Connecting you

Annual report 2018

Contents

Patrol Ben Davison,
Kiama, NSW

Section 1

Connecting you

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Our GRI Index and sustainability management disclosures can be found on our website mynrma.com.au.

This report has been prepared with reference to the Integrated Reporting <IR> framework.

Connecting you

The NRMA has a proud history of keeping people moving – our unrivalled roadside assistance has been helping people get going for 98 years. Today, as Australia's largest member organisation, we're evolving to meet the changing needs of our Members and customers, broadening our core services beyond motoring to provide greater transport options and accessible tourism opportunities; connecting you with even more ways to move.

About this report

This report covers our most important issues as determined by the NRMA with consideration for our key stakeholders including Members, partners, suppliers, thought leaders and customers. Our most important issues are the issues the NRMA leadership believes could substantially influence the value created by the NRMA for our Members, business and the community over the short, medium and long-term.

Our value drivers underpin our ability to create value over time and are discussed in more detail throughout the report.

Financial capital:
The funds and assets available to the NRMA.

Operations and assets:
Our operations and physical assets including buildings, vehicles, vessels and equipment we use to deliver great products and services.

Brand, knowledge and trust:
Our commitment to putting our Members and customers first, our specialist knowledge and independent voice.

Our people and culture:
Our great people, culture and diversity.

Reputation:
Our partnerships, networks and the communities we reach and the natural environments in which we operate.

At a glance

Connecting you with more ways to keep moving

The NRMA is driven by the commitment to keep people moving. With roadside assistance at our core for almost 100 years, we're responding to a shift in the way people think about the future of transport, travel and motoring.

One of the greatest pressures confronting our Members today is rapid growth of our urban areas, which is changing how we live in Australia. As populations in our cities continue to grow, so does the pressure on our roads and public transport systems. It also places pressure on our regional communities as resources are directed away from rural areas towards cities. At the NRMA, we are ready to face these challenges head on, evolving to make sure we remain positioned to provide even better transport options and tourism services to our 2.6 million Members and the 4.9 million Australians who engage with the NRMA each year.

Our activities and the services we offer

- Roadside - Membership assistance services
- Accommodation and travel services
- Car and commercial vehicle rental services
- Car servicing and repairs
- Driver training
- Marine transport and tourism services
- Electric vehicle fast charging network
- Member advocacy
- Investments
- Community and education programs

We are ready to face the challenges of urbanisation head-on, creating new opportunities to deliver more value, more often.

Connecting you with more opportunities to get the most out of life, every day.

Manly to Circular Quay
fast ferry service.

Highlights

Connecting you with more value, more often.

It's been an exciting year as we focused on new ways to deliver more value to our Members, more often - not only in our products and services but also in how we do business.

The assistance we offer has evolved far beyond the roadside as we actively seek out opportunities to be there for our Members as they move through everyday life. Our investment in transport and tourism, including our acquisition of Manly Fast Ferry (renamed My Fast Ferry) and the expansion of our network of holiday parks, means we're not just here when things go wrong; we're here to improve our Member's quality of life with everyday opportunities to make life easier. We're offering new ways to travel to and from work, facilitating leisurely weekend getaways, finding cheaper fuel prices and providing even more Member benefits through the new NRMA Blue.

Connecting you with...

Peace of mind

Delivering unwavering assistance with 1.6 million calls for help answered.

NRMA Blue

We've unlocked $112.0 million in Member benefits and launched NRMA Blue, delivering value across 3,000 products and 35 partners including fuel, travel and accommodation discounts.

Blue highways

Moving more than 3.58 million passengers with My Fast Ferry.

New destinations to discover

People spent 1.7 million nights in our parks, resorts and hotels in iconic Australian locations.

An electric future

We're developing one of Australia's largest electric vehicle fast charging networks, which is free for Members and powered by 100% renewable energy.

A voice for change

Driving change as one of Australia's most trusted brands on advocacy issues such as the future of transport and road safety.

Great people

Our 2,670 diverse and engaged staff are focused on helping our Members.

Your community

Engaging 75,768 school kids on safety and the future of transport.

A financially sustainable mutual

$129.3 million profit before income tax (17% increase FY17 $111.0 million)

$103.5 million operating cash flow (4% increase FY17 $99.3 million)

$1,091.4 million net assets (11% increase FY17 $983.8 million)

Member road trip with NRMA Blue

The NRMA family road trip kicked off to show how NRMA Blue can provide families ways to save on day-to-day costs, as well as making holidays more affordable.

Meet Illawarra locals and NRMA Members, the Coghlan family. We sent Mum Bec, Dad Nigel and their kids Grace and Ollie on an iconic NSW road trip over four days. Their journey began in Dubbo. Their mission: visit as many NRMA Blue partners as possible and use their Membership wherever they go.

Armed with only the my nrma app, they were able to book accommodation, car hire, a fast ferry ride, and visits to attractions including Featherdale Wildlife Park, Taronga Western Plains Zoo and Luna Park. Even better, they did all this while having access to NRMA Blue discounts on fuel, parking and so much more.

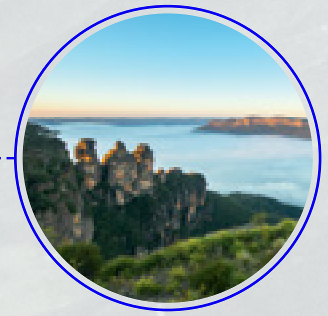
Dubbo

Day 1: Dubbo

Savings of $43.20 on Caltex fuel, a visit to Western Plains Zoo and accommodation at NRMA Bathurst Panorama Holiday Park.

Almost half of Australian families have seen the cost-of-living jump by more than 10% in the last year.

NRMA Blue offers discounts on fuel, insurance, travel and entertainment, that could save the average family $806 a year.



Day 2: Bathurst

Savings of $61 on a visit to the Jenolan Caves, lunch at Echo Point and accommodation at Travelodge Blacktown.

Day 3: Blacktown

Savings of $58.40 on a visit to Featherdale Wildlife Park, Treetops Adventure Park, Caltex fuel and accommodation at Travelodge Wynyard.

60% of Australian families only take holidays once a year or less.

Day 4: Sydney

Saved $80.43 on a visit to Sealife Sydney, My Fast Ferry and a free Spotify trial.

Sydney

A message from the Chair

Dear Members,

As I reflect on the achievements of the last 12 months it is clear that 2018 has been one of the most significant in the 98-year history of the NRMA. I am immensely proud of the positive change we have seen throughout the year, a direct result of the hard work and commitment of the NRMA team, Group CEO Rohan Lund and my fellow Directors.

While we embark on our strategy to become a leading transport and tourism provider we do so with a keen eye on our core services and history. The best of strategies can fail if they are built on quick-sand. At the heart of the NRMA is a solid foundation – evidenced by the strong financial performance this year and the strength of our brand – and it is on this foundation that we have been able to grow our business and enhance the service we provide to our Members.

The NRMA has continued to build trust in uncertain times by keeping people moving and is now regarded as one of the most trusted brands in Australia. Our outstanding team have helped more than a million people at the side of the road this year. Members turned to us for in their time of most need to help rescue 2,054 children or 1,535 pets accidentally locked in cars – a critical emergency service.

Today we are Australia's largest roadside assistance provider and will continue to be long into the future. Our recent business acquisitions and the launch of NRMA Blue provide a glimpse into our future; through these advances we can now point to the clear and demonstrable additional value that comes from being part of this 2.6 million Member collective.

Petrol prices, a quintessential issue for the NRMA, has had a significant impact on our Members in 2018. Price increases at the bowser this year have been the highest in almost a decade. Giving our Members real-time access to the price of every service station across NSW and offering up to five cents a litre discount at Caltex are two initiatives that have proven most timely, particularly for our Members in regional NSW and the ACT, where less competition drives fuel prices even higher. By shopping around and using your NRMA Blue Membership you can also quickly save up to several times the cost of Membership.

Getting you there safely has been a key pillar of our work in the community since 1920. This year we continued our work as a voice for our Members with the aim of delivering positive policy outcomes to make our roads, cars and drivers safer. Our Road Safety Series reports are just one example of this important work; the reports identified the main factors involved in road crashes and highlighted initiatives that will help to reduce loss of life and injuries on the road.

"Our recent acquisitions and the launch of NRMA Blue provide a glimpse into our future."

The NRMA can only be as strong as the community in which we operate. I am so proud of the innovative programs we undertake at a grass roots level. We continue to break new ground with our schools programs focusing on safety and the future of transport. As well as our driver training programs have helped dozens of indigenous Australians and refugees gain a licence and a chance at a better life.

Our Members have every reason to be proud of their Mutual this year. 2018 has been a year of strong service and positive change and I thank you for your continued loyalty and support.

Tim Trumper
NRMA Chair

A message from the Group CEO

Dear Members,

As Australia's largest Member organisation, our entire reason for being is to create value for our owners: you.

We are committed to keeping you moving and this demands a strategy that future proofs the NRMA beyond the rescue moment to being indispensable in everyday mobility. That strategy means sustaining our roadside service so we are always there to help in moments of distress, but it also means solving access challenges in daily commutes through to helping escape the daily grind with a weekend getaway.

We are actively developing policy and advocacy across all aspects of transport and tourism providing solutions for congestion, affordability and stimulating more regional tourism. We are also using our balance sheet to become the catalyst for industry change and forging new businesses, which will hopefully become future sources of trust.

Our recent investment in My Fast Ferry is just one of the ways we're looking beyond the road to find better ways to move, while making passenger transit more affordable and accessible. Our iconic waterways offer immense potential to become 'blue highways' that can ease congestion and provide a cleaner, more enjoyable transport option.

The great Aussie road trip is alive and well and we're here to help you enjoy road trips across our beautiful country, no matter how you choose to travel. This year we have continued to lobby government to make electric vehicles more affordable, which will in turn help reduce pollution and reduce transport costs. We are rolling out one of Australia's largest electric vehicle fast charging networks to give Members more choice between electric, petrol or hybrid when you buy your next car. You can be safe in the knowledge that you'll be able to travel longer distances in electric vehicles with free access to our fast chargers along the way.

A key focus for us this year was finding ways to create more value for you, more often. Our Directors and management teams took the time to connect with Members to talk about pain points and priorities and how we could help.

Our journey of discovery led to the launch of NRMA Blue, our new Membership platform, featuring a range of benefits, discounts and offers that matter to you. NRMA Blue has already been downloaded by 743,000 Members who are taking advantage of fuel and parking discounts, insurance savings, free nights and discounts to more than 3,000 attractions.

You told us taking time to re-connect with family and with nature is important. We expanded our network of NRMA Parks and Resorts to provide affordable accommodation in some of the best locations in our country.

"We are committed to keeping you moving. This means not only being there in moments of distress, but also solving for everyday access"

Our continued growth and financial results are a direct reflection of the amazing people who work for the NRMA. Our people are passionate, energetic, courageous, humble and, importantly, they care deeply about our Members. This is what makes the NRMA so successful and is the foundation of our proud legacy.

I'd like to thank the NRMA Board of Directors for their continued support this year. Under Tim Trumper's guidance as Chair and the appointment of new Director Derek Stanwell, our Board is stronger than ever.

To you, our Members, I thank you for your support and ongoing loyalty. It's because of your belief in us that we've been able to help you for the past 98 years.

I hope you enjoy NRMA Blue and all the NRMA has to offer you in the year ahead. I look forward to growing the value we provide you and the community you live and work in, as we continue to keep you moving.

Rohan

Rohan Lund
NRMA Group CEO

Section 2

Value creation

Who we are

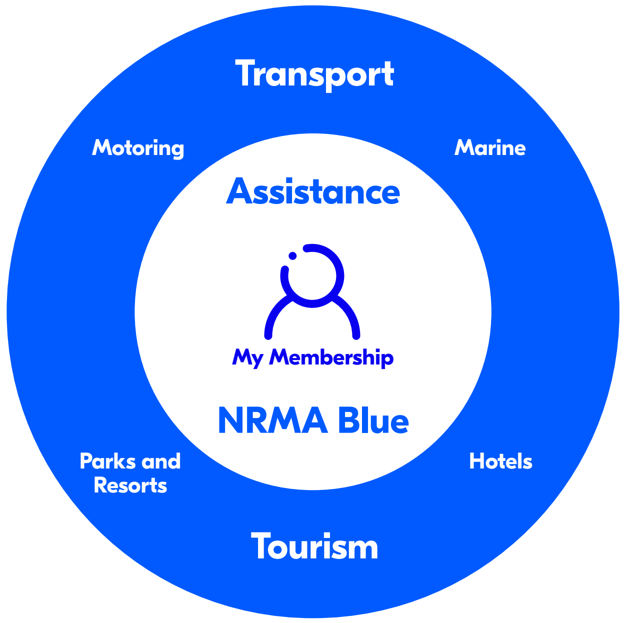
The NRMA is a household name. Today, we're broadening our core business beyond motoring and roadside assistance to respond to market disruptions and better meet our Members' changing needs. We're looking at ways to provide innovative transport solutions and delivering more holidays and experiences to our Members – but we'll always be there when help is needed on the roadside.

Our purpose:
We keep people moving

Delivering our purpose through new strategic directions

At its heart, the NRMA has always been a problem solver. While our commitment to solving the challenges of the day remain, how we deliver on our purpose continues to evolve as our Members' needs change.

We believe that to keep people moving our role must evolve to focus on both access and connection: access to affordable, convenient and sustainable transport and tourism options, and connections between people, their homes and workplaces, their communities and the natural environment.



Our values

Energy

We're proactive, optimistic and we always strive for better. We are passionate about what we do. We care about our Members, we're proud of our heritage and we know the work we do really matters.

Humility

We're humble. We put others before ourselves and we always put the customer first. We listen, and we do things with empathy, care and respect.

Courage

We have the courage to challenge the status quo. We speak out when we think there's a better way and we encourage others to do the same. We're not afraid to try new things.

Ownership

We take ownership for our actions, our decisions and the experience we deliver for our Members and customers. We deliver on our promises and act ethically in all that we do. We work side by side to find solutions to our customers' needs – and if we don't get it right, we own it, learn from it and take responsibility for fixing it.

Finding tailwinds

Tailwind. n. *supporting forward motion.*

Last year we identified key headwinds that are altering the landscape for our core business, motoring: increasing urbanisation, emerging technologies and changing market conditions. We call these challenges our headwinds.

This year, we've been focused on finding tailwinds that create opportunities to provide even better ways to connect.

By assessing our existing businesses and broader context in which they operate and listening to what our Members tell us is important. We've evolved to meet the changing needs of our Members and customers by assessing our existing businesses and their broader operating context, as well as listing to our Members' feedback.

Board focus area: Taking advantage of new tailwinds

The Board has set a direction that takes advantage of the strong growth in tourism in Australia and opportunities to provide better transport options.

Our focus remains fixed on providing the unwavering help the NRMA has become so well known for.

Urbanisation

As urbanisation continues to place pressure on our cities and redirect resources from regional areas, opportunities for innovation arise. The NRMA is well-positioned to present solutions that create value not only for our Members but for society as a whole; actively addressing issues such as road congestion and transport affordability.

Emerging technologies

New technologies provide opportunity for lower cost transport solutions that are better for the environment.

Innovative transport

At the NRMA we've always been on the cutting edge of the changing nature of transport. We see great opportunities in the future of transport and we're delivering more options with our recent investment in My Fast Ferry.

Member needs

We listen and engage with our Members to understand their changing needs and use this to guide our product development, advocacy and community programs.

Regional tourism

Each year Australia welcomes more international visitors and more Australians are holidaying domestically. The NRMA has a long history in tourism, especially when it comes to the tradition of the Aussie road trip. From developing accommodation guides and recommending the best tourism hotspots, to investing in holiday parks and hotels across Australia; we provide people with access to amazing destinations, encouraging our Members to take time out to re-connect with their families and with our beautiful natural environment.

Creating shared value

The NRMA is a purpose-led organisation which means we're always searching for ways to create shared value by meeting the needs of our Members while solving big issues faced by the wider community. By centering our business model around social purpose, we're harnessing the power of scale to create real change on enormous problems such as urban road congestion, access to efficient and affordable transport and connectivity with rural and regional Australia.

Our business model

Our overarching aim is to operate in a sustainable way, in order to preserve and/or enhance each of our value drivers, and to ensure we are best placed to continue to keep people moving now and into the future. Our value drivers are the tools that support us to achieve our purpose over the long-term.

Our purpose

We keep people moving

Value drivers

In order to keep people moving, we rely on being able to use, or have access to, our value drivers.

Our people | **Financial capital** | **Reputation** | **Brand, knowledge and trust** | **Operations and assets**

Our operating model

My Mutual

The NRMA is a Member-owned organisation.

Shared value areas

Solving access and connection issues to address the challenges in both our cities and regional communities.

We do all this in a way that responds to our Members' needs to deliver:

Peace of mind | **Discovery** | **Value for money** | **Community**

Outcomes

As a result of this we create value for our Members, the people in our business, our communities, and we try to reduce our impact on the environment.

Member benefits

$112 million in Member benefits.

25+ advocacy outcomes.

$10 million investment in electric vehicle fast charging network.

Business

$129.3 million profit before income tax

$103.5 million operating cash flow

$1,091.4 million net assets

Social

75,768 school children engaged on road safety and the future of transport.

Support for regional communities.

Helping 100 people in need get access to a drivers licence.

Section 3

Strategy, risks and opportunities

NRMA car service centre,
Gladesville, NSW

Our strategic priorities

As we head towards our 100-year anniversary, we remain true to our beginnings — keeping our Members and customers at the heart of everything we do.

Board focus area: strategic focus

The Board's approach to strategy during the past year has been to focus on aligning strategic priorities with business opportunities to enable future growth for the NRMA. Given the pace of change, the key drivers that impact our strategy are technology (e.g. vehicles) and social (e.g. demographics and urbanisation). These drivers will continue to impact businesses across the Group and the Board recognises that our approach cannot be one of 'set and forget'.

Our strategic priorities outline how we're delivering our core business and how we plan to continue to broaden our Member value proposition beyond motoring, while continuing to deliver the best roadside service in NSW and the ACT. In FY19 and beyond, we will keep looking for more ways to solve access challenges for a more efficient transport system and we'll keep delivering the best value accommodation in the best locations around Australia.

We'll keep looking for more ways to solve access challenges for a more efficient transport system.

FY18 strategic priorities

Motoring

Expanding mobile and fixed car servicing and first call resolution.

Transport

Helping customers access more transport and mobility options beyond motoring.

Tourism

Becoming the leader in holiday parks, expanding our best value accommodation for Members and providing easy, affordable and iconic experiences.

Membership

One Membership across all our assets.

FY18 in review

Motoring

- We grew the reach of our mobile car servicing offer including mobile pink slips.
- We opened a new state-of-the-art car servicing store in Gladesville.
- We delivered on first call resolution with the roll-out of new battery and towing capacity across our fleet.
- We explored the role of connected cars with trial and research.

Transport

- We acquired My Fast Ferry, which aligned with both our transport and tourism activities.
- We delivered thought leadership on leveraging blue waterways to ease congestion on our roads.
- We demonstrated the future of transport with the autonomous shuttle trial and research.
- We commenced the rollout of our $10 million investment into a free-for-Members electric vehicle fast charging network.
- We delivered thought leadership policy papers on congestion, future of car ownership, electric vehicles etc.

Tourism

- We built on our tourism offer through expansion of our parks and resorts network. Focus was both on integrating into the NRMA brand and also acquiring new parks, bringing the total of owned, leased and managed to 39.

Membership

- We launched NRMA Blue, unlocking benefits for our Members across our assets and partnerships.

NRMA Blue was a result of listening and co-designing with Members to create a new marketplace for Member benefits.

FY19 Strategic priorities

Assistance

Motoring, roadside assistance

Delivering peace of mind to Members by providing best-in-class service delivery and increasing the ways in which we can assist Members.

Transport and tourism

Marine, parks, hotels

Integrating and investing into our transport and tourism businesses, providing more opportunities for Members to discover and connect to new benefits and experiences.

Delivering the electric vehicle fast charging network with 40+ new sites in regional areas of NSW and the ACT.

Membership

NRMA Blue, advocacy

Delivering more value for existing Members through NRMA Blue and providing more reasons to belong for new Members.

Continuing to be a voice for Members and connect with the broader community.

Risk governance

The NRMA has adopted a fit-for-purpose approach to risk management in order to deliver our new strategic direction. Our robust approach to risk management helps us benefit from opportunities while mitigating anticipated risks.

Risk appetite and risk culture

Put simply, our risk appetite is the level of risk the NRMA is prepared to accept in the pursuit of our strategic objectives. The NRMA seeks to generate a risk culture that cultivates opportunity and manages downside risks.

