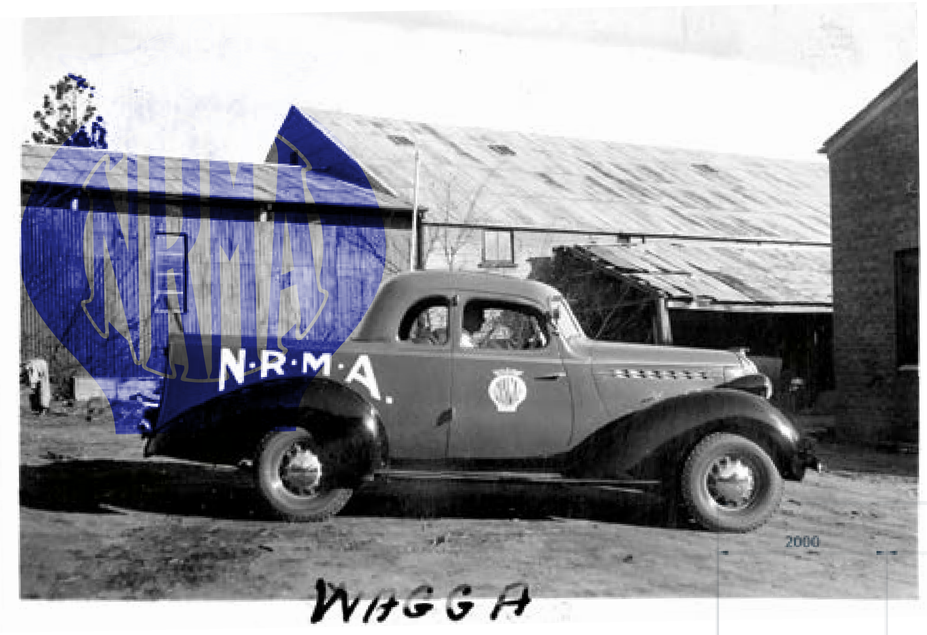
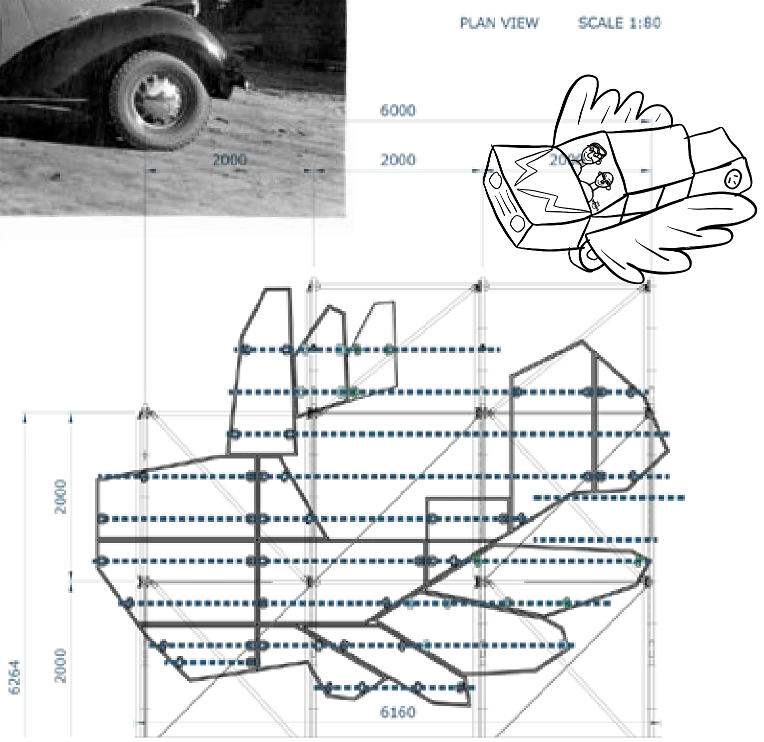
Making history

Annual report 2020





The flying car designed by Brisbane artist, Stephen Mok appeared as a large installation at our Bright Futures tour. Encompassing the old and the new, its purpose was to show our Members and the community that we'll be there alongside them, wherever the future of motoring takes us. From horse and cart to the automobile, electric vehicles and beyond.

Bright Futures event images courtesy of Good Thanks Media

Contents

2020 annual report of National Roads and Motorists' Association Limited ABN 77 000 010 506. National Roads and Motorists' Association Limited (NRMA) is a public company limited by guarantee, incorporated and domiciled in Australia. The registered office and principal place of business is Level 13, 151 Clarence St, Sydney NSW 2000, Australia.

About this report

The NRMA is Australia's largest member-owned organisation, with over 2.6 million Members across NSW and the ACT. Our common purpose has always been to keep people moving. Over time, our focus has evolved to encompass the journey and destination through tourism and leisure.

This report has been prepared with reference to the International Integrated Reporting Council's (IIRC) framework. It identifies material issues in our operating environment and among our key stakeholders that influence the value we create for our Members and customers. The decisions and activities of our leadership team are underpinned by these issues and how they impact our business value drivers. This year, we've incorporated an additional business value driver, environment and sustainability which will enable the NRMA to better communicate our performance on the development of sustainable business practices. These value drivers underpin how we create value and are outlined in further detail throughout this report.

Business value drivers

People and culture

Our great people, culture and diversity.

Members and customers

Our commitment to putting our Members and customers first, our trusted brand and specialist knowledge.

Reputation

Our independent voice, focus on education, partnerships, networks and the communities we reach, and the natural environment in which we operate.

Operations and assets

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

Financial capital

The funds and assets available to the NRMA.

Environment and sustainability

Our focus on preserving our natural environment and developing sustainable business practices.

United Nations Sustainable Development Goals

We support the United Nations' Sustainable Development Goals (SDGs), which are a set of global principles that address world issues including climate change, poverty and inequality. The NRMA seeks to embed the SDGs across our business activities to ensure the sustainability of our organisation and the communities we support. We've identified six key SDGs as they relate to our strategy, operations and value we deliver to our Members. This report seeks to highlight how the SDGs have been applied across our organisation and their relevance to our activities. Our Global Reporting Initiative (GRI) Content Index and sustainability disclosures can be found at **mynrma.com.au/sustainability**

The SDG's we contribute to

3 GOOD HEALTH AND WELL-BEING

Goal 3: Ensure healthy lives and promote wellbeing for all at all ages.

5 GENDER EQUALITY

Goal 5: Achieve gender equality and empower all women and girls.

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8: Promote inclusive and sustainable economic growth and employment.

10 REDUCED INEQUALITIES

Goal 10: Reduce inequality and promote social and economic inclusion.

11 SUSTAINABLE CITIES AND COMMUNITIES

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

13 CLIMATE ACTION

Goal 13: Take urgent action to combat climate change and its impacts.

About us

Over the past 100 years, we've kept you moving and safe along your journey. And we'll continue to find new ways to do just that as we look to the future.

As one of Australia's largest tourism, leisure and travel businesses, we lead the way in mobility services and roadside assistance, while providing opportunities for Members to connect through leisure experiences.

And as our businesses continue to grow and change, our shared passion for helping and inspiring people through tourism and travel is the thread that will always tie us together.

We put our people, Members and customers at the centre of everything we do, to deliver great experiences — which has always been what sets us apart — now and into the future.

Our activities and the services we offer

Motoring and Membership

The NRMA delivers benefits to more than 2.6 million Members through roadside assistance, NRMA Blue, advocacy, driver training, our electric vehicle fast charging network, the Open Road magazine and community and education programs.

NRMA 100 YEARS AND ONWARDS

Transport and tourism

NRMA Parks and Resorts increased the number of accommodation and associated services we provide nationally to 50 owned or managed parks across Australia.

NRMA Parks + Resorts

Marine delivers passenger transit and leisure services under the brands My Fast Ferry, Fantasea Cruising, Whale Watching Sydney and Yellow Water Taxis.

my FASTFERRY fantasea Cruising WHALE WATCHING SYDNEY YELLOW Water Taxis

We provide vehicle rental services across more than 190 locations in Australia, New Zealand and Fiji under the Thrifty and Dollar brands.

Thrifty dollar. CAR RENTAL

Investments

We invest in accommodation infrastructure, including the historic Hotel Kurrajong in Canberra, Travelodge and Elanor which invests in regional hotels.

Our culture and values

Our culture is our unique sustainable advantage. It's who we are and embedded in everything we do. We're committed to building a richly diverse and inclusive culture for our people, customers, Members and communities. The more we collaborate, listen and value difference, the better the outcome.

How our culture Playbook creates value

We walk in your shoes	We know your time is precious	We always think one step ahead	We will keep you safe along the way	We will carry you when you need help
		What we do		
- Listen to Members and customers through regular engagement and surveys. - 'Close the loop' program to inform Members of the solution identified to fix their problem. - 'Walk in your shoes' program encouraging cross functional experience and information sharing among operating businesses.	- Cross functional teams to trouble shoot and solve Member and customer pain points. - 'Moments that Matter' program to identify solutions, resources and opportunities to reduce response times and delays.	- Provide staff with the authority to execute changes identified as making a material difference to their customers. - Engage thought leaders and partners to inform business thinking on emerging trends and ideas in mobility, leisure and tourism. - Execute an investment strategy based on competitive advantage. - Conduct research on emerging Member and customer issues and concerns.	- Implement procedures and processes to keep our people, Members and customers safe. - Invest in technology and processes that keep our people safe and minimise risk of injury. - Advocate for infrastructure investment and changes to policy to reduce the road toll and disadvantage in regional and metropolitan areas.	- Repurpose assets to meet community needs. - Partner with community organisations to deliver help. - Balance community needs with prudent financial management to deliver the best outcomes for communities and Members.

Board focus area

Our culture and code of conduct
During the year the Board focused on the culture of the NRMA through monitoring culture survey results. The Board also approved the revised code of conduct for employees and was updated by the Group CEO on its roll-out.

Making history

This year was a year like no other. What began as a celebration of our centenary, our Members, our people and purpose, quickly turned into a call to action. We stayed true to who we are and mobilised our people to help out in every way possible.

For 100 years now, the NRMA has been instrumental in shaping the way Australia moves. As the country's largest Member organisation, we're committed to serving our Members and their communities. We exist to connect people with each other, with places, with experiences, with our land, and most importantly to keep everyone safe along the way.

We've always been there to help, and in times of crisis and hardship, we've stepped up a gear to provide even more assistance. We now find ourselves in such a time. With a prolonged drought, devastating bushfires that burnt over 18 million hectares across the country, and the emergence of the COVID-19 pandemic impacting employment – the effects of these crises will be long lasting.

We felt the impact in almost every part of our businesses, from Country Service Centres and holiday parks in fire-stricken towns to a reduction in our marine services during the lockdown. However, true to our DNA, we're changing the way we work so that we can help keep our community moving forward in every way possible.

Our centenary has given us the opportunity to reflect on our journey. Though, with the new challenges that face us all, this has not only been for the purpose of celebration, but also to draw inspiration for the actions we're taking now and those we're planning for the future. In everything we do, we aim to give back, always adding more value to Membership and allowing our past to inform the bright future we're building – so that together, we can continue to make history.

Help when it matters most

Gerard Martin from the NRMA Blue Member Marketplace team is a longtime volunteer firefighter. At the beginning of November 2019, he helped fight the Taree fire in Hillville, approximately 250km north of Sydney that had burnt over 24,000 hectares.

"A very long day, left Sydney around 5.15am and was on the fire ground from 9.30am until 6.30pm, then returning to Sydney. Most of the day consisted of property protection and keeping properties safe."

Gerard Martin,
Volunteer firefighter and NRMA staff member

On January 27, 2020 the Orroral Valley bushfire spanned 80,000 hectares, destroying 80% of the Namadgi National Park in the ACT.

Responding to COVID-19, bushfires and floods

The Board and Audit Risk Management Committee have always prioritised robust business continuity planning and crisis management across the company as an important way to protect the business, the reputation of the NRMA and value for Members.

Our Business Continuity Plan (BCP) was triggered multiple times this financial year, most notably for the 2019-20 bushfires, colloquially known as 'Black Summer', floods in both NSW and QLD and the COVID-19 pandemic that's affected the country.

For each situation:

- The Group Crisis or Business Unit's Business Continuity Plan (BCP) was activated as relevant.
- The Group Business Continuity team supported the impacted Business units as required to minimise the impact to the operations.
- Employee, Member and customer safety was a key priority in all situations.
- The Group CEO kept the Board informed of key developments.
- The Audit and Risk Management Committee received regular updates.
- Post incident reviews completed in all situations and actions agreed.

Due to the exceptional circumstances of the COVID-19 situation, the Board met for weekly update meetings with Rohan Lund, Group CEO, Cormac Hodgkinson, Chief Technology Officer and Group Crisis Commander for the COVID-19 situation, Michael Gabriel, Chief Financial Officer and other executive team members.

The key areas addressed at the Board update meetings included updates on; the developments and management decisions taken to address the COVID-19 situation, BCP, key Government changes, financial outlook, JobKeeper and Project Light Horse (refer to p. 13). From 8 May 2020, when the situation began to stabilise, the Board update meetings changed to a fortnightly cycle. A return to the formal Board meetings and the Board meeting schedule commenced on 26 May 2020.

Help when it matters most

Thrifty's accounts payable manager Joanne Price started 11 years ago when the role was created. "I remember being introduced to everyone, and I mean everyone! I then had to draw up a map of the office, placing names and titles so I could remember. This helped a lot." Joanne says the most rewarding part of her job has been passing on knowledge and mentoring others in the business. She's also a senior operator for the SES, joining up eight years ago after seeing devastating scenes in the 2010 Brisbane floods. During the bushfires, Joanne's local unit provided logistical support in various parts of NSW.

"The SES was founded on the same principles as the NRMA — to help people and provide emergency support."

Joanne Price,
Accounts payable manager at Thrifty

1955 Maitland Flood relief

The NRMA has a long history of responding to those in need. This was especially evident during the catastrophic Maitland Flood from February 23-27, 1955, the most devastating flood recorded on the Hunter River since European settlement.

When the river broke its banks and levees failed, Maitland's central business district was inundated. More than 5000 homes were damaged, with around 20 homes completely washed away from their foundations in the surging waters. While the response to the crisis was a truly herculean effort from everyone involved, it became clear that Australia needed a central authority to co-ordinate emergency services to floods. The state government was quick to form the NSW State Emergency Services (SES) in April 1955.

The NRMA offered assistance when disaster hit the Hunter region by sending patrols to restore damaged vehicles but some were beyond repair.

Maitland flood car image courtesy of Jim Lucey Collection, Cultural Collection, University of Newcastle.

The summer of 2020 was a season of extremes in eastern Australia. Much like Maitland in 1955, Lismore experienced increased rainfall in February 2020, resulting in serious flooding of their central business district.

100 years and onwards

The NRMA turned 100 this year, which gave us time to reflect and celebrate our past, but more importantly look to the future. The goal in our centenary year was to spark a movement towards a sustainable future for all communities by revitalising the Aussie road trip and stimulating regional tourism.

We received a huge influx of stories from Members recounting their favourite road trips over the years, which we shared to encourage others. And although we had to cancel the rest of our Bright Futures tour due to COVID-19, our first event in Northern Rivers was a huge success.

1920
NSW branch of the National Roads Association created with just 22 Members. Our first President, J.C. 'Good Roads' Watson was a former Australian Prime Minister, who believed he could do more good for his country through a mutual.

1924
With three guides employed, our beloved patrol service is born.

1927
The Good Roads Journal was renamed and launched as the Open Road magazine that is still in publication today.

1929
By the end of the decade, the NRMA has successfully helped to introduce road limits. It's also credited with the improvement of road signs throughout NSW.

1932
Led the transport section in the opening procession of the Sydney Harbour Bridge and immediately began lobbying to ban horse-drawn vehicles because they were holding up traffic.

1933
Roadside assistance becomes available 24hrs a day, 7 days a week. A record 30,000 calls for roadside help received.

1934
The NRMA offers first-aid courses, lectures on how to drive well and safely, and continues support of school safety patrols.

1939
Women's Auxiliary Transport Corps founded. Women trained to maintain and drive heavy vehicles to help war effort.

1946
Road toll increases by one-third, so the NRMA begins a new road safety campaign to stem the increase.

1950
The NRMA works to ensure camping grounds are improved and hotels upgraded in response to rise in Australians touring.

1952
Arranges for a large direction sign to be erected at the intersection of Parramatta Road and City Road, Broadway, to help deal with traffic congestion.

1959
Fifty school crossings equipped with traffic lights as a result of a campaign from the NRMA.

1965
The NRMA pushes to introduce practical driving courses in secondary school curriculum after the highest death toll is recorded on NSW roads.

1978
Launches campaign to alert motorists to the urgent need for Australia to conserve its crude oil resources.

1981
Campaigns to the Australian Transport Advisory Council for inertia reel seatbelts to be compulsory in back seats.

1982
Our 'Don't Blow it Campaign' aims to shift public perception of drink driving.

1987
Member numbers have rapidly risen, reaching nearly 2 million.

1990
Sponsorship of NRMA CareFlight begins.

1995
Launches Clean Air 2000 Campaign in an attempt to clean up Sydney for the Olympics.

1997
Supports trials of a 50km/h speed limit in residential areas.

2003
Assists State Government in development of Clean Car benchmarks.

2008
Thrifty Car Rental in Australia joined the NRMA family.

2017
Partners with Australian Red Cross to support Aboriginal and Torres Strait Islander peoples get their licence and open pathways to work.

Joins NSW Government, HMI Technologies, Telstra, IAG and Sydney Olympic Park Authority to launch the first autonomous shuttle trial in NSW.

The NRMA increases number of holiday parks to 31 through the purchase of Australian Tourist Park Management.

Manly Fast Ferry became part of the NRMA to address congestion and provide Members with more options when it comes to their daily commute.

2018
Fantasea became part of the NRMA, securing the Palm Beach to Ettalong and Wagstaffe ferry service and Palm Beach to The Basin and Mackerel Beach ferry service.

2019
The NRMA launches a partnership with the NSW Parks and Wildlife Service (NPWS) to protect the state's Little Penguins.

2020
The NRMA embarks on the Bright Futures Tour to celebrate 100 years of keeping people moving.

Provided support to communities battling bushfires, floods and COVID-19 through Project Light Horse.

A message from our Chair

Never in our 100-year history has the core promise of the NRMA been more critical than in 2020. In summation, the first page of our Constitution clearly articulates our most central purpose — we are here to advocate for better outcomes for our Members and the community and, where necessary, work with community organisations to deliver positive change.

When our founding Members wrote the first Constitution in 1920 they set up the NRMA as a purpose based organisation. The NRMA was formed as the world had finally rid itself of the diabolical Spanish Flu; a crippling pandemic with a death toll two-and-a-half times that of the First World War.

Twelve months ago the NRMA was finalising its plans to celebrate our centenary. Our milestone year has since been marred by drought, bushfire and the COVID-19 pandemic. The footprint we would leave on our community would be very different to the one we had imagined, yet in many respects far more significant and essential to the challenges of the time. All indications from the first seven months suggested we would have a very positive centenary year. Our group of businesses were performing strongly, we had successfully launched the first of eight Bright Futures celebrations on the North Coast of NSW and our services to Members continued to exceed target.

Global events would take a dramatic turn in February — nothing would be the same. The NRMA, like almost all businesses around the world, would not be immune to the devastating effects of COVID-19. Heading into the crisis the NRMA was in a position of strength and this left us well-placed to stare down what would lie ahead. Many of our tourism and transport businesses would be hit hard, yet we have been able to maintain services to Members.

As outlined in the financial section of this report, we have taken a prudent position in writing down the value of some of these businesses to reflect the extraordinary nature of trading in a COVID-19 world. We're working hard to ensure we're ready to capture every opportunity when the economy recovers.

Our centenary celebrations were halted in accordance with social distancing guidelines so we turned our staff, energy and resources outward to help those in the community most in need. We stayed true to our constitutional promise — this would be our centenary legacy.

Calls for roadside from workers on the frontline of the COVID-19 battle were prioritised — regardless of whether or not they were Members — and we stationed our patrols at hospital parking stations to respond quicker to calls for help from doctors and nurses. More than 4,300 frontline workers were the beneficiaries of this great work. Partnering with community organisations, NRMA staff volunteered to deliver essential food and medical supplies to at-risk members of our community who could not leave their homes. Our fleet of Thrifty vehicles were provided free-of-charge to medical workers who were no longer able to catch public transport to work.

My fellow Directors and I reflect back on this work with immense pride and I can't thank Rohan and his team enough for how they responded to this crisis. This campaign also received national recognition with a Choice Shiny award launched to recognise the work done by businesses during COVID-19.

COVID-19 may have hit some areas of our business hard, yet it did nothing to diminish our critical work standing up for you, our Members. The pandemic wreaked havoc on world oil prices and Australia turned, as it has done time and time again, to the NRMA to ensure motorists got a fair deal at the bowser. Our advocacy efforts helped deliver a fairer outcome for caravan owners across Sydney's toll road network and the ACT Government would implement key recommendations from the NRMA to make young drivers safe.

Perhaps most importantly of all, throughout COVID-19 our Membership levels remained strong. The loyalty and support you showed us, at a time when so many family budgets were under severe strain, has helped the NRMA through this crisis. The world has not seen the end of the COVID-19 pandemic. There are more challenging months ahead. Yet we remain steadfast in our commitment to staring down these challenges.

We will get through this together — our commitment to bright futures for all will ultimately prevail.

Tim Trumper
NRMA Chair

A message from our Group CEO

We could never have imagined our centenary year would be like this. We've seen the worst droughts on record in NSW. The horrific bushfires that decimated so many communities across the state. Floods and storms. A pandemic that has forced border closures, lockdowns and crippled the economy. 2020 has been challenging on any measure. It may not have been the centenary we had planned for, but what we did instead is what the NRMA was born to do.

In honour of the returning light horsemen, who were our founding workforce, we instigated Project Light Horse with a call to arms to all our staff and partners to help. During COVID-19 we have repurposed our fleet to help health workers, we have delivered pharmaceuticals and meals to those most in need, our employees have called those in isolation to provide support and we have ensured our hotels and parks remain available to accommodate frontline health workers and those in quarantine. During the bushfires we committed our assets to house those who were displaced and applied our fleets and vessels to support evacuation efforts.

Purpose is at the core of everything we do and is why our extraordinary staff remain so selfless and committed to helping people. How we do things is guided by our Playbook, which brings to life the values that we expect all of our people to demonstrate, whether it's our corporate teams who work behind the scenes or our frontline staff serving our precious Members. We put the safety of our people, our Members and our customers first. This has been a guiding principle right from the beginning. We are very proud of our frontline staff and they rose to the moment once again.

We saw a fall in underlying operating profit from $65.6 million to $25 million and a statutory after tax loss of $56.5 million, reflecting the significant one-off and mainly non-cash impact of COVID-19 on our assets. Despite the challenges of the last year, it was encouraging to see growth in the underlying profit until March, the strong operating cash result of $56 million and continued improvement in Membership, safety, staff engagement, brand, trust and NPS scores across every business line.

The majority of the NRMA operates in transport and tourism, so it was inevitably impacted by events in the last year. At the same time, our Members, our sole reason for being, were also affected and looked to the NRMA to embrace its mutuality and help wherever we could. We were fortunate to be able to play that role and also navigate the various operating challenges, whilst still preserving our capital base and our people. Our core operating businesses in mobility and holiday parks continue to have strong momentum on their side. Whilst some of our investments, including car rental, hotels and marine were significantly impacted by events in the last year, which we have reflected in their carrying values, we have maintained strong market positions for when trading conditions return to previous levels.

> "It may not have been the centenary we had planned for, but what we did instead is what the NRMA was born to do"

We will keep reviewing our portfolio of existing investments and our balance sheet strength in the new normal to ensure our investments are optimised to deliver Member benefits and create adequate economic returns and diversity for the long-term sustainability of the group.

This centenary has been a pertinent reminder of the indispensable role of the mutual and our purpose. Nothing has changed our strategy to keep safely connecting people with each other, with experiences and with place, and we are constantly looking at how we can create better value for our Members. I want to thank you, our Members, for your continued support and loyalty during this difficult time. I've also enjoyed the stories and photos so many of you shared with us over the past 12 months. We have even more conviction that our purpose, our people and our relentless ambition to do more will successfully serve the NRMA and our Members for the next 100 years to come.

Rohan

Rohan Lund
NRMA Group CEO

The year that was

While 2020 threw many challenges at us, from bushfires and drought to COVID-19, our people continued to go above and beyond to support our Members and customers. Here's how:

Members and customers

1,498,000

calls for help answered including 1,600 children and 1,400 pets rescued from vehicles.

$110 million

in savings with our Member benefits.

113,000 discounted movie tickets accessed through NRMA Blue.

33 million litres

of fuel purchased, saving Members $1.6 million.

Operations and assets

All our businesses continued to deliver Net Promoter Scores well above our industry peers.

3,000,000

passengers moved across our leisure and transport ferry services.

3 tourism awards

for best holiday parks including; NRMA Port Arthur Holiday Park and NRMA Port Macquarie Holiday Park (Gold Award NSW 2019 Tourism Awards and Bronze Award 2019 Australian Tourism Awards).

224,000

battery calls – a 7% increase during COVID-19 (March-June) compared to the same time last year.

$5.5 million

in car servicing and repair savings.

People and culture

Rolled out our culture Playbook making how we do things central to our culture.

Launched our Belong program – promoting inclusion and diversity.

Awarded Customer Experience Team of the Year for customer experience and design.

Environment and sustainability

Launched our Stretch Reconciliation Action Plan on Me-Mel (Goat Island) in partnership with Tribal Warrior.

Secured $3 million in infrastructure funding to expand our electric vehicle fast charging network in partnership with Transport for NSW.

SeatCare – launched a child seat recycling product stewardship program with industry and government to reduce landfill.

Reputation

Over 29,000 school students educated on road safety and future mobility.

30 Aboriginal and Torres Strait Islander participants and 41 refugee participants obtained their driver's licence, with 30% of refugee participants going on to obtain employment.

The ACT's new Graduated Licensing Scheme (GLS) for young drivers started on 1 January 2020 – a direct result of our advocacy efforts to improve road safety outcomes for young drivers.

Financial capital

Membership and our core investment portfolio remained strong, placing us in a strong position to recover.

While COVID-19 had a material impact on our business, we quickly pivoted our growth plan to preservation of capital and assets to support our Members.

Giving back

We've always been there to help on the home front. With Project Light Horse, we put our resources into action to carry those who needed a hand.

When the Black Summer Bushfires and COVID-19 hit, we knew there was more we could do. As a mutual, we delivered on our promise to carry you when you need a hand by redeploying over 400 patrols and staff volunteers, repurposing our holiday parks and rental cars to help the community in partnership with exceptional organisations.

Just as the NRMA provided new purpose for returned Light Horse Brigade soldiers from WWI, we returned to our roots with Project Light Horse to give back. For these efforts, we need to thank our people. Despite personally dealing with the effects of COVID-19 and bushfires, they stepped up to help others and worked even harder to ensure we navigated the crises of 2020 well. Their ambition to make our mutual stronger and improve the community we live in is commendable.

We were awarded the Choice Shiny Award in recognition of our community support program.

> "We are incredibly grateful to the NRMA and especially to their 47 staff who have put their hand up to form a vital extended arm of our NSW emergency services team."

Spokesperson,
Australian Red Cross

Carry you when you need help

Provided refuge to displaced residents and livestock in our parks and resorts during the bushfires.

Provided accommodation for Australian Army personnel at our holiday park in Bright during the bushfire crisis.

8,800

nights of discounted accommodation for essential travellers.

4,300

priority roadside assistance callouts for emergency workers including stationing our patrols near hospitals to provide immediate assistance when required.

Project Light Horse

13,700

days of free car hire for health care workers.

600

meals delivered across Sydney, Newcastle and Tamworth in partnership with Meals on Wheels NSW.

150

welfare calls in support of the Australian Red Cross to quarantined and self-isolating Australians during COVID-19.

500

pharmacy deliveries across Sydney in partnership with the Pharmacy Guild of Australia (NSW Branch).

