Private Healthcare Australia Ltd

ABN 35 008 621 994

Annual Financial Report

30 June 2016

Table of Contents

Directors' report

The directors present their report together with the financial report of Private Healthcare Australia Limited, (the Company), for the financial year ended 30 June 2016 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:


BRANSBY Rob

Non-Executive Director of PHA since 7 November 2006

F Fin, FAIM
Managing Director of HBF Health Ltd
Director - Australian Digital Health Agency
Director - BW Financial Advice Limited
Director - Financial Wisdom Limited
Director - Count Financial Limited
Director - Commonwealth Financial Planning Limited
Director - Synergy
Director - Pioneer Credit
Commissioner, Insurance Commission of WA
PHA President


CROMBIE Dwayne

Non-Executive Director of PHA since 22 May 2013

MB ChB - University of Otago, NZ
Managing Director for Health Insurance - Bupa Australia
MBA - University of Auckland, NZ
FNZCPHM - (Public Health Medicine Specialist)
Director - Bupa Health Insurance Ltd


FOGARTY Gerard

Non-Executive Director of PHA since 11 November 2015

Major General, AO (Ret'd)
BBus, GradDipMgmt, MBA, MSS(USA), GAICD
Chief Executive Officer of Defence Health Limited
Director - Defence Health Foundation Pty Ltd
Director - Hambs Systems Ltd
Chairman, Members' Own Health Funds

GREGORY Byron

Non-Executive Director of PHA since 10 November 2004

B. Commerce
Chief Executive Officer of Health Partners Limited
Director - Australian Health Service Alliance since November 2006
Director - Members' Own Health Funds since 2014

HAGAN Amanda

Non-Executive Director of PHA since 13 November 2012 (resigned 11 November 2015)

BSc (BIT), SIA, GAICD
Chief Executive Officer, Healthcare - Australian Unity Health Limited
Director - Australian Unity Health Limited
Director - Grand United Corporate Health Limited
Director - Remedy Healthcare Group Pty Ltd
Director - Members' Own Health Funds
Director - Australian Unity Lifestyle Pty Ltd
Director - Australian Health Service Alliance Limited
Director - Australian Unity Health Care Pty Ltd
PHA Vice President
Resigned as a Director and Board member of PHA on 11 November 2015

JOYCE Brad

Non-Executive Director of PHA since 8 November 2011

B. Commerce, FCPA, MAICD
Chief Executive Officer of Teachers Health Fund
Director - Teachers Health Care Services
Director - Teachers Health Foundation
Director - Members' Own Health Funds
Chairman, hirmaa
Director - Australian Health Services Alliance Ltd
Director - Hambs Systems Ltd

LARKIN Shaun

Non-Executive Director of PHA since 8 November 2010

HlthScD, MHSc, MBA, BHA
Managing Director of The Hospitals Contribution Fund of Australia Ltd
Managing Director of Manchester Unity Australia Ltd
Director - HCF Life Insurance Company Pty Ltd
Director - HCF Health and Medical Research Foundation
Director - Australian Commission on Safety & Quality in Health Care
Director - The Eye Surgeons' Foundation
Member, Health Care Homes - Implementation Advisory Group

McKENSEY Rhod

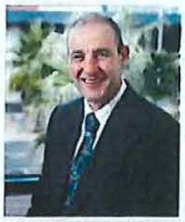
Non-Executive Director of PHA since 27 November 2013

Bachelor of Economics - Sydney University
Bachelor of Laws - Sydney University
Graduate Diploma in Applied Finance and Investment
- Securities Institute of Australia
Member, CPA Australia
Member, Australian Institute of Company Directors
Group Executive, Australian Residents Health Insurance, nib health funds

SELJAK Rob

Non-Executive Director of PHA since 19 July 2005

B.A., LL.B., M.Bus., FAICD, FAIM
Chief Executive Officer of the Queensland Teachers' Union Health Fund
Director - Hambs Systems Ltd
Director - Australian Health Services Alliance
Director - hirmaa
Chairperson, Hillbrook Anglican School
PHA Vice President



