



# ANNUAL

*Report*

2021-2022





2022 was a year of evolution for the AA.

We focused on being there for our Members, no matter what, and setting in motion our plans for a stronger future, to ensure we stay by our Members' sides at home, away, on the road and in times of need.

### *Our values*

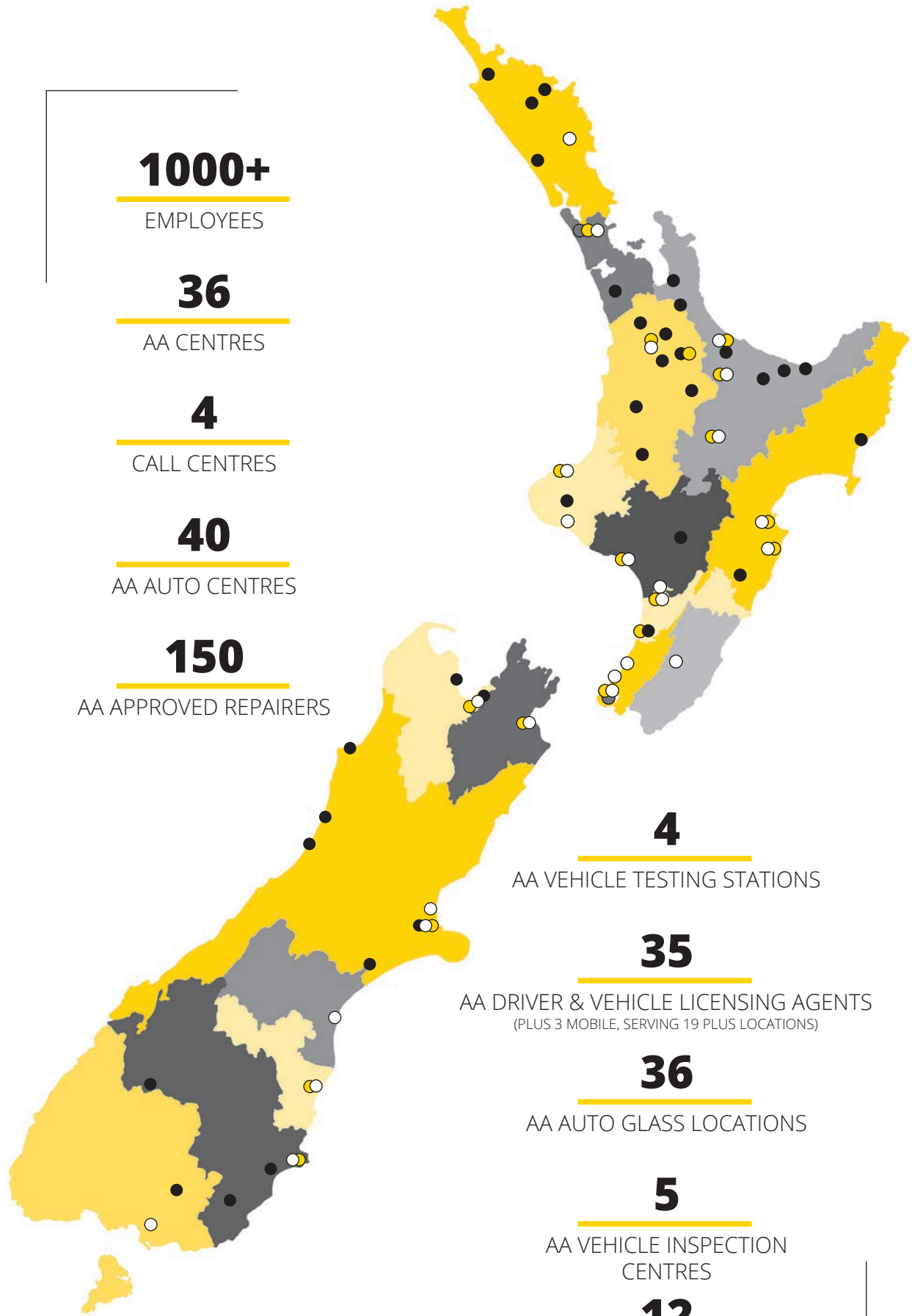
*We're*  
**honest**

*We're*  
**friendly**

*We're*  
**experts**

*We*  
**solve it**

*We're*  
**a team**



**1000+**

EMPLOYEES

**36**

AA CENTRES

**4**

CALL CENTRES

**40**

AA AUTO CENTRES

**150**

AA APPROVED REPAIRERS

**4**

AA VEHICLE TESTING STATIONS

**35**

AA DRIVER & VEHICLE LICENSING AGENTS  
(PLUS 3 MOBILE, SERVING 19 PLUS LOCATIONS)

**36**

AA AUTO GLASS LOCATIONS

**5**

AA VEHICLE INSPECTION CENTRES

**12**

THIRD PARTY COMPLIANCE CENTRES

**KEY**

- AA Centres
- AA Motoring sites
- AA Driver & Vehicle Licence Agents
- AA Offices



**AA Home**

**AA Money**

**AA Traveller**

**AA Motoring**

**AA Insurance**

**AA Life Insurance**

**AA Travel Insurance**

**AA Pet Insurance**

**AA Health Insurance**

**AA Motoring**

**Battery Service**

**AA Motoring**

**Driving School**

**AA Smartfuel**

# 2022 *at a glance*

**1.84M**  
AA MEMBERS

**2%**  
MEMBERSHIP GROWTH

**65,000+**  
INSURANCE POLICIES ISSUED

**450,000+**  
AA ROADSERVICE JOBS FOR THE YEAR

**800,000**  
DRIVER LICENCE TRANSACTIONS

**120,000**  
LEARNER LICENCE TESTS

**800 TONNES**  
OF SCRAP METAL RECYCLED BY AA BATTERY

**UP TO \$200,000**  
MEMBERS SAVED AT BURGERFUEL, PITA PIT  
AND MAD MEX RESTAURANTS NATIONWIDE

**\$7.9M+**  
MEMBERS SAVED ON THEIR FREE EYE TEST AT SPECSAVERS

**\$650,000+**  
MEMBERS SAVED AT TORPEDO7

**67,000+**  
MOVIE VOUCHERS BOUGHT FOR EVENT CINEMAS



AA CEO **NADINE TEREORA**

## *A letter from* **OUR CEO**

As I look back on my first year as CEO of the AA, I am proud of how we have continued to serve our Members inspite of extremely challenging operating conditions, and for a third consecutive year.

Our people have shown remarkable resilience, and the compassion for our Members, customers, wider-communities and colleagues has been exceptional. I have no doubt as to how the AA has maintained such a strong reputation of trust amongst Kiwis over the past 120 years.

The dedication of our people and our customer-first ethos, along with the strength of our brand enabled the AA to navigate the year's turbulence and while our services were impacted our Membership grew by 2% to almost 1.84m Members.

While it is modest growth, in a year with low immigration and skyrocketing costs-of-living, it's incredibly pleasing, and humbling, to know that Kiwis continue to see value in being an AA Member.

Disappointingly, but not alarmingly, we recorded a trading loss for the first time in many years due

to the turbulent trading environment experienced globally. However, our Association has been built with resilience, we remain in a strong position and continued to deliver on our existing products and services.

One of our greatest strengths is our founding notion to provide a quality service to Members and we bolstered this commitment by setting a new strategic intent. This renewed approach has given us fresh focus on what we must do to ensure the AA continues to meet the needs of Members and is set up for another 120 years of success.

We have already made good strides here with the roll out of our EV mobile charging vans and Rapid Recovery Vehicles as well as the extension of our roadside assistance service to cover bicycles and e-scooters alongside e-bike cover. Work also got underway to build our digital maturity and deliver a seamless customer experience, and as part of this we were pleased to bring our AA Driving School platform, AA Driver's Seat/AA Te Kaiurungi to market.

As we move into FY23, we expect operating conditions to remain challenging however we have a solid team with the expertise and experience we need to navigate this and drive the next phase of our legacy.

We welcomed Phil Coster and Kath Woollard to the Senior Leadership team in their respective roles of Chief Technology Officer and Chief Experience Officer to support our work mapping the best possible experience and helping Members easily connect to everything that is available within the AA network.

Our first ever Chief Mobility Officer, Jonathan Sergel, was also appointed, clearly signalling our evolution beyond simply supporting cars, to helping our Members in whatever mobility choice they make.

Our renewed intent puts us in strong shape. I am confident in our strategy and how we are organising ourselves to achieve it. We are investing in systems and infrastructure and are building the capability of our people, and above all else, our proud history of service continues to underpin our next steps into the future. I am excited about the opportunities ahead and am eager to see what we will achieve.

To conclude, thank you for your support and for continuing to choose the AA.

I would also like to recognise Gary Stocker who concludes his three-year term as President on the AA Board this year. Gary took on the role as the pandemic emerged and his three years have been unlike any other. Nevertheless, his leadership and steadfast commitment to the AA has served us well over this turbulent period. On behalf of everyone at the AA, we wish Gary, Ann and the rest of the family all the very best for the future.

Ngā mihi nui

Nadine

# A letter

## FROM OUR DEPARTING PRESIDENT



Despite another year that was not without its challenges, the AA has made good progress and we were steadfast in our commitment to Members. We continued to deliver new benefits, and, pleasingly, our Membership continues to increase.

This is a significant accomplishment given the turbulence of the year. Early on, we were again affected by Covid-19 with Auckland in lockdown for over 100 days and the rest of the country also spending time under restrictions. The second half of the year saw us navigate the ongoing impacts of the pandemic alongside global events which delivered a cost-of-living crisis, a tight labour market and supply chain challenges alongside high rates of winter ills and several major weather events.

I want to commend our 1000+ team members, Board, National and District Councillors for their resilience and hard work; they truly make the AA what it is and are the heart of our business, and despite a barrage of challenges they have continued to rise to the occasion.

While the environment around us is still somewhat volatile, we are in good stead for the future as we enter an exciting new chapter in our history, led by our new CEO Nadine who joined us in February 2022.

Since taking the helm, Nadine has made good inroads in shaping our future direction to ensure the ongoing success of the AA, and that Membership is truly indispensable.

This work resetting our strategic planning, has brought focus onto the things that we need to do as an organisation to remain relevant and meaningful to our Members now and into the future, no matter what mobility option they choose.

As we approach our 120th year, we do so with a fresh purpose, clear priorities, a deeper understanding of what we need to do for a successful and sustainable future as well as an invigorated commitment to deliver outstanding service to our Members.

With this plan, I am confident that the AA is poised for a prosperous future, and I look forward to the journey taking shape. Our foundations are strong, and we have the ability to adapt and be flexible, so while times may still be uncertain the AA's reason for being is not, and this will serve us well as we look to FY23 and beyond.

As I look back at my three years as AA President, while it has not been what I expected, I have relished the position, it has been honour and privilege and I am proud of what we have delivered.

In closing, I want to thank our Members and the New Zealanders who have continued to support and place their trust in us. Thank you also to Nadine and the AA Executive Leadership team who have done a stellar job of steering the ship, and to my fellow Board Members, in particular Vice President Mark and our National Councillors, for their ongoing support.

Thank you and go well.

Gary

# Setting our STRATEGIC DIRECTION

The foundations for the AA's future success were laid in FY22 with a new purpose and strategic intent outlined to guide the Association's focus over the next five years.

The AA has played an important role in the lives of New Zealanders for over a century, and this work seeks to ensure that the AA's role remains meaningful and relevant for many more years to come.

"It's about being match-fit for the world around us, today and in the future," AA Chief Strategy Officer Mark Savage said.

"Times have changed rapidly, particularly so in recent years, and as we draw ever closer to celebrating our 120th anniversary next May, we want to build on our previous accomplishments and ensure that we are sustainable for the next 120 years.

"That means continuously evolving to meet the needs of our present and future Members, so our new purpose and priorities have been developed to help us achieve this."

In setting the new strategic direction, Mark said a raft of research was undertaken and AA Members, employees, business partners and Board representatives were consulted to identify common concerns and make clear what role they wanted the AA to play.

"It's a huge privilege to have the trust of 1.8m New Zealanders and play a part in so many different facets of their lives, so listening has been a critical part of this process to shape our future direction.

"We had some great conversations which pinpointed several key areas that resonated universally, and which underpin our over-arching purpose and intent."

Firstly, what makes the AA unique, Mark explains, is that the AA is first and foremost a Member organisation and caring for Members is at its core.

"Our Members make the Association. We exist for them, they are our DNA, so delivering value to and for them is our "why" and that means caring about the things that are important to them; how they travel, where they live, and the environment that all of us in Aotearoa share and have responsibility for."

With this in mind, three focus areas have been laid out as the cornerstones for action: **Member Loyalty & Engagement, Sustainable Mobility, and a Connected, financially sustainable and powerful AA ecosystem.**

Secondly, is the Association's new purpose: **Caring for our Members and the people, spaces and places that are important to them**, which Mark explains aims to clearly encapsulate why the AA, and the host of Member Benefits and services it provides exists.

And thirdly, encircling both the purpose and strategic priorities is a new strategic intent: **To be the most loved, trusted and connected brand in New Zealand.**

**Our reason  
for being**

**Our strategic  
priorities**

**Strategic  
capabilities to  
enable success**



“We know that we are already well placed in the trust stakes and want to push further to attain the kind of emotional bond that truly makes a brand integral to New Zealand,” Mark said.

“Being loved, trusted and connected means we understand what’s important to our Members and their changing needs, and in turn they know exactly what we can offer to make their lives easier.”

To support the accomplishment of these objectives, the AA has realigned its operating model. This includes the pivotal Chief Mobility Officer role, which will continue to develop the AA’s already strong set of core vehicle, driving and mobility related services and extend these into sustainable mobility, as Members seek to use these solutions more.

