Private Healthcare Australia Limited

Annual Report 2021-2022

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

Contents

About Private Healthcare Australia

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

PHA represents 20 Australian health funds with a combined coverage of over 13.74 million Australians, or 97% of the sector by membership.

The Year in Numbers

Industry profitability

7.0%
net margin versus 5.0% in 2020/21

$1.1 billion
Net profit after tax, 28% lower than 2020/21

This year, health funds provided PHI cover to a record number of Australians[1]

55.2% or 14.27 million
Australians have private health insurance, up from 13.96 million in 2020/21

11.678 million
have hospital treatment cover, up 2.1%

14.261 million
have general treatment (extras) cover, up 2.2%

Health funds saw member claims normalise to pre-COVID levels, paying:

$22.1 billion
in benefits, up 0.6% from $22 billion in 2020/21

92 million
allied health services versus 96.8 million in 2020/21

4.33 million
hospital treatment episodes versus 4.39 million in 2020/21

Health Funds provided significant, ongoing support to members impacted by COVID-19

All funds
returned COVID-19 claims savings to members, with nearly $2 billion returned to members since the start of the pandemic to the end of June 2022

1. APRA June Quarter 2022

High claims were up

382,400
hospital claims with benefits exceeding $10,000[2], versus 358,375 in 2020

21,693
hospital claims with benefits exceeding $10,000[3] for people aged under 30, versus 19,840 in 2020

48.1%
of total hospital benefits paid out by funds were hospital high claims during 2021[4], versus 49% in 2020[5]

2021- 2022

With long delays and accessibility issues in the public system, health funds continue to pay out more for a range of essential allied health services

Dental cover is increasingly popular and utilised by PHI members

14%
of annual total health fund expenditure on member healthcare claims relates to dental services

~ 1 in 2
Australians aged 5 and older have some form of private health insurance cover for dental expenses

44.8 million
dental services versus 46.1 million (annual record) in 2020/21

$2.93 billion
in benefits paid for dental services versus $3.02 billion (annual record) in 2020/21

2. In the 12 months to December 2021
3. In the 12 months to December 2021
4. In the 12 months to December 2021
5. Refer to the PHA Annual Hospital High Claims Report 2022 for full high claims data

Demand for mental health services continues to increase across all age groups

~ 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

cause of hospitalisation for PHI members right up to age 59 in 2021/22 was psychiatry and mental health acute care compared to number 2 in 2018/19

54.4%

of all mental health care separations in Australian hospitals were funded by PHI, a 6.7% increase compared to 2019/20[6]

393,664

psychology/group therapy services under ancillary or extras cover, at a cost of $31 million, versus 401,065 at a cost of $31 million in 2020/21[7]

31,091

high claims for mental health treatment at a cost of $628 million in 2021, versus 29,555 at a cost of $589 million in 2020*

The rising cost of medical devices is driving up healthcare costs

$2.17 billion

Benefits expenditure on medical devices (prostheses) by private health insurers versus $2.23 billion in 2020/21

14%

of total hospital benefits paid for medical devices (prostheses) benefits , the same in 2021/22 as in 20/21[8]

Note:

All data is from PHA research unless otherwise noted.

All data is for the 2021/22 Financial Year unless otherwise noted.

*In the 12 months to December 2021
6. AIHW
7. APRA
8. APRA

Chairman’s Message

“This new way of working – while often less than ideal – has also created new opportunities.”

This annual report presents information to Private Healthcare Australia (PHA) members on the activities of the organisation in the 2021/22 Financial Year.

For many of us, the 2021/22 Financial Year began similarly to the one before, with lockdown measures being introduced in some Sydney suburbs, followed by broader stay-at-home orders for Greater Sydney, then Victoria. Melbourne finally exited its sixth lockdown on 21 October, at which point, it had spent more time in lockdown than any other city in the world.

As an industry – and as an organisation - we have continued to adapt to this “new normal”, with less travel and face-to-face meeting, inevitable last-minute changes and more virtual or hybrid events. We’ve had to be more flexible at home and work, and more agile and creative with our member and political engagement, becoming better communicators in the process.