VALENA Mark

Non-Executive Director of PHA since 16 April 2008

B. Business
Chief Executive Officer of GMHBA Ltd
Graduate Certificate in Innovation & Service Management
Member of the Institute of Chartered Accountants
Graduate of the Australian Institute of Company Directors
Director - Australian Health Service Alliance
Director - Victorian Managed Insurance Authority
Director – Members' Own Health Fund
Director - Committee for Geelong
Director - Ideas to Action Consultancy
PHA Vice President

WILLIAMS Chris

Non-Executive Director of PHA since 27 November 2013

FIPA Fellow Institute of Public Accountants
Managing Director of St. Lukes Health
FAIM Fellow Australian Institute of Management
MAICD Member of the Australian Institute of Company Directors
Director – Australian Regional Health Group

WILSON Andrew

Non-Executive Director of PHA since 21 April 2015

MBBS, MM, FRANZCP, FACHSE
Executive General Manager of Provider Networks and Integrated Care (PNIC) – Medibank
A founder and Co-President of McKesson Asia-Pacific
Chairman, PHA Audit Committee

DAVID Dr Rachel

Chief Executive Officer

MBBS, GAICD
MBA - Macquarie University
Dr David is CEO of PHA
Prior to her appointment, Dr David was Director of Government Relations and Market Access for Johnson & Johnson
She also served on the senior management team of CSL Ltd and was previously a senior advisor to the Federal Minister for Health

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Name	Position	Attended	Held
BRANSBY, R	President	4	5
CROMBIE, D	Victoria	2	5
CROSS, R - *Alternate*	Alternate for Dwayne Crombie	1	1
DERBYSHIRE, P - *Alternate*	Alternate for Andrew Wilson	1	1
FOGARTY, G	Victoria	3	3
GREGORY, B	South Australia	5	5
HAGAN, A	Vice President	2	2
JACK, S - *Alternate*	Alternate for Shaun Larkin	1	1
JOYCE, B	New South Wales	5	5
LARKIN, S	New South Wales	3	5
McKENSEY, R	New South Wales	5	5
MORRIS, S - *Alternate*	Alternate for Rob Seljak	1	1
SELJAK, R	Vice President	3	5
THILO, A - *Alternate*	Alternate for Dwayne Crombie	2	2
VAGG, M - *Alternate*	Alternate for Mark Valena	1	1
VALENA, M	Vice President	3	5
WILLIAMS, C	Tasmania	3	5
WILSON, A	Chair of the Audit Committee	4	5

The above named directors held office during and since the end of the financial year except for:

Name	Position	Date Ceased
HAGAN, A	Vice President	11/11/15

COMPANY SECRETARIES

Company Secretaries at any time during or since the end of the financial year are:

Name	Date Appointed	Date Ceased
Hon Dr Michael ARMITAGE	22/12/08	30/10/15
Dr Rachel DAVID	2/02/16	-
Steven FANNER	25/11/15	-

PRINCIPAL ACTIVITIES

As an industry association, the Company's short term and longer term objectives are focused on advancing the interests of its members by fostering strong relations with government, media, and other stakeholders involved in the health care sector. These objectives are met through the provision of information and advice, and through maintaining ongoing relationships with other industry associations such as the Australian Medical Association. During the year there was no significant change in the nature of the Company's objectives or activities.

REVIEW OF OPERATIONS

Operations comprised the promotion of the concept of voluntary health insurance. The net profit/(loss) of the Company for the year ended 30 June 2016 was ($1,708,420) (2015: $309,393).

DIVIDENDS

The Company is a company limited by guarantee to the extent of a nominal amount per member and accordingly no shares or debentures have been issued and no dividends have been recommended or paid.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

FUTURE DEVELOPMENTS

No significant future developments which may affect the operations or results of the Company are envisaged.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company against a liability incurred as a director to the extent permitted by the *Corporations Act* 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or director of the Company or of any related body corporate against a liability incurred as such an officer or director. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against liability incurred by an officer or auditor.

