

”

*For a small cost it's
year-long peace of mind
when you're driving.
If something goes wrong,
help is only a phone
call away.* ”

Cathryn Ward
Hornsby NSW

Achieving more FOR MEMBERS



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30 Our People — True Blue

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National Roads and Motorists' Association Limited ABN 77 00 010 506

The concise financial report is an extract from the National Roads and Motorists' Association Limited full financial report for the year ending 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The full financial report and auditor's report will be sent to Members on request, free of charge. The 2008 full financial report can be requested by telephoning 13 11 22, or alternatively, can be accessed via the internet on our website: mynrma.com.au

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 Street, Sydney NSW 2000.

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Three years ago our commitment to our Members was that NRMA's road service would be world class within three years. Today NRMA is considered to be a world leader amongst our peers.



Last year our highly effective Patrols and Call Centre staff responded to 1.5 million breakdowns. We got those Members going straight away 9 out of 10 times.

This achievement is considered by other clubs around the world as the benchmark. For example, this year we were asked to send patrol teams to the United States to share our methods with them.

For most companies, being the best in the world is good enough, but not for us.

Today, our promise to all Members is that we will continue to build on that success across every aspect of our business.

Last year our highly effective Patrols and Call Centre staff responded to 1.5 million breakdowns. We got those Members going straight away 9 out of 10 times.

This year, NRMA Motoring & Services will expand its fleet of Mobile Response Units so that our Patrols are better equipped to get Members who have broken down back on the road quickly and with as little inconvenience as possible.

We are continuing to provide our staff with more training to give you even greater help.

Now with the launch of our new *More4Members* rewards program we are providing the best money-saving deal ever for you and your families.

We don't just want *More4Members* to be like other programs, we want it to be the best, I would like to see all our Members make the most of the benefits on offer.

Turning to our recent financial performance. As you would know, the global economy is slowing and this is having an impact here in Australia.

Many Australian companies have seen their investment portfolios rocked by a volatile and under-performing share market.

NRMA's strategy to diversify its investment portfolio and invest in businesses that deliver strong financial returns and benefits to Members was designed to shield the company from this very scenario.

I am pleased to say that during the past financial year this strategy has helped to reduce our exposure to volatile share markets. NRMA's family of businesses has helped deliver an operating profit of \$35.9 million in the face of the tough global challenges confronting most Australian businesses. We have maintained our balance between prudent financial management and providing greater services and benefits to you our Members.

Our growing family of businesses continues to deliver tangible benefits to Members, particularly with holiday accommodation, car hire, international travel and motoring.

Over the next three years your Board and management are committed to maintaining this strategy. This will ensure that NRMA can weather the economic storm clouds brewing ahead.

The past year has certainly been a busy one for NRMA in our role as a voice for motorists.

One of the greatest challenges facing our Members is the volatile nature of fuel prices. There is something fundamentally flawed with leaving our nation's transport energy future in the hands of four large oil companies.

In the past 12 months we have fought hard to encourage the petrol industry and regulators to be more accountable. As prices at the bowser rise, Australian families and businesses continue to suffer.

This year, NRMA has led the charge for a greener, less volatile and cheaper transport energy future with the launch of the Jamison Report.

Following NRMA's Alternative Fuel Summit in 2006, we commissioned four eminent scientists and researchers to develop a road map for Australia's transport energy future.

As a nation we have to further invest in a greener future and do away with our reliance on imported fossil fuels.

Within a few years we can develop a viable alternative fuels industry and adopt technology already in place around the world, that could see Australia's fleet cars running on alternative fuel sources such as biofuels.

This is not out of our reach. NRMA believes that if we start making decisions today we can loosen the grip oil companies have on our transport energy and finally be in control of our own future.

A national energy revolution is inevitable for Australia and the NRMA will continue to lead the way.

Road funding from both the State and Federal Governments reached record levels in 2008 with commitments to fast-track the upgrade of the Pacific Highway and to spend more on the Great Western Highway.

This does not mean our job is done in securing the world-class highways our Members deserve. Not nearly enough is being done to upgrade the Princes Highway to an acceptable standard. The NRMA is committed to securing an additional \$1 billion in funding for the Princes Highway.



The funds are available. Last year, the Federal Government collected more than \$15 billion in fuel excise from Australian motorists and only returned a little over \$3 billion in funding for roads. We have and will continue to campaign to have that figure substantially increased.

NRMA was pleased to provide a solution to the NSW Government to develop a motorist-friendly policy for older drivers. A policy that does not seek to punish drivers based on their age, unlike the model originally proposed by the RTA.

After some hard work by NRMA, the plan to enforce unfair limitations on older drivers was replaced with a common-sense approach which recognises older drivers' experience and provides for a less confronting assessment process.

I am proud of the progress that NRMA continues to make. There is a real sense of excitement about what can be achieved if we stay focussed on delivering the best possible service to our Members.

On behalf of the Board, I thank Tony Stuart and the dedicated NRMA staff for their remarkable achievements and look forward to building on this success in the future.

I also thank you, the Members, for your continuing loyalty and support of the organisation.

Alan H Evans
President
NRMA Motoring & Services

This year has been about growing our products and services so we are now able to deliver more for you than ever before.



Achieving More for Members

Members have always associated NRMA with motoring. But many Members are taking advantage of all the new travel and touring services we now offer, including a vast range of holidays and travel products.

Today, NRMA Motoring & Services Group of companies is very different from the company I joined as CEO five years ago. Back then, NRMA faced an uncertain future. There was instability at all levels; a rapidly changing external environment; a lack of a single vision for what your organisation might become. A dramatic transformation was needed if your NRMA was to be sustainable.

Since then the Board and the management team have introduced substantial changes governing the way we operate. As a result we now have a level of stability and focus that has enabled us to spend our time dealing with the issues and opportunities that face you as a Member, while pursuing our number one goal of becoming the world's best road service.

One of these changes was the way we manage your investments. These changes were adopted to help shield NRMA's assets from the turbulence of the share market. As a result, while the investment portfolio has been affected by the global downturn, we remain financially strong.

During the past five years, your NRMA has also improved stability by diversifying into new products and services. We have developed new businesses to service Members and have acquired existing businesses to grow and protect Members' wealth.

Four things have remained constant during this transformation.

- First, our core commitment to provide the world's best road service has remained at the heart of everything we do. We have reinvigorated our road service through new vehicles, better training and new equipment. We are continuing to make refinements to our road service to make sure NRMA patrols remain the best road service providers.

- Second, we have worked hard to protect the NRMA brand – your organisation's most priceless asset. Our work championing motorists' interests has once again put our brand at the forefront of everything we do for Members. It is recognised as one of the most significant brands in Australian business. The Board has been at the forefront of NRMA's campaigns to secure more road funding, flashing lights in school zones and a fairer deal on petrol prices. I would like to acknowledge the role of the Board Members as advocates for Members, speaking out on the issues that affect you and your family. I would also like to thank your President Alan Evans for the many hours he has devoted to fairer petrol prices and other issues.
- The third constant throughout this change has been your support and the way you and other Members interact with the organisation. NRMA has moved from being an organisation with two million Members to one which serves two million individuals. By using new technologies we have been able to gain a much greater awareness of your motoring and lifestyle needs, and as a result can provide richer, more valuable services. We want to know what products and services are important to you and how we can deliver better services and greater savings for you. We are building a new system that enables us to capture the right information about your car and its servicing needs. This means we will be able to anticipate your travel, home and lifestyle needs by understanding which NRMA products and services you like to use. Our capability as an organisation is growing. We want to transform the NRMA Member experience from good to great.
- The fourth constant of our business throughout this transformation is our

people. From our patrols working in last year's Newcastle floods to the men and women who answer Members' calls for help, NRMA's people are our foundation. The company is investing in our staff to strengthen our capability to serve Members. We have developed a talent management system to help us recognise strengths in our workforce and enable us to provide the necessary training to make the entire NRMA team world-class customer-service providers. NRMA is a family and we suffer losses like any other. Sadly, during the year NRMA Patrol Officer, Nick Liotta and project manager Dorothy Chase passed away. Our thoughts remain with their families and with those of our colleagues who were closest to them.

As you read this report, you will be able to see that the NRMA's family of businesses is flourishing. Under the More4Members program, all Members are now receiving new NRMA membership cards which enable you to save money simply by using your card when purchasing products and services from a range of program partners. In this economic climate, I encourage you to make use of your NRMA card whenever you can.

All Australian families are feeling the impact of higher interest rates, record petrol prices and the global 'credit crunch'. NRMA Group remains financially strong, posting an operating profit of \$35.9 million. However, like every other organisation in Australia, our investments have been affected by the downturn in the share market and after three years of gains totalling \$94.9 million, this year we have had to book losses in our investment portfolio of \$51.6 million which has resulted in an after tax net loss of \$13.5 million.



As many Members would be aware from their own share portfolios, the relatively poor performance of our significant shareholding in Insurance Australia Group (IAG) has further affected our financial result. IAG's decision to restructure its business will hopefully create further opportunities to work more closely with NRMA Insurance for the mutual benefit of Members and shareholders.

Members have always associated NRMA with motoring. But many Members are taking advantage of all the new travel and touring services we now offer including a vast range of holidays and travel products. Our flagship NRMA Travel shop is now open for business at Wynyard – just below NRMA's new corporate headquarters, our first home of our own since demutualisation.

Members can now come to Wynyard and enjoy a film night with other Members and learn about cruising in Antarctica. Or join a caravan safari through the Australian desert, accompanied by an NRMA patrol. You can even trek through Africa on a club tour and ride an ostrich ... or laze on a tropical beach and do nothing. I am proud to lead the revival of NRMA Travel that can help make your travel dreams come true.

In the coming year NRMA will continue to focus its efforts on delivering great roadside service, independent motoring advice and more for you and your fellow Members. The NRMA team, from top to bottom is stable, energised and committed to helping you and all Members as we make this organisation one of Australia's leading icons for customer service.

Tony Stuart
Group CEO
NRMA Motoring & Services

ROAD SERVICE



At A Glance

Responded to 2.1 million roadside assistance calls

Helped more than 1.5 million stranded motorists

Mobilised 9 out of 10 vehicles on the spot

Arrived at 90 per cent of breakdowns within the hour

Replaced more than 250,000 batteries/electrical units

THE SUM OF US

On average, we got to a breakdown within 28 minutes. We rescued 1,890 babies and children from locked cars. Whether impressive or alarming, statistics tell a story. This year, the story is service improvement. Whether you locked yourself out of the car, or broke down on a country road, our Patrols were helping you to get going quicker than ever before.



Something for everyone

IMPROVED PERFORMANCE

Customer Service Centre

Whether your battery has died or your tyre has gone flat, it's good to know help is only a phone call away. Over the past year, the NRMA Customer Service Centre team helped more than 1.5 million Members to continue their journeys quickly and safely.

They also answered two million questions about everything from the cheapest petrol in Mudgee to how to check for an oil leak.

We hope you'll agree that our Customer Service Centre is good, but we'd like it to be great. So during 2007/08 we introduced some new ideas.

Mobile Call-Back

Have you ever waited for NRMA to answer while your phone credit or battery ran out? Not any more. Since November 2007, if you call 13 11 11 on a mobile phone from anywhere in NSW or ACT, the longest you will wait on the line is five minutes. Thanks to the latest Interactive Response (IVR) technology, you are automatically offered the option of a call back if our Customer Service Centre is really busy.

Intelligent Questioning (IQ)

During the past year, we trained our call-takers in IQ, a way of asking Members the right questions to pinpoint their problem quickly. IQ makes it more likely that you'll only have to call once. It also reduces the time Patrols need to fix your vehicle.

Over the past year, we've been refining IQ so we can speed things up even more. The NRMA Customer Service Centre will be using a new version in the future.

“
Free2go is the best deal for someone my age especially when your automatic transmission dies and you accidentally lock your keys in your car while it's running... basically they're a lifesaver”

Laura Sommer
Robertson NSW

MEMBERSHIP CHOICES

As one of 2.1 million NRMA Members, you know today's NRMA covers everything you need when it comes to motoring and travel: roadside assistance, Safer Driving Schools, Thrifty Car Rental, holiday booking services, discounts from our partner businesses, maps and more. Whether you drive a lot or a little, there's a membership package to suit everyone.

PREMIUM CARE gives you up to \$3,000 worth of cover for just over 40 cents a day. It's best for people who travel long distances or tow a trailer or caravan. You get unlimited roadside assistance callouts, generous towing allowances, taxi benefits and much more.

CLASSIC CARE covers you throughout NSW and the ACT with reciprocal basic level coverage in other states. It includes unlimited roadside assistance callouts, 20 km of free towing in metro areas and free towing in country areas to the town of the nearest Country Service Centre.

CLUB CARE is good if you no longer require roadside assistance but want to keep all the other NRMA membership benefits like access to NRMA Travel, Batteries and Car Electrics and our *More4Members* rewards program.

FREE2GO is a three-year membership that matches the lifestyles of 17-20 year olds in NSW and the ACT with a number of roadside assistance and discount benefits.

TRAVELLER CARE is perfect if you already have manufacturer roadside assistance but want the many other NRMA membership extras like up to \$3,000 of major breakdown assistance, trailer cover, accident assistance and 100 km of free towing in remote areas.



Keeping you moving

With about 500 Patrols, 200 Country Service Centres and 100 specialist and tow vehicles, we've got you covered wherever you are. Over the past year we responded to 1.5 million calls for help from Members in Albury, Tweed Heads and all points in between.

DOING THINGS BETTER

Vehicle Health Checks

Just like your body, your vehicle will be healthier if it is checked out before, rather than after, something goes wrong. From March to May 2008, almost 700 Members accepted our invitation to book in their vehicles for a thorough examination by an NRMA Patrol at home or at work. The session included advice on green motoring and DIY vehicle health inspections. The program was so successful, we will be expanding our Member services even more in the coming year so that this is available to all Members, so look out for details.

Thirsty Work

Last year, many Members told us they appreciated our Patrols offering them a cold drink from their new van fridges. So during the summer of 2007/08, we made sure NRMA Patrols were always stocked up with bottles of cold water.

Patrol Blue

Good teamwork means better service for Members, but many Patrols are quite isolated. Always on the road and working in remote areas, they can find it hard to keep in touch with team-mates and may miss out on important news.

A new information system, Patrol Blue, is being rolled out for NRMA Patrols. Using mobile data terminals inside their vans, Patrols are now keeping up-to-date with NRMA news, roadside assistance statistics and on-the-job information. Patrol Blue not only makes our Patrols feel part of the team, it helps them to do their jobs better.

Patrol Trainee Program

To provide Members with anywhere, anytime road service, we need a steady supply of skilled Patrols for our Country Service Centre Network. Since the resources boom began, skilled tradespeople have been in short supply and fewer people have been applying to work as Patrols in some country areas.

To resolve the problem, NRMA Motoring & Services has teamed up with TAFE NSW and come up with the Roadside Assistance Technician Trainee (RATT) program. The idea is to attract people from rural and remote areas where there are Patrol shortages and train them as Patrol Officers. The ideal candidate has experience in the automotive repair industry but doesn't need to have formal qualifications.

By the end of the RATT program, the trainee has a formal, nationally-recognised qualification - the AUR20705 Cert II in Automotive Mechanical (Roadside Assistance Technician) - and the NRMA has another fully-trained Patrol Officer.

Premium Care Expansion

Our Premium Care Membership package has always been used most by people who travel far from home or live in the country. During the year, we added some new features to make it even better value.

An exclusive hotline (1300 772 273) now handles all enquiries by Premium Care Members anywhere in Australia. If your broken down vehicle is towed and taxis are available, we will organise a taxi and pay up to \$50 towards the cost in NSW and the





ACT. We will also arrange the tow, organise your chosen Approved Repairer and get a verbal repair estimate in NSW Metro and the ACT.

SIMPLY THE BEST

Business of the Year

Take a bow NRMA Gosford, the Central Coast Express Advocate's 2007 Business of the Year (Motoring Services). Members who read the Express Advocate voted NRMA Gosford onto the shortlist, and the team won outright by writing the best business submission and offering outstanding service to mystery shoppers.

The happy winners say their secret is putting Members first and always trying to improve their business and services.

Top of the World

With a 92 per cent success rate, the NRMA leads the world when it comes to getting broken down cars on the road again. By contrast, the American Automobile Association success rate is about 50 per cent. Even though the car is king in the USA, the policy in America until now has been to 'tow, not go'.

But change is in the air, and keen to learn from NRMA's experience, the Americans invited us to share our tips and techniques. In April, we sent Patrol Officers Damian Anderson, Bob Adams and Greg McMahon to visit seven motoring clubs in the USA and spread the 'go' message.

Whatever they said made a big impact. According to USA motoring club

"They've saved me many times when I've broken down and got me back on the road every time."

Adrienne Akkary
Lalor Park NSW



executive John Nardillo, "NRMA's Patrolmen have inspired ours to achieve new go-rate milestones," and some American motoring clubs are already reporting 'go' rates of up to 80 per cent.

Skills on Show

Some of our best Patrols competed with colleagues from other Australian Automobile Association (AAA) affiliated motoring clubs in Canberra in April as part of the first Australian Road Patrols Skills Showcase.

With each participant selected for their excellent work, the technical knowledge and practical skills assessments were very competitive. NRMA Patrol Team Leader Jace Wild was proud to receive an award for Best Practice in Technical Theory and Research.

As well as bringing motoring clubs closer together, the point of the Showcase was for participants to learn how other Road Service Patrols do things and to identify the best overall. There are plans to turn the experience into a best practice Road Service Patrol delivery model that all AAA-affiliated motoring clubs can use to improve service to their Members.