This new way of working – while often less than ideal – has also created new opportunities, allowing the executive team to meet with more frequency and providing access to more interstate and global expertise, something we benefitted from at the PHA 2022 Virtual Conference, with speakers and delegates from across the country, APAC, Europe and the USA coming together to discuss the private health sector’s most pressing challenges as we adapt to a post-pandemic reality.

This year, the PHA Board has bid farewell to Emily Amos (Bupa) who was appointed Managing Director, Health at Wesfarmers. On behalf of the Board and members, I thank Emily for her service and wish her the best in her new role. In March, we welcomed Chris Carroll, Managing Director, Bupa Health Insurance to the Board.

Prostheses List (PL) reform has been a big focus of both the PHA Board and Executive this year. Health funds’ cohesiveness and responsiveness during what were often delicate negotiations went a long way to help secure a favourable decision in the 2021/22 Federal Budget. There is work still to be done but we have made significant progress over the last 12 months.

The second half of the Financial Year was dominated by the 10-week federal election campaign. In the lead-up to the campaign period, PHA’s Board and Executive spent significant time in Canberra ensuring PHA’s agenda and the pressures faced by the private health sector were well understood by both the incumbent Coalition Government and the Opposition.

The Labor Party won the Federal Election campaigning on a promise to deliver a “better future for all Australians”, pledging significant funds for health, social services and renewable energy, and promising significant reforms to aged care, among other things. Australia’s private health sector has an important role to play in delivering on this goal and this year the Board, the PHA team and I will again be working hard to ensure the private health insurance (PHI) industry has a strong presence in Canberra.

The common thread throughout all PHA’s initiatives and achievement is its team. Expertly led by Dr Rachel David, week after week PHA is engaged with political decision-makers, the Department of Health and Aged Care, regulators, the medical and hospital sectors and the media, advocating for the interests of health funds and their members. The Board and I thank them and look forward to a constructive year ahead.

John Hill
Independent Chair
Private Healthcare Australia

CEO's Message

Total support provided by member funds since the start of the pandemic stands at nearly $2 billion via cashbacks, extras benefits, hardship packages and fee waivers, along with the deferral of 2022 premium increases.

Into the third calendar year of COVID-19, we've seen changes to how the private health insurance (PHI) sector is approaching both business and providing care for its members. Hybrid and flexible working is the norm, and a renewed push from private health funds to be able to fund more flexible, innovative and responsive models of care, including expanding home treatment options, like the Clean Slate Clinic at-home detox program piloted by Bupa this year, Medibank's Telepsychology Clinic Pilot which offers virtual consultations and a phone concierge service to reduce wait times, and the Cardihab program which is currently offered by nib which provides cardiac rehabilitation via a smartphone app, so it is accessible anywhere, anytime.

Innovation will be critical in an economy dominated by inflation, workforce shortages and blowouts in public hospital waiting lists all around the country

At the same time, funds continue to return millions of dollars of savings to PHI members as part of their commitment not to profit from the COVID-19 pandemic and to address the growing cost of living pressures that are top of mind for the majority of Australians.

"A renewed push from private health funds to be able to fund more flexible, innovative and responsive models of care."

Total support provided by member funds since the start of the pandemic to the end of June 2022 stands at nearly $2 billion via cashbacks, extras benefits, hardship packages and fee waivers, along with the deferral of 2022 premium increases.

Successful advocacy outcomes

This year, our national consumer campaign More Affordable Health, supported by PHA members, called for urgent change to the way medical devices are priced in Australia to keep PHI more affordable.

The campaign ran from June 2021 to April 2022 across national newspapers, TV, billboards, social media and industry publications, and was designed to raise awareness and understanding of the Prostheses List (PL) and demonstrate the benefits PL reform would deliver.

In December, the PHI industry's sustained advocacy on this critical issue paid off, with the Minister for Health and Aging announcing a $22 million investment over four years to reform the PL by better aligning prices in the private and public systems and streamlining access to new medical devices. These changes are forecast to save consumers around $24 per year and reduce upward pressure on PHI premiums.