As the Company is a public company limited by guarantee, the liability of financial members in the event of the Company being wound up would not exceed $10 per member, irrespective of individual membership contributions. The total contribution by financial members in the event of the company being wound up would be $190 (2015: $210).

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 11 and forms part of the Directors' Report for the financial year ended 30 June 2016.

This report is made with a resolution of the Directors:

Directors' Signature: ______________________

MR ROB BRANSBY – PRESIDENT

Directors' Signature: ______________________

MR ROB SELJAK – VICE-PRESIDENT

Signed at Canberra, ACT

On 26 October 2016

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Private Healthcare Australia Ltd.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit/review.

KPMG

KPMG

Phillip Sands

Phillip Sands
Partner
Canberra
26 October 2016

Directors' declaration

In the opinion of the directors of Private Healthcare Australia Ltd ('the Company'):

(a) the financial statements and notes, set out on pages 18 to 35, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Directors' Signature: ______________________________
MR ROB BRANSBY – PRESIDENT

Directors' Signature: ______________________________
MR ROB SELJAK – VICE-PRESIDENT

Signed at Canberra, ACT

On 26 October 2016

Independent auditor's report to the members of Private Healthcare Australia Ltd

Report on the financial report

We have audited the accompanying financial report of Private Healthcare Australia Ltd (the Company), which comprises the statement of financial position as at 30 June 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Private Healthcare Australia Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

KPMG

KPMG

Phillip Sands

Phillip Sands
Partner

Canberra

26 October 2016

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	4	2,368,145	5,136,480
Administration Expenses		347,706	389,704
Advertising & Marketing Expenses		23,536	86,681
Consulting & Professional Expenses		702,796	676,188
Depreciation & Amortisation Expenses	5	86,396	85,819
Employee Expenses		1,923,602	2,047,955
Occupancy Expenses		277,902	280,101
Travel & Conference Activities		263,731	873,559
Other Expenses		526,601	559,548
Expenses		4,152,270	4,999,555
Results from Operating Activities		(1,784,125)	136,925
Finance income	6	76,319	173,771
Finance expense	6	(614)	(1,303)
Net finance income		75,705	172,468
Income tax	8	-	-
Profit/(loss) for the period		(1,708,420)	309,393
Other comprehensive income		-	-
Total comprehensive income/(loss)		(1,708,420)	309,393

The notes on pages 18 to 35 are an integral part of these financial statements

Statement of financial position
as at 30 June 2016

	Notes	2016 $	2015 $
Current Assets			
Cash and cash equivalents	9	4,161,070	3,738,890
Receivables	10	35,871	4,161
Prepayments		45,989	29,447
Deposits		-	17,461
Investments	11	561,380	2,811,380
Total Current Assets		4,804,310	6,601,339
Non-Current Assets			
Property, plant and equipment	12	163,452	240,382
Total Non-Current Assets		163,452	240,382
Total Assets		4,967,762	6,841,721
Current Liabilities			
Payables	14	218,239	212,370
Employee benefits	15	223,008	409,155
Non-interest bearing liabilities		40,796	40,143
Interest-bearing liabilities	16	-	7,423
Income in advance		-	7,382
Total Current Liabilities		482,043	676,473
Employee benefits	15	778	949
Interest-bearing liabilities	16	-	-
Total Non-Current Liabilities		778	949
Total Liabilities		482,821	677,422
Net Assets		4,484,941	6,164,299
Equity			
Reserves	18	5,555	5,555
Retained earnings	19	4,479,386	6,158,744
Total Equity		4,484,941	6,164,299

