

# Private Healthcare Australia Limited

## Annual Report 2020-2021



**Private Healthcare Australia**  
Better Cover. Better Access. Better Care.

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# About Private Healthcare Australia

Private Healthcare Australia (PHA) is the peak representative body for Australia's private health insurance (PHI) industry.

PHA represents 23 Australian health funds with a combined membership of over 13 million Australians or 97% of the sector on membership.



# The Year in Numbers

## This year, health funds provided value to more members than ever



**13.96 million**  
or **54.3%**

Australians have private health insurance,<sup>1</sup> up 2.6%



**11.44 million**

Australians have hospital treatment cover, up 2.2%



**13.95 million**

Australians have general treatment (extras) cover, up 2.6%

## Health funds paid a record number of member claims



**\$22 billion**

in benefits, up 4% or \$840 million on 2018/19<sup>2,3</sup>



**96.8 million**

allied health services<sup>4</sup>, up 12.2% on 2019/20 and 1.2% on 2018/19



**4.39 million**

hospital treatment episodes, up 2.1% on 2019/20 and down 1.7% on 2018/19



**Paid for ~2 in 3 elective surgeries<sup>5</sup>** or more than 1.45 million episodes at a cost of around \$8 billion



**86c for every \$1 in premiums received**

The average health funds paid to members



## High claims



**358,375**

hospital claims with benefits exceeding \$10,000<sup>6</sup>, down 2.6% compared to 2019



**19,840**

hospital claims with benefits exceeding \$10,000<sup>7</sup> for people aged under 30, up 2% compared to 2019



**49%**

of hospital benefits paid out by funds were high claims during 2020, up 1% compared to 2019

1. Australian Prudential Regulation Authority (APRA)

2. To exclude COVID impacts, annual change comparisons in terms of benefits expenditure have been made with 2018/19 as the base, being the most recent pre-pandemic financial year period.

3. APRA

4. APRA

5. Australian Institute of Health and Welfare (AIHW)

6. In the 12 months to December 2020

7. In the 12 months to December 2020

## Health funds paid for more allied health and general treatment services than ever



## Dental



**46.1 million**

dental services, up 15.6% on 2019/20 and up 7.4% on 2018/19<sup>8</sup>



**\$3.02 billion**

in benefits paid for dental services, up 15.9% on 2019/20 and up 7.6% on 2018/19



**14%**

of annual total health fund expenditure on member healthcare claims related to dental services<sup>9</sup>



**~ 1 in 2**

Australians aged 5 and older have some form of private health insurance cover for dental expenses<sup>10</sup>

## Mental Health



**\$738 million**

in benefits paid for hospital treatment and care of patients with psychiatric, mental, addiction or behavioural disorders (under hospital cover), up 1.1% on 2019/20



**216,000**

mental health-related hospital admissions, up 3.5% on 2019/20



**~ 1 in 5**

hospital claims for PHI members under 30 was for the hospital treatment and care of patients with psychiatric, mental, addiction or behavioural disorders



**#1 diagnostic category**

Mental diseases and disorders was the #1 major diagnostic category for female members aged up to 42 in 2020/21, previously #3 in 2018/19



**401,065**

psychology/group therapy services under ancillary or extras cover, at a cost of \$31 million, down 2.6% on 2019/20



**7,305 high claims**

for mental health treatment for members under 30, up 4.8% on 2019, at a cost of \$146.55 million

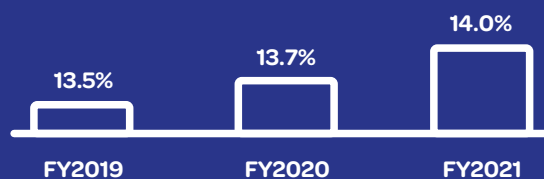
## The rising cost of medical devices is driving up healthcare costs



### Benefits expenditure

on medical devices (prostheses) by private health insurers increased to \$2.23 billion, up 6.5% 2019/20 and up 7.4% on 2018/19

Listed prostheses benefits as a proportion of total hospital benefits paid (%)<sup>11</sup>



8. APRA  
9. APRA  
10. AIHW  
11. APRA

## COVID-19 impacts<sup>12</sup>



**233**

COVID-19 confirmed hospitalisations funded by PHI

- 58 were high claims, where total fund benefit exceeded \$10,000
- 13.7 days average length of stay in hospital
- \$8,400 average total fund benefit per admission



**\$1.93 million**

cumulative total fund benefits paid for COVID-19 confirmed hospitalisations

## Approved hardship provision packages<sup>13</sup>



**Over 166,000**

financial hardship member applications approved by funds, with a cumulative estimated total value of over \$166 million

- 94,000 financial hardship suspensions, 57% of the applications
- 72,000 financial hardship premium waivers and other benefits which allowed members to remain covered under their policy, 43% of applications

## Elective surgeries rebounded to pre-pandemic levels by the end of June 2021



**115%**

Dental surgery in hospitals



**112%**

Gynaecology



**110%**

Plastic & reconstructive surgery (medically necessary)



**109%**

Breast surgery (medically necessary)



**109%**

Joint replacements



**109%**

Joint reconstructions



**108%**

Back, neck & spine



**106%**

Cataract surgery



**105%**

Male reproductive system



**102%**

Weight loss surgery

### Note:

All data is from PHA unless otherwise noted.

All data is for the 2020/21 Financial Year unless otherwise noted.

<sup>12</sup> COVID statistics refer to claims reported or detected since January 2020

<sup>13</sup> From March 2020 to the end of June 2021

# Chair's Message



“

***At the PHA Board Strategy Day last year, the Board embraced the strategic goal to put the interests of the consumer at the heart of all that we do. In keeping with that goal, PHA has maintained its campaign against the egregious behaviour of the medical devices industry - in particular its effect on costs for consumers.***”

**This annual report presents information to Private Healthcare Australia members on the activities of the organisation in the 2020/21 Financial Year.**

Despite the disruption and uncertainties for our funds and their members caused by the second year of COVID-19, Private Healthcare Australia has had a solid year.

Organisationally, we have adapted well to the challenges of lockdowns; our hard-working and talented staff based in Sydney, Melbourne and Canberra were already accustomed to working remotely. Lockdowns have added to the challenge without any diminution in effort and achievement. On behalf of the Board and our members, I thank them all for their commitment and good humour.

The pandemic has also interrupted our Board meetings. As directors, we have been able to meet face to face on only one occasion since March 2020, but the commitment and participation of directors by virtual meetings has been strong and we have all adapted well to this new norm.

Over the course of the year, we have said farewell to Andrew Wilson (Medibank) and Mark Valena (GHMBA) and welcomed Mark Rogers (Medibank) and Rohan Mead (Australian Unity). We also farewelled Andrew Smith (CBHS) as Chair of our Audit Committee. On behalf of the Board and members, I thank these retiring members for their service and wish them well in their future endeavours.

