Private Healthcare Australia Ltd
ABN 35 008 621 994

Annual Financial Report
30 June 2017

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 2017 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:

Rob BRANSBY

Independent Chair since 1 April 2017, previous non-executive director until resigning on 24 March 2017

F Fin, FAIM
Former Managing Director - 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 – Craig Mostyn Group
Former Director – Pioneer Credit
Commissioner – Insurance Commission of WA
Former President – PHA

Dwayne CROMBIE

Non-Executive Director of PHA since 22 May 2013

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

Gerard FOGARTY

Non-Executive Director of PHA since 11 November 2015

Major General, AO (Ret'd)
BBus, GradDipMgmt, MBA, MSS(USA), GAICD
Chief Executive Officer – Defence Health Limited
Director – Defence Health Foundation Pty Ltd
Director – Members Own Health Funds
Director – Trigea Pty Ltd
Member – Private Health Insurance Code Compliance Committee

Byron GREGORY

Non-Executive Director of PHA since 10 November 2004

B. Commerce
Chief Executive Officer – Health Partners Limited
Director – Australian Health Service Alliance Ltd
Director – Members Own Health Funds
Member – Private Health Insurance Code Compliance Committee

Brad JOYCE

Non-Executive Director of PHA ceased 24 March 2017

Member – PHA Audit Committee
B. Commerce, FCPA, MAICD
Chief Executive Officer – 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

Shaun LARKIN

Non-Executive Director of PHA ceased 31 March 2017

HlthScD, MHSc, MBA, BHA
Former Managing Director – The Hospitals Contribution Fund of Australia Ltd (HCF)
Former Director – Manchester Unity Australia Ltd
Former Director – HCF Life Insurance Company Pty Ltd
Former Director – HCF Health and Medical Research Foundation
Director – Australian Commission on Safety & Quality in Health Care

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Rhod McKENSEY

Non-Executive Director of PHA since 27 November 2013, Deputy Chair since 24 March 2017

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

Rob SELJAK

Non-Executive Director of PHA since 19 July 2005

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

Mark VALENA

Non-Executive Director of PHA since 16 April 2008

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

Chris WILLIAMS

Non-Executive Director of PHA ceased 24 March 2017

Fellow – Institute of Public Accountants
Former Managing Director – St. Lukes Health
Fellow – Australian Institute of Management
Member – Australian Institute of Company Directors

Andrew WILSON

Non-Executive Director of PHA since 21 April 2015

MBBS, MM, FRANZCP, FACHSE
Group Executive, Healthcare and Strategy – Medibank Private Limited
A founder and Co-President of McKesson Asia-Pacific
Former Chair – PHA Audit Committee

Andrew SMITH

Non-Executive Director of PHA elected 16 November 2016, ceased 24 March 2017

BCom, MBA, FAICD, CA
Group Chief Executive Officer & Executive Director – CBHS Health Fund Limited
Chair – PHA Audit Committee
Director – hirmaa

John BARRINGTON

Non-Executive Director of PHA since 23 May 2017, ceased 1 September 2017

B.A, LL.B, MBA, LLM, MTax.
Former Acting Chief Executive Officer – Hospital Contribution Fund of Australia Ltd
Director – Manchester Unity
Director – HCF Life
Director – HCF Research Foundation
Principal – Barrington Legal

Rachel DAVID

Non-Director - 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 science advisor to the Federal Minister for Health

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DIRECTORS' MEETINGS

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

Board meetings

Name	Position	Relevant Attended	Relevant Held
BRANSBY, R	President/Chair	5	5
CROMBIE, D	Director	2	6
DERBYSHIRE, P - *Alternate*	Alternate for Andrew Wilson	3	3
FOGARTY, G	Director	6	6
GREGORY, B	Director	6	6
JOYCE, B	Director	4	4
LARKIN, S	Director	3	5
McKENSEY, R	Director/ Deputy Chair	6	6
SELJAK, R	Director/Vice President	5	6
SMITH, A	Director	1	1
THILO, A - *Alternate*	Alternate for Dwayne Crombie	2	2
VALENA, M	Director/Vice President	5	6
WILLIAMS, C	Director	4	4
WILSON, A	Director	2	6
BARRINGTON, J	Director	0	0

Audit Committee meetings

Name	Position	Relevant Attended	Relevant Held
DERBYSHIRE, P - *Alternate*	Alternate for Andrew Wilson	1	1
JOYCE, B	Member	3	3
SMITH, A	Audit Committee Chair	2	2
VALENA, M	Member	1	1
WILSON, A	Member	0	1

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

Name	Position	Date Ceased
Bransby, R	President	24 March 2017
Larkin, S	Director	31 March 2017
Williams, C	Director	24 March 2017
Joyce, B	Director	24 March 2017
Barrington, John	Director	1 September 2017

COMPANY SECRETARIES

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

Name	Date Appointed	Date Ceased
Dr Rachel DAVID	2 February 2016	-
Steven FANNER	25 November 2015	-

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. During the year there was no significant change in the nature of the Company's objectives or activities.