THE NRMA MOTORING
& SERVICES FAMILY

NRMA BATTERIES

NRMA CAR ELECTRICS

NRMA SAFER DRIVING SCHOOL

 Learn from the experts



NRMA CAR LOANS

NRMA APPROVED
REPAIRER NETWORK

NRMA MOTORING ADVICE

NRMA MAPS & GUIDES

NRMA TRAVEL



NRMA TRAVEL INSURANCE



NRMA BOX OFFICE

NRMA ONLINE SHOP



VALUE TOURS



MORE4MEMBERS MEANS MORE FOR YOU

Every year we want to give you more reasons to renew your NRMA Membership. You told us that our roadside assistance services are great, but you wanted more, especially when it came to motoring and travelling products and services. So we've spent the past few years investing in great companies, negotiating extra benefits and healthy discounts and generally increasing the value of your Membership dollar across a range of services and products.

Now it's time for the next step in our plan to keep Member benefits moving: the *More4Members* rewards program, that we launched in July 2008.

More Value, More Choice, More Deals

From a motoring magazine to a two-week cruise – the *More4Members* rewards program gives you a whole world of on-the-spot discounts and extra benefits. Thrifty, Travelodge and MotorServe, some of the best names in motoring and travel, are *More4Members* family and friends. They are all waiting to reward you for being an NRMA Member.

Carry Your Card

As well as designing a rewards program that gives you more, we wanted to design a member card you would like. We asked more than 3,500 Members what the card should look like; we hope you like the results.

You asked us to make it easy to get your *More4Members* rewards. So all you have to do is scan or swipe your new Member card, or quote your Membership number over the phone or online. We're also giving you mini-cards for your key ring. The NRMA roadside assistance number is on them – convenient if you break down plus they also have a key return service attached to them, so you can be re-united with your keys if someone finds them.

For more information about the *More4Members* rewards program, visit more4members.com.au

Your new Member card is the key to unlocking the benefits of More4Members



NRMA MEMBER REGIONS — COUNTRY NSW



ROAD FUNDING

NRMA's advocacy efforts led to greater funding for country roads. Combined government funding for country NSW and ACT roads was nearly \$1.1 billion last year. NRMA will continue to keep the pressure on governments to ensure funds are spent where they are needed most.



GOLD MEMBER ROADSHOW & LOCAL MOTORISTS' FORUMS

Hundreds of Members attended Gold Member Roadshows and Local Motorists' Forums in regional NSW and the ACT to hear about exciting new NRMA initiatives and tell us what issues they want us to lobby government on.



MOBILE MEMBER CENTRE

Our famous Volvo safety truck travelled to more than 50 shows and events across NSW/ACT spreading the road safety education message to Members and the wider community. The MMC is proudly sponsored by Volvo Trucks and Subaru.



SAFER DRIVING SCHOOLS

NRMA Safer Driving Schools across NSW and the ACT offer discounts to Members both young and old to learn how to be better, safer drivers



NRMA Holiday Parks

NRMA HOLIDAY PARKS

NRMA Holiday Parks offer fantastic value for Members without sacrificing on quality.



TRAVELODGE

As a 50 per cent Travelodge shareholder, NRMA can offer Members special rates and value added inclusions at Travelodge Hotels in Australia and New Zealand.



THRIFTY

Thrifty Car Rental locations across Australia offer Members the best available rate on any given day plus further savings when you book over the phone or online.



NRMA MOTOR/SERVE

NRMA MotorServe Service Centres in Tuggeranong ACT and Kotara, Newcastle deliver good honest car servicing with generous Member discounts.

With more than 800,000 Members living in regional and country NSW, NRMA is working hard to make sure your membership is more valuable than ever before.

GRAHAM BLIGHT MEMBERS' DIRECTOR

TOWNSEND REGION (WESTERN NSW)



By June 2008, more than 200 Country Service Centres were assisting regional Members and several NRMA Safer Driving Schools were helping Members to improve their driving.

To put more Patrols on country roads and encourage young people to stay in regional areas, NRMA and TAFE have been working to retrain young mechanics from rural and remote areas as NRMA Road Patrol Technicians for areas with Patrol shortages.

Many Townsend Region Members helped NRMA Board members to successfully oppose the introduction of restrictive rules for older drivers, and to lobby for the region's 28 new sets of school zone flashing lights. Thank you to all involved.

As a farmer I was also delighted that last year NRMA's Helping Farming Families Program gave 250 drought-affected families a well-earned break at an NRMA Holiday Park.

Broken Hill



GOVERNMENT FUNDING
\$22 Million for Western NSW

ALAN EVANS PRESIDENT MEMBERS' DIRECTOR

MANN REGION (SOUTH EAST NSW AND ACT)



I'm proud to say our 92 per cent success rate means your NRMA leads the world when it comes to getting stranded vehicles going again. But rest assured, we'll keep working to make our Roadside Assistance service even better!

It was good to see road improvements slowly creeping south along the Princes Highway over the year, with work progressing to Dunmore. The Gerringong to Bomaderry upgrade is in the pipeline, but much work needs to be announced and fast-tracked. The Princes Highway received \$119 million in funding from Government last year thanks to lobbying by NRMA and local Members.

With an NRMA MotorServe and a Thrifty car hire centre both opening in Tuggeranong during 2007/08, ACT Members can now take full advantage of discounts at both outlets.



GOV
\$3 Mil



Wagga



GOVERNMENT FUNDING
\$405 Million for Hume Hwy

Albury



Placement of NRMA services and subsidiary business on map are indicative only – for detailed information about any NRMA service or product please visit mynrma.com.au

WENDY MACHIN MEMBERS' DIRECTOR

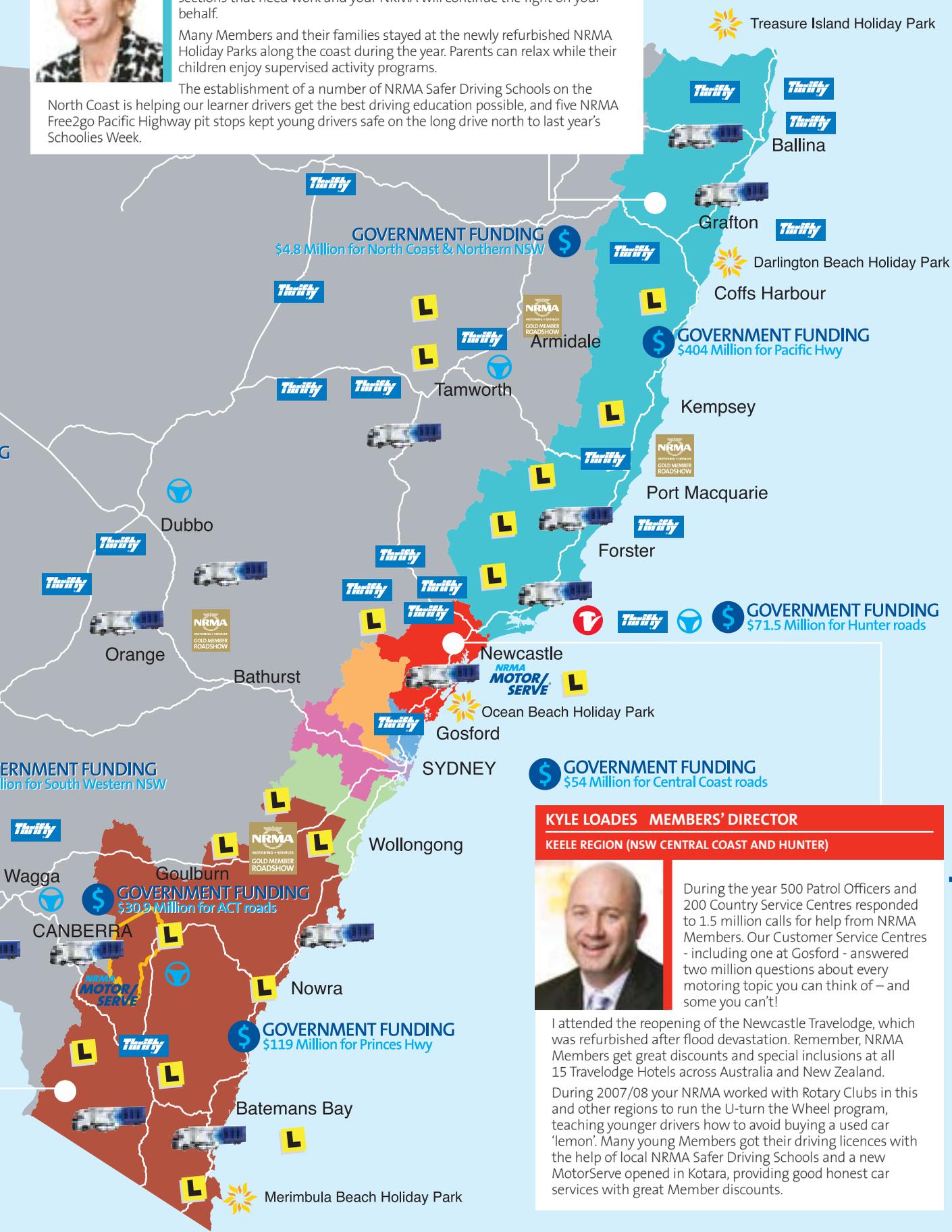
COGHLAN REGION (NSW NORTH COAST)



Fighting for improvements to the Pacific Highway is always at the top of my list. That's why I was pleased to see recent Government funding of \$404 million to upgrade the highway from Karuah to Yelgin. There are still many sections that need work and your NRMA will continue the fight on your behalf.

Many Members and their families stayed at the newly refurbished NRMA Holiday Parks along the coast during the year. Parents can relax while their children enjoy supervised activity programs.

The establishment of a number of NRMA Safer Driving Schools on the North Coast is helping our learner drivers get the best driving education possible, and five NRMA Free2go Pacific Highway pit stops kept young drivers safe on the long drive north to last year's Schoolies Week.



KYLE LOADS MEMBERS' DIRECTOR
KEELE REGION (NSW CENTRAL COAST AND HUNTER)



During the year 500 Patrol Officers and 200 Country Service Centres responded to 1.5 million calls for help from NRMA Members. Our Customer Service Centres - including one at Gosford - answered two million questions about every motoring topic you can think of - and some you can't!

I attended the reopening of the Newcastle Travelodge, which was refurbished after flood devastation. Remember, NRMA Members get great discounts and special inclusions at all 15 Travelodge Hotels across Australia and New Zealand. During 2007/08 your NRMA worked with Rotary Clubs in this and other regions to run the U-turn the Wheel program, teaching younger drivers how to avoid buying a used car 'lemon'. Many young Members got their driving licences with the help of local NRMA Safer Driving Schools and a new MotorServe opened in Kotara, providing good honest car services with great Member discounts.

NRMA MEMBER REGIONS – SYDNEY METROPOLITAN AREA

ROAD FUNDING
 Road funding for metropolitan NSW roads totalled nearly \$417 million. NRMA is keeping the pressure on governments at all levels to do something to ease escalating traffic congestion and improve the safety and condition of our urban road infrastructure.



GOLD MEMBER ROADSHOW & LOCAL MOTORISTS' FORUMS
 Hundreds of Members recently attended the Gold Member Roadshow held at Leura in the Blue Mountains and more attended our Local Motorists Forums to tell us what concerns them most as motorists and what NRMA Directors should be pressuring the government to fix.

MOBILE MEMBER CENTRE
 Our famous Volvo safety truck travelled to over 50 shows and events across NSW/ACT, spreading the road safety education message to Members and the wider community. The MMC is proudly sponsored by Volvo Trucks and Subaru.

SAFER DRIVING SCHOOLS
 Safer Driving schools in the NSW metropolitan area are teaching both the young and old to be better, safer drivers.



NRMA HOLIDAY PARKS
 NRMA Holiday Parks offer fantastic value for Members without sacrificing on quality. NRMA Holiday Parks are located in Sydney, Gold Coast and North & South Coast of NSW.

NRMA MOTOR SERVE
 Good honest car servicing with special Member benefits at four convenient locations in the Sydney Metropolitan area.

TRAVELDGE
 As a 50 per cent Travelodge shareholder, NRMA can offer Members special rates and value added inclusions at Travelodge Hotels in Australia and New Zealand offering clean, comfortable accommodation and friendly service.

Thrifty THRIFTY
 Thrifty Car Rental locations across Australia offer Members the best available rate on any given day plus further savings when you book over the phone or online.

Since 1920, NRMA has been there to help. 80 years on, your Membership gets you access to a range of benefits, discounts and activities where you live, work and travel.

CORAL TAYLOR MEMBERS' DIRECTOR
 HOWE REGION (RYDE, NORTH WEST SYDNEY AND HAWKESBURY)



Due to poor public transport and inadequate road infrastructure, time commuting keeps many local families apart for too long. Your NRMA Board has been busy this year lobbying the State Government to deliver better transport options including more parking at local public transport hubs.

Along with NRMA President Alan Evans, I visited dozens of local schools to inspect school safety zones and identify where signage improvements could be made. There are 24 sets of flashing lights in Howe Region school zones, which is a good start. With your support, NRMA Directors will keep up the pressure on the State Government to roll out more flashing lights at schools.

In these times of high petrol prices, I was pleased to support, on behalf of NRMA, our local Meals-on-Wheels volunteer drivers with \$20,000 worth of fuel vouchers so they can continue their great work.

GARY PUNCH MEMBERS' DIRECTOR
 COX REGION (WESTERN SYDNEY & BLUE MOUNTAINS)



It's not fair that Western Sydney and Blue Mountains Members pay a toll just to sit in traffic jams on the M4 and M5. That's why your NRMA Board has been lobbying hard for Government funding to begin work on constructing the M4 East extension and widening the M5.

Lobbying led to 38 sets of school zone flashing lights in the region to protect school children and many young Members have been learning to drive at one of our four local NRMA Safer Driving Schools. NRMA Motor Serve, located at Liverpool recently celebrated its first anniversary of providing good honest car servicing.

Hundreds of Cox Region Members enjoyed NRMA Local Motorists' Forums in Western Sydney and the Gold Member Roadshow at Leura. Thousands of local high school students saw first-hand the devastation that reckless driving can cause at the Australian Youth and Road Trauma Forum at Homebush.

I'm pleased to report that apart from a few diesel vehicles, NRMA owned Patrol Van fleet has now been converted to LPG, reducing the fleet's greenhouse gas emissions by more than 12 per cent in 2007/08.



Placement of NRMA services and subsidiary business on map are indicative only – for detailed information about any NRMA service or product please visit mynrma.com.au



GEOFF TOOVEY MEMBERS' DIRECTOR

PERRY REGION (NORTHERN SYDNEY)



Giving back to the community is part of the NRMA culture. Last year, staff and volunteers helped out with 'Renovation Rescues' at Sunnyfield residences in Woy Woy and Northern Sydney. Sunnyfield is one of our five new charity partners and provides a crucial path to independence for people with disabilities.

Also during the year, I opened the Artarmon MotorServe for local Members looking for high-quality, good-value car servicing. NRMA now has six MotorServes across Sydney and the ACT. Between them, they serviced more than 15,000 cars last year.

DAWN FRASER MEMBERS' DIRECTOR

SIMMS REGION (INNER WEST AND EASTERN SYDNEY)



Ensuring the safety of our youngest passengers is an important part of the NRMA's work. Last year, NRMA Patrols rescued 1,890 children from locked cars. Through our publications and information programs, we educated parents about the need to fit child seats correctly.

This year, I was thrilled to launch NRMA's support for SIDS research through Red Nose Day and to see a Red Nose magnet on every Patrol car during June. All up, NRMA staff raised more than \$17,000 for charities with this and other fundraisers in 2007/08.

Another great achievement last year was opening the first NRMA Travel Centre at Wynyard to provide Members and their families with all the travel advice and assistance they need when planning for a well-earned break.

MICHAEL TYNAN MEMBERS' DIRECTOR

HODDLE REGION (ST GEORGE, SUTHERLAND SHIRE, ILLAWARRA AND WOLLONDILLY REGIONS)



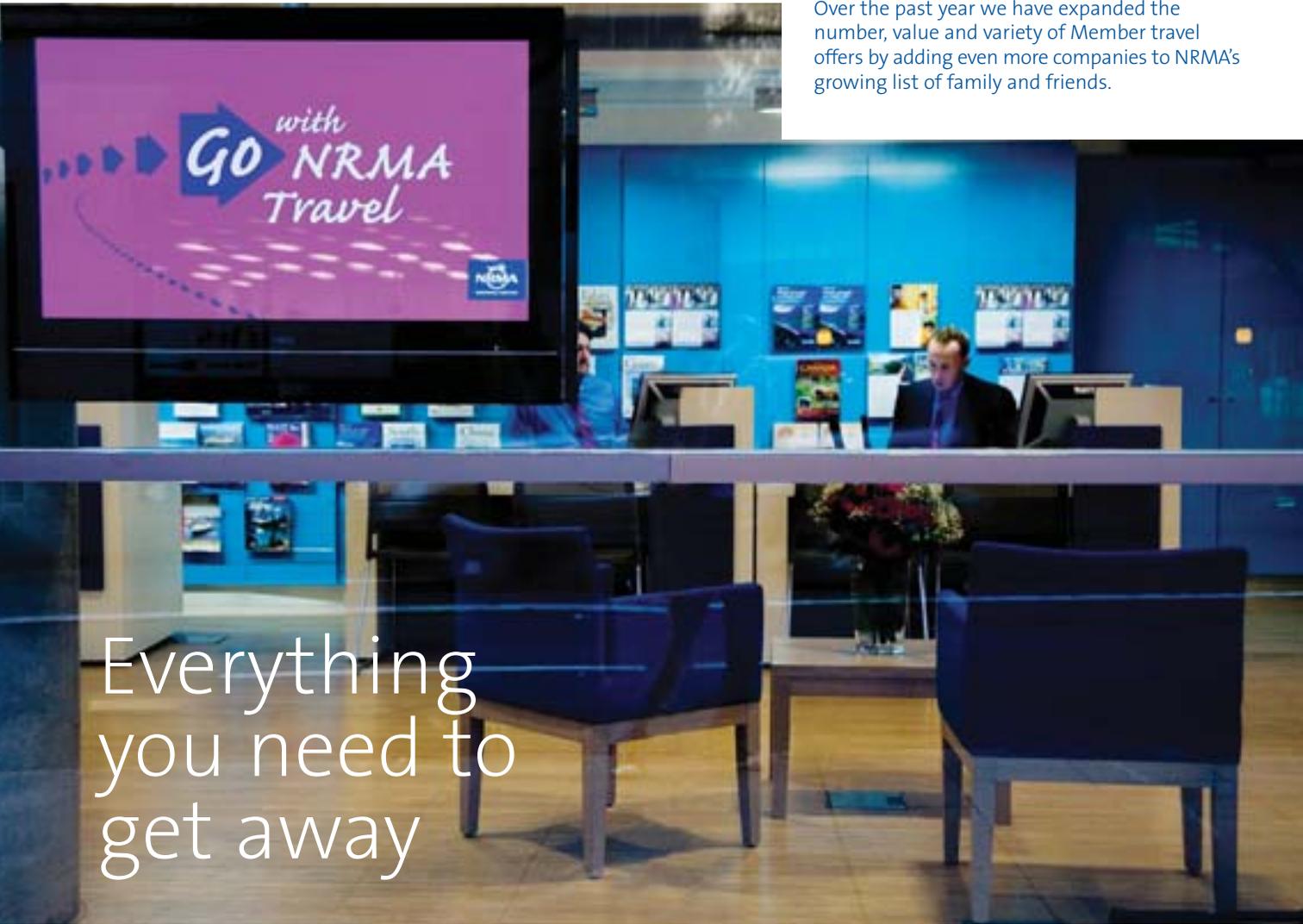
Local traffic congestion is an ongoing concern for Southern Sydney and Illawarra Members. So over the past year, your NRMA has fought on your behalf to get more Park and Ride facilities for local train stations. We also continued our campaign to build the F6 and make Member's journeys to the CBD quicker.