We were also delighted the Department of Health has created a compliance section specifically for medical devices, which is something we have been campaigning for, for years.

While some of the progress was stalled by the former Health Minister's MoU with the Medical Technology Association of Australia (MTAA) signed in March, we are confident we can work with the Albanese Government to ensure meaningful action on Prostheses List reform this coming year.

> *In December, the PHI industry's sustained advocacy on this critical issue paid off, with the Minister for Health and Aging announcing a $22 million investment over four years to reform the PL."*

The Federal Election and the rising influence of Independents

On 21 May the Australian Labor Party achieved majority government for the first time since 2007, winning 77 seats in the House of Representatives. Anthony Albanese was sworn in as Prime Minister on 23 May.

While the Coalition Government was soundly defeated, the results were not all in Labor's favour, with a "teal wave" of successful independent candidates and the Australian Greens winning seats, increasing the crossbench to 16. The combined major party vote for Labor and the Coalition was just 68.3 per cent, the lowest on record.

This demonstrates a major shift in voter support towards independents and while the Government will not need the support of the crossbench in the lower house, it will in the Senate if the Opposition opposes legislation. It will make for an interesting and potentially challenging first term.

On the campaign trail and since, Labor has pledged to increase spending on health and wellbeing. This includes upgrading urgent care clinics via the new $15 billion National Reconstruction Fund, widespread reform to aged care and expanding medicines' access under the Pharmaceutical Benefits Scheme (PBS).

We have already had several constructive meetings with the new Minister for Health and Aged Care, Mark Butler MP, the Treasurer's Office and numerous MPs from across the political spectrum and we are optimistic about building a strong and productive working relationship with the Albanese Government, and the new Parliament.

More Australians are turning to PHI

Prolonged social and physical isolation resulting from COVID-19 restrictions has left an indelible mark on the lives of many Australians. The long-term toll on mental and physical health is not yet fully understood and the health sector is only just starting to see the impacts of delayed diagnosis and treatment, exacerbated by ever-growing public sector wait lists for essential non-emergency surgical procedures.

The inability to access timely healthcare treatment has encouraged a record number of Australians to take up PHI this year with the Australian Prudential Regulation Authority's (APRA) June 2022 data showing eight consecutive quarters of membership growth in both hospital and general treatment cover. There are now a record 14.27 million Australians with PHI.

Finding opportunities, adapting to change and improving health outcomes

In December 2019, Australian health funds delivered the lowest premium increase in 19 years. This was achieved through the industry's focus on realising efficiencies and use of retained capital.

The approved average premium increase of 2.92%, which was to come into effect on 1 April 2020, was delayed by most funds for a period of 6 months. At the time of writing, the government has advised that health funds still have the option to go ahead with the premium increase on October 1.

At the PHA 2022 Virtual Conference – "Back on Track" in June, we heard from sector leaders from Australia and around the world on "what's next" for healthcare as we emerge from the COVID-19 Pandemic. A central theme from the day was the role of health funds as partners, helping their members to better manage their own health.

Our unique position and ability to engage with members through every life stage, in sickness and in health, is an important one. In the coming year, PHA will be exploring how we can better communicate with members, along with how the increased involvement of health funds in primary care, particularly in relation to chronic disease management, mental health treatment and digital healthcare can improve patient experience and outcomes.

Thank you again to all our member health funds for your support, insight and expertise as the private health sector – and healthcare more broadly continue to navigate a period of huge change, distruption and opportunity.

The PHA team and I look forward to another year of success and growth.

Dr Rachel David
CEO
Private Healthcare Australia

Policy and Research Overview

"Overall, the higher profile of problems in the public system makes private health insurance more attractive for many people and we have seen eight consecutive quarters of growth in both hospital and general treatment membership."

Private Healthcare Australia's policy, advocacy and research over the year have been focused on the May 2021 Federal Election and Prostheses List (PL) reform.