The NRMA Group Risk Appetite Statement is a dynamic, responsive document that evolves in line with our risk maturity. It aims to communicate consistent, simply defined 'guard rails' for the NRMA, supporting timely and autonomous decision making at all levels within the organisation.

Risk management approach

Every three months, the NRMA management team reports on a full or critical risk review basis to the NRMA Board's Audit and Risk Management Committee (ARMC).

The purpose of this review is to provide assurance to the ARMC that our business managers are effectively identifying and managing risks to a level that they consider tolerable. Workshops are held with each divisional head and their direct reports where they consider:

- Current risks at a division and group level.
- New or emerging risks associated with the NRMA strategy.
- Mitigating actions and budgetary requirements to manage the risk within tolerance.

Risks are assessed on their likelihood (rare to almost certain) and their consequences (insignificant to severe). Consequence is assessed on the basis of impact to reputation, financial impairment, compliance, operating ability and/or effect on stakeholders.

Strategic risk management

The NRMA Risk Appetite Statement focuses on eight strategic risk categories that enable the NRMA to deliver on its strategic priorities (see table).

These strategic risk categories include the issues the NRMA determined to be most important to the NRMA and key stakeholders including Members, partners, suppliers, thought leaders and customers.

Board focus area: risk appetite

The Board focused on defining our risk appetite to assist management in delivering and executing strategy.

Our Risk Appetite Statement outlines expectations around employee conduct relating to risk factors and the broader expectations of our Members, customers, the industry and the public.

Managing key risks

Strategic risk category	Description and management approach	Value driver
Strategic alignment	Our strategy is designed to connect our Members to more accessible and affordable transport solutions and tourism experiences every day. The NRMA aims to deliver new initiatives and alternate approaches that will achieve our strategy.	Brand, knowledge and trust
Member and customer relevance	We seek to satisfy Member and customer expectations and to grow our members and customers by broadening our services beyond motoring to connect to more value and more accessible transport options and tourism experiences.	Brand, knowledge and trust
Financial	We seek to operate within budget and achieve agreed returns and to invest in our core service delivery for Members and do more for the community. We will continue to maximise and protect investments to ensure a sustainable mutual for the future.	Financial capital
Legal and compliance	We will comply with legislative and regulatory requirements and expect our people to comply with our code of conduct. We have zero tolerance for fraud or corruption.	Brand, knowledge and trust
Brand and reputation	We seek to conduct business ethically and to stretch and protect our brand. Protecting the trust our Members have in us is paramount as we move into new operational sectors. Protecting our Members' data and privacy is our priority.	Brand, knowledge and trust
Operational	We seek to design and operate our business effectively with appropriate level of control. The safety of our employees and Members continues to be a core business priority for the NRMA. The integration of new businesses has changed our risk profile and we're committed to fostering a proactive safety management culture	Operations and assets
People and culture	Building the right team to deliver our strategic direction is key to being more competitive, innovative and fit for the future. We seek to recruit and develop a strong leadership culture and to support and develop our people.	People and culture
Strategic relationship	Partnering with other organisations, which are aligned with our values can help us deliver more for our Members, our business and the community. We seek to conduct our relationships with other parties in a professional manner, with integrity and to avoid misconduct.	Reputation

Lammermoor Beach,
Capricorn Coast, QLD

Section 4

Performance and outlook

Financial highlights

Connecting the NRMA to a sustainable future

The NRMA Group		2018	2017	%
Key performance measures				
Revenue	$m	614.0	527.5	16.4%
Operating profit[1]	$m	47.3	38.3	23.7%
EBITDA[2]	$m	119.4	93.5	27.7%
Profit Before Tax (PBT)	$m	129.3	111.0	16.5%
Net Profit After Tax (NPAT)	$m	97.1	93.0	4.4%
Key metrics				
Operating cash	$m	103.5	99.3	4.2%
Net assets	$m	1,091.4	983.8	10.9%
Key ratios				
Effective tax rate	%	24.9	16.1	8.8%
Debt ratio (total debt/total assets)	%	11.4	9.2	2.2%
Return on Equity (ROE)	%	8.9	9.5	(0.6%)

(1) Excludes share of profit from joint ventures and associates
(2) Earnings before interest, tax, depreciation, and amortisation

Review of operations

The NRMA Group

Our operating profit in 2018 of $47.3 million (2017: $38.3 million) is a strong result, derived from continued improvement in our operations together with growth from acquisition of new holiday parks, and our entry into the ferry business.

Net profit after income tax of $97.1 million (2017: $93.0 million) shows solid growth on the prior year, with the result inclusive of returns from our investments as well as operations.

This year we continued to embed our strategy of growing our transport and tourism businesses whilst protecting the core motoring business for our Members. This resulted in further expansion of our holiday park portfolio, and entry into the ferry business with acquisition of Manly Fast Ferry (renamed My Fast Ferry), both of which contributed to strong growth in the results of the Group.

At the same time we have continued to grow revenue streams in our existing operations, and to right size the cost base, delivering efficiencies for reinvestment to support Member services.

Revenue from operations of $614.0 million (2017: $527.5 million) grew 16.4%, with most segments showing improvement on the prior year. Organic revenue growth, excluding acquisitions, was 5.8%. Administrative expenses were well contained. This was achieved through continued focus on overhead costs, and realisation of benefits from procurement initiatives. We maintained our investment in the frontline and service delivery to our Members and customers with a fleet refresh program and build of new digital capability. We also invested in the launch of our new membership platform, NRMA Blue.

The net profit after tax includes the Group's share of net profits from equity accounted investments (including Travelodge) and the movements in the net fair value of the investment portfolio. The Group's share of profit from equity accounted investments of $42.7 million (2017: $56.9 million), includes share of operating profit of $19.9 million (2017: $21.8 million) and a $22.9 million (2017: $35.1 million) share of revaluation gains on hotel book values. With the slowing in growth of the property market, hotel revaluations have decreased on prior year but have made a strong contribution to the net profit result. We anticipate further slowing of property market growth in FY19.

The increase in the net fair value of the investment portfolio was $48.7 million (2017: $21.1 million). The portfolio benefited from strong growth in the property market which was realised in the sale of an investment property in the Melbourne Docklands precinct, giving rise to a net fair value movement of $31.0 million. Capital growth of the portfolio was strong, benefiting from stable performance of Australian equity markets as well as our investments in infrastructure funds. The change in the net fair value of the investment portfolio was $17.7 million (2017: $21.1 million).

Operating cash remains strong at $103.5 million (2017: $99.3 million). The financial position of the Group is solid with net assets increasing by $107.6 million to $1,091.4 million, the largest increase since 2010 with both operating businesses and investments, particularly metropolitan property growth, contributing to the result.

Return on equity remained strong in 2018 at 8.9% (2017: 9.5%), with a small decline on last year (0.6%) resulting from the slowing in growth of the property market which in turn affected hotel valuations.

Membership and motoring

The Membership and motoring segment continued to show improvement in 2018 with an operating loss of $6.1 million, reducing from a $9.7 million loss in 2017. We are continuing on the path of improving the sustainability of the motoring business and protecting our core roadside offering. We have continued to target overhead savings in the corporate centre, and have driven efficiencies in our shared administrative functions.

Revenue from Membership and motoring of $346.3 million (2017: $328.8 million) grew 5.3%. Revenue from our car servicing business was flat on last year.

Transport and tourism

Operating profit for the transport and tourism segment of $25.1 million is pleasing with a significant increase on the 2017 result of $13.9 million. The segment showed strong revenue growth with an increase of 34.5% to $267.6 million in 2018 (2017: $199.0 million). This was achieved through a combination of growth in our Thrifty car rental business, together with the acquisition of Australian Tourist Park Management (ATPM) on 31 May 2017 and My Fast Ferry on 19 January 2018.

Holiday parks revenue grew 136.6% (4.4% on a like for like basis), driven by strong occupancy rates and continued inorganic growth of the portfolio. The Group benefited from a full year of ATPM ownership with only one month included in 2017 results. In addition, ten new parks (three owned and seven managed) were acquired in 2018, bringing our total portfolio to 39. We expect continued growth in 2019 as we look for opportunities to expand our footprint.

My Fast Ferry was acquired in 2018, marking the first step to deliver on our blue highways strategy. My Fast Ferry showed strong growth in passenger numbers in 2018, with an increase of 11.5% on the prior year. A new vessel, commissioned since acquisition of the business, will deliver additional capacity and growth into 2019.

Thrifty had another strong year, growing share in the hyper-competitive car rental market. Revenue grew 11.2%.

Investments

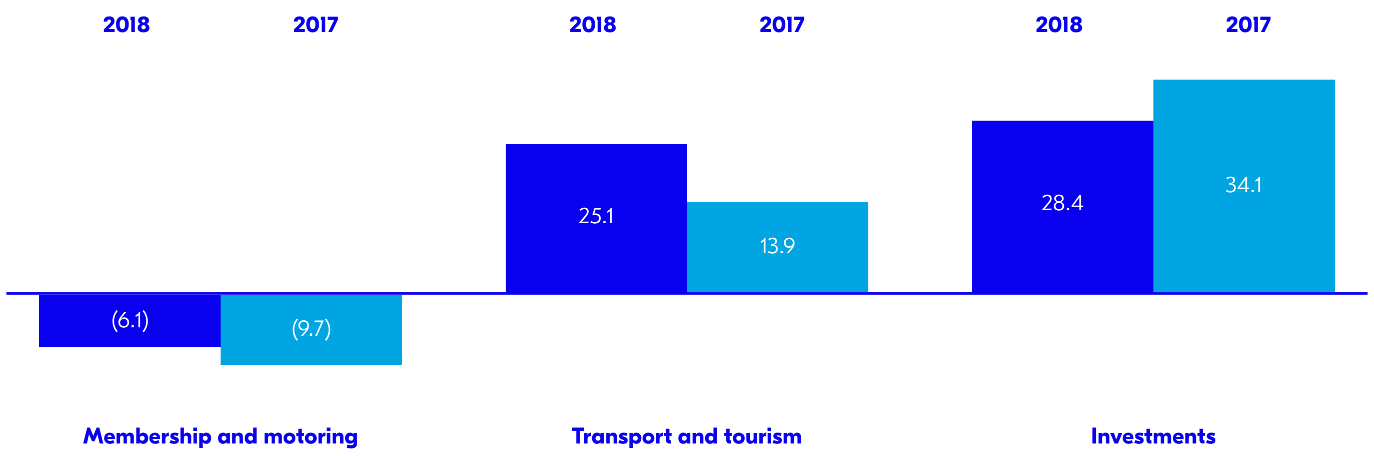
The NRMA investment portfolio focuses on protecting capital and producing income to contribute to the long-term sustainability of the Group. To manage risk, the portfolio is diversified across various asset classes including equities, property, infrastructure, and fixed income. The portfolio delivered solid returns in 2018, with income of $33.9 million (2017: $38.1 million). On a total return basis the portfolio achieved a return of 17.1% over the financial year (2017: 15.7%). This was driven by strong investment markets and a buoyant metropolitan property market. Over the longer term, the portfolio has returned 13.0% and 12.4% p.a. over five and seven years respectively. We anticipate that returns will slow in 2019 in light of a more subdued property market and greater volatility in investment markets.

In 2018, we continued to execute our strategy of transitioning funds from the investment portfolio into operating businesses to deliver greater benefits to Members. As part of this, the NRMA sold its interest in a Melbourne Docklands property for reinvestment in transport and tourism businesses. We expect to see this continue in 2019.

Our investments in Travelodge and Hotel Kurrajong continue to perform in line with expectations.

The focus for the portfolio in 2019 remains to protect capital, rebalance towards long term total returns, and provide liquidity. Management will continue to identify new transport and tourism operating businesses where we can redeploy capital.

Operating profit by segment ($m)



Operations and assets

Broadening our core services means we're able to deliver greater peace of mind to Members when they are on the road. Our investment in new businesses such as My Fast Ferry and our expanded parks and resorts network help us in our mission to create more value for our Members, more often.

We rescued

2,054

children and 1,535 pets from locked cars and assisted with 668 wheelchairs.

We answered

1,656,544

calls to the NRMA for help

94%

of vehicles we attend were able to get going at the roadside.

85%

First call response rate (percentage of calls that were resolved with no follow up).

Board focus area: operations and assets

Over the past year the Board has been focused on opportunities and challenges associated with each business unit across motoring, transport and tourism. Key areas of focus for FY18 were:

- Improving first call resolution in roadside assistance to provide a better experience for Members.
- Acquisition of Manly Fast Ferry.
- Integration of Australian Tourist Park Management with the NRMA.
- Expansion of the NRMA Parks and Resorts network.
- The NRMA electric vehicle fast charging network investment portfolio to support execution of the strategy.

Patrol Tony Tamine,
Wollongong, NSW

Connecting you with more value, more destinations, and more ways to keep moving.

Assistance

On the road: connecting you with more solutions for peace of mind

Member's view

Adding value to our Members through our range of services is an important part of how we do business. This year we trialled a new Mobile Pink Slips service to allow Members to access our RMS authorised mobile mechanics at a time and place convenient to them.

Joanne Barty was the first Member to use the service, combining her regular mobile car servicing with a pink slip safety inspection. When asked how convenient it was for her, she said "I love it! It's so easy, I think it's great that they can do it all in one go." When asked whether she would recommend it to her family and friends she laughed and said "I already have!"

We're committed to addressing the needs of our Members and customers the first time they call, eliminating the need for follow up. Our first call resolution rate reflects how well we're tracking – our aspiration is resolving 100% of issues the first time. We achieved a record high of 87% in June of this year and our goal is to continue to improve into next year.

In 2018, we completed a fleet refresh program to improve our battery and tow capacity across the existing fleet. We now have more than 100 Member Response Unit (MRU) vehicles across Sydney - these look like a regular patrol van but have towing capability which can be deployed when needed.

Throughout the year we have invested in improved technology and systems to help our country patrols deliver the best member experience possible. We have also invested in more patrol vehicles that can carry batteries, as well as new battery restocking hubs so we are never far from the right battery for you.

We have also maintained our unparalleled coverage throughout country areas. With more than 150 service centres across regional NSW and the ACT, our Members and customers can rest assured we'll be there to help across the state and territory.

Making it easier for Members

We now have a monthly payment option across our core roadside products to make it even easier for our Members to pay for their Membership. In FY18, 40% of new Members chose this more flexible option.

Go Bundle

We also continued our trial of Go Bundle, which packages car servicing and roadside assistance in one easy monthly payment. These are now available at six car servicing centres and we are currently looking at where and how to expand.

Outlook

Delivering peace of mind to Members by providing best in class service delivery and increasing the ways in which we can assist Members.

UN Sustainable Development Goals: Connecting you with something bigger

The NRMA supports the United Nations Sustainable Development Goals (SDGs) – a set of global guiding principles that shape sustainable development and address worldwide issues such as climate change, poverty and inequality.

We are strategically managing the business to have a positive impact on the following 10 SDGs as well considering the risks associated with these external factors. We have highlighted our activities and relevant SDGs throughout the report.

NRMA electric vehicle fast charging network: connecting you with an electric future

The NRMA is investing $10 million into an electric vehicle fast charging network, delivering over 40 new electric vehicle fast charging locations across NSW and the ACT.

Available to everyone and free for Members, the network aims to make electric vehicle ownership a more viable option for people. To date, in addition to an existing charger at Sydney Olympic Park, two electric vehicle fast-charging sites have been delivered at Wallsend (Newcastle) and Jindabyne. The fast charging network will charge most battery electric vehicles to 80% in under 30 minutes.

We're working closely with regional communities to ensure they have the infrastructure they need to support the growing number of electric vehicles on the road. As we build this infrastructure, we are connecting our regional towns to electric vehicle tourism and enabling regional journeys in electric vehicles.

Covering major highway routes and around 95% of the journeys our Members make, our network will guarantee a fast charger at least every 150km on major highway routes across NSW and the ACT. This will enable stress-free journeys whether you're visiting beaches on the South Coast, on a weekend getaway to our world-class wine regions or planning a trip to the mountains, ski slopes or beyond.

Outlook

We'll continue to lobby government for reasonable incentives and tax concessions in order to make electric vehicle ownership more affordable, and we'll stay ahead of emerging technologies as they arise.

One of Australia's largest **electric vehicle**

fast charging network

Free

for Members

We are building electric vehicle fast changing stations at

40+

locations across NSW and ACT enabling EV journeys

Transport and tourism

My Fast Ferry: connecting you with blue highways

We are looking beyond motoring to help deliver more integrated transport solutions, making use of Sydney's iconic waterways to provide a more accessible, faster and efficient ferry network.

In January 2018 the NRMA acquired My Fast Ferry as part of our commitment to solving urban transport problems and delivering tourism on the doorstop of our metro centres.

Independent advocacy and lobbying for better transport infrastructure has been a core focus of the NRMA since its inception and remains an important part of our identity today. Over the past two years we've expanded this focus to provide tangible, market-led solutions for the future of public transport. No longer simply identifying issues and making recommendations, we're also working hand-in-hand with our Members to take ownership and proactively address them.

The My Fast Ferry acquisition positioned the NRMA as the exclusive provider of fast ferry services from Manly to Circular Quay, as well as providing regular services to Sydney Harbour locations and popular whale watching and sightseeing destinations. It is the first step of many as the NRMA embarks on a new journey into providing more accessible, affordable transport options to more communities.

About My Fast Ferry

Saving time

The Manly to Circular Quay trip takes an average of 18 minutes, which is significantly faster than the average one-hour bus journey and more than twice as fast as the optimal car journey. In 2018 we welcomed 3.58 million (FY17 3.21 million) passengers on board nine vessels.

Affordable

Costs are comparable to other public transport services, with no Government subsidies, and customers get home to their families faster than those who drive or catch a bus.

Travel in comfort

If looking out over Sydney's stunning harbour on the way to work isn't quite enough, commuters can also access free Wi-Fi and quench their thirst at the onboard bar.

Blue highways

The NRMA launched the blue highways Report in June, providing strategic recommendations for a more efficient ferry network to help alleviate congestion between Sydney and Parramatta, including establishing a Western Quay at Wentworth Point for fast ferries, buses and active transport.

Outlook

We will continue to share the benefits of the fast ferry network with more communities, reaching more Members and customers.

Smiles all the way with Thrifty

Thrifty Australia and New Zealand's mission is to be the best and most convenient vehicle rental company in the market — through our performance, our people and our partnerships. We live our brand, and our values and we're passionate about delivering exceptional customer and Member experiences.

We were the proud recipients of the 2017 Canstar Blue Award for the highest customer satisfaction in the car rental sector, receiving five stars across; cost transparency, booking process, vehicle availability and customer service. We proudly partnered with Goldoc to deliver fleet vehicles to the 2018 Gold Coast Commonwealth Games and are the official car hire provider to the iconic sporting institution, the AFL.

Our range of vehicles is carefully selected to meet our customers' needs and expectations, ranging from small vehicles through to a luxury range. We are also able to supply a diverse and tailored commercial fleet. Operating in the leisure, corporate and commercial markets it really is 'smiles all the way' with Thrifty!

Manly to Circular Quay trip
twice as fast
as the car journey

Building our newest vessel in
Australia

3.56
million passengers (FY 3.21m)

Manly ferry wharf, NSW

NRMA Capricorn Yeppoon Holiday Park,
Capricorn Coast, QLD

NRMA Parks and Resorts: connecting you with more holiday destinations

We're all about connecting. Whether you're connecting with nature, with family and friends, with leisure time, adventure time or all of the above, we're committed to providing our Members with seamless and affordable travel experiences through our growing network of holiday parks and resorts.

Australia is home to some of the most remarkable holiday destinations in the world, and we're here to help people experience the best attractions our country has to offer. We want to make it as easy as possible for families and couples to find affordable, quality accommodation in the best locations around the country.

Investing in regional Australia

Australia's vibrant tourism industry extends much further than our glittering cities. Our regional towns are bursting with natural wonders, food and wine hotspots and unique travel experiences. We're committed to investing in our regions and have increased the NRMA branded parks and resorts across the country to 23. Our most recent addition, the NRMA Capricorn Yeppoon Holiday Park, joined in June 2018.

We bring our park management skills to an additional 16 parks across Australia, including managing seven parks for the RAC in Western Australia.

No hidden costs

We want to ensure more people have the opportunity to have an exceptional holiday experience. Our new payment system allows families to pay for their holiday in instalments, so the cost can be budgeted more easily. We aim to ensure there are no hidden costs so if you see a bargain you can grab it and pay off through weekly, fortnightly or monthly instalments.