“While the AA is famous for AA Roadservice, we have become so much more than that - mobility reflects this and how the world is evolving,” Mark said.

## AA Strategy



**Purpose:** Caring for our Members and the people, spaces and places that are important to them

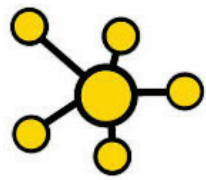
**Strategic intent:** To be the most loved, trusted and connected brand In New Zealand



To transform loyalty, relevancy and engagement with our Members



To lead Members in the transition to more sustainable mobility solutions



To establish meaningful & diversified new revenue, leveraging the power of the AA ecosystem

**Growth culture • Digital maturity • Data enabled • Service experience • Business agility**

# TAKING THE AA INTO THE FUTURE

## *Evolving mobility*

Former AA General Manager Motoring Services Jonathan Sergel has been appointed as the inaugural AA Chief Mobility Officer and is tasked with guiding the Association to achieve its new goal of leading New Zealand in the transition to more efficient and environmentally-friendly mobility solutions.

"I'm delighted to be taking on this role, which represents an understandable evolution for the AA.

"It's definitely a ground-breaking role for the AA, but at the same time it makes perfect sense because Kiwis already see us as the place for trusted information on all things mobility, and we want to keep building on the relationship that already exists."

For Jonathan, mobility is an evolving and holistic term, and he will work to provide clarity to Members and help them make safe, sustainable choices no matter what mode of transport they choose.

"Mobility is all about integrated transport solutions, now and into the future, and what it means today, in a few months, a year or even in five years, will be different.

"It's all encompassing and it's only going to evolve more and more rapidly, so my role will be to make sure that our Members, and all New Zealanders are able to keep pace with that change, with all the information that they need at their fingertips.

"We want to help our Members to make informed decisions on all the transport solutions they own or use, and provide the services they need to support them."

Jonathan said the role also encompasses the AA's own mobility decisions and the service Members receive on the roadside in the future.

"We're conscious that while we have the experience that being in the industry for nearly 120 years brings, we need to keep modernising and improving our roadside services and products - we want to keep surprising and delighting our Members, and providing even more little extras that can really turn

what starts as a bad day if you've broken down by the side of the road, into one where you're grateful that you've had the experience you did."

"And the same if you are getting your vehicle serviced or a Warrant of Fitness, we want it to be a flawless customer experience, where you leave knowing that everything's been taken care of and you can have that peace of mind, no matter what type of vehicle you are driving."



# EVOLVING *Technology*



Chief Technology Officer Phil Coster joined the AA part way through the year and now is full steam ahead with leading a significant IT digital transformation, which is shaping up to be the biggest digital shift the AA has ever seen.

Hand-in-hand with the advent of the 2030 strategy, and critical to the AA's freshly laid intent to become the most loved, trusted and connected brand in New Zealand, Phil said the IT digital strategy aims to support the delivery of a raft of innovations and initiatives that generate greater value for AA Members, customers and employees.

"It's an exciting time in the AA's history, we're revitalising the IT digital strategy and looking out at the next 5-10 years in terms of the opportunity for Members and for driving growth and driving loyalty, and IT is at the heart of all that.

"When you look at the AA's overarching strategy and the key priorities, IT and digital touch every part. Our team must mirror the organisation's ambitions, and position ourselves in a way that not only supports the organisation to succeed but also enables change and growth."

For Phil that means moving beyond a traditional IT service approach and shifting to a business partnership model.

"IT, across many organisations, has long been considered a support function but this is no longer the case and I believe that IT should also be an enabler and drive success through delivering value internally and externally.

"This is a big part of our transformation, and our aspiration as AA's Information Technology and Digital team is to be a business accelerator with the capability to collaborate, identify opportunities for growth and innovation and be responsive to the needs of the organisation.

"It's a move from being 'just IT' to the digital engine of the AA."

As a diverse and multi-faceted organisation, Phil acknowledges that this shift comes with plenty of complexities but says the opportunities are greater.

"Our commitment to meeting the needs of Members is front and centre to this transformation, and this work will ultimately deliver significant value to Members.

"We've seen unprecedented change in recent years and the rate of change continues to be rapid. To remain relevant and deliver the high standard of service our Members expect we have to keep pace, upskill and evolve as our Members and technology do.

"If we're going to make the AA a truly loved, trusted and connected brand it's essential we deliver value at the right time and in the right way, and to do that we must understand and engage each Member more personally, which we can only do by knowing them better.

"There's immense benefit both internally and externally in this. We'll operate more efficiently, be able to meet demands faster, be more resilient, more flexible, have stronger security and, ultimately, deliver Members and customers a simplified yet more meaningful experience."



# HOW WE CREATED VALUE IN FY22

*Roadside rescue just a phone call away*

With over 450,000 callouts, it was another busy year for Roadside Solutions.

As essential workers, this frontline team again faced the brunt of the pandemic navigating restrictions and battling Omicron and winter flu outbreaks alongside operational cost pressures and labour shortages, which led to a greater reliance on the contractor network.

However, amid the disruption, high levels of service were maintained with Service Officers arriving within 60 minutes 79% of the time. Flat batteries were once again the leading reason AA Members called on AA Roadservice, closely followed by breakdowns needing a tow truck.

In recent years, demand for towing has steadily increased as the evolution of vehicle technology has made it harder to mobilise a vehicle on the roadside. In response, the AA launched a Rapid Recovery Vehicle (RRV) service.

Designed to take some of the time and hassle out of a vehicle break down, the RRV removes the need to call for a tow truck. Instead, it deploys its trailer, lifts all four wheels of the broken-down vehicle and does the towing itself. It takes around 10-15 minutes to load a vehicle and as an RRV can lift up to 2.4 tonnes it's able to carry most personal vehicles.



AA General Manager Roadside Solutions Bashir Khan said the RRV complements the skills of AA Service Officers and is an important part of the future of AA Roadservice.

"We know how frustrating it is to have to wait for a tow truck if we're unable to get you back on the road, and our RRVs aim to mitigate that.

"By investing in these trucks we've halved waiting times at jobs where a Service Officer needs to call a tow truck and are reducing operating costs and carbon emissions through the reduction of second leg jobs.



“We’ve also been able to expand into areas, like Queenstown, where it’s not been feasible for us to provide service previously.”

Eight RRVs are currently in operation across the country and plans are in place to grow the fleet and improve the scope of these vehicles in FY23.

Bashir said the RRV is just one way the AA is evolving roadside service and good progress was also made this year to ensure Members are supported whatever their mode of transport.

“As our Members favour more sustainable and active modes of transport we recognise our offer needs to reflect these mobility choices.

“Following the success of our inaugural EV mobile charging van launched in Wellington last year, we were pleased to deploy vans into Auckland and Christchurch, and also complement our roadside e-bike cover with the addition of bicycles and e-scooter cover.”

Rounding up a successful, albeit challenging, year for the division was record Membership numbers for Business Vehicle Solutions (BVS), the arm of AA Roadservice that provides services to vehicle-based Members such as insurance companies, motor vehicle dealerships and car and campervan rental companies. BVS ended the year with a record 743,000 vehicle-based memberships.

The division also successfully won three new significant business customers (Polestar, Ezi Rentals and ETCO) and resecured three major accounts (BMW, GWM/HAVAL & Hertz Rentals).



# PROVIDING PEACE OF MIND

with AA Plus

AA Plus has gone from strength to strength this year with a third of AA Members now choosing to upgrade their Membership with AA Plus and minimise the expense and disruption of a major breakdown away from home.

"When you're out on the road and far from home the last thing you need is the hassle, delay and expense of an unexpected vehicle breakdown," AA Club Developments General Manager Dougal Swift said.

"With AA Plus you've got peace of mind that you won't get caught short in an unfamiliar place and can get your travel plans back on track."

For AA Plus Member Jandy Thomson, that's exactly what happened when car trouble came calling on an out-of-town work trip and Jandy found herself in an unfamiliar city, late at night with no way to get home.

It's a scenario a horror movie could start with, but for Jandy the evening wasn't the stuff of nightmares and instead an "adventure" she remembers fondly thanks to the service she received as an AA Member.

"I'd driven from Auckland to Hamilton and about 10 minutes away from where I was headed, I noticed a strong smell coming from my car's engine. I was following the sat nav and really had no idea where I was so forged ahead to make it the meeting," Jandy recalls.

"After the meeting we looked under the bonnet but neither myself nor my clients knew much about cars, and I quickly realised help was needed. By this time, it was past 7pm and with no-one about my clients suggested I drive to a nearby service station.

"I made it there and called the AA, who said to hold tight, a Technician would be there soon. I thought it could take a while and it wasn't likely to get home for the night, so although the Service Station was closing and I couldn't get inside, I managed to get a hot chocolate, magazine and toothbrush."

## From bad to better

When the Technician arrived, he delivered Jandy the bad news that the car wasn't driveable and that it would need to be towed to a repairer. As an AA Plus Member, Jandy's Membership covered the towing as well as an emergency rental car and accommodation as she was more than 100km from home.

A quick call back from the AA Customer Service Representative confirmed that both had been organised and that a taxi would come and take her to a motel. With a bed for the night sorted and the car safely towed you'd think that's where the story ends but for Jandy what followed exceeded all expectations.

"The tow truck operator could have easily taken the car and gone but he was mindful that I'd be stranded alone in an industrial sub-division with no-one around, so he waited with me and asked if I needed anything.

"I really needed a restroom but with the Service Station closed there was nowhere to go, so he suggested we drive in his truck up to the nearby Warehouse which was open until midnight, it was incredible service and I was so thankful for his kindness."

By the time Jandy eventually got to the motel it was nearly 11pm, but the concierge had waited up and much to her surprise had the foresight to think about what she might need. Jandy had expected she might get a cup of tea and with any luck some snacks from a mini-bar, instead she was surprised to find a man waiting with a Chinese takeaway menu.

"I was blown away, the hotel concierge had convinced the next-door Chinese takeaway to stay open until I arrived so that I could get a proper meal. The concierge was also aware that I'd have nothing with me and let me know Kmart was open late and just a short walk away," Jandy said.





“ It could have been a stressful experience but was quite the opposite ”

“I dashed to Kmart for a few essentials and arrived back to a freshly made sweet and sour fish. I couldn't believe the service I was getting; it was gold.

“It could have been a stressful experience but was quite the opposite. Every person I encountered had thought ahead about my wellbeing and gone out of their way to make sure I was taken care of.

“It was just amazing, and I was able to get a good night's sleep feeling confident that in the morning a taxi would be waiting to get me to the car rental office”.

### DELIVERING REASSURANCE

Having been an AA Member for many years, and only needing to call for roadside assistance once before, it would have been easy for Jandy to wonder what she was paying for.

“My AA Membership took all the problems away. I'd been a Member for years and while this was only the second time I've had to call for help, the service I received was worth every penny.

“For someone like me who drives frequently out of town alone, it made me realised how vulnerable I could have been without it. And I'm sure there are many others who could find themselves in a similar situation.

“The peace of mind knowing that help is just a phone call away is fantastic, and I wouldn't be without it.”

“ It was incredible service and I was so thankful for his kindness ”

# GIVING A

## *helping hand at home*

DIY may have long been a quintessential Kiwi pastime, however if the popularity of AA Home is anything to go by, Kiwis are, perhaps, now preferring to down tools and call in the professionals.

Online bookings for minor maintenance, installation and repairs through AA Home Book a Job were up a phenomenal 209%, while AA Home Response emergency jobs were up 77%. Overall subscriptions to AA Home Response grew 9.5% year on year, and AA Home Response Plus by 27%.

Launched last year in Auckland, and quickly expanded to Hamilton, Tauranga and Rotorua, AA Home Book a Job is now available in 13 regions across the country. It provides access to AA approved tradespeople for minor home repairs, installation and maintenance services related to electrical, plumbing and locksmith jobs. Handyman jobs can also be booked in some areas, with air conditioning services also being trialled.

AA Home Commercial Manager Bek Wall, is delighted with the progress of AA Home Book a Job and believes the offer is truly resonating with Kiwis.

“The AA has built a reputation for being there for Kiwis in times of need as well as providing useful, trusted advice. Book a Job is a natural extension to our existing emergency response subscription service.

“Our homes are often our biggest asset, requiring maintenance to stay in good condition, but we often don't have the time or skills to do the jobs ourselves. It can also be costly if you get things wrong.

“People are often nervous about choosing a tradesperson. They're lots of horror stories out there and while most tradespeople aren't cowboys, the peace-of-mind that you're getting a trusted professional with AA Home Book a Job goes a long way.”



**Awesome service,  
will keep using!!**

**I found the  
tradesperson easy to  
relate to, extremely  
practical and quick to  
carry out the repairs  
needed. Would readily  
use him again.**

**Very friendly and efficient.  
He took time to explain  
everything too. Thank you!!  
Highly recommend.**





# MEETING

## motoring needs

AA Motoring Services continue to provide a one-stop shop for all motorists' vehicle servicing and repair needs.

An AA Auto Centre opened in Whakatāne, increasing the group to 40 across New Zealand and three motor vehicle traders joined the Preferred Dealer Network, launched last year to give motorists greater confidence buying a car, bringing that Network total to 29.



“Despite a turbulent year we remained focused on enhancing our products and services and were pleased to grow our network and achieve year-on-year sales growth for a third year running,” AA Chief Mobility Officer Jonathan Sergel said.

“To again see growth throughout the Auto Centre network with both new stores and existing stores seeing increased turnover, is absolute testament to the hard-work and dedication of our people.”

While lockdowns grounded operations, once restrictions lifted there was a surge in demand for Warrants of Fitness (WoFs). In total over the year more than 70,000 WoFs were completed.