SHORT AND LONG-TERM OBJECTIVES

The objectives of the Company are to advocate for the advancement of the Australian private health insurance industry to government, political, media and industry organisations and to advance the collective interests of its members and their policy holders. The Company is currently focused on securing a favourable outcome for its members and their policy holders from Federal Government reviews on private health insurance policy.

STRATEGY FOR ACHIEVING SHORT AND LONG-TERM OBJECTIVES

The Company works to achieve these objectives by implementing strategies to:

- providing an effective forum for industry dialogue on policy and strategic issues relevant to private health insurance;
- facilitate strong engagement with relevant decision-makers;
- building a comprehensive data, information and policy basis; and
- utilising effective communication practices to promote the industry's preferred position on key issues.

The Board of the Company reviews progress on its objectives and consults regularly with management on the effectiveness and relevance of the Company's activities, and on the performance of the management team in implementing agreed strategies.

CONTRIBUTION IN WINDING UP

The Company is incorporated under the Corporations Act 2001 and is a public company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. As at 30 June 2017 the total amount that members of the Company are liable to contribute if the Company wound up is $200 (2016: $190).

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for the financial year ended 30 June 2017.

This report is made with a resolution of the Directors:

Directors' Signature: ______________________
MR ROB BRANSBY – CHAIR

Directors' Signature: Rhod McKensey
MR RHOD McKENSEY – DEPUTY CHAIR

Signed at Canberra ACT

On 20 October 2017

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

To the Management of Private Healthcare Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Private Healthcare Australia Ltd for the financial year ended 30 June 2017 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.

KPMG

KPMG

Phillip Sands

Partner

Canberra

20 October 2017

Independent Auditor's Report

To the Directors of Private Healthcare Australia Ltd

Opinion

We have audited the ***Financial Report*** of Private Healthcare Australia Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Statement of financial position* as at 30 June 2017
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration.*

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Company's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Phillip Sands

Partner

Canberra

20 October 2017

Directors' declaration

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

(a) the financial statements and notes that are set out on pages 12 to 32 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 2017 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:

Signed at Canberra, ACT on 20 October 2017

MR ROB BRANSBY – CHAIR

Rhod McKensey

MR RHOD MCKENSEY – DEPUTY CHAIR

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Revenue	*5*	**2,635,705**	2,368,145
Administration Expenses		**272,651**	347,706
Advertising & Marketing Expenses		**13,514**	23,536
Consulting & Professional Expenses	*7*	**2,790,720**	702,796
Depreciation & Amortisation Expenses	*6*	**80,267**	86,396
Employee Expenses		**1,745,669**	1,923,602
Occupancy Expenses		**249,926**	277,902
Travel & Conference Activities		**213,336**	263,731
Other Expenses		**273,137**	526,601
Expenses		**5,639,220**	4,152,270
Results from Operating Activities		**(3,003,515)**	(1,784,125)
Finance income	*8*	**26,691**	76,319
Finance expense	*8*	**(168)**	(614)
Net finance income		**26,523**	75,705
Income Tax	*10*	-	-
Profit/(loss) for the period		**(2,976,992)**	(1,708,420)
Other comprehensive income		-	-
Total comprehensive income/(loss)		**(2,976,992)**	(1,708,420)

The notes on pages 16 to 32 are an integral part of these financial statements

Statement of financial position
as at 30 June 2017

	Notes	**2017** **$**	2016 $
Current Assets			
Cash and cash equivalents	*11*	**1,149,148**	4,161,070
Trade and other receivables	*12*	**4,422,124**	35,871
Prepayments		**25,241**	45,989
Deposits		**7,948**	-
Investments	*13*	**561,380**	561,380
Total Current Assets		**6,165,841**	4,804,310
Non-Current Assets			
Property, plant and equipment	*14*	**125,671**	163,452
Total Non-Current Assets		**125,671**	163,452
Total Assets		**6,291,512**	4,967,762
Current Liabilities			
Trade and other payables	*15*	**4,577,797**	218,239
Provisions	*16*	**156,271**	223,008
Borrowings		**40,796**	40,796
Total Current Liabilities		**4,774,864**	482,043
Non-Current Liabilities			
Provisions	*16*	**8,699**	778
Total Non-Current Liabilities		**8,699**	778
Total Liabilities		**4,783,563**	482,821
Net Assets		**1,507,949**	4,484,941
Equity			
Reserves	*18*	**5,555**	5,555
Retained earnings	*19*	**1,502,394**	4,479,386
Total Equity		**1,507,949**	4,484,941