Last year in the Hoddle Region, 30 sets of flashing lights were installed in local school zones and many learner drivers took lessons at local NRMA Safer Driving Schools.

Teaching young people in all regions about the dangers of hooning is important to us all. I was proud to support the annual NRMA Youth and Road Trauma Forums which got the message across to 11,000 NSW and ACT High School students last year.

Bigger and Better

Over the past year we have expanded the number, value and variety of Member travel offers by adding even more companies to NRMA's growing list of family and friends.



Everything you need to get away

NRMA TRAVEL

Your One-Stop Travel Shop

Holidays are fun, but organising them isn't always. Finding everything you need at the price you want can be hard work. By gathering all your travel needs in one place, NRMA Travel is helping Members to get away with minimum effort and maximum value.

During 2007/08, NRMA Travel went from strength to strength. We invested in the New Zealand car hire, hotel and travel industries, as well, we purchased two specialist travel companies so we could offer more cruising and South Pacific holidays. We also opened a dedicated NRMA Travel Centre in Sydney CBD and negotiated more travel discounts for Members.

Travel services are a major part of today's NRMA, whether your journey is for relaxation, fun or adventure.

NRMA TRAVEL



NRMA TRAVEL INSURANCE

VALUE TOURS



NRMA MAPS & GUIDES

"

I regularly use the website to plan holiday driving trips and look for tourist info. "

Martine Coles
Kambah ACT



ADVICE AND PLANNING

19

In Person, Online and By Phone

We spent the year making it easier for Members to find the information they want.

Check out nrmatravel.com.au for our online guide to holidaying with pets, downloadable maps, links to NRMA Travel Insurance and other new features.

The NRMA Travel Centre opened in May 2008 and is already a big hit with Members who like face-to-face help. It's the place to go for friendly advice, information and booking assistance for everything from international driving permits to an African safari. You can also visit nrmatravel.com.au or call 13 11 22 for more information.

NRMA Travel plans to hold four travel presentations a month at our CBD Sydney centre and to take them on the road to regional Members. Our presentations are always jam packed, bringing to life exciting destinations like Antarctica and Canada. Watch out for more developments.

One of our big projects is overhauling the NRMA Travel Planner. Members planned 1.2 million journeys during 2007/08, with 30,000 using it every month. You told us you would like the Travel Planner to be more detailed and easier to use, so soon it will have higher quality maps, a streamlined search engine, improved printing features and much more.

Next time you dream of a hotel in Darwin, a caravan safari, or a cruise on the Danube, think NRMA Travel. We can help you make it happen.

So many travel choices

DISCOUNTED HOTELS

Great rates around the world

Booking through the NRMA Travel website can save you money on your next holiday. By June 2008, you could choose from more than 35,000 hotels in 120 countries, including more than 11,000 hotels in Australia. Each one offers a three to five per cent discount on already discounted rates for online bookings - more if you book at the last minute.

ATTRACTIONS TICKETS

Members saved more than \$1 million in 2007/08

The NRMA Travel team spent the year building up an impressive range of Member offers for tickets to some of Australia's best theme parks, zoos and wildlife parks.

We sold more than 50,000 discount tickets for attractions such as Movie World and Taronga Zoo. Thousands of you avoided the queues at Dreamworld with the special Members-only early entry deal.

ESCORTED TOURS

Join us for the time of your life

The international reservations team at NRMA Travel was kept busy after we ran our first overseas escorted tour to Vietnam in August 2007. Our consultants spent the year talking to Members and took more than 1,000 bookings for 55 different NRMA Travel escorted tours.

Throughout the year we kept listening to your ideas, tailoring holidays to suit and designing 24 new tours just for Members. During the year NRMA Travel escorted 567 Members to South Africa, Vietnam, Canada, Alaska, Argentina, Egypt, Dubai and other exotic places. Members learned to tango in South America, waltz in Vienna and belly dance in the Arabian desert. With each trip offering special Member value added inclusions and benefits, they were all fantastic value and good fun.

New Zealand is a top destination for many Members so in January 2008, we followed last year's investment in travel wholesaler Adventure World Australia by buying Adventure World New Zealand. Now you have even more holidays to choose from with special Member offers.

This year was also the year we hit the outback trail with a new range of four-wheel drive tours led by experienced leaders. Another highlight was launching our first tours to Antarctica for early 2009. So many NRMA Members are going, the expedition ship will fly the NRMA flag!

SOUTH PACIFIC ISLANDS

Members keen to say Bula

We use feedback and research to find out where Members want to travel to. Many of you were interested in visiting the South Pacific Islands, so in September 2007, NRMA bought specialist South Pacific travel company Coral Seas Travel Pty Ltd. Since then, more than 450 Members have taken advantage of specially-designed, super-value NRMA Member holiday packages to the Cook Islands, Fiji, Vanuatu, Samoa and Norfolk Island.

So far, Norfolk Island is the most popular destination. Three Norfolk Island escorted tours were fully booked within ten days of being advertised in Open Road and four more departures had to be arranged to cope with the demand.



HOLIDAY PARKS

Last year was the first full year of operations for NRMA Holiday Parks. Located in Sydney, on the NSW North and South Coasts and the Gold Coast, Members enjoyed visiting our five parks and exploring unique experiences at each one.

Whether it was whale watching, bush-walking, golf, spa treatments, kids activities, dolphin spotting, enjoying a BBQ or relaxing by the pool – Members who visited mentioned how surprised they were at the modern facilities and fun activities – all of which they didn't expect from a holiday park.

In fact, we're thrilled to let you know that Darlington Beach Holiday Park was awarded "Best Holiday Park / Resort Park in NSW for 2008," by NSW Caravan and Camping Association. Our parks really have so much more to offer than what was available when we were kids on holidays.

CAR RENTAL

The Thrifty way to save money

As an NRMA Member, you always get the best available rate from Thrifty on any given day. Not only that, you make further savings if you book over the phone (10 per cent cheaper) or online (15 per cent). The savings are so good that more than half the 19,000 Thrifty bookings Members made during the year were via the internet.

Thrifty Australia's investment in Thrifty New Zealand during 2007/08 means you can enjoy car rental discounts across the Tasman as well as closer to home.

TRAVELODGE HOTELS

For convenience and comfort

From Perth to Newcastle, Travelodge Hotels are always popular with travellers looking for clean, comfortable accommodation and friendly service in convenient locations. As a 50 per cent Travelodge shareholder, NRMA can offer Members even cheaper rates and special value added inclusions at all 15 Travelodges.

In January 2008, with NRMA's help, Travelodge bought a hotel in Palmerston North, New Zealand and rebranded it as a Travelodge.

”

Being in a position that we can only afford a holiday every four or five years we decided to take a chance on Darlington Beach. We now understand what it might be like going to heaven.

The reception staff were outstanding and went out of their way to help in any way. The children's activity staff, Ben, Matty and Elly were just the best and our three children have made friends for life. ...Darlington Beach will definitely be our next holiday in the coming years.

”

The Woodhead Family
Tingha NSW



CARAVANNING AND RV

DIY or join a tour

It's good to see people re-discovering the freedom of driving in their own "hotel on wheels". More than 200 Members showed their NRMA membership cards to enjoy a 10 per cent discount on Britz Campervans and Maui Motorhomes.

For those preferring to travel in groups, NRMA Travel escorted five caravan safari trails to remote parts of South Australia, Western Australia, Tasmania and Victoria.

CRUISING

From Mediterranean islands to Antarctic ice flows

We keep our fingers on the Membership pulse at NRMA Travel and we know cruise holidays are enjoying a resurgence. During the year we offered cruises in Europe, Asia, the Americas and even Antarctica. And when we saw an opportunity to offer even more cruising options, we took it. In July 2008, we acquired cruise wholesaler Creative Cruising Pty Ltd, which has been operating in the Australian market for almost 15 years.

We also launched the NRMA Travel Cruise Club in May 2008. Have you joined yet? You can register at mynrma.com.au/travel. It's free, and more than 5,000 Members have signed up. A private inspection of the P&O superliner *Pacific Dawn* is just one of the special events, last minute discounts and exclusive offers NRMA Travel Cruise Club Members have enjoyed so far, with more to come in 2008/09.

MOTORING



Working for you

We can sum up the past year for our Motoring Service in one word: Evolution

SAFER DRIVING SCHOOLS

In our fight to make roads safer, NRMA Safer Driving Schools are a major asset. Whether you are 18 or 80, you will be a better driver after attending one of our schools.

During 2007/08, the schools delivered 20,000 hours of tuition via our franchise partners using qualified instructors, state-of-the-art driving simulators and behind-the-wheel experience. While we want more learner drivers to attend, the schools are also open to experienced drivers who want to brush up their skills and older drivers preparing for the new licensing test.

We established 23 new Safer Driving School areas during the year. The Safer Driving Schools Network now covers 80 per cent of NSW and the ACT but with demand outstripping supply, we will keep expanding the franchise network.

MOTORING RESEARCH

Smaller cars are not only cheaper to run, they are often safer too. Our Motoring Research team spent the year testing this and many other theories on behalf of Members. Last year, the group tested more than 60 cars and motorcycles. It also revised the Used Car Safety Ratings (UCSR), supported the Australasian New Car Assessment Program (ANCAP) crash tests, evaluated child restraints and surveyed fuel quality.

MOTORING ADVICE

You kept our Motoring Advice specialists busy during the year. They answered nearly 90,000 calls and emails, mailed out 8,000 brochures and sent thousands of pages of technical information to mechanics. Maybe you were one of the hundreds of Members they talked to at car care classes, school visits, the Australian Youth and Road Trauma Forum or maybe you visited us at our new centre in the Sydney CBD. If you have a motoring question, call the team on 1300 655 443 or email your query via our website mynrma.com.au/technical.

FREE2GO

The long drive from Sydney to Byron Bay kills 44 people a year. Over the summer we fought these figures with five NRMA Free2go Pacific Highway pitstops for Schoolies. With celebrities, free food, loud music and giveaways, the pitstops persuaded our most inexperienced and vulnerable drivers to take a break and encouraged 2,000 of them to sign up for Free2go, our special Membership package for 17 – 20 year olds.

MOTORSERVE

During the year, our NRMA MotorServe Service Centres exceeded so well on our promise to deliver good, honest car servicing that we opened five more: Liverpool, Tuggeranong, Kotara, Artarmon and South Strathfield joined our first MotorServe at Seven Hills.

Throughout 2007/08, Members inundated our MotorServe mechanics who worked on more than 15,000 cars – 90 per cent belonging to Members. Nearly 9 out of 10 customers said they would recommend MotorServe to other people. They were impressed by extra touches like the children's play area, free internet and café-style coffee. They liked the six days a week opening, six-month warranty on all work and generous Member discounts.

Most of all they praised the helpfulness and friendliness of MotorServe staff and the straightforward, transparent approach to repairs and pricing – especially the 'watch while you wait' windows and cameras linking the lounge with the workshop. We really do have nothing to hide!

Next year we will open three more MotorServe Service Centres (by February 2009). If you would like to experience the MotorServe difference, call 1300 880 294 or go to our website, nrmamotorserve.com.au.

CARWISE

Invest \$29.95 (Member price) in an NRMA CarWise used car report and you'll never buy a lemon. Around 50,000 people have registered on nrmacarwise.com.au since April 2007. We've revamped the site and added CO₂ emission and VIN information to our reports.

“
Value for money as experienced by our daughter in Newcastle using Kotara MotorServe last week. She compared the service cost against her [local] dealer charges and was happy with NRMA.”

Dennis Moran
Newcastle NSW

Greener Motoring

CAR LOANS

More than 1400 Members have taken up over \$30 million worth of loans since the launch of NRMA Car Loans in September 2006. The business continues to grow and during 2007/08, twice as many loans were written compared to the year before. To give you more choice, NRMA Car Loans has broadened its offer to include loans for new cars, motorcycles, caravans, motor homes and RV's and launched Green Loans for environmentally friendly vehicles.*

BATTERIES AND CAR ELECTRICS

Over the year we sold more than a quarter of a million batteries and car electric components on the spot to Members in trouble, helping them to get moving much more quickly than if they had to buy them elsewhere. This was more than the previous year, thanks to the new intelligent questioning approach in the NRMA Call Centre. It ensures we can deliver what you need.

APPROVED REPAIRERS

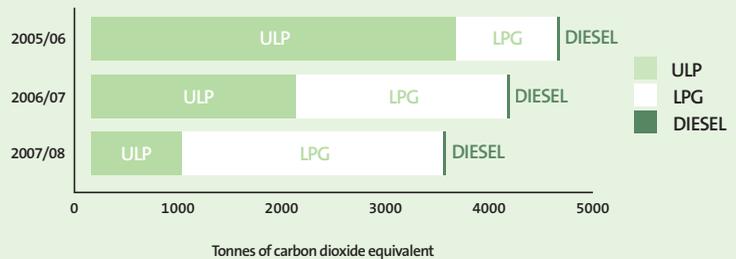
More than 250 Approved Repairers helped Members during 2007/08 with 3,000 vehicle inspections and thousands of repairs. The launch of Rescue and Repair in April 2008 gives Premium Care Members an added benefit when needing a tow to an Approved Repairer. 30 Approved Repairers went out with local Patrols on our new Patrol Ride Around program so they could learn more about each other's jobs and work together to improve our Member services.

BUSINESSWISE

By the end of the year, BusinessWise (our suite of membership packages for businesses) was helping more than 18,000 businesses across NSW and the ACT with discounts, special roadside services and much more. During the year we improved the dedicated website and installed a new computer system to improve Member services.

* Products offered by NRMA Car Loans are provided by Savings & Loans Credit Union (S.A.) Ltd ABN 70 050 419 755 AFS Licence 240615 NRMA trademark used under licence from IAG, owner of the trademark for financial services. Terms and conditions apply.

NRMA owned Patrol fleet emissions



It's not enough to talk about making motoring less polluting – we have to act too. During the year we introduced some new ideas to make your NRMA cleaner and greener.

Your Greener NRMA

We have converted 100 per cent of our owned Patrol fleet to liquefied petroleum gas (LPG) and we have started running our Mobile Member Centre on a bio-diesel fuel blend when available. We also ensured our engines had regular check-ups for more efficient running and to reduce air pollutants. These actions resulted in a reduction of our Patrol fleet's greenhouse gas emissions by over 12 per cent during 2007/08 (achieving a 21 per cent reduction since 2006) as shown above. We will keep exploring how to reduce our fuel use and emissions in the future.

During the year we set up a working group on climate change with management representatives from each NRMA division. We developed a comprehensive climate change strategy for the NRMA and have begun implementing key measures to better understand and reduce our carbon footprint. We are determined to reduce our fuel and electricity use and will roll out more initiatives in 2008/09.

Helping Members

Through our website, *Open Road* and other publications, we keep Members up to date with practical ways to be greener motorists. During 2007/08 we started to offer Members Green Loans with reduced costs compared to other NRMA Car Loans, to encourage you to buy cars that are under two years old and have a greenhouse rating of seven or more according to the Green Vehicle Guide (see greenvehicleguide.gov.au). If you take out an NRMA Green Loan, we will make a donation to GreenFleet – a not for profit organisation that plants native forests – towards offsetting your car's carbon footprint for the first year*.

A Road Map for Alternative Fuels in Australia

In 2006, NRMA hosted an Alternative Fuel Summit and from this we commissioned the Jamison Group – four eminent scholars in transport and energy – to develop a road map to reduce our dependence on oil. The Jamison Group Report, *A Roadmap for Alternative Fuels for Australia*, was released in July 2008 mapping out a greener, less volatile and cheaper transport energy future. Recommendations include strengthening requirements for vehicles to meet lower fuel consumption standards and calling for incentives to encourage alternative fuels and vehicle technologies. Contact us for a copy or visit mynrma.com.au.

Working Together

Passenger vehicles account for eight per cent of Australia's carbon emissions. We are working with the Australian Automobile Association (AAA) and other motoring clubs to bring this figure down. For more information on the AAA Climate Change statement, *On the Road to Greener Motoring* (published February 2008), contact us or find it on the AAA website at aaa.asn.au/greenermotoring.