Restrictions also hampered the used-car market, with nearly 30% less vehicles arriving to our shores in the FY22 calendar year than in the year prior. However, despite this, the volume of Entry Compliance inspections undertaken by the AA grew by 9.46%.

Motorists also continued to seek advice from the AA by way of the free motoring advice consultation. The AA Motoring Blog also remained popular receiving almost 700,000 unique visitors. AA Motoring experts also regularly published car reviews and motoring advice through the blog and in media and wrapped up the year providing their expertise as AA DRIVEN New Zealand Car of the Year judges.

Motoring Services also represented the AA on two automotive product stewardship working groups governed by Auto Stewardship New Zealand: Tyrewise and the Battery Industry Group.

During the year, Tyrewise implemented the country's first tyre recycling scheme, which will see the 6.5m tyres that reach their end-of-life annually, recycled.

Jonathan believes the scheme will be revolutionary in terms of New Zealand's sustainability efforts.

“Confirmation of a 2023 start for Tyrewise is a positive step forward in the automotive industry's desire to mitigate its environmental impact.



“Tyre stockpiling, illegal dumping and harmful disposal has long been a concern, and Tyrewise gives the industry clarity while also ensuring all appropriate parties contribute.

“We are thrilled the start line is in sight and while it has taken time, we are hopeful this work will ensure the success of this scheme.”

# BUILDING BETTER

## *Driving education*

AA Driving School has long been committed to ensuring Kiwis know how to drive safely, and this year new Member Benefit AA Driver's Seat/ AA Te Kaiurungi was launched to do just that and better support drivers of all ages and stages.

AA Driver's Seat/ AA Te Kaiurungi gives AA Members access to heavily discounted lessons as well as pay-as-you-learn options through a new online booking and payment system. New lesson types were also introduced, including a one-off introductory Starter Session that enables new drivers to develop their own learning plan in consultation with a professional and support person, and a Senior Driver Coaching Session that supports drivers 65yrs+ to brush up on their skills.

"From the first time someone picks up the New Zealand Road Code, to keeping safe as a restricted or fully licensed driver, through to brushing up on your skills later in life, our goal is to help all drivers stay safe on the road," AA Driving School General Manager Roger Venn said.

"We see professional tuition as a key part of that and developed AA Driver's Seat/ AA Te Kaiurungi to enable more drivers to take lessons and build a solid foundation of fundamental skills and behaviours that they can carry throughout life.

"By providing a broader and more flexible programme we hope to encourage more learners to take professional lessons, ideally with parents/caregivers participating in them, so they can then provide higher-quality, complementary supervised practice in between lessons, which we believe will ultimately lead to safer drivers."

Alongside supporting driver journeys, the programme is playing its part in the AA's journey to better incorporate Te reo Māori throughout the organisation and is the AA's first programme to adopt a Te reo Māori name.

"We're committed to fostering a diverse and inclusive environment at the AA so consulted the Māori Language Commission and a Māori translator for help in developing a name," Roger said.

"We wanted the name to convey that our students are not only in control in the driver's seat but also for their learning to drive journey and Te Kaiurungi captures that perfectly."

Te Kaiurungi is a Māori term used for anyone who is in charge and also as a metaphor for someone who is in control of an organisation or group of people. It originates from being a navigator or coxswain of a waka.

Since AA Driver's Seat/ AA Te Kaiurungi launched Roger said the feedback has been positive, with a strong uptake in lessons and the online booking system resulting in fewer cancellations.



# AA DRIVING SCHOOL SNAPSHOT

Throughout the year demand for quality and trusted AA Driver Training continued to be strong with AA Driving Instructors delivering over 100,000 lessons, and more than 14,000 students completing the AA Defensive Driving Course.

The AA Driving School also expanded into Queenstown, with experienced tutor, and former primary school teacher, Daniel Sutherland relocating from Taupō to the southern shores.

AA Driving School General Manager Roger Venn said it's been several years since the AA Driving School has had an Instructor in Queenstown and expanding to the area is a real milestone.

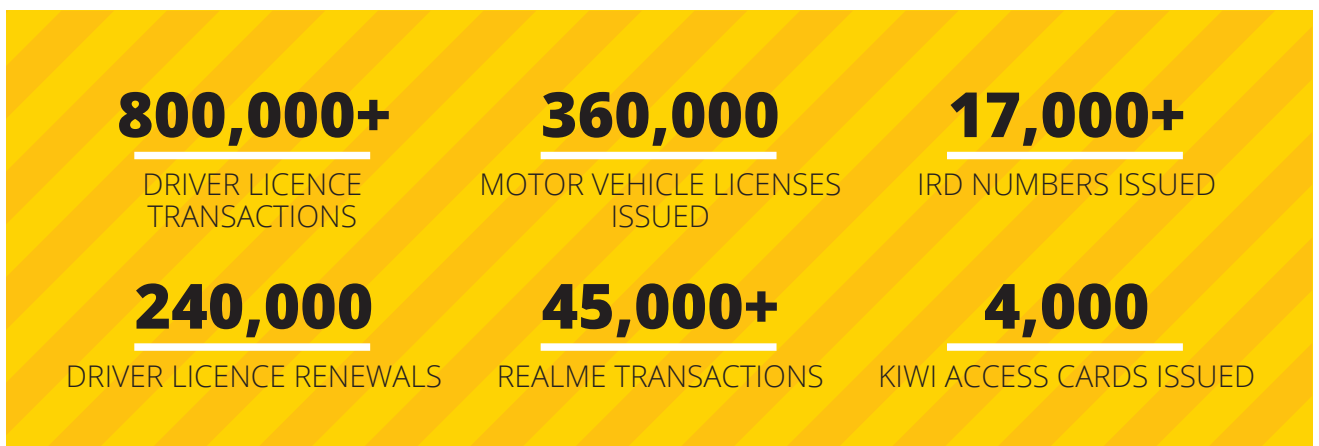
"We are always striving to grow our network so that learner drivers throughout the country can access quality and trusted AA Driver Training."



# DRIVER AND VEHICLE LICENSING

The AA continued to provide Driver Licensing and identify verification services to New Zealanders on behalf of the government and remains the country's leading driver licence provider with a 75% market share.

Improving access to these services remained a priority and the AA was pleased to open agencies in Upper Hutt and Gisborne during the year. Demand for the AA's mobile units, which take licensing equipment to remote communities also increased, and the AA also worked with Waka Kotahi to deliver community based practical testing in the Far North with the Far North Rural Education Activities Programme (REAP) and in Gisborne with Tairāwhiti REAP and McInnes Driving School.



# ADVOCACY

## *Advocating for Members*

The AA Advocacy team represented the interests of Members throughout the year as the government continued its busy agenda reforming a wide range of transport policy areas.

Working with government, industry and media, the AA championed several issues and contributed to many public consultations, such as on traffic penalties, road maintenance and new rules prioritising active transport (cycling, walking, public transport).



A new batch of high-vis vests and raincoats for school patrollers was funded by the AA this year in partnership with NZ Police.

Photo: Nick Servian

### **INCREASE IN ROAD MAINTENANCE FUNDING**

Fixing the poor state of roads was a key focus among AA Members.

“The state of our roads has been an issue for some time, but after a wet winter the lack of road maintenance over years has compounded and highways around the country have literally reached breaking point,” AA Chief Policy & Advocacy Officer Simon Douglas said.

“We advocated for more funding to keep the roads in better condition and prevent further deterioration, and this call was heard to some extent with the government agreeing to a \$500m boost for road maintenance.”

### **TRANSPORT EMISSIONS**

The government announced its first Emissions Reduction Plan during the year with funding focused on initiatives to increase active travel and public transport; accelerating the uptake of low- and

zero-emission vehicles; and decarbonising heavy transport and freight.

The AA supports the goals while also recognising that finding practical and realistic ways to make transport more sustainable will be extremely challenging. The AA made use of Member surveys, analysis and industry knowledge to highlight areas in the government's plans where they saw difficulties or alternatives that could deliver better results.

### **PETROL PRICES**

Petrol pricing was high on Members' agenda with record-breaking prices due to rising inflation and supply constraints resulting from the conflict in Ukraine.

As costs rose, the government made an unprecedented move to cut Fuel Excise Duty by 25 cents, lower Road User Charges and discount public transport fares by 50%. As they considered how long to keep the discounts in place, AA Members were surveyed and their views shared with the Minister of Transport.

Early in the year, the AA's long-time call for high-octane (95 and 98) fuel prices to have to be displayed on petrol station price boards finally became law.

### **SPEED LIMIT CHANGES**

The government also established a new process for setting speed limits and new official guidance recommending lower speed limits on many roads.

The AA responded to numerous consultations around the country on speed limit changes, wanting to see a balanced approach that will make sense to people and include road infrastructure improvements to improve safety as well.

### **NEW AA SURVEY PANEL**

A new panel-approach to surveying AA Members on transport issues launched during the year. A nearly 10,000-strong panel created to be as reflective of the overall Membership population as possible was established. The panel has been very successful at gathering the views of thousands of AA Members and helping the AA understand their perspective on a range of transport issues.

### **AA RESEARCH FOUNDATION**

The AA's long programme of research into alcohol interlocks (a device installed in a vehicle to prevent drink driving) attracted more attention from the Transport Minister this year.

"Our research has shown that interlocks prevent thousands of attempts to drive by previous drink drivers every day," Simon said.

"While the courts are increasingly using them as a sentence, many people avoid having them installed and we're hopeful that armed with our research, government departments will close loopholes and increase use of interlocks."



AA CHIEF POLICY & ADVOCACY OFFICER **SIMON DOUGLAS**

# ADVOCACY

## *Advocating for Members*

### 18<sup>TH</sup> AA DISTRICT COUNCIL ESTABLISHED

The rapidly growing population around Queenstown led to the establishment of a new AA District Council - called the Southern Lakes AA District - which had its inaugural meeting in October 2021. Issues affecting the area have until now been addressed by the AA Councils in Dunedin and Invercargill.



Back from left: Jeff Donaldson (Chair and AA National Councillor), Vergne Wilson, Malcolm Budd, Grant McDonald, Dave Smith, Simon Douglas (AA Motoring Affairs).

Front from left: Kate Gordon-Smith, Dale Paterson, Wade Paterson (Vice-Chair), Gary Stocker (AA President), Jono Young.

## MEMBERS OF THE AA LAKES DISTRICT COUNCIL

### *at its inaugural meeting*

The new Council was supported during its first few meetings by long-standing AA Councillors Jeff Donaldson (AA Lakes District Chair), Malcolm Budd (AA Otago Chair) and Grant McDonald (AA Southland Chair), but the involvement of the Otago and Southland representatives were soon replaced with more local recruits. AA President Gary Stocker and Chief Policy & Advocacy Officer Simon Douglas also attended the inaugural meeting.

# KAITIAKI O ARA/SADD

## Students Against Dangerous Driving

It has been another busy and productive year with great strides made to champion road safety amongst youth.

"2022 has been another year full of disruptions and challenges. Though we didn't let it stop us from achieving our goals," Kaitiaki o Ara/SADD General Manager Donna Govorko said.

"We started the year with the blessing of our new Māori name, Kaitiaki o Ara, and despite Covid-19 setbacks delivered loads of great activities to drive positive driving behaviour amongst rangatahi."

Kaitiaki o Ara/SADD delivered their hallmark school workshops as well as an inaugural Road Safety Leadership series in place of the Annual Conference (cancelled due to Covid-19), where young leaders gathered to collaborate on local road safety issues and build leadership skills.

"These events were a fantastic way to foster connection, promote community engagement and problem-solving skills," Donna said.

"Some great discussions were had, and we produced Youth Collaboration Documents capturing the work from each day, which are full of information and perspectives that will go on to be helpful for many organisations interested in a youth perspective on road safety".

This commitment to helping others deliver good practice road safety education, saw Kaitiaki o Ara/SADD produce road safety guides for organisations like the NZ Police. They also fostered industry collaboration through the facilitation of the Youth Road Safety forum and advocated for better driver education in the media with inclusion in over 60 different news stories.

Work to boost the leadership skills of young people continued with Kaitiaki o Ara/SADD's leadership framework refined and new cohorts of students selected for the Regional and National leadership programmes. A particular highlight of the year, and testament to the quality of these programmes was Kaitiaki o Ara/SADD Board Youth Representative Sterling Maxwell winning the 2022 Yellow Ribbon Road Safety Hero Award during Road Safety Week.

Significant progress was also made in Kaitiaki o Ara/SADD's Māori engagement strategy including the establishment of a Māori advisory group, attendance at Māori road safety strategy meetings, work with iwi and Māori communities to find ways to connect and raise road safety awareness, consulting with a Kaiako to improve understanding of Te Ao Maori, tikanga and basic te reo and through support of Matariki and Te Wiki o Te Reo Māori.

Reflecting on the year, Donna said she is always impressed by the amazing mahi rangatahi and Kaitiaki o Ara/SADD partners do to help prevent loss on our roads.

"While we have seen some big challenges, we have also seen some fantastic successes and have witnessed brilliant young minds driving positive behaviour change in their peers."



# PROTECTING WELLBEING

with AA Partner Insurances

## AA LIFE, HEALTH, TRAVEL AND PET INSURANCE PORTFOLIOS.

While a number of key AA Centres closed for periods during the year, and the border closure halted demand for AA Travel Insurance policies, the year concluded well with sales growth across the whole portfolio.

Around 40,000 policies were issued with a huge pick-up in travel insurance in the last quarter and strong demand for pet and life insurance.

Digital channels really came into their own throughout the year with close to half of all policies taken out issued online. Phone traffic also increased with nearly 185,000 insurance phone calls received.