W.R. (Ralph) Williams in 1926 wearing breeches and leggings, similar to those worn by the Light Horse Brigade in WWI.

Section 1
Creating value

Some of our new patrol vans have the capability to tow a vehicle, helping to reduce congestion and getting 9 out of 10 people back on the road faster.

History in the making

2020 saw unprecedented change and uncertainty affect our Members, customers and the way we operate. Our focus remained unwavering and we returned to our roots to support the community.

Expanding our electric vehicle fast charging network is of vital importance. We recognise that new technology has the ability to assist in reducing our carbon footprint and will power the next generation of mobility in the country. Our extensive electric vehicle charging network across regional NSW and beyond, forms a critical component in ensuring all communities can reap the benefits of new technology.

We have continued to advocate for regional communities, many of whom have suffered as a result of the events unfolding over the last 12 months. We have focused on calling for leisure, tourism and major infrastructure projects to be brought forward to aid in recovery.

We'll keep responding to the environmental, social and economic changes that will shape our future. This means engaging with, listening to, and helping all our Members and customers and continuing to lead the way on important issues through our advocacy and community work.

COVID-19

COVID-19 has influenced the way we travel, operate and respond to Member and customer needs, with the car becoming increasingly more important for travel and connectivity. The pandemic increased our number of roadside assistance calls and saw the suspension of our tourism and transport services. We remained agile, implementing increased safety and cleaning protocols, supporting 48% of our people to work from home, providing them with access to mental health services, as well as investing in initiatives to support the wider community.

Increasing economic uncertainty

Global and economic uncertainty is likely to last well beyond 2020. That's why we'll continue to deliver Member benefits and value through NRMA Blue, and develop and advocate for initiatives that support the community. We'll continue to expand our tourism and leisure footprint, creating more opportunities for employment in regional locations, offering safe places and meaningful experiences that will bring people together when we can safely move around again.

Keeping Members and customers safe

Whether prioritising roadside assistance for health care workers or offering shelter to those displaced by fires, keeping our Members safe has been at the core of everything we do. We continue to check in with Members to make sure we have our finger on the pulse and can adapt our services to meet their needs as they change even more frequently.

Responding to climate change

Bushfires, storms and flash flooding significantly impacted our businesses and the community this year. The NRMA has supported communities grappling with drought and extreme weather conditions through advocacy and our continued investment in leisure and tourism. We remain committed to reducing our own carbon emissions. We'll continue to lead by example and provoke discussion on what needs to be done, including expanding our electric vehicle fast charging network.

Technology as a solution

Technology played a greater role in 2020, keeping us connected to one another and to our Members. During the year, our workforce began working from home, with technology allowing us to remain accessible to each other and our Members. We've also implemented new systems to keep our frontline staff safe and respond quicker to Member needs. We continue to look to technology to improve safety, reduce our footprint, create efficiencies for our businesses and deliver value for our Members.

How we create value

Our purpose

Bring people together by keeping them moving through mobility and providing places to be together in our cities and regions.

Our values

Energy **Courage** **Humility** **Ownership**

Our values are core to who we are and embedded in our culture Playbook. For more, see Our culture and values p. 4.

The world around us

We monitor our external environment for material issues that will effect our business and Members. For more info see History in the making, p. 15.

Inputs

We bring together our people and culture, financial capital and operating assets to deliver value to our Members and the community. These are grouped under six key business value drivers.

Our people and culture | **Financial capital** | **Members and customers** | **Reputation** | **Operations and assets** | **Environment**

Our business

Guided by our business value drivers, we operate a range of businesses across the tourism, travel and leisure sectors to keep people moving and connected to one another and their community. For more information, see About us, p. 3.

Motoring and Membership | **Parks and resorts** | **Marine** | **Hotel and tourism investments**

FY20 outcomes

We create value for our Members, the people in our business, our communities, and protect the environment. For more information on our performance and outcomes, see Our business value drivers and performance, p. 18.

- Lost Time injury reductions - High leader engagement scores	- Underlying operating profit $25 million - Operating cash $56 million	- $110m in Member savings - Net Promoter Score +83	- Secured $382m to upgrade local roads across regional NSW	- Improved first-time resolution rates to 87.6%	- 39 EV fast chargers installed

We always seek to deliver above and beyond for our Members, it's who we are. How we create value is influenced by both internal and external factors. Internally, our culture, strategy and business value drivers guide our success, enabling us to meet the challenges that arise in the external environment. This was especially evident in FY20, where we adapted and changed our business model to better serve our Members.

NRMA Bright Futures event in the Northern Rivers

Image courtesy of Good Thanks Media

Our business value drivers

How we create value for our Members, customers and the community is determined by our ability to monitor changes in material issues and adapt our business value drivers accordingly.

If you'd like to view additional information about our material issues, this can be found in the 2020 Sustainability Disclosures, which is available on our website **mynrma.com.au/sustainability**

These important issues may pose a risk or present opportunities that may be currently affecting or are anticipated to affect our business success from an economic, social or environmental perspective.

The table below summarises our key business value drivers, the material issues they seek to address, how we create value, examples of the value created and how we measure the value.

Business value driver	Material issue	How our value drivers create value	Value created this year	How we measure value	Link to SDGs
Our people and culture p. 23 - 25	- Safety. - People and culture.	- The safety of our people, Members and customers is a core business priority. - Our culture Playbook guides the behaviour we expect and encourage among our staff. - We invest in and promote diversity and belonging across our operating businesses.	- We increased our leadership engagement score to +73, higher than the industry norm. - Rollout of our Code of Conduct and Playbook. - Launched 'Belong' celebrating the diversity of our staff. - 400 patrols and staff volunteers participated in Project Light Horse this year.	- Leadership engagement scores measure staff satisfaction and engagement. - Inclusion and diversity measures including Women in Leadership Positions, LGBTQI engagement and cultural awareness training measures. - Lost Time Injury, Lost Time Frequency Rate and critical incident registers. - Staff engagement and volunteering with Project Light Horse.	3, 5, 8, 10
Operations and assets p. 28 - 35	- Safe, affordable transport systems. - Safety. - Supporting regional communities.	- Our diversified range of products and services offer Members more ways to derive value from their Membership.	- Answered 1.4 million calls for help. - Moved 3 million people through our ferry and tourism services. - Increased the number of parks and resorts to 50 including 39 pet friendly parks.	- Call out rate and first response completion rates. - Customer satisfaction scores (ferry).	3, 13
Members and customers p. 26 - 27	- Data governance and privacy. - Financial sustainability. - Safety.	- We undertake intensive and ongoing privacy and data training with our staff. - We listen to our Members and work together to fix pain points. - By providing reliable and exceptional services we create trust with our Members.	- $110 million in Member benefits. - Brand Net Promoter Score of +29.	- Our Net Promoter Score measures brand recognition and satisfaction. - Membership growth. - Number of data breaches.	8

Based on surveys completed by our Members, engagement with our key stakeholders including suppliers, partners and thought leaders and our business priorities, we've identified the following eight material issues. Each issue, including the page reference to where the issue is addressed in our report is included below:

Data governance and privacy
p. 26

Safety
p. 25

Access to safe, affordable transport systems p. 38

Financial sustainability
p. 42 - 43

Supply chain responsibility and transparency p. 47

People and culture
p. 23 - 24

Supporting regional communities p. 36 - 39

Climate action and environmental performance p. 40 - 41

Business value driver	Material issue	How our value drivers create value	Value created this year	How we measure value	Link to SDGs
Reputation p. 36 - 39	- Safe, affordable transport systems. - Supply chain responsibility and transparency. - Supporting regional communities.	- Our reputation gives us social licence to operate and invest in projects that benefit the community as a whole. - Our reputation provides peace of mind to our customers. - Greater government action and commitment to infrastructure investment and alternative transport.	- 30 Aboriginal and Torres Strait Islander peoples and 41 refugees received their licence. - 29,000 students educated on road safety. - $780 million in government infrastructure investment to support communities during COVID-19 economic downturn. - Delivered Project Light Horse.	- Number of DriveTime participants and employment outcomes achieved. - Advocacy wins and achievements.	3, 10, 11, 13
Financial capital p. 42 - 43 **Report** p. 66 - 119	- Financial sustainability.	- Ensures that we can continue to deliver our core services to Members. - Provides us with social licence to invest in community initiatives.	- Managed the organisation responsibly to minimise the impact of COVID-19 on our operations.	- Cash management and return on Investment.	8
Environment and sustainability p. 40 - 41	- Climate action and environmental performance. - Supply chain responsibility and transparency.	- Reducing our carbon footprint creates more sustainable communities and adverse externalities including pollution and health issues. - Environmental Assurance Plans ensure all environmental risks are identified and managed.	- We delivered 39 EV fast chargers in regional NSW. - Secured $3 million for further expansion of our regional EV fast charging network.	- Coverage of EV fast charging network including usage rates. - Government investment in infrastructure and sustainable mobility. - Proportion of operating businesses that are carbon neutral or use renewal energies.	8, 11, 3, 13

Our strategic priorities

Our strategy is simple: bring people together by keeping them moving through mobility and providing places to be together in our cities and regions.

At the NRMA, we know it's not just about getting you from point A to B — it's about the journey, the destination and who you share it with. That's why over time our strategy has evolved to include a greater focus on tourism and leisure in regional and metropolitan Australia.

We've always been focused on building our Membership through delivering our best-in-class roadside service, advocating for better and safer mobility options, investing in future mobility, and finding more ways to connect with our Members, more often through NRMA Blue benefits.

We continue to look for new ways to engage our Members through investments in tourism and leisure, delivering experiences that provide an opportunity to connect with others, to nature, or simply share an experience with friends and family.

Strategic priorities for 2020

	Powering our mobility services and Membership	Connecting with Members through tourism and leisure	Supporting our community
Our 2020 priorities	- Positioning roadside service for the future and evolving Membership offers is more important than ever before. - Future-proofing our operations, continuing our focus on service quality and customer experience, continuing to support the transition to electric vehicles and delivering more value and relevance through NRMA Blue.	- Our investment in domestic regional tourism remains unwavering. - Our growing portfolio of parks and resorts supports local jobs and provides opportunities for Members to discover iconic destinations and reconnect with families and nature. - We will expand the number and nature of the leisure experiences we offer beyond whale watching and harbour cruises in Sydney. - We will continue to look for more ways to bring people together as we emerge from COVID-19.	- Supporting the community through motoring and tourism services formed a greater part of our strategic focus this year, as well as managing operations to minimise the impact of COVID-19 on our people and Members. - Our planned centenary events, Project Light Horse, bushfire support initiatives, continued rollout of our regional EV fast charging network (free to Members) and our advocacy efforts were all in support of our Members. - We will continue to focus on delivering our services in a sustainable way and ask the same of stakeholders and suppliers.
Results for the year	- Grew our Membership base via NRMA Blue and roadside subscriptions delivering $110 million of savings to Members. - Achieved a NPS of +83 across motoring (2019: +80). - Improved our Member experience by investing in resources to reduce wait times and achieve quicker first service resolution, with 87% of our calls now being resolved the first time. (2019: 86%).	- Expanded our network of parks and resorts to 50 (2019: 48) while investing in better customer experiences and innovation. - Partnered with Tribal Warrior to deliver our first Indigenous marine experience to Me-Mel (Goat Island). - Invested in technology to drive returns in car rentals.	- Repurposed our people and assets to lend a hand during the bushfires and COVID-19 (See The year that was, p. 12). - Increased the number of EV fast chargers to 39 (2019: 20). - Reinforced our corporate advantage by creating consistent employee and customer experiences across our Group and maintained our independent voice for Members. - Focused on safety, environment and risk standards, with reductions in lost time injuries. - Improved our employee experience by investing in culture, leadership and talent.

Our ambition is to always deliver more for our Members and to build a sustainable business. In 2020 that meant we invested close to home to deliver services to keep the community connected to one another and critical services during the bushfires and COVID-19. This meant spending on technology solutions to enable our staff to work from home, and safety and service improvements.

Our independent and trusted voice, strong partnerships, and great assets mean we can deliver more value to Members and the community, while addressing the challenges we faced this year (see p. 15 — History in the making). Our competitive advantage has always been our people and the culture we've created. Keeping people safe and bringing people together during these uncertain times will be increasingly important as we look to rebuild and refocus in a changing world.

Strategic priorities for 2021

Objective	Powering our mobility services and Membership	Connecting with Members through tourism and leisure	Supporting our community
Our strategic growth focus areas See Our business value drivers, p. 18.	- Differentiate our service through exceptional customer experience and service improvement. - Invest in NRMA Blue product offering to deliver more value to Members. - Invest in technology and operating approaches that streamline activities and improve customer service. - Enhance our digital end-to-end experience for customers. - Further expand electrification and investigate transition to an electric fleet.	- Improve the visitor experience across our parks and resorts portfolio through innovation and sustainability. - Continue to develop and acquire unique leisure and tourism experiences that bring people together. - Focus our existing operating businesses on experiential tourism in regional Australia and delivering shared leisure experiences. - Continue to build strategic partnerships to deliver more services and better value.	- Invest in employee and customer experiences to build our brand. - Continue to lead the discussion on safety, transport, tourism and sustainability issues affecting the community. - Minimise our environmental footprint by exploring alternative energy sources, recycling programs and water management processes. - Continue our focus on reconciliation by identifying business, training and employment opportunities for Australia's First Peoples.
How we plan to measure success			
	- Net Promoter Score (NPS). - Value of Member savings. - Number of new partners and offers with NRMA Blue. - First call resolution receipt to arrival (RTA).	- Net Promoter Score (NPS). - Consumer satisfaction scores. - Return visitation. - New leisure experiences. - Number of regions across Australia we have businesses.	- Net Promoter Score (NPS). - Number of community partnerships resulting in positive outcomes for community. - Number of environmental initiatives. - Advocacy outcomes and achievements.

To see how the NRMA performed against its strategy and its strategic growth focus areas, visit Section 1 — Our business value drivers on p. 18.

Board focus area

COVID-19
The Board provided oversight of the repurposing of business operations across motoring, transport and tourism to support the community during COVID-19. The Board also had the difficult job of closing holiday parks and scaling back Thrifty and our marine services to preserve our asset base, ensuring we recover quickly from the pandemic.

Strategic focus
The Board continued to align strategic priorities with business opportunities, including; overseeing the roll-out of the culture Playbook, evaluating potential acquisitions and divestments, merging Membership and Motoring into one operating business, continuing to expand the parks and resorts portfolio and rolling out our EV fast charging network.

Section 2
Our business value drivers and performance

Receptionists hard at work at the new road service HQ in Villawood in the 1960s.

People and culture

For over 100 years, we've led the way advocating and helping our Members, customers and communities. The events and challenges of the last year have shown that our people continue this legacy, and our Playbook is true to our DNA — the common thread that unites us.

Over the last 12 months many of our people were directly impacted by bushfires, drought, floods and hail, and all staff were impacted by the COVID-19 pandemic. Creating an environment that supports and continues to support them through these challenges is the role of our leaders, all of whom worked even harder to support colleagues in crisis and help people navigate the demands of working from home. For many of our people the demands have never been higher, however, despite this many gave up their time to volunteer to support those in need through Project Light Horse.

Leadership and capability

We continue to invest in leadership with targeted development of leadership talent, launching our 'Take the Lead' program. The program builds the critical skills, mindsets and behaviours required to be an effective leader at the NRMA. Our leadership score of 73% is evidence of our continued leadership commitment and capability.

Reward and recognition

We believe it's not just what one achieves but how one achieves it. How and why we recognise and reward people is embedded within our Playbook. This year, we identified opportunities to further evolve how we reward our people for how they role model our values through our revised remuneration policy. Our My Thanks program reinforces our values and gives our people the opportunity to say thank you and recognise the efforts of their colleagues.

Lifelong learning

The NRMA offers an extensive range of career development opportunities. Through our learning platform — **learn@mynrma**, every employee has access to a multitude of online resources for professional career development.

Inclusion, diversity and belonging

Our Inclusion, Diversity and Belonging strategy (2020-2022) provides a shared direction and commitment by the NRMA to build and maintain an inclusive workplace and sustainable communities. Our Gender Equality strategy and action plan is incorporated as part of a broader Inclusion, Diversity and Belonging strategy and demonstrates our commitment to creating a level playing field for all. This year we introduced **belong@mynrma**, a platform to create an inclusive and diverse culture where everybody feels that they belong. We also introduced Shine, our employee led LGBTQI network group, who with Ally group have created a platform for people to converse openly and share the importance of LGBTQI inclusion at the NRMA.

Board focus area

Inclusion, Diversity and Belonging strategy
As part of fostering the desired culture, the Board approved the Inclusion, Diversity and Belonging strategy. This strategy provides a shared direction and commitment for the NRMA to work together to build and maintain an inclusive workplace and achieve growth for our business and our people.

Shine, our employee led LGBTQI network group celebrating Wear it Purple Day with local police.

Our initiatives

Parental leave

We believe all our people should feel respected and supported and have an equal opportunity to grow and advance. We've made enhancements to our Parental Leave policy, which now includes 18 weeks of paid primary carers' leave, regardless of gender, with no minimum employment eligibility to access.

Achieving gender balance

We continue to focus on attracting and increasing female representation in our many traditional male-dominated workforces. We have actively recruited females in our motoring and towing businesses and are proud that 45% of our senior leadership group and 43% of our executive are female.

Commitment to pay equity

We're focused on achieving pay equity. The NRMA Group gender pay gap is 12% (total remuneration) down from 14% in 2019. This is compared to the latest average Australian gender pay gap of 21% for full total remuneration and 24% when compared to all casual, part time and full time roles.

We continue to assess and analyse our systems, processes and decision making to ensure no bias occurs and take action to address pay equity.

Looking ahead

We'll continue to embed our Playbook and implement and deliver on our Inclusion, Diversity and Belonging strategy. A key focus for the year ahead is to develop skills and capabilities across the organisation, as we adapt and change to business needs, the environment in which we operate and future ways of working.

"The NRMA has a proud history of supporting and advocating for gender equality — from the establishment of the Women's Auxiliary Network during WWII, training 700 females as mechanics and heavy vehicle drivers to support the war effort, to today where females represent 56% of our board composition and 47% of general management roles. I am committed to continuing our focus on gender equality and ensuring the NRMA is a place where all our people are given equal opportunity to achieve their goals and make meaningful contributions."

Rohan Lund
NRMA Group CEO

Our workforce profile

2020	Type				Age group		
	Casual	Full time	Part time	Total	<30	30-50	>50
Female	353	644	146	1,143	340	544	259
Male	267	856	35	1158	254	544	360
All	620	1500	181	2301	594	1088	619

Board focus area

Whistleblower legislative changes and Speak Up policy
The Board was updated on the key changes to the whistleblower legislation and approved a revised whistleblower policy, called the Speak Up policy. It was important to the Board that people were encouraged to speak up about issues or conduct that concerned them, and the Speak Up Hotline information is on our website for anyone to use: **mynrma.com.au/support/speak-up**

Safety and wellbeing

We're committed to keeping our Members, customers and people safe, with robust and effective injury prevention and management strategies in place to minimise the risk of injury.

Our proactive approach is embedded within our operating businesses and in FY20 we've seen a steady reduction in lost time injuries in comparison to FY19. This year we introduced Serious Risk Observations, this lead indicator requires business leaders to observe critical tasks and to consider the effectiveness of our controls. An interactive program, it necessitates discussion between senior leaders and front line employees. While lost time injury frequency rate (LTIFR) has been a common metric, we believe that focusing our energy on a meaningful lead indicator will result in improved safety outcomes for the NRMA Group.

One of our key focuses this year has been to develop, launch and implement a simple and integrated management system that is accessible and relevant. We launched our MySafety system, enabling us to gather consolidated incident and hazard data from across the group.

Focusing our attention on injury prevention has resulted in a significant reduction in serious injuries and improved our employees' overall wellbeing. We offer a diverse range of health and wellbeing programs, including skin and heart health checks, blood pressure monitoring, flu vaccines, healthy eating workshops and virtual gym. We have a network of medical providers available, which includes our Active Care Physiotherapy program, mental health training and support, and our Employee Assistance Program.

We will walk in your shoes

COVID-19 saw us traverse a new and unprecedented path. Our Safety team provided guidance, and implemented effective strategies that enabled us to lead the way in keeping our people, customers and Members safe. Using evidence based information, we reviewed and amended processes to ensure that work could be carried out safely, and when activities were deemed too great a risk or non-essential, those activities were stopped. Our corporate team and contact centres were safely transitioned to working from home. Wellbeing and mental health initiatives were put in place, including our Wellbeing Hub on our intranet and we have return to work plans ready for implementation pending government advice.

Future focus

Over the next 12 months, we'll recalibrate our intentions and adapt to the changes brought about by COVID-19, ensuring our people have the support, resources and skills to work effectively and safely across locations. Safety remains an important focus of the NRMA Group and we are intent on creating a resilient safety culture.

Safety metrics

	Measure	2020	2019
LTI	**Lost time injury (LTI)** Any injury occurring in the workplace that requires a person to stay away from work.	17	28
LTIFR	**Lost time injury frequency rate (LTIFR)** Refers to the number of LTIs that occurred per one million hours worked during the year.	5.09	6.95

Board focus area

Safety of our people
The Board continues to discuss safety as the first agenda item at each board meeting, maintaining a "safety first" culture where safety incidents and their mitigating actions are monitored through to conclusion. This includes any incidents raised through the Speak Up Hotline (previously called the ethics hotline). There was considerable focus on activities to keep staff, in particular the frontline, safe as the impacts of the COVID-19 pandemic unfolded.

Members and customers

We're committed to continually asking our Members and customers for their feedback. Understanding all perspectives enables us to anticipate needs, change and grow.

Listening to our Members and customers

To constantly improve our Members' and customers' experience, we've drawn people together from across the business to tackle identified issues via a detailed review of our Member and customer feedback. These cross-functional teams collaboratively solved problems that had been identified within the NRMA digital experience, resulting in immediate improvement to our customer satisfaction scores. Our 'close the loop' program reaches out directly to Members and customers who've identified issues to better understand their comments, work with them to explore opportunities for change, and provide feedback on proposed solutions. Listening and engaging with our customers during this process has led to many improvements and innovations.

Improving our employee, Member and customer experiences with better processes

To provide Members and customers with exceptional experiences we rely on our people and our processes. So, we've invested in streamlining organisational procedures to enable our team to focus on our most important asset – you. We have held more than 100 workshops with frontline and back office staff, identifying where processes and procedures are impacting Members and how we can adapt and modify them. We've also undertaken a detailed review of the journeys undertaken when Members and customers engage with us to identify friction points and develop new approaches and solutions.

Helping Members in times of need

Research among Members and feedback from our frontline informed us that people were keen for us to communicate how we were helping during COVID-19. Our response was to develop communications encompassing social media, email, website and media to convey this information effectively. Key features included; how to maintain and clean vehicles during the pandemic, COVID-19 safe measures we've implemented, and the work we were doing to assist communities. We also responded to requests from Members and business customers suffering financial hardship or unable to operate, suspending payments and roadside cover for those self-isolating, and maintaining roadside assistance for businesses even if their payments had been suspended.

Prioritising the moments that matter

Our monthly 'Moments that Matter' forum gained momentum across our business, bringing together customer experience issues and ensuring they're identified, prioritised and resourced. To date, over 80 issues have been identified with 21 closed or completed and 20 more currently in progress.

Leading the way – customer experience (CX)

At the NRMA we're determined to provide our Members with exceptional customer experiences. This was recognised at the 2019 Customer Experience Awards where our Chief Customer Officer, Emma Harrington was awarded Customer Experience Leader of the Year and the NRMA was awarded Customer Experience Team of the Year (Customer Strategy and Experience Design). The judging panel were impressed with our focus on reducing Member complaints, the active and visible presence of the voice of the customer at executive level meetings, and the increases in key customer experience measures across the Group.

Board focus area

Member voices and services
The Board monitored the Member and customer voice, including monitoring performance across the businesses using the touchpoint NPS metric.

Protecting our Members' data and privacy

The NRMA Group Playbook outlines our firm commitment to "keep you safe along the way". We understand that keeping our Members safe means protecting their data and privacy. In 2020, we continued to execute the NRMA Group Data Governance Program, uplifting our data governance maturity and improving our data quality.

Our Privacy and Spam Working Committee, made up of representatives from each business unit across the NRMA Group and overseen by the Data Stewardship Committee, met regularly to identify and address data privacy issues. Our data communities settled into an operating cadence, prioritising and addressing new issues as they arose.

Our staff renewed their annual Privacy Law training, and we introduced the NRMA Spam Act Essentials course for all staff involved in marketing and communications to our Members and customers.

Board focus area

Data governance and cyber security
The Board continued to monitor the implementation of activities to lift our data governance maturity, as well as monitor activities to improve our cyber security posture. There was considerable focus on our cyber security with staff moving to working remotely due to the COVID-19 situation.

Members at our heart

NRMA Blue turns two

Our Member benefits program NRMA Blue, continues to provide Members more value for money and inspire new experiences and journeys. Over the last 12 months we've added even more ways to save and enjoy the benefits of belonging.

Our Members now get more from every journey with the **my nrma app**, unlocking thousands of savings on groceries, car maintenance, insurance, transport, holidays, entertainment, fuel, experiences and dining. The ongoing growth of NRMA Blue across Australia is evidence of its relevance and the many benefits Membership with the NRMA offers.

$110 million Member savings with NRMA Blue benefits program

Marine

$159,000 Member savings with Fantasea Cruising and My Fast Ferry

Caltex fuel

Members bought over **33 million litres**

Car servicing

57,000 Members saved over $5.5m on car servicing and repairs

Parks and resorts

43,000 Members stayed with us saving over $1.9m

Thrifty

39,000 Members rented with Thrifty

Travel

120% increase in bookings from FY19

5.45 million
my nrma app sessions in 2020

Operations and assets

From motoring and holiday accommodation to Thrifty and marine, our operations and assets encompass activities and services we offer.

Motoring

Strategic growth

Delivering peace of mind to our Members is the legacy of the NRMA. We do this by delivering best-in-class service. Our exceptional response times and expanded fleet means that 88% of the time we're able to resolve the issue without the need for further assistance. We have continued to invest in our towing capability, ensuring we can provide the exceptional Member experience we're known for. Our performance has resulted in a record high Net Promoter Score (NPS) of +83, an outstanding result driven by our dedicated employees, who have worked through the many challenges posed by 2020 to support our Members. We continue to provide unparalleled coverage with over 150 service centres in regional NSW and the ACT, ensuring that no matter how remote a location is, Members have peace of mind that the NRMA is there to support them.

Strategic growth drivers

- Continue to deliver exceptional support and services to our Members.
- Continue the transition to electric fleet vehicles, supporting our environment.
- Continue to seek ways to improve operational efficiency so we can deliver to our Members in terms of financial responsibility.
- Enhance our end-to-end digital experience, to increase digital engagement and improve Member service.

Driver training

Our driver training business has continued to grow, providing support through road safety education, skill development and public workshops across NSW and the ACT. The outstanding NPS of +83 is indicative of the value they deliver. Over the next year, the team will introduce e-learning modules to help businesses educate fleet drivers on their work, health and safety obligations. We're also actively supporting community groups and Australia's First Peoples through the Drive Time and Indigenous driver training programs they offer.

FY20 context

The challenges posed by the latter half of 2020 have allowed us to do what we do best – help. Our people were there during the devastating bushfires and floods, helping people, their vehicles, pets and in some cases livestock.

With the onset of COVID-19, we prioritised essential workers and mobilised our workforce to assist through Project Light Horse – helping the community with medical supply deliveries, delivering meals to people in need and prioritising calls from health care workers.

Our patrols saw a 7% increase in battery callouts during COVID-19 in March and June. The challenges posed displayed the resilience of our Motoring and Membership businesses as we sought new ways to serve our community and deliver value.

Outlook

With the COVID-19 pandemic far from over, we'll continue to focus on delivering exceptional Member experiences and meeting the ever changing demands this new environment poses, including designing new ways to deliver driver education, implementing COVID-19 safe work practices and ensuring we're always there to support our Members.

Patrol, Craig Waugh making deliveries as part of Project Light Horse.