Communication with member funds has also been problematic. Planned face to face meetings have had to be cancelled on a number of occasions as outbreaks of COVID-19 have caused lockdowns. Our regular fortnightly phone catch-ups though have been well supported and have helped fill the gap.

At the PHA Board Strategy Day last year, the Board embraced the strategic goal to put the interests of the

consumer at the heart of all that we do. In keeping with that goal, PHA has maintained its campaign against the egregious behaviour of the medical devices industry - in particular its effect on costs for consumers.

In support of this objective, PHA has launched the multi-media More Affordable Health campaign. This intense work has been funded in part from our reserves and in part from our increased membership levies, which we thank our member funds for supporting.

As well, PHA has endorsed a new Industry Code of Conduct, developed under the leadership of Board member Byron Gregory.

Despite the logistical difficulties Rachel and her team have continued to liaise with key decision-makers in politics, the Health Department, the medical and hospital sectors, regulators and of course, the ever-present media, to promote the interests of PHA and its members. As we approach the next Federal election these efforts will be even greater. The support of member funds in preparing and taking part in these missions is appreciated.

What ties all of these together is strong and effective leadership and we are lucky to have Dr Rachel David as our CEO; the leaders of our member funds regularly tell me how effective Rachel is at delivering the PHA message in the media and to key influencers; as more than one Chief Executive has said “Rachel is the trusted voice of the industry”.

A handwritten signature in black ink, appearing to read 'John Hill', written in a cursive style.

**John Hill**  
Independent Chair  
Private Healthcare Australia

# CEO's Message



“  
***Over the past year, health funds have continued to act with sincerity and urgency to meet the needs of their members and support Federal and State Governments in the pandemic response.***”

I begin by congratulating private health insurers for what has been a remarkable response to the COVID-19 pandemic. Over the past year, health funds have continued to act with sincerity and urgency to meet the needs of their members and support Federal and State Governments in the pandemic response. From actively promoting and funding telehealth services to providing financial relief for members in difficult circumstances, through to running individual campaigns to promote the vaccine roll out, our members have demonstrated the valuable role they play in our health care system and across the Australian community.

Despite the challenges of lockdowns, frequent border closures and travel restrictions, with the strong backing of our membership, Private Healthcare Australia has experienced the most productive year. Through committed teamwork, the industry has contributed to major health policy changes, delivered thought-provoking papers to government and industry, developed and implemented a nationwide marketing campaign, and made major progress towards achieving the long-term industry goal of reforming the outdated regulatory regime for medical device pricing, the Protheses List (PL).

“  
***As Australia moves out of the pandemic, multiple factors will put upward pressure on premiums.***”



## **Lowest premium increase in 20 years**

After a challenging 2020 in which health funds provided unprecedented financial relief to members impacted by COVID-19 and broadened insurance coverage to cater for the needs of consumers during the pandemic, the industry delivered the lowest average premium increase in two decades (2.74%) which came into effect on 1 April 2021.

Despite this, affordability remains a key issue for members and health funds, and we are working with the Government on the current phase of PHI reforms to bring down costs and reduce waste which will, in turn, reduce pressure on premiums.

There is now a real urgency to see these reforms implemented as soon as possible. As Australia moves out of the pandemic, multiple factors will put upward pressure on premiums. These include increased demand for inpatient mental health services, increased demand for elective surgery due to a blowout in public wait times, and people presenting to health services with more advanced disease as a consequence of lockdowns preventing access to routine health checks and making a healthy lifestyle more challenging.





## PHI membership

More Australians have recognised the value of PHI as a result of the COVID-19 pandemic, but while membership is increasing so too is the cost of health care.

In the 12 months to June 2021, growth in membership in both hospital and general treatment policies has stabilised. There was an increase of 2.2% in the number of Australians with hospital cover (up 245,000 to 11.44 million) while general treatment coverage increased by 2.6% (up 352,000 to 13.95 million). Almost 14 million Australians now have some form of private health insurance.

Health fund members are also using their PHI at pre-COVID-19 levels. Health funds paid \$22 billion in benefits on behalf of their members in the year to 30 June 2021.



## Intergenerational Report

Mid-year, the Treasurer released the 2021 Intergenerational Report projecting an outlook for the economy and the Australian Government's budget over the next 40 years. It again showed that business as usual in health won't be sustainable into the future.

Spending on health, per person, is projected to more than double in the next 40 years. Australia's population will grow older and life expectancy will continue to increase, putting increased pressure on our health system.

As our population ages, there will be more pressure on our health system to deliver more medical services, putting an unprecedented burden on the Government's budget and the working population. Health care costs will account for 26% of total Commonwealth expenditure by 2061.

**“  
Spending on health, per person,  
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in the next 40 years. Australia's  
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## PHI reform

To address immediate pressures on the health system resulting from the pandemic and the long term challenges identified in the Intergenerational Report, PHA continues to advocate for reforms to ensure the sustainability of our health system and help guarantee the affordability of top (Gold) hospital cover for the millions of Australians who rely on PHI for access to health services, quality of life and peace of mind, including:

- Removing wasteful costs from the system – those costs which do not impact patient care. Regulated inflated prices for commonly used medical devices are a key example.
- Restore the PHI rebate to 30% for low- and middle-income Australians – this is the most efficient way to fund essential non-emergency surgery and enables people to contribute to the cost of surgery, but still have access to affordable care. The rebate has been eroded to less than 25% for low- and middle-income earners.
- Review the regulatory settings for PHI – remove red tape and review Lifetime Health Cover and Medicare Levy Surcharge settings.
- Introduce measures to encourage young Australians to take up private health cover – the youth discount and dependents policy, while positive measures, will not be sufficient to overcome the demographic challenge Australia is facing.
- Direct funding to new models of care – in-home or out-of-hospital care has proven to be cost effective and well received by the community during the COVID-19 pandemic.
- Fast track Prostheses List reforms – changing the current medical device pricing regime in Australia will reduce premiums for consumers and keep our world-class health system sustainable while ensuring doctors can use the best devices for their patients with no out-of-pocket costs.



## Prostheses List reform

The Australian Government has an obligation to reform the Prostheses List before its agreement with Big MedTech expires in January 2022. This reform is urgent and necessary to make healthcare affordable for Australian

consumers and to ensure the future of our world-class health system.

Ahead of the Federal Budget, PHA produced a blueprint for Prostheses List reform, Surgically Replacing the List: A Roadmap for PL Reform.

The Roadmap for PL Reform highlighted an opportunity to redistribute Big MedTech's supernormal profits to Australian hospitals, doctors and importantly consumers through lower health insurance premiums, and sought to clarify misinformation about the impact of change on doctor and patient choice.

While we expect to make up some of this decline when suspended policies are reinstated by members looking to access private hospital and extras coverage, these numbers are further proof that impactful reform is needed to keep young people in cover.



