and payable	25,482	18,103
Insurance premiums received or due and receivable	120	121
Insurance claims paid or due and payable	158	108

Director - Related party disclosures

Intuit Technologies, of which Mr P Kolkert, is Executive 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)
Mr A M Coleman
Mr R P Doedens
Mr I A Gillespie AM (from 16 November 2023)
Mr M C Grey
Mr A S McKenzie
Ms K L Nylander
Ms J A L Richardson
Hon Ms S L Smith AM (to 16 November 2023)

The names of directors of RACT Insurance Pty Ltd who have held office during the financial year are:

Mr I A Gillespie AM (Chair)
Mr A M Coleman
Mr R P Doedens
Mr C A Ellis
Mr P A W Kolkert
Ms K L Nylander (from 1 January 2024)
Mrs K A Westwood (to 31 December 2023)

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.

22. Key management personnel

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

	2024 $'000	2023 $'000
RACT directorship fees [1]	511	453
Amounts due to directors for additional roles [2]	490	567
Ancillary amounts paid to directors	95	104
Total remuneration for directors:	**1,096**	**1,124**

1 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 2024: $690k).

2 Amounts payable and excluded from the member approved amount in accordance with cl.9.15(b) and cl.9.15(f).

22. Key management personnel (continued)

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

	2024	2023
$0 - $9,999	-	1
$10,000 - $19,999	-	2
$20,000 - $29,999	1	2
$30,000 - $39,999	4	3
$40,000 - $49,999	3	-
$50,000 - $59,999	-	2
$60,000 - $69,999	1	-
$70,000 - $79,999	5	-
$80,000 - $89,999	-	3
$90,000 - $99,999	-	3
$100,000 - $119,999	-	-
$120,000+	2	-

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:

	2024 $'000	2023 $'000
Short-term employee benefits	3,528	3,000
Post-employment benefits	384	315
Other long-term benefits	-	-
Termination benefits	42	129
	3,954	**3,444**

Key management personnel:

M Mugnaioni - Chief Executive Officer
B Callaway - Chief Mobility Officer
D de Vries - Chief Technology Officer
S Lester - Chief Financial Officer (from 14 December 2023)
S Lester - Executive Officer (to 14 December 2023)
S Pennicott - Chief Operations Officer
J Reid - Chief Risk Officer
P Riley - Chief Financial Officer (to 14 December 2023)
P Riley - Chief Insurance Officer (from 14 December 2023)
I Shannon-Smith - Chief People Officer
P Sofronoff - Chief Insurance Officer (to 11 December 2023)
K Wasinski - Chief Experience Officer

Notes to the consolidated financial statements

23. Parent entity information

Information relating to The Royal Automobile Club of Tasmania Limited:

	2024 $'000	2023 $'000
Current assets	23,335	20,845
Non-current assets	177,988	171,930
Total assets	**201,323**	**192,775**
Current liabilities	61,375	44,449
Non-current liabilities	62,419	59,208
Total liabilities	**123,793**	**103,657**
Net assets	**77,530**	**89,118**
Retained earnings	68,506	79,282
Asset revaluation reserve	9,024	9,836
Total equity	**77,530**	**89,118**
Profit/(loss) of parent entity	(10,776)	(6,882)
Other comprehensive income	-	-
Total comprehensive income of the parent entity	**(10,776)**	**(6,882)**

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.

Notes to the consolidated financial statements

24. Details of controlled entities

Information relating to The Royal Automobile Club of Tasmania Limited:

	Percentage of shares held	
	2024	**2023**
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)	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.

25. 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.

Results of discontinued operation

	2024 $'000	**2023 $'000**
Revenue	-	66
Expenses	-	(1)
Results from operating activities	**-**	**65**
Income tax	-	(19)
Results from operating activities, net of tax	**-**	**46**
Gain on sale of discontinued operation assets	-	-
Income tax on gain on sale of discontinued operation assets	-	-
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	-	69
Net cash from investing activates	-	-
Net cash used in financing activities	-	-
Net cash flows for the year	-	69

Notes to the consolidated financial statements

26. Contingent liabilities - regulatory and internal reviews

Reviews and enquiries from regulators may result in investigation costs, administrative costs, legal costs, system changes, 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.

27. 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.

Consolidated entity disclosure statement

AS AT 30 JUNE 2024

Entity Name	Body corporate, partnership or trust	Place incorporated / formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or foreign tax resident	Jurisdiction for foreign tax resident
The Royal Automobile Club of Tasmania Limited (the Company)	Body corporate	Australia		Australian	N/A
RACT Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Destinations Property Pty Ltd	Body corporate - Trustee of Destinations Property Unit Trust	Australia	100%	Australian	N/A
Destinations Property Unit Trust	Trust	Australia	N/A	Australian	N/A
RACT Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Destinations Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Investment Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Insurance Pty Ltd	Body corporate	Australia	100%	Australian	N/A

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. In determining each entity as Australian tax residents, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Directors' declaration

1. In the opinion of the directors of The Royal Automobile Club of Tasmania (the Company):

   a) 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) the attached consolidated financial statements and notes thereto are in accordance with Corporations Act 2001 , including compliance with Australian Accounting Standards and giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

   c) the consolidated entity disclosure statement as at 30 June 2024 is true and correct.

2. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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, 25 September 2024

Independent auditor's report

Independent Auditor's Report

To the members of The Royal Automobile Club of Tasmania Limited

Opinion

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

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group's*** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the Corporations Act 2001, in compliance with Australian Accounting Standards and the Corporations Regulations 2001.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2024;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies; and
- 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.

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 report 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 in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that 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.

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

Independent auditor's report

KPMG

KPMG

25 September 2024

Sascha Adams

Partner

Hobart

25 September 2024

Club directory

ANNUAL REPORT 2023 – 2024
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 I A Gillespie AM
Mr M C Grey
Mr A S McKenzie
Ms K L Nylander
Ms J A L Richardson

Company Secretary
Mr S Lester

Honorary Life Members
Mr AJ Beck*
Mr EC Best AM*
Mr JR Bloomfield
Mr DM Catchpole
Mr TG Challen OAM*
Mr BF Clark
Mr BB Cox*
Mr MG Dixon
Mr PA 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 25 September 2024)
Mr D de Vries – Chief Technology Officer
Mr D Harris – Chief Mobility Officer
Mr S Lester – Chief Financial Officer
Mr M Mugnaioni – Chief Executive Officer
Ms S Pennicott – Chief Operations Officer
Ms J Reid – Chief Risk Officer
Mr P Riley – Chief Insurance Officer
Ms I Shannon-Smith – Chief People Officer
Ms K Wasinski – Chief Experience Officer

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

Branches
Hobart (Murray Street);
Launceston; Devonport; Burnie;
Rosny; Glenorchy; Kingston

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RACT Roadside Assistance:
13 11 11
RACT Ultimate Members:
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RACT AutoServe:
1300 127 684
RACT Driving Training:
13 27 22
Travel enquiries:
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