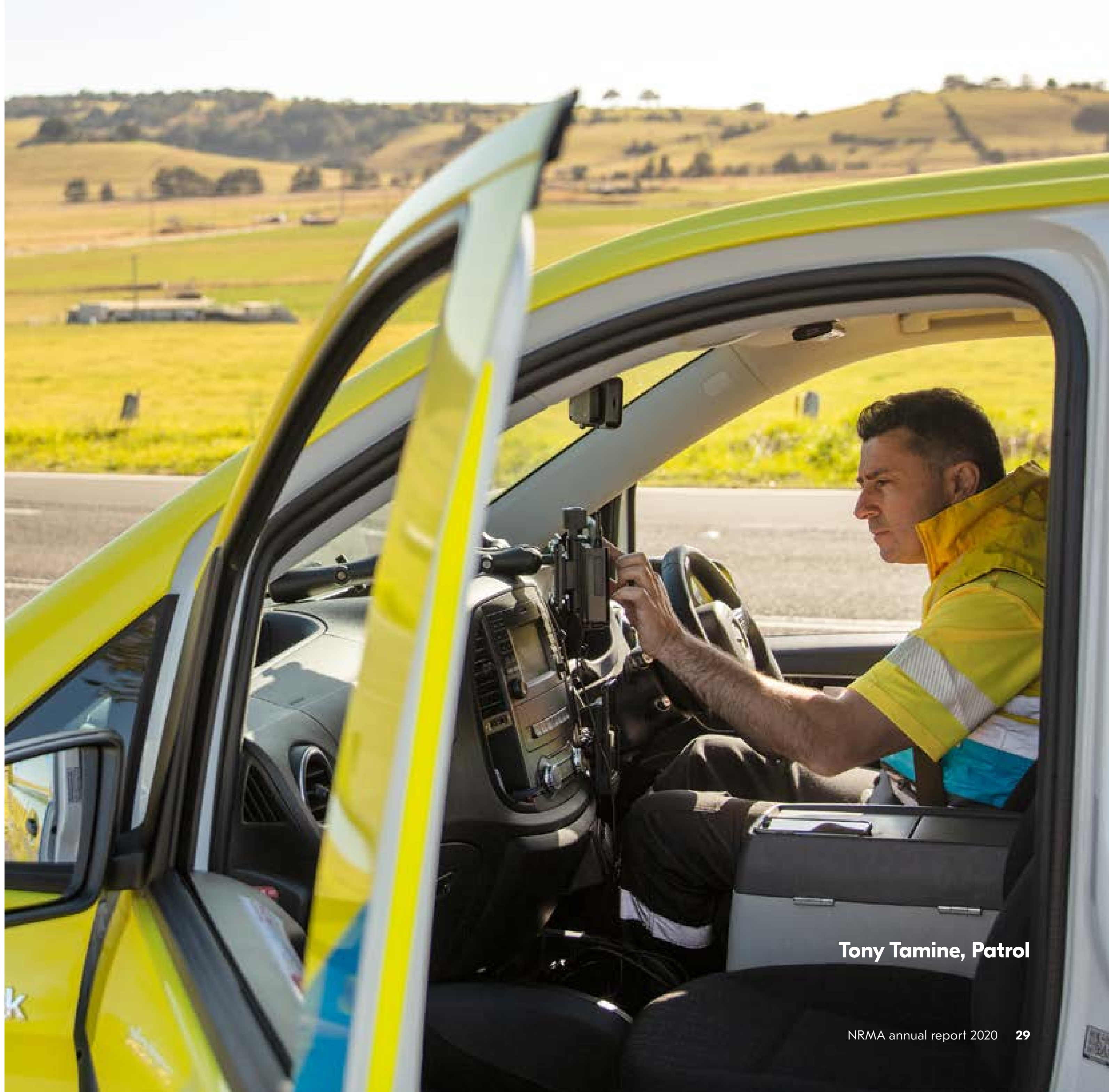
80% of calls for help responded to within 60 mins

Roadside Net Promoter Score of **+83**

1,498,000 calls for help answered

1,600 children rescued from locked cars

1,400 pets rescued from locked cars



Tony Tamine, Patrol

Parks and resorts

Strategic growth

Encouraging, supporting and promoting tourism that allows everyone to experience Australia's unique landscapes, cultures, destinations and holiday adventures is something we're passionate about. With this in mind, we've grown from 48 to 50 parks this year, either owned or under management with the acquisition of Big4 Sunshine Resort, South West Rocks and RAC Esperance Holiday Park in WA. We have actively sought to support regional communities and acquired the lease of Council-owned Dubbo City caravan-park with a plan to transform the property. We're active in our local community and support groups like Scouts, Rotary and the Australian Men's Shed Association. Plus, we're committed to supporting Indigenous communities and businesses, and engaged an Indigenous tourism business to provide input and manage our Cairns property, while utilising Indigenous businesses to assist with park amenity renovation and building work.

We continue to explore how best to meet the needs of our customers and Members, introducing more pet friendly parks and innovative glamping holiday experiences.

Strategic growth drivers

- Supporting regional communities.
- Support the transition to electric fleet vehicles, supporting our environment.
- Minimise our environmental footprint.
- Maximising opportunities to promote Australian travel.
- Support Australia's First Peoples through the promotion of cultural tourism, employment and business opportunities.

FY20 context

A devastating drought, flooding and the worst bushfire season on record decimated regional communities, industries and the environment. The advent and continuing COVID-19 crisis has further affected livelihoods, Australia's economy and Australians' travel plans. In December, our Woodgate (Qld), Port Macquarie and Murramarang holiday parks were fire affected, and in January as the fires worsened we closed seven more of our parks across NSW and Victoria to ensure the safety of our Members, customers and staff. We moved from providing holiday accommodation to becoming an important community supporter, housing displaced families, pets (in some cases livestock), and undertaking fundraising activities to assist those in need. In the aftermath of this disaster we faced the new challenge posed by COVID-19. Our staff mobilised to implement new COVID-19 safe procedures, introducing social distancing and providing accommodation to essential workers and medical teams, as well as those unable to return home. An estimated 183,700 nights were lost as a result of these crises[1]. With the pandemic far from over, we expect the next 12 months to continue to demand much from our team with regard to safety, flexibility and the ability to respond quickly should situations arise.

Outlook

With ongoing international travel restrictions in place, closed borders and economic uncertainty, more Australians will seek out an 'at home' holiday experience. NRMA Parks and Resorts are well positioned to capitalise on this trend and we're actively expanding our network in accordance with our growth strategy.

NRMA Member Michelle shared her 2010 road trip with us where she stopped at some of our parks along the way.

50 parks owned or managed

39 pet friendly parks and resorts

1,100,000 nights at a park owned or managed by the NRMA

Members saved over **$1,900,000**

NRMA Parks and Resorts Net Promoter Score of **+63**

NRMA Murramarang Beachfront Holiday Resort

Thrifty

With an eye on the changing transport landscape, we are exploring how best to meet our customers' future mobility needs, while ensuring we maintain our reputation for providing the personalised and exceptional experiences we're known for.

Strategic growth

Operating within the leisure, corporate, commercial and wholesale sectors, Thrifty and our 18 franchisees work together to deliver seamless and exceptional customer experiences. With a fleet of vehicles selected to appeal, peace of mind with 24 hour roadside assistance, locations that span metro, regional and remote areas and 24 hour support, Thrifty customers can always get where they need to go safely.

Thrifty has introduced electric vehicles in New Zealand, expanded their hybrid fleet across Australia and implemented environmental management plans across their network, demonstrating their commitment to building a sustainable future for the transport industry.

Partnerships, alternative rental models and new approaches to technology are being developed that will assist in transforming how we move in the future. The focus always has been and will always remain on the customer – delivering the best service and best experience now and in the future.

Strategic growth drivers

- Refine market segments to optimise revenue and delivery.
- Develop new rental models, ownership alternatives and technology capability to better service customers.
- Formulate strategic partnerships across the industry.
- Expand hybrid and electric fleet to meet environmental objectives.
- Support local communities and the Thrifty team through times of need.

FY20 context

As a key player within the tourism sector, the challenges posed by drought, flooding, bushfires and COVID-19 have shaped much of Thrifty's activity in 2020.

Fires ravaged Australia forcing cancellation of travel plans and led to the temporary closure of directly affected locations. During this period, many of Thrifty's team worked under difficult smoke affected conditions to assist their customers and maintain supply. Subsequent flooding and hail resulted in vehicle damage and the Thrifty team reached out to support affected communities.

The advent of COVID-19 and the lockdowns in April and May saw vehicle rental demand across Australia decline by approximately 70%. Thrifty took steps to rationalise fleet numbers across Australia and introduced COVID-19 safe procedures to ensure the safety of their people and customers. They also supported essential workers with the supply of over 500 free vehicles as part of Project Light Horse.

Outlook

The COVID-19 pandemic has impacted rental vehicle demand, most noticeably within the overseas holiday market and with international borders remaining closed will continue to do so. Thrifty is focusing on the renewed demand for domestic travel and is well placed with its vast network to support Australian holiday makers across the country. The pandemic has also seen an uptake in some commercial activities, including mining where Thrifty has strong representation.

Thrifty is helping to alleviate the struggle for essential medical personnel to get to and from work by making over 500 vehicles available nationally and providing up to 30 days of free vehicle rental for health care workers.

Marine

We continue to build on our Blue Highways strategy, focusing on alleviating the mobility challenges of a congested urban centre to take advantage of Sydney's unique harbour and waterways. From delivering commuter and water transport to providing unique tourism and leisure experiences like whale watching and exploring hidden coves, our marine business continues to grow.

Strategic growth

Offering a variety of transport and tourism services in conjunction with our My Fast Ferry commuter service saw our marine business grow and the first stage of our Blue Highways strategy come to life. The current and ongoing effects of the pandemic have seen us focus on the expansion of our domestic tourism offers and we continue to explore national marine opportunities.

Sustainability is a key focus for marine and a critical component of our strategy. So, we're exploring how technological developments can enhance the customer experience, our services and improve our processes. We're committed to reconciliation with our First Nations people and are proud of our achievements in the last year which include; support for Babana Aboriginal's Jobs Day and Suicide Prevention Day on Me-Mel (Goat Island), supporting Tribal Warrior Aboriginal Corporation's maritime training program for Indigenous women, and partnering with Tribal Warrior to launch and operate Indigenous guided experiences on Me-Mel.

Strategic growth drivers

- Strategic enhancement of the Blue Highways strategy beyond NSW.
- Develop unique leisure tourism offers that meet the needs of our Members and customers.
- Develop technology solutions that enhance the customer experience, streamline our processes and provide sustainable business solutions.
- We are committed to reconciliation with Australia's First Nations people through employment, training and the development of unique tourism experiences.
- Creating a sustainable future through our exploration of alternative energy sources, improving our water management and recycling programs, and collaborating with the NPWS to protect marine life.

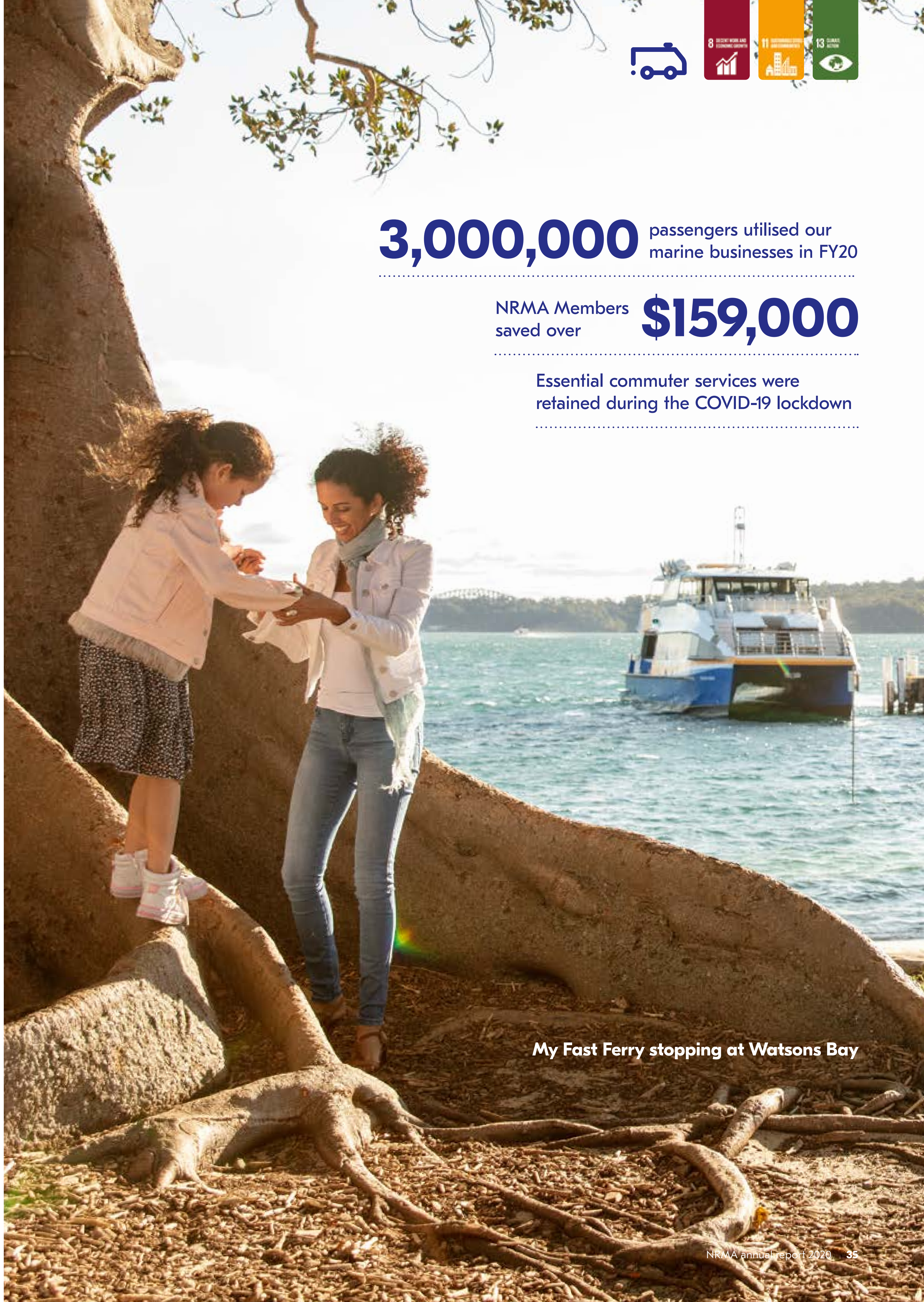
FY20 context

Our marine businesses experienced consistent growth leading up to the devastating bushfires and subsequent impact of COVID-19, which saw a 95% reduction in patronage in April and May. We worked closely with government to ensure essential commuter services remained in place, providing reduced, safe and necessary travel options for essential workers. We proactively implemented controls, including customer and wharf management programs, cleaning procedures in accordance with government guidelines, COVID-19 safe distancing practices and introduced COVID-19 marshals to ensure customer and staff safety. We ceased our tourism services in April and May to keep our people and customers safe, recommencing some whale watching cruises in late June. Travel restrictions are expected to continue to impact our marine tourism business and our services have had to constantly change and adapt to this new norm.

Outlook

With the restrictions on international arrivals likely to impact most of FY21 and a renewed focus on domestic travel within Australia, marine will focus on developing our domestic tourism experiences that highlight the unique Sydney Basin. We're also seeking to explore national opportunities to further expand our marine business.

A whale waves hello to a Fantasea cruise in Sydney Harbour.



3,000,000 passengers utilised our marine businesses in FY20

NRMA Members saved over **$159,000**

Essential commuter services were retained during the COVID-19 lockdown

My Fast Ferry stopping at Watsons Bay

Reputation

We've built our reputation over the last 100 years by remaining an independent voice focused on education, helping the community and lobbying for change on behalf of our Members.

Community

Our 100 year history has been centred on helping Australians in need, from the creation of the Women's Transport Auxiliary during WWII to our advocacy efforts during the Great Depression. This year we mobilised our staff and expanded our community partnerships to assist in times of crisis through Project Light Horse.

We recognise that our Members come from diverse communities all over Australia. Engaging with, investing in, and finding new ways we can support more vibrant and resilient communities is a vital part of what we do, and underpins our business strategy and decisions. There's never been more need for us to be looking at how we lean in to help – not only in times of crisis but also in the many years of recovery which will follow.

Unlocking the future for newly arrived refugees

In 2020 we're proud to have continued our Refugee Learner Driver Mentor (DriveTime) program, which supports newly arrived refugees gain driver licences. At the height of the COVID-19 pandemic, the face-to-face aspects of the program were suspended due to health and safety concerns. Even with a shortened program, 41 participants on humanitarian visas gained their driver's licence and 12 of our learners either acquired employment or signed up to development training programs.

Opening doors for Australia's First Peoples

This year we continued our partnership with Australian Red Cross to assist young Aboriginal and Torres Strait Islander people obtain their P1 driver's licence, affording them better opportunities to secure employment or further their education. This program was also suspended at the height of the COVID-19 crisis, however 30 participants from the Wagga Wagga and Nowra NSW regions were successful in obtaining their P1 licence. We anticipate the program will recommence in late 2020.

Continuing our reconciliation journey

We remain steadfast in our vision for reconciliation with Australia's First Peoples by continuing to deliver on the 78 targets we have established in our second Reconciliation Action Plan 2019-2022 (RAP) at Stretch level. In 2020, we strengthened our RAP governance procedures to better support the achievement of our RAP commitments. Key initiatives this year included the formation of a new partnership with Tribal Warrior Aboriginal Corporation to advance Indigenous Australians' employment pathways and a greater focus on Indigenous cultural awareness training for our employees.

Case study: Joining forces with Tribal Warrior

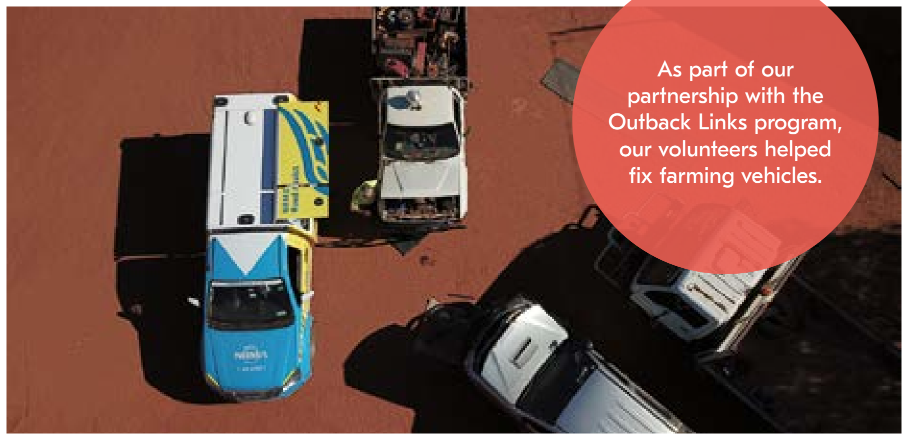
Our partnership with Tribal Warrior will assist in opening doors for their trainees to gain experience in our marine businesses and work with us to deliver Indigenous cultural tourism experiences. In December 2019, we announced that the NRMA would be partnering with Tribal Warrior to offer a first of-its-kind cultural cruise and tour to Me-Mel.

Helping drought affected farmers in need

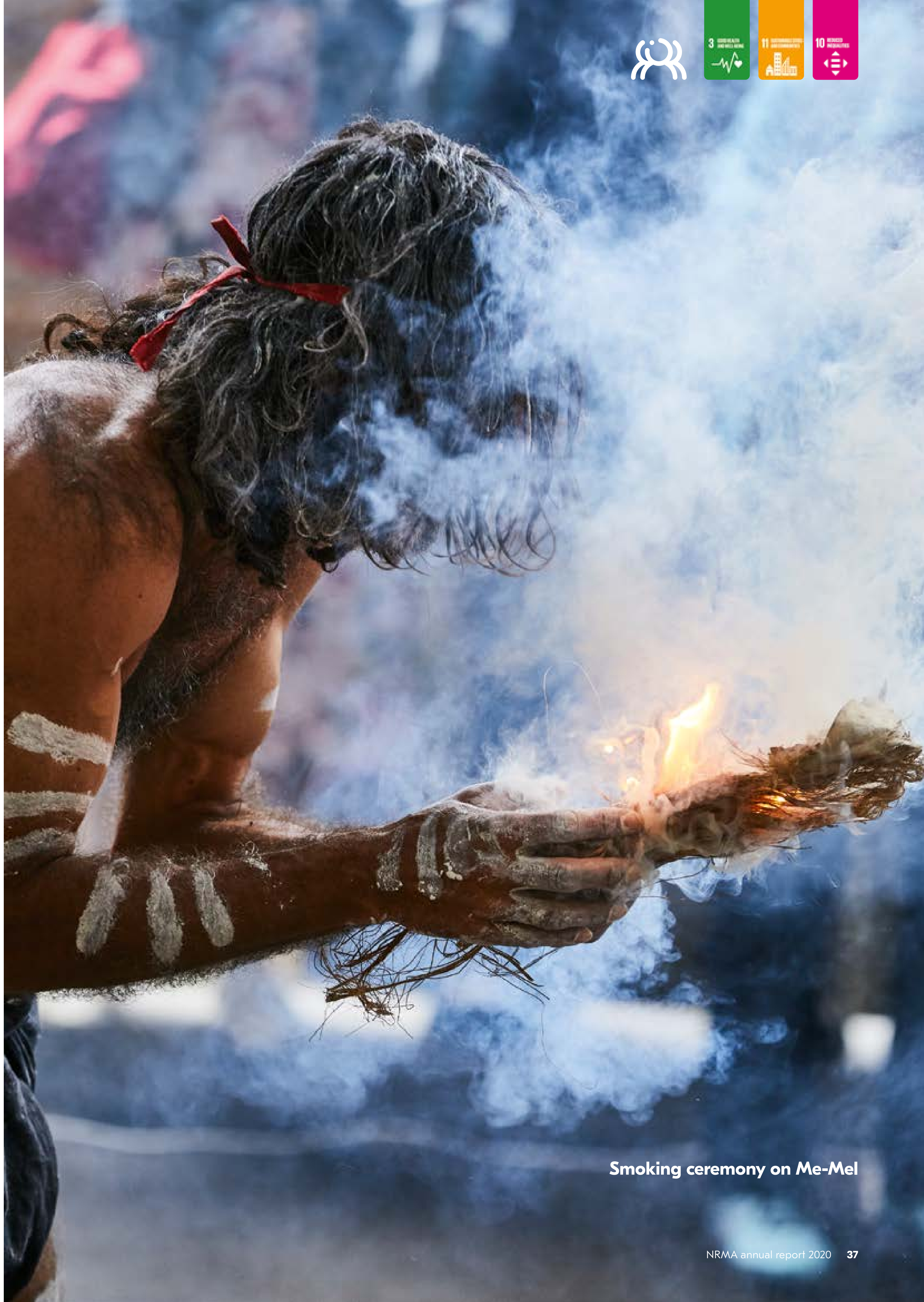
Our partnership with Frontier Services, Outback Links program continued as communities across Australia battled through the worst drought in recorded history. Since 2014, this program has connected our skilled mechanics with farmers in need in remote NSW. This year, the program took the NRMA to the rural towns of Hermidale and Tottenham, the geographic centre of NSW, where our volunteers fixed farming vehicles and machinery and helped with essential jobs like stock feeding and general farm duties. The week-long visits have had a lasting positive impact for the six farming families that the program supported as well as the 18 skilled volunteers who participated in the program. We're hopeful we can recommence this program when regional travel is more predictable.

Outlook

We will continue to reach out and connect with Members and community stakeholders to better understand how we can use the combined assets of the business to provide much needed support during crisis and recovery.



As part of our partnership with the Outback Links program, our volunteers helped fix farming vehicles.



Smoking ceremony on Me-Mel

Advocacy

We take great pride in being the voice of our Members in NSW, the ACT and beyond – advocating on important issues, including safer roads, better transport and fairer fuel pricing.

Our policy and advocacy work is renowned by our stakeholders and referenced by organisations around the world. Substantial investments in road safety, future mobility, transport services and infrastructure have progressed as a result. With the NSW and federal elections occurring in the first half of 2019, our extensive policy platforms received attention from governments and oppositions. Following the elections, our advocacy work continued to ensure that policy and funding commitments were progressed throughout the year.

$780 million was budgeted for regional road projects in NSW following our Funding Local Roads report and COVID-19 recovery advocacy activities. These were aimed at bringing forward infrastructure projects to support local economies, and improving the condition and safety of the local road network.

Our advocacy efforts this year also included a focus on distracted driving, with new programs commencing in NSW and the ACT aimed at reducing mobile phone use.

In NSW, the awaited Net zero emissions plan 2020–2030 was launched, and rightly includes a strong focus on ensuring more support for electric vehicles. Encouraging the transition to electric transport through incentives and the removal of barriers is critical for our future transport and energy sectors.

To support caravan users and regional visitation, costs for large recreational vehicles using most of Sydney's toll roads – including the new NorthConnex and WestConnex motorways – have been significantly reduced through a new rebate scheme. The scheme, advocated for by the NRMA, is expected to save large recreational vehicle users millions of dollars each year.

Outlook

While our policy and advocacy attention is currently on recovery given the recent disasters and impacts of COVID-19, these investments and outcomes help to keep our Members safe, improve access and reduce congestion, as well as prepare our community for advancements in mobility.

Key outcomes

$398 million for road safety projects across regional NSW

$382 million to upgrade local roads across regional NSW

$240 million to address congestion hotspots in Sydney

Ban of mobile device use
while driving for learner and provisional drivers in the ACT

Mobile Phone Detection Program
in NSW to target drivers and riders using mobile phones

Reformed Graduated Licensing Scheme
in the ACT to improve young driver safety

Voluntary manufacturer recall
of the 'Joie i-Travvel' child car seat following our sustained campaign on the alarming crash test result

Net zero emissions plan 2020–2030 in NSW
focus on ensuring more support for electric vehicles

Toll rebates for caravans
significantly reduced costs for large recreational vehicles across most of Sydney's toll roads

Education

From educating primary school children on road safety to keeping our next generation of drivers safe – our education programs benefit all our communities.

In the first half of 2020 we actively engaged with primary and high schools to deliver our road safety programs and enlisted excited students from Year 5 at Birchgrove Primary School to take part in the filming of our Science and Road Safety program at Fox Studios. This footage formed the basis of our online primary school training program. We also held the finals of the NRMA Future of Transport challenge which saw the four finalist schools pitch their ideas to a panel of transport experts in front of 500 students.

When the lockdown occurred in March due to the COVID-19 pandemic, we cancelled our school visits and put our energy into developing strategies that would enable us to support at-home learning. The team has worked to produce engaging online programs for primary and high school students, and in June we engaged with schools and took 146 school bookings (25,550 students) for the new online offerings.

Our online programs offer children and young drivers unique learning opportunities, which are enhanced by our expertise in road safety policy research. A key benefit of these online learning opportunities are they allow us to reach small remote schools. The popularity of these programs demonstrate the trust communities have in our free, evidence based educational programs for children and young people.

24,500 primary school students engaged in 2020

4,700 high school students engaged in 2020

25,500 reach of online program bookings

Outlook

Over the next year we'll seek to grow the reach of our online programs. We'll also engage with schools across NSW to understand how we can better deliver on their objectives and engage their students to deliver programs that increase their knowledge and skills, and keep them and others safe on our roads.

Birchgrove Public School student learns how to correctly fit a bike helmet.

NRMA Future of Transport challenge finalists with their teachers and judges Nell Payne from the NRMA and Stephanie Salter from Transport for NSW (centre left and right).

Environment and sustainability

With Australians facing unprecedented environmental disasters and a global pandemic, how we lead and respond during these uncertain times has never been more important for our Members and for the future sustainability of the NRMA.

Leading in sustainable business operations

As a business that spans both land and waterways, we remain committed to ensuring we protect, nurture and positively contribute to the natural environments in which we operate. In a year that saw drought conditions across most of NSW followed by catastrophic fires and floods, the impacts on our operating businesses, in particular parks and resorts, marine and Thrifty, were both severe and tangible. In 2020, we've continued to work on emerging sustainability risks and the continuous improvement of our data system allowing us to improve tracking and introduce resource-saving initiatives.