## Federal Budget

Pleasingly, in the Federal Budget the Government announced measures aimed at improving the affordability of PHI including a commitment to fast-track change to the current medical device pricing regime.

PHA welcomed the news and the additional Budget measures which included changes to hospital certification procedures, a review of the current policy setting for the Medicare Levy Surcharge, the PHI rebate and default benefits.

At the time of writing, we are seeing tangible results with the Government committing to remove non-prostheses from the Prostheses List as matter of urgency. This is a major step towards achieving the largescale change the industry has been seeking and has proposed in the Roadmap for PL Reform.



## More Affordable Health campaign

With the support of our members, PHA launched a major national marketing campaign, More Affordable Health calling for urgent changes to the way medical devices used in surgeries are priced in Australia to keep health insurance more affordable.

The campaign which extends across national newspapers, television and social media is designed to raise awareness and understanding of the issues and challenges of the Prostheses List and demonstrate the potential benefits to consumers that Government changes to medical device pricing would deliver.



## PHI Code of Conduct

The PHI industry's commitment to providing consumers with clear, easy to understand and accessible information about their health fund was demonstrated with the release of the revised Private Health Insurance Code of Conduct (The Code).

The Code was developed by Private Healthcare Australia and the Members Health Fund Alliance in consultation with the Government and regulators. It sets out the information that health funds will provide to members regarding policies and complaints processes.

“

***At the time of writing, we are seeing tangible results with the Government committing to remove non-prostheses from the Prostheses List as matter of urgency. This is a major step towards achieving the largescale change the industry has been seeking and has proposed in the Roadmap for PL Reform.***”

As we move into 2022, we will continue to put the interests of Australian consumers and the sustainability of the mixed private/public health system front and centre of our advocacy efforts.

PHI is a critical component of our world-class health system, and this has been made abundantly clear through the vital role the industry has played during the pandemic.

We are all aware of pending pressures on the sector that will come from the increasing needs of an ageing population, workforce constraints and demand for mental health services, however, the industry is certainly up to the challenge.

PHA will continue to support member funds to keep PHI affordable and available to as many Australians as possible.



**Dr Rachel David**  
**CEO, Private Healthcare Australia**

“

***Private health insurance is a critical component of our world-class health system, and this has been made abundantly clear through the vital role the industry has played during the pandemic.***”

# Policy and Research Overview 2020-2021



“

***PHA published a major proposal to reform medical device funding using diagnostic reference groups. This paper, which envisaged significant savings for consumers and a windfall for private hospitals, became the dominant feature of debate on the future of medical device funding.***”

While COVID-19 dominated the political and policy landscape in 2020-21, private health policy development was steady. Despite the challenges, across two Federal Budgets, there were a number of policy changes that will impact the industry and improve private health care for consumers.

The Prostheses List dominated our policy and research work. PHA published a major proposal to reform medical device funding using diagnostic reference groups. This paper, which envisaged significant savings for consumers and a windfall for private hospitals, became the dominant feature of debate on the future of medical device funding. We also highlighted scores of examples of problems with the Prostheses List, engaging governments, medical societies, device companies directly, and other parties to continue to press the case for device pricing to take greater account of the public interest.

“

***We have seen shifts across governments with Budget announcements, reviews and a host of smaller day-to-day decisions better informed by the needs of PHI customers.***”

While the diagnosis-related group (DRG) model was not favoured by the Australian Government in the May 2021 Budget, it created significant room for consumer-friendly changes to the general and miscellaneous list, referencing prices to the public sector and other policy announcements. The challenge now is to ensure that the proposed reforms are implemented, and on time.

Following PHA policy documents on second-tier default benefits, surprise billing, private patients in public hospitals, rehabilitation and Type C certificates, we have seen shifts across governments with Budget announcements, reviews and a host of smaller day-to-day decisions better informed by the needs of PHI customers.

PHA has also published a range of policy documents, including two Budget submissions, our annual high claims paper, papers on mental health care and many more. We have provided input to MBS reviews, general treatment changes, policy documents on telehealth, elective surgery planning and other issues.

PHA has worked closely with a range of stakeholders to increase understanding about the issues affecting private health insurance. These stakeholders include peak provider organisations, such as those representing private hospitals and device manufacturers, professional associations, consumer groups such as the Consumers Health Forum, and a range of policy experts, researchers and academics.

Policy and research work is only as good as the inputs: data, opinions and judgements. Thanks to everyone across the PHA membership who continue to be generous in improving our knowledge, offering their views, and providing input and feedback.

A handwritten signature in black ink, appearing to read 'B Harris', written in a cursive style.

**Ben Harris**  
Director of Policy and Research,  
Private Healthcare Australia

# 2020-2021 Highlights



## APRA confirms no "COVID windfall" for private insurers



Australian Financial Review

When the full-year Australian Prudential Regulation Authority (APRA) figures for the private health insurance industry were released in August 2020, they confirmed that claims of a COVID-19 "windfall" for private health insurers were unfounded. Instead, it revealed that \$120 million in hardship provisions was extended to 110,000 members, the April 1 premium increase was postponed for six months, and there was a marked year-on-year fall in investment income.



## Lowest premium increases in 20 years

Despite the impact of COVID-19, the 1 October premium increase (postponed from April) was the lowest in 19 years. This was followed by another record low average premium increase of 2.74% which came into effect on 1 April 2021.

However, affordability remains an issue across the health system. While public hospitals were provided with a 6.5% funding increase until 2025 through the COAG process, the average premium increase permitted for private health insurance is 2.74%.



## 2020-21 Budget

While private health was not a key feature in the 2020-21 Federal Budget, several key measures aimed at improving affordability were announced, including an additional \$17 million funding for a specialist cost transparency website; initiatives to improve options for out-of-hospital care; \$2.5m for a review into risk equalisation including

prospective and Lifetime Health Cover; and the option for dependents and people with a disability to be on a family policy until age 31.

PHA continues to work with the government to address the changes necessary to ensure the affordability of private health insurance, especially for young Australians.



The Daily Telegraph



## Restoring the Rebate campaign


This year PHA strongly argued in favour of restoring the private health insurance rebate to 30% for low- and middle-income Australians, explaining how current government policy has resulted in its erosion to less than 25%.

The Australian Medical Association President Dr Omar Khorshid came out in support of "restoring and indexing the rebate for private health insurance to help make it more affordable for Australians," saying, "in particular, consideration should be given to prioritising those on lower incomes and younger cohorts. There is an obvious benefit here for government – the more young people join, the bigger the insurance pool, the cheaper insurance gets for everyone – which benefits government and most importantly, patients."




### Improve Private Health Insurance affordability


Tackling waste in the system, inflated prices and removing red tape to improve PHI affordability.




It's time for a National Procurement System for medical devices. Medical devices should undergo the same regulatory checks around efficacy and pricing as pharmaceuticals.