PETROL



“
It affects everyone and has a knock-on effect on the prices of other goods.”

Wayne Crisford
Orange NSW

With your support, the NRMA led the charge to put the petrol industry under more scrutiny than ever before last year.

Keeping petrol companies honest

After three years of campaigning to stop motorists being ripped off, we finally saw some action in 2007/08. It's a great start, but there's still a long way to go.

COST TO MEMBERS

During 2008, Australian retail fuel prices have hit record highs on numerous occasions. What's more, every household is affected by the flow-on costs of petrol hikes, paying more for food and other essentials.

COST TO BUSINESS

Our BusinessWise Members told us they were sick of watching their profits get eaten away by rising fuel costs. In a survey conducted in April this year, more than three-quarters of BusinessWise readers said they were absorbing additional fuel costs and were hurting as a result. Many said a drop of five to seven cents a litre would reduce their transport costs by at least 10 per cent, money they could invest in business growth and new jobs. One in five said they had already converted their Fleets to alternative Fuels and the vast majority of others said they would also do so if government provided incentives.

COST TO TOURISM

In a first-of-its-kind, NRMA conducted a comprehensive survey of its Members and major tourist destinations and found that fuel prices were changing the traditional family holidays. The majority of NRMA Members were travelling shorter distances for their family holiday and spending less when they got there. This was having a negative impact on local tourist centres and small businesses. NRMA believes a new campaign to support regional and coastal tourism is needed.

WHAT WE'VE DONE

With last year seeing the highest pump prices ever, NRMA's role as a voice for action was critical.

Petrol inquiry

In June 2007, the Federal Government responded to NRMA's ongoing campaign and announced the ACCC; major inquiry into the price of unleaded petrol. When the Commission reported in December 2007, it pointed out that the four biggest oil companies were a "comfortable oligopoly".

Petrol Commissioner

In February 2008 the Government announced the appointment of Australia's

first Petrol Commissioner. After strong campaigning from NRMA, the role is to keep an eye on oil companies and petrol prices, which is a good step forward on the way to fairer pricing.

By May 2008, the new Petrol Commissioner was making his presence felt. He named and shamed supermarket chain Coles for having consistently higher fuel prices at Coles Express outlets, warning shoppers not to rely on Coles shopper docket fuel discount vouchers to deliver necessarily the cheapest petrol.

Political debate

Our persistent lobbying at grassroots and official levels made sure petrol pricing was on the policy agenda for every party during the election year. NRMA also put pressure on new Prime Minister Kevin Rudd to use his G8 visit to drum up international support for tougher regulations against speculators forcing up the price of oil.

The future

NRMA has been talking about ending Australia's oil dependence since our Alternative Fuel Summit in October 2006. We want the Federal Government to adopt a road map to end the nation's dependence on fossil fuels. The Jamison Group Report (see p23) has identified 12-steps to achieve this. NRMA is committed to helping maintain the momentum to establish a viable alternative fuels industry in Australia to give motorists choices.

WHAT'S NEEDED

More powers

The Petrol Commissioner should take up the Federal Government's offer of more powers so he can make the industry fairer and more transparent. He should be able to make oil companies explain price discrepancies, order them to adjust prices if they are too high and punish them if they do not comply.

Protection from global markets

Allowing the introduction of a fifth oil company and freeing up terminal space for independent retailers to import their own fuel (instead of having to buy it from the nation's biggest oil companies) might also go a long way towards making petrol prices fairer.

CHAMPIONING YOUNG AND OLD



KEEPING SCHOOL KIDS SAFE

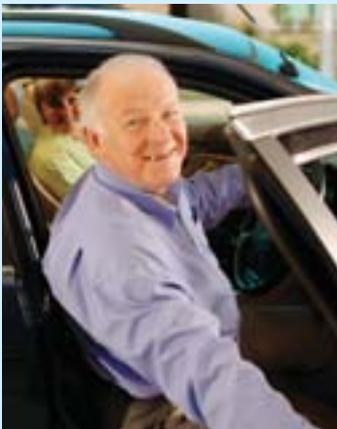
During the year NRMA put a major effort into helping the NSW Government identify the most effective light systems for the State's new flashing lights in school zones. With grassroots support from Members, our lobbying helped to secure 100 more sets of lights and line up another 100 for next year.

Fines from fixed cameras in school zones totalled nearly \$21 million over the first six months of the financial year, so we need to do more work on driver education. We are also trying to make it easier for motorists to obey the law.

As many speeding fines arise from school zone speed cameras on two or three-lane roads, perhaps driving on multi-lane roads makes it easier to miss school zones. One answer may be to place signs on both the left and right hand sides of the road, or suspend them above it. It would also help drivers if there were more speed limit signs at traffic lights inside school zones.

With more than 3,100 schools in NSW, we have been working on other ways to improve safety that can be quickly and easily adopted. We've come up with some good proposals and will be lobbying the RTA and local councils to give them a go. One idea is to highlight school zones with fluorescent yellow/green colour similar to that on the safety vests worn by NRMA Patrol Officers.

We'll be watching closely to make sure the NSW Government does what it promised and invests the revenue from school zone speeding fines in better safety measures around schools. We'll also be talking to ACT Roads about introducing similar measures in the Territory.



A FAIR GO FOR OLDER DRIVERS

With 105,000 Members aged over 80, NRMA worked hard during 2007/08 on behalf of older drivers to correct misguided stereotypes and make things fairer for those wishing to remain independently mobile.

We made 220 of our Years Ahead road safety presentations to 10,000 older drivers in the greater Sydney area, Blue Mountains, Central Coast, Hunter, Illawarra and the mid and Far North Coasts.

Fighting for a fairer deal for older drivers was a big priority. A NSW Roads and Traffic Authority (RTA) discussion paper released in July 2007 outlined major reforms to the annual driving test for over-85s. The options included restrictions on driving within a 10 km radius of home, not a good prospect – especially for Members in rural areas.

Many thousands of Members lobbied with us for a fairer deal and the RTA received more than 24,000 submissions. After months of Member consultation, public campaigning and government talks, the new rules were announced in April 2008.

They included our Members' proposal that over-85s could opt for a voluntary, self-funded assessment every two years, driving around their own neighbourhood in their own cars, and the 10 km restriction was rejected. Most Members saw the new rules as a fair outcome for them and for NSW road safety.



I am extremely pleased that you have made such an effort to make sure that older drivers like me, are not unduly discriminated against. The key reforms are a big step in the right direction and should do a lot to allay the anxiety of us older drivers



Dorothy May Harris
Strathfield NSW

ADVOCACY

SAVING CHILDRENS' LIVES

Your 10 year-old back seat driver could be one of 100,000 children who, along with thousands of NRMA Members, recently enjoyed NRMA's RoadZone Road Safety Show and touring exhibition. During 2007/08 we changed the focus of RoadZone to teach children aged 9-12 years about how they can take responsibility for their own safety on the road, in cars and on bikes – and they loved it. Visiting 235 primary schools, the show used colour, music and fun to make what might be seen as boring safety rules come alive. As well as making them safer now, the RoadZone team hopes to help children be better drivers in the future.

EDUCATING YOUNG DRIVERS

They are just 15 per cent of drivers on the road, yet young drivers make up 36 per cent of all road fatalities. During 2007/08, NRMA tackled these shocking figures with several programs targeting young drivers including another Australian Youth and Road Trauma Forum (see below), Driver Reviver stations for those going to Schoolies week and Safer Driving Schools for L-platers.

Throughout the year we talked to senior students at high schools about road safety and provided schools and community organisations with educational resources. We also continued to work with local Rotary Clubs to run the U-Turn the Wheel program which, since 1999, has taught 15,000 young drivers how to be safer and smarter about buying and maintaining used cars.

SUPPORTING PARK AND RIDE

More parking spaces at suburban bus stops and train station – that's what Members told us they wanted in our "Park and Ride"



survey (February 2008). More than 80 per cent of those surveyed drive to work, but 40 per cent or more would use public transport if there were affordable, secure, well-lit parking spaces nearby.

NRMA conducted the survey and audited areas around train stations to show decision-makers that the lack of facilities is forcing people to choose cars over public transport. At one of Sydney's busiest train stations, Strathfield, there are just 23 parking spaces for 10,700 commuters.

Our message is getting through: ACT Members welcomed a \$530,000 allocation in the Territory's May 2008 Budget for Park 'N' Ride facilities. But more is needed in the ACT and NSW, so we will keep up the fight.

FIGHTING FOR BETTER ROADS

On your behalf, we kept up the pressure on governments during 2007/08 to fund and deliver safer and better roads. There was record road funding from both State and Federal Governments, including \$404.2 million for the Pacific Highway.

Over the next twelve months, we will continue the fight on a number of fronts including construction of the F6 and M4 extensions and ensuring the M2 and M5 are widened to ease congestion. There is a great deal of work to be done to make our country roads safer and we will continue our call for all levels of government to work together on upgrading key roads.

Thanks to all of you who acted as our eyes and ears over the year, identifying local road problems and safety issues that we could push local councils to fix. Despite record government funding for roads, a mere 20 per cent of the fuel excise is used for improving them. We will keep reminding our politicians that this is not good enough.

YOUTH ROAD SAFETY

Because young people often tend to think they are "bullet-proof", they feature heavily in road crash statistics. Talk to any 17 to 25 year old about speeding or seatbelts and their eyes might glaze over. But show them the shocking consequences and you might just save a life.

That is why we deliver the Australian Youth and Road Trauma Forums. We staged our third at Sydney's Homebush Bay in May 2008. Organised with Westmead Hospital's Trauma Service, the three-day forum used reconstructions, demonstrations and active exhibits to show 11,000 NSW and ACT high school students the harsh reality of road crashes. They left with a deeper understanding of how to stay safe on the roads and the role of emergency services.

This Year 12 student certainly got the message. "It really opened up my eyes to how easily an accident can happen and your life can change in a split second."



PUBLISHING AND COMMUNICATIONS

NRMA PUBLISHING

You told us you wanted to receive more general and specialist motoring information, so over the past twelve months we have expanded NRMA's dedicated publishing division. *Open Road* is still our flagship magazine, but now NRMA Publishing produces a number of other publications to suit Members' diverse interests. Our Publishing team also produces NRMA's legendary maps and guides. All our products are available from our online shop – mynrma.com.au/onlineshop – with Members receiving special subscription offers.

OPEN ROAD

Arriving like clockwork in 1.6 million letterboxes every two months, *Open Road* is the largest circulating publication in Australia. We've been making the magazine more relevant for you by including special Member offers, more motoring and travel information and stronger editorial content. The demands of such a large-scale, high-quality publication ensures our Publishing team is one of the best in the business when it comes to production and distribution deadlines.

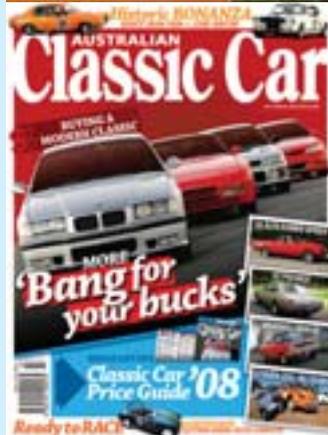
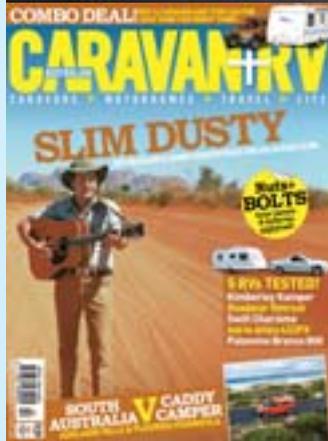
OPEN ROAD ONLINE

During 2007/2008 we responded to your feedback and launched an online version of *Open Road*, which we publish on alternate months to the print version. It's another way to make sure you keep up-to-date with NRMA's activities and Member offers.

We're always open to ideas for making the online and print versions of *Open Road* more interesting and relevant to Members, so look out for further improvements in the next twelve months.

AUSTRALIAN CARAVAN + RV

We only launched Australian *Caravan + RV* in March 2007, but its subscriber base has already increased to nearly 6,000, with more than 25,000 newsagency sales annually. Given the rising popularity of life on the road with all types of recreational vehicles, it's no surprise this quarterly magazine is a hit.



“
The *Open Road* keeps me up to date on car related stuff I won't normally read about”
”

Lynette Robinson
Northmead NSW

AUSTRALIAN CLASSIC CAR

NRMA bought this specialist monthly title for classic car enthusiasts in October 2007. Since then, we have improved the content and look and feel of the magazine and as a result, nearly doubled subscriptions. Including retail sales, we sell more than 100,000 copies a year. If you are interested in the latest motoring events, restorations, workshops, auctions and price guides, this is the magazine for you.

AUSTRALIAN BUSINESS AUTO

This niche magazine for fleet vehicle operators has appeared every two months for the past two years. It is number one in its market. It won the Bell Award for Best New Magazine in 2007 and in 2008, it won the Bell Award for Best Graphic Design. While NRMA BusinessWise Members receive it for free, it also sells via subscription and newsagents, with distribution of over 23,000 copies. It's such a success, we have been contracted by other motoring clubs to publish versions for their Members.

MAPS

Over the past year, we printed more than 700,000 maps as a free Member service. We will be making some exciting improvements to our maps and guides in the coming year.

WEBSITES AND E-NEWSLETTERS

Our websites and e-newsletter are a great way for us to stay in touch with you and we are always looking for ways to make them more informative and easier to use. Look out for more improvements in the year ahead and go to mynrma.com.au/newsletter to register.



CHARITY PARTNERSHIPS

Helping people is what NRMA is about. We listened to suggestions from Members and staff before choosing five new charity partners for our Helping Hands program in 2007/08:

- **Sunnyfield:** Providing more than 1,400 services for people with disabilities to achieve independence;
- **Diabetes Australia NSW:** Fighting one of Australia's most serious health problems;
- **Conservation Volunteers Australia:** Managing a force of 10,000 volunteers a year in environmental projects across the country;
- **Starlight Children's Foundation:** Putting a smile on the faces of seriously ill children;
- **Father Chris Riley's Youth Off the Streets:** Helping young people at risk in our community.

NRMA staff offered their support through volunteering, donations and fundraising.

Volunteering

We think giving time is as important as giving money, so we offer staff one paid leave day a year to volunteer at one of our charities. Last year the number of staff volunteers increased by 25 per cent. Lots of willing pairs of hands helped at the Renovation Rescues, sold fundraising merchandise and packed Christmas hampers for the less fortunate.

Donations

This is very popular. Staff can make a pre-tax salary donation while NRMA covers administration costs so their chosen charity gets every cent. We are working at getting even more staff on board over the next year.

Fundraising

Looking silly on Red Nose Day, scoffing green cupcakes on World Environment Day, sweating in the City2Surf and shaving our heads for cancer... our staff raised over \$18,000 through fundraising activities over the last year.



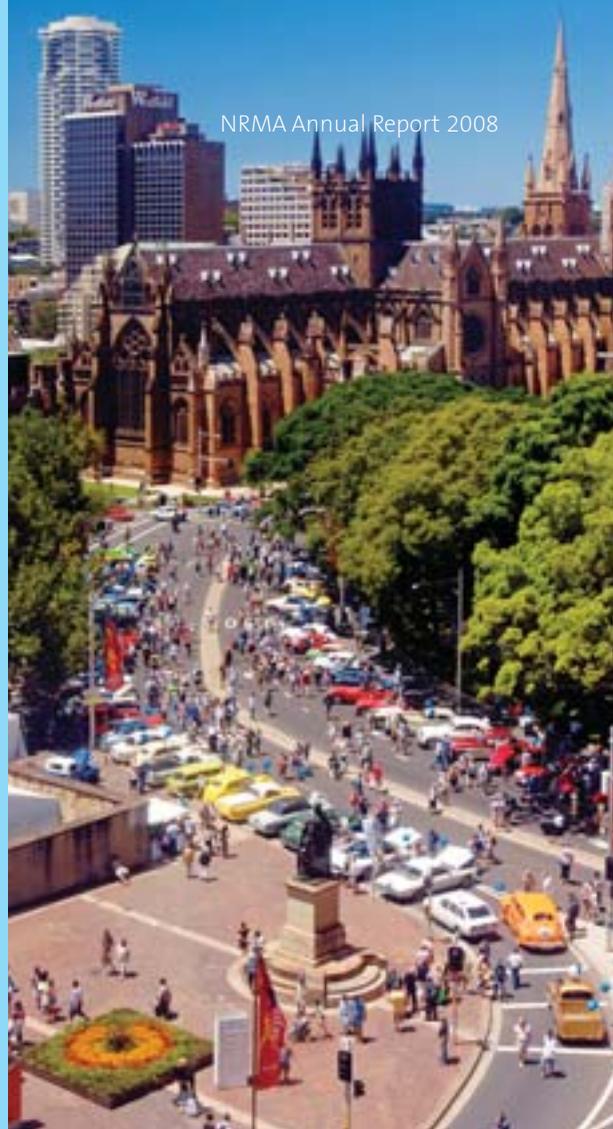
”

We would like to thank NRMA for the unbelievable holiday at Darlington Beach Holiday Park. We feel very humbled by such generosity, and hope we can give back to someone else when this drought eventually breaks. Samantha and David were most impressed with the rain we received whilst there. It rained for three days straight and they have never seen this. They were so excited and it didn't stop their outdoor activities ”

*The Parsons Family
Forbes NSW
Stayed at Darlington Beach Holiday Park Helping Farming Families (Pictured Below)*

Left: "NRMA Harbour Patrol" staff team – Dragon Boat Race – Darling Harbour.