Award-winning parks and resorts

The NRMA Parks and Resorts team had plenty of reasons to smile this year, winning three awards across as many states. The NRMA Port Arthur Holiday Park was presented with the gold medal for best Caravan and Holiday Park at the Tasmanian Tourism Awards; the NRMA Victor Harbour Holiday Park took home the silver award at the South Australian Tourism Awards and the NRMA-managed RAC Cervantes Holiday Park won the top award at the Western Australia Tourism Awards.

Outlook

We will expand our quality network of parks and resorts to create more opportunities for Members to discover new benefits and experiences.

1,703,604 nights spent in our hotels, cabins and camp sites

39 parks and resorts owned and managed by the NRMA

$1.38 generated in the local economy for every $1 spent in a holiday park

13 hotels across Australia and New Zealand

Membership

Our Members are at the heart of everything we do, and we're committed to delivering even more value for money for you with NRMA Blue. Our independent voice continues to deliver safety and transport policy outcomes while our reputation and brand are a key part of how we deliver value to our Members.

Board focus area: Members

In FY18 the Board approved NRMA Blue, the new Members' program, which was launched in May. NRMA Blue offers more value by unlocking more benefits that really matter to our Members.

The Board also approved the annual advocacy priorities, responding to Members' needs and ensuring alignment with the future direction of the NRMA.

The Board also maintained a focus on data governance and privacy.

The Board ensures that the NRMA continues to provide Members with high levels of service delivery in Roadside Assistance through the support from investments in transport and tourism businesses.

3,000

exclusive offers from 35 premium partners

2,656,000

Million Members (2% growth FY17 2,605,000)

+25

NPS (Brand score) (FY17 +24)

$112m

savings to Members through special discounts and offers (5% increase FY17 $106m)

+78

NPS touch point (Roadside assistance)

Over 1.7m sessions our new app in exploring the benefits of

NRMA Blue

Welcome to NRMA Blue

NRMA Blue was created to provide more value to our Members, helping them save money and enjoy special Member-only benefits.

Since launching in May 2018, 757,866 Members have downloaded the app and are taking advantage of around 3,000 offers from 35 premium partners. NRMA Blue includes savings on transport, fuel, parking, accommodation, entertainment and so much more.

About NRMA Blue

Designed for Members by Members

Our Members and customers had a key part to play in the development and design of NRMA Blue. We listened to their needs, ranging from existing Members in urban and regional areas through to customers considering a Membership.

More reasons to belong

NRMA Membership has always been valuable, but now our Members can truly benefit from a responsive benefits program that focuses on what matters most to them. The savings are real: if you own a car and take just one holiday a year, the savings you're now able to access through NRMA Blue can easily offset the cost of Membership.

More than savings

NRMA Blue offers more than cost savings; we're committed to opening doors to new experiences and providing everyday assistance to make life that little bit easier. NRMA Blue offers location-based recommendations to unlock experiences near you and helps keep you informed with useful information and advice.

Members are central to everything we do

Delivering an innovative new offer needed the support of everyone in the business. Our Member-focused staff embraced this and all played their part in delivering NRMA Blue and benefits for our Members.

Outlook

We'll keep looking for ways to create value to meet the needs of our Members.

Member view — We're listening to you

Almost every Member we spoke to said that discounted fuel was a strong need, so we made it happen. NRMA Blue not only connects you with the cheapest fuel prices in your area, we've also partnered with Caltex to offer even greater savings at the pump with Member-only discounts.

Driving change by being a voice for our Members

Our advocacy on behalf of our Members led to substantial investments in road safety, infrastructure and future mobility initiatives in 2017-18. This includes a $600 million boost for road safety in NSW, $10 million for autonomous vehicle trials as well as priority road upgrades in NSW and the ACT. These investments help to keep our Members safe, improve access and reduce congestion, as well as prepare our community for the next frontier of mobility.

Advocacy outcomes

Focus area	Advocacy activities	Outcomes/Wins
Future of transport	Thought leadership research to help transform the future of mobility including the release of key reports: • Future of car ownership • Trialling Autonomous Vehicles • The Future is Electric • Transforming Mobility • Recharging the Economy • Road Rules for Automated Vehicles • Blue Highways	**Led to:** • Introduction of state legislation to support the safe trialling of AVs • More than $10 million to progress AV and intelligent transport trials in NSW. • Commitment to establish AV laws in Australia by 2020. • EV fleet policies adopted by local governments and through the ACT's Zero Emissions Action Plan. • A trial of 'connected' technology, allowing heavy vehicles to 'talk' to traffic lights to reduce congestion. • Infrastructure audit to enable the widespread implementation of automated and zero emissions vehicles. • Strong government focus on EV and AV policies to support the upcoming transition, including working roundtables and progress committees. • The establishment of a Review into Liquid Fuel Security to assess fuel supply, usage and risk. • NSW Government funding for wharf upgrades, including Manly Wharf 3.
Road Safety Series	The main factors involved in road crashes were highlighted in the NRMA Road Safety Series of reports and campaign initiatives focused on reducing the risk of loss of life and injuries. Key focus areas were driver distraction, fatigue and young drivers.	• Telematics trial to assess young driver behaviour. • Legislation to allow the use of camera technology to detect illegal mobile phone use. • $125 million for road safety treatments including tactile line markings to reduce fatigue-related crashes on country roads.
Key submissions into transport policy	The NRMA engaged in a number of key transport issues including the NSW Government's Future Transport Strategy, commuter car parking, the NSW, ACT and Federal Budget, and upgrading road connectivity between the Illawarra and Greater Sydney.	**Federal commitments:** • $1 billion for an Urban Congestion Fund. • $971 million for the Coffs Harbour Bypass. • Matched funding for both the Barton and Monaro Highways. • $45 million in grant funding for tourism projects through the Building Better Regions Fund. **ACT commitments:** • $29 million for the Gundaroo Drive Duplication. • $456,000 for the rollout of 50 new EV charging stations in the ACT. • $10 million for planning, design and enabling works of Light Rail Stage 2. • $7.6 million to grow major events. **NSW commitments:** • $600 million boost to improve road safety. • $281 million to address pinch points. • $40.7 million for planning and preconstruction of Stage 1 F6 Extension. • $1.2 billion for Pacific Highway upgrades and planning for the Coffs Harbour bypass. • $31 million to replace aging XPT, XPLORER and Endeavour trains. • $258 million for Parramatta Light Rail Stage 1 construction and $20 million for planning of Stage 2. • $173 million for Destination NSW, the state's tourism marketing agency. Includes $54 million for initiatives to grow visitor spend in regional NSW.

Connecting our brand and our Members

We recently redefined the way we look and speak across the NRMA Group. Not only has this added new energy and aspiration to our brand, helping us to better connect with families and younger audiences, it also makes identifying the depth of our offering easier, thus elevating the value of Membership. With a Net Promoter Score of +25 and recently polling as Australia's second most trusted brand, these changes have placed us in a very strong position as we move toward our centenary.

We're not resting on our laurels. More than ever, we're seeking input from Members on everything we do, so we've implemented new ways to enable more real time feedback. Our Voice of the Customer program has resulted in over 87,000 people in the first half of 2018 alone providing us with valuable insights that have already helped us with service improvements, product development, media, advocacy and market explorations – and we look forward to further improving our offerings and outputs thanks to the valuable feedback of our Members.

Protecting our Member data

Protecting our Members' data and privacy is our priority. During FY18 there was a focus on implementing some foundational data governance initiatives, the outcomes of which included a Data Governance Strategy, Data Quality Strategy, and the implementation of data governance into the key functions of Project Governance, Procurement and Risk. Oversight of the use of Member and customer data continued to be operationalised through regular meetings of the Data Stewardship Committee and the Privacy and Spam Working Committee.

The NRMA Privacy and Spam Working Committee is comprised of representatives from each business unit across the NRMA Group and meets regularly to discuss and respond to privacy issues that arise in our day to day business, ensuring that compliance is embedded in our working environment.

We look forward to further improving our offerings and outputs thanks to the valuable feedback of our Members.

Brand NPS* +25 (FY17 +24)

*Net Promoter Score (NPS) is a key measure used across industries to assess customer satisfaction – that is, how likely Members and customers are to recommend us to others. Possible scores range between –100 to +100.

People and culture

We are proud to be regarded as one of Australia's most trusted brands, and we've got our great people and workplace culture to thank for getting us there.

Supporting and developing our people is an important part of how we do business.

Board focus area: people and culture

The Board's first agenda item at each board meeting is to review safety management KPIs. This allows the Board to closely monitor safety incidents and mitigating actions, including monitoring any incidents that might be raised through the ethics hotline and the progress of these investigations through to completion.

During the year the Board also focused on the importance of gender equality and diversity in the business.

54 apprentices including 12 women (22%) and eight (15%) with Aboriginal and Torres Strait Islander heritage and one refugee.

42,623 hours of training for staff

Women represent **63%** of our Board

Group engagement score of **80**

50% of our executive team are women

Connecting our people to a great workplace and culture

Leadership and culture

We have continued our focus on developing our leaders to ensure they're equipped with the skills needed to deliver our strategy. Over 180 of our managers attended a three-day training program to improve leadership effectiveness and coaching skills.

We undertook the ECHO: Your Voice employee engagement survey in June 2018 to ensure we're on the right track to making the NRMA an even better place to work. A key focus was on leader-led cultural transformation and we're pleased to see a five per cent increase in staff perception of the effectiveness of our leaders, resulting in a leadership index score of 70, 14 above the Australian national norm of 56. The NRMA Group engagement score is 80, which is above the Australian norm of 77.

Our 'My Thanks' recognition program saw 2,962 employee nominations by their peers for being role models in living the NRMA values.

Learning and development

Our approach to learning and development continues to balance today's needs while supporting the future needs of our transformation. Online technology now delivers group-wide flexible learning experiences that cater for a multi-generational, multi-device audience without the need for traditional face-to-face classroom environments.

Total training hours for FY18:
= 42,623 (20% increase from 2017)

- Corporate training = 16,407
- Technical training = 16,944
- Online training = 9,272

We are focusing on driving our employee development, linked to our new capability framework and supported with online learning solutions to ensure our people are being prepared for the future.

Diversity and equal opportunity

We believe diversity and equal opportunity are critical to the success of our business and our workforce should reflect the diverse communities we are part of. We're committed to ensuring our employees are part of an inclusive work environment and we achieve that through delivering a cultural awareness program. This year we focused on gender equity and Indigenous employment, aligned with our Reconciliation Action Plan see page 44.

The NRMA Group CEO and executive leadership team are active supporters of diversity and inclusion initiatives such as International Women's Day, National Reconciliation Week and NAIDOC Week.

Creating shared value - cultural awareness training

We look for ways to create shared value in everything we do. After undertaking face-to-face cultural awareness training with a focus on cultural understanding, respect and inclusion, we knew the value we gained through the training was important and we wanted to make sure more people outside of the NRMA could access the same training in a flexible way.

Working in partnership with Indigenous owned and operated company Corporate Culcha, we developed an online, interactive cultural awareness training program. Now, the program is not only available to more of our staff but is also available to other organisations and community groups through the Corporate Culcha eLearning platform.

Our workforce profile 2018

2018 data	Type				Age group		
Group	Casual	Full-time	Part-time	Total	<30	30-50	>50
Female	351	715	162	1,228	421	570	237
Male	275	1,140	27	1,442	357	722	363
All	626	1,855	189	2,670	778	1,292	600

Skills for the future

Our apprentice program now has 54 apprentices, up from 37 this time last year, with another seven ready to commence in July 2018 (61 in total). This will position the NRMA as the single largest employer of Light Vehicle apprentices in NSW & ACT.

The NRMA apprentice program

12 are female
Compared to just one in 2015

Eight are Indigenous
An increase from three in 2017

One is a refugee
One of our apprentices has been named as a finalist in the ACT Apprentice of the Year Awards

90% is the rate of retention in our apprenticeship program
Compared to the average national rate of 50%

Restoration project
In an age of advanced automotive technology, electric and hybrid vehicles, this year our apprentices reconnected with our historic roots, restoring a 1958 Series 1 Land Rover - a patrol vehicle that once serviced our Penrith Members. Once complete, the vehicle will join our heritage collection and will be on show during career expos and car shows to demonstrate what our automotive apprentices can do.

Senior leadership gender equality

We are very focused on gender quality across the NRMA and we're committed to supporting women in leadership. Women currently represent 63% of our board and we have a 50:50 gender balance across our executive leadership team. In 2018 the proportion of women at senior management representation increased to 49%, compared with the national average of 29.7% (WGEA 2018).

2018 data	Gender			
	Board	Executives	Managers	Total
Female	5 (63%)	4 (50%)	59 (48%)	68 (49%)
Male	3 (37%)	4 (50%)	65 (52%)	72 (51%)
All	8	8	124	140

2017 data	Gender			
	Board	Executives	Managers	Total
Female	5 (63%)	4 (44%)	43 (34%)	52 (37%)
Male	3 (37%)	5 (56%)	82 (66%)	90 (63%)
All	8	9	125	142

Pay equity

2018 Pay equity gap — 9.2% average
2017 Pay equity gap — 8.73%

We are pleased to be at parity across the majority of roles at the NRMA. The average gender pay gap is currently 9.2% across the Group including our newly acquired businesses Australian Tourist Park Management and My Fast Ferry. This is well below the national pay gap of 15.3% and we remain focused on closing the pay equity gap.

One contributor to the gap is females making up less than 5% of our technicians. A key focus to address is on encouraging more female participation at all levels in the organisation, and we've made a good start - 22% of our apprentices are female compared with less than 1% in 2015.

(Source: wgea.gov.au/addressing-pay-equity/what-gender-pay-gap)

Safety

The safety of our people, our Members and our community is paramount and we're committed to creating a culture of safety, embedded into everything we do.

Instilling a safety culture across our new businesses

The NRMA has invested heavily in safety programs to continue to drive improvements in safety in our businesses. With the acquisition of new businesses including My Fast Ferry and Australian Tourist Park Management Parks, the risk profile of our business has significantly changed resulting in a restatement of our key metrics to more accurately reflect the new operating environment. Each of our businesses has unique challenges and characteristics, and as a result a key focus in FY19 is working to identify synergies, drawing on shared learnings and roll out a best practice approach to safety across the NRMA Group.

Active care and injury management

We know that early intervention is vital in managing injuries and ensuring our people are fit and able to participate in work activities. Active Care is an early intervention program which provides employees fast access to physiotherapy treatment to assist with musculoskeletal injuries. In FY18, 120 employees participated in this program, receiving treatment from a network of preferred providers.

Lost time injuries

A lost time injury (LTI) is any injury occurring in the workplace that requires a person to stay away from work. Our lost time injury frequency rate (LTIFR) refers to the number of LTIs that occurred per one million hours worked during the year.

The LTIFR of our core business has been trending down since 2012. With the acquisition of new businesses a key focus of integration is the implementation of safety systems and programs to continue the positive momentum in safety metrics.

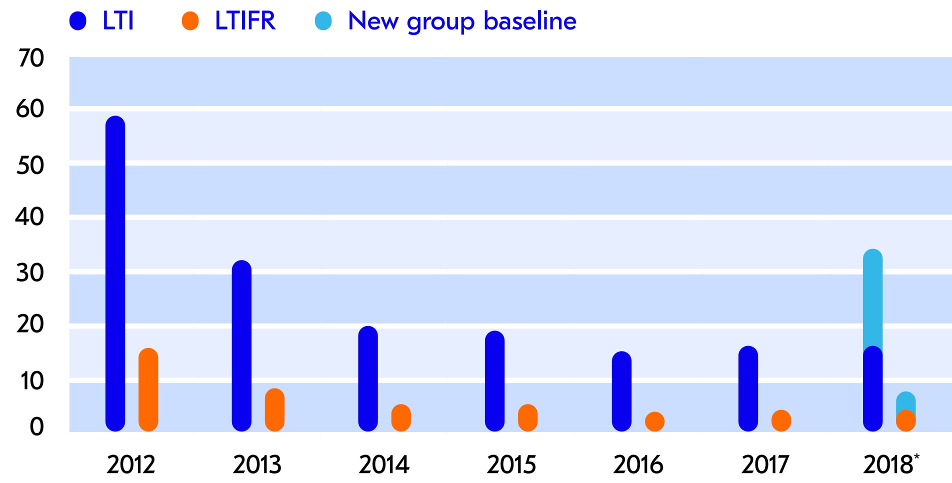
Outlook

We will continue our strong focus on the physical wellbeing of our people including greater focus on fatal risk and controls.

In FY19 we will also expand our safety programs with an increased focus on improving our capabilities in mental health awareness. We will be running a Mental Health First Aid training course in July 2018 for key personnel to raise awareness and provide practical tools in dealing with mental health issues.

	2017	2018*	New 2018 Group baseline
LTI	16	16	36
LTIFR	4.4	4.3	9.0

*The LTI and LTIFR for 2018 are like for like figures compared to the core operation last year.



Reputation

An important part of how we deliver value to our Members is by supporting the communities they live and work in. We're focused on investing in our communities, protecting our natural environment and promoting road safety through our education programs.

Board focus area: reputation

During the year Directors participated in seven Member roadshows to hear directly from our Members in Gosford, Bondi Junction, Lismore, Wagga Wagga, Canberra, Rouse Hill and Kembla Grange. The roadshows provided Members with the opportunity to share their thoughts and speak with their local NRMA Member-Elected Director on matters important to them and their community.

Electric vehicles will reduce carbon emissions and toxic tailpipe emissions. The Board is supporting the transition to electric vehicles through advocacy and the $10 million investment into the electric vehicle fast charging network across NSW and ACT. The electric vehicle fast charging network will be powered by 100% renewable energy.

Older Driver engagement

4,679

More efficient vessels for our My Fast Ferry fleet

250

Schools visited in NSW and ACT (40% in regional areas)

100%

renewable energy will power our electric vehicle fast charging network

New mobile response patrol vans produce

16%

less carbon emissions than our traditional dual fuel van

Total students educated

75,768

200,267

batteries recycled

Community

Reconciliation in action

Our Reconciliation Action Plan (RAP) is a tangible road map to developing respectful relationships and creating meaningful opportunities with our First Australians. Together we are connecting our employees and Members with the world's oldest living culture and empowering Aboriginal and Torres Strait Islander peoples to access employment, education, healthcare, family and friends.

This year we made meaningful progress on our 49 RAP deliverables:

- 76 employees attended our National Reconciliation Week event.
- 25 Indigenous Australians obtained their driver's licence.
- 14 Indigenous-owned businesses supplied goods and services to the NRMA.
- 15% of our car servicing apprentices identify as an Aboriginal and/or Torres Strait Islander person.
- Six Indigenous university students interned in corporate roles.

In November 2017 we formalised our external Aboriginal and Torres Strait Islander Advisory Group. We are incredibly humbled that six respected community leaders agreed to provide us with ongoing cultural advice and guidance.

Implementing our RAP would not be possible without our partners, advisors and the community. We understand our reconciliation journey still has a long way to go and we look forward to strengthening relationships with Traditional Custodians, organisations and community members as we strive towards our shared vision.

Opening doors to employment

During the year we partnered with the Australian Red Cross to support 50 Aboriginal and Torres Strait Islander peoples across NSW on their journey to get their driver's licence. The program is making a huge difference in the lives of participants, opening pathways to study and work, better meeting the needs of their families and supporting them to actively participate in the community.

We have been providing licensing support to Aboriginal and Torres Strait Islander peoples since 2014. A major feature of the program is the end-to-end assistance offered throughout the Graduated Licensing Scheme - program participants have access to registered vehicles and volunteer driving supervisors to deliver real results. This year, 25 graduates successfully gained their driver's licence.

DriveTime

In 2017 we renewed our partnership with Gymea Community Aid & Information Service to support 50 refugees on their journey to get their driver's licence and open pathways to work. Participants have access to volunteer mentors as well as professional NRMA Driver Trainers to accrue the hours, experience and knowledge needed to get their licence.

Paula's story

For new driver, 39 year old Kamilaroi woman Paula, the individual support and guidance of Australian Red Cross' Lerner Driver Mentor Program gave her the confidence to sit her initial test and take on driver training. She said: "I didn't realise I could do something like that so it was a real mind-opener - it opened doors in my mind, my heart and opened me to learning more things."

Payam's story

Getting a driver's licence has made Iranian refugee Payam's life simpler. After three unsuccessful attempts to get his Australian driver's licence he turned to the DriveTime Program for help. For Payam, the problem wasn't his ability to drive, it was being able to fully understand the complex road rules unique to Australia. That's where our Driver Trainers helped. He said: "After [the test] everything settled for me. I can drive to the doctor, I can drive to the grocery, I can drive my son to school."

Education

Education at all ages

Our education programs also cater for senior road users. Our Years Ahead program is free to groups of older drivers and promotes safe driving practices, discusses changes to road legislations and encourages drivers of all ages to monitor their driving.