As well as enhancing digital channels to keep pace with the evolving needs of customers, a number of product improvements were made.

The underwriting partner for AA Pet Insurance was changed from Allianz Partners to PetSure (Australia) Pty Ltd, and AA Health Insurance improved to include the option of a non-PHARMAC Plus add-on to help cover the cost of some unfunded medical treatments.

Chief Experience Officer Kath Woollard said in a time of rapid change and much challenge it has been pleasing to see the AA Partner Insurances portfolio go from strength to strength.

"It's been a year like no other and I'm incredibly proud of how our people have responded without losing sight of our goal to always put our Members and customers first.

"The unwavering commitment from our teams, along with the trust from our Members and customers, has enabled us to weather this year's disruption strongly.

"But we're not taking that for granted as we also learnt a lot that will enable us to be far more agile in the future and ensure we innovate and provide simple and hassle-free ways for New Zealanders to protect what's important to them."



The customer-led focus has already paid dividends with the Partner Insurances portfolio receiving several awards during the year.

Gold and silver accolades were collected across the entire portfolio in the 2022 Readers Digest Quality Service Awards. AA Life Insurance and AA Pet Insurance both received gold awards while AA Health Insurance and AA Travel Insurance secured silver honors.

AA Pet Insurance and AA Health Insurance were also awarded Canstar's 2021 Most Satisfied Customers Award in their respective categories and also achieved a 5-Star Rating in overall satisfaction, as did AA Life Insurance.



# CUSTOMER CENTRICITY

*gaining momentum for AA Money*



Customers continue to be front and centre for AA Money which this year celebrated its third birthday, introduced a new Member Benefit and new product, all while navigating a series of regulatory changes.

As the cost-of-living crisis came to the fore, AA Money enabled AA Members to receive an additional interest rate discount with the introduction of a 0.5% discount on fixed loan interest rates.

"It's all part of our commitment to provide affordable finance to all Kiwis", AA Money Acting CEO Greg Shepherd said.

"We keep a close watch on feedback and consumer trends so we can respond accordingly and ensure our offers align to customer needs."

This commitment also saw AA Money respond to an increasing demand for lending on electric and hybrid vehicles.

"This year was the year of the clean cars, and we were pleased to help more Kiwis make the switch to hybrid and electric by providing competitive fixed rates and by partnering with ChargeNet to secure \$100 ChargeNet credit for EV loans," Greg said.

A new lending product for motor vehicle dealers was also established. While currently only available to the AA's Preferred Dealer Network, if successful AA Money will look to roll this out more widely.

It was also a year where lending laws came under scrutiny and, as a result, the government made a number of legislative changes with the goal of striking the right balance between access to rates and maintaining a strong level of consumer protection.

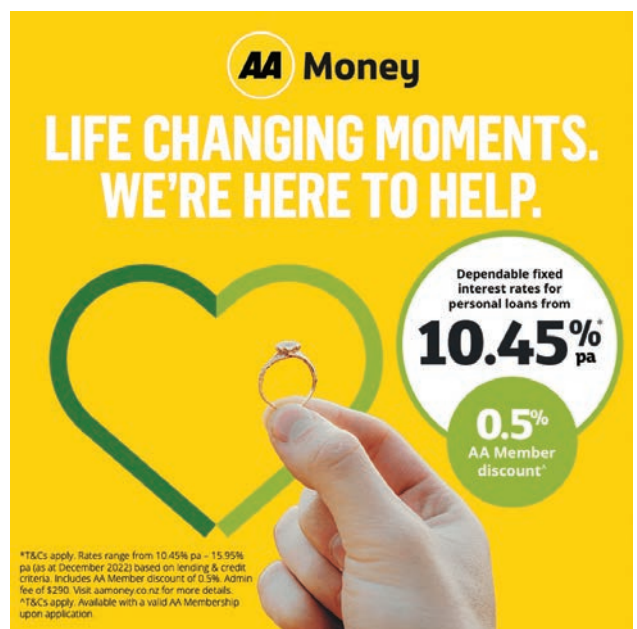
AA Money responded accordingly and during the year adapted processes, not once but twice, to address the changing consumer lending regulatory environment.

Greg said while they were quick to adapt and implemented new processes smoothly, the changes were not without repercussion with the widespread feeling amongst borrowers that the new requirements were too harsh and invasive affecting performance scores.

"AA Money typically receives excellent customer feedback, however the impact of the initial regulatory change on the back of Covid-19 lockdowns negatively impacted our customer satisfaction results.

"Pleasingly, we were able to rebound, post-lockdown and once the legislation was revised, and finish the year with an NPS of 43 and 83% customer satisfaction score. While not as high as we would have liked, our NPS still sits above the industry benchmark."

Greg credits the team's customer-centric ethos and continuous commitment to improving customer experience for getting AA Money back on track.



# AA SMARTFUEL

Significant savings at the pump



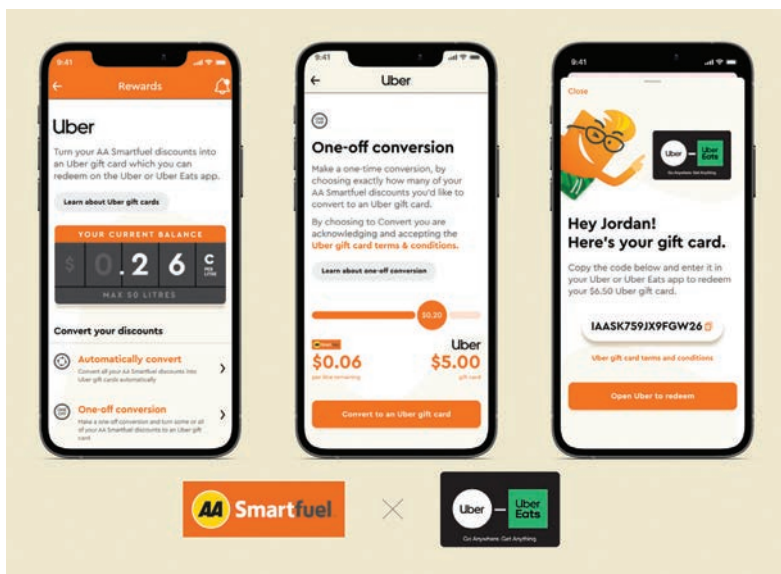
AA Smartfuel continued its drive to give cardholders more options to use their AA Smartfuel discounts with the introduction of new non-fuel redemption partners onboarded this year.

Uber joined the fold giving AA Members the chance to convert AA Smartfuel discounts into an Uber gift card for use on the Uber or Uber Eats app. While the addition of New Zealand's largest electric vehicle (EV) charging network operator, ChargeNet, enabled EV driving cardholders to get credit for ChargeNet charging stations from discounts earned through shopping at AA Smartfuel's 1200+ partner retailers.



AA Smartfuel Managing Director, Scott Fitchett said extending the programme to include non-fuel rewards serves to deliver greater value to AA Members by enabling them to get more bang for their buck on everyday purchases.

"For over 10 years, we've enabled motorists to secure significant savings at the pump and are thrilled to now evolve our business to include more non-fuel partners and give Members more ways to save."



While these partners deliver non-fuel benefits, fuel was not forgotten with over \$75.5m in fuel discounts issued to AA Smartfuel cardholders during the year. The 700,000+ AA Members who participated in the programme received \$43m of these.

A number of new retail partners offering fuel discounts were also brought on including New Zealand owned retailer Bargain Chemist, online tools store Mytool.co.nz and online giftbox store Giftbox Boutique. Existing partners, Briscoes and Rebel Sport both continued to run offers for cardholders, including big weekend deals of up to 40c off per litre.



# AA INSURANCE

*Protecting what matters*



AA Insurance celebrated another strong year with the business well-positioned for growth and its focus firmly set on being there for its customers and Kiwi communities over the long term.

The last year saw the severity and frequency of weather events across New Zealand increase, and between January 2021 and June 2022, AA Insurance helped more than 3,000 customers recover from tornadoes, floods, and other weather events across the country.

In 2022, AA Insurance retained its position as one of the top 10 most trusted brands in New Zealand in Kantar's Corporate Reputation Index, and was named Reader's Digest "Most Trusted" for the 12th consecutive year.

AA Insurance Acting CEO\* Simon Hobbs said the company's commitment to being there for its customers has never been stronger, and the recognition as a trusted brand shows that Kiwis see AA Insurance as a responsible partner, offering value-for-money products and services.

"We are proud to be recognised this way, especially over the past year as customers and people face continued challenges and uncertainty from the pandemic and extreme weather events.

"AA Insurance is founded on a deep sense of purpose and a culture of doing the right thing which is at the heart of all our decisions."

AA Insurance is working alongside industry, government, and Kiwi communities to plan for the future of insurance cover for areas at serious risk from repeated flooding and coastal inundation from climate change.

In respect of its own environmental impact, AA Insurance is taking responsibility to reduce emissions from its operations, and acknowledges its responsibility for emissions not under its direct control, including those from its value chain, and from property and assets that it insures.

Since FY20, the business has seen a 38% reduction in carbon emissions and AA Insurance is focused on activity that will drive the business and the country towards a net zero carbon economy.

\*to February 2023

Product	Agents	Cost	Time	Cost	Time	Cost	Time	Cost	Time
	Number	Rate	Cost	Rate	Cost	Rate	Cost	Rate	Cost
AA Home Option2	19	0	00:00		0	0			
AAHome Option3 and 4	5	0	00:00	01:46	1	0	50.00		
BSC AA Plus	6	0	00:00	02:32	0	16	81.25		
BSC Breakdown Tier 1	17	0	00:00	03:27	2	25	87.50		
BSC Breakdown Tier 2	17	0	00:00	03:36	0	59	83.05		
BSC Breakdown Tier 3	17	0	00:00	06:32	1	28	95.19		
Membership	22	0	00:02	03:26	9	291	70.49		
PRS Shift Coordinator	3	0	00:00	02:44	21	79	60.81		
SRC	30	0	00:00	04:27	5	249	84.95		
SRC Afterhours	20	0	00:00	04:58	1	44	72.73		
Toyota NZ	16	0	00:00	02:09	0	4	100.00		



# FINANCIAL

## Results

For the first time in many years and off the back of last year's record \$44.8m profit, the Association recorded a net trading loss of \$12.5m.

Chief Financial Officer John Ramaekers explained that the loss however is almost exclusively attributable to the negative return from the Association's investment portfolio for the 12 months to June 2022.

"The Association's return on funds under external management was negative \$25m compared to a positive \$31m for the 2021 year.

"While disappointing, this was largely outside of the Association's direct control and despite the volatility seen in the financial markets over the past two years the long-term returns from this revenue stream remain positive," John said

In terms of the Association's trading result there was a slight deterioration of \$4.8m over the previous year, which John attributed to two key factors.

"Continued lockdowns, particularly in Auckland from August to early December, as well as surges in Omicron and flu cases both negatively impacted on trading activity. Member and customer foot traffic into the Centre Network was significantly reduced and high levels of illness amongst our employees caused Centres to close or reduce trading hours."

Despite these results, John asserts that the Association's financial position remains solid.

"The negative investment return and Association's trading result were partially mitigated by a strong return from our Joint Venture activities.

"We have also created sufficient reserves from past performances to ensure we can weather such events without having to compromise on services," John said.

**THE NEW ZEALAND AUTOMOBILE  
ASSOCIATION INCORPORATED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED**  
**CONTENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
DIRECTORY  
FOR THE YEAR ENDED 30 JUNE 2022**

**BOARD MEMBERS**

		<b>Appointed</b>	<b>Resigned</b>
G T Stocker	President	28/03/2009	
M R Winger	Vice President	25/06/1993	
A J McKillop		25/03/2017	
B H Flintoff		27/03/2010	
L J Tait		18/04/2002	
M K Corse-Scott		19/03/2020	
R L Carter		19/03/2020	
S J Grant		22/03/2014	
G R Judge		11/12/2020	

**REGISTERED OFFICE**

Level 17  
AA Centre  
99 Albert Street (corner Albert and Victoria Streets)  
Auckland

**INCORPORATED SOCIETY NUMBER**

215426

**POSTAL ADDRESS**

The New Zealand Automobile Association Inc.  
Head Office, Level 17  
AA Centre  
99 Albert Street (corner Albert and Victoria Streets)  
PO Box 5  
Auckland, 1010

**AUDITOR**

Deloitte Limited

**BANKER**

ANZ

**SOLICITOR**

Holmden Horrocks



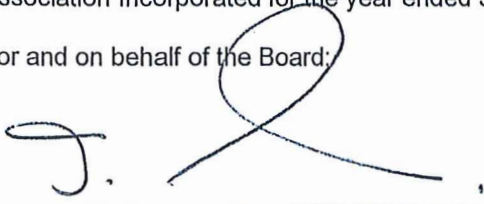
**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
BOARD MEMBERS' STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

**Disclosure to the National Council and Members**

The Board Members are pleased to present the Annual Report for the year ended 30 June 2022.

The Board Members have approved the financial statements of The New Zealand Automobile Association Incorporated for the year ended 30 June 2022.

