

PRESIDENT AND CHAIR'S AGM SPEECH

As you have seen in the opening video, there's much to love about RACQ. Also, as you saw, the Club sustained some heavy hits this past financial year with the worst-ever weather event in RACQ Insurance history and the discovery of several material regulatory breaches in the Insurance business.

On top of all of that, continuing Covid-related disruptions to global supply chains and growing geopolitical instability, including the tragic war in the Ukraine, have created an inflationary cycle not seen in more than two decades.

The impact on the cost of living of our members is severe. The rising cost of food, fuel, electricity and other essential services, as well as increasing insurance premiums, is top of mind for you and so it is top of mind for us, as our society braces for more of these difficult times predicted for the months and years ahead.

As we navigate all of this, our purpose - *'to make a positive difference to the lives of our members now and into the future'* - has never been more relevant or important.

This creed deliberately puts our members at the centre of everything we do. It keeps our focus sharply on the need to invest in better systems and processes that make life better for our members and our people every day.

But 'every day' is constantly and rapidly changing around us all. This creates both risks and exciting opportunities for RACQ. We choose to move with these constant changes, rather than being left behind, embracing new ways to deliver for our members, while building on what we know is long-lasting and valuable.

This choice goes to the core of our vision to help *our members live and move safely, securely and sustainably* while preserving and enhancing Queensland's liveability.

In FY22 despite the significant challenges, we have made real progress towards that vision, reshaping and aligning our operations behind three strategic focus areas: mobility, home, and member and community.

Before I speak to the progress made and the opportunities ahead, let me cut to the chase and speak to the challenges we have tackled this year.

Historic floods

As we face a third successive La Nina year, climate risk is having a severe impact on our members and their communities. There is no better example than one of the worst and costliest weather events in Australia's history in February this year.

The 'rain bomb' dumped hundreds of millimetres of rain over a three-day period across the south east and northern New South Wales. RACQ received more than 15,000 claims and the event tested us and the whole insurance industry.

Strained supply chains and inflationary pressures brought a shortage of building materials and trades, exacerbating delays and pushing up costs.

The financial performance of RACQ Insurance was, to say the least, materially impacted as detailed in our financial report which I'll come to shortly.

Also impacted by the February floods was our Roadside Assistance business. Called to action with a 20 per cent increase in calls from members, the RACQ Assistance contact centre and our patrols responded with their trademark speed and effectiveness to get our members moving safely and securely.

And, thanks to your loyal support, the marvellous RACQ Foundation was again able to help flood-affected community groups recover, donating \$2.1 million to assist 73 groups, as well as supporting Lifeline Queensland with \$50,000 to deliver vital psychological first aid to almost 400 flood-affected people.

And let's not forget the State's Air Rescue Network, including LifeFlight, proudly supported over the decades by RACQ, that conducted lifesaving rescues of dozens of people throughout Queensland during that event alone.

Looking to the future, we are already working to increase our advocacy for greater disaster mitigation measures to focus on prevention and make our communities more resilient in the face of increasing climate risks.

Pricing promises

Unfortunately, however, the floods weren't the only or even hardest battle we fought at RACQ this year.

Equally devastating for RACQ Insurance and so for our members, we identified several regulatory breaches in relation to our pricing disclosure practices extending back several years.

Whilst this was deeply disappointing, importantly we identified and self-reported these unintentional disclosure breaches as soon as possible to the corporate regulator, ASIC.

As you would rightly expect, this has occupied an incredibly large amount of the board and management's time, as we work to prioritise and resolve these matters through refunds to eligible members, with assistance from external experts.

From the perspective of the responsibility and accountability of the board, we have looked inward to identify the root causes of these occurrences at both a governance and management level.

As a result of its findings, the board has escalated the timeframe and increased the level of investment in simplifying our products and processes and strengthening our risk management systems.

These will not be quick or short-term fixes. We expect around two years of truly transformational work to create a 'stronger, better and faster' RACQ.

I repeat our apology to members but more importantly, I affirm that these steps are being taken in an effort to ensure that nothing like this occurs ever again.