Address legislative barriers to allow health funds to pay for out of hospital care. Preventing unnecessary admissions to hospital and ensuring care in the community is an appropriate setting for many patients.



An increase in the Medicare Levy Surcharge of 100 basis points (for high income earners). Almost 200,000 high income Australians are not covered by PHI and those who can afford to do so should be encouraged to contribute to their own healthcare.



Restore second tier default benefits to its original intent to protect small and regional hospitals. The safety net has created a perverse incentive to establish hospital beds, including day hospitals of marginal value.




## The 20th Annual Health Insurance Summit



## 2021-22 Budget

PHA's 2021-22 Budget Submission outlined achievable reform measures designed to maintain the balance between Medicare and a strong private health sector, outlining four key areas where savings of over \$1 billion could be made including reforming prostheses funding and removing outdated regulations.



### 4 key issues need to be addressed in the 2021 Budget to decrease healthcare costs for Australians.



Delivered on May 11, the 2021-22 Federal Budget included a commitment to fast-track change to the current medical device pricing regime in Australia to reduce premiums for consumers and keep our world-class health system sustainable. The Federal Government acknowledged the need for reform and committed \$22 million in the Budget to improve the pricing regime.

PHA welcomed additional Budget measures aimed at improving health care affordability and accountability, including changes to hospital certification procedures, review of the current policy setting for the Medicare Levy Surcharge, the PHI rebate and default benefits, all signalling further commitment to improving the affordability of private health care.

The 20th Annual Health Insurance Summit took place as a limited face-to-face event on 23 and 24 June 2021 at the Swissôtel Sydney, one of the many mixed online/offline events of the year.

PHA used this platform to launch the More Affordable Health campaign, along with the revised industry Code of Conduct. Mental health and the integral role of private health in the provision of mental health treatment was also on the agenda.



## Prostheses List reform and More Affordable Health campaign

PHA developed a blueprint for reforming prostheses funding in Australia, which redistributes excessive profits from multinational medical device companies to Australian doctors, Australian hospitals and Australian families. Health funds have committed to passing on savings to consumers as a consequence of these reforms.

### Medtech firms, health funds clash over pricing shake-up

By Emma Koehn  
February 11, 2021 - 12:00pm

Save Share Print

Sydney Morning Herald



In addition to extensive government outreach, PHA launched the More Affordable Health campaign, calling for urgent changes to the way medical devices used in surgeries are priced in Australia to keep health insurance more affordable.

The campaign seeks to raise awareness and understanding among consumers of the issues and challenges of the Prostheses List and demonstrate the potential benefits to consumers that government changes to medical device pricing would deliver.

**What's really behind the increases to your private health insurance?**

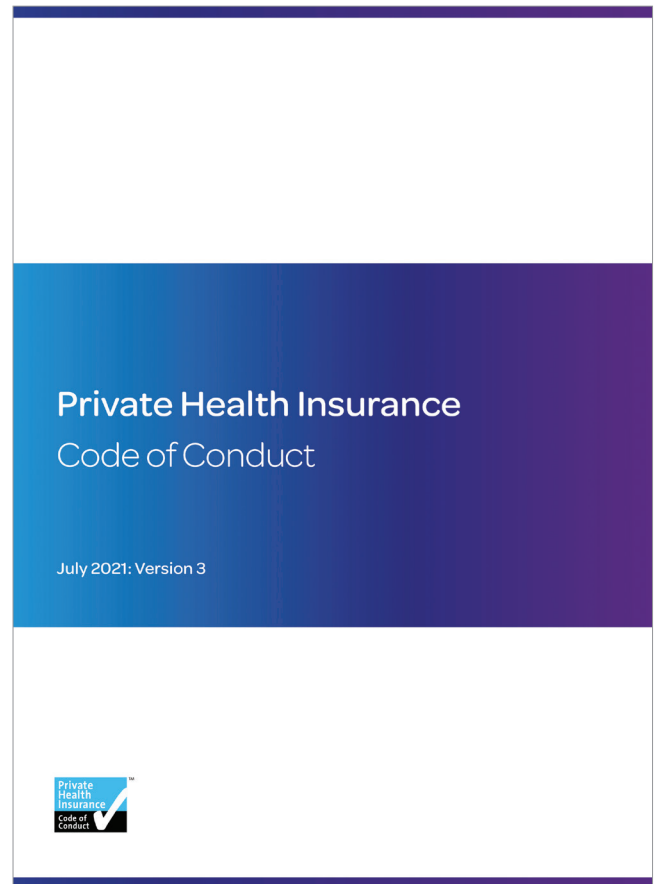
Source: Australia: Prostheses List, NZ: PHARMAC, UK: NHS.



## Code of Conduct

The revised Private Health Insurance Code of Conduct (the Code) was launched at the annual Health Insurance Summit 2021, showing the ongoing commitment by individual health funds to provide members with a standard of customer service, accountability and transparency that goes beyond what is required by legislation.

The Code was developed by Private Healthcare Australia and the Members Health Fund Alliance as the peak bodies which represent private health funds, in consultation with the Government and regulators.



## A focus on mental health

Young people are claiming more than ever for mental health in Australia. One in five hospital claims for PHI members under 30 was for the care of patients with psychiatric, mental, addiction or behavioural disorders.

Mental health is often multifaceted, requiring complex or prolonged and costly hospital treatment. The average increase over the last four years (2015-16 to 2019-20) in admitted mental health care separations in the private hospitals sector has been 5.6% (compared to 1.5% in the public hospitals sector).<sup>14</sup>

PHA has, and will continue to, draw attention to the important role private health plays in the provision of in-patient mental health treatment, particularly for young Australians.

High claims for mental health treatment for PHI members under 30 increased by 333 claims on the previous year (from 6,972 to 7,305 claims) resulting in a 4.8% increase. Expenditure for these claims increased by \$3.93 million on the previous year (from \$142.6 million to \$146.6 million) resulting in a 2.8% increase.



## **COVID 19's impact on private health claims and mental health**

After elective surgery restrictions and lockdowns that characterised the end of the 2019-20 Financial Year, by the end of December 2020, elective surgery levels

had rebounded to 101% compared with December the previous year. These elevated levels continued through March 2021 with elective surgery still operating at higher-than-normal monthly levels in the private sector at 108%. In May, elective surgery levels dipped to around 87% in the private sector due to elective surgery suspensions from circuit breaker lockdowns in Victoria. However, by the end of June, elective surgery levels in the private sector were back to 94%.

All policies, regardless of whether they are Basic, Bronze, Silver or Gold, cover members for hospitalisation related to COVID-19, including any in-hospital treatment that may be required as a result of rare adverse reactions to COVID-19 vaccinations.

Since January 2020, there have been 233 COVID-19 confirmed hospitalisations (reported or detected to date) funded by private health insurance. The average total fund benefit paid by private health insurance for a COVID-19 confirmed hospitalisation for a PHI member was around \$8,400 per episode of hospital care and treatment. To date, the cumulative total fund benefits paid for these hospitalisations is over \$1.93 million.