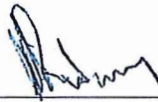
For and on behalf of the Board:



G T Stocker, President

*30 September 2022*

Date



M R Winger, Vice President

*30 September 2022*

Date

Approved for distribution by the National Council on 30 September 2022.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE  
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	Restated <sup>a</sup> 2021 \$'000
Revenue	1	156,757	145,161
Share of net surplus/(losses) in joint ventures	21	21,397	18,441
Other gains/(losses)	2	(24,509)	31,128
<b>Total revenue</b>		<b>153,645</b>	<b>194,730</b>
Employee entitlements		90,004	78,378
Delivery and distribution expenses		38,489	38,289
Plant, office and property overheads		8,073	7,991
Advertising and promotion expenses		4,816	4,621
IT and telecommunications expenses		14,985	12,481
Motor vehicle expenses		3,212	2,957
Driver education programs		2	72
Other expenses		6,020	6,713
<b>Total expenses</b>	3	<b>165,601</b>	<b>151,502</b>
<b>Operating surplus before tax and grants</b>		<b>(11,956)</b>	<b>43,228</b>
Grant to NZAA Research Foundation		250	125
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust		200	400
Taxation benefit/(expense)	4	-	-
<b>Net surplus/(loss) for the year attributable to the Association acting in the interests of members</b>		<b>(12,406)</b>	<b>42,703</b>
<b>Other comprehensive revenue and expense net of tax</b>			
Gain/(loss) on revaluation of properties	18	(69)	2,240
Gain/(loss) on revaluation of available-for-sale assets	18	-	(122)
Share of other comprehensive revenue and expense of joint ventures	21	(56)	(16)
<b>Other comprehensive revenue and expense for the year net of tax</b>		<b>(125)</b>	<b>2,102</b>
<b>Total comprehensive revenue and expense for the year attributable to the Association acting in the interests of members, net of tax</b>		<b>(12,531)</b>	<b>44,805</b>

a: The financial year 2021 has been restated following the IFRIC decision on cloud computing refer pages 8 and 9.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Asset revaluation reserve \$'000	Accumulated comprehensive revenue and expense \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		13,809	281,993	295,802
Net surplus for the year attributable to the Association acting in the interests of members (restated)		-	42,703	42,703
<b>Other comprehensive revenue and expense</b>				
Gain/(loss) on revaluation of properties	18	2,240	-	2,240
Gain/(loss) on revaluation of available-for-sale assets	18	(122)	-	(122)
Transfer to retained earnings	18 & 19	-	-	-
Share of other comprehensive revenue and expense of joint ventures	21	-	(16)	(16)
<b>Total other comprehensive revenue and expense (restated)</b>		2,118	(16)	2,102
<b>Total comprehensive revenue and expense, net of tax (restated)</b>		2,118	42,687	44,805
<b>Balance at 30 June 2021 (restated)</b>	18 & 19	15,927	324,680	340,607
Net surplus for the year attributable to the Association acting in the interests of members		-	(12,406)	(12,406)
<b>Other comprehensive revenue and expense</b>				
Gain/(loss) on revaluation of properties	18	(69)	-	(69)
Gain/(loss) on revaluation of available-for-sale assets	18	-	-	-
Transfer to retained earnings	18 & 19	(174)	174	-
Share of other comprehensive revenue and expense of joint ventures	21	-	(56)	(56)
<b>Total other comprehensive revenue and expense</b>		(243)	118	(125)
<b>Total comprehensive revenue and expense, net of tax</b>		(243)	(12,288)	(12,531)
<b>Balance at 30 June 2022</b>	18 & 19	15,684	312,392	328,076

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

	Note	2022 \$'000	Restated 2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	24	16,036	41,655
Other financial assets	5	245,905	236,994
*Taxation receivable		14	13
Sundry receivables and prepaid expenses	6	8,980	8,256
Inventories	7	1,103	1,189
Assets classified as held for sale	8	-	545
<b>Total current assets</b>		<b>272,038</b>	<b>288,652</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	38,798	39,425
Investment properties	12	270	256
Investments accounted for using the equity method	21	67,055	60,214
Goodwill	10	3,118	3,118
Other intangible assets	11	6,660	3,223
<b>Total non-current assets</b>		<b>115,901</b>	<b>106,236</b>
<b>Total assets</b>		<b>387,939</b>	<b>394,888</b>
<b>Current liabilities</b>			
Payables	13	15,474	11,859
Employee entitlements		7,377	6,694
Clawback provision	14	419	370
Unearned revenue	17	865	921
Deferred income	16	4,380	4,029
<b>Total current liabilities</b>		<b>28,515</b>	<b>23,873</b>
<b>Non-current liabilities</b>			
Make good provision	15	186	162
Unearned revenue	17	-	6
Deferred income	16	3,626	2,953
<b>Total non-current liabilities</b>		<b>3,812</b>	<b>3,121</b>
<b>Total liabilities before subscriptions in advance</b>		<b>32,327</b>	<b>26,994</b>
		<b>355,612</b>	<b>367,894</b>
<b>Association funds</b>			
Accumulated comprehensive revenue and expense	19	312,392	324,680
Asset revaluation reserve	18	15,684	15,927
<b>Total association funds</b>		<b>328,076</b>	<b>340,607</b>
Subscriptions in advance		27,536	27,287
<b>Total association funds and subscriptions in advance</b>		<b>355,612</b>	<b>367,894</b>

For and on behalf of the Board:



G T Stocker, President

30 September 2022

Date



M R Winger, Vice President

30 September 2022

Date

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022

	2022	Restated 2021
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from members and customers	156,276	145,740
Interest received	516	451
Dividends received	3	4
Payments to suppliers and employees	(156,030)	(150,513)
Grant to NZAA Research Foundation	(250)	(125)
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	(200)	(400)
<b>Net cash flows (used in)/from operating activities</b>	25      315	(4,843)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	1,330	598
Dividends received from joint ventures	16,250	21,742
Payments for property, plant and equipment	(4,421)	(2,682)
Payment for intangible assets	(4,743)	(1,556)
Payments for purchase of equity accounted investments	(1,750)	(2,000)
(Increase)/decrease in other financial assets	(32,600)	(35,000)
<b>Net cash flows (used in)/from investing activities</b>	(25,934)	(18,898)
<b>Cash flows from financing activities</b>		
<b>Net cash flows (used in)/from financing activities</b>	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	(25,619)	(23,741)
<b>Cash and cash equivalents at the beginning of year</b>	41,655	65,396
<b>Cash and cash equivalents at the end of year</b>	24      16,036	41,655

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**Summary of significant accounting policies**

**Reporting entity**

The New Zealand Automobile Association Incorporated (the "Association") is an Incorporated Society registered under the Incorporated Societies Act 1908, and domiciled in New Zealand, and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

The Association's business is in providing motoring and auxiliary services to its members and the public within New Zealand.

The financial statements of the Association and its subsidiaries (the "Group") are for the year ended 30 June 2022. The financial statements were issued by the Board, and approved for distribution by the National Council, on the 30<sup>th</sup> of September 2022.

**Statement of compliance**

The statutory base for the Association is the Incorporated Societies Act 2022. The statutory base for the Association's subsidiaries is the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards.

**Measurement base**

The financial statements have been prepared on the historical cost basis except for investment properties, land and buildings classified as property, plant and equipment and managed fund investments, which have been measured at fair value.

The financial statements have been prepared on a going concern basis. Whilst the impact of COVID-19 has continued to impact the Group negatively the Board has determined that it will not have a significant impact on the entity or its ability to continue operating as a going concern.

**Functional and presentation currency**

The financial statements are presented in New Zealand Dollars ("NZD") and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency is New Zealand Dollars (NZD).

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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**Summary of significant accounting policies (continued)**

**Significant accounting policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2022 and in the comparative information presented in these financial statements.

**Accounting standards and interpretations issued but not yet effective**

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. Management has yet to determine the impact of the new standards.

<b>Major new standard, interpretation or amendment</b>	<b>Effective date (period beginning on or after)</b>
PBE IPSAS 41 Financial Instruments	1 January 2022
PBE FRS 48 Service Performance Reporting	1 January 2022

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective from the year ending 30 June 2023, with earlier adoption permitted. The standard establishes a requirement that the Group select and present service performance information that is useful for accountability and decision-making purposes, within the same general purpose financial report as its financial statements. Application of PBE FRS 48 will mean that, as a public benefit entity, the Group will be required to prepare service performance information. The Group has not yet determined which service performance metrics will be presented and does not plan to early adopt the standard.

**New accounting standards and interpretations**

**Consideration of the IFRS Interpretations Committee ('IFRIC') agenda decision**

In April 2021, IFRIC issued an agenda decision clarifying its interpretation on how current accounting standards apply to configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements. The new interpretation only permits capitalisation in limited circumstances and in many instances configuration and customisation costs must be recognised as an operating expense. The Group previously capitalised configuration and customisation costs for cloud computing arrangements.

In response to this interpretation, the Group has now completed its analysis of configuration and customisation costs association with cloud computing arrangements, resulting in retrospective restatements of the following historical financial information:

- The statement of financial position as at 30 June 2021;
- The statement of comprehensive revenue and expense for the year ended 30 June 2021;
- The statement of cash flows for the year ended 30 June 2021.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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The adjusted amounts presented in these financial statements are as follows:

	2021 \$'000	Adjustment \$'000	Restated 2021 \$'000
<b>Items from the income statement</b>			
IT and telecommunications expenses (including software amortisation)	10,975	1,506	12,481
<b>Net surplus for the year attributable to the Association acting in the interests of members</b>	44,209	(1,506)	42,703
<b>Items from the statement of financial position</b>			
Other intangible assets	4,729	(1,506)	3,223
Retained earnings	326,186	(1,506)	324,680
<b>Items from the cash flow statement</b>			
Payments to suppliers and employees	(148,660)	(1,853)	(150,513)
Payment for intangible assets	(3,409)	1,853	(1,556)

The change in accounting policy had a \$0.42 million impact on deferred tax however this has been offset by a corresponding adjustment to the utilisation of tax losses resulting in a net impact of \$0.

The group has applied the new interpretation during the twelve month period ended 30 June 2022. Operating costs are higher by \$3.37 million and depreciation is lower by \$0.5 million than would have been reported under the group's previous policy.

The group has revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing cloud computing arrangements. The new accounting policy is as follows:

*Cloud computing arrangements:*

Cloud computing arrangements include software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements (i.e. an arrangement in which an end-user of the software does not take possession of the software). The Group applies judgement to assess whether there is sufficient control in a cloud computing arrangement to permit capitalisation of the configuration and customisation costs.

The group considers the following indicators:

- The group has the contractual right to take possession of the software at any time during the hosting period without significant penalty;
- The group can run software on its own hardware or can contract with another vendor to host the software;
- The group can control who can use any software modifications and the vendor cannot make them available to other customers;
- The group can control the frequency and acceptance of software updates.

If the cloud computing arrangement meets the criteria, then the cost of configuration and customisation is recognised as an asset. If the criteria and definition are not met, the cost of configuration and customisation is recognised as an operating expense.

However, if the configuration and customisation were performed by the software supplier, the group also considers whether that upfront service is distinct from the cloud computing arrangement. If it is not distinct, then the operating expense may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement.



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**Significant accounting policies (continued)**

**a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Association and entities controlled by the Association (its subsidiaries). Control is achieved where the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive revenue and expense from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Entities controlled by the same party before and after a business combination are considered to be entities under common control, as the business combination does not result in a transfer of control. A business combination involving entities under common control involves assets and liabilities being transferred at carrying amounts, with any difference resulting in an adjustment to equity.

All subsidiaries are accounted for under the Group's policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 20 for a full listing of subsidiaries at balance date.

Only the Group results have been presented as, under the Incorporated Societies Act 1908, parent results are not required.

**b) Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group has no investment in associates.

**c) Interest in joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; when the strategic financial and strategic operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results, and assets and liabilities, of joint ventures are incorporated in the Group financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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**Statement of accounting policies (continued)**

**c) Interest in joint ventures (continued)**

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in surplus or deficit (refer to (d)).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. However, where the Group provides loans to its jointly controlled entities interest earned is recognised within the Group and it is not eliminated on consolidation. Also, where the Group charges its jointly controlled entities for service fees, for example brand fees, the service fee revenue is recognised within the Group and it is not eliminated on consolidation. There were no loans outstanding to joint ventures at the end of the financial year.

The financial statements of the joint ventures are prepared for the same reporting periods as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Refer to note 21 for a full listing of joint ventures at balance date.

**d) Goodwill**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the surplus or deficit on disposal.

The Group's policy for goodwill arising on the acquisition of a joint venture is described in (c) above.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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Statement of accounting policies (continued)

e) Revenue from exchange transactions

*Rendering of services*

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. Depending on contractual arrangements, revenue is recognised either when services are rendered, or when the period of cover is complete.

*Subscription income*

Members' subscriptions are paid annually in advance throughout the year and are allocated to revenue on a daily pro-rata time basis. The proportion of subscriptions received, which relate to the period after balance date, are included in the financial statements as subscriptions in advance.

*Unearned income*

Advertising revenue is earned through two sources; web and publications.

Advertising revenue for publications is deferred and classified as unearned revenue on the consolidated statement of financial position until completion of delivery to the users of the publications, at which point it is recognised in surplus or deficit.

The cost of publications in development at balance date is recognised as an asset where the costs directly attributable to the development of the publication can be measured reliably. The development costs mainly comprise the direct costs of certain personnel dedicated to developing adverts and creating the content for the publications, artwork and other publication production and development costs, including appropriate and directly attributable overheads. The asset is amortised to surplus or deficit on completion of delivery of the relevant publication when the related revenue is recognised. The asset is set off against the related unearned income in the consolidated statement of financial position until recognition in surplus or deficit.

*Deferred income*

Deferred income from corporate membership is recognised in surplus or deficit over the period to which the service relates, which may be longer than a year. It is classified as a liability on the consolidated statement of financial position and allocated between current and non-current.

*Sale of goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and membership discounts.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

*Dividend and interest revenue*

Dividend revenue from investments is recognised when the right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and call and term deposits less than three months, net of outstanding bank overdrafts.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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Statement of accounting policies (continued)

g) Financial assets

Financial assets are classified into the following specified categories: 'financial assets at fair value through surplus or deficit' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Loans and receivables*

Trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial asset.