We're working to identify cost and efficiency savings, while also promoting innovation and climate-adaptive responses within our operating businesses.

Achieving carbon neutral certification

Our Motoring and Membership team is committed to achieving carbon neutral certification under the Federal Government's Climate Active program in line with our Low Carbon 2020 commitment. As part of this commitment, we chose to offset our 10,650 tonnes of carbon emissions. Following the devastating black summer bushfires, we've committed to purchasing local Australian biodiversity units from Watchbox Australian Biodiversity Project.

Investing in this project will help regenerate Australia's damaged ecosystem and improve biodiversity by protecting several endangered species. The impact of COVID-19 saw the reduction of services in our marine, Thrifty and parks and resorts businesses, which did have a positive effect on reducing our carbon emissions.

The continued roll-out of our electric vehicle fast charging network is another way we are working to support cleaner, greener transport. Powered by 100% renewable energy, the network now supports 33 regional communities across NSW and the ACT.

Partnering to protect our marine environment

In October 2019, we announced our partnership with NSW National Parks and Wildlife Service (NPWS) to protect the Little Penguins colony in Manly. Furthering our commitment, we have partnered with social enterprise CitizenBlue to introduce drink container recycling on our ferries. The strategic placement of drink container recycling bins will enable the proceeds of collected waste to be donated to the Little Penguin Conservation Program. Drink containers collected via the bins are processed through the NSW Return and Earn scheme.

Patrol, John Pisani, a longtime volunteer with the NSW Rural Fire Service helped this past fire season in Northern NSW and Coffs Harbour, Port Macquarie and Green Wattle.

Bushfires encroaching on NRMA Woodgate Beach Holiday Park in 2019.

Outlook

We will continue to look for ways to reduce the environmental impact of our operations, including working towards the reduction of single-use plastics. Growing environmental awareness across our businesses will be a key focus in the year ahead.

NRMA Group Carbon emissions (tCO2-e)

	Total	Scope 1	Scope 2
2019	30,860	16,314	14,546
2020	27,165	14,803	12,362

Electric vehicles

Just as the NRMA was there 100 years ago helping Australians transition from horse and cart to automobiles, we'll be there to help motorists as we move towards an electric future.

Electric vehicle fast charging network

With a growing focus on our environment and the development of sustainable transport, our commitment to building an electric vehicle fast charging network that connects all of NSW has never been more important.

As more motorists transition to electric vehicles, the growth of our electric vehicle (EV) fast charging network is enabling reliable EV travel across the breadth of NSW. In 2020, our network grew to 33 sites offering 39 chargers across regional NSW.

While COVID-19 has impacted the speed of the deployment and overall usage of the network, we still recorded our highest number – 2,055 charging sessions in June, almost double that of the previous average sessions per month, and evidence of the growing popularity of electric vehicles.

As we continue to expand the network within NSW and beyond, we can expect to see substantial growth in use along regional routes as more motorists move to this sustainable form of transport.

Sustainable transport

Our fast charging network is powered by 100% renewable energy purchased from GreenPower, who source energy from wind, solar, bioenergy and mini-hydro generators producing zero net greenhouse gases. The NRMA remains committed to supporting cleaner transport options and ensuring that our network is positively contributing to the business's Low Carbon 2020 commitment.

Sustaining regional communities

The notion of the great Australian road trip is embedded within the history of both Australia and the NRMA, and we're committed to ensuring the infrastructure to support this much loved Australian pastime is in place as we transition to electric vehicles. Positioning our fast charging network within regional towns and communities provides a reason for visitors to stop and use their charging time to explore, shop and experience the local area and visit local attractions, bringing visitors and revenue to regional areas, many of whom have been devastated by recent events.

Planning for the future

In 2020, the NRMA entered into a partnership with Transport for NSW which will see us expand our network by a further 20 chargers across NSW.

Outlook

Over the next 12 months we are exploring how we can better provide our Members and customers with comprehensive electric vehicle journey information, which will enable them to plan trips with confidence. We are also looking at opportunities to electrify our NRMA patrol fleet.

Board focus area

Electric vehicles
The Board continues to support Australia's transition to electric vehicles through building the electric vehicle fast charging network across NSW and the ACT. 39 fast charging sites – powered by 100% renewable energy – are now in operation.

Here are some recently launched EV fast chargers.

Berry

Mittagong

Bega

Mildura

Byron Bay

Jindabyne

Financial capital

Highlights

NRMA Group

		2020 $m	2019 $m	%
Key performance measures				
Revenue and rental income	$m	**617.1**	681.4	(9.4%)
Underlying operating profit[1]	$m	**25.0**	65.6	(61.9%)
Net one-off significant items[2]	$m	**(32.9)**	-	-
Operating (loss)/profit	$m	**(7.9)**	65.6	(112.0%)
Net (loss)/profit after tax (NPAT)	$m	**(56.5)**	12.8	(541.4%)
Net cash from operating activities	$m	**56.0**	106.6	(47.5%)
Net assets	$m	**1,034.8**	1,108.4	(6.6%)
Key ratios				
Debt ratio (total debt/total assets)	%	**13.3**	11.7	13.7%
Return on equity (ROE)	%	**(5.5)**	1.1	(600.0%)

[1] Excludes net one-off significant items.

[2] Net one-off significant costs and benefits that are not part of the normal operations of the business.

Review of operations

NRMA Group

We started our centenary year on a high note with our businesses tracking to plan, and a positive outlook for the year ahead. However, bushfires in the summer period, and COVID-19 in the second half of the year led to unprecedented challenges for all parts of our business. The impact on our transport and tourism operations, in particular, was unavoidable and significant.

We continued to maintain services across all of our businesses, prioritising the needs of our Members, and we repurposed our people, vehicles and other assets, through Project Light Horse, to support vulnerable communities during the crisis.

We quickly pivoted our focus to the well being of our employees and Members and acted swiftly to protect the financial health of the Group and preserve Capital. We achieved positive Underlying Operating Profit of $25.0m (2019: $65.6m) and maintained strong operating cash, generating $56.0 million in 2020 (2019: $106.6 million).

The Underlying Operating Profit is used by Management to assess the performance of the Group and excludes one-off significant items such as asset impairments and restructuring costs that do not represent the normal operations of the business.

The statutory Operating Loss for the year of $7.9 million includes the impact of one-off significant costs and benefits, netting to $32.9 million, which are mainly non-cash and have arisen predominantly from COVID-19 pandemic impacts to our businesses. One-off significant costs include impairments and carrying value adjustments of $32.9 million, restructuring costs of $4.4 million and other provisions and expenses totalling $7.1 million. One-off significant items also include benefits from rent relief and the Job Keeper program totalling $11.5 million.

The Group's statutory Net Loss After Tax in 2020 of $56.5 million (2019: profit of $12.8 million), is inclusive of revaluations of investment portfolio assets including hotel property assets and equity investments. This also reflects the volatility of markets following the onset of the COVID-19 pandemic.

The financial position of the group is solid with net assets of $1,034.8 million (2019: $1,108.4 million). The reduction in net assets has mainly been driven by non-cash items including impairments and write-downs.

The Group introduced AASB16, Leases, for the first time in 2020 using the modified retrospective approach. Implementation of the standard has had an impact on the financial statements of the Group in 2020.

Motoring and Membership

Our core Roadside Membership business performed strongly during exceptional circumstances in 2020. Revenue from Motoring and Membership of $351.7 million (2019: $369.4 million) declined on prior year, largely due to divestment of the car servicing business in January 2020. This was partially offset by growth in subscriptions on the prior year as the net promoter score climbed to record levels. Member relief offers, introduced to support those financially impacted by the pandemic, were well received by Members.

Roadside job volumes were down 6.4% on the prior year due to a decline in the number of vehicles on road during bushfires and COVID-19. Despite the reduction in job volumes, we maintained our usual Patrol staffing levels to support the community, and emergency workers in particular, and also pivoted resources to support Project Light Horse.

The Motoring and Membership segment includes costs that are not core to the provision of services under membership contracts but which are core to the running of a mutual organisation. This includes advocacy and corporate overhead costs.

The Motoring and Membership segment had an Underlying Operating Profit of $5.5 million in 2020 (2019: loss of $9.4 million). The Underlying Operating Profit excludes restructuring costs of $2.3 million and other impairments and carrying value adjustments and provisions of $2.5 million.

Transport and Tourism

The Transport and Tourism segment, having navigated the summer bushfires, was on track pre COVID to meet the performance plan. However, with the onset of COVID-19, the segment experienced a significant financial impact that was unavoidable.

Revenue reduced by 16% to $266.0 million (2019: $312.8 million) over the full year with a significant decline in volumes across all businesses in the segment from March 2020 due to COVID-19. These unprecedented reductions forced temporary site closures across many parts of our business. Whilst volumes have progressively returned as restrictions have eased, airport closures and social distancing measures introduced for transport operators continue to impact our operations.

The Underlying Operating Loss for the Transport and Tourism segment was $23.6 million (2019: operating profit of $24.8 million). The Underlying Operating Loss excludes impairments and carrying value adjustments of $25.5 million, restructuring costs of $2.1 million and other provisions and expenses totalling $7.0 million. It also excludes rent relief and Job Keeper payments totalling $11.5 million.

Investments

The Investments segment is diversified across various asset classes in accordance with the Group's Investment Policy Statement (IPS). The core investment portfolio including equities, property, infrastructure, fixed income and cash assets, delivered a total return of 0.3% over the financial year (2019: 3.3%). This was a respectable return in light of the impact of the COVID-19 pandemic on global markets with weaker returns across all asset classes, including our strategic shareholdings. Over the long term, the portfolio has delivered strong returns at 9.1% and 10.1% per annum over five and ten years respectively.

The Group maintained a conservative position on the portfolio over the year with a reduced allocation to growth assets such as equities and a higher allocation to cash deposits in order to reduce market risk and allow flexibility to fund potential acquisitions. This assisted in protecting capital during the financial year, particularly during the March 2020 quarter when investment markets fell significantly due to the impact of COVID-19.

The Investments segment also includes our joint venture and associate investments, the largest of which is Tucker Box Hotel Trust. The trading result of the Trust was heavily impacted by reduced occupancy due to bushfires and COVID-19.

The Underlying Operating Profit for the Investments segment for 2020 is $43.3 million (2019: $50.3 million). This excludes impairments of investments and other assets of $5.2m.

Section 3
Risk management

As car ownership increased, so did motor touring. This prompted the NRMA to open a string of 'motor camps' in the late 1920s for Members. These motor camps were the precursor for what are now our many parks and resorts.

Motor camp image courtesy of The Oaks Historical Soc Inc.

Our approach to risk management

Our robust approach to risk management does more than help us mitigate and minimise potential pitfalls. It also helps us uncover new opportunities to enhance value for our Members and future-proof our business.

Accountability and responsibility for risk management and control is held at various levels across the business. These include the Board and Board Committees, the Executive team, first line business operations, second line specialist functions such as Group Risk and Compliance, and third line internal audit functions.

As a consequence of COVID-19 there were impacts to our operations however, we adopted a co-ordinated group approach to managing our businesses during the pandemic. A crisis management team was established with executives and operational/functional representatives from each business unit responsible for managing the impact within their specific circumstances. This assisted in managing our operations and we established a rigorous and regular reporting process for the Audit Committee and Board.

Risk

The NRMA has adopted a robust and fit for-purpose approach to risk management to deliver on our strategic priorities. This approach to risk management helps us benefit from opportunities while mitigating anticipated risks.

Risk appetite and risk culture

Our risk appetite is the level of risk the NRMA is prepared to accept in the pursuit of our strategic objectives and business plans. We seek to generate a risk culture that cultivates opportunity while managing risks. The NRMA Group Risk Appetite Statement is a dynamic, responsive document that evolves in line with our strategic direction and risk maturity. It provides clear and consistent guard rails for the NRMA, supporting timely and autonomous decision-making across all levels of our organisation in line with our Playbook.

1st line of defence: Responsibilities

Identify → Assess → Control and manage → Monitor → Report

Underlying business units and operational business partners are the first line of defence, responsible for identifying, managing, and owning their risks. These business units have the appropriate tools and interaction with the various Group functions to execute business responsibilities effectively and within the agreed risk appetite.

2nd line of defence: Assurance measures

Inform → Plan → Oversee → Guide → Report

Group functions involved in the second line of defence include corporate risk, compliance, operational assurance and performance, safety, legal, information technology, sustainability, people and culture and finance. Function specific policies outline the assurance measures to enable each business to identify and manage risks appropriately.

3rd line of defence: Independent processes

Assess → Plan → Execute → Report → Follow up

Internal audit make up the third line of defence, acting independently from the first and second lines of defence and reporting directly to the Board, Audit and Risk Management Committee.

Board focus area

Risk appetite
The Board, with reference to the risk appetite, continued to review the risks, including the critical risks, across the business and monitored the progress of implementing the actions to minimise those risks.

Continually improving the process

Risk management approach

Every three months, the NRMA management team provides a full or critical risk review to the NRMA Board's Audit and Risk Management Committee (ARMC). This review provides confidence to the ARMC that our business managers are effectively identifying and managing risks to a level that they consider tolerable, or have plans in progress to bring it within acceptable parameters. Workshops are held with each divisional head and their direct reports where they consider:

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

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

Compliance

The NRMA conducts its operations to comply with relevant legislative and regulatory requirements using a prudent governance approach which identifies, manages, monitors and reports our compliance obligations and compliance performance for key compliance risk areas. Our internal policies support this compliance approach.

Group Compliance is responsible for monitoring and reporting our compliance approach for key compliance risk areas and escalating notifiable incidents to our Board. Compliance Coordinators (subject matter experts) are allocated for each of these areas and are responsible for ensuring that policies and procedures are implemented and assist the frontline teams to manage and monitor their compliance obligations. A compliance report is provided monthly to our Board through the CEO report, with a quarterly report provided to the ARMC and an annual report provided to the Board.

Internal audit

The internal audit function is carried out by Group Internal Audit and is independent of the external auditor. The General Manager of Risk, Compliance and Audit has a direct reporting line to the chair of the ARMC.

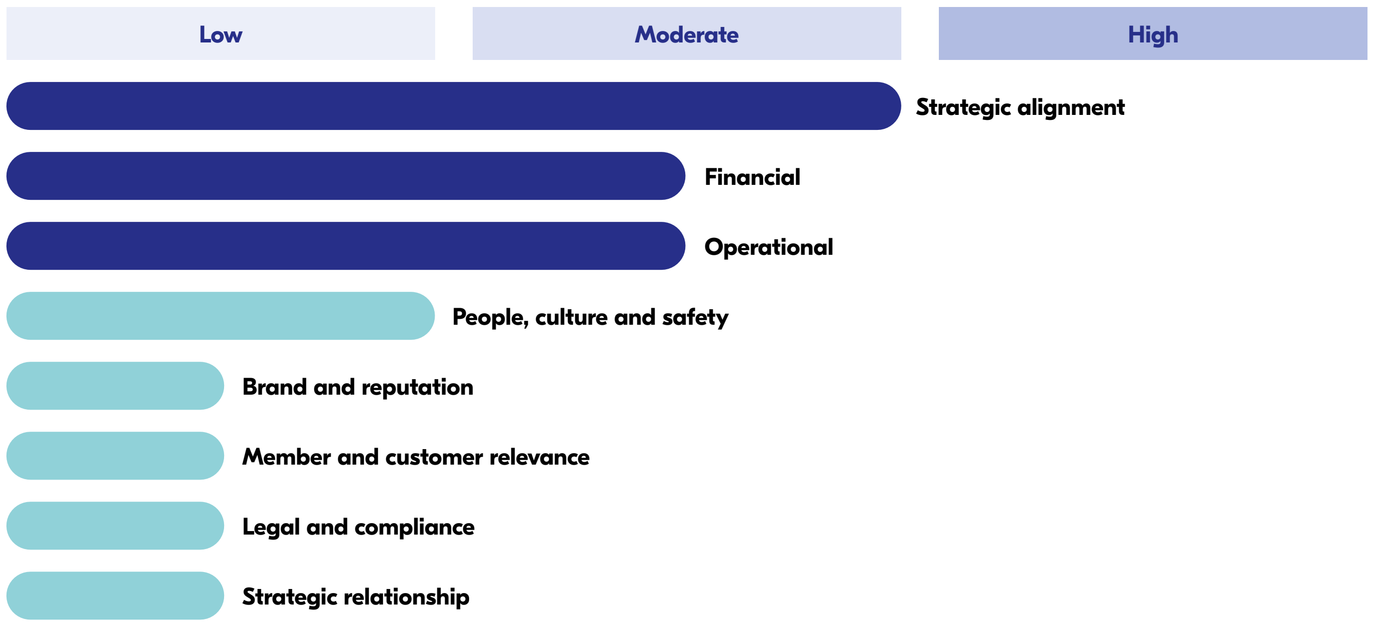
The ARMC approves the Internal Audit Charter and the annual internal audit plan. The annual internal audit plan is prepared based on the current business strategy and operating environment, using a risk based approach while also including three year rolling critical controls audits.

The Group Internal Audit team regularly reviews proposed audits based on specific strategic considerations or risk areas that have been identified by management and the Internal Audit team. The objectives of the annual Internal Audit Plan are to:

- Provide independent and objective insights and confidence to management and the ARMC over key risks, controls, business systems and processes to achieving strategic objectives.
- Specifically consider the suitability and effectiveness of controls to ensure they are targeted, efficient and maximise commercial outcomes.

Strategic risk management

The NRMA Risk Appetite Statement focuses on eight strategic risk categories that enable the NRMA to deliver on its strategic priorities. These strategic risk categories align with the material issues determined to be most important to the NRMA and key stakeholders including Members, partners, suppliers, thought leaders and customers.



Key risks Risk appetite context	Change in consequence compared to prior year	Change in likelihood compared to prior year	How the NRMA is responding	Material issues
Risk of not achieving strategic alignment - Our strategy is designed to connect Members to accessible and affordable transport, leisure and tourism.	Lower	No change	- Business development team assessing opportunities for acquisition and growth. - Due diligence for all activities.	- Supporting regional communities. - Access to safe, affordable transport.
Risk to Member/customer relevance - We seek to deliver positive Member experiences that result in net growth of Membership.	No change	Lower	- Growing NRMA Blue. - EV fast charging network. - Tourism and leisure asset investment.	- Data governance and privacy. - Supporting regional communities.
Risk of not achieving sustainable financial outcomes - We continue to maximise and protect investments to ensure a sustainable future. - Risks have been considered in light of the prolonged and deep economic downturn.	Higher	Higher	- Robust cash modelling and forecasting. - Monitoring COVID-19 impacts. - Stringent investment portfolio management. - Maximising identified opportunities.	- Financial sustainability.
Failure to meet legal and compliance obligations - Maintain regulatory and legislative requirements.	No change	No change	- Working groups to address legislative changes and periodic review of Group policies and compliance risk areas. - Embedding Group Compliance Framework — new acquisitions. - Modern Slavery Statement.	- Data governance and privacy. - Safety. - Supply chain responsibility and transparency.
Brand and reputation risk - Protect our brand and reputation through ethical business practices.	No change	No change	- Zero tolerance for material incidents compromising Member data and trust. - Data Stewardship Committee and Data Governance Program.	- Data governance and privacy. - Supply chain responsibility and transparency.
Inefficiencies in day-to-day operations - Operating our business effectively and assessing third party resilience and supply chain vulnerability.	Higher	Higher	- Identifying and managing environmental risk through our Environmental Assurance Plan. - PCI compliance. - Supply chain monitoring. - Disaster mitigation strategies. - Working from home risk mitigation.	- Data governance and privacy. - Supply chain responsibility and transparency. - Climate action and environmental performance.
Risk to people, culture and safety - Code of conduct compliance. - Prioritising safety of employees and Members. - Zero tolerance for theft, fraud and corruption.	No change	No change	- Rollout Playbook and values. - Proactive injury management. - Fatal risk strategy. - Vulnerable workers initiative.	- People and culture. - Safety.
Risk of inappropriate strategic relationships - Partnering with organisations with aligned values.	No change	No change	- Procurement oversight and contract management. - Legal input.	- Supply chain responsibility and transparency.

Legend Higher Lower No change

Section 4
Governance and remuneration

With a shared history of keeping people moving, our partnership with Caltex has evolved to help Members save on fuel.

Board of Directors

1 Mr Tim Trumper
MBA
Chair and Non-Executive Director (Harbour Region)

2 Ms Fiona Simson
BA (Bus), GAICD
Deputy Chair and Non-Executive Director (Townsend Region)

3 Mr David Borger
Non-Executive Director (Cox Region)

4 Ms Kate Lundy
GAICD
Non-Executive Director (Mann Region)

5 Ms Marisa Mastroianni
B.Com, M.Com, GAICD, FCPA, AFIML
Non-Executive Director (Hoddle Region)

6 Ms Jane McKellar
MA (Hons), GAICD
Non-Executive Director (Board Appointed)

7 Dr Kirsten Molloy
BSc (Hons), PhD, MBA, GAICD
Non-Executive Director (Howe Region)

8 Mr Gary Smith
B.Com, FCA FAICD
Non-Executive Director (Board Appointed)

9 Mr Derek Stanwell
BA (Hons), LLB (Hons), BCL, GAICD
Non-Executive Director (Board Appointed)

Role of the Board

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

Introduction

This section provides an overview of the NRMA corporate governance structure and includes a review of changes and key activities carried out by the Board and Committees during the year.

Further information

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

Governance structure

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

Key functions of the Board

The Board undertakes several key functions. These include:

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

Committees of the Board

As at 1 July 2020 the following Committees, with delegated authority from the Board, continued to exist to assist the Board to perform its functions:

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

The charters are available online: **mynrma.com.au/community/corporate-information/board-of-directors**

Significant changes

Board succession

Board composition

The Board comprises six Member-elected Directors and up to three Directors appointed by the Board (Appointed Directors). This allows the Board to ensure it has the necessary blend of skills, experience and knowledge to deliver on the strategy and other key functions, while enabling Members to elect the majority of Directors. Board succession occurs through the retirement and election of Member-elected Directors, the Board appointment of Appointed Directors and the appointment of casual vacancies should they arise.

2019 Election of Directors

In 2019 an election of Directors was held for the six Member-elected Directors. This election occurs every four years, with one Director elected for each of the six regions. Eligible Members are allocated to a region based on where they reside, and may cast their vote for a candidate in that region.

Nominations as a candidate for the election of a Director for each of the six regions were called with notice given in the May/June 2019 edition of Open Road and on the **mynrma.com.au** website on 1 May 2019. The nominations period opened on 22 May 2019 and closed at 5pm (Sydney time) on 25 June 2019.

As there was more than one eligible candidate for the regions of Harbour and Howe, elections were held in those regions. The voting period for eligible Members to cast their vote was between 23 September 2019 and 5pm, 28 October 2019 (Sydney time). In the regions of Cox, Hoddle, Mann and Townsend, only one eligible Member nominated to stand for election, and they were confirmed as an eligible candidate in their respective regions. In accordance with the NRMA Constitution, the sole nominated candidate in each of these regions was taken to be elected as a Director.

Shortly after the close of voting on 28 October 2019, the Company Secretary declared the following people had been elected as a Director of the NRMA:

Cox: Mr David Borger

Harbour: Mr Tim Trumper

Hoddle: Ms Marisa Mastroianni

Howe: Dr Kirsten Molloy

Mann: Ms Kate Lundy

Townsend: Ms Fiona Simson

The Director elected for each region holds office for four years commencing on Saturday 7 December 2019, unless they resign or their office becomes vacant in accordance with the Constitution or the Corporations Act.

More information on the election, the results and the regions is available online: **mynrma.com.au/community/corporate-information/election**

Director retirements

Ms Coral Taylor, appointed as a casual vacancy on 12 February 2008 and Mr David Bentham, first elected on 6 December 2008, both retired from the Board on 6 December 2019. They both decided that they would not stand for election in 2019 due to being close to the end of their maximum 12-year term. The Board thanks Ms Taylor and Mr Bentham for their dedicated service to the NRMA.

Appointed Director re-appointment

The Board reappointed Mr Derek Stanwell as Appointed Director on 14 May 2020 for a fixed three-year term. He has skills and experience in mergers and acquisitions.

Chair and Deputy Chair of the Board elections

The NRMA constitution requires that Directors must elect the Chair and Deputy Chair at the first Board meeting after the conclusion of each election of directors. This Board meeting was held on 9 December 2019 and Mr Trumper and Ms Simson were re-elected as Chair and Deputy Chair of the Board respectively.

Members of Committees

Following the conclusion of the 2019 Election of Directors, membership of each Committee was reviewed and approved. Refer to p. 54 for details.

Board skills, experience, knowledge and continual education

The Board aims to ensure that it has a range of skills, experience and knowledge. This range provides the foundations for the Board to effectively provide strategic direction to the NRMA, grow the business and manage risks and emerging threats, and therefore create value for Members.

The Board has various ways in which it manages the skills, experience and knowledge of directors, both individually and collectively as a Board.

Diversity of skills and experience of Directors

The Board regularly reviews its matrix of skills and experience with reference to the NRMA strategic direction in order to make the best decisions on behalf of the Members. The comprehensive review conducted in September and October 2017 identified a good mix of skills and diversity amongst the Board members and also identified some areas to strengthen, such as tourism, mergers and acquisitions, and customer, branding and marketing.

In 2019 Mr Gary Smith was appointed with skills and experience in transport and tourism and Ms Jane McKellar was appointed for skills and experience in customer, branding and marketing. This year Mr Derek Stanwell, with skills and experience in mergers and acquisitions, was re-appointed to the Board. The three Appointed Directors rounded out the mix of skills and experience sought by the Board.

With the Member-elected Directors taking office in December 2019 a review of the Board skills and experience was expected to be conducted in the second half of FY20. However, with the prioritisation of the COVID-19 response and the desire to keep expenditure low the review was put on hold, with GCNC and Board to consider when a review will be conducted.

Board effectiveness assessment

A review of the effectiveness of the Board, including the Board's matrix of skills and experience is periodically conducted, a responsibility led by GCNC. Part way through the year it was determined that, as the recruitment for Appointed Directors was underway and the election of directors would be held in 2019, it would be better to conduct a board effectiveness assessment after December 2019, at which time Member-elected Directors would have taken office and would have been operating together for a period.

With the Member-elected Directors taking office in December 2019 a Board effectiveness assessment was expected to be conducted close to the end of FY20. However, due to the prioritisation of the COVID-19 situation and the desire to keep expenditure low the scheduled assessment was put on hold. The GCNC and the Board will consider the appropriate time for the assessment to be conducted.

Election of Directors process

As part of the 2019 election of Directors, Management with the support of the Board, emphasised the importance of a skilled board and encouraged Members considering standing for election to assess whether they had the skills and experience to be a director of a large and complex company the size of the NRMA.

Director course

Under the NRMA Constitution, all Directors must attend the Australian Institute of

Company Directors 'Company Directors Course' or an equivalent course approved by the Board. Each Director who has not attended the course before joining the Board must do so within two years of the date of their election or appointment.

All Directors are in compliance with this constitutional requirement.

Board continuing education

Directors are encouraged and assisted to attend educational courses which enhance their performance as a Director on the Board. Funding is allocated in the annual budget to support this.

Additionally, the Board or Committees are briefed on emerging trends and new developments in the industries in which the NRMA businesses operate. During the period the Directors:

- on FIC received an economic update briefing from an asset manager;
- on GCNC received a briefing from AICD on different types of director election frameworks in some mutuals;
- on PAC received a briefing from Prof Maxwell Cameron, Monash University Accident Research Centre on the effectiveness of some enforcement solutions in addressing speed-related fatalities;
- on PAC received a briefing from Mr Bernard Carlon, Centre for Road Safety related to mobile phone detection cameras; and
- were briefed on the changes to the whistleblower legislation.

Additional expertise

The Board also obtains expertise and advice in other ways it determines necessary from time to time, including through obtaining external advice from experts.