Right: Motorfest 2008



SPONSORSHIPS & EVENTS

We are active in the community throughout NSW and the ACT with a number of innovative sponsorships & events including:

- NRMA Motorfest™
- Rock Eisteddfod Challenge
- Handbrake Turn
- Volunteer Rescue Association
- NRMA Careflight
- Bathurst 1000
- Gold Member Roadshows

We are also proud to have given \$50,000 worth of Community Road Safety Grants to projects from Queanbeyan to Murwillumbah.



COMMUNITY PROGRAMS

NRMA is always out and about in the NSW and ACT communities. Whenever we saw a chance to help during the year, we did.

Helping Farming Families: We gave 250 drought-affected families a much needed, five-night break at an NRMA Holiday Park of their choice at no cost to them.

NRMA Helping People Awards®: We received a record 290 nominations for our community's most deserving volunteers and big-hearted heroes.

OUR PEOPLE – TRUE BLUE



LIVING OUR VALUES

Our values articulate how we work with each other, our Members and the general public.

Community: We look after and respect the people and environment, wherever we work.

Help: We want to solve your problem, whether you are a Member or a colleague.

Quality: We provide services, information and products you can trust.

Integrity: What's right is at the heart of what we do.

Speaking out: We take a stand on issues that matter to Members and the wider community.

Our True Blue Awards recognise staff who live these values every day. More than 300 NRMA people won True Blue Awards during 2007/08.

Every Member experience begins with an NRMA person, whether we take your call, drive a Patrol van or plan your holiday. So we put a lot of effort into recruiting the right kind of people. Once they join us, we put just as much effort into keeping them, because having the best people means NRMA can keep providing Members with the best services and products.

CAREER DEVELOPMENT

To attract high-quality people, we combine flexible working practices and a friendly working environment with a strong commitment to individual training and career development that encourages each person to follow their chosen career path.

We offer staff a whole suite of programs covering skills training, professional development, on-the-job coaching, leadership skills and succession planning.

During 2007/08, we launched an internal mentoring program that is open to all employees. We also continued to sponsor the Network Central Mentor Program for Executive Women which offers a six-month mentoring program to female team leaders within and outside of NRMA.

Every year we conduct a staff survey on engagement levels. It was good to see that for 2007/08, as in the previous year, staff engagement levels had increased in several key areas.



Patrol Officer, Tony Makar at NRMA Sunnyfield Renovation Rescue, May 2008

“It’s a friendly and welcoming place to work. It is always commented upon how excited and passionate our staff are about working here, which really shows in our staff volunteering and community activities. There is a lot of opportunity to grow, try new roles and learn new skills.”

*Emma Treadgold
NRMA Community Relations Manager*

EXECUTIVE LEADERSHIP TEAM



TONY STUART – BComm, GAICD, FAIM . Group Chief Executive Officer

Tony Stuart was appointed Chief Executive Officer of NRMA Motoring & Services in September 2003 with a mandate to stem the financial losses and restore the association to a financially sound position. The success of Tony's tenure to date is reflected in the growth of NRMA into a group of businesses including Thrifty Car Rental, Travelodge Hotels and Adventure World Travel among others. Subsequently in 2008 Tony became Group CEO of a

family of businesses whose acquisitions are delivering more to our Members than ever before. Previously, Tony was CEO of Sydney Airports Corporation Limited and his extensive management career includes executive positions held with Shell New Zealand, Shell International in London, British Airways Plc in the UK and Manchester Airport as an executive director.

JEREMY SIMMONS – DipLaw, MLLR Executive General Manager, Motoring and Member Services

As Executive General Manager of the Motoring & Member Services division, Jeremy Simmons leads the teams that deliver roadside services, membership products, channel distribution and Member services' activities. During his time with NRMA, he has also held the roles of Workplace Relations Manager and then as General Manager of People & Performance.

The priority of the Motoring & Member Services division is to ensure that NRMA core businesses of Membership and Roadside Service Delivery are strengthened.

Jeremy has been admitted as a Solicitor in the Supreme Court of NSW and holds a Masters Degree in Labour Law and Relations completed at the University of Sydney.



HELEN BURGESS – BA, LLB (Hons), FCIS, GAICD Group General Counsel & Group Secretary

As Group General Counsel and Group Secretary, Helen Burgess is responsible for strategic legal and governance advice to the company and Board. Prior to joining the company in March 2004, Helen was a senior associate at Freehills, Company Secretary at the Federal Airports Corporation, Company Secretary & General Counsel at Sydney Airport and a legal consultant to Zurich Financial Services.

Helen has acted for various listed and unlisted entities with mergers and acquisitions, general corporate and trade practices advice, litigation and various financing issues and transactions. At Sydney Airport, in addition to her legal, company secretarial, governance and contract management responsibilities, Helen led the team in the privatisation of the airport

DAVID LUMB – BEc, LLB Executive General Manager, Group Communications

David is a highly experienced marketing and communications professional. He joined NRMA Motoring & Services in mid 2008 and is responsible for all communication, marketing and publications activities.

David began his professional career as a lawyer with national law firm Blake Dawson Waldron where he specialised in corporate litigation. From there, he took

on a senior role with communications consultancy The Rowland Company where his focus was on corporate and financial transactions, public share offers such as the privatisation of the NSW TAB, numerous mergers and acquisitions and corporate restructures. He then joined international public relations firm Porter Novelli and from 2003 served as that firm's Managing Director in Sydney.



ALAN TILLEY – BComm, CA Group Chief Financial Officer

Appointed Group Chief Financial Officer (CFO) in March 2008, Alan is responsible for NRMA's financial integrity including its financial and management reporting, tax planning and compliance. He provides sound financial advice to the CEO and Board and ensures the effective deployment of capital. He also has responsibility for the ICT function including the organisation's systems, communication infrastructure and facilities management.

Alan's experience includes senior finance roles with Brambles in Europe and Transfield in Sydney. Prior to joining Transfield, Alan worked with Price Waterhouse for a number of years in both their Sydney and Paris offices as Audit Manager. Alan holds a Bachelor of Commerce from the University of New South Wales and is a qualified Chartered Accountant.

MIKE KAYE – BSurv (Hons), MBus (Management & Economics), M.Eng, Sc, MAICD Executive General Manager, Strategy and Capability

Mike joined NRMA M&S in June 2008 and is responsible for strategic planning, acquisitions and support to NRMA Group commercial ventures. During a decade with the Royal Australian Engineer Corps, he attained the rank of Major, managed 120 engineers and worked with NASA on a space shuttle mission. Mike then joined Intergraph Corporation in

Canberra followed by Anderson Consulting in Sydney. He was a Partner with Accenture in London and became European expert on B2B and industrial marketing. Mike then moved to BOC where he led global growth strategy, joint ventures and acquisitions.



BOARD OF DIRECTORS



President Mr Alan Evans GAICD

Mr Evans was re-elected to the Board as a non-executive Director on 3 December 2005, having served on the Board since 18 January 2003. He was originally elected as President on 27 January 2005 and following the 2005 Board Elections, was re-elected President. He is Chair of the Governance Compensation & Nomination Committee and a member of the Finance & Investments Committee and the Audit, Risk Management & Compliance Committee. Mr Evans is also Chair of MotorServe Pty Ltd, Kingmill Pty Ltd (trading as Thrifty Car Rentals), TR Australia Holdings Pty Ltd, the holder of NRMA's investment in Thrifty and a Director of Adventure

World Travel Pty Ltd and Adventure World Travel Limited.

Mr Evans is also President of the Australian Automobile Association, was formerly CEO of Medicines Australia and has held senior executive positions in federal and state governments including Head of the Office of Regional Development, Executive General Manager of AusIndustry and Principal Adviser to the Federal Treasurer.

He has qualifications in engineering, law and economics. Mr Evans is a strong supporter of all forms of motorsport and drives extensively throughout NSW and the ACT.

Deputy President Mr Michael Tynan OAM QM FAICD

Mr Tynan was re-elected as a non-executive Director on 3 December 2005, having served on the Board since 18 January 2003. He was originally elected as Deputy President on 27 January 2005 and following the 2005 Board Elections, was re-elected as Deputy President. Mr Tynan is the Chair of the Finance & Investments Committee and a member of the Policy & Advocacy Committee and Audit, Risk Management & Compliance Committee. Mr Tynan is also a Director of NRMA Holiday Parks Pty Limited and NRMA Shareholder representative.

He is the Managing Director of the Tynan Motors Group and was a Mayor and Councillor of Sutherland Shire Council (1974 – 1991). Michael served on the National Board of Calvary Health Care Services and is currently President of the Calvary Kogarah Foundation. Michael is also a Board Member of the Honda Foundation, Councillor and life member of the Motor Traders Association and Director of the Australian Automobile Association and Australian Automobile Dealers Association.

Mr Tynan is a recipient of Rotary's Paul Harris medal for community service.



Mr Graham Blight

Mr Blight was re-elected as a non-executive Director on 3 December 2005, having served on the Board since 18 January 2003. He is Chair of the Policy & Advocacy Committee and a member of the Finance & Investments Committee, as well as Chair of NRMA Holiday Parks Pty Limited.

Mr Blight is a rice, cereals and sheep farmer and a former trade representative and adviser on agricultural matters to the Federal Government. Mr Blight was President of the National Farmers'

Federation from 1991-1994 and President of the Ricegrowers Association of Australia for nine years. He was also President of the World Farmers' Federation from 1994-1998 and consultant to the World Bank in 1996. Mr Blight was a Director of SunRice Australia from 1969-2003 and is now the Rice Industry Ambassador. He is Chair of the Wheat Export Marketing Alliance, Director of B-IOHQ and P.W. Construction Services. He is also a Director of several private and family company businesses.

Ms Dawn Fraser AO MBE

Ms Fraser was elected to the Board as a non-executive Director on 3 December 2005. She is a member of the Audit, Risk Management & Compliance Committee, is Deputy Chair of the Policy & Advocacy Committee a Director of MotorServe Pty Ltd. Ms Fraser is well known for her Olympic and Commonwealth Games swimming achievements, as a swimming coach and as an Independent

Member of the NSW Parliament in the late 1980s. Ms Fraser was a Director of NRMA Limited from 1991 to 1995.

She is a Director of Wests Tigers NRL and Balmain Leagues Club, is Patron of the Wheelchair Sports Association, the Noosa Triathlon and the Volunteer Lifeguard and is a member of the NSW Sports Advisory Board.





Mr Kyle Loades GAICD

Mr Loades was elected to the Board as a non-executive Director on 3 December 2005. He is a member of the Policy & Advocacy Committee, the Governance, Compensation & Nomination Committee, a non-executive Director of TR Australia Holdings Pty Ltd and Kingmill Pty Ltd (trading as Thrifty Car Rentals) and Chair of the Kingmill Audit Committee. He is Managing Director of Auto Advantage, an independent motor vehicle buying/advisory service that delivers

vehicles to clients Australia wide from its Hunter Region base. He has a background in motor vehicle retail and fleet sales and in the transport sector.

Mr Loades is a Director and past President of Hunter Business Chamber and a Director of Hunter region SLSA Helicopter Rescue Service Limited. He is a former Board Member of Hunter Tourism and a committee member and past President of Nobbys Surf Life Saving Club.

Ms Wendy Machin BA (Communication), M. Comm

Ms Machin was re-elected as a non-executive Director on 3 December 2005, having been appointed to the Board on 30 March 2005. She is a member of the Governance, Compensation & Nomination Committee and the Policy & Advocacy Committee and chair of Adventure World Travel Pty Ltd.

Ms Machin is the principal of Machin Consulting which provides services to a range of companies seeking advice and assistance with issues

management, consumer issues and government relations. Ms Machin also owns and maintains a beef cattle property near Wingham, NSW.

In 1985, Ms Machin became the first woman elected to represent the National Party in the NSW Legislative Assembly. She held portfolios in government and opposition including Minister for Consumer Affairs and Assistant Minister for Roads and Transport.



The Hon Gary Punch B.Comm, LLB

Mr Punch was re-elected as a non-executive Director on 3 December 2005, having been appointed to the Board on 13 April 2005.

Mr Punch is Deputy Chair of the Audit, Risk Management & Compliance Committee, a member of the Finance & Investments Committee and a Director of NRMA Holiday Parks Pty Limited.

A solicitor, Mr Punch specialises in planning, employment, industrial law, strategic advice and representation for clients to government. Mr Punch

is Special Counsel at the national law firm Herbert Geer and Rundle and was a Minister in two Federal Labor Governments

Previously Mr Punch has held the positions of Chief Executive of Cotton Australia Limited, Honorary Chair of the Sydney Olympic Soccer Football Club Ltd and is a past Director of the NSW Soccer Federation Ltd and the former Parramatta Power Club.

Mr Geoff Toovey BBus, CA, MAICD

Mr Toovey was re-elected as a non-executive Director on 3 December 2005, having served on the Board since 1 December 2001. He is the Chair of the Audit, Risk Management & Compliance Committee and a member of the Finance & Investments Committee.

Mr Toovey is a Chartered Accountant with more than 14 years' experience. He is also a Director of Manly Warringah Rugby League Football Club Limited.

Mr Toovey played rugby league for Manly Warringah and represented both NSW and Australia.

He is active in working with a number of charitable, community and school-based organisations.



Ms Coral Taylor

Ms Taylor was appointed to the Board as a non-executive Director on 12 February 2008. She is also a member of the Policy & Advocacy Committee.

With more than 25 years' experience in the motorsport racing industry, Ms Taylor is currently responsible for the management of Team TRD (Toyota Racing Development) and has been the Australian Rally Champion three times as co-driver with Neal Bates. Ms Taylor is a passionate motoring enthusiast and has a strong interest in road safety issues, driver training and young drivers.

The geographical area now represented by Ms Taylor is the NRMA region of Howe which takes in suburbs in northern and north-western Sydney including Parramatta, Blacktown, Baulkham Hills, Epping and Richmond. Ms Taylor has lived in the region for the last 20 years and is keen to represent the interests of NRMA Members locally.

Ms Taylor is a Director of Tamroc Enterprises Pty Ltd, which is a company engaged in the building industry.

NATIONAL ROADS AND MOTORISTS' ASSOCIATION LIMITED AND ITS CONTROLLED ENTITIES CONCISE FINANCIAL REPORT

30 June 2008 ABN 77 000 010 506

The concise financial report is an extract from the national roads and motorists' association limited full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. The 2008 full financial report can be requested by telephoning 132 132, or alternatively, can be requested via the internet on our website: mynrma.com.au.

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 Street, Sydney NSW 2000.

DIRECTORS' REPORT

Your Directors submit their report together with the financial statements in respect of the consolidated entity consisting of National Roads & Motorists' Association Limited (NRMA or the Company) and its controlled entities (the Consolidated Entity or the Group) for the year ended 30 June 2008.

CURRENT DIRECTORS

The following persons held office as Directors of NRMA during or since the end of the financial year and until the date of this report. Directors were in office for this entire period unless otherwise stated. All Directors are non-executive.

Name	Position	Commenced
Mr A H Evans	President	18-Jan-03
Mr M T Tynan	Deputy President	18-Jan-03
Mr G J Blight	Director	18-Jan-03
Ms D Fraser	Director	3-Dec-05
Mr K Loades	Director	3-Dec-05
Ms W S Machin	Director	30-Mar-05
Mr G F Punch	Director	13-Apr-05
Ms C Taylor	Director	12-Feb-08
Mr G Toovey	Director	1-Dec-01

34 Details of the relevant experience, qualifications and special responsibilities of Directors are set out on pages 32 to 33.

PRINCIPAL ACTIVITIES

NRMA is one of Australia's largest mutual organisations. The principal activities of the Consolidated Entity are the provision of a range of products and services relating to the mobility needs of Members. These include:

- roadside assistance services;
- accommodation and travel services;
- car rental;
- motor vehicle servicing;
- Safer Driving Schools;
- publication of the "Open Road" magazine;

- advocacy on a range of mobility issues including road safety, fuel prices, vehicle safety and integrated transport solutions;
- a range of community service and education programs; and
- investment of Members' funds to support the principal activities.

During the period, NRMA:

- acquired 100% of the shares in Coral Seas Travel Pty Ltd through a 70% owned subsidiary, Adventure World Travel Pty Limited;
- acquired 100% of the shares in Motoka Rentals Limited through a 75% owned subsidiary, Kingmill Pty Limited;
- opened MotorServe centres in Liverpool, Artarmon, Tuggeranong and Kotara offering motor vehicle servicing; and
- expanded the number of Safer Driving Schools – 24 areas sold last year and a further 23 this year.

There have been no other significant changes in the nature of those activities during the year.

RESULTS AND REVIEW OF OPERATIONS

The consolidated net profit for the financial year was:

	2008 \$(m)	2007 \$(m)
Operating profit before change in fair value of investments and profit share from Joint Ventures and Associates	12.3	35.8
Profit share from Joint Ventures and Associates	23.6	14.7
Operating profit before change in fair value of investments	35.9	50.5
Change in net fair value of investments	(51.6)	28.4
(Loss)/profit from ordinary activities before income tax	(15.7)	78.9
Income tax credit/(expense) relating to ordinary activities	2.2	(20.6)
Net (loss)/profit attributable to Members of the parent entity	(13.5)	58.3

The operating profit of the Consolidated Entity before change in fair value of investments for the year was \$35.9 million (2007: profit of \$50.5 million). The Consolidated Entity's net loss attributed to Members for the year was \$13.5 million (2007: profit of \$58.3 million) including a \$51.6 million reduction in the net fair value of investments (2007: increase in net fair value of investments \$28.4 million).

For information on the result and review of operations refer to the Review of Operations and Financial Condition on pages 43 to 45 of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The corporate strategy to increase the value of membership, by expanding the range of meaningful products and services available for Members continued during 2007/08 with acquisitions in the travel, car rental and publishing segments adding to the suite of offerings. NRMA is increasing the attractiveness of membership by enhancing its core services, while leveraging its investments for Member benefit. NRMA's financial position is more diversified and better placed to assure the organisation's long term sustainability. A number of business programs around superior service, group buying power and strategic acquisitions planned during 2008/09 will further the Board's membership value and revenue diversification initiatives.