*Financial assets at fair value through surplus and deficit ("FVTSD")*

Financial assets are classified as at FVTSD where the financial asset is designated as held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTSD are stated at fair value, with any resultant gain or loss recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit incorporates any dividend or interest earned on the financial asset.

*Impairment of financial assets*

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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Statement of accounting policies (continued)

**h) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**i) Property, plant and equipment**

*Carrying amount*

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by independent registered valuers and with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance date.

Refer to the accounting policy 'critical accounting judgments and key sources of estimation uncertainty' for methods and significant assumptions used in the valuations.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in surplus or deficit, in which case the increase is credited to surplus or deficit to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to surplus or deficit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive revenue and expense.

*Depreciation*

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

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Statement of accounting policies (continued)

i) Property, plant and equipment (continued)

*Depreciation (continued)*

The following estimated useful lives are used in the calculation of depreciation.

• Buildings - Retail/Administration	50 years
• Buildings - Technical	25 years
• Leasehold Improvements	10 years
• Plant and Equipment	10 years
• Motor Vehicles	6 years
• Furniture and Fittings	5 years
• Computer Equipment	3-5 years

The residual value of assets is reassessed annually.

j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

k) Investment property

Investment property is property held to earn rental income. Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with any change therein recognised in surplus or deficit.

Investment property revaluations are performed annually. The values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows. Refer to the accounting policy critical accounting judgments and key sources of estimation uncertainty for methods and significant assumptions used in the valuations.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in the consolidated statement of comprehensive revenue and expense in the year of derecognition.

l) Intangible assets

Computer software acquired, which is not an integral part of a related hardware item, is recognised as an intangible asset. The costs incurred internally in developing computer software are also recognised as intangible assets where the Group has a legal right to use the software and the ability to obtain future economic benefits from that software. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets have a finite life and are amortised on a straight line basis over their estimated useful life of 3 or 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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**Statement of accounting policies (continued)**

**m) Leased assets**

Operating lease payments are recognised as an expense on a straight line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**n) Payables from exchange transactions**

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables and other accounts payable are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

A provision for make good is recognised when there is a present obligation as a result of a property lease, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

**o) Taxation**

The Group is liable for taxation on its commercial trading activities, interest and rental income under section CB33 of the Income Tax Act 2007. The Group is exempt from taxation on membership related activities.

*Income tax expense*

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*

Current tax is based on taxable surplus for the year. Taxable surplus differs from profit as reported in the consolidated statement of comprehensive revenue and expense because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible. The Group's provision for current tax is calculated using tax rates that have been enacted or substantively enacted at balance date.

*Deferred tax*

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable surplus and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than as a result of a business combination) of other assets and liabilities in a transaction that affects neither taxable surplus nor accounting surplus.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable surpluses against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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**Statement of accounting policies (continued)**

**o) Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

*Current and deferred tax for the period*

Current and deferred tax movements are recognised as an expense or income in surplus or deficit, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

*Imputation credits*

No disclosure is made in respect of imputation credits, since these are not utilisable by parties external to the Group.

**p) Goods and services tax**

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST"), except:

- (i) where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**q) Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.



THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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**Statement of accounting policies (continued)**

**q) Employee benefits (continued)**

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

*Defined contribution plans*

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**r) Statement of cash flows**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than three months, net of outstanding bank overdrafts. The following terms are used in the consolidated statement of cash flows:

*Operating activities* are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

*Investing activities* are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

*Financing activities* are activities that result in changes in the size and composition of members' funds and borrowings of the Group.

**s) Foreign currency transactions**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

**t) Impairment**

At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in surplus or deficit immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Statement of accounting policies (continued)**

**Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described above, the Board is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Critical judgments in applying accounting policies*

There were no critical judgments made in applying the accounting policies above.

*Key sources of estimation uncertainty*

Fair value of land and buildings and investment property

The fair value of land and buildings, and investment properties, is determined at balance date using market values determined by independent registered valuers. In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property, adjusted by a discount rate (ranging from 5.22% to 7.79% (2021: 5.96% to 13.74%)) that appropriately reflects the risks inherent in the expected cash flows. The most significant property is Great South Road (including Marei Road) in Penrose (2021: Albert Street) and the effective market yield was 5.23% as at 30 June 2022 (2021: 5.33%). Valuations are completed in accordance with the New Zealand Institute of Valuers (NZIV), Property Institute of New Zealand (PINZ) Code of Ethics, and Valuation Standards, including API and NZPI Professional Practice Fifth Edition, New Zealand Valuation Guidance Note 1 and International Valuation Application 1. Refer to note 9 and 12 for valuations.

Joint Ventures

Although the Group holds less or more than 50% ownership interest in some of their investments (refer to note 21), these are classified as joint ventures as there is a contractual arrangement and the Group holds 50% of the voting rights and hence has joint control in all cases. The carrying value of investments in joint ventures is reviewed at balance date to determine whether or not any losses over and above the carrying amount of the investment should be recognised. If the Group determines there is a constructive obligation to the joint venture then the Group will continue to recognise their share of the losses.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Board members to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, refer to note 10.

Impact of Covid-19

The effects of Covid-19 continues to have an impact on the financial performance of Group's businesses. The Group has continued to heighten its financial reporting procedures and governance practices surrounding the preparation of the financial statements. The Group also continues to adopt prudent practices to manage liquidity risk and to ensure an adequate level of liquidity is maintained to meet obligations as they fall due across a wide range of operating circumstances.

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1. Revenue

	2022 \$'000	2021 \$'000
<b>Revenue from exchange transactions:</b>		
Membership fees and subscriptions	63,257	61,858
Sale of goods	5,648	5,009
Rendering of services to members and public	87,332	77,838
Dividends	4	5
Interest revenue (loans and receivables)	516	451
	156,757	145,161

2. Other gains/(losses)

	2022 \$'000	2021 \$'000
Revaluation of investment properties	14	26
Change in fair value of financial assets classified as fair value through surplus or deficit	(23,029)	32,510
Impairment (losses)/reversal on revalued land and buildings	(1,494)	(1,408)
	(24,509)	31,128

3. Expenses

	2022 \$'000	Restated 2021 \$'000
<b>Net surplus/(loss) for the year has been arrived at after charging/(crediting):</b>		
<b>(a) General expenses</b>		
Depreciation of property, plant and equipment (note 9)	3,198	3,238
Amortisation of intangible assets (note 11) (restated)	1,306	1,207
Operating lease expense	3,590	3,433
Raw materials and consumables used (note 7)	3,635	3,499
(Gain)/loss on disposal of property, plant and equipment	(496)	(459)
Legal expenses	112	120
<b>(b) Personnel expenses</b>		
Employee benefits expense	78,634	71,305
Defined contribution plans	3,518	3,951

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4. Taxation

4a. Income tax expense

4a Income tax expense

	2022 \$'000	Restated 2021 \$'000
Current tax (expense)/benefit	-	-
Deferred tax	-	-
Income tax (expense)/benefit for the year	-	-
<i>Income tax (expense)/benefit for the year can be reconciled to the accounting profit as follows:</i>		
Operating surplus/(loss) from continuing activities before tax and grants	(11,956)	43,228
Less Grant to NZAA Research Foundation	(250)	(125)
Less Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	(200)	(400)
	(12,406)	42,703
Income tax using company tax rate 28%	(3,474)	11,957
Effect of exempt (surplus)/deficit	(6,459)	(6,556)
Effect of permanent differences	13,502	2,922
Effect of losses generated/utilised and imputation credits recognised	(3,569)	(8,323)
	-	-

4b. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset on the face of the consolidated statement of financial position where they relate to entities within the same taxation authority.

The following is the analysis of temporary differences relating to deferred tax balances (after offset) for statement of financial position purposes:

	Restated 1 July 21 \$'000	Charge to surplus or deficit \$'000	Charge to equity \$'000	30 June 22 \$'000
<b>Gross deferred tax liabilities</b>				
Property, plant and equipment	(2,067)	727	-	(1,340)
Investment property	(73)	(4)	-	(77)
<b>Tax liabilities</b>	(2,140)	723	-	(1,417)
<b>Set off of tax losses</b>	2,140	(723)	-	1,417
<b>Net tax liabilities</b>	-	-	-	-
<b>Gross deferred tax assets</b>				
Employee provisions	1,126	97	-	1,223
Doubtful debts provision	57	(34)	-	23
Inventory provisions	26	10	-	36
Other	192	28	-	220
Brought forward tax losses recognised	739	(824)	-	(85)
<b>Tax assets</b>	2,140	(723)	-	1,417
<b>Set off of tax losses</b>	(2,140)	723	-	(1,417)
<b>Net tax assets</b>	-	-	-	-



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4b. *Deferred tax assets/(liabilities) (continued)*

	1 July 20 \$'000	Restated Charge to surplus or deficit \$'000	Charge to equity \$'000	Restated 30 June 21 \$'000
<b>Gross deferred tax liabilities</b>				
Property, plant and equipment	(2,442)	375	-	(2,067)
Investment property	(64)	(9)	-	(73)
<b>Tax liabilities</b>	<b>(2,506)</b>	<b>366</b>	<b>-</b>	<b>(2,140)</b>
<b>Set off of tax losses</b>	<b>2,506</b>	<b>(366)</b>	<b>-</b>	<b>2,140</b>
<b>Net tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross deferred tax assets</b>				
Employee provisions	1,104	22	-	1,126
Doubtful debts provision	63	(6)	-	57
Inventory provisions	1	25	-	26
Other	148	44	-	192
Brought forward tax losses recognised	1,190	(451)	-	739
<b>Tax assets</b>	<b>2,506</b>	<b>(366)</b>	<b>-</b>	<b>2,140</b>
<b>Set off of tax losses</b>	<b>(2,506)</b>	<b>366</b>	<b>-</b>	<b>(2,140)</b>
<b>Net tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group has unrecognised New Zealand tax losses of approximately \$34.16 million (2021: \$22.27 million). Refer statement of accounting policies note (o) Taxation.

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5. Other financial assets

	2022 \$'000	2021 \$'000
Fixed term deposits ≥ 3 months but ≤ 12 months	27,600	5,000
Investment managed funds	218,305	231,994
	<u>245,905</u>	<u>236,994</u>

Investment managed funds represent the Group's investment in three diversified portfolios managed by Milford Funds Limited, Nikko Asset Management New Zealand Limited and ANZ Investments New Zealand Limited. The portfolios consist of equities, units trusts and fixed interest investments.

6. Sundry receivables and prepaid expenses

	2022 \$'000	2021 \$'000
Sundry receivables - from exchange transactions	5,245	4,918
Allowance for doubtful debts	(81)	(203)
Prepayments	2,110	1,684
Other	1,705	1,857
	<u>8,980</u>	<u>8,256</u>

The average credit period on sales of goods and service is 60 days (2021: 60 days). Interest is charged only when the customer goes beyond their agreed credit period. The Group provides for doubtful debts on a customer by customer basis. Payment terms are determined by contractual arrangements.

The receivables balance is made up of a large number of low-value receivables; there are no customers who represent more than 16% (2021: 4%) of the total balance of trade receivables. Before accepting a new customer the Group assesses the potential customer's credit quality and defines credit limits by customer.

Included in the Group's sundry receivables balance are receivables with a carrying amount of \$653,125 (2021: \$811,074) which are past due at the reporting date for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2022 \$'000	2021 \$'000
<u>Ageing past due sundry receivables that are not impaired</u>		
30-60 days	416	488
60-90 days	201	173
90+ days	36	150
	<u>653</u>	<u>811</u>

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6. Sundry receivables and prepaid expenses (continued)

	2022 \$'000	2021 \$'000
<u>Movement in the allowance for doubtful debts</u>		
Balance at beginning of the period	203	224
Impairment losses recognised on receivables	67	124
Amounts written off as uncollectable	(175)	(51)
Amounts recovered during the year	-	-
Impairment losses reversed	(14)	(94)
Balance at end of period	81	203

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Board believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold collateral over these balances. The net carrying amount is considered to approximate their fair value.

The doubtful debt provision of \$81,357 (2021: \$202,510) is applicable to invoices aged 30+ days (2021: 30+ days).

7. Inventories

	2022 \$'000	2021 \$'000
Retail stock	715	750
Consumables	388	439
	1,103	1,189

The cost of inventories recognised as an expense during the period was \$3,635,483 (2021: \$3,499,131). The cost of inventories recognised as an expense includes \$128,116 (2021: \$93,002) in respect of write-downs of inventory to net realisable value and has increased by \$35,114 (2021: \$89,422) in respect of the increase of such write-downs.

8. Assets classified as held for resale

	2022 \$'000	2021 \$'000
Land & Buildings held for sale	-	545
	-	545

The Group disposed of two buildings on the 10 September 2021 and the 29 October 2021. Valuation of the two buildings being held for sale had been based on vacant possession. The properties were previously used as AA Centres.