<sup>14</sup>. AIHW



# The Board



**The Hon. John Hill**  
Chair



**Sheena Jack**  
Deputy Chair



**Emily Amos**  
Non-Executive Director



**Mark Fitzgibbon**  
Non-Executive Director



**Gerard Fogarty**  
Non-Executive Director



**Byron Gregory**  
Non-Executive Director



**Rohan Mead**  
Non-Executive Director



**Mark Rogers**  
Non-Executive Director



**Rob Seljak**  
Non-Executive Director

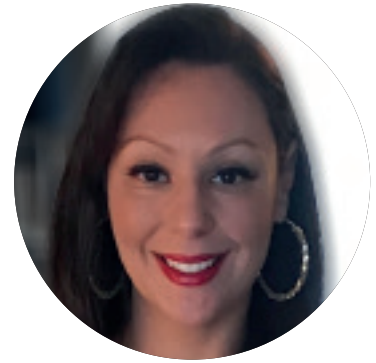
# The Team



**Dr Rachel David**  
Chief Executive Officer



**Ben Harris**  
Director of Policy and  
Research



**Camilla Milazzo**  
Company Secretary and  
Director of Governance and  
Regulator Relations



**Jen Eddy**  
Director of Media and  
Communications



**Julian Lim**  
Chief Analytics Officer



**Neg Fardin**  
Executive Assistant to the  
CEO and Office Manager

# Private Health Insurance Financial Statements

# Private Healthcare Australia Ltd

ABN 35 008 621 994

## Financial Statements

For the Year Ended 30 June 2021

# Private Healthcare Australia Ltd

ABN 35 008 621 994

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The Directors present their report, together with the financial statements of Private Healthcare Australia Ltd (the **Company** or **PHA**) for the year ended 30 June 2021.

## Information on Directors

### The Hon. John HILL



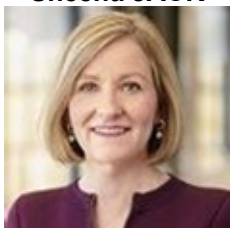
#### **Appointment:**

Independent Chair of PHA since 3 May 2019

#### **Experience and expertise:**

Fellow – Australian Institute of Company Directors  
Bachelor of Law (LLB) - University of Adelaide  
Bachelor of Arts (BA) - University of Sydney  
Minister (several portfolios including Minister for Health) – Government of South Australia 2002-2013  
Deputy Chancellor – University of South Australia  
Deputy Chair – ACH Group  
Director – Bellberry Ltd

### Sheena JACK



#### **Appointment:**

Non-Executive Director of PHA since 24 November 2017  
Deputy Chair since 29 November 2019

#### **Experience and expertise:**

Managing Director – Hospitals Contribution Fund of Australia Limited (HCF)  
Director – Business Council of Cooperatives and Mutuals  
Bachelor of Arts (Accounting)  
Member – Institute of Chartered Accountants  
Member – Australian Institute of Company Directors  
Member – Chief Executive Women

### Emily AMOS



#### **Appointment:**

Non-Executive Director of PHA since 17 March 2020

#### **Experience and expertise:**

Managing Director – Bupa HI Pty Ltd  
Bachelor of Economics (Hon.)  
Master of Business (finance & accounting)  
CPA, GAICD, FINSIA  
Member – CPA Australia  
Member – Australian Institute of Company Directors  
Member – Chief Executive Women

### Mark FITZGIBBON



#### **Appointment:**

Non-Executive Director of PHA since 12 December 2019

#### **Experience and expertise:**

Managing Director and Chief Executive Officer – NIB Group Limited  
Master of Business Administration (MBA) – University of Technology Sydney  
Master of Arts (MGSM) - Macquarie Graduate School of Management  
Fellow – Australian Institute of Company Directors

Information on Directors (continued)

**Gerard FOGARTY**



**Appointment:**

Non-Executive Director of PHA since 11 November 2015

**Experience and expertise:**

Chief Executive Officer - Defence Health Limited  
Major General, AO (Ret'd)  
Bachelor of Business (BBus), Grad Dip Management, Master of Business Administration (MBA), Master's Degree (MSS) (USA), Graduate of the Australian Institute of Company Director (GAICD)  
Director - Defence Health Foundation Pty Ltd  
Director - Australian Health Service Alliance  
Member - Private Health Insurance Code of Conduct Compliance Committee

**Byron GREGORY**



**Appointment:**

Non-Executive Director of PHA since 10 November 2004

**Experience and expertise:**

Chief Executive Officer - Health Partners Limited  
Business Commerce (BComm)  
Chair - Private Health Insurance Code Compliance Committee  
Director - Australian Health Services Alliance Ltd  
Member - Private Health Insurance Code of Conduct Compliance Committee

**Rohan MEAD**



**Appointment:**

Non-Executive Director of PHA from 10 June 2021

**Experience and expertise during appointment:**

Group Managing Director & CEO – Australian Unity  
Chair - Business Council of Australia's Healthy Australia task force  
Director - The Business Council of Co-Operatives and Mutuals Limited  
Director - The Centre for Independent Studies  
Director - Platypus Asset Management Pty Limited

**Mark ROGERS**



**Appointment:**

Non-Executive Director of PHA since 8 June 2021

**Experience and expertise:**

Group Executive, Chief Financial Officer & Group Strategy – Medibank Private Limited  
Director – East Sydney Private Hospital  
Chair – Myhealth Medical Group

Information on Directors (continued)

**Rob SELJAK**



**Appointment:**

Non-Executive Director of PHA since 19 July 2005

**Experience and expertise:**

Chief Executive Officer – Queensland Teachers' Union Health Fund Limited

Bachelor of Arts (B.A.)