The notes on pages 18 to 35 are an integral part of these financial statements

Statement of changes in equity

for the year ended 30 June 2016

	Notes	Reserves $	Retained Earnings $	Total $
Balance as at 01 July 2014		5,555	5,849,351	5,854,906
Total comprehensive income for the year		-	309,393	309,393
Balance as at 30 June 2015	18,19	**5,555**	**6,158,744**	**6,164,299**
Balance as at 01 July 2015		5,555	6,158,744	6,164,299
Total comprehensive income for the year		-	(1,708,420)	(1,708,420)
Adjustment to retained earnings for interest income earned in prior year		-	29,062	29,062
Balance as at 30 June 2016	18,19	**5,555**	**4,479,386**	**4,484,941**

Statement of cash flows

for the year ended 30 June 2016

	Notes	2016 $	2015 $
Cash Flows from Operating Activities			
Receipts from members		2,329,971	5,203,339
Payments to suppliers and employees		(4,245,671)	(4,847,307)
Interest received		105,382	173,771
Interest paid		(614)	(1,303)
Net cash flows from operating activities	21	(1,810,932)	528,500
Cash flows from investing activities			
Net proceeds/(payments) for investments		2,250,000	(1,999,999)
Disposal of assets		1,377	45
Purchase of property, plant and equipment		(10,842)	(12,153)
Net cash flows used in investing activities		2,240,535	(2,012,107)
Cash flows from financing activities			
Payment of finance lease liabilities		(7,423)	4,445
Net cash flows used in financing activities		(7,423)	4,445
Net increase/(decrease) in cash and cash equivalents		422,180	(1,479,162)
Cash and cash equivalents at beginning of period	21	3,738,890	5,218,052
Cash/cash equivalents at end of period	21	4,161,070	3,738,890

The notes on pages 18 to 35 are an integral part of these financial statements

Notes to the financial statements

NOTE 1 - Reporting Entity

Private Healthcare Australia Ltd (the Company) is a not for profit company limited by Guarantee incorporated and domiciled in Australia. The address of the Company's registered office is Unit 17G, Level 1, 2 King Street, Deakin ACT 2600.

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

NOTE 2 - Basis of Preparation

(a) Statement of Compliance

The financial statement is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act* 2001.

The financial statements were authorised for issue by the Board of Directors by circular resolution.

(b) Basis of Measurement

The financial statements, except for the Statement of Cash Flows, have been prepared on an accruals basis and are based on historical cost modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. All financial information presented in Australian dollars has been rounded to the nearest dollar unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(d) and 3(e) – Financial instruments
- Note 3(c) – Lease classification
- Note 3(k) – Employee benefits

(e) **Changes in Accounting Policies**

Interest income, previously recognised as at maturity, is now recognised on the accruals basis. There has been no change to 2015 comparative results.

NOTE 3 - Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as described in note 2(e), which addresses changes in accounting policies.

(a) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Levy income
The Executive approves the administration budget and member allocation of these levies for the year. Levy income is recognised on a financial year, up to a maximum levy amount, on the accruals basis.

Conference and other
Income is derived from the Code of Conduct Seminar and is recognised on the accruals basis.

(b) **Finance Income and Expenses**

Finance income comprises interest income on funds invested. Interest income is recognised on the accruals basis. However, for the 2015 financial year interest income was recognised as at maturity. The 2015 comparative results have not been restated as a result.

Borrowing costs are recognised as an expense when incurred.

Finance expenses comprise interest expense on lease liabilities. Expenses are recognised as an expense when incurred in profit or loss using the effective interest method.

(c) **Leases**

(i) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and

- The arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(d) **Financial Instruments**

(i) *Non-derivative financial assets*
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

The Company recognises receivables on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets at fair value through profit or loss
Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments. In accordance with this policy, the 2015 comparative results have been restated with $2,061,380 in short term deposits being re-classified as investments (notes 9, 11).

Accounting for finance income and expense is discussed in note 3(b).

Held-to-maturity financial assets
If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise term deposits. In accordance with this policy, the 2015 comparative results have been restated with $2,061,380 being re-classified as investments (notes 9, 11).