Connecting young people with skills for the future

We want to make it easy for schools to include road safety education in their daily teaching. Our education programs are delivered at no cost to schools throughout NSW and the ACT and inspire, challenge and change behaviours around road safety, mobility and new transport technologies. Our aim is to deliver a lasting impact on the lives of children, our Members and the community.

Primary school

During the past five years we've delivered education programs to 235,000 primary school students across 560 schools. We asked students to answer a series of five questions before and after participating in the program to measure impact (Table 1).

We also asked students to tell us if they had adopted a new road safety strategy they had learned or if they shared their new knowledge with a friend or family member (Table 2).

High school

We recently redesigned our Live Learn Drive program to better target the needs of young people and now offer three separate programs targeted at Years 10, 11 and 12. The programs are focused on independent travel, learning to drive and buying a safe first car.

During the year we delivered 169 presentations to 7,144 high school students across 59 schools in Sydney and regional NSW and the ACT.

Older drivers

4,679 Gold Members joined us in discussion and education focused on how to stay safe and mobile on the road.

Future of transport challenge

In 2017 we launched an innovative education program where students in Years 7 to 10 are challenged to solve a range of complex transport problems facing the nation through research, team work and creativity.

Table 1: Increase in knowledge five key behaviours	% increase
Helmet – recognise a helmet is not fitted safely	191%
Front seat – recognise that it is not safe for a primary student to sit in the front seat of a car	39%
Exit the car – recognise that it is not safe to exit the car from the door nearest the road	28%
Seatbelt – recognise when a seatbelt is not correctly and safely fitted	23%
Bike helmet – knows that a bike helmet must be replaced after a crash as it is no longer safe	115%
Average % increase across all five areas	79%

Table 2: Impact Measure - behaviour change	%
Adopted new safe strategy	60
Plan to adopt strategy	31
Share safe strategy with another	54
Plan to share with another	25

Students tackle future transport issues

Research shows only 16% of Australians catch public transport to work, the average driver spends 106 days of his life searching for parking, and 1,200 people die on our roads every year.

These and many other mobility quandaries are the focus for the Future of Transport Challenge, a program that encourages Year 9 and 10 students around the nation to research and develop solutions to problems that will arise in the next 10 to 20 years.

The program was designed by the NRMA in co-operation with schools and aims to get young people thinking about car electrification, connectivity, autonomous vehicles and new mobility services that will enhance their lives. It's predicted that when today's 15-year-olds turn 30, they will be spending 77% more time in science, technology, engineering and mathematics related workplace tasks than current 30-year-olds.

We use design thinking and project-based learning to teach students the research skills essential for the careers of the future. In 2017, the program launched with four schools and this year we have 46 schools taking part in the challenge. The four teams will pitch live in the September finals at the Youth Eco Summit for secondary schools in Sydney in front of an audience of hundreds.

Connecting and protecting the natural environment

We want to find more ways for our Members to connect with the natural environment. Our strategy is built on solving big issues for Members through access and connection to offset the impacts of increasing urbanisation.

As we deliver on this, our operations are moving into our beautiful waterways and the marine environment. We understand this comes with great responsibility, so managing our environmental performance becomes an even greater focus. Not only do we want to protect the environment but we want to enhance it, particularly in the amazing destinations where our network of parks and resorts are located.

In addition to ensuring we have effective management practices for key environmental risks, we are continually seeking new ways to reduce energy and water use, help improve the biodiversity and natural environment surrounding our network of locations and close the loop on battery recycling.

We also want to help our Members make a difference, so the electric vehicle fast charging network will be powered by 100% accredited GreenPower.

A better fleet

Not only have we been saving energy in our corporate offices, we have also been improving the fuel efficiency of our roadside patrol fleet. Our new patrol vans have greater functionality, carrying more weight towing equipment and batteries, use less fuel to get around and emit less carbon.

We were excited about welcoming a new vessel to the My Fast Ferry fleet in July this year. Named *Ocean Adventurer*, the new 33m ferry has capacity for 400 passengers and a service speed of just under 25 knots. *Ocean Adventurer* joined our fleet of vessels of the same class - *Ocean Surfer* and *Ocean Flyer* - on the Manly to Circular Quay service.

Outlook

Our fleet strategy is to match the service with the most efficient fleet to minimise our fuel costs and environmental impact. As our business grows our focus is resetting our baseline so that we can set new improvement targets in FY19.

Stakeholder engagement

- We constantly seek Member feedback through our Voice of the Customer program.
- 87,000 Members have been engaged since January 2018 on service improvements, product development, media, advocacy, and market explorations.
- 600+ Members, councils and communities engaged as part of electric vehicle fast charge network.
- Seven Member Roadshows in locations of Gosford, Bondi Junction, Lismore, Wagga Wagga, Canberra, Rouse Hill and Kembla Grange. The roadshows provided Members with the opportunity to share their thoughts, and speak with the local Member-Elected Director on matters important to them and their community and to meet tourism and transport representatives.

NRMA Group Carbon Emissions (tCO2-e)

Group emissions	Total	Scope 1	Scope 2
2010 baseline	13,622	4,253	9,368
2018*	10,763	3,786	6,977
New 2018 Group baseline	26,798	14,439	12,359

*2018 are like for like figures compared to the core operation baseline year.

Batteries recycled

Year	Tonnes	Units
FY2017	2,909	199,883
FY2018	3,004	200,627

Water use

	kL
New 2018 Group baseline	901,986

Patrol Ali Raza,
South Strathfield, NSW

Section 5

Governance and remuneration

Role of the Board

The strategy, culture, performance, corporate governance and risk appetite of the NRMA is the responsibility of, and managed under the direction of, the Board of Directors (Board). The Board also has responsibility for appointing the Appointed Directors and for reviewing its own performance.

The Board undertakes several key functions. These include:

- Confirming the NRMA strategic direction to create value for Members.
- Setting the risk appetite to guide decision-making by our people.
- Confirming the values of how NRMA expects its people to conduct themselves.
- Monitoring the organisation's culture in line with the values and risk appetite.
- Delegating authority to individuals or forums.
- Ensuring an effective governance structure with appropriate controls is in place.

Our corporate governance structure facilitates the continued creation of value for Members by delivering strategic outcomes through sensible risk taking. We do this primarily by ensuring that accountability and control systems in place are commensurate with the risks involved.

Tim Trumper was elected as Chair taking effect on 3 December 2017

Introduction

The information in this section aims to give Members an overview of the NRMA corporate governance structure and includes a review of changes and key activities carried out by the Board and Committees during the year.

Further information

Additional corporate governance information about the NRMA, the Board, Committees, charters, directors' fees and the election and appointment of Directors, as well as copies of annual reports can be found at mynrma.com.au/community/corporate-information/board-of-directors.

Members

Class of Members

Under the NRMA constitution there are two classes of Members:

1. Ordinary Members.

2. Affiliate Members.

Ordinary Members have full voting rights, may attend and speak at General Meetings of Members, and are eligible to stand for election as a Director.

Affiliate Members may attend and speak at General Meetings of Members but may not vote or stand for election as a Director.

Significant changes

The significant governance changes made during the year are below.

Delegation of Board Authority

As at 1 July 2017 the following Committees were in existence to assist the Board to perform its functions:

- Audit and Risk Management Committee (ARMC)
- Data, Digital and Technology Committee (DDTC)
- Finance and Investments Committee (FIC)
- Governance, Nomination and Compensation Committee (GCNC)
- Policy and Advocacy Committee (PAC)

The Board's delegation of authority to these Committees is stated in the charters available on mynrma.com.au/community/corporate-information/board-of-directors.

During the year the Board reviewed the role of the DDTC and determined that the areas of which it had oversight are of such significance to the sustainable success of the NRMA, and are so integrated with the NRMA strategic direction and operations, that they would be elevated for oversight by the Board. Accordingly the Board decided that the DDTC cease to exist on 30 April 2018. The ARMC continues its oversight of controls and risk mitigation related to data digital and technology at the NRMA, and previous DDTC Chair Ms Kate Lundy was appointed to the ARMC.

Board succession

In FY18 the Board focused on its succession, recruiting for vacant Appointed Director positions and resetting the regions for the directors' elections. More information can be found at mynrma.com.au/community/corporate-information/board-of-directors.

Director retirement

Mr Kyle Loades, Director and Chair, retired on 3 December 2017 due to his reaching the maximum term of 12 years. The Board thanks Mr Loades for his dedicated service to the NRMA.

Chair of the Board

Mr Tim Trumper was elected as Chair by the Directors at the August 2017 Board meeting with the appointment taking effect on 3 December 2017.

The NRMA constitution requires that Directors must elect the Chair and Deputy Chair at the first Board meeting after the conclusion of each election of directors. This will next occur next year after completion of the 2019 election of directors.

Board composition

Under the constitution, the Board composition is six Member-Elected Directors and up to three Directors appointed by the Board (Appointed Directors). This mix of Directors allows the Board to ensure it has the necessary blend of skills to deliver on the strategy, while enabling Members to elect the majority of Directors.

Upon the retirement of Mr Kyle Loades the Board composition transitioned from eight Member-Elected Directors and one Appointed Director to six Member-Elected Directors and three Appointed Directors. On 1 January 2018 the eight regions across NSW and ACT of the Member-Elected Directors were reconfigured to six regions determined by the Board.

New Appointed Director

Consideration was given to identifying the skills, experience and expertise that would complement those of sitting Directors and support the Board's deliberation and delivery of the NRMA strategy. The skills matrix of the Board was discussed and confirmed during the September and October 2017 Board meetings.

The Board sought candidates for the Appointed Director position with skills and experience in transport and tourism and/or mergers and acquisitions. Independent executive search firm Russell Reynolds Associates was engaged by the Board to provide a shortlist of candidates with these skills and experience. GCNC met several times to discuss candidates and make recommendations to the Board.

Mr Derek Stanwell was appointed on 14 May 2018 as an Appointed Director. He is a former Morgan Stanley Managing Director and a highly experienced mergers and acquisitions adviser. He undertook a Board Induction program on 31 May 2018 and became Chair of the FIC on 6 June 2018.

Board skills and experience

Each Director has a range of skills, experience and expertise that contributes to the decision-making of the Board. The Board draws on the mix of skills, experience and expertise to fulfil its role and lead the business to create value for the benefit of its Members.

Director course

Under the Constitution, all Directors must attend the Australian Institute of Company Directors 'Company Directors Course' or an equivalent director development course approved by the Board. Each Director must attend such a course within two years of the date of their election or appointment. All Directors are in compliance with this constitutional requirement. Each Director has attended a course except for Mr Stanwell, who has two years from his 14 May 2018 appointment date to complete it.

Board continuous education

Directors are encouraged and assisted to attend educational courses which serve to enhance their performance as a Director on the Board.

During the period, the Board:

- attended crisis management media training.
- attended a development day focused on director obligations in relation to various legislation.

Director diversity

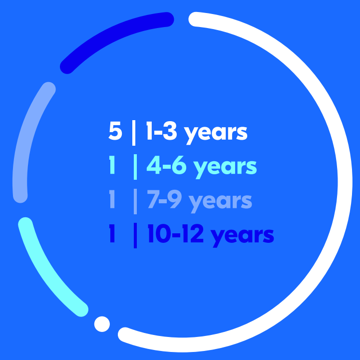
The NRMA Constitution permits a maximum number of nine Directors.
There is one Appointed Director vacancy.

Composition diversity

6 Member-Elected Directors

3 Appointed Directors

Tenure diversity

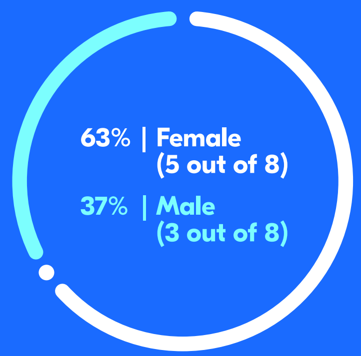


Board skills and experience

The Board regularly reviews its matrix of skills and experience with reference to the NRMA strategic direction in order to make the best decisions on behalf of the Members. The review identified a good mix of skills and diversity amongst current Board members and also identified some areas such as tourism, mergers and acquisitions to strengthen. Using this insight the Board appointed a new Director, Derek Stanwell. The Board also looks to obtain expertise in those areas through other ways as it determines necessary, including obtaining external expertise and Directors increasing their own knowledge individually and/or collectively as a Board.

Age diversity

Gender diversity



Tenure of Directors — Election or Board Appointment

An election for the six Member-Elected Directors is held every four years. Each Member-Elected Director represents one of the six regions across NSW and ACT. The election gives Members the opportunity to vote for a Director to represent their region. Each Member-Elected Director holds office from the first Saturday in December of an election year to the first Saturday in December of the following election year. The next election will be held in 2019.

For Appointed Directors the term of appointment is determined by the Board, subject to the constitutional limit of no more than four years per appointment, with a maximum permitted term of 12 years (as with Member-Elected Directors). The NRMA two Appointed Directors, Ms Rachel Botsman and Mr Derek Stanwell, have been appointed for a term of two years.

Focus areas of the Board

The Board has focused its activities over the year on reviewing and approving the NRMA strategy; monitoring the culture to deliver that strategy; setting the risk appetite for decision-making; overseeing the NRMA performance; and reviewing corporate governance and risk framework.

For the activities of the Board in relation to:

- Mega trends and finding tailwinds (opportunities), refer to page 18.
- Setting the NRMA strategy and confirming the strategic priorities, refer to page 21-23.
- Setting the NRMA risk appetite for decision-making and the risk framework for the identification and mitigation of risks, refer to page 24-25.
- Board composition and succession, refer to page 51.
- Its oversight and monitoring of the performance of the NRMA aligned to the drivers, refer to page 18, 22, 24, 29, 30, 36, 40 and 44.

The NRMA Board has focused on strategy, culture, performance, governance and risk mitigation.

Board of Directors

1. Mr Tim Trumper
MBA

Chair & Non-Executive Director
(Harbour Region)

2. Ms Fiona Simson
BA (Bus), GAICD

Deputy Chair and Non-Executive Director
(Townsend Region)

3. Mr David Bentham
OAM, C. Eng, M. Eng. Sc

Non-Executive Director
(Cox Region)

4. Ms Rachel Botsman
BFA (Hons), GAICD

Non-Executive Director
(Appointed)

5. Ms Kate Lundy
GAICD

Non-Executive Director
(Mann Region)

6. Ms Marisa Mastroianni
B.Com, M.Com, GAICD, FCPA, AFAIM

Non-Executive Director
(Hoddle Region)

7. Mr Derek Stanwell
BA (Hons), LLB (Hons), BCL

Non-Executive Director
(Appointed)

8. Ms Coral Taylor
GAICD

Non-Executive Director
(Howe Region)

Mr Tim Trumper
MBA

Non-Executive Director and Chair
(Harbour Region)

Tim is a Director of Platinum Asset Management Limited and Advisor to Quantium, Australia's leading data and analytics company, Director of the Population Research Health Network (PRHN) and holds interests in several private high growth innovative companies. He is an authority on how to use information and technology to drive innovation, for corporate strategy and for a better society. His core interest relates to the role of directors to create good governance, for the service of customers and the community.

Tim is an experienced chair, non-executive director, former CEO, and advisor for high-performance global and Australian companies. His career has spanned diverse categories including artificial intelligence and machine learning, big data, digital transformation, mobility and transport, financial services and media.

Along with fellow directors and Chairman Hon. R J Hawke, Tim helped to establish The Bestest Foundation. This charity has raised over $4,000,000 for disadvantaged Australian children.

> Tim brings to the Board a wealth of experience in working with large scale complex consumer facing businesses, where new technology is impacting the current and future needs of customers. He is passionate about helping organisations become more customer centric for a future that is sustainable for all stakeholders.

Term of office

Date first appointed (casual vacancy): 12 May 2014

Last re-elected: 5 December 2015

Retirement date: 12 May 2026

Committees

Chair of the:
Governance, Compensation and Nomination Committee

Member of the:
Audit and Risk Management Committee

Finance and Investments Committee

Policy and Advocacy Committee

Ms Fiona Simson
BA (Bus), GAICD

Non-Executive Director and Deputy Chair
(Townsend Region)

Fiona and her husband Ed run a family farm on the Liverpool Plains near Premer in northwest NSW. She has represented her local community on a variety of community groups, and served a full term as an elected councillor on Liverpool Plains Shire Council.

She was the first woman to represent the NSW Farmers' Association as its President and Chair. She is President of the National Farmers' Federation and sits on a number of boards including the Australian Made Australian Grown Campaign Ltd.

Fiona completed a Bachelor of Arts Degree in Canberra, and is a Graduate of the Australian Institute of Company Directors. She is also active on a number of government advisory committees at a state and federal level.

> An experienced Chair, Fiona is particularly interested in the development of good governance and policy, and passionate about outcomes to support the potential, sustainability and growth of rural and regional communities.

Term of office

Date first appointed (casual vacancy): 19 January 2015

Last re-elected: 5 December 2015

Elected Deputy Chair: 9 December 2015

Retirement date: 19 January 2027

Committees

Chair of the:
Policy and Advocacy Committee

Member of the:
Audit and Risk Management Committee (ex officio)

Governance, Compensation and Nomination Committee (ex officio)

Finance and Investments Committee (ex officio)

Mr David Bentham
OAM, C. Eng, M. Eng. Sc

Non-Executive Director
(Cox Region)

David is a retired chartered mining and civil engineer, the former Deputy Mayor of The Hills Shire Council and a former Board member of the Western Sydney Area Health Board (Westmead Hospital). David is very interested in community health and safety. He fully supports the FIA's International Decade of Road Safety, hoping that this will result in a refocusing on how NSW and Australia develop and manage the road network and systems.

The subject of toll roads and how they impact on members is of particular concern to David.

The geographical area represented by David is the NRMA region of Cox, which takes in suburbs in Western Sydney. He has lived in the region for more than 40 years and strongly represents the interests of NRMA Members locally. He believes population growth and the imbalance of jobs in Western Sydney is having a major impact on all modes of transport, particularly on the main corridors.

David holds Bachelors and Masters degrees in Engineering. In the 2015 New Year's honours list, he was awarded an OAM for Services to the community and to business.

> David has a special gift of listening to members residing in Western Sydney. He cultivates this and presents the battlers' perspective when appropriate, hoping to improve the quality of life for all in our community.

Term of office

Date first elected: 6 December 2008

Last re-elected: 5 December 2015

Retirement date: 6 December 2020

Board committee Membership

Member of the:
Audit and Risk Management Committee

Policy and Advocacy Committee.

Ms Rachel Botsman
BFA (Hons), GAICD

Non-Executive Director
(Appointed)

Rachel is a world-renowned expert on how technology is changing the way we live, work, bank and travel. An award-winning author, speaker and University of Oxford lecturer, she has contributed to The New York Times, Australian Financial Review, Wall Street Journal, The Economist, and more.

Her book, 'Who Can You Trust?' reveals that we are at the tipping point of one of the biggest social transformations in human history. She is also the co-author of What's Mine is Yours which defined the theory of collaborative consumption and was named one of TIME's "Ten Ideas That'll Change the World".

She currently teaches the world's first MBA course on the 'collaborative economy' at University of Oxford, Saïd Business School.

Rachel was a founding partner in the Collaborative Fund and previously served as a Director on the William J Clinton Foundation. Her TED talks have been viewed more than 4 million times. She was named one of the "Most Creative People in Business" (Fast Company); a "Young Global Leader" (World Economic Forum) and one of the 50 most influential thinkers in the world by Thinkers50.

She holds an honours degree in Fine Arts from the University of Oxford and attended Harvard University for her post-graduate studies. She is a graduate of the Australian Institute of Company Directors.

> Rachel brings to the Board deep global expertise across industries of how technology is transforming human behaviours. She brings an intelligent, macro view of how profound structural changes in business and society will impact our lives and is passionate about helping organisations adapt to these complex shifts.

Term of office

Date first appointed by Board:
21 September 2016 for fixed two year term

Fixed retirement date: 21 September 2018

Committees

Member of the:
Finance and Investments Committee

Ms Kate Lundy
GAICD

Non-Executive Director
(Mann Region)

Kate retired as the Senator for the ACT on 24 March 2015, having been first elected to the Federal Parliament in 1996. She was re-elected at every subsequent general election. She served as the Federal Minister for Sport and Multicultural Affairs and Minister Assisting for Industry, Innovation and the Digital Economy in the Gillard/Rudd Government.

She is a graduate of the Australian Institute of Company Directors.

Kate is actively involved in a number of community and sporting clubs which reflect her broad range of interests. Ms Lundy is the Managing Director of Technology Innovation Partners Pty Ltd, a private consulting company. She is also a Director of the Cyber Security Research Centre, Electro Optic Systems, the Australian Grand Prix Corporation and the National Youth Science Forum.