The business strategies, prospects and future developments in the operations of NRMA in future financial years and the expected results of those operations known at the date of this Report are set out in the Review of Operations and Financial Condition on pages 43 to 45. Further information in relation to such matters has not been included because Directors believe it would be likely to result in unreasonable prejudice to NRMA.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as referred to in the Review of Operations and Financial Condition on pages 43 to 45, there were no significant changes in the affairs of the Consolidated Entity during the year.

WRITTEN RESOLUTIONS OF THE BOARD

During the year there was one meeting held by written resolution of the Board.

BOARD STRATEGY DAYS

During the year there were three meetings of the Board to review, discuss and plan the Company's ongoing strategy for the period from 2007-2010.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2008, NRMA Travel Holdings Pty Limited (now Tourism & Leisure Holdings Pty Ltd) acquired a 100% equity interest in Creative Cruising Pty Limited for a total price of \$6.0 million. Creative Cruising is a market leader in the wholesale cruise line market, providing Members with direct access to unique and special value tailored cruise holiday offerings.

On 31 July 2008, NRMA Travel Holdings Pty Limited (now Tourism & Leisure Holdings Pty Ltd) acquired a 100% equity interest in Value Tours Pty Limited for a total price of \$11.8 million. Value Tours is a market leader in the wholesale outbound ski market, providing Members with direct access to tailored international ski and coach travel holiday offerings.

On 1 July 2008, NRMA launched the *More4Members* Rewards Program to establish a platform to promote and reinforce the range of products and services offered by the NRMA Family and Friends network.

NRMA has stated its intention to acquire the minority shareholder's 25% equity interest in Kingmill Pty Ltd (trading as Thrifty Car Rental) in the last quarter of calendar year 2008. As part of its stated intention to move to 100% ownership of Thrifty, NRMA is conducting a full operational and financial review of Thrifty. This review is yet to be finalised.

On 21 August 2008, NRMA exercised its call option over the 30% shareholding in Adventure World Travel Pty Ltd and Adventure World Travel Limited held by Mr P Newsom (AWT Managing Director and 30% shareholder) to acquire all the shares held by Mr Newsom in those companies. The value of Mr Newsom's shareholding will be determined by an independent external valuer agreed between the parties.

DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

Each Director of the Consolidated Entity receives a maximum of \$50,000 (2007: \$35,000) per annum in Board fees. The Deputy President and the President receive \$110,000 (2007: \$70,000) per annum and \$165,000 (2007: \$105,000) per annum respectively. In addition the chair of a Board Committee receives \$18,000 per annum and members of committees receive \$12,000 per annum. Each Director is also entitled to be paid all travelling and other expenses incurred in connection with the business of the Consolidated Entity. The pool of Directors' fees was increased from \$420,000 per annum to \$660,000 per annum by the approval of Members at the 2007 AGM.

The Deputy President and the President do not receive additional fees for participation in Board Committees.

KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Directors and Executives, being the key management personnel of the Consolidated Entity is set out in aggregate below:

	Consolidated	
	2008 \$	2007 \$
Short-term employee benefits	4,124,291	3,268,848
Post-employment benefits	432,592	335,628
Other long-term employee benefits	348,637	815,795
Termination benefits	555,277	—
	5,460,797	4,420,271

DIRECTORS' REPORT CONTINUED

Directors

During the financial year, the Directors of the Company were as stated on page 34 of this report

Executives

During the financial year, the Executives of the Company and the positions held during the financial year were:

Executive	Title	Ceased
Ms J Bowe	General Manager, Corporate Strategy	21-Apr-08
Ms H Burgess	General Counsel and Group Secretary	
Mr B Gale	General Manager, Corporate Affairs	31-Jan-08
Mr O Gilbert	General Manager, Commercial	31-Dec-07
Mr S Grossrieder	General Manager, Roadside Assistance	31-Dec-07
Mr I Lewis	Chief Financial Officer	15-Feb-08
Mr M Kaye	Executive General Manager, Strategy & Capability (Acting)	
Mr D Lumb	Executive General Manager, Group Communications	
Mr J Simmons	Executive General Manager, Motoring & Member Services	
Mr P Steele	General Manager, Member Value	18-Oct-07
Mr T Stuart	Group Chief Executive Officer	
Mr A Tilley	Group Chief Financial Officer	

COMPANY SECRETARIES

Ms Helen Burgess BA, LLB (Hons), FCIS, GAICD

Ms Helen Burgess has the dual roles of Group General Counsel and Group Secretary. Her background and experience is as a senior lawyer with expertise in corporate law and corporate governance. Her previous roles include senior associate at a major law firm, Company Secretary at the Federal Airports Corporation and as General Counsel and Company Secretary at Sydney Airports Corporation Limited. Ms Burgess has qualifications as BA, LLB (Hons) and is a Fellow of the Chartered Institute of Secretaries and a Graduate of the Australian Institute of Company Directors.

Mr Nick Mowat, SA Fin, AAICD

The Company Secretary is Mr Nick Mowat. He has had experience in company secretarial roles over a period of more than 15 years. His previous roles include that of Assistant Company Secretary of Southcorp Limited and as Company Secretary of its subsidiaries as well as similar roles with Normandy Mining Limited. Mr Mowat is a Senior Associate of the Financial Services Institute of Australasia and an affiliate member of the Australian Institute of Company Directors and the Chartered Institute of Secretaries. He is a member-appointed Director of the IAG & NRMA Superannuation Fund.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors and Board Committees held during the year and the number each Director was eligible to attend ("held") and actually attended ("attend") are set out below:

Directors	Board of Directors			Finance & Investments Committee			Audit, Risk Management & Compliance Committee			Policy & Advocacy Committee		Governance, Compensation & Nomination Committee			
	Held	Attend		Held	Attend		Held	Attend		Held	Attend	Held	Attend		
Mr G J Blight	10	2T	10	7	1L & 1T	6				5	5				
Mr A H Evans	10	1C & 1L	8	7	1L	6	4	4	5	1L	4	3	3		
Ms D Fraser	10	2T, 1C & 2L	7				4	4	5	2L	3				
Mr K Loades	10	1T	10						5	5	3	3	3		
Ms W S Machin	10	1L	9		3V	3			5	5	3	3	3		
Mr G F Punch	10	1T	10	7	1T & 4L	3	4	1L	3						
Ms C Taylor (A)	4		4						2		2				
Mr G Toovey	10	2L	8	7	2T	7	4	4							
Mr M T Tynan	10	1T	10	7	2T	7	4	2L	2	5	1L	4	3	1L	2

(C) Not attended due to conflict of interests (L) Leave of absence granted by Board (V) Visitor
 (A) Became Director on 12/2/08 (T) Attended meeting by phone

In addition to the above, a sub-Committee of the Finance and Investments Committee met three times during the financial year.

ROUNDING OF AMOUNTS

NRMA is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Concise Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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 NRMA and its related bodies corporate under which, 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 indemnity includes costs and expenses incurred by them in successfully defending proceedings or in connection with an application in which the court grants relief to them under the Corporations Act. In addition, Directors and Officers of the Company are indemnified, pursuant to the Constitution, against personal liability arising from their respective positions within the Company and its related bodies corporate, except as prohibited by the Corporations Act. NRMA 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 30 June 2008 to 30 June 2009. The policy prohibits disclosure of the nature of the liabilities and the amount of the premium in respect of that insurance.

GOVERNANCE LITIGATION

In January 2004, Timothy Shelton, a member of NRMA and a candidate at the 2001 and 2003 half-board elections, commenced proceedings against NRMA and certain then current and former Directors in the Federal Court of Australia in Sydney. Mr Shelton discontinued those proceedings in July 2005 and consented to an order to pay the costs which NRMA had incurred as a result of those proceedings. NRMA has reached agreement in principle with Mr Shelton to most efficiently achieve a recovery of the debt.

In December 2004, Nicholas Whitlam (a former president and director of NRMA) commenced proceedings against NRMA in the Supreme Court of NSW in respect of loss and damage to his reputation and his legal costs following a television interview broadcast on 11 March 2001. On 3 August 2006, the court determined that Mr Whitlam was entitled to indemnity from NRMA with respect to the legal fees incurred in pursuing his defamation proceedings. NRMA appealed to the Court of Appeal and a unanimous judgment was delivered on 11 April 2007 overturning the decision of the trial judge. On 9 May 2007, Mr Whitlam filed an application for special leave to appeal to the High

Court. On 31 August 2007, Justices Gleeson, Gummow and Heydon refused the application with costs.

NRMA is now seeking its costs in respect of each of the Supreme Court, Court of Appeal and High Court proceedings from Mr Whitlam. This process is at an advanced stage.

CORPORATE GOVERNANCE

The Board of NRMA is committed to maintaining best corporate governance practice.

Corporate Governance is the system or manner by which a company is directed and controlled. The Board, as the Members' representative, has responsibility for the governance of the Company. Corporate Governance ensures that the organisation's systems and processes are appropriately managed and that Management is complying with NRMA's policies and directives.

Good Corporate Governance structures encourage companies to create value for Members through sensible risk taking, whilst also providing accountability and control systems commensurate with the risks involved.

MEMBERS

Role of Members

The Board has primary responsibility to the Members under the Corporations Act. Members also play a key role in the Governance of the Company by electing Directors to office every three years and all Directors, including the President and Deputy President, are subject to re-election no later than every three years. Under the Constitutional changes approved by Members in 2003, no Director may be re-elected if their re-election would result in the Director serving for an aggregated period of greater than 9 years after 1 December 2005.

Appointment of Directors

All Directors, including the President, are non-executive and independent of management. Under the Constitution an employee cannot act as a Director, therefore it is not currently possible for the roles of Chairperson and the Group Chief Executive Officer (the Group CEO) to be exercised by the same person.

The 2008 Board Election will be the second to be held under the system of regional election by Members to the Board introduced by the Constitution adopted by Members at the 2003 Annual General Meeting – the first being in 2005. The Directors hold office for 3 years from December 2005 unless they resign or their office becomes vacant in accordance with the Constitution.

Although the Directors are elected under a region-based system, each Director is required to act in the interest of NRMA as a whole, not as a nominee of the region which elected them.

Under the Constitution, where the office of a Director becomes vacant, the Board must fill the vacancy. If the vacancy arises during an Election Period, it may only be filled where the number of Directors is less than a quorum (being five Directors). Should such a casual vacancy occur,

DIRECTORS' REPORT CONTINUED

independent external advice is obtained to maintain the skills and mix of experience required on the Board.

Details of the 2008 Board Election process were sent to Members during May 2008 and can be found on the NRMA website. The newly elected Directors will hold office for 3 years commencing 6 December 2008, unless they resign or their office becomes vacant in accordance with the Constitution.

THE BOARD OF DIRECTORS

Role of the Board

The role of the Board of Directors is to have primary responsibility to Members for the sustainability and relevance of NRMA by guiding and monitoring its business and affairs through its long and short term strategies, major policies, processes and performance and is responsible for the overall corporate governance of the organisation. To that end, the Board has adopted a Charter which sets out the following key objectives for the Board:

- Setting the strategic direction of NRMA and monitoring management's implementation of that strategy;
- Monitoring financial outcomes and the integrity of reporting, in particular, approving annual budgets and longer-term strategic and business plans;
- Setting specific limits of authority for management to commit to new expenditure, entering contracts or acquiring businesses without Board approval;
- Approving significant changes of key policies;
- Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of NRMA operating beyond legal requirements or beyond acceptable risk parameters; and
- Monitoring compliance with regulatory requirements and ethical standards.

The Board recognises its responsibilities in achieving these objectives as being:

- Oversight of the Company, including its control and accountability systems;
- Input into and adoption of a strategic plan for the Company, and monitoring performance against that plan;
- Ensuring that systems are in place to facilitate the effective management of the principal risks of the Company;
- Ensuring the Company has adequate reporting systems and internal controls (both financial and operational), codes of conduct and legal compliance systems, and monitoring them;
- Appointing, removing and reviewing the performance of the Chief Executive Officer and the Company Secretary; and
- Ensuring that the Company's accounts comply with relevant accounting standards and present a true and fair view.

A copy of the Board Charter may be found on the Company's website at mynrma.com.au/board_charter

President and Deputy President

The President and Deputy President are elected by the Board. The letter of appointment for the role of President sets out in detail the responsibilities and duties expected of the incumbent. Mr Alan Evans was re-elected as President and Mr Michael Tynan was re-elected as Deputy President by their fellow Directors at the first Board meeting following the Board Elections held in October and November 2005.

Induction and Continuing Education of Directors

All Directors are encouraged and assisted to attend educational courses which serve to enhance their performance as Directors. Membership of the Australian Institute of Company Directors and participation in the Institute's course on the role and duties of Directors is also actively encouraged. Induction days designed for newly appointed Directors are held as required.

Relationship with Management

The management of the business of the Company is conducted by or under the supervision of the Group Chief Executive Officer (Group CEO). The Group CEO is accountable to the Board for all authority delegated to executive management.

The roles of the Chair and the Group CEO are separate.

The Group CEO, Mr Tony Stuart, is responsible for managing the day to day operations of NRMA M&S (excluding operating subsidiaries which are managed independently of NRMA) and he has authority for implementing the strategic direction in accordance with the decisions of the Board. The Group CEO chairs the Executive Leadership Team, which is comprised of the Executive General Managers who report directly to the Group CEO. This team meets regularly to review and report on NRMA's business activities including operations, financial and investment performance and strategic direction.

The roles of the Board and management are set out in the Board Charter and the NRMA Constitution, copies of which are available in the About Us section of the NRMA website at mynrma.com.au

Communications

In order to properly carry out its responsibility to govern on behalf of the Members, the Board recognises the importance of Members receiving relevant information in a timely manner.

Members receive information from the Company through distribution of the bi-monthly printed version of the Open Road magazine, the Annual Report, the Chair's address to the Annual General Meeting, the web-casting of the Annual General Meeting and through the release of other relevant significant announcements to the media and on the Company's website.

Copies of all public releases are posted on the Company's website together with the Company's Annual Report. Furthermore, the External Auditor attends the Annual General Meeting and is available to answer Members' questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Remuneration of Directors and Management

Details of Directors' and Executives' remuneration are set out in the Directors' Report on page 35.

Under the Constitution, the Members determine the aggregate remuneration payable to Directors, and the Board determines its allocation between Directors. Members last approved an increase in Directors' remuneration at the Annual General Meeting in 2007, the first such increase since November 1999.

Directors are entitled to be paid reasonable travelling and other expenses incurred in connection with attendances at Board and Committee meetings or otherwise in connection with the business of NRMA. There are no schemes for retirement benefits for Directors. Under NRMA's Board Expenditure Policy, Directors are able to seek appropriate independent legal advice at NRMA's expense with the prior approval of the Board.

Executive remuneration is determined by reference to market information supplied by an independent remuneration expert.

Codes of Conduct

The Board has adopted a Code of Conduct for Directors which can be viewed on the website at mynrma.com.au/code_conduct

All Directors are required to observe the requirements of the Code. These include:

- the requirement to avoid conflicts of interest;
- to ensure no improper advantage of a Director's position is taken for personal gain;
- to maintain the confidentiality of NRMA information except where disclosure is authorised;
- to act honestly, in good faith and in the best interests of NRMA;
- to perform the functions of office and exercise the powers attached to that office with reasonable care and diligence;
- to use the powers of office for a proper purpose;

- to serve the interests of Members of NRMA as a whole; and
- to devote such time as is necessary to carry out the duties required of a non-executive Director.

NRMA also has a Staff Code of Conduct for Employees that covers such matters as conflicts of interest, corporate opportunities, confidentiality, fair dealing, NRMA assets and compliance.

Performance review

In accordance with the Board Charter, a review of the Board's performance is undertaken every two years. The next review is due to be undertaken in 2009.

The performance review for the Group CEO is conducted by the Governance, Compensation and Nomination Committee, which then makes recommendations to the Board. The performance review for the Group CEO is carried out annually.

BOARD MEETINGS

The Board meets formally at least 10 times per year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. During the 2007/2008 financial year, the Board met 10 times and in addition, once by written resolution.

Materials for Board and Board Committee meetings are circulated to Directors in advance. The Chair and the Group CEO, with advice from the Company Secretary, establish meeting agendas to ensure adequate coverage of financial, strategic and other major areas of business focus during the year.

Presentations to the Board are frequently made by Members of Senior Management and telecommunication facilities are used from time to time to facilitate participation by all Directors.

Board meetings have been held in various locations during the financial year, including at the Company's new Head Office in York Street, Sydney and former Head Office in George Street, Sydney, Orange, Gosford, Liverpool, Cronulla and North Strathfield (where the Company's operations are based). The Board has a program to meet at other sites and regions where the Company does business throughout the year ahead.

Meetings attended by Directors for the past financial year are detailed in the Directors' Report on page 36.

Meetings with the Group Chief Executive Officer

During the 2007/2008 financial year, the Board continued the practice of meeting with the Group CEO at the commencement of most scheduled Board meetings without the presence of other management or staff.

BOARD COMMITTEES

The Board has four permanent committees with either delegated authority or an advisory role to assist the Board to perform its functions, as appropriate. All permanent committees have a Charter and Protocols by which they operate (copies of which are available on the Company's website at mynrma.com.au) which the Board reviews and approves regularly. Ad hoc committees, designated for a special purpose, are established as required. The four permanent committees, their key roles and the functions they performed during the period are set out below:

Audit, Risk Management & Compliance Committee

Role and functions performed during the year included:

- supervision of an organisational risk management framework and integrated internal audit program in relation to NRMA and its wholly-owned subsidiary companies, including internal controls dealing with the efficiency and effectiveness of significant business processes;
- assisting the Board in fulfilling its duties in relation to accounting reporting practices, risk management and legal compliance; and
- making recommendations to the Board on the appointment of the internal auditor and monitoring of the effectiveness of the internal and external audit.