Board diversity

Composition diversity

6 Member-elected Directors

3 Board Appointed Directors

The NRMA Constitution permits a maximum number of nine Directors.

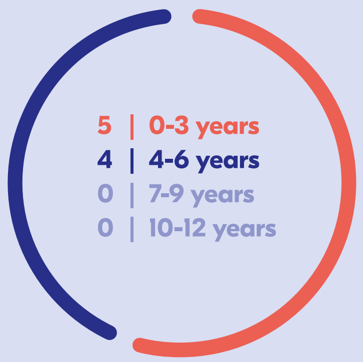
Skills and experience diversity

The Board focuses on maintaining the right collective mix of skills and experience to govern and direct the NRMA effectively, these include; financial management, governance, technology and strategy.

The Board uses the Board skills matrix to determine the specific skills to be sought in the appointment by the Board of the Appointed Directors. This has resulted in the appointment of Appointed Directors with the skills and experience in one of the following:

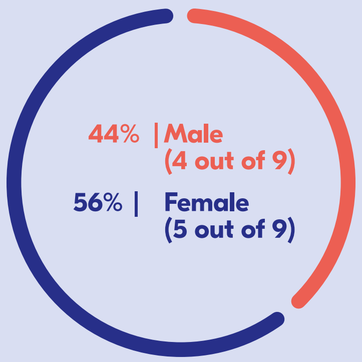
- Mergers and acquisitions.
- Transport and tourism.
- Customer, branding and marketing.

Tenure diversity



Age diversity

Gender diversity



Board focus area

Constitution
The Board approved Management undertaking a review of the Constitution and GCNC has discussed and provided direction as the review progresses.

Our Board's focus areas

This year the Board focused on growth, culture, safety, Members and customers, and performance including responding to and recovering from COVID-19. The responsibilities of the Board include reviewing and approving the NRMA strategy, monitoring the culture to deliver that strategy, monitoring the risk appetite for decision-making, overseeing performance and reviewing the corporate governance and risk framework.

For the activities of the Board in relation to:

- Reviewing the strategy and reconfirming the FY20 strategic priorities including growth, refer to p. 20.
- Monitoring the safety of staff, customers and the public, refer to p. 25.
- Confirming the desired culture and values of how the NRMA expects its people to conduct themselves when working at the NRMA, refer to p. 4.
- Reviewing the organisation's risk appetite for decision-making and the risk framework to identify and mitigate risks, refer to p. 44.
- Board composition, succession, skills, experience, knowledge and continuing education, and diversity, and the 2019 Election of Directors, refer to p. 50, 51, and p. 52.
- Monitoring the voice of our Members and customers, refer to p. 26.
- Oversight and monitoring of performance aligned to drivers, including responding to and recovering from the COVID-19 situation, refer to pages p. 18, 54, and 6.

In addition, the Board continued to encourage Member participation at the Annual General Meeting (AGM).
The AGM was held in the regional town of Tamworth, and Members who could not attend in person could participate in real time and ask questions through the online portal. Members also had the opportunity to ask questions in advance of the AGM, and the most popular questions were addressed by the Chair and Group CEO in their addresses.

Our Playbook

Last year we introduced our new Playbook to ensure our Members and customers are at the heart of everything we do across all operations. So, this year we worked on rolling it out successfully to staff across the organisation.

This was of particular importance to the Board. They focused on the desired culture of the NRMA throughout the year by monitoring survey results and were involved in overseeing the Playbook come to life throughout the business.

We walk in your shoes.

We know your time is precious.

We are always one step ahead.

We will keep you safe along the way.

We will carry you when you need help.

Our values light the way — the *energy* to get you going; the *courage* to stay the course; a selfless *humility* to put you first; taking *ownership* of every step to see you through — and these are inside each and every one of us.

Our Committees' focus areas

Four Committees have delegated authority to assist the Board to perform its functions. The focus areas of each Committee is set out below.

The responsibilities of the four Committees and their authority is determined by the Board and set out in charters. Each Committee charter, along with the protocol for Committee meetings, is approved and periodically reviewed by the Board. The current versions are available at **mynrma.com.au/community/corporate-information/board-of-directors**

Audit and Risk Management Committee

The ARMC oversees

- Financial reporting
- External audit
- Internal audit
- Risk management
- Regulatory compliance
- Safety
- Data governance and cyber security
- Organisational resilience

Areas of focus in 2020

- Reviewed the impact of COVID-19 on our FY20 financial reporting and the information to be provided for approving the 2020 annual report.
- Reviewed our external auditor and approved the external audit scope, terms and fee.
- Approved the Group Finance Policy.
- Approved the half FY21 strategic internal audit plan and reviewed each of the internal audit reports and monitored the implementation of the actions to address the internal audit findings.
- Monitored the items people raised either with staff or on the Speak Up Hotline and the progress of the investigations through to completion.
- Reviewed full risk review and critical risk reviews and the mitigating actions.
- Reviewed the annual NRMA Insurance renewal.
- Monitored the implementation of policies in key compliance areas, any regulatory compliance matters raised, and received the annual Compliance and Environmental Compliance reports.
- Monitored the progress of activities related to the NRMA next modern slavery and human trafficking statement.
- Reviewed our tax position, approved the revised Tax Policy and approved our first Voluntary Tax Transparency Report.
- Reviewed the safety incidents, investigations and mitigating actions to completion and received a debrief on the Dreamworld incident.
- Monitored the activities related to lifting the maturity of our data governance across the group and improving our cyber security posture.
- Approved the Risk Management and Organisational Resilience Policy.
- Approved our business continuity and crisis management approach and monitored the management of major business continuity or crisis management incidents.

Finance and Investments Committee

The FIC oversees

- Investment portfolio and Investment Policy Statement
- Property investments
- Strategic corporate transactions
- Capital, treasury and financing

Areas of focus in 2020

- Received updates and reviewed the corporate development opportunities in line with the NRMA strategy.
- Reviewed the performance and outlook of the Investment Portfolio, considering views from Management and our appointed external asset consultant.
- Reviewed opportunities related to expanding the parks and resorts portfolio.
- Reviewed opportunities related to the hotel and property portfolio owned by the NRMA.
- Reviewed some of the current businesses, including the divestment of the car servicing business.

Governance, Compensation and Nomination Committee

The GCNC oversees

- Remuneration
- Nomination
- Succession planning for Directors, the Group CEO and direct reports
- Culture
- Governance

Areas of focus in 2020

- Recommended the Remuneration strategy and the Inclusion, Diversity and Belonging strategy to the Board for approval.
- Reviewed impacts of COVID-19 on our people.
- Received updates on the superannuation arrangements.
- Received updates on the Group CEO succession plan and direct reports succession plans.
- Received updates on the operating model and the talent.
- Reviewed the results of the staff engagement survey and received updates on the implementation of the culture Playbook (a guide on the behaviours expected in the NRMA culture).
- Progressed the review of the Constitution, including ways in which skills and experience might be introduced into the election of Directors of the NRMA.

Policy and Advocacy Committee

The PAC oversees

- Implementation of the strategic advocacy plan approved by the Board
- Review of the effectiveness of advocacy activities from the NRMA
- Approval of public policy advocacy positions
- Approval of significant or substantial advocacy matters consistent with the corporate strategy
- Other relevant matters

Areas of focus in 2020

- Monitored the implementation of the Board-approved FY20 strategic policy and advocacy plan.
- Recommend the Board approve the FY21 strategic policy and advocacy plan.
- Considered and, as relevant, approved policy and advocacy positions, reports or submissions relating to child car safety, road user charging, mobile phone detection and speed cameras, the ACT graduated licensing scheme, Federal budget submission, NSW budget submission and the ACT election.

Our Board's profiles

Mr Tim Trumper

MBA

Chair and Non-Executive Director
(Harbour Region)

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

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

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

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

Term of office

Date first appointed (casual vacancy):
12 May 2014
Last re-elected: 7 December 2019
for a four year term

Board

Re-elected Chair: 9 December 2019

Committees

Chair and member of the:
Governance, Compensation and Nomination Committee
Member of the:
Finance and Investments Committee

Ms Fiona Simson

BA (Bus), GAICD

Deputy Chair and Non-Executive Director
(Townsend Region)

Fiona is a collaborative and passionate advocate for rural and regional communities and issues. She has been an agricultural industry leader at both a state and federal level since 2008.
Elected in 2016 as the first female President of National Farmers' Federation, she is now leading industry through an exciting period of change.

She, husband Ed and family farm on the Liverpool Plains near Premer in northwest NSW. She holds a Bachelor of Arts Degree, and is a graduate of the AICD. She has represented her local community on a variety of community groups, and served as an elected councillor on Liverpool Plains Shire Council.

She is the current Chair of the Board of the National Farmers' Federation, Chair of the Future Food Systems CRC, and sits on the Board of the Australian Made Campaign Ltd. She is also Patron of the Gunnedah Gatepost Mental Health Support Service and the National Rural Press Club.

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

Term of office

Date first appointed (casual vacancy):
19 January 2015
Last re-elected: 7 December 2019
for a four year term

Board

Re-elected Deputy Chair: 9 December 2015

Committees

Chair and member of the:
Policy and Advocacy Committee
Member of the:
Governance, Compensation and Nomination Committee

Mr David Borger

Non-Executive Director
(Cox Region)

David is the Executive Director of the Western Sydney Business Chamber. David led a campaign in support of the Western Sydney Airport at Badgerys Creek including establishing the Western Sydney Airport Alliance. He has collaborated with chief executive officers, managing partners and Vice Chancellors to support campaigns like the Powerhouse Museum to Parramatta, the Westmead and Liverpool Innovation Precincts, Sydney Olympic Park, Parramatta Light Rail and Sydney West Metro.

Prior to this, David served in the NSW Labor Government as the Minister for Roads, Minister assisting the Minister for Transport and Roads, Minister for Housing, as well as Minister for Western Sydney. He was the Member for Granville between 2007 and 2011.

As Housing Minister, David oversaw the construction of approximately 9,000 new social housing dwellings – including 6,300 through the Nation Building Economic Stimulus Plan. David has also worked as an Urban Planner and adviser to the Minister for Planning.

He was also the youngest person, at 30 years of age, to hold the office of Lord Mayor of Parramatta, where he served for three terms.

David is currently a Director of Think Planners; and serves as a non-executive director on the boards of the Museum of Applied Arts and Sciences, Evolve Housing, and is the Chair of the Liverpool Innovation Precinct.

David brings to the NRMA Board a wealth of experience in both the private and public sectors. He is passionate about ensuring that all communities are great places to live regardless of where they are located.

Term of office

Date first elected: 7 December 2019
for a four year term

Committees

Member of the:
Policy and Advocacy Committee

Ms Kate Lundy

GAICD

Non-Executive Director
(Mann Region)

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

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

Kate is actively involved in a number of community and sporting clubs which reflect her broad range of interests. She is also a Director of the Cyber Security Research Centre, Electro Optic Systems, the Australian Grand Prix Corporation and the National Youth Science Forum. She is also a member of the ACT Defence Industry Advisory Board.

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

Kate brings to the Board her interest and experience in the impact of technological change in our society, community and economy. She maintains her long-standing commitment to regional development over many years.

Term of office

Date first appointed (casual vacancy):
25 March 2015
Last re-elected: 7 December 2019
for a four year term

Committees

Member of the:
Audit and Risk Management Committee
Policy and Advocacy Committee

Ms Marisa Mastroianni

B.Com, M.Com, GAICD, FCPA, AFMIL

Non-Executive Director
(Hoddle Region)

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

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

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

Term of office

Date first appointed (casual vacancy):
19 January 2015
Last re-elected: 7 December 2019
for a four year term

Committees

Chair and member of the:
Audit and Risk Management Committee

Member of the:
Governance, Compensation and Nomination Committee
Finance and Investments Committee

Ms Jane McKellar

MA (Hons), GAICD

Non-Executive Director
(Board appointed)

Jane is an experienced non-executive director in both public and private companies in Australia and the USA, bringing deep international consumer, digital, brand, marketing and governance experiences. Her key contributions are in customer/consumer-focused business transformation, harnessing digital, technology, brand and marketing to enhance business performance.

Jane's executive experience spans the consumer-focused FMCG, luxury and retail industries and she is one of the original 'digital natives' in the Australian digital/e-commerce industries – both as a chief executive officer and chief marketing officer. She has held senior roles in Unilever, Microsoft, Ninemsn, Elizabeth Arden (Australia) and Stila Corporation. Jane has extensive global experience, particularly in Asia, Europe and North America.

Jane has built a strong reputation over the years for leading teams and transforming businesses in difficulty back on the road to profitability and growth. She is also particularly interested in and curious about the future of mobility.

On a personal note, Jane is a passionate motorbiker and loves vintage cars and aeroplanes.

Jane brings to the Board a wide breadth of experience in many industries and countries.
She is passionate about customers, transformation and helping businesses utilise their assets to enhance both the customer experience and business performance.

Term of office

Date first appointed by the Board:
13 May 2019 for a fixed two year term

Committees

Member of the:
Governance, Compensation and Nomination Committee
Policy and Advocacy Committee

Dr Kirsten Molloy

BSc (Hons), PhD, MBA, GAICD

Non-Executive Director
(Howe Region)

Dr Kirsten Molloy is a business leader and company director, sitting on a range of Boards of commercial and not-for-profit businesses since 2013. Her executive career included being a CEO of a complex member based construct in a major industry, and executive roles in a large global corporate organisation.

Kirsten is a highly commercial, technology focussed strategist, who enjoys working to improve and transform businesses. A passionate advocate for diversity and inclusion, she has supported many initiatives, including the creation of mentoring scholarships and programs supporting women and other under-represented groups in leadership. Kirsten has a love of learning, with an MBA, PhD and an honours degree in Science and is a Graduate of the Australian Institute of Company Directors.

Kirsten brings a regional lens, a passion for improving outcomes for people, and a belief in engaged, connected and authentic leadership. She places material importance on creating great workplace cultures, transforming organisations and embracing innovation and new technology to deliver to the needs of customers and the community. Road safety, transport connectivity and lifestyle are of keen interest.

Term of office

Date first elected: 7 December 2019 for a four year term

Committees

Member of the:
Audit and Risk Management Committee

Mr Gary Smith

B.Com, FCA, FAICD

Non-Executive Director
(Board appointed)

Gary is Chairman of Flight Centre, one of the world's largest retail and corporate travel businesses, operating in over 30 countries and one of the industry's enduring success stories. He is also a Director of Michael Hill International Limited and Chair of that company's Audit and Risk committee.

Gary is founder and Managing Director of Tourism Leisure Corporation, which has for over 20 years operated several businesses within the tourism and leisure industries. He also has extensive experience in audit and risk due to his early career at Arthur Andersen & Co and his long career as a public company director where he has served on a number of audit and risk committees. He is a chartered accountant.

An experienced chairman and non-executive director, Gary is a life member of the Queensland Tourism Industry Council and a former Chairman of that organisation. He is also a former deputy chair and director of Ecotourism Australia, which is Australia's leading industry group representing the nature based segment of the tourism industry. He was also a director of Tourism and Events Queensland.

Gary has extensive experience in regional tourism; he and his colleagues conceived the much heralded Kingfisher Bay Resort on Fraser Island. Gary guided the establishment of the resort as a leader in the relatively new area of ecotourism and operated the business from opening in 1992 until its sale in early 2018.

Gary brings to the board a very broad experience of developing, acquiring and operating a wide variety of tourism businesses, from resorts and hotels to tourist attractions. He has a deep understanding of the tourism industry, including how tourism can play a major role in the improvement of economies in regional Australia.

Term of office

Date first appointed by Board: 6 February 2019 for a fixed two year term

Committees

Member of the:
Audit and Risk Management Committee
Finance and Investments Committee

Mr Derek Stanwell

BA (Hons), LLB (Hons), BCL, GAICD

Non-Executive Director
(Board appointed)

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

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

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

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

Term of office

Date first appointed by the Board: 14 May 2018 for a fixed two year term
Last re-appointed by the Board: 14 May 2020 for a fixed three year term

Committees

Chair and member of the:
Finance and Investments Committee
Member of the:
Audit and Risk Management Committee

Board meetings

The Board scheduled regular face-to-face meetings until March 2020, with meetings thereafter held via video conferencing due to the impact of the COVID-19 situation. Additional meetings were called as needed to deal with specific matters between the scheduled meetings.

During FY20 the Board held six formal Board meetings. The face-to-face Board meetings were all held at Level 13, 151 Clarence Street in Sydney, apart from one which was held at Calile Hotel, 48 James St in Fortitude Valley, Brisbane. The Board also occasionally makes decisions through written resolutions. During the year, the Board passed three resolutions in this way.

In addition to formal Board and Committee meetings, the directors held regular weekly and then fortnightly meetings during the first few months of the COVID-19 situation — refer to p. 6.

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

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

Meetings attended by Directors for the past financial year

Directors	Board of Directors			Audit and Risk Management Committee			Finance and Investments Committee			Governance, Compensation and Nomination Committee			Policy and Advocacy Committee		
	Held	Attend		Held	Attend		Held	Attend		Held	Attend		Held	Attend	
David Bentham*	2	2		2	2				1V			1V	2	2	
David Borger*	4	4							1V						
Kate Lundy	6	6		4	4				1V				2	2	
Marisa Mastroianni	6	6		4	4		4	4		3	3				
Jane McKellar*	6	6							1V	2	2		1	1	1V
Kirsten Molloy*	4	4		2	2				2V						
Fiona Simson	6	6							1V	3	3		2	2	
Gary Smith	6	6		4	4		4	4							
Derek Stanwell	6	6		4	4		4	4							
Coral Taylor*	2	2								1	1		2	2	
Tim Trumper*	6	6				4V	4	4		3	3		2	1	1A

(A) Absent **(V)** Visitor

*****David Bentham** ceased to be a Director on 6 December 2019. **David Borger** was elected to the Board on 7 December 2019 and appointed to PAC on 9 December 2019. **Jane McKellar** appointed to PAC on 28 August 2019 and GCNC on 9 December 2019. **Kirsten Molloy** was elected to the Board on 7 December 2019 and appointed to ARMC on 9 December 2019. **Coral Taylor** ceased to be a Director on 6 December 2019. **Tim Trumper** was a member of PAC until 9 December 2019.

Former Directors

Mr David Bentham OAM

C. Eng, M. Eng. Sc

Term of office as Appointed Director:
6 December 2008 to 6 December 2019

Ms Coral Taylor

GAICD

Term of office as Appointed Director:
12 February 2008 to 6 December 2019

Company Secretary

Ms Gemma Piper

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

Ms Gemma Piper is the General Counsel and Company Secretary of the NRMA. She was appointed as Company Secretary on 15 December 2017.

Remuneration

Our reward strategy considers the interests of our internal and external key stakeholders. It aims to deliver strong individual and team performance, and behaviours that are aligned to the company values and expectations.

The strategy is designed to develop long term outperformance through delivery against the long term business strategy, team business plans, individual performance objectives, and behaviours, set annually.

Executive remuneration

The key objective of the NRMA remuneration philosophy is to enable us to attract, motivate and retain talented people to deliver long term value. For executive and senior management remuneration, practices are designed to encourage and reward behaviours that are consistent with our culture and values that put the customer at the centre of everything we do, align with and support the delivery of our financial and non-financial objectives underpinned by an effective and robust remuneration governance framework.

Directors' remuneration

Under the Constitution, the Directors' fee pool for the conduct of ordinary services is subject to review at 1 January in each year following any year in which no increase to the Directors' fee pool has been approved by Members at a general meeting.

The Constitution sets out that in the year a review of the Directors' fee pool is undertaken the increase is the 'percentage CPI change'. The 'percentage CPI change' is defined as the percentage change between the September quarter before the 1 January review and the September quarter in the year prior, for the All Groups Consumer Price Index for the weighted average of eight capital cities as published by the Australian Bureau of Statistics.

As an increase in the Directors' fee pool was not proposed to Members at the 2019 AGM, on 1 January 2020 the Directors' fee pool was increased by the percentage CPI change of 1.7%, to $823,710. A Director who is a member of a Committee receives committee fees; however the Chair and Deputy Chair of the Board do not. The Board passed a resolution in June 2016 that, in line with the Directors' fee pool, committee fees increase on 1 January by the percentage CPI change commencing 1 January 2017.

The Directors' and committee fees paid to each Director is available on the NRMA website: **mynrma.com.au/community/corporate-information/board-committees-charter-directors-fees**

Key Management Personnel (KMP) remuneration

The table overleaf relates to the NRMA Group as an aggregate of Directors and Executives remuneration (for the years ended 30 June 2020 and 2019) being the key management personnel (KMP). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

Long Term Incentive (LTI) was introduced on 1 July 2016 to attract and retain the right level of KMP critical to driving company results consistently, sustainably and aligned to Members' interest. Payment in respect of LTI is subject to meeting performance hurdles, in accordance with the LTI scheme rules. At the conclusion of the year ended 30 June 2020, performance was assessed against LTI targets and the LTI was deemed payable with payment due in September 2022. Payment in respect of 2018 was paid on July 2020.

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

Consolidated

	2020	2019
Short term employment benefits	**4,646,042**	5,363,600
Post-employment benefits	**237,846**	222,229
Other long term benefits	**497,025**	1,028,829
Total	**5,380,913**	**6,614,658**

FY20 Key Management Personnel

Directors

During the financial year, the Directors of the Company, who are Key Management Personnel, were:

Director	Commenced	Ceased
Mr T Trumper	12 May 2014	
Ms F Simson	19 January 2015	
Ms K Lundy	25 March 2015	
Ms M Mastroianni	19 January 2015	
Ms J McKellar	13 May 2019	
Mr D Borger	7 December 2019	
Dr K Molloy	7 December 2019	
Mr G Smith	6 February 2019	
Mr D Stanwell	14 May 2018	
Ms C Taylor	12 February 2008	6 December 2019
Mr D Bentham	6 December 2008	6 December 2019

Executives

During the financial year, the Executives of the Company, who are Key Management Personnel, and the positions held during the financial year were:

Executive	Title	Commenced	Ceased
Mr R Lund	Group Chief Executive Officer	27 January 2016	
Mr M Gabriel	Group Chief Financial Officer	1 August 2016	
Ms E Harrington	Chief Customer Officer	15 August 2016	
Ms R Wiseman	Chief Investment Officer	21 November 2016	
Mr C Hodgkinson	Chief Technology Officer	1 April 2016	

Executive Leadership Team

With a breadth of skills and experience, our Executive Leadership Team are passionate about moving the NRMA into the future.

Rohan Lund*

Group Chief Executive Officer

Rohan Lund was appointed to the role of Group Chief Executive Officer of the National Roads and Motorists' Association (NRMA) in January 2016. With an extensive background in digital technology, strategy and innovation, Rohan brings a wealth of experience delivering transformation, across a range of customer-focused companies. An energetic and customer focused leader, Rohan provides strategic and commercial expertise to the NRMA, which is Australia's largest member-owned organisation providing a range of motoring, tourism and leisure services.

Before joining the NRMA Rohan was the Chief Operating Officer (COO) for Foxtel, Australia's largest subscription business, and his previous roles also include COO of Seven West Media, CEO of Yahoo!7 and Strategy Director for SingTel Optus. Rohan also holds a Master of Laws.

Rachel Wiseman*

Chief Investment Officer

Rachel Wiseman was appointed Chief Investment Officer in November 2016. Rachel is responsible for the NRMA Group's commercial interests, including corporate development, investments, group strategy, company secretariat, legal, safety, policy, advocacy and stakeholder relations.

Prior to joining the NRMA, Rachel held the role of General Manager Corporate Development at Tabcorp Holdings, during which time she was responsible for establishing Tabcorp's UK operations in London. Rachel has also held a number of senior roles at Fox Sports including Director Business Affairs, and Commercial & Strategy Manager, and as Corporate Counsel with Telstra and General Counsel with Reverse Corp Limited.

Rachel holds a Bachelor of Law and Bachelor of Commerce degree from the University of Canterbury (New Zealand), an MBA from the Australian Graduate School of Management and graduated from Harvard Business School's Advanced Management Programme. She is a member of the Australian Institute of Company Directors.

Emma Harrington*

Chief Customer Officer

Emma Harrington was appointed CEO Motoring and Membership in July 2020 after previously holding the position of Chief Customer Officer. In her role as the first female CEO at the NRMA, Emma will lead the iconic motoring and Membership business, building on the legacy from the past 100 years to create a strong and sustainable business for generations of NRMA Members to come. From the strong foundations of roadside assistance and advocating for motorists, Emma has adapted a customer-led approach to focus on growth, continually improving the customer experience, adding more value to Members, and looking to the future of mobility in Australia including our electric vehicle business. Emma is passionate about people, and creating a collaborative, inclusive and human-centred culture.

Before joining the NRMA, Emma held both national and overseas roles for major organisations; most recently as the Director of Wholesale and Distribution at Foxtel. Prior to that she was Group Head of Data and Commercialisation for Seven West Media and Managing Director and Acting CEO for Yahoo7.

Emma holds a Bachelor of International Relations (BA Hons) from Kent University, England and a Masters of Arts in Political Science from York University, Canada.

Michael Gabriel*

Chief Financial Officer

Michael Gabriel was appointed Group Chief Financial Officer in August 2016. Michael is responsible for ensuring the NRMA reaches its financial and business targets through the Group's business performance, risk, property and tax and treasury functions. Prior to joining the NRMA, Michael was General Manager Corporate Finance at Woolworths, responsible for resource and capital prioritisation, group planning and budgeting and managing finance transformation.

Michael has held senior executive positions including the Finance Director of Diageo in Australia and NZ, and senior finance and supply chain roles at Diageo across Asia, Europe and the Americas.

Michael is a Certified Practicing Accountant (FCPA) and holds an MBA from the University of Queensland and a Bachelor of Applied Science in Chemistry and Physics from the Queensland University of Technology.

Nell Payne

Executive General Manager Motoring

Nell Payne was the Executive General Manager Motoring from September 2018 to July 2020. In this role she was responsible for roadside delivery, motoring operations, motoring services, car servicing stores, driver training and workplace health and safety.

In July 2020, Nell was appointed Chief of Operating Investments. She is now responsible for Thrifty in Australia and NZ, and Fantasea Cruising and My Fast Ferry.

Passionate about safety, engagement and developing her people, Nell's collaborative style is focused on operational excellence, customer experience and customer insights.

Nell holds a Bachelor's degree (B Eng) in Electrical and Electronic Engineering from Coventry University. She has also completed the Australian Graduate School of Management (AGSM) Executive education program and is a Graduate of the Australian Institute of Company Directors (GAICD).

Cormac Hodgkinson*

Chief Technology Officer

Cormac Hodgkinson was appointed Chief Technology Officer in March 2016 after guiding the delivery of the Group's Membership system (GMS) in 2015.

Cormac is responsible for the Group's technology, covering Infrastructure and architecture, Security and Data Governance, Operations and project delivery, Digital, Data and core technology platforms.

He's also responsible for developing the technology and innovation roadmap that supports the NRMA strategy.

Previously, Cormac held key Executive roles at telecommunications company 3 in the UK and Australia, as well as Vodafone Australia. He holds a Bachelor of Arts in International Business Studies from the University of Northumbria.

Paul Davies

CEO NRMA Parks and Resorts

With the acquisition of Australian Tourist Park Management (ATPM) in May 2017, Paul was appointed to the role of CEO of NRMA Parks and Resorts. Paul is responsible for the strategic, commercial and operational aspects of the parks and resorts business, which has a portfolio of 50 parks owned or managed across Australia, with 32 parks branded as NRMA Parks and Resorts.

Paul is also currently a member of the Tourism Industry Advisory Council of the NSW Business Chamber and holds a Bachelor of Economics Degree from Cambridge University and a Masters of Business Administration from York University, Toronto.

Prior to joining the NRMA, Paul held a variety of senior commercial and marketing roles with tourism and travel industry organisations in Australia and internationally. Paul held the position of GM Marketing, Guest and Commercial Operations at Taronga Conservation Society Australia. He had senior roles with Tourism Australia and has also worked in various marketing, product and sales roles for Qantas and British Airways in Australia, Africa and the UK.