Receivables
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other receivables are recognised at the original invoice amount less any allowance for uncollectable amounts. The carrying amount of the receivable is deemed to reflect fair value. An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(ii) Non-derivative financial liabilities
The Company recognises loan liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans, borrowings, trade and other payables.

(iii) *Determination of fair values*
Methods and assumptions disclosed in the notes specific to that asset or liability.

(e) **Impairment**

(i) *Non-derivative financial Assets*
A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that loss event had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) *Non-financial Assets*
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) **Leased Assets**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy to that asset. Other leases are operating leases and are not recognised in the statement of financial position.

(g) **Income Tax**

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company is an entity subject to the principle of mutuality, whereby funds contributed to the incorporated body by its members do not constitute income of the body, and the return of any excess funds to members is not assessable to members. Expenses that relate to members are generally not deductible for taxation purposes and general expenses are apportioned based on the proportion of income derived from members compared to non-members. In the case of PHA, the mutuality principle applies to receipts from members. Expenses incurred in deriving these receipts and expenditure incurred in providing services to members will therefore not be deductible to PHA.

(h) **Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

(i) Property, Plant and Equipment

(i) *Recognition and Measurement*
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

PHA intangibles is not considered material and has been aggregated within the office equipment category of property, plant and equipment.

(ii) *Subsequent Costs*
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation and Amortisation*
Items of property, plant and equipment are depreciated on a straight line basis in profit or loss over the estimated useful lives of each component. The useful life of leasehold improvements is the lease term.

PHA amortisation is not considered material and has been aggregated within the office equipment depreciation category of property, plant and equipment.

Intangible assets are amortised on a straight line basis having finite useful lives with the relevant range disclosed as part of the office equipment depreciation category of property, plant and equipment.

All items of property, plant and equipment are depreciated from the date that they are installed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are identified in the table below:

Leasehold Improvements	10 years
Furniture & fittings	2 to 10 years
Office Equipment	2 to 10 years
Office Equipment under Lease	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Employee Benefits

(i) *Defined Contribution Plans*
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) *Short-term Benefits*
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. As a result of the adoption of AASB 119 annual leave obligations not expected to be paid within 12 months of the reporting date are treated as other long-term employee benefits and are measured on a discounted basis.

(iii) *Other Long-term Employee Benefits*
The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(iv) *Termination benefits*
Termination benefits are recognised as an expense when termination benefits are paid.

(l) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may affect the company in the period of initial application.

AASB 9 – Financial Instruments (effective date – period ended 30 June 2018)

This becomes mandatory for the Company's 2018 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

(m) Segment Information

The Company operates predominantly in one industry being the health insurance industry within Australia, as a national representative body.

NOTE 4 - Revenue

	2016 $	2015 $
4(a) Rendering of Services		
Membership Levies	2,360,000	4,591,296
	2,360,000	4,591,296

	2016 $	2015 $
4(b) Other Income		
Recoveries	-	9,443
Conference & Other Income	8,145	535,741
	8,145	545,184
Total Revenue	**2,368,145**	**5,136,480**

NOTE 5 - Depreciation and Amortisation Expenses

	2016 $	2015 $
Depreciation and amortisation included in Statement of Profit or Loss and Other Comprehensive Income:		
Office Equipment	17,510	16,121
Software	7,706	7,425
Furniture & Fixtures	5,609	6,701
Leasehold Improvements	50,808	50,808
Office Equipment under Lease	4,763	4,764
	86,396	85,819

NOTE 6 - Finance Income and Expenses

	2016 $	2015 $
Recognised in profit and loss		
Interest income - AMP Term Deposit	7,796	-
Interest income – BOQ Term Deposit	1,867	13,241
Interest income - CBA Term Deposit	3,251	4,932
Interest income - CBA Online Saver	48,890	73,269
Interest income - CBA Operating Account	4,282	6,823
Interest income – CBA Term Deposit	1,471	1,842
Interest income – IMB Term Deposit	494	8,710
Interest income – ME Bank	7,125	9,000
Interest income – NAB Term Deposit	814	18,924
Interest income – RABO Term Deposit	-	19,227
Interest income - Suncorp	329	2,700
Interest income – STG Term Deposit	-	15,102
Interest expense - finance lease liability	(614)	(1,302)
	75,705	172,468