The Committee has unlimited access to the Head of Group Risk & Environment, the internal and external auditors and to senior management of NRMA and this access may be without the presence of Management. The Head of Group Risk & Environment and the internal and external auditors also have direct access to the Chair of the Committee.

The Committee meets four times a year and additionally as required.

Membership: Mr G Toovey (Chair), Mr G Punch (Deputy Chair), Ms D Fraser, Mr A Evans and Mr M Tynan.

Finance & Investments Committee

Role and functions performed during the year included:

- review of business development initiatives or opportunities proposed by management, the provision of broad strategic advice and the risk profile of the Investment Policy;
- review and, if appropriate, approval of business opportunities and strategic investments within the broader strategic framework for NRMA;
- making recommendations to the Board in respect of the annual budget of the Consolidated Entity; and
- conducting an annual review of the performance of the investment portfolio and advising the Board on matters arising from that review.

The Committee meets four times a year and additionally as required.

Membership: Mr M Tynan (Chair), Mr G Blight, Mr A Evans, Mr G Toovey and Mr G Punch.

Policy & Advocacy Committee

Role and functions performed during the year included:

- to consider issues on public policy for recommendation to the Board, including road safety, road funding, fuel pricing and transport infrastructure;
- to consider and review changes in public policy proposed by members of the Committee or other Directors; and
- to have consideration for the relationship between the three spheres of government.

The Committee meets four times a year and additionally as required.

Membership: Mr G Blight (Chair), Ms D Fraser (Deputy Chair), Mr K Loades, Ms W Machin, Ms C Taylor and Mr M Tynan.

Governance, Compensation and Nomination Committee

Role and functions performed during the year included:

- review of remuneration strategy, other benefits and policies relating to recruitment in accordance with market best practice, and retention and termination of senior executive staff;
- review of remuneration policies and other terms of employment applicable to the Group CEO, Senior Executives and the Directors themselves;
- monitoring of the performance of the Group CEO against agreed objectives and performance indicators and for consulting with the Group CEO on the performance reviews of senior executives;
- oversight of succession planning;
- considering and proposing suitable persons to fill any casual vacancies of Directors; and
- reviewing the governance structure and practices of both the Board and NRMA.

Independent external advice may be obtained where relevant. All Executive Management are set key performance targets which are assessed on an annual basis.

The Committee meets four times a year and additionally as required.

Membership: Mr A H Evans (Chair), Ms W Machin, Mr K Loades and Mr M Tynan.

A copy of each of the Committees' Charters and Protocols is available at mynrma.com.au

RISK MANAGEMENT

The Company has a structured and consistent approach to the identification and management of risk which is consistent with the Australian Risk Management Standard AS/NZS 4360.

Risk is identified and assessed within this framework and managed by each division which is responsible for putting in place its own risk management plans, based on operational and strategic needs. Mitigating management actions are complimented by ensuring appropriate insurances are in place as required.

Our internal audit plan is prepared taking into account our risk management approach. The three year strategic and annual internal audit plans are approved by and all internal audits are reported to the Audit, Risk Management and Compliance Committee.

The Board's Audit, Risk Management and Compliance Committee oversees this framework with respect to both financial and non-financial risk and internal audits. In performing its oversight functions, the Audit, Risk Management and Compliance Committee has access to such internal and external advisers (including the Internal Auditors) as it deems appropriate to assist it in performing those functions.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

NRMA has undertaken a number of CSR related activities during the year. These activities are integral to the way NRMA does business and are driven by our corporate strategy. As part of our strategic commitment to CSR, a role has been created to drive the Corporate Responsibility and Environment program on behalf of Members. The title recognises the importance of environmental issues. The program creates a roadmap for working with stakeholders and other motoring clubs in Australia and around the world to ensure NRMA takes a lead on this issue on behalf of its Members.

Community

NRMA continues its commitment to the NSW and ACT communities through a diverse range of advocacy programs, sponsorships and community-focused initiatives. NRMA will continue its emphasis on safety throughout 2008/2009, through the Safer Roads, Drivers and Vehicles initiatives. Along with major partner, NRMA Insurance, NRMA continues its support of the medical retrieval helicopter, NRMA Careflight. NRMA's role in the community is also demonstrated through its Mobile Member Centre travelling throughout NSW and ACT, providing the wider community with road safety education and information.

Environment and Climate Change

NRMA addresses its environmental risks and responsibilities within operational standards and systems. This has driven a number of environmental initiatives across the organisation including the use of spill kits and hand wash units by all patrol staff, recycling programs in some offices and environmental issues being considered in a number of the organisation's advocacy programs.

During 2007/08, NRMA has been active in identifying and addressing our own environmental footprint and climate change impact and how we can help Members reduce their footprint. We have prepared our own Climate Change Strategy with numerous initiatives for reducing our carbon footprint across the organisation. We committed to the Greenhouse Challenge Plus program, completed our 2006/07 carbon footprint and had this independently reviewed. We commissioned an independent group of experts, the Jamison Group, to develop *A Roadmap for Alternative Fuels in Australia*. We have also reduced our emissions from fuel usage by over 12% during 2007/08 and by 21% since 2006.

Ethical Standards

NRMA acknowledges the need for Directors, Executives and Employees to observe the highest ethical standards of corporate behaviour when undertaking Company business. NRMA has adopted an Employee Code of Conduct, which sets out principles and standards with which all Directors and Employees of NRMA are expected to comply in the performance of their respective functions.

MANAGEMENT REPRESENTATION TO BOARD

Prior to the Directors approving these financial statements, the Group Chief Executive Officer and the Group Chief Financial Officer have provided a formal written representation stating to the Board that:

- the financial records of NRMA have been properly maintained;
- the Financial Report complies with all relevant accounting standards; and
- the Financial Report gives a true and fair view.

WEBSITE

Information about the Board, Executive Management, the Constitution and copies of Board and Board Committee Charters and protocols can be found on the NRMA website mynrma.com.au under the tag "About Us". This information is regularly reviewed and updated where necessary.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

A declaration of independence has been provided below by our auditor, Ernst & Young.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the Directors.



A H Evans
President

Sydney, 2 September 2008



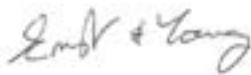
M T Tynan
Deputy President



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

In relation to our audit of the Concise financial report of National Roads and Motorists' Association Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Daniel Cunningham
Partner
2 September 2008

Liability limited by a scheme approved under Professional Standards Legislation

REVIEW OF OPERATIONS AND FINANCIAL CONDITION

FINANCIAL HIGHLIGHTS

The Consolidated Entity's operating profit for the year before change in fair value of investments was \$35.9 million (\$43.0 million before \$7.1 million investment in Member Special Projects) (2007: \$50.5 million (\$57.5 million before \$7.0 million investment in Member Special Projects)). This represents a 28.9% decrease when compared to the \$50.5 million profit in 2006/07.

The increased volatility of the share market saw NRMA's net assets decrease by \$63.3 million (8.4%) to \$687.6 million (2007: increase \$63.1 million (positive 9.2%) to \$750.9 million). The Consolidated Entity recorded a net loss attributable to Members of \$13.5 million against a \$58.3 million net profit in 2006/07.

The Major Components of the Financial Results were:

- Total revenue increased by 24.2% to \$442.5 million, including \$16.9 million revenue from businesses acquired during the year;
- The investment portfolio returned 1.8%, excluding distributions from IAG Limited. Investment income of \$47.9 is 4.7% down on prior year, reflecting an increase in funds invested in new products and services. The reduction in net fair value of investments of \$51.6 million reflects the pronounced downturn in Australian and international share markets;
- NRMA's share in jointly controlled ventures and associated companies generated profits of \$23.6 million, including \$21.8 million from Travelodge; and
- Income tax benefit of \$2.2 million compared to the \$20.6 million expense in 2006/07 mainly reflects the impact of the reduction in net fair value of investments.

Operations

The decrease of \$14.6 million in operating profit before change in fair value of investments from \$50.5 million to \$35.9 million is mainly due to:

- A decrease in investment income of \$2.4 million;
- An increase in the doubtful debts expense of \$6.2 million;
- An increase in amortisation of intangibles of \$5.6 million as a result of a full year charge for the first time in 2007/08;
- An impairment charge of \$2.4 million with respect to the Thrifty business;
- One-off costs associated with an organisational restructure in January of \$2.6 million;
- Investment in the new *More4Members* Rewards Program of \$3.4 million;
- Increased depreciation of \$10.2 million as a result of significant re-investment into the business; and
- Improved returns from associates and joint ventures totalling \$8.9 million.

Operational Highlights

- NRMA membership subscriptions have grown for the first time in many years, driven primarily by retention initiatives that have resulted in net paid attrition moving

from nearly 1.1% last financial year to net paid growth of 0.05% this year;

- Roadside service levels exceeded budget on all metrics. This is due to a number of initiatives including increased use of intelligent questioning in the call centre, proactive vehicle service checks and a review of the country operations model;
- The year has seen the acquisition of Thrifty Car Rental New Zealand, Coral Seas Travel and Australian Classic Cars Magazine as well as the buy-back of a number of Thrifty Australia franchises to further increase the range of products and services available for Members;
- The MotorServe business has expanded to include new sites in Liverpool, Tuggeranong, Artarmon and Kotara, whilst Safer Driving Schools now number 47 areas sold and provide nearly 2,000 driving lessons per month;
- Corporate Affairs continued their lobbying efforts with the Federal Government committing \$3.2 billion for road funding. Media coverage was widespread throughout the year with a particular focus on fuel costs, regional roads, older drivers and road safety. NRMA continued to be active in community support and sponsorship through programs such as the Mobile Member Centre, Youth and Road Trauma Forum, Road Safety grants, Driver Reviver and Handbrake Turn;
- The support services area delivered a new member information management tool called One Member View allowing a single view of all member information from a single source. Many back office functions were centralised as part of an ongoing commitment to efficiency and optimisation whilst work commenced on a strategic review of the Group's finance systems;
- Further development of our staff was undertaken through leadership programs, technical training, performance management programs, mentoring and talent management;
- NRMA Motoring & Services Corporate Office was relocated from the IAG building at 388 George Street, Sydney to the Wynyard Travelodge site giving NRMA a new home in the city including a retail travel outlet and Thrifty desk; and
- The quality of our five holiday parks continued to improve with the Darlington Beach park recently winning *The Best Holiday/Resort Park* in NSW by NSW Caravan and Camping Association.

Operational Achievements

Advocacy

NRMA has increased its expenditure on advocacy over the 2007/08 year by 17.4% to \$10.8 million. This includes sharpening our government relations interaction, our active engagement in the lead up to and during the State election and continued advocating for the issues of interest to our Members.

The past year was one of considerable success for NRMA's advocacy efforts. Our effort to boost road funding saw the State Government increase road funding by over \$468 million, with increases in road funding also flowing from the State and Federal budgets. Consistent with our strategy of being a part of the process, NRMA's input was actively sought by governments at all levels to sit on hand picked Ministerial committees such

REVIEW OF OPERATIONS AND FINANCIAL CONDITION CONTINUED

as the Premiers' Taskforce on alternative fuels, the Roads Minister's Committee on young drivers and the NSW Government's Consultation into Older Driver Licensing.

The Jamison Group report *A Roadmap for Alternative Fuels in Australia* was released in July 2008. NRMA commissioned this report following the 2006 Alternative Fuel Summit hosted by NRMA. This year also saw NRMA continue to raise concern regarding the price of fuel by presenting evidence at the ACCC Inquiry into the price of petrol.

Road Service

Job volumes continued to decrease during the financial year albeit at a slower pace than the previous year. We attended to 1,539,187 jobs during the year (2007: 1,585,297) that included 1,890 jobs (2007: 1,878) in respect of children locked in cars.

The 'Go Rate' measures the success of our Roadside Patrols in getting the Members' vehicle up and running. The 'Go Rate' for the Sydney metropolitan area (staff and non-staff) was 91% and in line with the previous year. In the country, the average 'Go Rate' was 85% (2007: 85%). Across the NSW network, our patrols reached a Member in need within 60 minutes 91% of the time (2007: 91%). The average time taken to reach a Member translated to 28 minutes.

Our Call centres answered 2.1million (2007: 2.1 million) Roadside Calls through the year. From a service level perspective, 73% (2007: 76%) of these calls were answered within 20 seconds (2007: 20 seconds).

Investments for Financial Sustainability and Strategic Direction

In 2007 NRMA's investment policy was reviewed having regard to the changing economic circumstances and NRMA's requirements. This review was conducted in conjunction with NRMA's asset consultant, JANA and in consultation with members of the Finance and Investment Committee, Board and Senior Management. The review followed the conclusion of the three year investment program initiated in 2004. On 12 December 2007 the Board approved the following key amendments to the investment policy. The review affirmed the existing fundamental investment principles and approach.

The key changes to the investment policy are:

- Simplification of the portfolio into two tiers being Core and Strategic Investments:
 - The core portfolio is to comprise a diversified investment portfolio of a minimum of \$300 million invested in short, medium and long term highly liquid assets providing a stable return; and
 - Strategic portfolio to be invested in assets that provide the opportunity for NRMA to offer its members a diversified range of services and benefits.
- An allocation of 5% of the funds of the Strategic Investments Portfolio (approximately \$20 million) to the Motorists' Champion Pool for investment in companies that are consistent with NRMA's Corporate Social Responsibility policy.
- The development of a more holistic risk and return reporting structure.

Positive Returns in a Volatile Market

The 2008 year was an exceedingly difficult time in the investment markets. The local share market suffered its biggest fall in 26 years with the All Ordinaries index falling by 17%, however NRMA's core investment portfolio (excluding shares in IAG Limited) produced a positive total return of 1.8% (2007: 15.5%) for the year (including income and capital growth, before fees and tax). Including our strategic shareholding in IAG, the return was a disappointing negative 7.2% (2007: positive 14.5%). The core portfolio generated investment income for the year of \$49.1 million including income from Travelodge. This equates to an 11% yield for the portfolio.

The positive return (excluding IAG) demonstrates the benefits of diversification and the decision to increase the cash allocation in October 2007 by approximately \$40 million.

Within each asset class of the core portfolio, the following investment returns were achieved during the 2007/08 financial year (including income and capital growth, before fees and tax). Note that the returns below do not include the operating results of strategic investments i.e. Thrifty Car Rental, Adventure World Travel & Coral Seas or the five NRMA Holiday Parks.

Asset Class	Return %
Cash	7.2
Australian Equities (excluding IAG)	(20.4)
Property & Infrastructure	20.2
International Equities	(16.1)
Growth Alternatives	3.7
Australian & International Fixed Interest	5.2
Defensive Alternatives	1.4
Total Portfolio – asset weighted	1.8

The portfolio underperformed its benchmark for the year by 4.8% (2007: outperformed benchmark by 1.7%). The underperformance can be attributed to the focus on defensive and high yield outcomes. As a result the portfolio was underweight resources in favour of higher income yielding stocks such as financials and infrastructure stocks. Over the past year the resources sector has rallied while financials and infrastructure stocks have fallen reflecting continuing concerns regarding the impact from the subprime crisis, and leverage in the case of the infrastructure stocks. This has been the result of a unique set of circumstances.

Continued Focus on Income

The 2007/08 result reflects our continued focus on lower risk and, in particular, reliable income. Investment income from the core portfolio for 2007/08 financial year decreased to \$47.9 million (2007: \$50.2 million) reflecting the reduction in funds in the core portfolio in favour of Member services and benefits through the strategic investments. This was partially offset by an increase in cash returns as official cash rates have been raised by the Reserve Bank of Australia. Australian corporate profits are under pressure due to higher input costs and concerns regarding a slowing economy.

In addition to the above income, the portfolio realised \$19.4 million in gains for the year (2007: \$25.7 million), as well as an unrealised loss of \$71.1 million (2007: unrealised

gain \$2.7 million) as a consequence of the fall in equity markets. The level of gains or losses will fluctuate from year to year, and to a greater degree than income, reflecting the cyclical nature of share markets.

Expenses relating to managing the portfolio were \$3.2 million (2007: \$2.3 million) which includes consultant fees, management fees, transaction costs, custodian fees and all associated operational costs in running the investment function at NRMA.

In conclusion, the net profit from investments, including income and gains and equity accounted investments, and after deducting expenses, was \$16.7 million (2007: \$91.0 million) before tax.

A Diversified Portfolio Mix

The performance of the portfolio as a whole and its various asset types reconfirms the benefits of appointing a range of experienced, professional managers in line with best investment practice. NRMA is supported in this selection process by the research and advice from JANA Investment Advisers Pty Ltd, the core investment adviser appointed by the NRMA Finance and Investments Committee.

The portfolio (excluding IAG shares) was valued at \$388 million as at 30 June 2008 (2007: \$435 million), and was invested across a diversified range of asset classes and investment managers. The portfolio mix as at 30 June 2008 (excluding IAG Limited) is shown in the table below.

Asset Class	Weight %
Cash	22
Australian Equities	31
Property & Infrastructure	20
International Equities	9
Growth Alternatives	12
Australian & International Fixed Interest	4
Defensive Alternatives	2
Total	100

IAG Limited

The return on NRMA's strategic holding of 29.3 million IAG Limited shares was negative 34.9% (2007: positive 12.3%) for the year, including both capital growth and dividends, resulting in an unrealised loss for the financial year on NRMA's holding of \$65.0 million. This return is well below the overall Australian share market benchmark of negative 17.0% (2007: positive 29.5%). This is a disappointing result for both NRMA and our Members who continue to hold shares since the inception of IAG.

On 9th July 2008 IAG announced initiatives to improve the performance of the business by reducing costs, exiting the underperforming UK businesses and strengthening the management and Board.

NRMA's substantial investment in a single company involves much higher risk than our more broadly diversified portfolio. As at 30 June 2008 this holding represented 17.2% (2007: 24.3%) of our total portfolio. As the value of the IAG holding fluctuates a great deal over time, it is treated as a long-term strategic investment outside the main portfolio. Furthermore,

since this holding is a contractual requirement and is not held for trading, changes in value are reflected as long term reserves as opposed to being taken through the Income Statement.