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9. Property, plant and equipment

	Freehold Land at fair value \$'000	Buildings at fair value \$'000	Leasehold Improvements at cost \$'000	Plant and Equipment at cost \$'000	Furniture and Fittings at cost \$'000	Motor Vehicles at cost \$'000	Computer Equipment at cost \$'000	Work in Progress at cost \$'000	Total \$'000
<b>Gross carrying amount</b>									
Balance at 1 July 20	15,119	13,779	6,710	3,245	10,552	9,464	3,547	2,132	64,548
Net additions/(transfers)	-	794	64	45	414	1,757	403	(793)	2,684
Disposals	-	-	(42)	(92)	(281)	(1,527)	(540)	-	(2,482)
Revaluation increase/(decrease)	1,617	(1,231)	-	-	-	-	-	-	386
Reclassified as held for sale	(310)	(235)	-	-	-	-	-	-	(545)
Balance at 30 June 21	16,426	13,107	6,732	3,198	10,685	9,694	3,410	1,339	64,591
Net additions/(transfers)	-	1,150	277	246	459	2,849	580	(1,139)	4,422
Disposals	-	-	(70)	(68)	(171)	(1,717)	(519)	-	(2,545)
Revaluation increase/(decrease)	460	(2,336)	-	-	-	-	-	-	(1,876)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 22	16,886	11,921	6,939	3,376	10,973	10,826	3,471	200	64,592
<b>Accumulated depreciation</b>									
Balance at 1 July 20	-	-	5,882	2,223	9,530	4,453	2,505	-	24,593
Depreciation expense	-	323	163	126	442	1,605	579	-	3,238
Eliminated on disposals	-	-	(42)	(92)	(279)	(1,390)	(539)	-	(2,342)
Eliminated on revaluation	-	(323)	-	-	-	-	-	-	(323)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 21	-	-	6,003	2,257	9,693	4,668	2,545	-	25,166
Depreciation expense	-	313	161	142	420	1,627	535	-	3,198
Eliminated on disposals	-	-	(68)	(68)	(166)	(1,436)	(519)	-	(2,257)
Eliminated on revaluation	-	(313)	-	-	-	-	-	-	(313)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 22	-	-	6,096	2,331	9,947	4,859	2,561	-	25,794
<b>Carrying amount</b>									
As at 30 June 21	16,426	13,107	729	941	992	5,026	865	1,339	39,425
As at 30 June 22	16,886	11,921	843	1,045	1,026	5,967	910	200	38,798



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9. Property, plant and equipment (continued)

*Valuation of land and buildings*

Land and buildings were last revalued by independent registered valuers at 30 June 2022. The total value as per each valuer was as follows:

	Date of Inspection	2022 \$'000	2021 \$'000
Colliers International	7/07/2022	16,000	17,000
Telfer Young	7/07/2022	3,865	3,430
Chadderton & Associates Ltd	12/07/2022	985	900
SW Binnie	30/06/2022	662	853
Duke & Cooke	6/07/2022	1,700	2,170
Alexander Hayward Limited	30/06/2022	2,475	2,300
Telfer Young	12/07/2022	520	505
Telfer Young	15/07/2022	2,600	2,375
		28,807	29,533

Had the Group's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	2022 \$'000	2021 \$'000
Freehold land	2,900	2,948
Buildings	6,374	6,723
	9,274	9,671

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10. Goodwill

	2022 \$'000	2021 \$'000
<b>Cost</b>		
Balance at 1 July	10,911	10,911
Balance at 30 June	10,911	10,911
<b>Accumulated impairment losses</b>		
Balance at 1 July	(7,793)	(7,793)
Impairment losses charged to surplus or deficit	-	-
Balance at 30 June	(7,793)	(7,793)
<b>Carrying amount</b>		
As at 1 July	3,118	3,118
As at 30 June	3,118	3,118

*Allocation of goodwill to cash-generating units*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2022 \$'000	2021 \$'000
New Zealand Automobile Association Inc	3,118	3,118
	3,118	3,118

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

For the CGU above, the recoverable amounts of the CGU are determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board. The period used is a five year period and the discount rate used is 10% per annum (2021: 10% per annum).

For the Association the cash flow projections during the budget period are based on the same expected gross margins and price inflation during the budget period. The cash flows beyond that five year period have been extrapolated using a 2% per annum growth rate which is less than the projected long-term average growth rate. The Board believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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11. Other intangible assets

	<b>Computer Software \$'000</b>
<i>Gross carrying amount</i>	
Balance at 1 July 20	18,188
Additions restated	1,556
Disposals	(151)
Balance at 30 June 21 restated	19,593
Additions	4,743
Disposals	-
Balance at 30 June 22	<u>24,336</u>
 <i>Accumulated amortisation and impairment</i>	
Balance at 1 July 20	15,314
Amortisation expense restated	1,207
Eliminated on disposals	(151)
Balance at 30 June 21 restated	16,370
Amortisation expense	1,306
Eliminated on disposals	-
Balance at 30 June 22	<u>17,676</u>
 <i>Carrying amount</i>	
As at 30 June 21 restated	<u>3,223</u>
As at 30 June 22	<u>6,660</u>

12. Investment properties

	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<i>At fair value</i>		
Balance at 1 July	256	230
Change in fair value	14	26
Balance at 30 June	<u>270</u>	<u>256</u>

The Association holds the freehold to all investment properties.

*Valuation of investment properties*

All investment properties were valued by independent registered valuers as at 30 June 2022. The total value per each valuer was as follows:

	<b>Date of Valuation</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Telfer Young	30/06/2022	270	256
		<u>270</u>	<u>256</u>

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13. Payables

	2022 \$'000	2021 \$'000
Trade payables - from exchange transactions	6,929	5,075
Accrued expenses	6,034	4,895
Goods and services tax ("GST") payable	334	538
Other	2,177	1,351
	<u>15,474</u>	<u>11,859</u>

The average credit period on purchases is up to one month. No interest is charged on trade payables as the Group always pays by the due date. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Clawback provision

The clawback provision relates to the expected clawback of commission earned on life insurance policies within the first twelve months of the policy.

	2022 \$'000	2021 \$'000
Balance at 1 July	370	145
Movement for period	49	225
Balance at 30 June	<u>419</u>	<u>370</u>

15. Make good provision

The make good provision relates to make good requirements under property leases.

	2022 \$'000	2021 \$'000
Balance at 1 July	162	169
Movement for period	24	(7)
Balance at 30 June	<u>186</u>	<u>162</u>

16. Deferred income

This is deferred income relating to corporate subscriptions. Income is recognised in surplus or deficit over the period to which the service relates which may be for more than a year.

<i>This is disclosed as:</i>	2022 \$'000	2021 \$'000
Current portion	4,380	4,029
Non-current portion	3,626	2,953
	<u>8,006</u>	<u>6,982</u>

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**17. Unearned revenue**

Unearned revenue represents the deferral of licence fees received and the impact on the consolidated statement of financial position of deferring the advertising revenues and directly attributable development costs relating to undistributed publications.

*This is disclosed as:*

	2022 \$'000	2021 \$'000
Current portion	865	921
Non-current portion	-	6
	<u>865</u>	<u>927</u>

**18. Asset revaluation reserve**

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the asset revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated comprehensive revenue and expenses.

	2022 \$'000	2021 \$'000
Balance at 1 July	15,927	13,809
Increase on revaluation of properties	893	2,240
Decrease on revaluation of properties	(963)	(122)
Transfer to accumulated comprehensive revenue and expenses	(174)	-
Balance at 30 June	<u>15,684</u>	<u>15,927</u>

**19. Accumulated comprehensive revenue and expense**

	2022 \$'000	2021 \$'000
Balance at 1 July	324,680	281,993
Transfer from asset revaluation reserve	174	-
Net surplus for the year ended attributable to the Association acting in the interest of members restated	(12,406)	42,703
Share of other comprehensive revenue and expense of joint ventures	(56)	(16)
Balance at 30 June restated	<u>312,392</u>	<u>324,680</u>

In the event the Association is wound up, the residual assets are to be applied towards an entity having substantially similar objectives and activities. The transfer from the asset revaluation reserve has arisen due to the reintroduction of depreciation on buildings during the prior year.

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20. Subsidiaries

Details of the Group's significant subsidiaries at 30 June 2022 are as follows:

Name of Subsidiary	Place of Incorporation	Principle activity	Ownership interest and voting rights (%)	
			2022	2021
The New Zealand Automobile Association Limited	New Zealand	Brand Licensing	100	100
AA Tourism Publishing Limited	New Zealand	Publishing Guides and Maps	100	100
AA Auto Service Limited	New Zealand	Vehicle Servicing Franchise	100	100
AA Driver Training Limited	New Zealand	Driver Training Franchise	100	100
NZAA Assets Limited	New Zealand	Service Provider	100	100
AA-2002 Limited (formerly AA Finance Limited)	New Zealand	Non Trading	100	100
AA Rewards Operations Limited	New Zealand	Non Trading	100	100
AA Tourism Limited	New Zealand	Non Trading	100	100
AA Vehicle Testing Limited	New Zealand	Non Trading	100	100

21. Investments accounted for using the equity method

*Investments in joint ventures*

Name of Joint Venture	Financial year end	Place of Incorporation	Voting rights on significant transactions (%)		Ownership interest (%)	
			2022	2021	2022	2021
AA Insurance Limited	30 June	New Zealand	50	50	32	32
AA Battery Services Limited	30 June	New Zealand	50	50	60	60
AA Smartfuel Limited	30 June	New Zealand	50	50	50	50
AA Finance Marketing Partnership	30 June	New Zealand	50	50	50	50
AA Home Limited	30 June	New Zealand	50	50	66	66
AA Finance Limited	30 June	New Zealand	50	50	50	50

Although the Group holds less or more than 50% ownership interest in three of the investments listed above they are classified as a joint ventures as there is a contractual arrangement and the Group holds 50% of the voting rights and hence has joint control in all cases. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures except for AA Finance Limited. The Group is guarantor to 50% of a term loan facility agreement in place with ANZ Bank New Zealand Limited to which AA Finance Limited are a party. The Group's exposure to this facility is \$9.98 million.

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21. Investments accounted for using the equity method (continued)

Summarised financial information in respect of the Group's joint ventures is set out below:

	2022 \$'000	2021 \$'000
Current assets	760,100	642,121
Non-current assets	75,313	70,171
Total assets	835,413	712,292
Current liabilities	236,130	232,411
Non-current liabilities	412,008	313,382
Total liabilities	648,138	545,793
Net assets	187,275	166,499
Group's share of net assets of joint ventures	67,055	60,214
Total revenue	672,121	576,521
Total expenses	(608,250)	(522,317)
Total net surplus/(losses)	63,871	54,204
Group's share of net surplus/(losses) of joint ventures	21,397	18,441

Movement in the carrying amount of the Group's investments in joint ventures:

	2022 \$'000	2021 \$'000
Carrying value of joint ventures		
Carrying value at 1 July	60,214	61,531
Increase in shares	1,750	2,000
Share of net surplus/(losses)	21,397	18,441
Share of other comprehensive revenue and expense of joint ventures	(56)	(16)
Dividends received	(16,250)	(21,742)
Dividends owing	-	-
Distribution of tax credit	-	-
Carrying value at 30 June	67,055	60,214

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21. Investments accounted for using the equity method (continued)

	2022 \$'000	2021 \$'000
The carrying value is comprised of:		
Cost	28,315	26,565
Share of joint venture post-acquisition reserves	31,999	26,908
Goodwill	6,741	6,741
	<u>67,055</u>	<u>60,214</u>
Joint venture share of net surplus/(losses)		
Share of surplus before taxation	30,412	24,632
Share of taxation expense	(9,015)	(6,191)
	<u>21,397</u>	<u>18,441</u>

22. Related parties

The Association is an incorporated society acting in the interest of its members.

*Equity interest in related parties*

Details of interests in subsidiaries and joint ventures are disclosed in notes 20 and 21 respectively.

*Related party transactions and outstanding balances*

Transactions with and amounts outstanding between the Group and related parties are as per the following tables.



THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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 FOR THE YEAR ENDED 30 JUNE 2022

22. Related parties (continued)

2022

Related Party	Type of Transaction	Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Joint Ventures:</i>			
AA Insurance Limited	Amount Owed to NZAA		839
	Amount Owed to AA Insurance Limited		1
	Service Commission and Operational Funding	12,681	
AA Life Services Ltd	Amount Owed to NZAA		-
	Service Commission and Operational Funding	-	
AA Battery Services Ltd	Amount Owed to NZAA		148
	Amount Owed to AA Battery Services		218
	Purchase of Battery Stock	2,115	
	Service Commission and Operational Funding	(1,650)	
AA Smartfuel Limited	Amount Owed to NZAA		30
	Amount Owed to AA Smartfuel Limited		54
	Service Provider and Operational Funding	342	
	Brand Licensing and Program Fees	(305)	
AA Finance Limited	Amount Owed to NZAA		186
	Amount Owed to AA Finance Limited		-
	Administrative Services and Operational Activities	904	
	Share Capital Injection	1,750	

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
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22. Related parties (continued)

Related Party	Type of Transaction	2022	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
AA Finance Marketing Partnership	Amount Owed to NZAA	-	-
	Service Provider and Operational Funding	-	-
	Brand Licensing and Program Fees	-	-
AA Home Limited	Amount Owed to NZAA		40
	Amount Owed to AA Home Limited		50
	Administrative Services and Operational Activities	12	
<i>Other related parties:</i>			
Staff Superannuation Schemes	Employer Contribution	3,518	
	Expenses	552	
New Zealand Automobile Association Research Foundation	Amount Owed to NZAA		-
	Service Provider and Operational Funding	82	
	Grant paid to NZAA Research Foundation	250	
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	Amount Owed to NZAA		3
	Service Provider and Operational Funding	85	
	Grant paid to Students Against Dangerous Driving Aotearoa	272	

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
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22. Related parties (continued)

Related Party	Type of Transaction	2021	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Joint Ventures:</i>			
AA Insurance Limited	Amount Owed to NZAA		772
	Amount Owed to AA Insurance Limited		-
	Service Commission and Operational Funding	11,148	
AA Life Services Ltd	Amount Owed to NZAA		-
	Service Commission and Operational Funding	(442)	
AA Battery Services Ltd	Amount Owed to NZAA		133
	Amount Owed to AA Battery Services		176
	Purchase of Battery Stock	1,828	
	Service Commission and Operational Funding	(1,607)	
AA Smartfuel Limited	Amount Owed to NZAA		50
	Amount Owed to AA Smartfuel Limited		16
	Service Provider and Operational Funding	537	
	Brand Licensing and Program Fees	(276)	
AA Finance Limited	Amount Owed to NZAA		115
	Amount Owed to AA Finance Limited		-
	Administrative Services and Operational Activities	909	

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2022

22. Related parties (continued)

Related Party	Type of Transaction	2021	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
AA Finance Marketing Partnership	Amount Owed to NZAA	-	-
	Service Provider and Operational Funding	33	
	Brand Licensing and Program Fees	-	
AA Home Limited	Amount Owed to NZAA		79
	Amount Owed to AA Home Limited		69
	Service Commission and Operational Funding	85	
<i>Other related parties:</i>			
Staff Superannuation Schemes	Employer Contribution	3,951	
	Expenses	768	
New Zealand Automobile Association Research Foundation	Amount Owed to NZAA		1
	Service Provider and Operational Funding	82	
	Grant paid to NZAA Research Foundation	125	
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	Amount Owed to NZAA		1
	Service Provider and Operational Funding	82	
	Grant paid to Students Against Dangerous Driving Aotearoa	472	

Any amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in either period for bad or doubtful debts in respect of the amounts owed by related parties.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2022

22. Related parties (continued)

**Key management personnel remuneration**

The Group classifies its key management personnel into one of two classes:

- Members of the governing body
- Chief executive officer and senior executive officers, responsible for the operation of the Group's operating segments, and reporting to the governing body.