She also works part time as the ACT and region Defence Industry Advocate

Kate has been recognised with an Honorary Doctorate of Letters by the ANU for her contribution to policy and advocacy in the information and communication technology sector.

> Kate brings to the Board her interest and experience in the impact of technological change in our society, community and economy. She maintains her longstanding commitment to regional development over many years with a focus on connectivity, services, mobility, employment and education.

Term of office

Date first appointed (casual vacancy):
1 April 2015

Last re-elected: 5 December 2015

Retirement date: 1 April 2027

Committees

Member of the:
Audit and Risk Management Committee

Policy and Advocacy Committee

Ms Marisa Mastroianni
B.Com, M.Com, GAICD, FCPA, AFAIM

Non-Executive Director
(Hoddle Region)

Marisa is currently the Managing Director and Group CEO of UOW Global Enterprises, a global education company, which is a subsidiary of the University of Wollongong. She also brings extensive service industry experience including holding executive roles at the Port Corporation and Uniting Care.

She holds a Bachelor and Master of Commerce, is a Harvard Alumnus, Fellow of CPA Australia, Assoc. Fellow of AIM and a Graduate of the Australian Institute of Company Directors. Marisa is a Director of the Illawarra Shoalhaven Health District Board and is a member of its Audit and Risk Committee. She is a member of the Community Alliance Credit Union Audit Committee.

> Marisa is an experienced Director and CEO and brings to the Board expertise in strategic planning, financial and risk management, mergers and acquisitions and change management. She has extensive experience in corporate governance with an emphasis on transparency and sustainable performance. She is a strong advocate for reliable, safe and efficient transport links as an enabler of regional prosperity and growth.

Term of office

Date first appointed (casual vacancy):
19 January 2015

Last re-elected: 5 December 2015

Retirement date: 19 January 2027

Committees

Chair of the:
Audit and Risk Management Committee

Member of the:
Finance and Investments Committee

Mr Derek Stanwell
BA (Hons), LLB (Hons), BCL

Non-Executive Director
(Appointed)

Derek is a corporate adviser with over 20 years' experience advising large companies in Australia and overseas. He has worked with many of Australia's leading brands on transformational transactions across a wide range of industries including travel and tourism, real estate, telecommunications, financial services and media. His experience includes advising on well over $100 billion worth of corporate transactions. For many years, Derek held senior roles at Morgan Stanley in Sydney, New York and Hong Kong. More recently, he founded Northcliff, a specialist corporate advisory firm.

Derek is focused on helping leading Australian companies adapt and succeed in times of rapid change. He is a strong supporter of the ideals of community and access which led to the founding of the NRMA and underpin its success.

He lives in Sydney with his wife and two children and has a long-standing involvement in community sport - as coach, player and spectator. He was educated at Sydney and Oxford universities.

> Derek brings to the Board the benefit of his strategic and financial insight, developed over many years advising companies in Australia and overseas. He has particular expertise in corporate strategy and in the execution of corporate M&A transactions.

Term of office

Date first appointed by Board:
14 May 2018 for fixed two year term

Fixed retirement date: 13 May 2020

Committees

Chair of the:
Finance and Investments Committee

Ms Coral Taylor
GAICD

Non-Executive Director
(Howe Region)

With more than 25 years' experience in the motor sport industry, Coral is currently responsible for the management of the Neal Bates Motorsport Rally Team and has been the Australian Rally Champion four times as co-driver with Neal Bates.

Coral is a passionate motoring enthusiast and has a strong interest in road safety issues, driver training and young drivers. She is a graduate of the Australian Institute of Company Directors. She is also a Director of Tamroc Enterprises Pty Ltd, a company engaged in the building industry and also sits on the of Board of the National Heavy Vehicle Regulator (NHVR).

She was inducted into the Australian Motor Sport Hall of Fame in March 2017.

> Coral forged an unconventional career path in motorsport and brings to the Board her passion for motoring, her knowledge of the automotive industry and a genuine desire to increase motorists' education and enjoyment of driving safely. Coral brings a customer service focus to the Board.

Term of office

Date first appointed (casual vacancy):
12 February 2008

Last re-elected: 5 December 2015

Retirement date: 12 February 2020

Committees

Member of the:
Governance, Compensation and Nomination Committee

Policy and Advocacy Committee

Former Director

Mr Kyle Loades
FAICD MBA

Term of office

Retirement date: 3 December 2017
Having served the maximum term of 12 years on the Board.

Company Secretary

Ms Gemma Piper
BSc (Hons), PG (Dip) Law, PG (Dip) Legal Practice, GIA (Cert)

Ms Gemma Piper is the General Counsel and Company Secretary of NRMA.

She was appointed as Company Secretary on 15 December 2017.

Mr Nick Mowat
FGIA, FCIS, SA Fin, AAICD, AAIST

Ceased as Company Secretary on 14 December 2017

Board meetings

The Board schedules regular face-to-face meetings during the year. Additional meetings are called, usually by telephone, to deal with specific matters needing attention between the scheduled meetings. During FY18 the Board met seven times. Board meetings have been held in the offices at York Street, Sydney and Murray Rose Avenue, Sydney Olympic Park.

They also occasionally make decision through written resolutions. During the year the Board passed three resolutions in this way.

The Chair and the Group CEO, with advice from the Company Secretary, establish Board agendas to ensure Board meetings have adequate coverage of items related to strategy review and delivery, financial and operational performance and other major areas of business focus, during the year.

Papers for Board and Committee meetings are prepared by senior management and circulated electronically to Directors in advance. Senior management attends the meeting for their agenda item, giving the Directors an opportunity to discuss with and ask them questions.

Meetings attended by Directors for the past financial year are detailed below:

Directors	Board of Directors			Audit & Risk Management Committee			Data, Digital & Technology Committee			Finance & Investments Committee			Governance, Compensation & Nomination Committee			Policy & Advocacy Committee		
	Held	Attend		Held	Attend		Held	Attend		Held	Attend		Held	Attend		Held	Attend	
Mr D Bentham	10	10		4	4						4	4V		1	1V	4	4	
Ms R Botsman	9	7	1A, 1N				1	1	1N	5	4	1A, 2N						
Ms K Lundy	10	8	2A				2	2								4	3	1A
Mr K Loades*	5	5		2	2		1	1		3	3		2	2		2	2	
Ms M Mastroianni	10	10		4	4					7	7						1	1V
Ms F Simson	10	9	1A	4	4		2	2~		7	7~		6	6~		4	4	
Ms D Stanwell°	1	1									1	1V						
Ms C Taylor	10	10									1	1V	6	6		4	3	1A
Mr T Trumper	10	10		2	2^		2	2		7	7		6	6		2	2^	

*Kyle Loades retired as a Director on 3 December 2017.
°Derek Stanwell was appointed to the Board on 14 May 2018, and FIC on 6 June 2018.
^Tim Trumper is an ex-officio member of ARMC and PAC from 4 December 2017
~Fiona Simson is an ex-officio member of DDTC, FIC and GCNC.

(V) Visitor
(N) Not provided notice of meeting as outside of Australia
(A) Absent

Board Committees

The Board has four Committees that have delegated authority to assist the Board to perform its functions. A fifth Committee, the DDTC, was determined by the Board to be no longer required and ceased on 30 April 2018. All Committees have a Charter and Protocol by which they operate which the Board approves and reviews regularly.

They are available at mynrma.com.au/community/corporate-information/board-of-directors

The Committees, what they oversee and their areas of focus during the period are set out below.

The NRMA Board

Audit and Risk Management Committee

The ARMC Oversees

- External audit and statutory reporting.
- Internal audit.
- Risk management.
- Workplace health and safety practices and environment.
- Legislative compliance.
- Business continuity and crisis management.
- Tax and tax governance.

Areas of focus in FY18

- Recommended the Board approve Financial Report, Directors' Report and Auditor Report.
- Reviewed the independence of the external auditor.
- Reviewed six monthly the critical risks review and six monthly the full risk review.
- Reviewed the risk appetite statement and recommended the Board approve.
- Reviewed the safety incidents, investigation and mitigating actions.
- Reviewed workplace health and safety and the activities undertaken to protect employees, members and customers.
- Approved the external audit scope and plan.
- Approved the annual internal audit and three year strategic internal audit plan.
- Reviewed each of the internal audit reports and monitored the actions to address the internal audit findings.
- Reviewed the annual performance to the NRMA Compliance Framework.
- Reviewed the annual NRMA insurance renewal.
- Approved the revised Tax Management Framework and Tax Policy.
- Recommended the Board approve the NRMA updated crisis management and business continuity plans and training plan.
- Monitored crisis management and/or business continuity incidents.
- Monitored any items raised on the ethics hotline and the progress of investigations through to completion.
- Received and considered updates, including on:
  - implementing new accounting standards
  - implementing Single Touch Payroll legislation, and
  - emerging issues e.g. changes to Whistleblower legislation.

Finance and Investments Committee

The FIC Oversees

- Investment policy, strategy and objectives.
- Review of the investment policy statement.
- Performance of the investment portfolio including risk and return objectives, allocations, benchmarks and ranges, the appointment and removal of asset consultants, investment managers, advisors and custodians and performance against objectives.
- Capital management and debt assurance practices.

Areas of focus in FY18

- Recommended the Board approve changes to the Investment Policy Statement.
- Reviewed options related to the NRMA hotel and property portfolio.
- Reviewed corporate development opportunities in line with the NRMA strategy.
- Reviewed and monitored the performance of the investment portfolio and approved changes.
- Received and considered updates on:
  - delivery of the holiday parks expansion strategy, and
  - the integration of the My Fast Ferry business into the NRMA.

The NRMA Board

Governance, Compensation and Nomination Committee

The GCNC oversees

- Remuneration strategy including performance linked incentive schemes, market trends, rates and benchmarking of executive remuneration.
- Recommendations for increases in the Directors' fee pool, for consideration by Members at the AGM.
- Succession planning for the Group CEO and Executive leadership team.
- Culture and diversity responsibilities.
- Nomination for appointment to the Board for casual vacancies and as Appointed Directors.
- Corporate Governance practices and policies.

Areas of focus in FY18

- Discussed Board succession throughout the year.
- Recommended the Board approve the board skills matrix.
- Recommended the Board approve the skills sought in candidates for the recruitment of Appointed Directors.
- Recommended the Board approve the appointment of an independent recruitment firm to provide a short-list of candidates to fill the Appointed Director positions.
- Recommended to the Board candidates for the Appointed Director positions.
- Reviewed the NRMA culture and direction.
- Reviewed the GCEO performance and approved incentive plan payment.
- Discussed succession of the Chair with Mr Loades retirement on 3 December 2017.

Policy and Advocacy Committee

The PAC oversees

- The integrity and implementation of the annual advocacy plan.
- Development and approval of public policy advocacy positions.

Areas of focus in FY18

- Monitored the delivery of the advocacy priorities.
- Received and considered insights from the advocacy survey of Members.
- Considered and as relevant approved policy papers, including on autonomous vehicles, electric vehicles, road safety, fuel education and tourism, and submissions on state and federal budgets.
- Approved policy positions including for older drivers, electric vehicles, NSW road toll, distracted drivers, young drivers, driver training, driver fatigue, drug driving, driver data, Northern Beaches link, and the use of waterways for commuter and tourism purposes.
- Received and considered updates on the NRMA road safety education programs, community investments, and government and stakeholder relations.
- Briefed by key stakeholders including Australian Automobile Association, Infrastructure Australia.

Data, Digital and Technology Committee

Prior to 30 April 2018 the DDTC oversaw

- The data governance framework for Member and customer data.
- Strategic plans and policies for the use Membership data and use of digital technology to engage Members.
- Consideration of the global and industry trends and developments in the use of data, the use of digital technology to engage customers and the technology available in service delivery and operations.
- Technology in service delivery and operations.

Areas of focus in FY18

- Received and considered updates on:
  - data governance approach and maturity
  - cyber security and information security programs
  - innovative uses of data to grow business
  - data platform consolidation
  - digital priorities
  - improving data analytics
  - the connected car and Blue, and
  - the eCommerce customer experience.
- Reviewed the role of DDTC in the NRMA corporate governance structure and recommended the Board have responsibilities of DDTC given the important of data, digital and technology to the sustainable success of the NRMA and that DDTC cease to exist.

Remuneration

The key objective of the NRMA remuneration philosophy is to enable NRMA to attract, motivate and retain talented people to deliver long term value.

NRMA has continued to deliver strong financial performance in 2017-18 as we approach our centenary and continue to focus on the future beyond 2020.

Our reward strategy aims to deliver strong individual and team performance and behaviours that are aligned to the company values and expectations. The strategy is designed to encourage excellence in the delivery of long term business strategies, team business plans and individual performance objectives, and behaviours.

Executive remuneration

For executive and senior management remuneration, reward components are aligned to an individual's ability to execute the Group Strategy and achievement of annual business objectives. Within the 2017-18 financial year the NRMA values framework was embedded so that reward is based on two factors: performance and valued behaviours.

Directors' remuneration

Under the Constitution, the Directors' fee pool for the conduct of ordinary services is subject to review at 1 January in each year following any year in which no increase to the Directors' fee pool has been approved by Members at a general meeting. The Constitution sets out that in the year a review of the Directors' fee pool is undertaken the increase is the 'Percentage CPI Change'. The 'Percentage CPI Change' is defined as the percentage change between the September quarter before the 1 January review and the September quarter in the year prior, for the All Groups Consumer Price Index for the weighted average of eight capital cities as published by the Australian Bureau of Statistics.

As an increase in the Directors' fee pool was not proposed to Members at the 2017 AGM, on 1 January 2018 the Directors' fee pool was increased by the Percentage CPI Change of 1.8%, to $794,839.

A Director who is a member of a Committee receives Committee fees, however the Chair and Deputy Chair of the Board do not. The Board determined in 2017 that in line with the Directors' fee pool, Committee fees increase each of 1 January by the Percentage CPI Change.

The Director and Committee fees paid to each Director is available on the NRMA website www.mynrma.com.au/community/corporate-information/board-committees-charter-directors-fees

Key Management Personnel (KMP) remuneration

The table below relates to the NRMA Group as an aggregate of Directors and Executives remuneration (for the years ended 30 June 2018 and 2017) being the key management personnel (KMP). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Entity.

Long Term Incentive (LTI) was introduced on 1 July 2016 to attract and retain the right level of KMP critical to driving company results consistently, sustainably and aligned to member's interest.

At the conclusion of the year ended 30 June 2018, performance was assessed against LTI targets and the LTI was deemed payable with payment due on 1 July 2020. Payment in respect of 2017 is due to be paid on 1 July 2019. Payment in respect of both 2017 and 2018 is subject to meeting performance hurdles, in accordance with the LTI agreement.

	Consolidated	
	2018 ($)	2017 ($)
Short-term employment benefits	6,903,136	7,975,644
Post-employment benefits	302,366	365,646
Other long-term employment benefits	1,120,979	1,150,425
Termination benefits	318,108	760,215
Total	**8,644,589**	**10,251,930**

Significant changes since 30 June 2017 involved key management personnel movements, as tabled below:

Executive	Title	Commenced	Ceased
Peter Colacino	EGM Partnerships & Growth		29/06/2018
Paul Davies	EGM Travel & Touring		
Edward Debenham	EGM Strategy & Transformation		01/07/2017
Michael Gabriel	Group Chief Financial Officer		
Emma Harrington	Chief Customer Officer		
Cormac Hodgkinson	Chief Technology Officer		
Rohan Lund	Group Chief Executive Officer		
Elisabeth Rees	EGM People & Culture		31/12/2017
Samantha Taranto	Chief Operating Officer		05/07/2018
Tanja van Heerden	EGM People & Culture	01/12/2017	
Rachel Wiseman	Chief Investment Officer		

Our reward strategy aims to deliver strong individual and team performance and behaviours that are aligned to the company values and expectations.

Directors' report

The report of the Directors of National Roads and Motorists' Association Limited (the NRMA, Company or the Group) in respect of the Consolidated Entity consisting of the NRMA and its controlled entities (the Consolidated Entity) for the year ended 30 June 2018 has been prepared in accordance with the requirements of the Corporations Act 2001. The information below forms part of the Directors' Report.

- Principal activities of the consolidated entity on page 7 and how these activities assisted the entity to achieve its objectives on pages 28 to 29.
- Short and long term objectives of the entity and the strategy for achieving those objectives on page 22 to 23.
- Review of operations and activities for the reporting period on pages 28 to 29.
- Biographical information for the Directors and Company Secretary on pages 57 to 59.
- Officers who were key management personnel during the period on page 65.
- Board and Committee meetings and attendance on page 60.
- Key management personnel remuneration on page 64.
- Auditor's independence declaration on page 67.

Indemnification and Insurance of Officers

The NRMA has entered into standard form deeds of indemnity with the Directors named in this report, the Company Secretaries, Officers and former Directors and Officers of the NRMA and its related bodies corporate. In broad terms, they are indemnified against all liabilities, which may be incurred in the performance of their duties as Directors or Officers of the Company, except liability to the Company or a related body corporate, liability for a compensation order under the Corporations Act and liability arising from conduct involving a lack of good faith.

The NRMA also holds a Directors' and Officers' Liability Insurance policy on behalf of current and former Directors and Officers of the Company and its controlled entities. The period of the policy extends from 31 August 2017 to 31 August 2018. The policy prohibits disclosure of the nature of the liabilities and the amount of the premium in respect of that insurance.

Significant changes in the state of affairs

Other than as referred to in the review of operations and financial condition pages 28 and 29, there were no significant changes in the affairs of the Consolidated Entity during the year.

Matters subsequent to the end of the financial year

There have been no matters or circumstances that have arisen since 30 June 2018 up to the date of this report that would significantly affect:

- The operations of the Consolidated Entity;
- The results of those operations; and
- The state of affairs of the Consolidated Entity.

Signed in accordance with a resolution of the Directors.

Tim Trumper
Chair and Director

Fiona Simson
Deputy Chair and Director

21 August 2018

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Auditor's Independence Declaration to the Directors of National Roads & Motorists' Association Limited

As lead auditor for the audit of National Roads & Motorists' Association Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of National Roads & Motorists' Association Limited and the entities it controlled during the financial year.