*Denotes Key Management Personnel

Directors' report

The report of the Directors of National Roads and Motorists' Association Limited (the NRMA, Company or the Group) in respect of the consolidated entity consisting of the NRMA and its controlled entities (the consolidated entity) for the year ended 30 June 2020 has been prepared in accordance with the requirements of the Corporations Act 2001.

The information below forms part of the Directors' report.

- Principal activities of the consolidated entity on p. 3 and how these activities assisted the entity to achieve its objectives on p. 42 - 43.
- Short and long term objectives of the entity and the strategy for achieving those objectives on p. 20 - 21.
- Review of operations and activities for the reporting period on p. 42 - 43.
- Biographical information for the Directors and Company Secretary on p. 56 - 59.
- Officers who were Key Management Personnel during the period on p. 61.
- Board and Committee meetings and attendance on p. 59.
- Key Management Personnel remuneration on p. 60.
- Auditor's independence declaration on p. 65.

Indemnification and insurance of officers

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

The NRMA also holds a Directors' and Officers' Liability Insurance Policy on behalf of current and former Directors and Officers of the Company and its controlled entities. The period of the policy extends from 31 August 2020 to 31 August 2021. The policy prohibits disclosure of the nature of the liabilities and the amount of the premium in respect of that insurance.

Significant changes in the state of affairs

Other than as referred to in the review of operations and financial condition p. 66 - 119, there were no significant changes in the affairs of the consolidated entity during the year.

Matters subsequent to the end of the financial year

There have been no matters or circumstances except for the disclosure of subsequent events on page 115 that have arisen since 30 June 2020 up to the date of this report that would significantly affect:

- The operations of the consolidated entity.
- The results of those operations.
- The state of affairs of the consolidated entity.

Signed in accordance with a resolution of the Board of Directors.

…………………………………..

Tim Trumper
Chair and Director

…………………………………..

Fiona Simson
Deputy Chair and Director

9 October 2020

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

As the lead auditor for the audit of the financial report of National Roads and Motorists' Association Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Trent van Veen
Partner
9 October 2020

Section 6
Financial report

NRMA Member Kim at 8 years old with her family on a road trip from Sydney to Port Douglas, towing their caravan in 1974. The trip was full of fishing, swimming and meeting friendly people at caravan parks, but like most great road trips there was plenty that went wrong. Her brother got stung by a stone fish, their car broke down and they had to run from a hill fire, but that was all part of the adventure and lifelong memories they created.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Notes	2020 $000	2019 $000
Revenue from contracts with customers and rental income	B2	**617,109**	681,448
Cost of goods sold	B3	**(40,648)**	(60,743)
Cost of providing services	B3	**(408,200)**	(416,197)
Gross profit		**168,261**	204,508
Administrative expenses	B3	**(192,581)**	(193,720)
Investment income	B2	**32,577**	33,576
Share of operating profit from equity accounted investments	F1	**16,853**	21,257
Impairment and carrying value adjustments	C8 (iv) / B3	**(32,990)**	-
Operating (loss) / profit		**(7,880)**	65,621
Finance costs	B3	**(19,935)**	(12,830)
Operating (loss) / profit before change in fair value of investments		**(27,815)**	52,791
Share in net fair value movement in equity accounted investments	F1	**(35,931)**	(28,484)
Change in net fair value of investments		**(23,239)**	(11,632)
(Loss) / profit before tax		**(86,985)**	12,675
Income tax benefit	B4	**30,465**	119
Net (loss) / profit for the year		**(56,520)**	12,794
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Revaluation of land and buildings		**9,242**	5,193
Exchange differences on translation of foreign operation		**(107)**	228
Share of other comprehensive income of equity accounted investments		**(79)**	(169)
Income tax relating to those items		**(2,749)**	(1,507)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		**(24,903)**	(4,369)
Actuarial (loss) / gain on defined benefit plan		**(8,488)**	7,286
Income tax relating to those items		**10,017**	(793)
Other comprehensive income for the year, net of tax		**(17,067)**	5,869
Total consolidated comprehensive income for the year		**(73,587)**	18,663

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

Consolidated statement of financial position as at 30 June 2020

	Notes	2020 $000	2019 $000
Current assets			
Cash and cash equivalents	C1	**121,262**	67,847
Trade and other receivables	C2	**36,015**	38,894
Inventories		**2,663**	2,784
Finance lease receivable	C7	**3,331**	-
Financial assets at fair value through profit or loss	D3	**133,798**	126,294
Other financial assets	D3	**6,865**	7,378
		303,934	243,197
Assets held for sale		**17,993**	7,028
Total current assets		**321,927**	250,225
Non-current assets			
Finance lease receivable	C7	**5,329**	-
Financial assets at fair value through profit or loss	D3	**423,335**	427,957
Financial assets at fair value through other comprehensive income	D4	**60,797**	85,700
Property, plant and equipment	C3	**351,573**	437,996
Investment property	D5	**39,200**	18,000
Equity accounted investments	F1	**207,729**	239,476
Right-of-use assets	C4	**288,000**	-
Deferred tax asset	B4	**4,908**	-
Pension assets		**3,544**	11,758
Intangible assets and goodwill	C5	**208,309**	282,388
Total non-current assets		**1,592,724**	1,503,275
Total assets		**1,914,651**	1,753,500
Current liabilities			
Trade and other payables		**76,993**	101,221
Employee benefits provisions	E1	**24,294**	30,690
Income tax payable		**872**	15,349
Lease liability	C6	**29,710**	-
Unearned income	C9	**113,938**	116,006
Customer deposits		**14,151**	11,155
Interest bearing liabilities	D6	**-**	28,495
Total current liabilities		**259,958**	302,916
Non-current liabilities			
Employee benefits provisions	E1	**5,659**	5,614
Provision for make good obligation		**2,888**	2,698
Lease liability	C6	**244,690**	-
Deferred tax liabilities	B4	**72,967**	105,751
Unearned income	C9	**9,758**	9,785
Customer deposits		**5,738**	3,850
Interest bearing liabilities	D6	**254,094**	177,206
Contingent consideration	D7	**24,100**	37,285
Total non-current liabilities		**619,894**	342,189
Total liabilities		**879,852**	645,105
Net assets		**1,034,799**	1,108,395
Equity			
Reserves		**23,439**	34,552
Retained earnings		**1,011,360**	1,073,843
Total equity		**1,034,799**	1,108,395

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

Consolidated statement of changes in equity for the year ended 30 June 2020

2020	Equity investments reserve at FVOCI $000	Equity accounted reserve $000	Foreign currency reserve $000	Revaluation of land and buildings $000	Retained earnings $000	Total $000
At 1 July 2019	33,956	(2,423)	(604)	3,635	1,073,822	1,108,386
Net (loss) / gain for the year	-	-	-	-	(56,520)	(56,520)
Other comprehensive income (net of tax)	(17,432)	(55)	(107)	6,469	(5,942)	(17,067)
Total comprehensive income for the year	(17,432)	(55)	(107)	6,469	(62,462)	(73,587)
Changes in equity investments at fair value through other comprehensive income	(24,903)	-	-	-	-	(24,903)
Equity accounting	-	(79)	-	-	-	(79)
Translation of foreign subsidiary	-	-	(107)	-	-	(107)
Revaluation of land and buildings	-	-	-	9,242	-	9,242
Actuarial (loss) / gain on defined benefit plan	-	-	-	-	(8,488)	(8,488)
Deferred tax arising	7,471	24	-	(2,773)	2,546	7,268
At 30 June 2020	16,524	(2,478)	(711)	10,104	1,011,360	1,034,799

2019	Equity investments reserve at FVOCI $000	Equity accounted reserve $000	Foreign currency reserve $000	Revaluation of land and buildings $000	Retained earnings $000	Total $000
At 1 July 2018	36,920	(2,305)	(832)	-	1,055,949	1,089,732
Net profit for the year	-	-	-	-	12,794	12,794
Other comprehensive income (net of tax)	(2,976)	(118)	228	3,635	5,100	5,869
Total comprehensive income for the year	(2,976)	(118)	228	3,635	17,894	18,663
Changes in equity investments at fair value through other comprehensive income	(4,369)	-	-	-	-	(4,369)
Equity accounting	-	(169)	-	-	-	(169)
Translation of foreign subsidiary	-	-	228	-	-	228
Revaluation of land and buildings	-	-	-	5,193	-	5,193
Actuarial gain / (loss) on defined benefit plan	-	-	-	-	7,286	7,286
Deferred tax arising	1,393	51	-	(1,558)	(2,186)	(2,300)
At 30 June 2019	33,944	(2,423)	(604)	3,635	1,073,843	1,108,395

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

Nature and purpose of reserves

The fair value through other comprehensive income reserve is used to record increments and decrements in the value of financial assets at fair value through other comprehensive income and non-current assets.

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

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

Consolidated statement of cash flows for the year ended 30 June 2020

	Notes	2020 $000	2019 $000
Cash flows from operating activities			
Receipts from members and customers		698,837	769,864
Payments to suppliers and employees		(641,673)	(667,644)
Dividends received		27,726	30,064
Interest paid		(2,387)	(5,292)
Interest on leases	C6	(9,840)	-
Tax paid		(16,579)	(20,350)
Net cash flows from operating activities	C1	56,084	106,642
Cash flows used in investing activities			
Proceeds from disposal of investments		243,003	336,392
Proceeds from disposal of subsidiary		10,856	-
Proceeds from disposal of fixed assets and software		152,100	132,046
Equity accounted distributions		10,034	22,278
Outlays to acquire businesses	F2	(21,506)	(41,990)
Outlays for investments acquired		(268,704)	(374,206)
Outlays for fixed assets and software acquired		(154,568)	(213,374)
Net cash flows from investing activities		(28,785)	(138,854)
Cash flows used in financing activities			
Proceeds from finance leases		-	22,644
Proceeds / (repayments) from bank loans		77,437	(16,551)
Repayments of lease liabilities		(51,321)	-
Net cash flows from financing activities		26,116	6,093
Net increase / (decrease) in cash and cash equivalents		53,415	(26,119)
Cash and cash equivalents at the beginning of the financial year		67,847	93,966
Cash and cash equivalents at the end of the financial year	C1	121,262	67,847

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

Contents

A

About this financial report

A1. Corporate information

National Roads and Motorists' Association Limited, an Australian company is the ultimate Australian Parent entity. The financial report of National Roads and Motorists' Association Limited and its controlled entities (the Consolidated Entity or the Group) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 9 October 2020.

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

The Company's Constitution prevents the payment of dividends.

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

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

A2. Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

The coronavirus global pandemic and the related government-mandated restrictions (COVID-19).

A3. Basis of preparation

The Group financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board;
- comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis, except certain non-current assets and financial instruments, which have been measured at fair value;
- are presented in Australian dollars, which is the Group's functional and presentation currency;
- have been rounded to the nearest thousand dollars ($'000) unless otherwise stated in accordance with Legislative Instrument 2016/191, issued by the Australian Securities and Investment Commission; and
- have restated the presentation of comparative amounts, where applicable, to conform to the current period presentation.

A4. Accounting estimates and judgements

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

Accounting estimates and judgments	Notes	Page
Impairment and carrying value adjustments of assets	C8	91
Revaluation of investment properties	D5	99
Accounting for acquisition of businesses	F2	106
Accounting for leases AASB 16	A5 and G1	74 and 111

A5. Summary of significant accounting policies

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

(i) Basis of consolidation

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

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

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

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

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

(ii) Foreign currency

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

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

Foreign exchange gains and losses resulting from translation of assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

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

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

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

(iii) New standards, interpretation and amendments

Except as described below, the accounting policies applied in the consolidated Financial Report are the same as those applied in the Group's consolidated Financial Report as at and for the year ended 30 June 2019. The changes in the accounting policies will also be reflected in the Group's consolidated Financial Report as at and for the year ended 30 June 2020.

The Group has adopted AASB 16 Leases from 1 July 2019. A number of other new standards are effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 Leases

The Group has adopted AASB 16 with a date of initial application of 1 July 2019. AASB 16 aligns the treatment of finance and operating leases for lessees, such that all leases are recognised on the balance sheet. As a result, the Group has changed its accounting policy for lease contracts where the Group is a lessee.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group has designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The impact of the adoption of this standard is disclosed in Note G1.

Business performance

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

B1. Segment information

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

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

The consolidated entity operates in Australia and New Zealand.

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

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

The reportable segments identified within the Group are outlined below:

Service line	Segment description
Motoring and Membership	Provision of roadside assistance, car servicing and other services to our Members and customers. The Motoring and Membership segment result includes costs that are not core to the provision of services under Membership contracts but which are core to the running of a mutual organisation consisting of advocacy and corporate overheads.
Transport and Tourism	Generates revenue from contracts with customers for ferry services and holiday park accommodation and income from car rental.
Investments	Derives income from the Group's portfolio of investments, including investments in associates and joint ventures.

B1. Segment information continued

	Motoring and Membership		Transport and Tourism		Investments		The NRMA Group	
	2020 $000	2019 $000	**2020 $000**	2019 $000	**2020 $000**	2019 $000	**2020 $000**	2019 $000
Revenue								
Revenue from contracts with customers								
Subscription and joining fees	**252,200**	245,732	**-**	-	**-**	-	**252,200**	245,732
Rendering of services	**34,582**	53,810	**106,482**	117,393	**-**	-	**141,064**	171,203
Sales of goods	**53,778**	50,760	**-**	-	**-**	-	**53,778**	50,760
Advertising and publishing revenue	**1,940**	2,236	**-**	-	**-**	-	**1,940**	2,236
Other revenue	**8,662**	16,262	**-**	-	**-**	-	**8,662**	16,262
Total revenue from contracts with customers	**351,162**	368,800	**106,482**	117,393	**-**	-	**457,644**	486,193
Rental income	**-**	-	**159,465**	195,255	**-**	-	**159,465**	195,255
Investment income								
Interest	**462**	599	**54**	172	**2,890**	2,430	**3,406**	3,201
Dividends	**-**	-	**-**	-	**28,771**	30,273	**28,771**	30,273
Property income	**61**	6	**-**	-	**339**	96	**400**	102
Total investment income	**523**	605	**54**	172	**32,000**	32,799	**32,577**	33,576
Total revenue and other income	**351,685**	369,405	**266,001**	312,820	**32,000**	32,799	**649,686**	715,024
Results								
Impairment and carrying value adjustments	**(2,382)**	-	**(25,486)**	-	**(5,122)**	-	**(32,990)**	-
Segment operating profit/(loss)	**716**	(9,460)	**(46,732)**	24,789	**21,283**	29,035	**(24,733)**	44,364
Share of profit/(loss) of equity accounted investments	**-**	-	**-**	-	**16,853**	21,257	**16,853**	21,257
Total operating profit / (loss) including equity accounted investments	**716**	(9,460)	**(46,732)**	24,789	**38,136**	50,292	**(7,880)**	65,621
Share of net fair value movement in equity accounted investments	**-**	-	**-**	-	**(35,931)**	(28,484)	**(35,931)**	(28,484)
Movement in net fair value of investments	**-**	-	**-**	-	**(23,239)**	(11,632)	**(23,239)**	(11,632)
Total unrealised loss of equity accounted and other investments	**-**	-	**-**	-	**(59,170)**	(40,116)	**(59,170)**	(40,116)
Total reported segment results	**716**	(9,460)	**(46,732)**	24,789	**(21,034)**	10,176	**(67,050)**	25,505
Finance costs	**-**	-	**-**	-	**-**	-	**(19,935)**	(12,830)
(Loss) / profit before tax	**-**	-	**-**	-	**-**	-	**(86,985)**	12,675
Income tax benefit	**-**	-	**-**	-	**-**	-	**30,465**	119
Net (loss) / profit							**(56,520)**	12,794
Assets								
Segment assets	**170,575**	156,838	**838,701**	666,592	**697,646**	690,594	**1,706,922**	1,514,024
Equity accounted investments	**-**	-	**-**	-	**207,729**	239,476	**207,729**	239,476
Consolidated total assets							**1,914,651**	1,753,500
Liabilities								
Segment liabilities	**94,932**	131,669	**429,862**	235,752	**355,058**	277,684	**879,852**	645,105
Consolidated total liabilities							**879,852**	**645,105**

B1. Segment information continued

The segment information in note B1 reflects the statutory financial performance of each operating segment in the NRMA Group. The performance of these operating segments is assessed and monitored using measures including revenue and segment profit, as well as segment Underlying Operating Profit. Underlying Operating Profit excludes one-off significant items such as asset impairments and restructuring costs that do not represent the normal operations of the business. The Underlying Operating Profit/(Loss) for each operating segment is as follows:

- Motoring and Membership — underlying operating profit of $5.5 million (2019: underlying operating loss of $9.4 million) which excludes restructuring costs of $2.3 million (2019: nil) and other impairments and carrying value adjustments and provisions of $2.5 million (2019: nil);
- Transport and Tourism — underlying operating loss of $23.6 million (2019: underlying operating profit of $24.8 million) which excludes restructuring costs of $2.1 million (2019: nil), impairments and carrying value adjustments of $25.5 million (2019:nil), net provisions and expenses totalling $7.0 million (2019: nil) and benefits from rent relief and job keeper payments totalling $11.5 million (2019: nil); and
- Investments — underlying operating profit of $43.3 million (2019: underlying operating profit of $50.3 million) which excludes impairments of investments and other assets of $5.2 million (2019: nil).

B2. Revenue from contracts with customers and other income

	2020 $000	2019 $000
Revenue from contracts with customers		
Subscription and joining fees	**252,200**	245,732
Rendering of services	**141,064**	171,203
Sales of goods	**53,778**	50,760
Advertising and publishing revenue	**1,940**	2,236
Other revenue	**8,662**	16,262
Total revenue from contracts with customers	**457,644**	486,193
Rental income	**159,465**	195,255
Total revenue from contracts with customers and rental income	**617,109**	681,448
Investment income		
Interest	**3,406**	3,201
Dividends	**28,771**	30,273
Property income	**400**	102
Total investment income	**32,577**	33,576

(a) Recognition and measurement

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

(i) Subscription and joining fees

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

(ii) Rendering of services

Revenue from services rendered is recognised in the statement of profit or loss as performance obligations are fulfilled. Performance obligations are considered to be fulfilled on the rendering of services for the businesses listed below:

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

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

(iii) Sales of goods

Revenue is recognised as performance obligations are fulfilled under contracts with customers, and control of the goods are transferred to the customer. Control over the goods is considered to be transferred to the buyer at the time of delivery of the goods.

(iv) Other revenue

Other revenue relates to the provision of other services to Members, which is recognised when the performance obligation is fulfilled. In addition, this also includes the provision of payroll services for holiday parks managed contract arrangements.

(v) Rental income

Lease income from operating leases is recognised on a straight line basis over the lease term.

(vi) Interest income

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

(vii) Dividend income

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

(viii) Property income

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

(b) Contract balances

Opening and closing balances of trade receivables and contract liabilities arising from contracts with customers are disclosed separately. Refer to notes C2 and C9.

B3. Expenses

	Notes	2020 $000	2019 $000
Profit before income tax includes the following expenses			
Cost of goods sold		**40,648**	60,743
Cost of providing services		**408,200**	416,197
Administrative expenses		**192,581**	193,720
Impairment and carrying value adjustments		**32,990**	-
Total cost of sales, cost of providing services and administrative expenses		**674,419**	670,660
These expenses relate to the following categories:			
Employee benefits expense	E1	**244,489**	259,912
Fleet, road service and towing contractors expense		**117,325**	120,061
General and administrative expense		**44,784**	78,896
Marketing expense		**22,527**	20,747
Commissions and cost of sales expense		**55,628**	76,036
Printing and postage expense		**14,514**	15,316
Other expenses		**14,115**	13,417
		513,382	584,385
Depreciation	C3/C4	**102,851**	60,356
Amortisation	C5	**25,196**	25,919
Total depreciation and amortisation		**128,047**	86,275
Impairment and carrying value adjustments	C8	**32,990**	-
Total cost of sales, cost of providing services and administrative expenses		**674,419**	670,660
Finance costs			
Bank loans and overdraft		**5,783**	8,411
Defined benefit fund		**433**	831
Unwind of discount on provision		**3,879**	3,588
Interest expense on leases		**9,840**	-
Total finance costs		**19,935**	12,830

Included within Administrative expenses are proceeds from the sale of the Motorserve business. Motorserve was sold on 31 January 2020 to IAG for a consideration of $15m less working capital adjustments. IAG now owns and operates the Motorserve business.

Following the sale, IAG commenced leases on three NRMA properties. These properties have been classified as investment properties. Refer to note D5 for Investment property details.

Finance costs

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

B4. Taxation

Tax expense

	2020 $000	2019 $000
Profit before income tax	**(86,985)**	12,675
Income tax expense calculated at 30% (2019: 30%)	**(26,096)**	3,802
Tax effect of permanent differences:		
Tax offsets	**(1,663)**	(4,022)
Non-deductible net mutual (benefit)/expense	**(6,158)**	(1,485)
Adjustment recognised in the current year in relation to:		
- the current tax of prior years	**(3,218)**	(1,406)
- the deferred tax of prior years	**2,216**	1,296
Non-deductible asset impairments and carrying value adjustments	**3,202**	-
Non-deductible acquisition related costs	**1,524**	1,244
Non-assessable accounting income	**(945)**	-
Other	**673**	452
Total tax expense	**(30,465)**	(119)
Current tax expense	**2,501**	15,264
Deferred tax	**(32,966)**	(15,383)

Deferred taxes

2020 $000	**Opening balance**	**Charged to income**	**Charged to equity**	**Other**	**Net balance at 30 June**	**Deferred tax assets**	**Deferred tax liability**
Trade and other receivables	**(1,487)**	**894**	**-**	**-**	**(593)**	**-**	**(593)**
Financial assets at fair value through profit or loss	**(6,983)**	**9,084**	**-**	**-**	**2,101**	**2,101**	**-**
Financial assets at fair value through other comprehensive income	**(14,441)**	**(111)**	**7,471**	**-**	**(7,081)**	**-**	**(7,081)**
Equity accounted investments	**(50,361)**	**8,388**	**24**	**-**	**(41,949)**	**-**	**(41,949)**
Property, plant and equipment	**(10,627)**	**14,790**	**-**	**(285)**	**3,878**	**3,878**	**-**
Intangibles	**(31,323)**	**4,384**	**-**	**(2,140)**	**(29,079)**	**-**	**(29,079)**
Investment property	**(1,558)**	**-**	**(2,773)**	**-**	**(4,331)**	**-**	**(4,331)**
Defined benefit asset	**(3,527)**	**(82)**	**2,546**	**-**	**(1,063)**	**-**	**(1,063)**
Lease liability	**8,872**	**73,189**	**-**	**(9,159)**	**72,902**	**72,902**	**-**
Trade and other payables	**715**	**213**	**-**	**58**	**986**	**986**	**-**
Provisions	**2,142**	**306**	**-**	**-**	**2,448**	**2,448**	**-**
Tax losses	**401**	**2,282**	**-**	**-**	**2,683**	**2,683**	**-**
Right - of - use assets	**-**	**(79,898)**	**-**	**9,020**	**(70,878)**	**-**	**(70,878)**
Other assets and liabilities	**2,426**	**(473)**	**-**	**(36)**	**1,917**	**1,917**	**-**
Tax assets / (liabilities) before set-off	**(105,751)**	**32,966**	**7,268**	**(2,542)**	**(68,059)**	**86,915**	**(154,974)**
Set-off of DTA against DTL					**-**	**(82,007)**	**82,007**
Net tax assets/(liabilities)					**(68,059)**	**4,908**	**(72,967)**

B4. Taxation continued

2019 $000	Opening balance	Charged to income	Charged to equity	Acquisition of subsidiary	Net balance at 30 June	Deferred tax assets	Deferred tax liability
Trade and other receivables	(1,436)	(51)	-	-	(1,487)	-	(1,487)
Financial assets at fair value through profit or loss	(12,877)	5,894	-	-	(6,983)	-	(6,983)
Financial assets at fair value through other comprehensive income	(15,949)	115	1,393	-	(14,441)	-	(14,441)
Equity accounted investments	(56,901)	6,489	51	-	(50,361)	-	(50,361)
Property, plant and equipment	(3,484)	(7,143)	-	-	(10,627)	-	(10,627)
Intangibles	(32,548)	2,043	-	(818)	(31,323)	-	(31,323)
Investment property	-	-	(1,558)	-	(1,558)		1,558)
Defined benefit asset	(1,303)	(38)	(2,186)	-	(3,527)	-	(3,527)
Lease liability	1,951	6,921	-	-	8,872	8,872	-
Trade and other payables	1,259	(544)	-	-	715	715	
Provisions	1,759	345	-	38	2,142	2,142	-
Tax losses	-	518	-	(117)	401	401	-
Other assets and liabilities	1,681	834	-	(89)	2,426	2,426	-
Tax assets/(liabilities) before set-off	(117,848)	15,383	(2,300)	(986)	(105,751)	14,556	(120,307)
Set-off of DTA against DTL					-	(14,556)	14,556
Net tax assets/(liabilities)					(105,751)	-	(105,751)

(a) Recognition and measurement

Tax payable

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

(i) Current tax

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

(ii) Offsetting deferred tax balances

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

(iii) Tax consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax-consolidated group under Australian taxation law. National Roads and Motorists' Association Limited is the head entity of the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

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

(iv) Franking account balance

The amount of franking credits available at 30 June 2020 are $302.05 million (2019: $287.69 million), and the balance is calculated using the corporate tax rate of 30% (2019: 30%).

The balance of the franking account arises from franked income received and income tax paid. The Company's Constitution prevents the payment of dividends and accordingly, the franking credits are not utilised.

(v) Carried forward tax losses

The Company has recognised a deferred tax asset of $2.7 million (2019: $0.4 million) with respect to its carried forward tax losses.

Operating assets and liabilities

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

C1. Reconciliation of cash flow from operating activities

	Notes	2020 $000	2019 $000
Reconciliation to cash flow statement:			
Cash at bank and in hand		**121,262**	67,847
Total cash at hand and in bank		**121,262**	67,847

C1. Reconciliation of cash flow from operating activities continued

	Notes	2020 $000	2019 $000
Net (loss) / profit		**(56,520)**	12,794
Non-cash items			
(Loss) on disposal of non-current assets		**(3,319)**	(715)
Depreciation, amortisation and impairment and carrying value adjustments	B3	**161,037**	86,275
Change in net fair value of investments		**23,239**	11,632
Acquisition related costs	F2	**1,199**	1,378
Defined benefit plan		**5,942**	(5,100)
Equity accounted investments loss	F1	**19,078**	7,227
Finance cost		**4,304**	3,558
(Increase) / decrease in operating assets			
Trade and other receivables		**1,959**	9,775
Inventories		**(187)**	(803)
Non-current assets held for sale		**(10,964)**	(3,088)
(Decrease) / increase in operating liabilities			
Payables		**(22,567)**	6,239
Income tax payable		**(14,477)**	(3,848)
Provisions		**(4,582)**	3,057
Unearned income		**(2,095)**	(5,522)
Change in contingent consideration		**(17,056)**	-
Customer deposits		**3,660**	(834)
Net deferred tax liability		**(32,567)**	(15,383)
Net cash from operating activities		**56,084**	106,642

(a) Recognition and measurement

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

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

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

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

C2. Trade and other receivables

	2020 $000	2019 $000
Trade receivables [(b)]	**13,601**	16,062
Allowance for expected credit loss [(a)]	**(1,874)**	(535)
	11,727	15,527
Prepayments	**9,957**	10,149
Other receivables	**14,331**	13,218
Total trade and other receivables	**36,015**	38,894
Movements in expected credit losses are:		
At 1 July	**(535)**	(986)
Charges for year	**(2,070)**	(651)
Foreign exchange difference	**(3)**	(6)
Amounts written back	**734**	1,108
At 30 June	**(1,874)**	(535)

(a) Recognition and measurement

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

Recoverability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. Financial difficulties of the debtor, default payments or debts more than 91 days overdue are considered objective evidence of impairment. The amount of impairment loss is the receivable carrying amount. At the reporting date, trade receivables of $1,874,000 (2019: $535,000) were past due and considered impaired.