Business performance

The extraordinary events of the past year have had a significant impact on RACQ's financial-year performance with the Group recording a total deficit of \$245 million after tax.

This includes a material provision of \$212.8 million for refunds to members arising out of the pricing promises review, as well as the impact in our insurance business of above normal natural hazard claims, high CTP and motor claims costs, and unfavourable investment markets.

As a result, Insurance posted an after-tax loss of \$236 million. This was counter-balanced, amongst other things, by a small but pleasing profit of \$2.3 million as RACQ Bank continues to grow steadily, while Assistance delivered another sound \$16 million profit.

RACQ has faced an exceptionally tough year, but I want to reassure members that we remain financially strong to deliver on our commitments and support ongoing operations well into the future.

Technology

Finally on the topic of challenges, as our members rightly demand that we increase our digital offerings, we must maintain constant vigilance to managing the very real cyber security risks.

Recent cyber security breaches involving some of Australia's leading companies and brands, have also rightly caused members to raise questions about RACQ's data protection and security capabilities.

David will speak to the management of these risks but at the governance level, these risks are actively overseen by our Board Risk Committee. RACQ invests in an ongoing and comprehensive cyber resilience program to continually uplift our cyber security capabilities, knowing that the tools and techniques cyber criminals use, also continually change.

We have this year acted and brought forward initiatives that were already on our cyber resilience roadmap. They include a tool that will scan for the same vulnerabilities we understand were at the centre of the Optus breach and investment in ransomware recovery capabilities.

In addition, we have engaged independent expertise to verify our position on the security of personally identifiable information.

Making a Positive Difference

The challenges are indeed many. But when we get out on the road, into schools undertaking our education programs, out to MotorFest or our Mt Cotton mobility centre, into our stores or online with our people and our members, we are constantly reminded of the wonderful work our people do every day to make a positive difference to the lives of our members and their communities.

This year's annual board/executive regional visit to the Wide Bay region provided just such a reminder.

In Maryborough we witnessed first-hand the devastating impact of flooding on our members and local organisations. But we also heard and saw the positive difference made to those same members by the people in our Insurance business and our stores and patrols living the key RACQ value: Being of Service.

In Bundaberg we met with local leaders and loyal members at the LifeFlight hangar to see and hear about its wonderful life-saving work with RACQ's support.

The RACQ Foundation continued its amazing work throughout Queensland in drought and flood-affected communities this year.

For the first time this year the Foundation also partnered with the Yarrabah Aboriginal community supporting their local RSL and football club in particular.

I was honoured to be there to be part of the equal exchange of our volunteer time on the tools and paint brushes for their community Elders and children, sharing with us their beautiful country, their traditional language and dance. I would like to formally thank everyone in Yarrabah for their warm welcome.

I also want to pay tribute to the dozens of RACQ staff who volunteer their time to the Foundation. I make special mention of one of our volunteers, Albert Budworth. To understand another key RACQ value - generosity of spirit – look no further than Albert, former historical vehicle fleet manager and all round RACQ legend.

Retirement hasn't stopped Albert from volunteering for no less than 17 out of 18 Foundation trips over the past six years, including Yarrabah and the just completed Texas and Goondiwindi trips. There's nothing like the smile Albert brings to many farmers' faces as he works his mechanical wizardry, sometimes even starting valuable heavy farm machinery that hasn't started in years.

I take the opportunity to acknowledge Foundation Chair and Past RACQ President, Bronwyn Morris, and the members of her board for their priceless guidance and support, enabling the Foundation to deliver these outcomes for Queensland community organisations in need.

Our rich history as a motoring club continues to give us a strong voice, clearly heard by both state and federal governments, which we use to advocate for greater funding for better safer roads and fairer fuel prices, and to educate our children to be safe on and near the road.

Truly exciting too, we are playing an increasing and active part of the next great transition in motoring. We have recently responded to the Federal Government's National Electric Vehicle Strategy – and have placed Queensland's unique needs at the heart of our response.

Faced with the societal shift to decarbonise transport, we are committed to providing trusted advice, ensuring our members have the right information so they can confidently transition to a low-carbon future. This advice platform will launch on RACQ.com in December.