NOTE 7 - Auditors' Remuneration

	2016 $	2015 $
Audit services:		
Audit and review of financial reports (KPMG Australia)	24,400	24,400
	24,400	**24,400**
Other Services		
Taxation compliance services (KPMG Australia)	6,640	11,250
	6,640	**11,250**

NOTE 8 - Income Tax Expense

As at 30 June 2016 the Company has carry forward tax losses of $6,191,367 (2015: $5,932,241). Provided the Company satisfies the tests as prescribed by income tax legislation, these losses should be available to offset future taxable income. No deferred tax assets and liabilities have been brought to account as it is not considered probable that future taxable income will be in excess of taxable losses.

NOTE 9 - Cash and Cash Equivalents

	2016 $	2015 $
Cash on Hand	500	444
Cash at Bank	4,160,570	3,488,446
Term deposits for a term 3 months or less	-	250,000
	4,161,070	3,738,890

NOTE 10 - Receivables

	2016 $	2015 $
Trade Receivables	28,550	300
Accrued Income	7,321	3,861
	35,871	4,161

NOTE 11 - Investments

	2016 $	2015 $
Current		
Term Deposit - AMP	250,000	250,000
Term Deposit - BOQ	-	250,000
Term Deposit - CBA – Bank Guarantee	61,380	61,380
Term Deposit - CBA	-	1,500,000
Term Deposit - ME Bank	250,000	250,000
Term Deposit - NAB	-	250,000
Term Deposit - Suncorp	-	250,000
	561,380	2,811,380

NOTE 12 - Property, Plant and Equipment

	Leasehold Improvements $	Equipment Furniture & Fittings $	Office Equipment under Lease $	TOTAL $
Cost				
Balance at 1/7/14	508,081	524,152	23,819	1,056,052
Additions	-	12,153	-	12,153
Disposals	-	(1,289)	-	(1,289)
Balance at 30/6/15	508,081	535,016	23,819	1,066,916
Balance at 1/7/15	508,081	535,016	23,819	1,066,916
Change in Asset Category	-	23,819	(23,819)	-
Additions	-	10,842	-	10,842
Disposals	-	(14,263)	-	(14,263)
Balance at 30/6/16	508,081	555,414	-	1,063,495
Accumulated Depreciation and Amortisation				
Balance at 1/7/14	303,753	423,914	14,292	741,959
Deprec./Amort.	50,808	30,247	4,764	85,819
Disposals	-	(1,244)	-	(1,244)
Balance at 30/6/15	354,561	452,917	19,056	826,534
Balance at 1/7/15	354,561	452,917	19,056	826,534
Deprec./Amort.	50,808	30,825	4,763	86,396
Change in Asset Category	-	23,819	(23,819)	-

NOTE 12 - Property, Plant and Equipment – continued

Disposals	-	(12,887)	-	(12,887)
Balance at 30/6/16	405,369	494,674	-	900,043
Carrying Amount				
Balance at 1/7/14	204,328	100,238	9,527	314,093
Balance at 30/6/15	153,520	82,099	4,763	240,382
Balance at 1/7/15	153,520	82,099	4,763	240,382
Balance at 30/6/16	102,712	60,740	-	163,452

NOTE 13 - Fair Value Measurement

The company carries the following assets at fair value:

- Leasehold improvements - $102,712; and
- Equipment, furniture and fittings - $60,740.

Fair value hierarchy

In measuring fair value the company considers its property, plant and equipment to be a level 2 value in the hierarchy. This decision is based on the following descriptions:

Level 1	Fair value measurements for Level 1 include unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2	Level 2 include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Level 3 include inputs for the asset or liability that are not based on observable market data.