Bachelor of Law (LLB)

Master of Business (M.Bus)

Fellow of the Australian Institute of Company Directors (FAICD)

FIDI Accredited International Mover (FAIM)

Chair – Hambs Systems Ltd

Chair – Pacific Health Dynamics

Chair – Hillbrook Anglican School

Director – Australian Health Services Alliance Ltd

Director – Members Health Fund Alliance

Director – TUH Healthcare Services Pty Ltd

**Mark VALENA**



**Appointment:**

Non-Executive Director of PHA since 16 April 2008 to 14 May 2021

**Experience and expertise:**

Chief Executive Officer – GMHBA Limited until 30 June 2021

Bachelor of Business (BBus)

Director – Ideas to Action Consultancy

Director – Possability Group Limited

Member – Institute of Chartered Accountants

**Andrew WILSON**



**Appointment:**

Non-Executive Director of PHA since 21 April 2015 to 8 June 2021

**Experience and expertise:**

Group Executive, Healthcare and Strategy – Medibank Private Limited

Bachelor of Medicine (MBBS), Master of Music (MM), The Royal Australian

and New Zealand College of Psychiatrist (FRANZCP), FACHSE

A founder and Co-President of McKesson Asia-Pacific



**Information on Company Secretaries**

**Rachel DAVID**



**Title:**

Chief Executive Officer and Company Secretary since 16 January 2016

**Experience and expertise:**

Bachelor of Medicine (MBBS)  
 Graduate of the Australian Institute of Company Director (GAICD)  
 Master of Business Administration (MBA) – Macquarie University

**Camilla MILAZZO**



**Title:**

Company Secretary since 1 June 2020

**Experience and expertise:**

Juris Doctorate - UNSW  
 Bachelor of Arts (BA) (Hon) – UNSW  
 Graduate Diploma of Legal Practice – The College of Law  
 Certificate of Corporate Governance – The Governance Institute  
 Certificate in Governance and Risk Management - The Governance Institute

**Meetings of Directors**

The number of Board meetings (including meetings of Committees of the Board) held during the year ended 30 June 2021 and the number of meetings attended by each Director were:

<b>Board Meetings</b>	<b>Attended</b>	<b>Eligible to attend</b>
HILL, J	7	7
JACK, S	7	7
AMOS, E	4	7
FITZGIBBON, M	7	7
FOGARTY, G	6	7
GREGORY, B	7	7
MEAD, R	0	0
ROGERS, M	0	0
SELJAK, R	7	7
VALENA, M	6	6
WILSON, A	6	7
<b>Audit Committee Meetings</b>	<b>Attended</b>	<b>Eligible to attend</b>
SMITH, A	4	4
JOYCE, B	2	4
VALENA, M	4	4
HILL, J	3	4

*Eligible to attend:* represents the number of meetings held during the time the Director held office.

### **Results from operations**

The Company's incurred a net deficit after tax for the FY21 year of \$917,759 (compared to FY20 Surplus \$497,474).

Private Healthcare Australia's revenue for the FY21 year was \$4,566,512, compared to \$5,566,426 for the prior year. There was also a slight decrease in membership levies for FY21, as the membership base changed from 25 to 23 Members. Conference income also declined by \$143,926 due to restrictions resulting from the COVID-19 pandemic.

Expenses for the FY21 year also exceeded the prior year with the major variance being on consulting costs primarily associated with the significant and important work on Protheses Reform.

Revenue and expenditure is closely monitored by Management, the Audit Committee and the Board in line with the retained earnings policy.

### **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 the objectives**

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

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

### **Performance measures**

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.

The Chief Executive Officer is responsible for the overall implementation of the Board's agreed strategies for meeting the Company's objectives. Board meetings are held regularly throughout the year to monitor progress and provide further direction where necessary. The Chief Executive Officer is issued with Key Performance Indicators each year. The Board conducts an annual performance review through the Chair in which performance against the KPIs are assessed.

Six of the Director positions are subject to elections every two years, with the two largest members each entitled to appoint a Director ex-officio, and the Independent Chair being appointed by the Board for a two-year term. This structure ensures each Director is incentivised to ensure the Company works effectively to meet its objectives and deliver value for members.

**Contributions on 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 2021 the total amount that members of the Company are liable to contribute if the Company wound up is \$230 (2020: \$250). The Company has 23 members (2020: 25 members).

**Events occurring after the reporting date**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Company up to 30 June 2021, it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under *section 307C of the Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to *section 298(2)(a)* of the *Corporations Act 2001*.

On behalf of the Directors



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J Hill  
Chair

DATE 6 October 2021

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

p. +61 2 9221 2099  
e. [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**Auditor's Independence Declaration  
To the Board of Directors of Private Healthcare Australia Ltd  
ABN: 35 008 621 994**

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

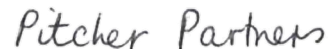
- i. no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- ii. no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of the audit of Private Healthcare Australia for the year ended 30 June 2021.



**Melissa Alexander**  
Partner

6 October 2021



**Pitcher Partners**  
Sydney

## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Revenue</b>	3	<b>4,566,512</b>	5,566,426
<b>Expenses</b>			
Administration expenses		(523,809)	(440,281)
Advertising and marketing expenses		(15,122)	(10,334)
Employee expenses		(1,704,151)	(2,073,376)
Consultancy expenses	5	(2,971,685)	(1,938,061)
Depreciation and amortisation expense	5	(108,967)	(117,307)
Occupancy expenses		(5,817)	(11,905)
Short-term leases	5	(54,541)	(48,089)
Travel activities		(35,061)	(125,259)
Conference activities		(53,464)	(325,038)
Finance costs	5	(7,233)	(13,283)
Other expenses		(33,219)	(8,573)
<b>Operating (deficit)/surplus</b>		<b>(946,557)</b>	454,920
Finance income	4	23,867	41,107
<b>(Deficit)/surplus before income tax expense</b>		<b>(922,690)</b>	496,027
Income tax benefit	6	4,931	1,447
<b>(Deficit)/surplus after income tax expense for the year</b>		<b>(917,759)</b>	497,474
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(917,759)</b>	497,474

The accompanying notes form part of these financial statements.

# Private Healthcare Australia Ltd

ABN 35 008 621 994

## Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	5,611,753	5,088,582
Trade and other receivables	8	161,313	575,601
Prepayments		227,368	58,864
Deposits		8,497	8,497
Other financial assets	9	2,000,000	2,500,000
<b>Total current assets</b>		<b>8,008,931</b>	<b>8,231,544</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	69,601	82,037
Right-of-use assets	11	101,563	137,559
Deferred tax assets	12	6,378	1,447
Other financial assets	9	19,388	19,388
<b>Total non-current assets</b>		<b>196,930</b>	<b>240,431</b>
<b>Total assets</b>		<b>8,205,861</b>	<b>8,471,975</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	611,063	796,770
Contract liabilities	14	5,475,000	4,597,500
Lease liabilities	15	102,597	88,662
Employee benefits	16	162,011	175,943
<b>Total current liabilities</b>		<b>6,350,671</b>	<b>5,658,875</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	3,401	55,466
Employee benefits	16	11,914	-
<b>Total non-current liabilities</b>		<b>15,315</b>	<b>55,466</b>
<b>Total liabilities</b>		<b>6,365,986</b>	<b>5,714,341</b>
<b>Net assets</b>		<b>1,839,875</b>	<b>2,757,634</b>
<b>Equity</b>			
Retained surpluses		1,839,875	2,757,634
<b>Total equity</b>		<b>1,839,875</b>	<b>2,757,634</b>

The accompanying notes form part of these financial statements.

## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Statement of Changes in Equity For the Year Ended 30 June 2021

	<b>Retained surpluses</b>
	<b>\$</b>
<b>Balance at 1 July 2020</b>	<b>2,757,634</b>
Deficit after income tax expense for the year	(917,759)
Other comprehensive income for the year, net of tax	-
Total comprehensive loss for the year	<b>(917,759)</b>
<b>Balance at 30 June 2021</b>	<b><u>1,839,875</u></b>
<b>Balance at 1 July 2019</b>	2,260,160
Surplus after income tax expense for the year	497,474
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	<b>497,474</b>
<b>Balance at 30 June 2020</b>	<b><u>2,757,634</u></b>

The accompanying notes form part of these financial statements.

## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Statement of Cash Flows For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Operating activities:</b>			
Receipts from customers (inclusive of GST)		5,437,451	5,700,385
Payments to suppliers and employees (inclusive of GST)		(5,331,518)	(6,301,961)
Interest received		23,867	41,107
Interest paid		(7,233)	(13,283)
Australian government grants		-	100,000
Net cash provided by/(used in) operating activities		<u>122,567</u>	<u>(473,752)</u>
<b>Investing activities:</b>			
Purchase of property, plant and equipment	10	(6,657)	(19,477)
Proceeds from sale of other financial assets - Term deposit		500,000	-
Purchase of other financial assets - Term deposit		-	(2,000,000)
Net cash provided by/(used in) investing activities		<u>493,343</u>	<u>(2,019,477)</u>
<b>Financing activities:</b>			
Payment of lease liabilities		(92,739)	(77,265)
Net cash used in financing activities		<u>(92,739)</u>	<u>(77,265)</u>
Net increase/(decrease) in cash and cash equivalents held		523,171	(2,570,494)
Cash and cash equivalents at beginning of year		5,088,582	7,659,076
Cash and cash equivalents at end of financial year	7	<u>5,611,753</u>	<u>5,088,582</u>

The accompanying notes form part of these financial statements.



## Private Healthcare Australia Ltd

ABN 35 008 621 994

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

The financial statements cover Private Healthcare Australia Ltd (the "Company") as an individual entity. The financial statements are presented in Australian dollars, which is Private Healthcare Australia Ltd's functional and presentation currency.

Private Healthcare Australia Ltd is a company limited by guarantee, incorporated and domiciled in Australia. The Company is a not-for-profit entity for the purpose of preparing the financial statements under Australian Accounting Standards.

The financial statements were authorised for issue, in accordance with a resolution of directors, on xx xx 2021. The directors have the power to amend and reissue the financial statements.

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

### 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### (b) Revenue recognition

The Company recognises revenue as follows:

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (b) Revenue recognition (continued)

###### *Revenue from contracts with customers (continued)*

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

###### *Levy income*

The directors approve 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 unearned income. This unearned income 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.

###### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

###### *Conference income*

Conference income is recognised at a point in time when performance obligations are satisfied.

###### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

###### *Other income*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (c) Income Tax

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 the Company, 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 the Company.

##### (d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

##### (e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (g) Financial instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

##### *Non-derivative financial assets*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at amortised cost comprise term deposits.

##### (h) Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

##### (i) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis (except leasehold improvements and software) as indicated below. Depreciation is calculated on a straight-line basis to write off the net cost of leasehold improvements over their expected useful lives. Software is depreciated either on a diminishing value basis or on a straight-line basis.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (i) Property, plant and equipment (continued)

<b>Fixed asset class</b>	<b>Useful life/Diminishing value</b>
Leasehold improvements	10 years
Furniture and fittings	8% - 100% rate based on diminishing value basis
Software	2-5 years / 40% - 100% rate based on diminishing value basis
Office equipment	25% - 100% rate based on diminishing value basis

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

##### (j) Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

##### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (l) Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (m) Employee benefits

###### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

###### *Other long-term employee benefits*

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

###### *Termination benefits*

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

##### (n) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right-of-use assets 3-10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1(j) Impairment of non-financial assets.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (n) Leases (continued)

###### *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

###### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expensed on a straight-line basis over the lease term.

##### (o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 1 Summary of significant accounting policies (continued)

##### (p) Changes in accounting policies, new and amended standards and interpretations

###### **New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### 2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

##### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

##### *Estimation of useful lives of assets*

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

##### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

##### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.



## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 3 Revenue

	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Membership levies	4,562,500	4,597,500
Conference income	-	143,926
	<u>4,562,500</u>	<u>4,741,426</u>
<i>Other revenue</i>		
- Project funding	-	725,000
- Government grants	-	100,000
- Other revenue	4,012	-
	<u>4,012</u>	<u>825,000</u>
<b>Total revenue</b>	<u><b>4,566,512</b></u>	<u><b>5,566,426</b></u>

#### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	2021	2020
	\$	\$
<i>Geographical regions</i>		
Australia	<u>4,562,500</u>	<u>4,741,426</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>4,562,500</u>	<u>4,741,426</u>

#### 4 Finance income

	2021	2020
	\$	\$
Interest income	<u>23,867</u>	<u>41,107</u>

#### 5 Expenses

(Deficit)/surplus before income tax includes the following specific expenses:

	2021	2020
	\$	\$
<i>Finance costs</i>		
Interest expense on lease liabilities	<u>7,233</u>	<u>13,283</u>

## Private Healthcare Australia Ltd

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 5 Expenses (continued)

	2021	2020
	\$	\$
<i>Depreciation and amortisation expenses</i>		
Office equipment	7,263	20,485
Software	35	1,143
Furniture and fixtures	136	918
Office equipment under lease	10,928	10,927
Right-of-use assets	90,605	83,834
	<u>108,967</u>	<u>117,307</u>
<i>Consultancy expenses</i>		
Consultant expenses	2,743,713	1,835,359
Professional services	227,972	102,702
	<u>2,971,685</u>	<u>1,938,061</u>
<i>Leases</i>		
Short-term leases	54,541	48,089

#### 6 Income tax benefit

	2021	2020
	\$	\$
<i>Income tax benefit</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	4,931	1,447
Aggregate income tax benefit	<u>4,931</u>	<u>1,447</u>
<b>Reconciliation of income tax to accounting profit:</b>		
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(239,899)	136,407
Tax effect of:		
- other non-allowable items	-	(27,500)
- non-deductible expenses	244,830	(107,460)
Income tax benefit	<u>4,931</u>	<u>1,447</u>

As at 30 June 2021 the company has carry forward tax losses of \$7,687,787 (2020: \$7,475,944). Provided the company satisfies the tests as prescribed by income tax legislation, these losses will be available to offset this year's as well as future years' taxable expense. A deferred tax asset has been brought to account on the temporary differences arising from tax adjustments, however a deferred tax asset has not been recognised on the accumulated tax losses as it is not considered probable that future taxable income will be in excess of taxable losses.

