

RACQ AGM 2021 CEO Speech

Thank you, Elizabeth, Brad, and good afternoon.

I know for many of us, 2021 has been a year of change and challenge, of striving to achieve amid uncertainty.

At RACQ, the second year of living through a global pandemic has also defined the determination and spirit of your Club.

Alongside our almost 1.8 million members, we are looking to the future, focused more than ever before on honouring our values of service and our underpinning purpose of making a positive difference in your lives.

This Christmas will again be one for celebrating together with family, with the Queensland Government's roadmap to opening the State now in place.

Our research shows our members want safety and certainty when it comes to plans for reopening Queensland, which is why we are strongly encouraging those who are yet to be vaccinated and can be - to do so as quickly as possible.

We continued to implement COVID safe plans this year, which put the health of our staff and members first. This allowed us to be there for you when you needed us.

This was made challenging at times with unpredictable changes in health and government advice especially in the south east corner, but our frontline staff especially, never missed a beat in being there for members.

I want to thank them and all staff for their dedication and tenacity.

As already mentioned, for FY21, RACQ's net surplus was \$56.5 million, which represents a solid performance from our core business lines of Assistance, Insurance and Bank.

Our Insurance business continued to expand, achieving \$1.09 billion in gross written premiums.

This measured against \$994.3 million in total insurance claims paid.

Still, when combined with freezing car insurance premiums for members through the initial stages of COVID-19, along with the rising cost of cars, their parts and repairs, coupled with increased crash rates, the insurance profit was quite subdued this year.

As a member owned mutual, we constantly aim to exceed expectations and better our service levels.

However, our response to the 2020 Halloween hailstorm in Springfield did not meet those standards.

Our response, communication and repairs were simply too slow.

And for this I apologise to any member where we did not deliver to the standard you deserve.

Importantly, we have overhauled our claims process. Recruited new people and have invested in training and improvements to our systems. I can assure you as we step into storm season, we are ready.

RACQ Bank's underlying financial performance improved during the year due to continued growth in loans and advances to members, a focus on maintaining sustainable margins whilst providing member value and lower impairment expenses.

Member deposits increased by \$93 million to \$2 billion largely funding loans and advances which increased by \$61 million to \$2 billion during FY21.

While the first few years of your Bank have been challenging financially, continued investment is going to ensure we can improve our products and services into the future.

This year we've introduced discounts for gold and silver members who refinance with RACQ Bank, streamlined processes to accelerate lending decisions and we now save bank members \$1 million each year after permanently removing most everyday transaction fees on deposit products.

As we continue to grow, members will see even more benefits coming their way.

Drive tourism exploded when Queensland's major lockdown ended, and our Roadside Assistance policies hit 1.34 million, with premium roadside policies growing to 42.8 percent of total roadside coverage.

We attended 776,000 roadside callouts across our vast State, and we were by your side in an hour or less, 92 percent of the time.

Last year during a period of the pandemic when Queenslanders were staying home and using their cars less, we paused motor vehicle premiums to ease the pressure on our members.

Insurance affordability is always top of mind for us, however there are several factors which are currently pushing up premiums.

As you would have seen in the media, house and car prices in Australia have been steadily rising over the past 18 months.

You would have also noticed, even in the last few months, an increased frequency and severity of storms and weather events, particularly here in Queensland.

This is putting rising pressure on the cost of reinsurance, the insurance we buy to ensure we have the financial ability to pay claims.

Homes are now costing more than ever to repair and rebuild as a result of COVID-19 pressures and a construction boom is driving up the cost of both labour and materials.

Similarly, cars are costing more and taking longer to repair and replace, also a result of COVID-19 induced factory shortages and delayed shipping.

This has become particularly noticeable over the last six months, and all of this together impacts insurance premiums.

As a result, members will notice increases in insurance premiums when renewing their home and motor insurance policies.

We are always reluctant to increase premiums, but given the scale of increases in the costs I just mentioned, we have simply have no other option.

Our advocacy and lobbying of governments for better and safer roads is something we remain passionate about and we'll keep striving for better, more affordable and sustainable transport options for Queenslanders.

The road toll this year is so terrible that we've increased our campaigning right across the State.

And with a Federal election slated for next year, we will work alongside the Australian Automobile Association to ensure Queensland gets its fair share of funding for improving our road infrastructure making it safer, flood resilient and less congested.

During this year we continued to refine our climate resilience strategy with the goal of helping members understand their own impact on the climate, to advocate for government policy and reduce the Club's carbon footprint.

We will set targets and commence emission-reduction initiatives to transition RACQ on a path to net-zero emissions.

We also want to make it easy for our members to improve their sustainability and our advocacy, research, and development in this space continues.

The RACQ Mobility Centre at Mt Cotton is proving vital in helping inform and enable members to make quality, affordable, and efficient transport choices.

We're continuing to encourage the uptake of low emissions vehicles, and as we see more members turning to EVs we are expanding our already strong network capability to service them.

We're also delivering a steadily growing network of destination EV chargers in partnership with the government, and ultra-rapid chargers in partnership with Chargefox.

We're examining other low-emission mobility solutions as well. Our RACQ Autonomous Bus public transport trial in Raby Bay was a great success this year, and we continue to contribute to regulatory reform to ensure the safe operation of connected and automated vehicles.

Your Club also wants to help members make other areas of their lives more sustainable. We plan to develop solutions for low-emission and resilient living, including home renewable energy and home climate protection.

Last year, RACQ formally set out its commitments to reconciliation in its first Reconciliation Action Plan, with one of the pledges to install Acknowledgement of Country plaques across the State, recognising the Traditional Owners of the lands where our businesses operate.

While COVID interrupted the rollout slightly, I was extremely proud to stand with our President in North Queensland in May alongside a local First Nations elder to officially unveil the Townsville plaque.

In line with our diversity goals, specifically gender equality, we have made improvements to our staff parental leave policy.

Anyone taking parental leave will now be paid superannuation on their 12 weeks of paid leave, and for up to an additional period of 14 weeks of unpaid leave.

Despite the pandemic, RACQ has adapted and even improved upon the community activities it is involved in, including the wonderful work of RACQ Foundation in assisting community groups impacted by natural disaster.

I was honoured to take part in my first RACQ Foundation Community Assistance Program just a few weeks ago, travelling to the North Burnett Region to help provide practical, hands-on support for local families and their towns, and a listening ear to help lighten their load.

Sustainability will be key for our members in every facet of their lives in the decades to come.

Connected and electric vehicles will form a big part of this, as will the sustainable choices we all make in our homes.

We will continue to help our members in this transition, as the need for assistance in these areas grows exponentially.

We know COVID continues to be the number one concern for members and all Australians, and we are standing with our community by strongly urging all who can, to get their vaccine as soon as possible.

Once we hit the critical mass in vaccination rates, we can return safely, and with certainty, to many of our pre-COVID ways of life.

I am honoured to lead RACQ into the year ahead and while the challenges of the pandemic are not yet over, we will continue to be there for our almost 1.8 million members whatever life throws their way.

Our incredibly hard-working RACQ staff deserve a great round of thanks for continuing to achieve for members this year, I appreciate all of their contributions.

Finally, I would like to thank the RACQ Board, and in particular Elizabeth Jameson, who this year began her tenure as President, for their continued support and guidance.