Ernst & Young

Trent van Veen
Partner
21 August 2018

Sydney Olympic Park electric vehicle fast charging station

Section 6

Financial statements

Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Notes	2018 $000	2017 $000
Revenue	B2	**614,044**	527,458
Cost of goods sold	B3	**(47,490)**	(32,192)
Cost of providing services	B3	**(365,856)**	(324,360)
Gross profit		**200,698**	170,906
Administrative expenses	B3	**(187,248)**	(171,144)
Investment income	B2	**33,882**	38,491
Operating profit		**47,332**	38,253
Finance costs	B3	**(9,589)**	(5,322)
Share of net profits of equity accounted investments	F1	**42,766**	56,935
Operating profit before change in fair value of investments		**80,509**	89,866
Change in net fair value of investments		**48,744**	21,127
Profit before income tax		**129,253**	110,993
Income tax expense	B4	**(32,170)**	(18,003)
Net profit for the year		**97,083**	92,990
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Net fair value gain on available-for-sale financial assets		**17,114**	7,036
Exchange differences on translation of foreign operation		**(573)**	82
Cash flow hedges		**28**	117
Share of other comprehensive income of equity accounted investments		**31**	(517)
Income tax relating to those items		**(5,144)**	(1,956)
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain on defined benefit plan		**(1,335)**	2,937
Income tax relating to this item		**400**	(881)
Other comprehensive income for the year, net of tax		**10,521**	6,818
Total consolidated comprehensive income for the year		**107,604**	99,808

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2018

	Notes	2018 $000	2017 $000
Current assets			
Cash and cash equivalents	C1	**93,966**	80,524
Trade and other receivables	C2	**47,543**	24,430
Inventories		**1,724**	1,069
Income tax receivable		**-**	532
Other financial assets	D3	**9,100**	10,466
		152,333	117,021
Non-current assets classified as held for sale		**3,941**	2,387
Total current assets		**156,274**	119,408
Non-current assets			
Other financial assets	D3	**525,147**	445,424
Available-for-sale financial assets	D4	**91,577**	92,851
Derivative financial instruments		**10**	-
Property, plant and equipment	C3	**407,482**	315,683
Investment property	D5	**-**	69,000
Equity accounted investments	F1	**267,627**	242,081
Pension assets		**4,346**	5,466
Intangible assets and goodwill	C4	**296,254**	187,063
Total non-current assets		**1,592,443**	1,357,568
Total assets		**1,748,717**	1,476,976
Current liabilities			
Trade and other payables		**93,199**	72,649
Employee benefits provisions	E1	**28,685**	32,854
Income tax payable		**30,410**	-
Unearned income	C5	**119,346**	124,135
Customer deposits		**10,055**	8,438
Interest bearing liabilities	D6	**4,819**	62,725
Total current liabilities		**286,514**	300,801
Non-current liabilities			
Employee benefits provisions	E1	**4,702**	3,274
Provision for make good obligation		**2,558**	2,480
Deferred tax liabilities	B4	**117,848**	92,275
Derivative financial instruments		**-**	17
Unearned income	C5	**12,380**	13,795
Customer deposits		**5,129**	6,417
Interest bearing liabilities	D6	**194,362**	74,075
Contingent consideration	D7	**33,778**	-
Total non-current liabilities		**370,757**	192,333
Total liabilities		**657,271**	493,134
Net assets		**1,091,446**	983,842
Equity			
Reserves		**34,079**	22,623
Retained earnings		**1,057,367**	961,219
Total equity		**1,091,446**	983,842

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2018

2018	Available-for-sale reserve $000	Equity accounted reserve $000	Foreign currency reserve $000	Cash flow hedge reserve $000	Retained earnings $000	Total $000
At 1 July 2017	25,225	(2,326)	(259)	(17)	961,219	983,842
Net profit for the year	-	-	-	-	97,083	97,083
Other comprehensive income (net of tax)	11,980	21	(573)	28	(935)	10,521
Total comprehensive income for the year	11,980	21	(573)	28	96,148	107,604
Revaluation of available-for-sale investments	18,035	-	-	-	-	18,035
Recycled to income statement on disposal	(921)	-	-	-	-	(921)
Equity accounting	-	31	-	-	-	31
Translation of foreign subsidiary	-	-	(573)	-	-	(573)
Net gains on cash flow hedges	-	-	-	28	-	28
Actuarial loss on defined benefit plan	-	-	-	-	(1,335)	(1,335)
Deferred tax arising	(5,134)	(10)	-	-	400	(4,744)
At 30 June 2018	37,205	(2,305)	(832)	11	1,057,367	1,091,446

2017	Available-for-sale reserve $000	Equity accounted reserve $000	Foreign currency reserve $000	Cash flow hedge reserve $000	Retained earnings $000	Total $000
At 1 July 2016	20,300	(1,964)	(341)	(134)	866,173	884,034
Net profit for the year	-	-	-	-	92,990	92,990
Other comprehensive income (net of tax)	4,925	(362)	82	117	2,056	6,818
Total comprehensive income for the year	4,925	(362)	82	117	95,046	99,808
Revaluation of available-for-sale investments	16,533	-	-	-	-	16,533
Recycled to income statement on disposal	(9,497)	-	-	-	-	(9,497)
Equity accounting	-	(517)	-	-	-	(517)
Translation of foreign subsidiary	-	-	82	-	-	82
Net gains on cash flow hedges	-	-	-	117	-	117
Actuarial gain on defined benefit plan	-	-	-	-	2,937	2,937
Deferred tax arising	(2,111)	155	-	-	(881)	(2,837)
At 30 June 2017	25,225	(2,326)	(259)	(17)	961,219	983,842

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Nature and purpose of reserves

The available-for-sale reserve is used to record increments and decrements in the value of available-for-sale and non-current assets.

The equity accounted reserve is used to record increments and decrements in the reserves booked in equity accounted investments.

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income.

Consolidated statement of cash flows for the year ended 30 June 2018

	Notes	2018 $000	2017 $000
Cash flows from operating activities			
Receipts from members and customers		662,578	614,750
Payments to suppliers and employees		(561,497)	(527,341)
Dividends received		28,204	31,889
Interest paid		(7,205)	(2,523)
GST paid		(18,591)	(17,445)
Net cash flows from operating activities	C1	103,489	99,330
Cash flows used in investing activities			
Proceeds from disposal of investments		151,314	217,944
Proceeds from disposal of investment property		100,000	-
Proceeds from disposal of fixed assets and software		106,567	97,550
Equity accounted distributions		18,954	16,399
Outlays to acquire businesses	F2	(94,266)	(63,723)
Outlays for equity accounted investments		(1,715)	(3,750)
Loans repaid by external parties		103	790
Outlays for investments acquired		(206,520)	(143,159)
Outlays for fixed assets and software acquired		(226,019)	(185,668)
Net cash flows from investing activities		(151,582)	(63,617)
Cash flows used in financing activities			
(Repayments)/proceeds from finance leases		(27,384)	11,462
Proceeds/(repayments) from bank loans		88,919	(1,939)
Net cash flows used in financing activities		61,535	9,523
Net decrease in cash and cash equivalents		13,442	45,236
Cash and cash equivalents at the beginning of the financial year		80,524	35,288
Cash and cash equivalents at the end of the financial year	C1	93,966	80,524

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents

A

Notes to the consolidated financial statements

Corporate information

National Roads and Motorists' Association Limited is the ultimate Australian Parent entity. The financial report of National Roads and Motorists' Association Limited (the Parent or Company) and its controlled entities (the Consolidated Entity or the Group) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 21 August 2018.

National Roads and Motorists' Association Limited is a company limited by guarantee. In the event of a winding up, the Members undertake to contribute a sum not exceeding $2.10 per Member.

The Company's Constitution prevents the payment of dividends.

In accordance with the Terms and Conditions of Membership by which all Members are bound, only one person or corporate representative per Membership is entitled to voting rights. A Member who holds two or more Memberships is issued with a "duplicate Membership" and is not entitled to additional voting rights.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except certain non-current assets and financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated in accordance with Legislative Instrument 2016/191, issued by the Australian Securities and Investment Commission. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Accounting estimates and judgements

Preparation of the Financial Report requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements used in applying the accounting policies can be found in the following notes:

Accounting estimates and judgments	Notes	Page
Impairment of assets	C4	89
Revaluation of investment properties	D5	97
Accounting for acquisition of businesses	F2	104

A. Summary of significant accounting policies

The Group has consistently applied all accounting policies to all periods presented in these consolidated financial statements. Other significant accounting policies are contained in the notes to the financial statements.

(i) Basis of consolidation

The Financial Report incorporates the financial statements of the Company and entities controlled by the Group and its subsidiaries. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Financial Report includes the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries held by the Company are accounted for at cost in the separate financial statements of the Parent entity less any impaired charges. Where indicators of impairment exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(ii) Foreign currency

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation of assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except for qualifying cash flow hedges which are deferred to equity.

On consolidation the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Reporting date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the profit or loss on disposal of the foreign operation.

B

Business performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the year end, where relevant, the accounting policies applied and the critical judgements and estimates made.

B1. Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group CEO in assessing performance and in determining the allocation of resources.

The consolidated entity operates in Australia and New Zealand.

The operating segments are identified by the Group based on the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Group CEO on a recurring basis.

The reportable segments are based on a combination of operating segments determined by the similarity of the services provided, and the sources of the Group's major risks that could therefore have the greatest effect on the rates of return. The Group has determined that reportable segments are best represented as service lines.

The reportable segments identified within the Group are outlined below:

Service line	Segment description
Membership and motoring	Provision of road assistance, car servicing and other services to our Members and customers
Transport and tourism	Generates income from car rental, ferry services and holiday parks
Investments	Derives income from the Group's portfolio of investments

B1. Segment information continued

	Membership and motoring		Transport and tourism		Investments		The NRMA Group	
	2018 $000	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Revenue								
External revenue	**345,825**	328,568	**267,639**	198,890	**580**	-	**614,044**	527,458
External investment income	**440**	231	**123**	148	**33,319**	38,112	**33,882**	38,491
Total revenue and investment income	**346,265**	328,799	**267,762**	199,038	**33,899**	38,112	**647,926**	565,949
Results								
Segment operating profit	**(6,094)**	(9,682)	**25,054**	13,885	**28,372**	34,050	**47,332**	38,253
Share of profit of equity accounted investments	**-**	-	**-**	-	**42,766**	56,935	**42,766**	56,934
Movement in net fair value of investments			**(36)**	(3)	**48,780**	21,130		
Total reported segment results	**(6,094)**	(9,682)	**25,018**	13,882	**119,918**	112,115		
Finance costs							**(9,589)**	(5,322)
Profit before tax							**129,253**	110,993
Income tax expense							**(32,170)**	(18,003)
Net profit							**97,083**	92,990
Assets								
Segment assets	**194,560**	156,592	**583,797**	378,978	**702,733**	699,325	**1,481,090**	1,234,895
Equity accounted investments	**-**	-	**-**	-	**267,627**	242,081	**267,627**	242,081
Consolidated total assets							**1,748,717**	1,476,976
Liabilities								
Segment liabilities	**173,142**	170,622	**175,553**	191,626	**308,576**	130,886	**657,271**	493,134
Consolidated total liabilities							**657,271**	493,134

B2. Revenue and investment income

	2018 $000	2017 $000
Revenue from ordinary activities:		
Subscription and joining fees	**245,170**	249,508
Rendering of services	**312,309**	249,636
Sales of goods	**28,588**	12,347
Advertising and publishing revenue	**2,197**	2,416
Other revenue	**25,780**	13,551
Total revenue	**614,044**	527,458
Investment income		
Interest	**1,418**	1,795
Dividend	**26,966**	31,364
Rental income	**5,498**	5,332
Total investment income	**33,882**	38,491

(a) Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria below:

(i) Subscription and joining fees

Revenue from ongoing subscriptions are recognised on a straight-line basis over the term of the subscription. Revenue relating to the future periods is classified as unearned income on the balance sheet. Revenue from Members' entrance fees are recognised when received upon taking up Membership.

(ii) Rendering of services

Revenue from services rendered is recognised in the statement of profit or loss as the services are rendered for the businesses listed below:

- Car rental
- Vehicle servicing
- Holiday park accommodation
- Advertising and publishing
- Ferry passenger transit.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(iv) Other revenue

Other revenue relates to the provision of other services to Members, which is recognised as the service is rendered, and also includes the provision for payroll services for holiday parks managed contract arrangements.

(v) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(vi) Dividend income

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

(vii) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

B3. Expenses

	Notes	2018 $000	2017 $000
Profit before income tax includes the following expenses			
Cost of goods sold		**47,490**	32,192
Cost of providing services		**365,856**	324,360
Administrative expenses		**187,248**	171,144
Total cost of sales, cost of providing services and administrative expenses		**600,594**	527,696
These expenses relate to the following categories:			
Employee benefits expense		**240,805**	218,987
Fleet, road service and towing contractors expense		**103,620**	92,588
General and administrative expense		**72,000**	68,280
Marketing expense		**22,113**	19,780
Commissions and cost of sales expense		**60,453**	43,650
Printing and postage expense		**16,922**	17,857
Other expenses		**12,558**	11,364
		528,471	472,506
Depreciation	C3	**52,516**	42,222
Amortisation	C4	**19,607**	12,968
Total depreciation and amortisation		**72,123**	55,190
Total cost of sales, cost of providing services and administrative expenses		**600,594**	527,696
Finance costs			
Bank loans and overdraft		**7,085**	4,237
Defined benefit fund		**966**	1,004
Finance charges payable under finance leases		**-**	22
Provision discounting unwind		**1,538**	59
Total finance expense		**9,589**	5,322

Finance costs

Finance costs arise due to the defined benefit obligation and the impact of the unwinding of discounted provisions, such as the restoration obligation and contingent consideration, as the settlement date of the expected future obligation draws nearer. Borrowing costs and finance charges payable under finance lease and hire purchase contracts are also included in finance costs.

B4. Taxation

	2018 $000	2017 $000
Profit before income tax	**129,253**	110,993
Income tax expense calculated at 30% (2017: 30%)	**38,776**	33,298
Tax effect of permanent differences:		
Tax losses not previously recognised	**-**	(11,810)
Tax offsets	**(2,689)**	(2,619)
Non-deductible capital loss	**-**	-
Non-deductible net mutual (benefit)/expense	**(4,282)**	(1,192)
Adjustment recognised in the current year in relation to:		
- the current tax of prior years	**(320)**	22
- the deferred tax of prior years	**(509)**	97
Non-deductible acquisition related costs	**1,082**	-
Other	**112**	207
Total tax expense	**32,170**	18,003
Current tax expense	**29,305**	1,142
Deferred tax	**2,865**	16,861

Taxable income and deductible temporary difference arise from the following:

2018 $000	Opening balance	Charged to income	Charged to equity	Acquisition of subsidiary	Net balance at 30 June	Deferred tax assets	Deferred tax liability
Trade and other receivables	**(1,275)**	**(166)**	**-**	**5**	**(1,436)**	**-**	**(1,436)**
Fair value through profit and loss financial assets	**(11,446)**	**(1,431)**	**-**	**-**	**(12,877)**	**-**	**(12,877)**
Available-for-sale financial assets	**(10,998)**	**184**	**(5,135)**	**-**	**(15,949)**	**-**	**(15,949)**
Equity accounted investments	**(49,549)**	**(7,343)**	**(9)**	**-**	**(56,901)**	**-**	**(56,901)**
Property, plant and equipment	**(13,108)**	**9,624**	**-**	**-**	**(3,484)**	**-**	**(3,484)**
Intangibles	**(15,375)**	**1,097**	**-**	**(18,270)**	**(32,548)**	**-**	**(32,548)**
Investment property	**(3,406)**	**3,406**	**-**	**-**	**-**	**-**	**-**
Defined benefit asset	**(1,639)**	**(64)**	**400**	**-**	**(1,303)**	**-**	**(1,303)**
Lease liability	**9,912**	**(7,961)**	**-**	**-**	**1,951**	**1,951**	**-**
Trade and other payables	**1,956**	**(822)**	**-**	**125**	**1,259**	**1,259**	**-**
Provisions	**1,312**	**374**	**-**	**73**	**1,759**	**1,759**	**-**
Other assets & liabilities	**1,341**	**237**	**-**	**103**	**1,681**	**1,681**	**-**
Tax assets/(liabilities) before set-off	**(92,275)**	**(2,865)**	**(4,744)**	**(17,964)**	**(117,848)**	**6,650**	**(124,498)**
Set-off of DTA against DTL					**-**	**(6,650)**	**6,650**
Net tax assets/(liabilities)					**(117,848)**	**-**	**(117,848)**

B4. Taxation continued

2017 $000	Opening balance	Charged to income	Charged to equity	Acquisition of subsidiary	Net balance at 30 June	Deferred tax assets	Deferred tax liability
Trade and other receivables	(1,241)	(88)	-	54	(1,275)	-	(1,275)
Fair value through profit and loss financial assets	(9,116)	(2,330)	-	-	(11,446)	-	(11,446)
Available-for-sale financial assets	(8,937)	50	(2,111)	-	(10,998)	-	(10,998)
Equity accounted investments	(34,736)	(14,968)	155	-	(49,549)	-	(49,549)
Property, plant and equipment	(9,055)	(3,745)	-	(308)	(13,108)	-	(13,108)
Intangibles	(9,616)	300	-	(6,059)	(15,375)	-	(15,375)
Investment property	(3,406)	-	-	-	(3,406)	-	(3,406)
Defined benefit asset	(712)	(46)	(881)	-	(1,639)	-	(1,639)
Lease liability	6,500	3,412	-	-	9,912	9,912	-
Trade and other payables	1,196	760	-	-	1,956	1,956	-
Provisions	1,085	227	-	-	1,312	1,312	-
Other assets & liabilities	1,774	(433)	-	-	1,341	1,341	-
Tax assets/(liabilities) before set-off	(66,264)	(16,861)	(2,837)	(6,313)	(92,275)	14,521	(106,796)
Set-off of DTA against DTL					-	(14,521)	14,521
Net tax assets/(liabilities)					(92,275)	-	(92,275)

(a) Recognition and measurement

Tax payable

The company income tax payable this year has been offset by franking credits passed on by its investment portfolio. The franking credits represent income tax already paid by entities within the investment portfolio. In addition, the NRMA is a Mutual organisation and as such derives income and incurs costs in its transactions with Members as owners of the company. These transactions with Members are not subject to company income tax.

Tax losses

The Group has no income tax losses or net capital losses available to be utilised in the future period (2017: $nil)

(i) Current tax

Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

(ii) Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis, where there is a legally enforceable right offset.

(iii) Tax consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax-consolidated group under Australian taxation law. National Roads and Motorists' Association Limited is the head entity of 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 group allocation 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).

Tax contribution amounts payable to or receivable by the Company are recognised in accordance with the Group's tax funding arrangements. To the extent the tax contribution amounts determined under the tax funding arrangement differ to the current tax liability or asset assumed by the Company in respect of a particular entity, the difference is recognised as a contribution from (or distribution to) equity participants.

C

Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group. The NRMA has a strong focus on maintaining a strong balance sheet through continued focus on cash conversion. The Group's strategy also considers expenditure, growth and asset management requirements.

C1. Reconciliation of cash flow from operating activities

	Notes	2018 $000	2017 $000
Reconciliation to cash flow statement:			
Cash at bank and in hand		**93,966**	80,524
		93,966	80,524

C1. Reconciliation of cash flow from operating activities continued

	Notes	2018 $000	2017 $000
Net profit		**97,083**	92,990
Non-cash items			
(Profit)/loss on disposal of non-current assets		**(1,968)**	197
Depreciation and amortisation	B3	**72,123**	55,190
Change in net fair value of investments		**(17,780)**	(21,127)
Acquisition related costs	F2	**3,572**	3,040
Defined benefit plan		**(149)**	(838)
Equity accounted investments (profit)	F1	**(42,766)**	(56,935)
Finance cost		**1,538**	80
(Increase)/decrease in operating assets			
Trade and other receivables		**(20,507)**	6,289
Inventories		**(188)**	(42)
Non-current assets held for sale		**(1,554)**	1,209
(Decrease)/increase in operating liabilities			
Payables		**(9,276)**	2,018
Income tax payable		**29,333**	717
Provisions		**(2,663)**	677
Unearned income		**(6,204)**	(2,174)
Customer deposits		**1,318**	1,428
Security deposit		**(1,288)**	(40)
Net deferred tax liability		**2,865**	16,651
Net cash from operating activities		**103,489**	99,330

(a) Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash is held as part of the investment strategy.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the representative short-term deposit rates.

C2. Trade and other receivables

	2018 $000	2017 $000
Trade receivables	**28,963**	12,275
Allowance for impairment loss (a)	**(986)**	(985)
	27,977	11,290
Prepayments	**8,363**	8,518
Other receivables (b)	**11,203**	4,622
	47,543	24,430
Movements in the allowance for impairment loss were as follows:		
At 1 July	**(985)**	(1,215)
Charges for year	**(395)**	(231)
Amounts written back	**10**	-
Amounts written off	**384**	461
At 30 June	**(986)**	(985)

(a) Recognition and measurement

Trade receivables and other receivables are initially recognised at fair value less an allowance for any uncollectible amounts. Trade receivables are non-interest bearing.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 91 days overdue are considered objective evidence of impairment. The amount of impairment loss is the receivable carrying amount.

At the reporting date, trade receivables of $986,000 (2017: $985,000) were past due and considered impaired.

(b) Trade and other receivables ageing

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

	Total $000	Current $000	0-30 days $000	31-60 days $000	61-90 days $000	91+ days $000
2018 Consolidated	**28,963**	**20,321**	**3,962**	**1,537**	**1,147**	**1,996**
2017 Consolidated	12,275	7,823	2,912	762	420	358

Trade receivables of $1.01 million (2017: nil) were past due, but not impaired. Each business unit is satisfied that payment will be received in full.

(i) Other receivables

These include prepayments and other receivables incurred under normal terms and conditions and which do not earn interest. None of these balances are considered to be past due or impaired.