The notes on pages 16 to 32 are an integral part of these financial statements

Statement of changes in equity
for the year ended 30 June 2017

	Notes	Reserves $	Retained Earnings $	Total $
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**
Balance as at 01 July 2016				
Total comprehensive income for the year		-	(2,976,992)	(2,976,992)
Balance as at 30 June 2017	*18, 19*	**5,555**	**1,502,394**	**1,507,949**

The notes on pages 16 to 32 are an integral part of these financial statements

Statement of cash flows
for the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash Flows from Operating Activities			
Receipts from members		**2,814,258**	2,329,971
Payments to suppliers and employees		**(5,812,149)**	(4,245,671)
Interest received		**29,807**	105,382
Interest paid		**(168)**	(614)
Net cash flows from operating activities	*21*	**(2,968,252)**	(1,810,932)
Cash Flows from investing activities			
Net proceeds/(payments) for investments		**-**	2,250,000
Disposal of assets		**69,335**	1,377
Purchase of property, plant and equipment		**(113,005)**	(10,842)
Net cash flows used in investing activities		**(43,670)**	2,240,535
Cash Flows from financing activities			
Payment of finance lease liabilities		**-**	(7,423)
Net cash flows used in financing activities		**-**	(7,423)
Net increase/(decrease) in cash and cash equivalents		**(3,011,922)**	422,180
Cash and cash equivalents at beginning of period	*21*	**4,161,070**	3,738,890
Cash/cash equivalents at end of period	*21*	**1,149,148**	4,161,070

The notes on pages 16 to 32 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 public company limited by Guarantee incorporated and domiciled in Australia. The address of the Company's registered office is Unit 32, 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 – New and revised accounting standards and policies

(a) New Standards not yet in effect

Standard	Application date for the entity	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 9 – Financial Instruments	1 January 2018	Includes revised requirements for measurement and classification together with revised recognition and derecognition requirements for financial instruments. Likely impact of this change is thought to be minimal on the financial report and limited to the trade receivable balance.
AASB 15 – Revenue from Contracts with Customers	1 January 2018	This standard- establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This new standard will impact the timing of PHA membership revenue recognition and could have a material effect on the financial report, however it is not possible to quantify the effect at this stage and is dependent on future revenue streams.
AASB 16 Leases	1 January 2019	AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. This new standard will require PHA to recognise a lease asset and a lease liability for all of its leases. At this stage it is not practicable to provide a reasonable estimate of this effect.

(b) Changes to accounting policies

Levy income
This accounting policy has been voluntarily changed effective from 1 July 2016. In the prior financial year, Levy Income was recognised in the period that it was received. The current policy now reflects when there is a receivable relating to membership levies, with the receivable being recognised as revenue on a straight-line basis over the course of the membership. The change in accounting policy is reflective of how a membership is utilised by members, and is consistent with the requirements of AASB 118 – Revenue.

The impact for the current financial year is limited to both the Trade receivables ($4,411,688) and Trade and other payables ($4,411,688) line items as per the Statement of Financial Position. The net effect on the Statement of Financial Position is nil. There is no impact on the prior year balances.

NOTE 3 – 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 –Reduced Disclosure Requirements 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 4(c) – Lease classification
- Note 4(d) and 4(e) – Financial instruments
- Note 4(k) – Employee benefits

NOTE 4 – 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, 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 in advance of each financial year. Levy income receivable is recorded when the likelihood of the member remaining is probable. As the levy entitles members to services and benefits during the membership period, this levy income is recognised as deferred revenue. This deferred revenue is then recognised on a straight-line basis so that over the duration of the membership, it reflects the timing, nature and value of the benefits provided.

Conference and other
Income is derived from conferences and seminars and is recognised on an accruals basis.

(b) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised on an accruals basis.

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 fulfilment 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 an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(d) Financial instruments

Recognition, initial measurement and de-recognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value

adjusted by transactions costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(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 de-recognised 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 purchases 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.

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.