	2022		2021	
	Remuneration \$'000	Number of Individuals	Remuneration \$'000	Number of Individuals
Members of the governing body	511	9 people	453	9 people
CEO and senior executive officers	8,579	13.17 FTEs	8,362	14.28 FTEs
	<u>9,090</u>		<u>8,815</u>	

Legal and other consulting fees totalling \$36,159 (2021: \$108,367) were paid at market rates to a law firm associated with a member of the governing body for the provision of expert legal advice for specific matters outside of the scope of their normal duties.

Loans and advances to key management personnel amounted to \$Nil (2021: \$Nil).

23. Remuneration of auditors

	2022 \$'000	2021 \$'000
Audit of the financial statements	318	280
Taxation compliance services	53	69
Taxation advisory services	43	32
Non-assurance related services	26	49
	<u>441</u>	<u>430</u>

The auditor of the Group is Deloitte. Deloitte also carries out other assignments for the Group in the areas of risk advisory, taxation compliance and taxation advice. Consulting and advisory work is captured under non-assurance related services.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2022

24. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than 3 months, net of outstanding bank overdrafts. Cash and cash equivalents at balance date as shown in the cash flow statement can be reconciled to the related items in the consolidated statement of financial position as follows:

	2022 \$'000	2021 \$'000
Cash on hand	24	25
Cash in banks	927	270
Fixed term deposits less than 3 months	5,000	32,600
Call deposits	10,085	8,760
<b>Total cash and cash equivalents per statement of cash flows</b>	<b>16,036</b>	<b>41,655</b>

25. Reconciliation of net surplus after taxation for the period to net cash

	2022 \$'000	Restated 2021 \$'000
Net surplus/(loss) for the year attributable to the Association acting in the interest of members	(12,406)	42,703
<i>Adjustments for non-cash items:</i>		
Depreciation expense (note 9)	3,198	3,238
Amortisation expense (note 11)	1,306	1,207
Capitalised lease	-	-
Share of equity accounted joint venture (surplus)/deficit (note 21)	(21,397)	(18,441)
Loss/(gain) on managed funds (note 2)	23,029	(32,510)
Loss/(gain) of disposal of property, plant and equipment	(496)	(459)
Loss/(gain) on revalued land and buildings (note 2)	1,494	1,408
Loss/(gain) on revaluation of investment property (note 2)	(14)	(26)
<i>Adjustments for movements in:</i>		
Taxation receivable	(1)	(1)
Sundry receivables and prepaid expenses	(723)	(1,309)
Inventories	86	153
Payables	4,272	(3,590)
Employee entitlements	683	(11)
Clawback provision	49	225
Make good provision	24	(7)
Unearned and deferred income	962	991
Subscriptions in advance	249	1,586
<b>Net cash flows (used in)/from operating activities</b>	<b>315</b>	<b>(4,843)</b>

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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FOR THE YEAR ENDED 30 JUNE 2022**

**26. Amount, timing and uncertainty of cash flows**

The Group's revenue is widely sourced across a range of services, products and industries and as such the Board considers the risk to cash flow to be minimal.

The major source of revenue for the Group is membership subscription income. This risk is mitigated as there are a large number of personal members, who pay a comparatively low subscription, so suffering a material change in membership subscription income would require a significant change in personal members.

The only significant risk to profit from membership subscription income is the cost of members' demand for road service. This risk is mitigated predominantly through the use of a fixed cost operating structure based on estimated future demand. The Group's budgets contain amounts conservatively calculated to cover the cost of such factors that in the past have generally proved more than adequate.

In addition, the method of calculating earned subscription income, being spread using a time based formula so as to calculate that portion of the subscription applicable to the unexpired period of a membership term, adds certainty to the future revenue.

Income derived from other activities is spread across a wide range of business ventures, some involving a discretionary spend (Tourism and Vehicle Inspections) and others where expenditure is unavoidable (Warrants of Fitness, Registration, and Licensing). The spread of income amongst these categories minimises the risk to the overall revenue received from the source, particularly where the transactions tend to be of small value but involve large numbers of customers.

**27. Operating lease and capital commitments**

*The Group as lessee:*

Operating leases primarily relate to retail space with lease terms of between one month to 15 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Obligations payable after balance date on non-cancellable leases are as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	3,629	3,590
Between one and five years	4,140	4,080
After five years	488	81
	<u>8,257</u>	<u>7,751</u>

*Capital commitments*

At balance date the Group had no capital commitments (2021: \$Nil).

**28. Contingent assets**

At balance date the Group had no contingent assets (2021: \$Nil).



THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
NOTES TO THE FINANCIAL STATEMENTS  
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29. Contingent liabilities

	2022 \$'000	2021 \$'000
Contingent liabilities are categorised as follows:		
Motorway emergency telephone service indemnity bond	8	8
Auckland International Airport performance bond	8	8

30. Subsequent events

The Group received the following dividend post balance date from joint ventures; \$6.4 million, net of imputation credits of \$2.5 million, on the 24 August 2022 being its share of a dividend declared on 15 August 2022.

On the 27<sup>th</sup> September 2022 the Group paid \$1,500,000 of capital to AA Finance Limited.



THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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FOR THE YEAR ENDED 30 JUNE 2022

**31. Financial instruments**

The Group manages its exposure to key financial risks, including interest rate risk, in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk, including interest rate risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. Levels of exposure to interest rate risk are monitored and assessments are made of market forecasts for interest rates.

The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for interest rate risk, and future cash flow forecast projections.

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while ensuring sufficient return in order to meet its objectives. The capital structure of the Group includes cash and cash equivalents and members' funds of the Association, comprising accumulated funds and other reserves.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, sundry receivables and prepaid expenses, and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

Sundry receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, with the result that the Group's exposure to bad debts is not significant.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. 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 Group does not hold collateral over these sundry receivables.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
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31. Financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities

The table below summarises the contractual maturities of financial liabilities (including interest payments) based on the remaining period at the balance date to the contractual maturity date:

As at 30 June 2022	Carrying amounts \$'000	Contractual cash flows \$'000	On demand \$'000	1 to 12 months \$'000	1 to 5 years \$'000
<i>Liabilities</i>					
Payables	15,140	15,140	15,140	-	-
<i>Total financial liabilities</i>	15,140	15,140	15,140	-	-
As at 30 June 2021	Carrying amounts \$'000	Contractual cash flows \$'000	On demand \$'000	1 to 12 months \$'000	1 to 5 years \$'000
<i>Liabilities</i>					
Payables	11,321	11,321	11,321	-	-
<i>Total financial liabilities</i>	11,321	11,321	11,321	-	-

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
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31. Financial instruments (continued)

Categories of financial assets and financial liabilities

As at 30 June 2022	Loans and receivables \$'000	At fair value through surplus or deficit \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<i>Assets</i>				
Cash and cash equivalents	16,036	-	-	16,036
Other financial assets	-	245,905	-	245,905
Sundry receivables	6,869	-	-	6,869
<b>Total financial assets</b>	<b>22,905</b>	<b>245,905</b>	<b>-</b>	<b>268,810</b>
<i>Liabilities</i>				
Payables	-	-	(15,140)	(15,140)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(15,140)</b>	<b>(15,140)</b>

Total financial assets	Loans and receivables \$'000	At fair value through surplus or deficit \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<i>Assets</i>				
Cash and cash equivalents	41,655	-	-	41,655
Other financial assets	-	236,994	-	236,994
Sundry receivables	6,572	-	-	6,572
<b>Total financial assets</b>	<b>48,227</b>	<b>236,994</b>	<b>-</b>	<b>285,221</b>
<i>Liabilities</i>				
Payables	-	-	(11,321)	(11,321)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(11,321)</b>	<b>(11,321)</b>

Market risks

*Foreign currency risk*

The Group has exposure to foreign exchange risk through its investment in three managed funds. This exposure relates to the translation of assets invested globally.

The Group manages its foreign exchange risk exposure through its Statement of Investment Policy and Objectives for Investment Funds. Exposure is limited by putting in place hedging and an outcome of this is the additional return that normally arises from the forward contracts which implement the hedging.

*Interest rate risk*

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash and investments.

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31. Financial instruments (continued)

*Interest rate risk (continued)*

The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date. The analysis is prepared assuming the balances of the financial instruments outstanding at the reporting date were outstanding for the whole year. A 100 basis point increase and decrease is used in the model to assess the impact on the consolidated statement of comprehensive revenue and expense with all other variables held constant.

Equity price sensitivity analysis

The Group is exposed to equity price risks arising from equity investments.

Financial assets subject to interest rate risk

Financial assets subject to interest rate risk include cash and shares in managed funds. Risk analysis is therefore based on both changes in interest rate and equity price.

	Balance	Income impact of 1% fall in interest rate - deficit	Income impact of 1% increase in interest rate - (surplus)	Income impact of 5% fall in equity price - deficit	Income impact of 5% increase in equity price - (surplus)
As at 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>					
Cash and cash equivalents	16,036	160	(160)	-	-
Other financial assets	245,905	-	-	12,295	(12,295)
<b>Total</b>	<b>261,941</b>	<b>160</b>	<b>(160)</b>	<b>12,295</b>	<b>(12,295)</b>

	Balance	Income impact of 1% fall in interest rate - deficit	Income impact of 1% increase in interest rate - (surplus)	Income impact of 5% fall in equity price - deficit	Income impact of 5% increase in equity price - (surplus)
As at 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>					
Cash and cash equivalents	41,655	417	(417)	-	-
Other financial assets	236,994	-	-	11,850	(11,850)
<b>Total</b>	<b>278,649</b>	<b>417</b>	<b>(417)</b>	<b>11,850</b>	<b>(11,850)</b>

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED  
 NOTES TO THE FINANCIAL STATEMENTS  
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31. Financial instruments (continued)

Fair Values

The fair value of financial assets with standard terms and conditions, and traded on active liquid markets, is determined with reference to quoted market prices. The financial asset sitting in this category is the managed fund investment which is a portfolio consisting of equities, unit trusts and fixed interest investments.

The fair values of each class of financial instruments approximates to the carrying value as stated in the financial statements.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

*Level 1* Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

*Level 3* Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	27,600	218,305	-	245,905
<i>Total financial assets</i>	27,600	218,305	-	245,905
As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	5,000	231,994	-	236,994
<i>Total financial assets</i>	5,000	231,994	-	236,994

There were no transfers between Level 1 and 2 during either period.

<i>Reconciliation of Level 3 fair value measurements of financial assets</i>	2022 \$'000	2021 \$'000
Balance at beginning of period	-	-
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in surplus or deficit (note 2)	-	-
Balance at end of period	-	-

*Commodity and other market risk*

The group has no significant exposure to commodity or other market risk.

## Independent Auditor's Report

### To the Members of the New Zealand Automobile Association Incorporated

#### Opinion

We have audited the financial statements of the New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 3 to 46, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the area of risk advisory, taxation compliance, taxation advice, and non-assurance services in relation to the Groups' investment fund portfolio. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the entity and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the entity and its subsidiaries. The firm has no other relationship with, or interest in, the entity or any of its subsidiaries.

#### Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs and ISAs (NZ) 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

## **Restriction on use**

This report is made solely to the Members, as a body, in accordance with the Rules of the Association. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.



**For Deloitte Limited**  
**Auckland, New Zealand**  
30 September 2022

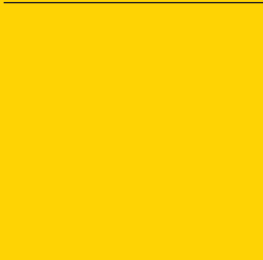
This audit report relates to the consolidated financial statements of the New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries (the 'Group') for the year ended 30 June 2022 included on the entity's website. The Board of Directors are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 30 September 2022 to confirm the information included in the audited consolidated financial statements presented on this website.

**He aha te mea nui o te ao?**  
What is the most important thing  
in the world?




**He tāngata, he tāngata, he tāngata.**  
It is the people, it is the people,  
it is the people.





Thank you to the AA team for your dedication and perseverance throughout a challenging year. To our Members, thank you for your continued support, patience and trust as we navigated the year. You are at the heart of what we do, and it's only with your support that we've gotten to where we are today.





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