(ii) Fair value

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

C3. Property, plant and equipment

	Land and buildings $000	Leasehold improvements $000	Leased motor vehicles $000	Motor vehicles $000	Plant and equipment $000	Marine vessels $000	Total $000
Year ended 30 June 2018							
At 1 July 2017	**133,184**	**20,185**	**32,786**	**106,109**	**23,419**	**-**	**315,683**
Additions	**347**	**4,192**	**2,415**	**189,348**	**9,047**	**4,463**	**209,812**
Acquisition of businesses	**14,849**	**-**	**-**	**59**	**1,296**	**22,425**	**38,629**
Transfers	**-**	**-**	**(24,513)**	**24,513**	**1,174**	**-**	**1,174**
Disposals	**(1,564)**	**(122)**	**-**	**(102,620)**	**(293)**	**-**	**(104,599)**
Depreciation charge for the year	**(5,092)**	**(2,266)**	**(4,271)**	**(33,934)**	**(6,416)**	**(537)**	**(52,516)**
Foreign exchange differences	**-**	**-**	**-**	**(648)**	**(53)**	**-**	**(701)**
At 30 June 2018	**141,724**	**21,989**	**6,417**	**182,827**	**28,174**	**26,351**	**407,482**
Cost	**175,797**	**33,564**	**8,733**	**223,990**	**60,985**	**31,470**	**534,539**
Accumulated depreciation	**(34,073)**	**(11,575)**	**(2,316)**	**(41,163)**	**(32,811)**	**(5,119)**	**(127,057)**
Year ended 30 June 2017							
At 1 July 2016	99,729	17,989	21,398	106,056	14,175	-	259,347
Additions	12,593	1,847	34,961	106,539	11,154	-	167,094
Acquisition of businesses	23,919	2,121	-	-	3,249	-	29,289
Transfers	-	-	(17,311)	17,311	-	-	-
Disposals	(225)	-	-	(96,843)	(793)	-	(97,861)
Depreciation charge for the year	(2,832)	(1,772)	(6,262)	(26,990)	(4,366)	-	(42,222)
Foreign exchange differences	-	-	-	36	-	-	36
At 30 June 2017	133,184	20,185	32,786	106,109	23,419	-	315,683
Cost	162,463	29,419	37,740	138,267	57,604	-	425,493
Accumulated depreciation	(29,279)	(9,234)	(4,954)	(32,158)	(34,185)	-	(109,810)

C3. Property, plant and equipment continued

(a) Recognition and measurement

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Item	Useful life	Depreciation method
Land	n/a	No depreciation
Buildings	20-40 years	Straight-line
Leasehold improvements	Life of lease	Straight-line
Leased motor vehicles	Life of lease	Straight-line
Motor vehicles	2-9 years	Straight-line
Plant and equipment	2.5-13 years	Straight-line
Marine vessels	13-20 years	Straight-line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

For detail on the approach to testing for impairment refer to note C4.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

C4. Intangible assets and goodwill

	Land use rights $000	Software $000	Goodwill $000	Licence agreement $000	Contracts $000	Total $000
Year ended 30 June 2018						
At 1 July 2017, net of accumulated amortisation	**33,674**	**89,140**	**36,008**	**8,043**	**20,198**	**187,063**
Additions	**-**	**20,489**	**-**	**-**	**1,000**	**21,489**
Acquisition of businesses	**-**	**142**	**47,468**	**-**	**60,900**	**108,510**
Transfer	**-**	**(1,174)**	**-**	**-**	**-**	**(1,174)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**
Amortisation expense	**(1,028)**	**(14,654)**	**-**	**(518)**	**(3,407)**	**(19,607)**
Foreign exchange differences	**-**	**(27)**	**-**	**-**	**-**	**(27)**
At 30 June 2018	**32,646**	**93,916**	**83,476**	**7,525**	**78,691**	**296,254**
Gross carrying amount	**47,886**	**142,337**	**83,476**	**14,047**	**82,098**	**369,844**
Accumulated amortisation	**(15,240)**	**(48,421)**	**-**	**(6,522)**	**(3,407)**	**(73,590)**
Year ended 30 June 2017						
At 1 July 2016, net of accumulated amortisation	34,694	80,781	15,905	8,532	-	139,912
Additions	-	19,793	-	-	-	19,793
Acquisition of businesses	-	-	20,103	-	20,198	40,301
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Amortisation expense	(1,020)	(11,459)	-	(489)	-	(12,968)
Foreign exchange differences	-	25	-	-	-	25
At 30 June 2017	33,674	89,140	36,008	8,043	20,198	187,063
Gross carrying amount	47,886	131,409	36,008	14,057	20,198	249,558
Accumulated amortisation	(14,212)	(42,269)	-	(6,014)	-	(62,495)

(a) Recognition and measurement

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If this consideration is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the profit or loss as a bargain purchase.

(ii) Research and development

The Group is undertaking a number of development projects aimed at producing new products and services, along with the on-going investment in information technology systems.

Expenditure on research into areas such as potential new products and services is recognised as an expense as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Given the significant investment, there is an element of judgement in respect of the recoverability of the asset values and in the classification of expenditure as capital rather than on going operational in nature.

C4. Intangible assets and goodwill continued

(iii) Amortisation

Where applicable, amortisation is calculated on a straight-line basis over the estimated finite life of the intangible assets as follows:

- Licence agreement – over the life of the licence.
- Land use rights – over the expected life of the lease.
- Software – over 2.5 to 10 years.
- Contracts – over 3 to 18 years.

(iv) Impairment of assets

Intangible assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (or when the asset is not yet available for use, annually or more frequently when an indication of impairment arises during the reporting period).

Equity accounted investments are reviewed annually for indicators of impairment (or more frequently if events or changes in circumstances indicate that they might be impaired).

Key estimate and judgement: Impairment of assets

Determination of potential impairment requires an estimation of the recoverable amount of the cash generating units (CGU's) to which the goodwill and intangible assets with indefinite useful lives are allocated. In 2018, the Group used "value in use method" (2017: "the fair value less costs of disposal") to determine the recoverable amount. A valuation methodology based on a discounted cashflow (DCF) analysis was completed, using inputs including estimated maintainable operating profit applying mutual tax rates and an appropriate discount rate and growth rate.

The recoverable amount of the asset is determined as the higher of the fair value less costs of disposal and the value in use.

If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets (CGUs). Goodwill is allocated to each of the Group's CGUs that are expected to benefit from the business combination in which the goodwill arose. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income.

C4. Intangible assets and goodwill continued

The following table summarises the quantitative information about the significant unobservable inputs used in measuring the recoverable value of the Holiday Parks. These inputs are further shown below:

Description	Carrying value at 30 June 2018 $000	Unobservable inputs	Range of inputs (probability-weighted average) 2018	Relationship of unobservable inputs to fair value
Goodwill - Holiday Parks	**47,615**	WACC discount rate	**8.38%**	The higher the WACC rate, the lower the fair value
		Growth rate	**2.7%**	The higher the growth rate, the higher the fair value

The discount rate is calculated at the weighted average cost of capital utilising the capital asset pricing mechanism. The growth rate utilised is benchmarked against long term industry averages and historical growth rates achieved by the Holiday Park business.

These value in use assessments, and utilisation of above inputs support the carrying value of goodwill associated with these Holiday Parks at 30 June 2018.

Goodwill arising from the acquisition of Ferries has not been impairment tested given the proximity of the acquisition to year end and its value approximating fair value.

Impact of possible changes in key assumptions

A reasonably possible change in the key assumptions outlined above, including a increase of WACC discount rate and/or decrease in growth rate of 1% could potentially cause the carrying value of the CGUs to exceed their recoverable amount, and result in an impairment.

C5. Unearned income

	2018 $000	2017 $000
Current liabilities	**119,346**	124,135
Non-current liabilities	**12,380**	13,795

(a) Recognition and measurement

Roadside subscriptions comprise amounts received from Members for roadside assistance. The earned portion of subscriptions received is recognised as revenue evenly over the subscription period using the 365 day method (earned over one year). Revenue received applicable to the unexpired period of the subscription term is recognised as unearned income. Entrance fees are recognised as revenue upon receipt.

D $

Financial instruments

This section provides information relating to the Group's capital structure, its investment portfolio and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed.

D1. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, which include: market risk (mainly price risk as the Group has minimal exposure to interest rate risk and foreign exchange risk which are not material), credit risk and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit and liquidity risk.

Financial risk management is carried out by the Chief Financial Office (CFO) team under policies approved by the Board of Directors (the Board). The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on the use of financial instruments and other derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuing basis.

The Parent is not exposed to any significant financial risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Section D to the financial statements.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk is minimal. Interest rate risk arises from floating rate borrowings and capped bank loan facilities. It also has third party borrowings in the form of finance leases.

Further details of the Group's interest bearing liabilities are provided in note D6.

(ii) Foreign exchange risk

While the Group transacts in a range of currencies and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand Dollar, this exposure is minimal as the Group's volume of overseas transactions is low.

The Group does not enter into forward exchange contracts to hedge foreign currency denominated receivables and payables.

(iii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as other non-current financial assets. The investment balance is comprised of available-for-sale investments that are revalued through reserves and investments that are designated at fair value through the profit or loss account.

The Group's available-for-sale investments are in IAG Limited shares that are publicly traded on the Australian Stock Exchange and in a Macquarie Australian equity fund.

The table below analyses the Group's other investments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2018 $000	2017 $000
Investment Category		
Australian shares	**207,354**	220,482
International shares	**70,699**	45,645
Fixed interest securities	**175,661**	104,213
Diversified unit trust	**71,433**	75,084
Available-for-sale — Australian shares	**91,577**	92,851
Total	**616,724**	538,275

D1. Financial risk management objectives and policies continued

Group sensitivity

The following table analyses the sensitivity of price risk on the Group's financial assets. The group is not exposed to price risk on financial liabilities.

A 10% strengthening or weakening of market prices at the reporting date would have changed the result by the amounts shown in the below table.

		Price risk			
		-10%		+10%	
	Carrying amount $000	Profit $000	Equity $000	Profit $000	Equity $000
2018					
Financial assets	**616,724**	**(32,132)**	**(9,158)**	**32,132**	**9,158**
Total increase/(decrease)		**(32,132)**	**(9,158)**	**32,132**	**9,158**
2017					
Financial assets	538,275	(32,872)	(9,285)	32,872	9,285
Total increase/(decrease)		(32,872)	(9,285)	32,872	9,285

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is managed on a business unit basis. No business unit has a significant concentration of credit risk. Each business unit has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any guarantees over the debts of customers.

For information on the ageing profile and impairment of trade receivables refer to note C2(b).

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table opposite analyses the Group's financial liabilities, financial guarantees and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

D1. Financial risk management objectives and policies continued

The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 month $000	Between 1 and 3 months $000	Between 3 and 12 months $000	Between 1 and 5 years $000	Total $000
2018					
Trade payables	**15,605**	**2,347**	**319**	**217**	**18,488**
Interest bearing liabilities	**36,332**	**98,844**	**58,512**	**-**	**193,688**
Customer deposits[1]	**2,486**	**5,895**	**4,343**	**2,460**	**15,184**
2017					
Trade payables	15,736	3,450	2,068	132	21,386
Interest bearing liabilities	9,190	7,487	36,180	84,732	137,589
Customer deposits[1]	1,532	3,865	3,041	6,416	14,854

[1]Customer deposits are only repayable if the underlying service is not provided.

Where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g. inventories and trade receivables).

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

D2. Fair value estimation

The Directors consider that the carrying amount of financial assets, financial liabilities and the investment property recorded in the statement of financial position approximate their fair values.

The Group uses various methods in estimating the fair value of these assets and liabilities. The methods comprise:

Level 1
The fair value is calculated using quoted prices in active markets.

Level 2
The fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3
The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	Quoted market price (Level 1) $000	Valuation technique – market observable inputs (Level 2) $000	Valuation technique – non market observable inputs (Level 3) $000	Total $000
2018				
Financial assets				
Listed investments	**449,526**	**-**	**-**	**449,526**
Available-for-sale investments	**91,577**	**-**	**-**	**91,577**
Unlisted investments	**-**	**75,621**	**-**	**75,621**
Investment property	**-**	**-**	**-**	**-**
	541,103	**75,621**	**-**	**616,724**
Financial liabilities				
Interest rate swap contracts	**-**	**10**	**-**	**10**
2017				
Financial assets				
Listed investments	387,452	-	-	387,452
Available-for-sale investments	92,851	-	-	92,851
Unlisted investments	-	57,972	-	57,972
Investment property	-	-	69,000	69,000
	480,303	57,972	69,000	607,275
Financial liabilities				
Interest rate swap contracts	-	(17)	-	(17)

D2. Fair value estimation continued

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

(i) Valuation techniques used to determine level 1 and level 2 fair values

The total value of financial instruments traded in active markets (such as trading and available-for-sale) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include unlisted unit trusts valued at the redemption value per unit, as reported by the managers of such trusts.

The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2.

(ii) Valuation techniques and processes used to determine level 3 fair values

The Group engages external, independent and qualified valuers to determine the fair value of its land and buildings classified as investment property at least every three years. The property was sold during financial year end 30 June 2018 with no further adjustments performed since the last independent valuation.

D3. Other financial assets

Current	2018 $000	2017 $000
Other investment receivables	**9,027**	10,266
Interest bearing loan to third party	**73**	200
	9,100	10,466

Non-current		
Investments designated at fair value through the profit or loss:		
Cash – long term deposits	**28,164**	12,718
Australian shares	**206,165**	217,350
International shares	**68,699**	44,015
Fixed interest securities fund	**174,662**	103,212
Diversified unit trust	**43,269**	62,366
At amortised cost:		
Unlisted investments	**4,188**	5,763
	525,147	445,424

(a) Recognition and measurement

The Group classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables,
- Held-to-maturity investments, and
- Available-for-sale financial assets.

Management determines the classification of its investments at initial recognition depending on the purpose for, which the investments were acquired or originated and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(i) Financial assets at fair value through profit or loss

The Group has classified certain financial assets at fair value through profit or loss. Fair value is determined in the manner described in note D2. Gains and losses arising from changes in fair value are recognised directly in the statement of profit or loss. Financial assets at fair value through profit or loss are designated as such on the basis that this group of financial assets are managed and performance is evaluated on a fair value basis in accordance with a documented investment strategy and information about the portfolio is provided internally on this basis to the Group's key management personnel.

(ii) Loans and receivables and held-to-maturity investments

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

(b) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

D4. Available-for-sale financial assets

	2018 $000	2017 $000
Available-for-sale investments	**91,577**	92,851

(a) Recognition and measurement

Available-for-sale financial assets are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the profit or loss for the year.

(b) Impairment

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

D5. Investment property

	2018 $000	2017 $000
At 1 July	**69,000**	69,000
Disposal through sale	**(100,000)**	-
Change in net fair value	**31,000**	-
At 30 June	**-**	69,000

(a) Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value (refer to note D2 (ii)), which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

(b) Disposal of Investment property

The disposal of the investment property was achieved by entering into a sale agreement on 22 June 2018. Change in net fair value arising from the disposal of property was determined as the difference between the net disposal proceeds and the carrying amount of the asset which is recognised in the income statement under change in net fair value of investments.

(c) Amounts recognised in the statement of profit or loss for investment properties

	2018 $000	2017 $000
Amounts recognised in the statement of profit or loss for investment properties		
Rental income derived from investment properties	**5,498**	5,100
Direct operating expenses generating rental income	**-**	-
Net profit arising from investment properties carried at fair value	**5,498**	5,100

D6. Interest bearing liabilities

	2018 $000	2017 $000
Current liabilities		
Bank loan	**-**	35,433
Obligations under finance leases	**4,819**	27,292
	4,819	62,725
Non-current liabilities		
Bank loan	**192,680**	68,328
Obligations under finance leases	**1,682**	5,747
	194,362	74,075

D6. Interest bearing liabilities continued

(a) Recognition and measurement

All loans and interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and interest bearing liabilities. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Assets held as security

In 2018 the Group established a A$250 million dual-currency revolving cash advance facility. This facility refinanced existing debt facilities in Australia and New Zealand and provides capacity for future growth. Under the new facility all wholly owned subsidiaries have provided customary negative pledge undertakings and are subject to financial undertakings. Kingmill Pty Ltd and Motoka Rentals Limited (New Zealand) have retained their existing finance lease facilities.

(c) Financial commitments

At the reporting date, the following financing facilities had been negotiated and were available:

	Total facilities		Used facilities		Unused facilities	
	2018 $000	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Corporate debt facility	**250,000**	123,898	**193,688**	103,762	**56,312**	20,136
Leasing facility[1]	**49,172**	59,559	**6,518**	33,111	**42,654**	26,448
Corporate card facility	**3,587**	1,451	**292**	227	**3,295**	1,224
Bank guarantees	**22,887**	20,270	**21,611**	17,915	**1,276**	2,355
	325,646	205,178	**222,109**	155,015	**103,357**	50,163

[1]The Leasing facility is a multi-option facility that can be drawn in the form of either finance leases or operating leases. At 30 June 2018, $68,000 (2017: $72,000) of the facility was drawn in the form of operating leases. Refer to note G2 for the accounting treatment of finance leases and operating leases.

D7. Contingent consideration

	2018 $000	2017 $000
Non-current liabilities		
At 1 July	**-**	-
Liability arising on business combination	**32,300**	
Unrealised fair value changes recognised in profit or loss	**1,478**	-
At 30 June	**33,778**	-

Recognition and measurement

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is measured at the amount of cash and cash equivalents transferred, the fair value of any equity instruments transferred and the fair value of any contingent consideration arrangement. Subsequent changes to the fair value of the contingent consideration which is classified as a financial liability that is within the scope of AASB 139 are recognised in profit or loss.

The Group has agreed to pay the selling shareholders a further $32.3m in consideration, based on the probability of meeting financial and other targets. The Group engaged experts to value the components of the contingent consideration using assumptions on probability of achieving targets. The amount recognised at acquisition represents the discounted value of the contingent consideration.

E

Employee benefits

This section provides a breakdown of the various employee entitlements the NRMA provides to reward and recognise employees and key executives, including Key Management Personnel (KMP). The NRMA believes these entitlements reinforce the Group's values and drive performance both individually and collectively to deliver better outcomes for Members.

E1. Employee benefits

	2018 $000	2017 $000
Employee benefits provision		
Current	**28,685**	32,854
Non-current	**4,702**	3,274
Total	**33,387**	36,128

(a) Recognition and measurement

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as workers compensation insurance, superannuation and payroll tax.

	Notes	**2018 $000**	2017 $000
Employee benefits expense			
Defined contribution superannuation		**15,391**	12,169
Employee benefits		**225,414**	206,818
Total	B3	**240,805**	218,987

(b) Superannuation

Contributions are made to various defined contribution superannuation plans and a defined benefit superannuation plan in accordance with their governing rules and, for the defined benefit superannuation plan, recommendations from the plan's actuaries, which are designed to ensure that the plan's funding provides sufficient assets to meet liabilities over the longer term. The majority of employees are defined contribution members with less than 100 employees participating on a defined benefits basis. Entry to the defined benefit superannuation plan is closed so all new employees are provided defined contribution arrangements. The plans provide benefits for Members or their dependents in the form of lump sum or pension payments generally upon ceasing relevant employment.

E2. Key management personnel compensation and related party transactions

	2018	2017
Short term employee benefits	**6,903,136**	7,975,644
Post-employment benefits	**302,366**	365,646
Other long term benefits	**1,120,979**	1,150,425
Termination benefits	**318,108**	760,215
Total	**8,644,589**	10,251,930

The compensation of the Directors and Executives, being the key management personnel of the Group, is set out in aggregate above.

(a) Transactions with related parties

The wholly-owned Group consists of National Roads and Motorists' Association Limited and its wholly-owned Controlled Entities. Ownership interests in these Controlled Entities are set out in F3.

Key management personnel from time to time acquire goods or services from The NRMA and its related entities, such as Thrifty Car rental and Travelodge accommodation. Key management personnel obtained the usual staff benefits and discounts applicable to all employees of the NRMA.

A number of key management personnel hold positions in or have direct or indirect financial interest in other companies that are considered related party companies.

A number of these related party companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

(b) Key management personnel transactions

The Group used the below services from companies with which a director has a financial interest. The contract terms are based on market rates for these types of services and amounts are payable on agreed payment terms. There are no balances outstanding as at 30 June 2018 (2017: nil).

Terms and conditions of transactions with related parties:

All transactions with related parties are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

(c) Associate related entities

All transactions with Australian Motoring Services Pty Ltd (AMS), Divvy Parking Pty Ltd and Club Assets Pty Ltd are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

(d) Joint venture entities

The Group continues to hold an interest in a property as a 'tenant in common' with its joint venture entity, the Tuckerbox Trust. The carrying value of the property is included in land and buildings.

Name of the company	Nature of relationship	Type of services	2018 $000	2017 $000
The Quantium Group Pty Ltd	Shareholder and Advisor	Market research	**812**	-
Communications for Commerce Pty Ltd	Shareholder and Director	Leadership development and coaching	**57**	22

F

Group structure

This section explains significant aspects of the NRMA Group structure, including equity accounted investments, the entities over which the Group has control and how changes have affected the Group structure. It also provides information on business acquisitions made during the year and the financial statements of the Parent entity.