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 measure 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 de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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 of 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 are 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 (with the exception of leasehold improvements) are depreciated on a diminishing value basis in profit or loss over the estimated useful lives of each component. Leasehold improvements are depreciated in profit or loss on a straight-line basis over the life of the lease.

PHA's 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 diminishing value basis in profit or loss from the date they are installed and ready to use.

Items of property, plant and equipment are depreciated on a diminishing value basis in profit or loss over the estimated useful lives of each component. The useful life of leasehold improvements is the lease term.

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

The depreciation method used reflects the patterns of use in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised

(k) Employee Benefits

(i) 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.

(ii) 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.

(iii) Termination benefits

Termination benefits are recognised as an expense when termination benefits are paid.

NOTE 5 – Revenue

	2017 $	2016 $
5(a) Rendering of Services		
Membership Levies	**2,424,998**	2,360,000
	2,424,998	2,360,000
5(b) Other Income		
Conference & Other Income	**210,707**	8,145
	210,707	8,145
Total Revenue	**2,635,705**	2,368,145

NOTE 6 – Depreciation and Amortisation Expenses

Depreciation and amortisation included in Statement of Profit or Loss and Other Comprehensive Income:

Office Equipment	**16,551**	17,510
Software	**4,256**	7,706
Furniture & Fixtures	**4,487**	5,609
Leasehold Improvements	**54,973**	50,808
Office Equipment under Lease	**-**	4,763
	80,267	86,396

NOTE 7 – Consultancy expenses

Recognised in profit and loss		
Consultants expenses	**2,723,424**	702,796
Professional services	**67,296**	29,949
	2,790,720	702,796

During the year, additional consultants were engaged by the Company for a one-off project at a total cost of $1,950,000.

NOTE 8 – Finance Income and Expenses

Recognised in profit and loss		
Interest income	**26,691**	76,319
Interest expense	**(168)**	(614)
	26,523	75,705

NOTE 9 – Auditors' Remuneration

Audit Services:		
Audit and review of financial reports (KPMG Australia)	**19,000**	24,400
	19,000	24,400
Other Services		
Taxation compliance services (KPMG Australia)	**-**	6,640
	-	6,640

NOTE 10 - Income Tax Expense

As at 30 June 2017 the Company has carry forward tax losses of $6,691,049 (2016: $6,191,367). 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 11 – Cash and Cash Equivalents

	2017 $	2016 $
Cash on Hand	**500**	500
Cash at Bank	**1,148,648**	4,160,570
	1,149,148	4,161,070

NOTE 12 – Receivables

Levy Income Receivable	**4,411,688**	-
Accrued Income	**10,436**	7,321
Other Trade Receivables	**-**	28,550
	4,422,124	35,871

NOTE 13 – Investments

Current		
Term Deposit - AMP	**250,000**	250,000
Term Deposit - CBA – Bank Guarantee	**61,380**	61,380
Term Deposit - ME Bank	**250,000**	250,000
	561,380	561,380

NOTE 14 – Property, Plant and Equipment

	Leasehold Improvements $	Equipment Furniture & Fittings $	Office Equipment under Lease $	TOTAL $
Cost				
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 1/7/15	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)	-
Disposals	-	(12,887)	-	(12,887)
Balance at 30/6/16	405,369	494,674	-	900,043
Carrying amount				
Balance at 1/7/15	153,520	82,099	4,763	240,382
Balance at 30/6/16	102,712	60,740	-	163,452

	Leasehold Improvements $	Equipment Furniture & Fittings $	Office Equipment under Lease $	TOTAL $
Cost				
Balance at 1/7/16	508,081	555,414	-	1,063,495
Additions	109,278	3,727	-	113,005
Disposals	(508,081)	(364,214)	-	(872,295)
Balance at 30/6/17	**109,278**	**194,927**	**-**	**304,205**
Accumulated Depreciation and Amortisation				
Balance at 1/7/16	405,369	494,674	-	900,043
Deprec./Amort	54,973	25,294	-	80,267
Disposals	(456,177)	(345,599)		(801,776)
Balance at 30/6/17	**4,165**	**174,369**	**-**	**178,534**
Carrying amount				
Balance at 1/7/16	102,712	60,740	-	163,452
Balance at 30/6/17	**105,113**	**20,558**	**-**	**125,671**

The Company carries its property, plant & equipment at cost less accumulated depreciation.

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.