Investments in Associates and Joint Ventures

NRMA Equity Accounts Investments in the following:

(a) Australian Motoring Services Pty Ltd (AMS)

NRMA owns 35% of AMS, with the other motoring clubs in Australia being shareholders in line with their respective membership numbers. AMS conducts Australia wide commercial activities on behalf of the motoring clubs – primarily Assist Australia, which provides wholesale roadside assistance and AAA Tourism, which gives accommodation operators "star ratings" and publishes accommodation guides.

(b) Club Assist Pty Ltd

NRMA holds 25% of Club Assist through its shareholding in Club Assets Pty Ltd. Club Assist provides mobile battery service to motoring clubs worldwide. NRMA Batteries is the largest retailer of motor vehicle batteries in NSW.

(c) Travelodge Hotels

NRMA holds 50% of the Travelodge Hotel group, a chain that has grown to thirteen 3.5 star hotels spread across Australia and New Zealand. As at 30 June 2008, this joint venture with Mirvac Real Estate Investment Trust (MRZ) had total assets of approximately \$375 million (2007: \$310 million) and NRMA's net holding is carried at \$100.5 million (2007: \$89.5 million).

The hotels are leased to Toga Hospitality Group. We are pleased to report that solid increases in occupancy and revenue were achieved, leading to a very strong yield from this investment of 11.8% (2007: 8.4%). In addition, the properties' value increased by 16.4% (2007: 11.9%) over the year. As well as providing strong returns, our investment in Travelodge enables us to provide Members and staff with accommodation discounts and special offers.

The Year Ahead

Confidence in the global market continues to be undermined by the risk of inflation which confronts major economies. The combination of significant volatility in the global equities market, rising oil prices, the fear of inflation and slowing world growth has meant that significant funds have been reallocated to cash.

NRMA portfolio has been overweight in sectors which have been heavily sold in the last financial year. The portfolio has in the past provided high stable yields and good after tax performance. In circumstances where it is evident that there will be further calls for cash from the portfolio, positions have been liquidated and funds allocated to cash. The NRMA portfolio remains targeted at the defensive and yield based stocks and therefore should benefit when the market turns.

NRMA's investment portfolio remains well positioned to continue its role in supporting the organisation's financial sustainability. The focus remains on producing sustainable income over time and maintaining an appropriate risk profile. The investments are well spread across different asset types, markets and geographies. We will continue to consider investment opportunities that offer the potential for both stable returns, together with Member relevance and enjoyment.

INCOME STATEMENT

For the year ended 30 June 2008

		Consolidated	
	Notes	2008 \$000	2007 \$000
Revenue from Operations	4 (a) (i)	394,654	306,056
Investment Income	4 (a) (ii)	47,864	50,225
Total Revenue from Operating Activities		442,518	356,281
Annual General Meeting, Special General Meetings & Election Expenses		(2,984)	(2,933)
Expenses from investment management		(3,220)	(2,316)
Other expenses from Operations		(423,967)	(315,195)
Total expenses from Operating Activities		(430,171)	(320,444)
Share of net profits of associates and jointly controlled entities accounted for using the equity method		23,592	14,695
Operating profit before change in fair value of investment		35,939	50,532
Change in net fair value of investments	4 (b)	(51,638)	28,377
(Loss)/profit before income tax		(15,699)	78,909
Income tax income/(expense)		2,162	(20,560)
Net (loss)/profit for the year		(13,537)	58,349

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2008

NRMA Annual Report 2008

	Consolidated	
	2008 \$000	2007 \$000
Current Assets		
Cash and cash equivalents	51,114	40,184
Trade and other receivables	36,811	27,619
Other financial assets	5,988	2,763
Inventories	1,456	1,879
Deferred distribution costs	2,456	2,998
Total current assets	97,825	75,443
Non-current Assets		
Other financial assets	388,394	434,854
Investments in associates and joint ventures	111,019	99,430
Available for sale financial assets	101,671	166,717
Property, plant and equipment	219,052	155,309
Investment property	1,216	1,216
Deferred distribution costs	95	93
Intangible assets and goodwill	111,410	77,300
Pension asset	–	15,082
Total non-current assets	932,857	950,001
Total assets	1,030,682	1,025,444
Current Liabilities		
Trade and other payables	71,347	50,631
Income tax payable	9,194	11,464
Provisions	18,488	18,454
Interest bearing loans and borrowings	85,169	25,002
Unearned income	94,421	91,082
Deposits held	18,255	18,188
Total current liabilities	296,874	214,821
Non-current Liabilities		
Pension deficit	938	–
Provisions	3,672	2,825
Interest bearing loans and borrowings	360	1,525
Deferred tax liabilities	28,782	45,010
Unearned income	6,511	4,205
Deposits held	5,961	6,148
Total non-current liabilities	46,224	59,713
Total liabilities	343,098	274,534
Net assets	687,584	750,910
Equity		
Reserves	608	46,755
Retained earnings	686,976	704,155
Total Equity	687,584	750,910

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2008

	Consolidated	
	2008 \$000	2007 \$000
Available for sale investments valuation (losses)/gains taken to equity	(65,046)	9,962
Equity accounted reserve adjustment	(505)	-
Foreign currency translation	(110)	41
Actuarial (loss) on defined benefit plans	(3,495)	(1,989)
Income tax on items taken directly to or transferred from equity	19,446	(3,217)
Net (loss)/income recognised directly in equity	(49,710)	4,797
(Loss)/profit for the year	(13,537)	58,349
Total recognised income and expense for the year	(63,247)	63,146

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2008

NRMA Annual Report 2008

	Consolidated	
	2008	2007
	\$000	\$000
Cash flows from operating activities		
Receipts from Members and customers	423,580	380,055
Payments to suppliers and employees	(396,929)	(317,920)
Dividend received	41,247	45,921
Interest received	4,862	4,143
GST paid	(5,441)	(8,766)
Interest paid	(4,263)	(2,514)
Net income taxes paid	(14,836)	(17,218)
Net cash flows from operating activities	48,220	83,701
Cash flows used in investing activities		
Proceeds from disposal of investments	91,435	313,623
Proceeds from disposal of fixed assets	14,207	1,250
Outlays for business combinations	(11,322)	(146,671)
Outlays for investments acquired	(96,255)	(269,979)
Outlays for fixed assets acquired	(48,062)	(44,846)
Net cash flows used in investing activities	(49,997)	(146,623)
Cash flows used in financing activities		
Convertible note loan	(1,376)	–
Proceeds from bank loans	8,533	–
Loans to related parties	(86)	(610)
Net cash flows used in financing activities	7,071	(610)
Net increase/(decrease) in cash and cash equivalents	5,294	(63,532)
Cash and cash equivalents at the beginning of the financial year	38,293	101,825
Cash and cash equivalents at the end of the financial year	43,587	38,293

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

This concise financial report relates to the Consolidated Entity consisting of National Roads and Motorists' Association Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008. The accounting policies adopted have been consistently applied to all years presented unless otherwise stated in the notes below.

1. Corporate Information

The financial report of National Roads and Motorists' Association Limited (the Company) and its controlled entities (the Consolidated Entity or the Group) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 2 September 2008.

National Roads and Motorists' Association Limited (the parent) is a Company limited by guarantee of Members to contribute, in the event of a winding up, a sum not exceeding \$2.10 (2007: \$2.10) per Member. There are 1,892,654 Members (2007: 1,851,816).

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.

2. Presentation Currency

The presentation currency used in the concise financial report is Australian dollars.

3. Operating (Loss)/Profit before Investment Income and Member Special Projects

	Consolidated	
	2008 \$000	2007 \$000
Revenue from Operations	394,654	306,056
Other expenses from Operations	(416,824)	(308,150)
Annual General Meeting, Special General Meetings and Election expenses	(2,984)	(2,933)
Operating (loss)/profit before investment income and change in fair value of investments	(25,154)	(5,027)
Expenses from Member special projects	(7,143)	(7,045)

4. Revenue from Operations

	Consolidated	
	2008 \$000	2007 \$000
(a) Revenue		
(i) Revenue from operations consists of the following items:		
Membership subscription	175,932	169,737
Thrifty Car Rental	134,679	79,333
Travel	24,767	10,552
Holiday Parks	22,184	10,751
Commercial road service	18,808	16,076
The Open Road advertising	6,248	7,091
MotorServe	4,518	233
Membership entrance fees	3,709	3,712
Technical services	770	1,269
Vehicle inspections	–	4,202
Other	3,039	3,100
	394,654	306,056

4. Revenue from Operations (continued)

	Consolidated	
	2008 \$000	2007 \$000
(ii) Investment Income		
Interest Revenue	4,867	4,143
Dividends	42,812	45,921
Rentals – other corporations	185	161
	47,864	50,225
(b) Profit before income tax has been arrived at after crediting the following gains/(losses) from continuing operations:		
Change in fair value of financial assets classified as fair value through the Income Statement	(51,638)	28,377
(c) (Profit)/loss on disposal of assets	(755)	169

5. Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets. 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. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

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

The Consolidated Entity has classified certain shares as financial assets at fair value through profit or loss. Gains and losses arising from changes in fair value are recognised directly through the income statement. The shares 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 entity's key management personnel.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Investments in Associates

The Consolidated Entity's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Consolidated Entity has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's net investment in associates.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Consolidated Entity are identical and the associates' accounting policies conform to those used by the Consolidated Entity for like transactions and events in similar circumstances.

7. Interest in a Jointly Controlled Operation

The Consolidated Entity has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Consolidated Entity recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Consolidated Entity also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

8. Investment Properties

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, which reflects market conditions at the balance sheet 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.

9. Matters Subsequent to the end of the Financial Year

On 1 July 2008, NRMA Travel Holdings Pty Limited (now Tourism & Leisure Holdings Pty Ltd) acquired a 100% equity interest in Creative Cruising Pty Limited for a total price of \$6.0 million. Creative Cruising is a market leader in the wholesale cruise line market, providing Members with direct access to unique and special value tailored cruise holiday offerings.

On 31 July 2008, NRMA Travel Holdings Pty Limited (now Tourism & Leisure Holdings Pty Ltd) acquired a 100% equity interest in Value Tours Pty Limited for a total price of \$11.8 million. Value Tours is a market leader in the wholesale Outbound Ski market, providing Members with direct access to tailored international ski and coach travel holiday offerings.

On 1 July 2008, The NRMA launched the *More4Members* Rewards Program to establish a platform to promote and reinforce the range of products and services offered by the NRMA Family and Friends network. The estimated cost of initial setup, management and launch is \$6.0 million.

NRMA has stated its intention to acquire the minority shareholder's 25% equity interest in Kingmill Pty Ltd (trading as Thrifty Car Rental) in the last quarter of calendar year 2008. As part of its' stated intention to move to 100% ownership of Thrifty, NRMA is conducting a full operational and financial review of Thrifty. This review is yet to be finalised.

On 18 August 2008, NRMA exercised its call option over the 30% shareholding in Adventure World Travel Pty Ltd and Adventure World Travel Limited held by Mr P Newsom (AWT Managing Director and 30% shareholder) to acquire all the shares held by Mr Newsom in those companies. The value of Mr Newsom's shareholding will be determined by an independent external valuer agreed between the parties.

DIRECTORS' DECLARATION

NRMA Annual Report 2008

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

- 1) In the opinion of the Directors:
 - a) the concise financial report for the year ended 30 June 2008 complies with Accounting Standard AASB 1039 *Concise Financial Reports*; and
 - b) the financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2008; and
 - c) this concise financial report cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report, which is available upon request.

On behalf of the Board



A H Evans
President

Sydney, 2 September 2008



M T Tynan
Deputy President

INDEPENDENT AUDITOR'S REPORT



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Sydney NSW 2000 Australia
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Fax: +61 2 9248 5959
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Independent auditor's report to the members of National Roads and Motorists' Association Limited

Report on the Concise Financial Report

The accompanying concise financial report of National Roads and Motorists' Association Limited comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expenses and cash flow statement for the year then ended and related notes, derived from the audited financial report of National Roads and Motorists' Association Limited for the year ended 30 June 2008. The concise financial report also includes discussion and analysis and the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of National Roads and Motorists' Association Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 2 September 2008 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the concise financial report, including the directors' declaration, of National Roads and Motorists' Association Limited for the year ended 30 June 2008 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

A stylized signature of the Ernst & Young firm, consisting of the letters 'EY' in a cursive script.

Ernst & Young

A handwritten signature of Daniel Cunningham in black ink.

Daniel Cunningham
Partner
Sydney
2 September 2008

Liability limited by a scheme approved
under Professional Standards Legislation

SEGMENT REPORTING

NRMA Annual Report 2008

This disclosure is unaudited and is presented to the Members separate to the financial report.

The Consolidated Entity operates predominantly in one geographical area, Australia.

The Consolidated Entity operates predominantly in one business segment, being the provision of road and other services to its Members and customers. The other main sources of revenue for the Consolidated Entity are investment income, which is generated from a significant base of Investments and Travel & Touring, the result of which is mainly due to the acquisitions made during the current and previous financial years. Therefore, Investment and Travel & Touring related activities are reported below as separate business segments.

	Consolidated							
	Member Services		Investments		Travel & Touring		Total	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Revenue								
External segment revenue	218,190	210,391	50,103	64,211	309,739	133,200	578,032	407,802
Total segment revenue	218,190	210,391	50,103	64,211	309,739	133,200	578,032	407,802
Result								
Segment result before Members special projects	(13,118)	(7,060)	(2,995)	73,393	7,557	19,621	(8,556)	85,954
Expenses from Member special projects	(7,143)	(7,045)	–	–	–	–	(7,143)	(7,045)
Segment Result	(20,261)	(14,105)	(2,995)	73,393	7,557	19,621	(15,699)	78,909
Income tax expense relating to ordinary activities							2,162	(20,560)
Net (loss)/profit attributable to the Members of the parent entity							(13,537)	58,349
Assets								
Segment assets	48,803	78,650	550,583	620,819	320,277	226,545	919,663	926,014
Equity accounted investments	–	–	10,553	9,922	100,466	89,508	111,019	99,430
Consolidated total assets							1,030,682	1,025,444
Liabilities								
Segment liabilities	152,565	171,210	28,210	40,403	162,323	62,921	343,098	274,534
Consolidated total liabilities							343,098	274,534

HANDS-ON HELP

What your NRMA can do for you

Good, honest car servicing, travel guidance, technical advice, road test, special discounts – we can help you in more ways than ever before



GENERAL ENQUIRIES

NRMA Service Issues and Feedback

E feedback@mynrma.com.au

Head Office Switchboard

T 02 8741 6000 (Mon-Fri, 9am - 5pm)

ROADSIDE ASSISTANCE

T 13 11 11 (24 hrs, 7 days)

ABOUT YOUR MEMBERSHIP

Advocacy

W mynrma.com.au/road_safety

BusinessWise Fleet Vehicle Management

T 1300 369 349

E business.motoring@mynrma.com.au

W nrmapbusinessmotoring.com.au

Free2Go: Membership for 17-20 year olds

T 13 11 22 (8am-8pm, 7 days)

E free2go@mynrma.com.au

W befree2go.com.au

Membership package subscriptions, upgrades, payments and renewals

T 13 11 22 (8am-8pm, 7 days)

W mynrma.com.au/membership

Automated credit card payments

T 13 11 44

Deaf or hearing impaired

T 0437 13 11 11 (SMS only)

MOTORING

Maintenance

Approved Repairers

T 1300 655 443

W mynrma.com.au/arn

Batteries

T 13 11 22 (24 hrs, 7 days)

W mynrma.com.au/batteries

Car Electrics

T 13 11 22 (24 hrs, visits 6.30am – 10.30am 7 days)

W mynrma.com.au/carelectrics

Motoring & Technical Advice and Road Tests (9am – 5pm)

T 1300 655 443

W mynrma.com.au/technical

MotorServe

T 1300 880 294

W nrmapmotorserve.com.au

Locations:

Artarmon

Kotara

Liverpool

Seven Hills

Tuggeranong

South Strathfield

Purchasing

NRMA Car Loans

T 1300 116 762

W mynrma.com.au/nrmacarloans

NRMA CarWise

T 1300 227 947

W nrmapcarwise.com.au

NRMA Car Prices

T 1300 655 443

W openroad.com.au/carprices

Education

Safer Driving Schools

T 1300 696 762

W mynrma.com.au/saferdriving

TRAVEL

T 1300 851 977

W mynrma.com.au

Domestic

Attraction Tickets & Accommodation

T 13 11 22 (8am – 6pm, Mon-Fri; 8.30am – 4.30pm, Sat)

Car and Campervan Rental

W mynrma.com.au/rental

Travel Planner

W mynrma.com.au/planner

NRMA Holiday Parks

W mynrma.com.au/holidayparks

Locations:

Treasure Island Holiday Park, Gold Coast, QLD

Darlington Beach Holiday Park, Coffs Harbour, NSW

Ocean Beach Holiday Park, Umina, NSW

Sydney Gateway Holiday Park, Parklea, NSW

Merimbula Beach Holiday Park, Merimbula, NSW

International

T 13 11 22 (8am – 6pm, Mon-Fri; 8.30am – 4.30pm, Sat)

International Driving Permits

W mynrma.com.au/idp

International Holidays

T 1300 851 997 (8am – 6pm, Mon-Fri)

Travel Insurance

T 1300 765 422 (8am – 6pm, Mon-Fri)

PUBLISHING

Maps, Guides & Books, Australian Caravan + RV, Australian Classic Car

T 1300 782 312 (8am – 6pm Mon-Fri; 8.30am – 4.30pm, Sat)

W mynrma.com.au/onlineshop

Open Road

T 02 8741 6675

E open.road@mynrma.com.au

W openroad.com.au



helping people