F1. Equity accounted investments

	2018 $000	2017 $000
Carrying amount of investments		
Investments in associates	**34,186**	31,272
Investments in joint ventures	**233,441**	210,809
	267,627	242,081
Net profit accounted for using the equity method		
Investments in associates	**1,733**	3,102
Investments in joint ventures	**41,033**	53,833
	42,766	56,935
Interest in associates at the end of the financial year		
Carrying amount of investment in associates at the start of the year	**31,272**	21,276
Purchases	**1,715**	7,500
Associates' reserve movement	**-**	(606)
Distributions received from associates	**(534)**	-
Share of associates' net profits	**1,733**	3,102
Carrying amount of investments in associates at end of the year	**34,186**	31,272

F1. Equity accounted investments continued

	2018 $000	2017 $000
Interest in joint ventures at the end of the financial year		
Share of revenue from ordinary activities	**25,265**	24,157
Share of unrealised gain for interest rate swaps	**1,971**	1,015
Share of unrealised gain on revaluation of non-current assets	**19,166**	34,045
Share of expenses from ordinary activities	**(5,322)**	(5,339)
Share of profit from ordinary activities before income tax expense	**41,080**	53,878
Share of income tax (expense) related to ordinary activities	**(47)**	(45)
Share of joint ventures' net profit accounted for using the equity method	**41,033**	53,833
Summary financial position of joint ventures		
The Group's share of aggregate assets and liabilities of the joint venture is as follows:		
Current assets	**5,092**	5,819
Non-current assets	**330,952**	306,171
Total assets	**336,044**	311,990
Current liabilities	**48,112**	4,666
Non-current liabilities	**54,491**	96,515
Total liabilities	**102,603**	101,181
Net assets	**233,441**	210,809
Accumulated profits of the Group attributable to the joint ventures		
Balance at the beginning of the year	**130,565**	93,427
Share of joint ventures' net profits	**41,033**	53,833
Distributions received from joint ventures	**(18,433)**	(16,695)
Balance at the end of the year	**153,165**	130,565
Movement in carrying amount of investments		
Carrying amount of investments in joint ventures at the beginning of the year	**210,809**	173,582
Joint ventures' reserve movements	**32**	89
Distributions received from joint ventures	**(18,433)**	(16,695)
Shares of joint ventures' net profit	**41,033**	53,833
Carrying amount of investments in joint ventures at end of the year	**233,441**	210,809

F1. Equity accounted investments continued

The Group has interests in the following joint ventures and associates which are equity accounted:

Name of arrangement	Principal activity	Country of operation	Ownership interest	
			2018 %	2017 %
Associates				
Australian Motoring Services Pty Ltd	Motoring and travel assistance services	Australia	**35**	35
Club Assets Pty Ltd (i)	Motoring assistance services	Australia	**50**	50
Divvy Parking Pty Ltd (ii)	Parking enablement	Australia	**36.51**	39.9
(i) Club Assets Pty Ltd owns a 75% interest in Club Assist Corporation Pty Ltd. (ii) On 26 June 2018 after a round of equity raising, the NRMA interest in Divvy Parking Pty Ltd was diluted to 36.51%.				
Joint ventures				
Tucker Box Hotel Trust	Accommodation	Australia	**50**	50
KJ Hotel Trust	Accommodation	Australia	**50**	50

(a) Recognition and measurement

Investments in entities over which the Group has the ability to exercise significant influence, but not control, are accounted for using equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in note C4.

F2. Acquisition of businesses

During the financial year the NRMA Group acquired 100% interest in a ferry and related tourism services business along with three holiday parks set out in the table below:

Business	Principal activity	Acquisition date
Big4 Bathurst Holiday Park	Operating as a tourist park.	17 October 2017
Woodgate Beach Caravan Park		7 November 2017
Big4 Capricorn Palms Holiday Park		27 June 2018
Noorton Pty Ltd and its subsidiaries	Provides ferry and related tourism services in Sydney Harbour.	19 Jan 2018

(i) Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

Consideration transferred	Notes	$000
Cash		77,846
Contingent consideration	D7	32,300
Liabilities paid		17,857
Total consideration transferred		**128,003**

(ii) Acquisition related costs

The Group incurred acquisition related costs of $3.6 million on legal fees and due diligence costs. These costs have been included in "administrative expenses".

(iii) Identifiable assets acquired and liabilities assumed

The accounting and tax values for the acquisition have been determined on a provisional basis.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at acquisition date:

	Notes	$000
Property, plant and equipment		38,629
Intangible assets		60,900
Cash		5,009
Trade and other receivables		1,400
Inventory		467
Customer deposits		(299)
Trade and other payables		(5,693)
Deferred tax liabilities		(18,270)
Total identifiable assets acquired		**82,143**

The valuation techniques used for measuring the fair value of material Assets and liabilities acquired were as follows:

Assets and liabilities acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: the valuation model considers quoted market prices for similar items when available and depreciated replacement cost when appropriate.
Intangible Assets	Multi-period excess earnings method: considers the present value of net cash flows expected to be generated by the contracts, excluding any cash flows related to contributory assets.
Trade and other receivables	Cost technique: considers the expected economic benefits receivable when due.
Inventory	Market comparison and cost technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Customer deposits	This amount is the actual value of reportable Fees in Advance as agreed to with Vendor.
Trade and other payables	Cost technique: considers the expected economic outflow of resources when due.

(iv) Goodwill

Goodwill arising from acquisitions have been recognised as follows:

	Notes	$000
Gross purchase consideration		128,003
Fair value of identifiable net assets acquired		(82,143)
Goodwill arising from acquisition		**45,860**
Provisional accounting change[1]		1,608
Total Goodwill arising from acquisition	C4	**47,468**

[1] Represents the change to provisional accounting on acquisition of ATPM.

The goodwill represents revenue growth opportunities, the skills and talent of staff retained and expected synergies to be achieved from integrating the companies into the Group's existing business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

F2. Acquisition of businesses continued

(v) Purchase consideration — cash outflow

	Notes	$000
Gross purchase consideration		128,003
Less: Cash balances acquired		(5,009)
Less: Contingent consideration	F2(i)	(32,300)
		90,694
Acquisition related costs	C1	3,572
Outflow of cash from investing activities		**94,266**

(vi) Impact of the NRMA acquisitions of businesses on the result of the Group

In the year end 30 June 2018 the businesses acquired contributed revenue of $13.99 million and operating profit of $0.44 million to the Group's results, since acquisition. If the acquisitions had occurred at 1 July 2017, management estimates that Group's full year contributed revenue would have been $44.30 million and operating profit of $4.21 million

(a) Recognition and measurement

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is measured at the amount of cash and cash equivalents transferred, the fair value of any equity instruments transferred and the fair value of any contingent consideration arrangement. Subsequent changes to the fair value of the contingent consideration which is classified as a financial liability that is within the scope of AASB 139 are recognised in profit or loss. Acquisition-related costs are expensed as incurred in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(b) Australian Tourist Park Management Pty Ltd (ATPM) - 2017

On 31 May 2017, the Group acquired 100% of ATPM and its subsidiaries for $62.9 million. As at 30 June 2017 provisional accounting was undertaken given the proximity of the transaction to period end. In 2018 the NRMA finalised its provisional accounting, resulting in an increase of $1.6 million in Goodwill and recognition of $1.6 million of additional liabilities relating to income tax.

Key estimates and judgement: accounting for acquisition of businesses

Accounting for acquisition of businesses requires judgement and estimates in determining the fair value of acquired assets and liabilities. The relevant accounting standard allows the fair value of assets acquired to be refined for a window of a year after the acquisition date and judgement is required to ensure that the adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjustments made on fair value of assets are retrospective in nature and have an impact on goodwill recognised on acquisition.

F3. Controlled entities

The consolidated financial statements include the financial statements of National Roads and Motorists' Association Limited and the subsidiaries listed in the following table:

Name of Entity	Place of Incorporation	Percentage of Shares Held 2018 %	2017 %
National Roads & Motorists' Assoc. (N.S.W.) Limited	Australia	**100**	100
NRMA Consolidated Limited	Australia	**100**	100
NRMA Holdings Limited	Australia	**100**	100
NRMA Limited	Australia	**100**	100
NRMA Enterprise Pty Ltd	Australia	**100**	100
NRMA Motoring Limited	Australia	**100**	100
NRMA Mutual Group Limited	Australia	**100**	100
NRMA Open Road Pty Limited	Australia	**100**	100
NRMA Safer Driving Schools Pty Limited	Australia	**100**	100
MotorServe Pty Limited	Australia	**100**	100
NRMA Travel Pty Limited	Australia	**100**	100
NRMA Travel Technology Pty Limited	Australia	**100**	100
AFG Investments Pty Limited	Australia	**100**	100
NRMA Treasury Limited	Australia	**100**	100
NRET Pty Ltd	Australia	**100**	100
NRET Holding Pty Ltd (ATF NRET Real Estate Trust)	Australia	**100**	100
MB RET Pty Ltd (ATF MB Real Estate Trust)	Australia	**100**	100
NRMA Holiday Parks Pty Limited	Australia	**100**	100
NRMA Tourist Parks Pty Limited	Australia	**100**	100
NRMA Tourist Park No.1 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.2 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.3 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.4 Pty Ltd	Australia	**100**	100
NRMA Holiday Parks Franchising Pty Ltd	Australia	**100**	100
T R Australia Holdings Pty Ltd	Australia	**100**	100
Kingmill Pty Ltd	Australia	**100**	100
Motoka Rentals Limited	New Zealand	**100**	100
Australian Tourist Park Management Property Pty Ltd (ATF Australian Tourist Park Management Property Trust)	Australia	**100**	100
Australian Tourist Park Management Pty Ltd	Australia	**100**	100
NRMA Marine Pty Limited	Australia	**100**	-
Noorton Pty Ltd	Australia	**100**	-
Manly Fast Ferry Pty Ltd	Australia	**100**	-
Portunes RW Pty Ltd (ATF Portunes Unit Trust)	Australia	**100**	-

All Australian subsidiaries are members of the tax consolidated Group at 30 June 2018.

F4. Parent entity information

Information relating to National Roads and Motorists' Association Limited:	Parent 2018 $000	Parent 2017 $000
Current assets	**99,613**	98,701
Non-current assets	**585,049**	577,705
Total assets	**684,662**	676,406
Current liabilities	**165,910**	149,748
Non-current liabilities	**33,525**	40,563
Total liabilities	**199,345**	190,311
Net assets	**485,227**	486,095
Retained earnings	**485,227**	486,095
Total shareholders' equity	**485,227**	486,095
Loss of the parent entity	**(868)**	(4,192)
Total comprehensive loss of the parent entity	**(868)**	(4,192)

The Parent entity had a deficiency of net working capital of $66.297 million at 30 June 2018 (2017: net working capital $51.04 million). This represents the increase in intercompany loans drawn by the Parent entity to fund capital expenditure during the year. The intercompany loans are payable to controlled subsidiary entities where the parent entity can control the timing of repayment. Payment will not be made on these loans in preference to meeting obligations to external suppliers.

The Parent entity has entered into a Deed of Cross Guarantee as noted in note G3.

There are no contingent liabilities of the Parent entity.

There are no contractual commitments for the Parent entity in relation to the acquisition of property, plant or equipment.

G +

Other

This section provides detail on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

G1. New accounting standards

As at the date of this financial report, there are a number of new and revised Accounting Standards and interpretations published by the Australian Accounting Standards Board for which mandatory application dates fall after the end of this current reporting period.

The standards that have not been early adopted and are relevant to current operations are shown on the following page.

Standard and application date	Summary	Future impact on the group
AASB 9 *Financial Instruments* Application date of standard: 1 Jan 2018. Application date for Group: 1 Jul 2018.	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which are: • Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. • Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. • Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	The Group currently holds certain investments as "available-for-sale" which are expected to be reclassified to "fair value" on adoption of the new Standard. These investments will continue to be held at fair value; however the gains or losses arising from the change in fair value which are currently recognised as a separate component of equity will be further assessed for future financial asset classification. Hedge accounting and other financial assets are to be assessed for classification. Recognition and measurement is not expected to materially change.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

G1. New accounting standards continued

Standard and application date	Summary	Future impact on the group
AASB 15 Revenue from Contract with Customer Application date of standard: 1 Jan 2018 Application date for Group: 1 Jul 2018	AASB 15 contain more specific guidance on revenue recognition than the current AASB 118 Revenue standard, and in some cases changes the current accounting treatment. The core principal of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group plans to adopt AASB 15 using the cumulative effective method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). As a result, the Group will not apply the requirements of AASB 15 to the comparative period presented.	The Group continues to assess the impact that the initial application of AASB 15 will have on its financial report. The estimated impact of the adopted of AASB 15 on the Group's financial report is based on assessments undertaken to date. The actual impacts of adopting the standard at 1 July 2018 may change because: - the Group has not finalised the testing assessment of controls over its new processes; and - the new accounting policies are subject to change until the Group presents it first financial report that include the date of initial application. **Subscription and joining fees** Revenue from Members' entrance fees are currently recognised when received upon taking up membership. Revenue from ongoing subscriptions are currently recognised on a straight-line basis over the term of the subscription. Revenue relating to the future periods is classified as unearned income on the balance sheet. Based on its assessment, the Group will continue to recognise revenue from ongoing subscriptions on a straight-line basis over the term of the subscription. Revenue relating to future periods is classified as contract liability on the balance sheet. Members' entrance fees are non-refundable upfront fees that will be treated as an advance payment for Members' subscriptions and therefore would be recognised as revenue on a straight-line basis over the term of the subscription. The change to revenue recognition for Members' entrance fees has been estimated to have an immaterial impact to the Group's financial report. **Rendering of services** Revenue from services rendered is currently recognised as the services are rendered. Under AASB 15, the total consideration in the contracts will be allocated to all performance obligations based on their relative stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the goods or services in separate transactions. Revenue is recognised as and when performance obligations are satisfied. Based on the Group's assessment, the Group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services. **Commissions revenue** Based on its assessment, the Group does not expect the application of AASB 15 to result in a significant impact on commission's revenue recognition from the Travel business. **Sales of goods** Based on its assessment, the Group does not expect the application of the control model of AASB 15 to result in a significant change to revenue recognition from the sale of goods compared to the risks and rewards model of AASB 118. **Other revenue** Other revenue primarily relates to the provision of other services to Members, which is currently recognised as the service is rendered. Based on its assessment, the Group does not expect the application of AASB 15 to result in a significant impact on the recognition of the revenue.
AASB 16 *Leases* Application date of standard: 1 Jan 2019. Application date for Group: 1 Jul 2019.	AASB 16 Leases, becomes mandatory for the Group's 2020 Financial Report and removes the classification of leases between finance and operating leases effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's financial leverage and capital employed. Lessor accounting remains largely unchanged.	The Group continues to estimate the impact of the new rules on its financial report. The Group will make a more detailed assessment of the impact over the next 12 months. The Group does not expect to adopt the new standard before 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

G2. Commitments

	2018 $000	2017 $000
(i) Estimated expenditure contracted for at reporting date, but not provided for, or payable:		
Total capital commitments	**109,910**	86,268
(ii) Operating leases		
Non-cancellable operating leases relating to property with lease terms between 1 to 30 years:		
Within one year	**31,612**	27,668
Between one and five years	**86,871**	64,232
Greater than five years	**46,278**	15,804
	164,761	107,704

The Group leases property under non-cancellable operating leases expiring from one to thirty years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Most contingent rental clauses are based on movements in the Consumer Price Index.

The Group has entered into commercial leases on items of office machinery. These leases have an average life of three years with no renewal option included in the contract. There are no restrictions placed on the lessee by entering into the leases.

(iii) Finance lease commitments

The Group has finance lease contracts for a fleet of motor vehicles. These lease contracts expire within one to five years. The leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

	2018 $000	2017 $000
Within one year	**4,935**	28,001
After one year but not more than five years	**1,728**	5,827
Minimum finance lease payments	**6,663**	33,828
Future finance charges	**(163)**	(789)
Finance lease liabilities	**6,500**	33,039

G2. Commitments continued

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

G3. Deed of cross guarantee

The consolidated income statement and statement of financial position of the Closed Group is shown below:

	Closed Group	
Consolidated statement of profit or loss	**2018 $000**	2017 $000
Profit from operations before income tax	**128,198**	106,835
Income tax expense	**(31,881)**	(17,307)
Profit after income tax	**96,317**	89,528
Actuarial (loss)/gain	**(935)**	2,055
Retained earnings at the beginning of the year	**960,038**	868,455
Retained earnings at the end of the year	**1,055,420**	960,038
Consolidated statement of financial position		
Cash and cash equivalents	**86,592**	71,800
Trade and other receivables	**45,556**	29,866
Inventories	**1,724**	1,069
Income tax receivable	**-**	1,139
Other financial assets	**9,100**	10,466
Non-current assets classified as held for sale	**3,342**	2,361
Total current assets	**146,314**	116,701
Other financial investments	**525,147**	445,424
Available-for-sale financial assets	**91,577**	92,851
Derivative financial instruments	**10**	-
Property, plant and equipment	**357,072**	292,220
Investment property	**-**	69,000
Equity accounted investments	**267,627**	242,081
Pension asset	**4,346**	5,466
Intangible assets and goodwill	**295,803**	185,303
Non-current assets	**1,541,582**	1,332,345
Total assets	**1,687,896**	1,449,046
Trade and other payables	**84,280**	75,733
Employee benefit provisions	**28,252**	32,437
Income tax payable	**30,154**	-
Unearned income	**119,346**	124,135
Customer deposits	**9,613**	7,987
Interest bearing liabilities	**4,819**	47,375
Current liabilities	**276,464**	287,667
Employee benefits provisions	**4,702**	3,274
Provision for make good obligations	**2,558**	2,480
Deferred tax liabilities	**117,861**	92,591
Derivative financial instruments	**-**	17
Unearned income	**12,380**	13,795
Customer deposits	**151,457**	6,416
Interest bearing liabilities	**5,129**	72,035
Contingent consideration	**33,778**	-
Non-current liabilities	**327,865**	190,608
Total liabilities	**604,329**	478,275
Net assets	**1,083,567**	970,771
Reserves	**10,733**	10,733
Retained earnings	**976,517**	870,510
Current year profit	**96,317**	89,528
Total equity	**1,083,567**	970,771

G3. Deed of cross guarantee continued

The Closed Group financial statements include the financial statements of National Roads and Motorists' Association Limited and all subsidiaries listed in note F3 with the exception of Motoka Rentals Limited.

Entities subject to class order relief

Pursuant to ASIC Instrument 2016/785, relief has been granted to the above entities from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial statements.

As a condition of the Class Instrument, National Roads and Motorists' Association Limited and the above entities, (the Closed Group), entered into a Deed of Cross Guarantee on 7 December 2006 and subsequent Assumption Deeds on 22 June 2007, 25 June 2008, 2 March 2009, 29 June 2009, 29 June 2011, 30 June 2017 and 30 June 2018 and a Notice of Disposal dated 31 October 2013.

G4. Auditor's remuneration

The auditor of National Roads and Motorists' Association Limited is Ernst & Young (EY). Amounts received or due and receivable by EY for:

An audit of the financial report of the entity and any other entity in the Group:

	2018 $	2017 $
– Consolidated Entity	**400,000**	266,317
– Thrifty Group	**78,000**	99,333
	478,000	365,650
Other services provided by EY:		
Taxation advice	**-**	-
Non statutory audit services	**-**	16,155
Project assurance services	**-**	86,000
	-	102,155
	478,000	467,805

The Group, through its Board and Audit and Risk Management Committee, considers these other services as ancillary to or an extension of the external audit services provided by the auditors.

G5. Franking account balance

	2018 $000	2017 $000
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2017: 30%)	**294,958**	258,942
Franking credits that will arise from the payment of tax payable as at the end of the financial year		
	294,958	258,942

The balance of the franking account arises from franked income received and income tax paid, after adjusting for any franking credits which will arise from the payment of income tax provided for in the financial statements and franking credits that will arise from the receipt of dividends recognised as receivables at year end. The Company's Constitution prevents the payment of dividends and accordingly, the franking credits are not utilised.

Directors' declaration

In accordance with a resolution of the Directors of National Roads and Motorists' Association Limited, we state that:

1. In the opinion of the Directors:

a) the financial statements, notes and the additional disclosures in the Director's Report designated as audited, of the Company and of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2018 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

Note: a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note G3 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Tim Trumper
Chair and Director

Fiona Simson
Deputy Chair and Director

Sydney, 21 August 2018

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Independent Auditor's Report to the Members of National Roads & Motorists' Association Limited

Opinion

We have audited the financial report of National Roads & Motorists' Association Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the 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, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Trent van Veen
Partner
Sydney
21 August 2018

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NRMA

NRMA Parks + Resorts

Thrifty

Travelodge Hotels

my FASTFERRY

2018 Annual Report of National Roads and Motorists' Association Limited ABN 77 000 010 506.

National Roads and Motorists' Association Limited is a public company limited by guarantee, incorporated and domiciled in Australia. The registered office and principal place of business is 9A York St, Sydney NSW 2000, Australia.

NRMA