This shift will be many years off for many of members, but the decade ahead will doubtless see an exponential increase in the uptake of electric vehicles, and renewable energy.

It's this intersect, between the car and home, that provides RACQ with new and exciting opportunities.

In light of this, your Club has expanded its capabilities carefully beyond roadside assistance, insurance and banking with the acquisition of GEM Energy, now RACQ Solar.

We have also increased our investment in the expanding Chargefox electric vehicle charging network and launched our green loan products, as just some of the initiatives that enable us to participate in new and growing markets that are relevant to our members.

For the Greater Good Report

To read about these and many other positive community impacts made by RACQ I refer you to our first-ever *For the Greater Good* Report published alongside our Annual Report in late September.

The release of this report recognises the need for organisations like RACQ to be more transparent about what they do and how they do it. It was an important step forward in our transformation towards our 2030 strategy as it outlines our progress across a range of environmental, social and governance pillars.

In coming years, you can expect this report to detail more about our targets and initiatives to improve how our business operates, contributes to Queensland's economy, and delivers on commitments towards net zero emissions.

Constitutional changes and board renewal

And, finally, to the board itself.

At last year's Annual General Meeting, you the members adopted a range of RACQ constitutional changes. Among other things, you agreed to modernise the way board members are elected and appointed.

2022 is the first year of director elections under the new provisions which, amongst other things, allows all members throughout Queensland to vote for the two available director seats, one based in south east Queensland and one based in regional Queensland.

Two sitting directors facing re-election today are Annabel Dolphin from Mackay in north Queensland and Leona Murphy from the Sunshine Coast in the south east.

Both are experienced RACQ committee chairs and Leona has served most ably as Vice President and Deputy Chair for the past two years. As their bios demonstrate they each bring vital skills, along with strong personal attributes, to the board and organisation.

This year's AGM also marks 12 months of operation of what was effectively a new board at the close of last year's AGM.

With the carefully planned cycles of board turnover at RACQ, 50 per cent of our directors today have served for less than two years and the remainder, other than myself, for less than seven years.

A conscious approach to board renewal has been enormously beneficial to RACQ as we faced so many difficult issues this past year. This was a case not only of having the right capabilities at the table, but critical and objective fresh perspectives when we needed it most.

I thank each and every one of my fellow board members for bringing their skills, experience and exemplary care for our members to the RACQ board table over the past year.

Indeed, with the refreshed board now working together cohesively and energetically like a well-oiled machine and at least two years of systems and process transformation work ahead of us, I have reached the personally difficult decision that it is appropriate and responsible for me to step down at the conclusion of this year's AGM.

Given my tenure as President and Chair only permits me to serve in this role for up to one more year, I believe now is the right time to hand over the reins. This will leave the path clear for a

new chair to be selected by the board to guide it through the multi-year transformation that has just begun.

Importantly, the next President will no longer be subject to the three-year limit on the role, which you, the members, of course voted to remove at last year's AGM.

The board will meet following the AGM to make its selection of the new chair and I know will promptly advise members of the outcome. I also know with 100 per cent confidence that you will be in good hands with this board, and its new chair, supporting the exceptional executive leadership of David Carter and his team.

It has been my honour to serve you, our members, as a director for the past 14 years and particularly for the past two years as President and Chair.

I would also like to pay tribute not only to today's board and executives but to the many superb board and executive colleagues, and particularly past presidents, with whom I have served and from whom I have seen only unqualified dedication to RACQ, its members and its people over all those years.

In closing

In closing, I would like to sincerely thank David and his senior executive team for their sheer hard work this year.

I cannot speak highly enough of David's extraordinary leadership throughout the year, especially bearing in mind that the origins of the pricing promises matters outlined earlier pre-date his appointment by many, many years.

But my final thanks is a combined one – to our almost 1.8 million members whose great loyalty and love for RACQ is always evident even through such a difficult year as this one – and with them to our equally amazing people who turn up and serve up that 'yellow truck feeling' to our members every day.

Thank you one and all.