NOTE 15 – Payables

	2017	2016
	$	$
Trade Payables	**126,040**	90,094
Goods & Services Tax Payable	**353,318**	114
Superannuation & Salary Sacrifice Payable	**9,404**	11,638
Deferred revenue	**4,010,625**	-
Accruals	**78,410**	116,393
	4,577,797	218,239

NOTE 16 – Employee Benefits

Current annual leave	**81,488**	82,980
Current long service leave	**74,783**	140,028
	156,271	223,008
Non-current long service leave	**8,699**	778
	8,699	778

NOTE 17 – Operating leases

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

	2017	2016
	$	$
Less than one year	**143,916**	255,058
Between one and five years	**291,848**	400,492
	435,764	655,550

The Company has two properties under operating leases. The Canberra lease was renegotiated from 1 February 2017 and is for an initial 5 year period with an additional 5 year renewal option. The Sydney lease is for 12 months from 22 August 2017. 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 2017 $224,229 was recognised as an expense in profit or loss in respect of operating leases (2016: $245,902).

NOTE 18 – Reserves

Balance at the beginning of the year	**5,555**	5,555
	5,555	5,555

NOTE 19 – Retained Earnings

Balance at the beginning of the year	**4,479,386**	6,158,744
Profit/(Loss) for the period	**(2,976,992)**	(1,708,420)
Adjustment to retained earnings for interest income earned in prior year	**-**	29,062
Balance at the end of the financial year	**1,502,394**	4,479,386

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:

	Note	Carrying amount 2017 $	2016 $
Investments	*13*	**561,380**	561,380
Receivables	*12*	**4,422,124**	35,871
Cash and Cash Equivalents	*11*	**1,149,148**	4,161,070
		6,132,652	4,758,321

The Company's maximum exposure to credit risk at the reporting date was $6,132,652 (2016: $4,758,321).

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

	2017	2016
Not past due nor impaired	**4,422,124**	17,550
Past due > 120 days but not impaired	**-**	11,000
	4,422,124	28,550

Trade and Other Receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 70 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 2017:

		Contractual cash flows		
	Carrying Amount $	Payable within 1 year **$**	Payable within 1-2 years **$**	Payable within 2-5 years **$**
Non-interest Bearing Liabilities	**206,905**	**206,905**	-	-
	206,905	**206,905**	**-**	**-**

Liquidity Risk
The following were the contractual maturities of financial liabilities as at 30 June 2016:

			Contractual cash flows	
	Carrying Amount $	Payable within 1 year $	Payable within 1-2 years $	Payable within 2-5 years $
Non-interest Bearing Liabilities	259,035	259,035	-	-
	259,035	259,035	**-**	**-**

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.

NOTE 21 – Notes to the Statement of Cash Flow

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

	2017 $	2016 $
Net profit/(loss)	**(2,976,992)**	(1,708,420)
Adjusted for:		
Depreciation	**80,267**	86,396
Loss on sale of non-current asset	**5,064**	-
Profit on sale of non-current asset	**(3,880)**	-
Changes in assets and liabilities		
Current Receivables	**(4,383,137)**	(28,250)
Accrued Income	**(3,116)**	(3,459)
Prepayments & Deposits	**12,800**	919
Trade Payables	**348,933**	5,868
Non-interest Bearing Liabilities	**-**	653
Employee Benefits	**(58,816)**	(186,319)
Deferred Revenue	**4,010,625**	(7,382)
Changes in equity		
Retained Earnings	**-**	29,062
	(2,968,252)	(1,810,932)

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:

Net Increase/(Decrease) in Cash & Cash Equivalents	**(3,011,922)**	422,180
Cash and Cash Equivalents at Beginning of Period	**4,161,070**	3,738,890
Cash and Cash Equivalents at End of Period	**1,149,148**	4,161,070

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, with the exception of the Chair, 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 superannuation fund on their behalf in accordance with the Superannuation Guarantee requirements. Termination benefits are based on employee entitlements and individual contracts.

Key management personnel compensation
Key management personnel compensation comprised:

	2017	2016
	$	$
Short-term employee benefits	**1,052,971**	973,005
Other long-term benefits	**35,486**	37,215
Post-employment benefits	**71,524**	74,026
	1,159,981	1,084,246

NOTE 23 – Capital Commitments

During the year ended 30 June 2017 no capital commitments were entered into (2016: nil).

NOTE 24 – Contingencies

During the year ended 30 June 2017 no contingencies were recognised (2016: nil).

NOTE 25 – Additional Company Information

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

Registered Office	***Principal Place of Business***
Unit 32	Unit 32
Level 1	Level 1
2 King Street	2 King Street
Deakin ACT 2600	Deakin ACT 2600