Prostheses List reform is progressing, despite a significant step backwards in March 2022 when the Former Minister for Health and Aged Care changed the Budget decision and added around $250-$400 million in consumer costs over the next four years. His MoU with the Medical Technology Association of Australia (MTAA), signed a few weeks before the caretaker period, added a 7-20 per cent surcharge to devices over the already-high public price.

Despite this setback, other elements of the reform package are progressing well. We are well set up for changes to the grouping of medical devices, a new listings pathway, greater accountability through a more transparent management system and new legislation due to be introduced in the coming months. There were some sizable price cuts for medical devices put in place on 1 July 2022, although consumers are still paying much more than the public sector and often double the price of international benchmarks.

One key element of the medical device pricing reform is removing general consumable items from the PL. PHA has provided advocacy and support for this process by releasing a funding proposal in August 2021 (rejected by hospitals) and details of international pricing benchmarks to inform discussions between hospitals and funds.

PL reform will continue to be a priority for the sector in 2022/23.

One of the most insidious elements of Australia's health system is high and unknown out of pocket costs for patients, including hidden charges which are designed to get around terms of contracts with health funds. In July 2021 PHA released a white paper on surprise billing, which included a modified version of US legislation designed to stamp out unknown out of pocket costs. There are two key elements – first, if a patient is not given informed financial consent, they don't have to pay more than the MBS schedule fee, and second, penalties for providers who use hidden charges.

Predictably, the AMA did not support the proposals, however, patient groups approved. The paper is being redrafted following feedback and will be released in final form in 2022/23.

The pandemic is still affecting the health system, with elective surgery shutdowns in most states and territories during 2021/22. PHA has been active in sharing data on surgery rates in the public system, which has resulted in media and policy activity in several jurisdictions. Overall, the higher profile of problems in the public system makes private health insurance more attractive for many people

"Despite the limitations on travel, PHA has worked hard to build and strengthen relationships with other organisations."

and we have seen eight consecutive quarters of growth in both hospital and general treatment membership.

Despite the limitations on travel, PHA has worked hard to build and strengthen relationships with other organisations. Highlights include a function with the allied health associations in Melbourne in June, and a range of meetings with stakeholders we haven't previously engaged with. This increases our reach in the policy market and helps other organisations recognise the value of private health insurance in the Australian system.

> *"Developing this document with member funds, we have reinforced our arguments for cost reduction and improved subsidies and increased our focus on greater support for primary care and out of hospital care."*

The election of a new government in May 2022 provides opportunities to refocus our agenda to reflect the community's changed priorities.

The new government briefing is the key document put in front of the new Minister and his staff, outlining the sector's priorities. Developing this document with member funds, we have reinforced our arguments for cost reduction and improved subsidies and increased our focus on greater support for primary care and out of hospital care. We look forward to progressing this agenda in 2022/23.

Ben Harris
Director of Policy and Research
Private Healthcare Australia

2021-2022 Highlights

More Affordable Health campaign

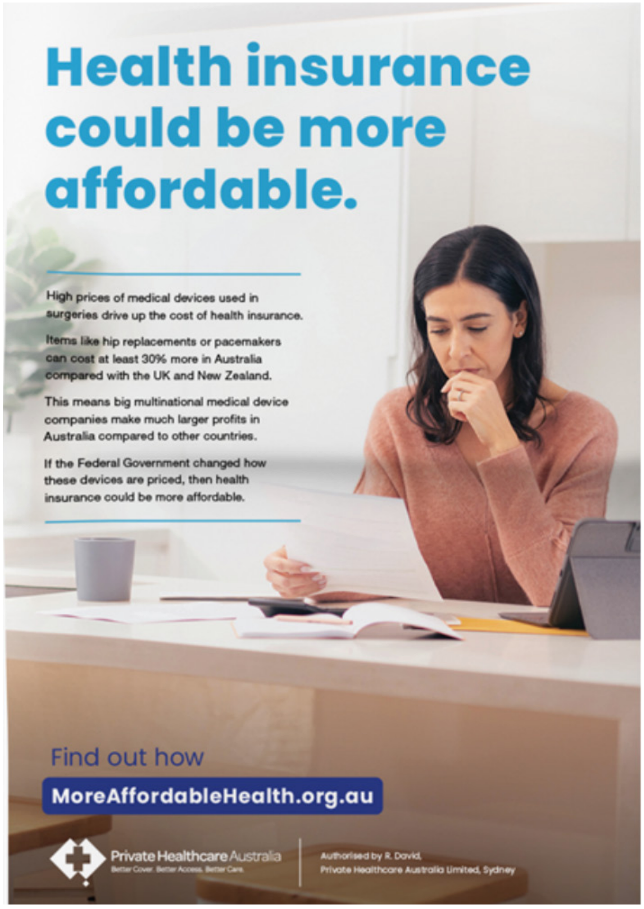
Between June 2021 and April 2022, the More Affordable Health campaign delivered a compelling case for Prostheses List (PL) reform across TV, outdoor billboards, social media, newspaper ads, website digital display ads, on-demand streaming and YouTube. Industry ads were also used to reach the medical industry.