There have been no transfers between levels of the hierarchy during the year.

Valuation techniques

The fair value of property, plant and equipment was determined using the Cost Approach. There has been no change in the valuation technique during the year and there is no evidence to indicate that the current use of property, plant and equipment is not the highest and best use.

Reconciliation of level 2 assets

	2016 $	2015 $
Balance at 1 July	**240,382**	**314,093**
Additions	10,842	12,153
Fair value movement recognised in other comprehensive income	-	-
Disposals	(1,376)	(45)
Depreciation	(86,396)	(85,819)
Balance at 30 June	163,452	240,382

NOTE 14 - Payables

	2016 $	2015 $
Trade Payables	90,094	122,835
Goods & Services Tax Payable	114	80
Superannuation & Salary Sacrifice Payable	11,638	71
Accruals	116,393	89,384
	218,239	212,370

NOTE 15 - Employee Benefits

	2016 $	2015 $
Current annual leave	82,980	100,969
Current long service leave	140,028	308,186
	223,008	409,155

	2016 $	2015 $
Non-current long service leave	778	949
	778	949

NOTE 16 - Interest-Bearing Liabilities

The interest bearing liabilities of the Company relate to finance leases over office equipment. There are no interest bearing liabilities of more than five years.

	Future minimum Lease pmts 2016 $	Interest 2016 $	Carrying Value of minimum lease payments 2016 $	Future minimum Lease pmts 2015 $	Interest 2015 $	Carrying Value of minimum lease payments 2015 $
Less than one year	-	-	-	8,037	614	7,423
Between one and five years	-	-	-	-	-	-
	-	-	-	8,037	614	7,423

	2016 $	2015 $
Current Liability	-	7,423
Non-Current Liability	-	-
	-	7,423

NOTE 17 - Operating leases

Leases as Lessee
Non-cancellable operating lease rentals are payable as follows:

	2016 $	2015 $
Less than one year	255,058	245,248
Between one and five years	400,492	655,550
	655,550	900,798

The Company has one property under operating lease. The lease ran for an initial 5 year period with an additional 5 year renewal option. The original 5 year renewal option was changed to 6 years by variation and will expire on 31 December 2018. Lease payments are increased every year to reflect market rentals. A minimal change was made to the floor area resulting in a minor reduction in rent.

During the year ended 30 June 2016 $245,902 was recognised as an expense in profit or loss in respect of operating leases (2015: $244,634).

NOTE 18 - Reserves

	2016 $	2015 $
Industry Marketing Reserve (Health Alerts)		
Balance at the beginning of the year	5,555	5,555
	5,555	5,555

On closure of the Industry Marketing bank account the remaining funds were reserved for expenditure relating to Health Alerts.

NOTE 19 - Retained Earnings

	2016 $	2015 $
Balance at the beginning of the year	6,158,744	5,849,351
Profit/(Loss) for the period	(1,708,420)	309,393
Adjustment to retained earnings for interest income earned in prior year	29,062	-
Balance at the end of the financial year	4,479,386	6,158,744

NOTE 20 - Financial Instruments

Financial Risk Management

Overview
The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

Risk Management Framework
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Credit Risk

Exposure to credit risk
The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**2016**	**2015**
		$	**$**
Investments	11	561,380	2,811,380
Receivables	10	35,871	51,069
Cash and Cash Equivalents	9	4,161,070	3,738,890
		4,758,321	6,601,339

The Company's maximum exposure to credit risk at the reporting date was $4,758,321 (2015: $6,601,339).