(b) Trade and other receivables ageing

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

	Total $000	Current $000	0-30 days $000	31-60 days $000	61-90 days $000	91+ days $000
2020 Consolidated	**13,601**	**6,903**	**3,045**	**949**	**1,248**	**1,456**
2019 Consolidated	16,062	9,293	3,503	1,506	709	1,051

Trade receivables of $1.5 million were due over 91 days, but not impaired. For further analysis please refer the ECL provision table on the next page.

(i) Other receivables

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

(ii) Fair value

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

(c) Calculation of expected credit loss (ECL)

In determining the ECL for the Group, NRMA uses historical customer information, adjusted for known forward looking conditions such as the revenue forecast for each business unit and the general economic outlook. With the significant deterioration in trading conditions resulting from COVID-19, a further layer of profiling was completed to add further robustness to the calculation of the provision. In particular:

- Specific industry risk and impacts were assessed and customers segmented on that basis;
- Intensive profiling of historical payment patterns of customers and likelihood of default; and
- Assessment of recent changes in pattern and/or method of settling debts, for instance requests for payment plans or use of credit card facilities; and
- Specific provisions were raised for debts considered to be bad.

C2. Trade and other receivables continued

The ECL provision by entity at 30 June 2020 is outlined in the table below:

Business Unit	Total outstanding $'000	Total overdue $'000	ECL provision 2020 $'000
Motoring and Membership	2,052	1,716	88
Transport and Tourism	11,549	4,982	1,786
Total	**13,601**	**6,698**	**1,874**

Of particular note, the Transport and Tourism businesses have been heavily impacted by COVID-19, largely due to the effect of border closures and travel restrictions on these industries. Collections significantly declined in April 2020 post the introduction of lockdown measures but have improved as restrictions have eased. Payment patterns of all customers continue to be closely monitored and 'at risk' accounts escalated for swift action.

C3. Property, plant and equipment

	Land and buildings $000	Leasehold improvements $000	Leased motor vehicles $000	Motor vehicles $000	Plant and equipment $000	Marine vessels $000	Total $000
Year ended 30 June 2020							
At 1 July 2019	**137,269**	**21,614**	**29,414**	**173,095**	**31,184**	**45,420**	**437,996**
Additions	**6,162**	**1,868**	**-**	**135,442**	**4,365**	**1,014**	**148,851**
Acquisition of businesses	**12,230**	**-**	**-**	**-**	**-**	**-**	**12,230**
Transfers	**(11,958)**	**(4,544)**	**-**	**(937)**	**5,131**	**-**	**(12,308)**
Transfers – Right-of-use assets	**-**	**-**	**(29,414)**	**26,762**	**-**	**-**	**(2,652)**
Disposals	**(3,709)**	**(3,931)**	**-**	**(145,692)**	**(4,026)**	**(181)**	**(157,539)**
Impairment and carrying value adjustments	**(10)**	**(4,112)**	**-**	**(14)**	**(2,387)**	**(1,721)**	**(8,244)**
Depreciation charge for the year	**(6,398)**	**(1,933)**	**-**	**(45,633)**	**(7,913)**	**(3,848)**	**(65,725)**
Foreign exchange differences	**-**	**-**	**-**	**(1,003)**	**(33)**	**-**	**(1,036)**
At 30 June 2020	**133,586**	**8,962**	**-**	**142,020**	**26,321**	**40,684**	**351,573**
Cost	**173,293**	**13,545**	**-**	**184,016**	**47,839**	**67,122**	**485,815**
Accumulated depreciation	**(39,707)**	**(4,583)**	**-**	**(41,996)**	**(21,518)**	**(26,438)**	**(134,242)**
Year ended 30 June 2019							
At 1 July 2018	141,724	21,989	6,417	182,827	28,174	26,351	407,482
Additions	5,227	1,599	30,954	147,145	9,631	3,223	197,779
Acquisition of businesses	9,455	-	-	36	281	18,960	28,732
Transfers	(12,807)	-	(5,181)	5,181	-	-	(12,807)
Disposals	(258)	-	-	(124,306)	(1)	(33)	(124,598)
Depreciation charge for the year	(6,072)	(1,974)	(2,776)	(39,451)	(7,002)	(3,081)	(60,356)
Foreign exchange differences	-	-	-	1,663	101	-	1,764
At 30 June 2019	137,269	21,614	29,414	173,095	31,184	45,420	437,996
Cost	174,126	35,154	32,001	220,179	70,260	70,409	602,129
Accumulated depreciation	(36,857)	(13,540)	(2,587)	(47,084)	(39,076)	(24,989)	(164,133)

C3. Property, plant and equipment continued

(a) Recognition and measurement

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

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

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

Item	Useful life	Depreciation method
Land	n/a	No depreciation
Buildings	20-40 years	Straight-line
Leasehold improvements	Life of lease	Straight-line
Leased motor vehicles	Life of lease	Straight-line
Motor vehicles	2-9 years	Straight-line
Plant and equipment	2-10 years	Straight-line
Marine vessels	10-20 years	Straight-line

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

For detail on the approach to testing for impairment refer to note C8.

C4. Right-of-use assets

The Group leases many assets including land, buildings, equipment and motor vehicles. Information about the leased assets for which the Group is a lessee is set out below.

Right-of-use assets	Land $000	Buildings $000	Equipment $000	Motor vehicles $000s	Total $000s
Year ended 30 June 2020					
Initial recognition at 1 July 2019	75,710	239,006	300	584	315,600
Transfers – Property, plant and equipment and Intangible assets	31,618		-	29,414	61,032
Transfers – Finance lease receivables	-	(8,552)	-	(2,139)	(10,691)
At 1 July 2019	**107,328**	**230,454**	**300**	**27,859**	**365,941**
Additions	6,664	11,765	-	2,146	20,575
Transfers – Property, plant and equipment	-	-	-	(26,762)	(26,762)
Transfers – Finance lease receivables				(757)	(757)
Sales of businesses	-	(31,306)	(211)	-	(31,517)
Lease modification	-	(221)	-	-	(221)
Impairment and carrying value adjustments	-	(1,859)	-	-	(1,859)
Depreciation charge for the year	(5,760)	(29,470)	(83)	(1,813)	(37,126)
Foreign exchange differences	-	(274)	-	-	(274)
At 30 June 2020	**108,232**	**179,089**	**6**	**673**	**288,000**
Cost	130,259	205,814	12	1,009	337,094
Accumulated depreciation	(22,027)	(26,725)	(6)	(336)	(49,094)

On transition to AASB 16, the Group reclassified $31.6m of land use rights from intangible assets to right-of-use assets as the upfront payment represents the prepaid lease payment under AASB 16 Leases. For leases previously accounted for as leased motor vehicles, $29.4m under finance lease arrangement were reclassified to right-of-use assets.

(a) Recognition and measurement

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment and other carrying value losses, if any, and adjusted for certain remeasurements of the lease liability.

See note C8 Impairment of Assets and carrying value adjustments for further details.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term. The expense relating to payments not included in the measurement of the lease liabilities is as follows:

	2020 $000
Short-term leases	4,641
Leases of low value assets	376
Variable lease payments	24,063
Total	**29,080**

C5. Intangible assets and goodwill

	Land use rights $000	Software $000	Goodwill $000	Licence agreement $000	Contracts $000	Total $000
Year ended 30 June 2020						
At 1 July 2019, net of accumulated amortisation	31,618	77,412	92,333	7,035	73,990	282,388
Additions	-	5,716	7,899	-	7,134	20,749
Transfers	(31,618)*	350	-	-	-	(31,268)
Disposals	-	(2,677)	-	-	-	(2,677)
Impairment and carrying value adjustments	-	(7,843)	(20,694)	(6,516)	(635)	(35,688)
Amortisation expense	-	(16,589)	-	(519)	(8,088)	(25,196)
Foreign exchange differences	-	-	-	-	1	1
At 30 June 2020	**-**	**56,369**	**79,538**	**-**	**72,402**	**208,309**
Gross carrying amount	-	143,908	100,232	-	89,233	333,373
Accumulated amortisation	-	(87,539)	(20,694)	-	(16,831)	(125,064)
Year ended 30 June 2019						
At 1 July 2018, net of accumulated amortisation	32,646	93,916	83,476	7,525	78,691	296,254
Additions	-	10,769	-	-	-	10,769
Acquisition of businesses	-	-	8,857	-	2,726	11,583
Transfers	-	-	-	-	-	-
Disposals	-	(309)	-	-	-	(309)
Research and development contribution	-	(10,006)	-	-	-	(10,006)
Impairment	-	-	-	-	-	-
Amortisation expense	(1,028)	(16,973)	-	(490)	(7,428)	(25,919)
Foreign exchange differences	-	15	-	-	1	16
At 30 June 2019	31,618	77,412	92,333	7,035	73,990	282,388
Gross carrying amount	47,886	152,410	92,333	14,047	83,834	390,510
Accumulated amortisation	(16,268)	(74,998)	-	(7,012)	(9,844)	(108,122)

*Transfer of Land use rights to classify as Right - of - use assets under AASB 16 Leases.

(a) Recognition and measurement

(i) Goodwill

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

(ii) Research and development

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

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

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

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

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

(iii) Amortisation

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

- Licence agreements - over the life of the licence
- Software - over 3 to 10 years
- Contracts - over 8 to 45 years

C6. Lease liabilities

The following table sets out the maturity analysis of lease liabilities for leases, showing the undiscounted lease payments to be paid after the reporting date. Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities include:

- variable lease payments
- extension options and termination options
- residual value guarantees
- leases not yet commenced to which the lessee is committed.

Lease liabilities	Land $000	Buildings $000	Equipment $000	Motor Vehicles $000s	Total $000s
Year ended 30 June 2020					
Initial recognition at 1 July 2019	75,562	239,216	300	584	315,662
Transfers and reclassifications	-	-	-	29,572	29,572
At 1 July 2019	**75,562**	**239,216**	**300**	**30,156**	**345,234**
Additions	6,664	11,373	-	2,144	20,181
Sale of business	-	(31,939)	(212)	-	(32,151)
Repayments	(4,627)	(33,683)	(86)	(2,391)	(40,787)
Payout	-	-	-	(27,345)	(27,345)
Lease modification	-	(222)	-	-	(222)
Interest	2,668	6,671	3	498	9,840
Foreign exchange differences	-	(350)	-	-	(350)
At 30 June 2020	**80,267**	**191,066**	**5**	**3,062**	**274,400**
Current	3,085	25,122	5	1,498	29,710
Non-current	77,182	165,944	-	1,564	244,690
Less than one year	5,653	30,949	6	1,597	38,205
One to five years	21,685	78,686	-	1,611	101,982
More than five years	93,433	118,362	-	-	211,795
Total undiscounted lease liabilities	**120,771**	**227,997**	**6**	**3,208**	**351,982**

Rent concessions arising from COVID-19

The Group applied the practical expedient for rent concessions received as a consequence of COVID-19. These concessions met the following criteria:

- the revised consideration was substantially the same or less than the original consideration;
- the reduction in lease payments relate to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

As a result, the concessions of $4.3 million were recognised in the profit or loss account as a credit against lease expense and not accounted for as lease modifications.

(a) Recognition and measurement

The Group recognises a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease payments that do not depend on an index or rate and are not, in substance, fixed such as those based on performance or usage of the underlying asset are not included as lease payments. Instead, they are recognised in profit or loss in the period in which the event that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In applying AASB 16, NRMA completed an assessment of the likely duration of leases based on available information. Where options to extend a lease were available, an assessment of the likelihood of exercising the option was made based on relevant facts and economic incentives.

Extension assumptions were also made, in some instances, on leases which had expired and moved to month to month arrangements. The assumptions were based on the criticality of the site to the operation of the business, and the general industry practice of long-term month to month contracts at airport locations.

C7. Finance lease receivable

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Finance lease receivables	$000s
Within one year	3,559
One to five years	3,984
More than five years	1,895
Total undiscounted lease payment receivables	9,438
Unearned finance income	(778)
Net investment in the lease	**8,660**
Current	3,331
Non-current	5,329
Total finance lease receivables	**8,660**

The Group has a number of sub-lease agreements in place with car rental franchisees for property rentals and vehicles. As the lessor, this sub-lease arrangement has been classified as a finance lease as substantially all the risk and rewards of the underlying asset are transferred.

Property rentals are currently under operating head leases whilst vehicles are under finance head leases. The assets are sub-let to franchisees on back to back agreements, passing on the same terms and conditions in the lease agreement with the lessor to the franchisee. On transition to AASB 16, the Group has reclassified $10.7 million from right-of-use assets to finance lease receivable.

(a) Recognition and measurement

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

C8. Impairment and carrying value adjustment of assets

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

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

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

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

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

Key estimate and judgement: impairment of assets

Determination of potential impairment requires an estimation of the recoverable amount of the CGUs to which the goodwill and intangible assets with indefinite useful lives are allocated. In 2020, the Group used the "value in use method" (2019: "value in use method") to determine the recoverable amount. A valuation methodology based on a discounted cashflow (DCF) analysis was completed, using inputs including estimated maintainable operating profit applying mutual tax rates and an appropriate discount rate and growth rate.

Impairment loss and carrying value adjustments	2020 $000	2019 $000
Year ended 30 June 2020		
Unrealised fair value changes recognised in profit or loss - note D7	(17,056)	-
Goodwill	20,694	-
Licence	6,516	-
Software	7,843	-
Contracts	635	-
Land & buildings	10	-
Leasehold improvements	4,112	-
Plant and equipment	2,387	-
Motor vehicles	14	-
Vessels	1,721	-
Right-of-use assets	1,859	-
Equity accounted investments	4,255	-
Total impairment and carrying value adjustments	**32,990**	-

C8. Impairment of assets continued

The following table summarises the quantitative information about the significant unobservable inputs used in measuring the recoverable value of NRMA Group CGU's. These inputs are further shown below:

Description	Carrying value of Goodwill at 30 June 2020 $000	Unobservable inputs	Range of inputs 2019	Relationship of unobservable inputs to fair value
Parks and Resorts CGU's	63,443	WACC discount rate	7.3%	The higher the WACC rate, the lower the value in use
		Growth rate	2.5%	The higher the growth rate, the higher the value in use
Marine CGU's (Manly Fast Ferry and Fantasea)	16,095	WACC discount rate	9.5%	The higher the WACC rate, the lower the value in use
		Growth rate	2.0% - 3.0%	The higher the growth rate, the higher the value in use
		Contract renewal	20% - 70%	The higher the contract renewal percentage, the higher the value in use
Thrifty Australia and New Zealand CGU's	-	WACC discount rate	8.4%	The higher the WACC rate, the lower the value in use
		Growth rate	2.0% - 3.4%	The higher the WACC rate, the lower the value in use

The discount rate is calculated at the weighted average cost of capital utilising the capital asset pricing mechanism.

These value in use assessments, based on the above inputs, support the carrying value of goodwill associated with these CGU's at 30 June 2020.

Goodwill arising from the acquisition of newly acquired parks has not been impairment tested given the proximity of the acquisition to year end and its value approximating value in use.

Impact of possible changes in key assumptions

Reasonably possible changes in the key assumptions outlined above, could potentially cause the carrying value of the CGU's to exceed their recoverable amount, and result in an impairment. These are:

i. an increase of WACC discount rate and/or decrease in growth rate of 1%; and
ii. a change in the assumption on likely renewal of marine contracts.

COVID-19, together with the Group's immediate response and the strategy within the recovery plan for the Transport and Tourism segment have influenced certain accounting judgements and estimates impacting the Consolidated Financial Statements for the year ended 30 June 2020. Given the significance of the impact of COVID-19 on some of the Transport and Tourism businesses, the judgements and estimates informed by the recovery plan are in some circumstances materially different from judgements made in previous financial years. There are uncertainties about future economic and market conditions which will impact the assumptions in the recovery plan.

C9. Unearned income

Unearned revenue comprises of amounts received from Members for entrance fees and roadside subscriptions, prepayments for ferry and tourism related services, and deposits on holiday park accommodation.

For Member entrance fees and roadside subscriptions, the earned portion of amounts received is recognised as revenue evenly over the subscription period using the 365 day method (earned over one year). Revenue received applicable to the unexpired period of the subscription term is recognised as unearned income.

Amounts received in respect of prepaid ferry and tourism related services and deposits for holiday park accommodation are recognised as revenue as the customer utilises the service. Revenue received in respect of services yet to be provided is recognised as unearned income.

D $

Financial instruments

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

D1. Financial risk management objectives and policies

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

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

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

The Parent is not exposed to any significant financial risk.

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

Market risk

(i) Interest rate risk

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

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

(ii) Foreign exchange risk

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

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

(iii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as other non-current financial assets. The investment balance is comprised of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Group's investment in financial assets at fair value through other comprehensive income are in IAG shares that are publicly traded on the Australian Stock Exchange. In addition, the group also carry investments in a few startup companies that are not publicly listed. The Group intends to hold on to these investments for the foreseeable future. In the absence of public trading, the acquisition costs of these shares will be treated as a proxy for its fair value. There has been no market decline in value based on recent capital raising with investors apart from the NRMA.

D1. Financial risk management objectives and policies continued

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

Investment category	2020 $000	2019 $000
Current assets		
Cash deposits	**133,798**	126,294
Total current assets	**133,798**	126,294
Non current assets		
Australian shares	**97,962**	106,095
International shares	**72,591**	69,760
Fixed interest securities	**178,880**	175,961
Diversified unit trust	**73,902**	76,141
Financial assets at fair value through other comprehensive income	**60,796**	85,700
Total non-current assets	**484,131**	513,657

Group sensitivity

The following table analyses the sensitivity of price risk on the Group's financial assets. The group is not exposed to price risk on financial liabilities. A 10% strengthening or weakening of market prices at the reporting date would have changed the result by the amounts shown in the below table.

		Price risk			
		-10%		+10%	
	Carrying amount $000	Profit $000	Equity $000	Profit $000	Equity $000
2020					
Financial assets	**617,959**	**(24,445)**	**(6,080)**	**24,445**	**6,080**
Total increase/ (decrease)		**(24,445)**	**(6,080)**	**24,445**	**6,080**
2019					
Financial assets	639,951	(25,164)	(8,570)	25,200	8,570
Total increase/ (decrease)		(25,164)	(8,570)	25,200	8,570

D1. Financial risk management objectives and policies continued

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

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

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

	Less than 1 month $000	Between 1 and 3 months $000	Between 3 and 12 months $000	Between 1 and 5 years $000	Total $000
2020					
Trade payables	**11,700**	**2,420**	**364**	**501**	**14,985**
Interest bearing liabilities	**-**	**-**	**-**	**254,355**	**254,355**
Customer deposits[1]	**5,369**	**7,569**	**5,068**	**1,883**	**19,889**
2019					
Trade payables	12,692	3,353	144	-	16,189
Interest bearing liabilities	-	-	-	176,129	176,129
Customer deposits[1]	3,024	6,281	1,850	3,850	15,005

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

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

For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

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

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

D2. Fair value estimation

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

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

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

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

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

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

	Quoted market price (Level 1) $000	Valuation technique – market observable inputs (Level 2) $000	Valuation technique – non market observable inputs (Level 3) $000	Total $000
2020				
Financial assets at fair value through profit or loss				
Listed investments	**349,433**	**-**	**-**	**349,433**
Unlisted investments	**-**	**73,902**	**-**	**73,902**
Financial assets at fair value through other comprehensive income				
Listed investments	**57,608**	**-**	**-**	**57,608**
Unlisted investments	**-**	**3,189**	**-**	**3,189**
Investment property	**-**	**-**	**39,200**	**39,200**
Total	**407,041**	**77,091**	**39,200**	**523,332**
2019				
Financial assets at fair value through profit or loss				
Listed investments	351,457	-	-	351,457
Unlisted investments	-	202,794	-	202,794
Financial assets at fair value through other comprehensive income				
Listed investments	82,511	-	-	82,511
Unlisted investments	-	3,189	-	3,189
Investment property	-	-	18,000	18,000
Total	433,968	205,983	18,000	657,951

D2. Fair value estimation continued

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

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

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

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

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

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

The Group engages external, independent and qualified valuers to determine the fair value of its land and buildings classified as investment property at least every three years. Following the sale of Motorserve to IAG, a change in the use of 3 Motorserve locations have been recognised with, the properties classified as investment.

Description	Fair value at		Unobservable input	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	2020 $000	2019 $000		2020	2019	
Wynyard	**18,000**	18,000	Discount rate	**5.0%**	5.0%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	**5.2%**	5.2%	
			Capitalisation rate	**4.7%**	4.7%	The higher the capitalisation rate and terminal yield, the lower the fair value
			Expected vacancy rate	**5.0%**	5.0%	
Motorserve properties	**21,200**	-	Terminal yield	**1.3% to 6.0%**	-	The higher the discount rate and terminal yield, the lower the fair value
			Capitalisation rate	**6.0% to 6.5%**	-	The higher the capitalisation rate and terminal yield, the lower the fair value
			Expected vacancy rate		-	

D3. Financial assets at fair value through profit or loss

Current	2020 $000	2019 $000
Other investment receivables	**6,865**	7,378
Cash deposits	**133,798**	126,294
Total	**140,663**	133,672

Non-current	2020 $000	2019 $000
Investments designated at fair value through the profit or loss:		
Australian shares	**97,962**	106,095
International shares	**72,591**	69,760
Fixed interest securities fund	**178,880**	175,961
Diversified unit trust	**73,902**	76,341
Total	**423,335**	427,957

(a) Recognition and measurement

The Group classifies its financial assets in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

Management determines the classification of its investments at initial recognition depending on the purpose for which the investments were acquired or originated. The classification is determined by the business model in which a financial asset is managed and its contractual cash flow characteristics.

When financial assets are recognised initially, they are measured at fair value. Subsequent changes in fair value are recognised in the profit or loss as they arise (FVTPL), unless a more restrictive criteria is met for classifying and measuring the assets at either amortised cost or fair value through other comprehensive income (FVOCI).

Assets carried at amortised cost

Subsequent to initial recognition, receivables with less than 12 months maturity are classified and measured at amortised cost.

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

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

D4. Financial assets at fair value through other comprehensive income

	2020 $000	2019 $000
Listed investments	**57,608**	82,511
Unlisted investments	**3,189**	3,189
At 30 June	**60,797**	85,700

(a) Recognition and measurement

The Group has elected to hold certain equity instruments that are not actively traded at fair value through other comprehensive income. Future valuation changes will not flow through profit or loss but instead will be accounted for in other comprehensive income.

D5. Investment property

	2020 $000	2019 $000
At 1 July	**18,000**	-
Transfer	**11,958**	12,807
Change in net fair value through other comprehensive income	**9,242**	5,193
At 30 June	**39,200**	18,000

(a) Recognition and measurement

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

In the event of a change in use of assets from operating assets to investment assets, the asset is revalued to its fair value with the difference between the carrying value and fair value accounted in the asset revaluation reserve.

(b) Reclassification of an asset to investment property

Following the sale of Motorserve to IAG on 1 February 2020, there was a change in use of three Motorserve properties and as a result they were reclassified as investment properties. These properties were assessed by an independent valuer to determine fair value. On reclassification to investment property, the property is initially measured at its fair value with the difference between the carrying amount of the asset and fair value recorded to the asset revaluation reserve.

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

	2020 $000	2019 $000
Amounts recognised in the statement of profit or loss for investment properties		
Income derived from investment properties	**400**	-
Direct operating expenses from generating property income	**(216)**	-
Net profit arising from investment properties carried at fair value	**184**	-

D6. Interest bearing liabilities

	2020 $000	2019 $000
Current liabilities		
Obligations under finance leases	**-**	28,495
At 30 June	**-**	28,495
Non-current liabilities		
Bank loan	**254,094**	176,129
Obligations under finance leases	**-**	1,077
At 30 June	**254,094**	177,206

(a) Recognition and measurement

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

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

(b) Assets held as security

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

In 2019 the facility limits were reviewed with some minor changes to limits held across the banks within the banking group. As at 30 June 2020 the facility balance was at $270m (2019: A$240m).

D6. Interest bearing liabilities continued

(c) Financial commitments

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

	Total facilities		Used facilities		Unused facilities	
	2020 $000	2019 $000	**2020 $000**	2019 $000	**2020 $000**	2019 $000
Corporate debt facility	**270,000**	240,000	**254,354**	176,692	**15,646**	63,308
Leasing facility	**59,355**	49,558	**2,351**	30,105	**57,004**	19,453
Corporate card facility	**2,000**	2,435	**171**	395	**1,829**	2,040
Bank guarantees	**27,438**	21,412	**19,412**	16,199	**8,026**	5,213
At 30 June	**358,793**	313,405	**276,288**	223,391	**82,505**	90,014

D7. Contingent consideration

	2020 $000	2019 $000
Non-current liabilities		
At 1 July	**37,285**	33,778
Unwind of discount in interest expense	**3,871**	3,507
Unrealised fair value changes recognised in profit or loss	**(17,056)**	-
At 30 June	**24,100**	37,285

(a) Recognition and measurement

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is measured at the amount of cash and cash equivalents transferred, the fair value of any equity instruments transferred and the fair value of any contingent consideration arrangement. Subsequent changes to the fair value of the contingent consideration which is classified as a financial liability that is within the scope of AASB 9 are recognised in profit or loss.

The Group has revalued the consideration payable to the selling shareholders to $24.1 million (2019: $37.3 million). This incorporates adjustments that impact the probability of meeting financial and other targets. The Group engaged experts to value the components of the contingent consideration using assumptions on probability of achieving targets.

The balance at 30 June 2020 has been adjusted to reflect the significant impact that the COVID-19 pandemic has had on the Transport and Tourism segment. Government imposed travel restrictions and border closures have driven tourist numbers down while strict social distancing requirements, as well as work from home arrangements, have resulted in a significant reduction in transport commuters.

The final consideration will be based on future circumstances and will be subject to annual revisions of the probability of meeting agreed outcomes.

E

Employee benefits

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

E1. Employee benefits

	2020 $000	2019 $000
Employee benefits provision		
Current	**24,294**	30,690
Non-current	**5,659**	5,614
At 30 June	**29,953**	36,304

(a) Recognition and measurement

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

	Notes	**2020 $000**	2019 $000
Employee benefits expense			
Defined contribution superannuation		**16,429**	16,183
Employee benefits		**228,060**	243,729
At 30 June	B3	**244,489**	259,912

Employee benefits expense - Wage subsidies

The Australian Government introduced the Job Keeper program on 30 March 2020 to keep more Australians in jobs and support businesses significantly impacted by COVID-19. The payment is a wage subsidy paid by the Government to allow businesses to continue paying current and stood-down employees. Transport and Tourism businesses within NRMA Group were deemed eligible for Job Keeper subsidies. Payments under the program were originally announced for six months from 30 March to 27 September 2020. NRMA Group collected $6.2 million in 2020 under this program for an average of 694 eligible employees. Of that, $4.1 million was received in respect of stood down employees and the balance of $2.1 million was received in respect of other employees.

Similarly, on 17 March 2020, the New Zealand Government introduced the 12 week Wage Subsidy Scheme for any employer that had a 30% reduction in revenue for any month during the lockdown period compared to the same period last year. In total, 158 Motoka employees were eligible for the wage subsidy with a total of $1.03 million collected for 2020. These amounts were recorded in the profit or loss statement as a credit against payroll expense.

(b) Superannuation

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

E2. Key management personnel compensation and related party transactions

	2020	2019
Short term employee benefits	**4,646,042**	5,363,600
Post-employment benefits	**237,846**	222,229
Other long term benefits	**497,025**	1,028,829
Total	**5,380,913**	6,614,658

The table to the left shows the aggregate of Directors and Executives, being the key management personnel (KMP), remuneration for the NRMA Group. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

A Long Term Incentive (LTI) was introduced on 1 July 2016 to attract and retain the right level of KMP, critical to driving company results consistently, sustainably and aligned to Members' interest. Payment in respect of LTI is subject to meeting performance hurdles, in accordance with the LTI scheme rules. At the conclusion of the year ended 30 June 2020, performance was assessed against LTI targets and 50% of the LTI was deemed payable with payment due in September 2022. Payment in respect of 2018 was paid in July 2020.