#### 7 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank	<u>5,611,753</u>	<u>5,088,582</u>

## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 8 Trade and other receivables

	2021	2020
	\$	\$
<i>Current</i>		
Trade and other receivables	46,200	514,800
Accrued income	12,980	10,801
Other receivables	102,133	50,000
	<u>161,313</u>	<u>575,601</u>

#### 9 Other financial assets

	2021	2020
	\$	\$
<i>Current</i>		
Term deposits	2,000,000	2,500,000
<i>Non-current</i>		
Term deposits (bank guarantee)	19,388	19,388

#### 10 Property, plant and equipment

	2021	2020
	\$	\$
<i>Furniture and fixtures</i>		
At cost	24,002	24,599
Accumulated depreciation	(22,885)	(23,272)
	<u>1,117</u>	<u>1,327</u>
<i>Office equipment</i>		
At cost	100,369	127,479
Accumulated depreciation	(93,287)	(119,187)
	<u>7,082</u>	<u>8,292</u>
<i>Software</i>		
At cost	3,384	71,370
Accumulated depreciation	(3,384)	(71,282)
	<u>-</u>	<u>88</u>
<i>Leasehold improvements - King Street</i>		
At cost	109,278	109,278
Accumulated amortisation	(47,876)	(36,948)
	<u>61,402</u>	<u>72,330</u>
	<u>69,601</u>	<u>82,037</u>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 10 Property, plant and equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture and fixtures	Office equipment	Software	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	1,327	8,292	88	72,330	82,037
Additions	-	6,657	-	-	6,657
Disposals	(74)	(604)	(53)	-	(731)
Depreciation expense	(136)	(7,263)	(35)	(10,928)	(18,362)
<b>Balance at the end of the year</b>	<b>1,117</b>	<b>7,082</b>	<b>-</b>	<b>61,402</b>	<b>69,601</b>

#### 11 Right-of-use assets

	2021 \$	2020 \$
<i>Office buildings</i>		
At cost	265,005	210,396
Accumulated amortisation	(169,161)	(81,195)
	<b>95,844</b>	129,201
<i>Photocopier</i>		
At cost	10,997	10,997
Accumulated amortisation	(5,278)	(2,639)
	<b>5,719</b>	8,358
	<b>101,563</b>	137,559

Movement in the carrying amounts for each class of Right-of-use assets between the beginning and the end of the current financial year:

	Office buildings	Photocopier	Total
	\$	\$	\$
Balance at the beginning of year	129,201	8,358	137,559
Additions	54,609	-	54,609
Amortisation expense	(87,966)	(2,639)	(90,605)
<b>Balance at the end of the year</b>	<b>95,844</b>	<b>5,719</b>	<b>101,563</b>

The Company leases 3 buildings for its offices under agreements of between 1 to 5 years, in some cases, option to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Company also leases a photocopier under an agreement of 5 years.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 12 Deferred tax assets

Deferred tax asset comprises temporary differences attributable to:

	2021 \$	2020 \$
<i>Amounts recognised in surplus or deficit:</i>		
Employee benefits	10,096	1,626
Property, plant and equipment	(286)	(758)
Leases	177	61
Accrued expenses	(40)	518
Accrued income	(3,569)	-
<b>Deferred tax asset</b>	<b>6,378</b>	<b>1,447</b>
<i>Movements:</i>		
Opening balance	1,447	-
Credited to surplus or deficit	4,931	1,447
<b>Closing balance</b>	<b>6,378</b>	<b>1,447</b>

#### 13 Trade and other payables

	2021 \$	2020 \$
<i>Current</i>		
Trade payables	127,154	340,549
GST payable	445,178	395,428
Accruals	38,731	60,793
	<b>611,063</b>	<b>796,770</b>

#### 14 Contract liabilities

	2021 \$	2020 \$
<i>Current</i>		
Contract liabilities - Member levies	5,475,000	4,597,500

## Private Healthcare Australia Ltd

ABN 35 008 621 994

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 15 Lease liabilities

	2021	2020
	\$	\$
<i>Current</i>		
Office buildings	99,890	86,134
Photocopier	2,707	2,528
	<u>102,597</u>	<u>88,662</u>
<i>Non-current</i>		
Office buildings	-	49,358
Photocopier	3,401	6,108
	<u>3,401</u>	<u>55,466</u>

#### 16 Employee benefits

	2021	2020
	\$	\$
<i>Current</i>		
Annual leave	75,151	96,341
Long service leave	86,860	79,602
	<u>162,011</u>	<u>175,943</u>
<i>Non-current</i>		
Long service leave	11,914	-

#### 17 Financial instruments

The Company is not exposed to any significant financial risks in respect to the financial instruments that it held at the end of the reporting period.

The board of directors have the overall responsibility for identifying and managing operational and financial risks.

The Company's financial instruments consist mainly of deposits with banks, trade receivables and payables. The carrying amounts for each category of financial instruments are as follows:

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	5,611,753	5,088,582
Trade and other receivables	161,313	575,601
Other financial assets at amortised cost	2,000,000	2,500,000
Deposits	8,497	8,497
	<u>7,781,563</u>	<u>8,172,680</u>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 17 Financial instruments (continued)

	2021	2020
	\$	\$
<b>Financial liabilities</b>		
Trade and other payables	611,063	796,770
Contract liabilities	5,475,000	4,597,500
Lease liabilities	105,998	144,128
	<u>6,192,061</u>	<u>5,538,398</u>

#### 18 Capital commitments

As at 30 June 2021, the Company had not entered into any capital commitments (2020: Nil).

#### 19 Contingencies

In the opinion of the directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

#### 20 Related parties

##### *Transactions with director related entities*

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 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.

	2021	2020
	\$	\$
Key management personnel compensation	<u>842,386</u>	<u>1,392,431</u>

#### 21 Contributions on 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 2021 the total amount that members of the Company are liable to contribute if the Company wound up is \$230 (2020: \$250). The Company has 23 members (2020: 25 members).

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **22 Events occurring after the reporting date**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not been significantly impacted for the Company up to 30 June 2021, it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

#### **23 Statutory information**

The registered office and principal place of business of the Company is:

Private Healthcare Australia Ltd  
Suite 7, Level 36  
1 Farrer Place  
SYDNEY NSW 2000



**Private Healthcare Australia Ltd**

ABN 35 008 621 994

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 27, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Director .....

Dated 6 October 2021

**Independent Auditor's Report  
To the Members of Private Healthcare Australia Ltd  
ABN 35 008 621 994****Report on the Financial Report****Opinion**

We have audited the financial report of Private Healthcare Australia Ltd ('the Company'), which comprises of the statement of financial position as at 30 June 2021, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

**Independent Auditor's Report  
To the Members of Private Healthcare Australia Ltd  
ABN 35 008 621 994**

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors 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 – Reduced Disclosure Requirements 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Independent Auditor's Report  
To the Members of Private Healthcare Australia Ltd  
ABN 35 008 621 994**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Melissa Alexander*

**Melissa Alexander**  
Partner

6 October 2021

*Pitcher Partners*

**Pitcher Partners**  
Sydney