The ageing of the Company's trade receivables at the reporting date was:

	2016	**2015**
	$	**$**
Not past due nor impaired	17,550	300
Past due >120 days but not impaired	11,000	-
	28,550	300

Trade and Other Receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 80 percent of the Company's revenue is attributable to membership levies from 5 long standing member organisations.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible,

that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity Risk

The following are the contractual maturities of financial liabilities as at 30 June 2016:

	Carrying amount	Contractual cash flows		
		Payable within 1 year	Payable within 1-2 years	Payable within 2-5 years
	$	$	$	$
Finance lease liabilities	-	-	-	-
Non-interest bearing liabilities	259,035	259,035	-	-
	259,035	259,035	-	-

Liquidity Risk

The following were the contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Contractual cash flows		
		Payable within 1 year	Payable within 1-2 years	Payable within 2-5 years
	$	$	$	$
Finance lease liabilities	7,423	8,037	-	-
Non-interest bearing liabilities	252,513	252,513	-	-
	259,936	260,550	-	-

Market Risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's exposure to market risk is limited to interest rate risk.

Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:	2016	2015
	$	$
Fixed Rate Instruments		
Investments	561,380	2,811,380
Term Deposit - Bank G'tee	(61,380)	(61,380)
Financial assets	500,000	2,750,000
Financial liabilities	-	7,423
	500,000	2,757,423
Variable Rate Instruments		
Financial assets	4,221,950	3,549,776
	4,221,950	3,549,776

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
30 June 2016				
Variable rate instruments	21,110	(21,110)	-	-
	21,110	(21,110)	-	-
30 June 2015				
Variable rate instruments	17,749	(17,749)	-	-
	17,749	(17,749)	-	-

NOTE 21 - Notes to the Statement of Cash Flow

(a) Reconciliation of Net Profit After Tax to Net Cash Flows from Operations

	2016 $	2015 $
Net profit/(loss)	(1,708,420)	309,390
Adjusted for:		
Depreciation	86,396	85,820
Changes in assets and liabilities		
Current Receivables	(28,250)	47,221
Accrued Income	(3,459)	5,013
Prepayments & Deposits	919	7,244
Trade Payables	5,868	21,955
Non-interest Bearing Liabilities	653	-
Employee Benefits	(186,319)	44,475
Income in Advance	(7,382)	7,382
Changes in equity		
Retained Earnings	29,062	-
	(1,810,932)	528,500

(b) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2016 $	2015 $
Net Increase/(Decrease) in Cash & Cash Equivalents	422,180	(1,479,162)
Cash and Cash Equivalents at Beginning of Period	3,738,890	5,218,052
Cash and Cash Equivalents at End of Period	4,161,070	3,738,890

NOTE 22 - Related Parties

Directors Reimbursement

During the financial year, directors and their director-related entities paid member levies to the company on the same terms and conditions available to other members. Directors were entitled to be reimbursed for expenses incurred in attending meetings or events on behalf of Private Healthcare Australia Limited.

Directors Remuneration

The Directors of the Company do not receive any remuneration for the services they perform as Directors. Directors are eligible to be reimbursed for expenses on the same basis as employees.

Transactions with Key Management Personnel

In addition to their salaries the Company contributes to a post-employment defined contribution superannuation fund on their behalf. Termination benefits are based on employee entitlements and individual contracts.

Key management personnel compensation

Key management personnel compensation comprised:

	2016 $	2015 $
Short-term employee benefits	973,005	1,073,813
Other long term benefits	(120,004)	(65,114)
Post employment benefits	74,026	76,010
Termination benefits	-	-
	927,027	**1,084,709**

NOTE 23 - Capital Commitments

During the year ended 30 June 2016 no capital commitments were entered into (2015: nil).

NOTE 24 - Contingencies

During the year ended 30 June 2016 no contingencies were recognised (2015: nil).

NOTE 25 - Additional Company Information

The Company is an unlisted company limited by guarantee, incorporated in the ACT and operating in Australia.

On 4 November 2011 the Company changed its name from Australian Health Insurance Association Limited to Private Healthcare Australia Limited.

Registered Office	Principal Place of Business
Unit 17G	Unit 17G
Level 1	Level 1
2 King Street	2 King Street
Deakin ACT 2600	Deakin ACT 2600