(a) Transactions with related parties

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

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

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

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

(b) Key management personnel transactions

The Group used the below services from companies with which a director has a financial interest. The contract terms are based on market rates for these types of services and amounts are payable on agreed payment terms. There are no balances outstanding as at 30 June 2020 (2019: nil).

Name of the company	Nature of relationship	Type of services	2020	2019
The Quantium Group Pty Ltd	Shareholder and Advisor	Market research	-	851,000
Communications for Commerce Pty Ltd	Shareholder and Director	Leadership development and coaching	**18,000**	11,000

Terms and conditions of transactions with related parties:

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

(c) Associate related entities

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

(d) Joint venture entities

The Group continues to hold an interest in a property as a 'tenant in common' with its joint venture entity, the Tucker Box Trust. The carrying value of the property is included in equity accounted investments as non-current assets.

F

Group structure

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

F1. Equity accounted investments

	2020 $000	2019 $000
Carrying amount of investments		
Investments in associates	**35,617**	33,382
Investments in joint ventures	**172,112**	206,094
Total carrying amount of investments	**207,729**	239,476
Net profit accounted for using the equity method		
Share of operating profit from investments in associates	**6,490**	3,321
Share of operating profit from investments in joint ventures	**10,363**	17,936
Total share of operating profit from equity accounted investments	**16,853**	21,257
Share of net fair value movement in equity accounted investments	**(35,931)**	(28,484)
Total share of net losses of equity accounted investments	**(19,078)**	(7,227)
Interest in associates at the end of the financial year		
Carrying amount of investment in associates at the start of the year	**33,382**	34,186
Impairment expense	**(4,255)**	-
Distributions received from associates	**-**	(4,125)
Share of associates' net profits	**6,490**	3,321
Carrying amount of investments in associates at end of the year	**35,617**	33,382

F1. Equity accounted investments continued

	2020 $000	2019 $000
Interest in joint ventures at the end of the financial year		
Share of revenue from ordinary activities	**15,352**	24,604
Share of unrealised loss for interest rate swaps	**(522)**	(1,211)
Share of unrealised loss on revaluation of non-current assets	**(35,931)**	(28,484)
Share of expenses from ordinary activities	**(4,489)**	(5,406)
Share of (loss)/profit from ordinary activities before income tax expense	**(25,590)**	(10,497)
Share of income tax benefit / (expense) related to ordinary activities	**22**	(51)
Share of joint ventures' net loss accounted for using the equity method	**(25,568)**	(10,548)
The Group's share of aggregate assets and liabilities of the joint venture is as follows:		
Current assets	**1,791**	4,178
Non-current assets	**280,824**	311,392
Total assets	**282,615**	315,570
Current liabilities	**98,957**	4,405
Non-current liabilities	**11,546**	105,071
Total liabilities	**110,503**	109,476
Net assets	**172,112**	206,094
Accumulated profits of the Group attributable to the joint ventures		
Balance at the beginning of the year	**125,936**	153,165
Share of joint ventures' net (losses)/profits	**(25,568)**	(10,548)
Distributions received from joint ventures	**(8,359)**	(16,681)
Balance at the end of the year	**92,009**	125,936
Movement in carrying amount of investments		
Carrying amount of investments in joint ventures at the beginning of the year	**206,094**	233,441
Joint ventures' reserve movements	**(55)**	(118)
Distributions received from joint ventures	**(8,359)**	(16,681)
Shares of joint ventures' net (losses)/profit	**(25,568)**	(10,548)
Carrying amount of investments in joint ventures at end of the year	**172,112**	206,094

F1. Equity accounted investments continued

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

Name of arrangement	Principal activity	Country of operation	Ownership interest 2020 %	Ownership interest 2019 %
Associates				
Australian Motoring Services Pty Ltd	Motoring and travel assistance services	Australia	**35**	35
Club Assets Pty Ltd [(i)]	Motoring assistance services	Australia	**50**	50
Divvy Parking Pty Ltd	Parking enablement	Australia	**21.88**	36.51

[(i)] Club Assets Pty Ltd owns a 75% interest in Club Assist Corporation Pty Ltd.

Name of arrangement	Principal activity	Country of operation	Ownership interest 2020 %	Ownership interest 2019 %
Joint ventures				
Tucker Box Hotel Trust	Accommodation	Australia	**50**	50
KJ Hotel Trust	Accommodation	Australia	**50**	50

(a) Recognition and measurement

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

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

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

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

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in note C8.

Going concern considerations for Tucker Box Hotel Trust Group

The COVID-19 pandemic has had a severe impact on the occupancy of the hotels of the Tucker Box Hotel Group joint venture and accordingly the profit of the joint venture has decreased substantially.

As at 30 June 2020, the Tucker Box joint venture is in compliance with all borrowing covenants, however based on estimates made at 30 June 2020, it is considered likely that due to the impact of COVID-19, the Tucker Box Hotel Group will breach a lending covenant within the next 12 months. This potential breach does not impact any of the NRMA Group's banking covenants.

Subsequent to 30 June 2020, the joint venture successfully obtained waivers with respect to its bank covenants from its syndicated lenders for the period to 30 September 2021. In addition, the unitholders of the joint venture have provided the Tucker Box Hotel Group with a Letter of Support of up to $1.5 million each for a period extending to 30 September 2021.

F2. Acquisition of businesses

During the financial year the NRMA group acquired 100% interest in two holiday parks set out in the table below:

Business	Principal activity	Acquisition date
Big 4 Sunshine Resort — South West Rocks ("South West Rocks")	Operating as a tourist park	3 December 2019
Dubbo Holiday Park		30 March 2020

(i) Consideration transferred

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

Consideration transferred	$000
Cash paid	20,310
Cash to be paid	1,600
Total consideration transferred	**21,910**

(ii) Acquisition related costs

The Group incurred acquisition related costs of $1.2m on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

(iii) Identifiable assets acquired and liabilities assumed

The accounting and tax values for the acquisition have been determined on a provisional basis as the fair value of certain assets and liabilities acquired have not been determined at balance date. NRMA has 12 months from acquisition date to establish and finalise these values and where necessary has stated these amounts at book value established by the vendor.

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

	$000
Property, plant and equipment	12,230
Cash	3
Inventory	39
Customer deposits	(1,224)
Trade and other payables	(68)
Deferred tax assets	20
Total identifiable assets acquired	**11,000**

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

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

(iv) Goodwill

Goodwill arising from acquisitions has been recognised as follows:

	Notes	$000
Gross purchase consideration		21,910
Fair value of identifiable net assets acquired		(11,000)
Goodwill arising from acquisition		10,910
Provisional accounting change[a]		(3,011)
Total goodwill arising from acquisition	C5	**7,899**

[a] Represents the change to provisional accounting on the valuation of previously acquired Holiday Parks in 2019

The goodwill represents revenue growth opportunities, the skills and talent of staff retained and expected synergies to be achieved from integrating the companies into the Group's existing business. Goodwill is based on managements current view of the future opportunities and will be reviewed annually in accordance with the Groups accounting policies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

F2. Acquisition of businesses continued

(v) Purchase consideration — cash outflow

	Notes	$000
Gross purchase consideration		20,310
Less: cash balances acquired	F2 (iii)	(3)
		20,307
Acquisition related costs	C1	1,199
Outflow of cash from investing activities		**21,506**

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

In the year ended 30 June 2020, the businesses acquired contributed revenue of $1.80m and an operating loss of $0.7m to the Group's results, since acquisition. If the acquisitions had occurred at 1 July 2019, management estimates that the Group's full year contributed revenue would have been $3.08m.

(a) Recognition and measurement

The Group accounts for businesses it acquires using the acquisition method when control is transferred to the Group. The consideration transferred is measured at the amount of cash and cash equivalents transferred, the fair value of any equity instruments transferred and the fair value of any contingent consideration arrangement. Subsequent changes to the fair value of the contingent consideration which is classified as a financial liability that is within the scope of AASB 9 are recognised in profit or loss. Acquisition related costs are expensed as incurred in profit or loss.

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

Key estimates and judgement: accounting for acquisition of businesses

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

F3. Controlled entities

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

Name of entity	Place of incorporation	Percentage of shares held 2020 %	2019 %
National Roads & Motorists' Assoc. (N.S.W.) Limited	Australia	**100**	100
NRMA Consolidated Limited	Australia	**100**	100
NRMA Holdings Limited	Australia	**100**	100
NRMA Limited	Australia	**100**	100
NRMA Enterprise Pty Ltd	Australia	**100**	100
NRMA Motoring Limited	Australia	**100**	100
NRMA Mutual Group Limited	Australia	**100**	100
NRMA Open Road Pty Limited	Australia	**100**	100
NRMA Safer Driving Schools Pty Limited	Australia	**100**	100
MotorServe Pty Limited	Australia	**-**	100
NRMA Travel Pty Limited	Australia	**100**	100
NRMA Technology Pty Limited	Australia	**100**	100
AFG Investments Pty Limited	Australia	**100**	100
NRMA Treasury Limited	Australia	**100**	100
NRET Pty Ltd	Australia	**100**	100
NRET Holding Pty Ltd (ATF NRET Real Estate Trust)	Australia	**100**	100
MB RET Pty Ltd (ATF MB Real Estate Trust)	Australia	**100**	100
NRMA Holiday Parks Pty Limited	Australia	**100**	100
NRMA Tourist Parks Pty Limited	Australia	**100**	100
NRMA Tourist Park No.1 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.2 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.3 Pty Ltd	Australia	**100**	100
NRMA Tourist Park No.4 Pty Ltd	Australia	**100**	100
NRMA Holiday Parks Licensing Pty Ltd	Australia	**100**	100
T R Australia Holdings Pty Ltd	Australia	**100**	100
Kingmill Pty Ltd	Australia	**100**	100
Motoka Rentals Limited	New Zealand	**100**	100
Australian Tourist Park Management Property Pty Ltd (ATF Australian Tourist Park Management Property Trust)	Australia	**100**	100
Australian Tourist Park Management Pty Ltd	Australia	**100**	100
NRMA Marine Pty Limited	Australia	**100**	100
Noorton Pty Ltd	Australia	**100**	100
Manly Fast Ferry Pty Ltd	Australia	**100**	100
Portunes RW Pty Ltd (ATF Portunes Unit Trust)	Australia	**100**	100
Fantasea Pty Ltd	Australia	**100**	100
NRMA Hotels Pty Limited	Australia	**100**	100
NRMA Hotels Management Pty Limited	Australia	**100**	100

All Australian subsidiaries are members of the tax consolidated Group at 30 June 2020.

F4. Parent entity information

Information relating to National Roads and Motorists' Association Limited:	Parent 2020 $000	Parent 2019 $000
Current assets	**50,521**	70,579
Non-current assets	**552,882**	577,220
Total assets	**603,403**	647,799
Current liabilities	**98,714**	133,585
Non-current liabilities	**35,738**	34,753
Total liabilities	**134,452**	168,338
Net assets	**468,951**	479,461
Retained earnings	**468,951**	479,461
Total shareholders' equity	**468,951**	479,461
Loss of the parent entity	**(10,510)**	(5,766)
Total comprehensive loss of the parent entity	**(10,510)**	(5,766)

The Parent entity had a deficiency of net working capital of $48m at 30 June 2020 (2019: net working capital deficiency of $63m). This represents the movement in intercompany loans drawn by the Parent entity. The intercompany loans are payable to controlled subsidiary entities where the parent entity can control the timing of repayment. Payment will not be made on these loans in preference to meeting obligations to external suppliers.

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

There are no contingent liabilities of the Parent entity.

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

Other

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

G1. Impact of new accounting standards

AASB 16 Leases

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately if material, and if they are different from those under AASB 16.

In accordance with the transitional provision in AASB 16, the new rules have been applied retrospectively with the cumulative effect of initially applying the new standard recognised on 1 July 2019. Comparatives for the prior comparable year period have not been restated.

The standard effectively removes the distinction between an 'operating' and 'finance' lease for lessees with most leases now being shown on balance sheet. A lessee is required to recognise a right-of-use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The lessee recognises depreciation on the right - of - use asset and interest on the lease liability. Accounting requirements for lessors are largely unchanged.

AASB 16 allows entities to apply certain transitional provisions on initial adoption of the standard. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application'.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied the practical expedient to grandfather the assessment of which transactions are leases and applied AASB 16 only to contracts that were previously identified as leases;
- applied the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months to the end of the lease term, or with a low value;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- adjusted the right-of-use asset for any recognised onerous lease provisions, immediately as an alternative to performing an impairment review; and
- applied the COVID-19 practical expedient related to rent concessions, enabling the concessions not to be treated as a lease modification.

On transition to AASB 16, the following reconciliation to the opening balance of lease liabilities as at 1 July 2019 was completed and is based upon the operating lease obligation as at 30 June 2019. When measuring lease liabilities, lease payments were discounted using the incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.3%.

	1 July 2019 $000s
Operating lease commitments disclosed as at 30 June 2019	245,964
Extension and termination options reasonably certain to be exercised	162,616
Recognition exemption for leases of low-value assets	(702)
Recognition exemption for leases with less than 12 months remaining term at transition	(6,292)
Discount using incremental borrowing rate at 1 July 2019	(85,979)
Foreign exchange movements	55
Finance lease obligation as at 30 June 2019	29,572
Lease liability recognised at 1 July 2019	**345,234**

G1. Impact of new accounting standards continued

The following tables summarise the impact of adopting AASB 16 on the Group's statement of financial position as at 30 June 2020 and its statement of profit or loss and comprehensive income and statement of cash flows for the period end for each of the line items affected.

Impact on the consolidated statement of financial position

Consolidated statement of financial position as at 30 June 2020	As reported $000s	Adjustments $000s	Amounts without adoption of AASB 16 $000s
Assets			
Right-of-use assets	288,000	(288,000)	-
Finance lease receivable	8,660	(8,660)	-
Deferred tax assets	86,915	(72,065)	14,850
Property, plant and equipment	351,573	2,367	353,940
Intangible assets and goodwill	208,309	29,900	238,209
Other assets	971,194	515	971,709
Total assets	**1,914,651**	**(335,943)**	**1,578,708**
Liabilities			
Lease liabilities - current	29,710	(29,710)	-
Lease liabilities - non-current	244,690	(244,690)	-
Deferred tax liabilities	154,974	(70,113)	84,861
Liabilities held for property, plant and equipment	-	2,383	2,383
Other liabilities	450,478	178	450,656
Total liabilities	879,852	(341,952)	537,900
Net assets	**1,034,799**	**6,009**	**1,040,808**
Equity			
Reserves	23,439	-	23,439
Retained earnings	1,011,360	6,009	**1,017,369**
Total equity	**1,034,799**	**6,009**	**1,040,808**

Impact on the consolidated statement of profit or loss and comprehensive income

Consolidated statement of profit or loss for the year ended 30 June 2020	As reported $000s	Adjustments $000s	Amounts without adoption of AASB 16 $000s
Revenue	617,109	-	617,109
Expenses			
Depreciation and amortisation	(128,047)	33,931	(94,116)
Other expenses	(496,942)	(35,330)	(532,272)
Operating loss	**(7,880)**	**(1,399)**	**(9,279)**
Finance costs	(19,935)	9,360	(10,575)
Other profit and loss	(59,170)	-	(59,170)
Loss before income tax	**(86,985)**	**7,961**	**(79,024)**
Income tax benefit /(expense)	30,465	(1,876)	**28,589**
Net loss for the year	**(56,520)**	**6,085**	**(50,435)**

G1. Impact of new accounting standards continued

Impact on the consolidated statement of cash flows

Consolidated statement of cash flows for the year ended 30 June 2020	As reported $000s	Adjustments $000s	Amounts without adoption of AASB 16 $000s
Cash flows from operating activities			
Payments to suppliers and employees	(641,673)	(32,301)	(673,974)
Payments for short-term lease, low-value assets and variable lease payments	(29,080)	-	(29,080)
Interest paid	(9,840)	9,360	(480)
Other cash flows from operating activities	736,677	-	736,677
Net cash flows from operating activities	**56,084**	**(22,941)**	**33,143**
Net cash flows from investing activities	(28,785)	-	(28,785)
Cash flows used in financing activities			
Payment of lease liabilities	(51,321)	22,941	(28,380)
Other cash flows from financing activities	77,437	-	77,437
Net cash used from financing activities	**26,116**	**22,941**	**49,057**
Net increase/(decrease) in cash and cash equivalents	53,415	-	53,415
Cash and cash equivalents at the beginning of the year	67,847	-	**67,847**
Cash and cash equivalents at the end of the financial year	**121,262**	**-**	**121,262**

G2. Commitments

At the reporting date the Group's estimated expenditure for contracted, but not provided for or payable, capital commitments was $10,092,561 (2019: $83,425,000).

G3. Deed of cross guarantee

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

	Closed Group	
	2020 $000	2019 $000
Consolidated statement of profit or loss		
Profit from operations before income tax	**68,243**	13,677
Income tax expense	**(25,375)**	(21)
Profit after income tax	**42,868**	13,656
Actuarial (loss)/gain	**(5,942)**	3,660
Retained earnings at the beginning of the year	**1,072,736**	1,055,420
Retained earnings at the end of the year	**1,109,662**	1,072,736
Consolidated statement of financial position		
Cash and cash equivalents	**101,941**	61,635
Trade and other receivables	**34,927**	36,591
Inventories	**2,664**	2,784
Finance lease receivable	**3,331**	-
Financial assets at fair value through profit or loss	**133,798**	126,294
Other financial assets	**6,865**	7,377
Non-current assets classified as held for sale	**1,256**	2,336
Total current assets	**284,782**	237,017
Finance lease receivable	**5,329**	-
Financial assets at fair value through profit or loss	**423,335**	427,957
Financial assets at fair value through other comprehensive income	**60,797**	85,700
Property, plant and equipment	**334,375**	384,701
Right-of-use assets	**275,538**	-
Investment property	**39,200**	18,000
Equity accounted investments	**207,729**	239,476
Pension asset	**3,544**	11,758
Intangible assets and goodwill	**208,309**	280,989
Non-current assets	**1,558,156**	1,448,581
Total assets	**1,842,938**	1,685,598
Trade and other payables	**73,601**	97,810
Employee benefit provisions	**23,902**	30,145
Lease liability	**25,250**	-
Income tax payable	**872**	15,660
Unearned income	**113,938**	116,006
Customer deposits	**14,027**	10,808
Interest bearing liabilities	**-**	28,495
Current liabilities	**251,590**	298,924
Employee benefit provisions	**5,659**	5,614
Provision for make good obligations	**2,888**	2,698
Lease liability	**234,808**	-
Deferred tax liabilities	**72,967**	105,525
Unearned income	**9,758**	9,785
Customer deposits	**5,738**	3,849
Interest bearing liabilities	**193,308**	120,732
Contingent consideration	**24,100**	37,285
Non-current liabilities	**549,226**	285,488
Total liabilities	**800,816**	584,412
Net assets	**1,042,122**	1,101,186
Reserves	**(1,500)**	14,696
Retained earnings	**1,086,490**	1,072,834
Current year profit/(loss)	**(42,868)**	13,656
Total equity	**1,042,122**	1,101,186

G3. Deed of cross guarantee continued

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

Entities subject to class order relief

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

As a condition of the Class Instrument, National Roads and Motorists' Association Limited and the above entities, (the Closed Group), entered into a Deed of Cross Guarantee on 7 December 2006 and subsequent Assumption Deeds on 22 June 2007, 25 June 2008, 2 March 2009, 29 June 2009, 29 June 2011, 30 June 2017, 15 June 2018 and 3 April 2019 and Notices of Disposal dated 31 October 2013 and a Notice of Disposal dated 31 January 2020.

A Deed of Variation to the Deed of Cross Guarantee was entered into on 21 August 2018. This Deed of Variation updated the original Deed of Cross Guarantee dated 7 December 2006 to be in line with the ASIC Instrument 2016/785.

G4. Auditor's remuneration

The auditor of National Roads and Motorists' Association Limited is Ernst & Young (EY). Amounts received or due and receivable by EY for:	2020 $000	2019 $000
Fees to Ernst & Young (Australia)	**-**	-
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**470,000**	465,000
Fees for assurance services that are required by legislation to be provided by the auditor	**-**	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**63,000**	12,000
Fees for other services - Assessment of eligibility, preparation and lodgement of Temporary Skill Shortage Visa	**7,460**	-
- Assessment of safety metrics	**11,100**	-
Total fees to Ernst & Young (Australia)	**551,560**	477,000
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**30,000**	35,000
Fees for assurance services that are required by legislation to be provided by the auditor	**-**	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other services - Tax compliance	**7,071**	-
Total fees to overseas member firms of Ernst & Young (Australia)	**37,071**	35,000
Total fees to Ernst & Young (Australia)	**588,631**	512,000

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

G5. Subsequent events

Wage subsidies

On 21 July 2020, the Australian Government announced the extension of the Job Keeper payments for a further six months to cover the period from 28 September 2020 to 31 March 2021. The Group is currently determining eligibility from 28 September 2020 but anticipates that some of our Transport and Tourism businesses will be eligible.

The New Zealand Government announced further wages subsidies following year end. There are two programs, the Wage Subsidy Extension which extends the subsidy for an eight week period, and the Wage Subsidy Resurgence which provides subsidies for a further period of two weeks. The criteria for this subsidy is more stringent and the number of New Zealand based employees entitled to the subsidy will reduce to 65 for the Wage Subsidy Extension and 62 for the Wage Subsidy Resurgence program.

Acquisitions

NRMA Parks and Resorts executed an offer to enter into a Business Sale Agreement and Lease Agreement for Holiday Parks at Mildura Riverside and Cowes Phillip Island. These parks are acquired for a lease tenure of between 18 and 30 years.

Tucker Box Hotel Group

Subsequent to year end, NRMA and Mirvac elected to commence a process for the potential sale of the Tucker Box hotel portfolio. Following 30 June 2020, the joint venture successfully obtained waivers with respect to its bank covenants from its syndicated lenders for the period to 30 September 2021. In addition, the unitholders of the joint venture have provided the Tucker Box Hotel Group with a Letter of Support of up to $1.5 million each for a period extending to 30 September 2021.

Directors' declaration

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

1. In the opinion of the Directors:

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

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2020 and of their performance for the year ended on that date; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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

On behalf of the Board

Tim Trumper
Chair and Director

Fiona Simson
Deputy Chair and Director

9 October 2020

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Roads & Motorists' Association Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Ernst & Young

Ernst & Young

Trent van Veen
Partner
Sydney
9 October 2020

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Road trip tales

We've always been passionate about road trips, encouraging Aussies to get in their cars and enjoy everything this country has to offer. They're about mateship, families, sharing experiences and above all the spirit of adventure.

Here are some road trip stories our Members shared with us, we hope it inspires you to get out and explore when it's safe to do so. Read about them on our website, **mynrma.com.au/roadtriptales**


Helen Watson


Rushantha Jayaweera


Brianna Cranfield


Arnie Gautsch


Leonard Smith


Robert Plante

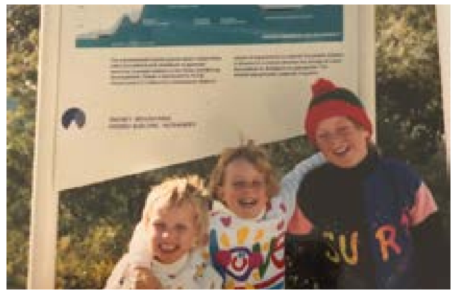

Fred Thorpe


Anna Gregg


Denis Baker

Samantha Schnoor

Susan Eckford


Elaine Trustum


Peggy Farrell


Georgina Chapman


Byron Carr


Daisy Message


Darren Farr


Diana Wood


David Brooker


Liam O'Toole


Louise Stack


Sue Hopkins

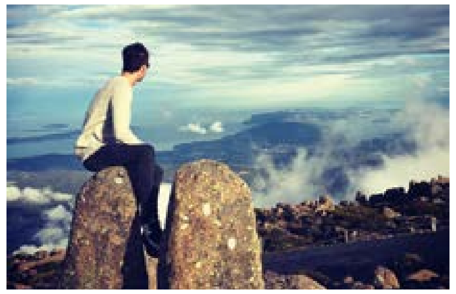
Laurie Hill


Alison Harding

Denis Baker

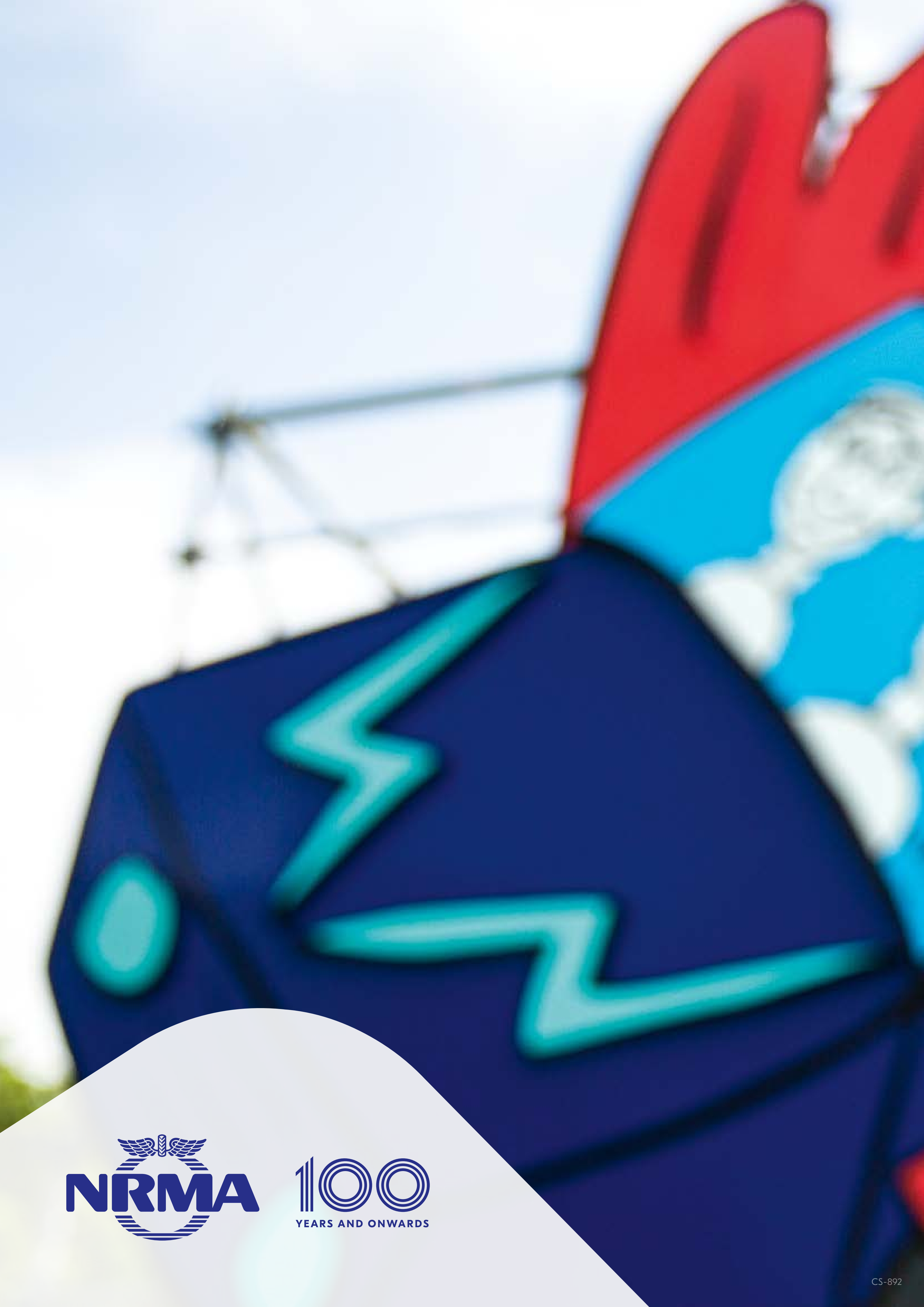
Robert Awad

Scott Osborne


Marie Leydon


Jacquelyn Croft


Andy ho Pui



NRMA 100 YEARS AND ONWARDS