With approximately 76 million ad impressions, the campaign achieved a total media value of $4.14million from an industry investment of $1 million, demonstrating the salience to the public of the campaign's key messages.

Health funds further supported the campaign via their social media channels, helping to mobilise public support for urgently needed government reforms to the way medical devices are priced in Australia.

Consumers engaged with content on social media over 250,000 times with 17,000 people visiting the More Affordable Health website. More than 1,400 emails were sent to federal MPs and ministers calling for urgent reforms to the PL.

Between June and December 2021, media analysis showed a significant increase in positive coverage for PHA and PL reform and a reduction in negative coverage from key detractors.



New COVID-19 variants put pressure on hospital systems across Australia

In July 2021, a COVID-19 outbreak starting in NSW, and spreading to Victoria and eventually other states sparked a rash of lockdowns and mounted additional pressure on health systems already operating at or above capacity.

Private health played an important role throughout this lockdown which lasted 107 days in Greater Sydney and over 200 cumulative days in Melbourne, with staff from many private hospitals supporting the large-scale vaccination effort.

Where possible, private hospitals conducted additional elective surgery on behalf of the public system for patients who had their non-urgent elective surgery postponed in 2020.

Prostheses List Reform

Lifestyle › Health

Medical device reforms to lower health fund premiums

Health fund premium rises will be 20 per cent lower next year, and the reason for the savings may surprise you.

Sue Dunlevy and National Health Editor

2 min read October 2, 2021 - 5:00AM News Corp Australia Network

The Daily Telegraph

This year, Australian health funds continued to call on the Federal Government to fast-track PL reforms to take pressure off PHI premiums. In December, the Government announced a $22 million commitment in the 2021/22 Federal Budget to make the PL more efficient, transparent and fair - a significant win for insurers and Australian consumers.

Closer alignment to the cost of prostheses compared to the public system, will reduce costs and put downward pressure on premiums for more than 14 million Australians who rely on PHI for choice and peace of mind.

The agreement outlined the clarification of scope of the PL, including removal of ineligible items; regrouping of items to better align devices with similar intended use or health outcomes; streamlining the listing of new devices and reviewing functions of the PL Advisory Committee. It also committed to improving post-listing activities, including reviews and compliance activities.

However, in March, this commitment was walked back when the Minister for Health and Aged Care signed a Memorandum of Understanding (MoU) with the Medical Technology Association of Australia (MTAA) to set out the final policy parameters for the PL reforms.

PHA has and will continue to work with the current government to ensure meaningful action is taken on proposed reforms to achieve maximum benefit for Australian families.

> *"Australians are continuing to pay huge costs through taxes and premiums for outdated 'generic technologies' on the Prostheses List... The government committed $22m in additional resources in the budget to help unwind this system ... but what we need now is action."*
>
> **-Dr Rachel David**

High-income earners failing to take out private health insurance despite the Medical Levy Surcharge

In July, the Melbourne Institute published a report on how high-income Australians are failing to take out PHI, despite paying more Medical Levy Surcharge (MLS).

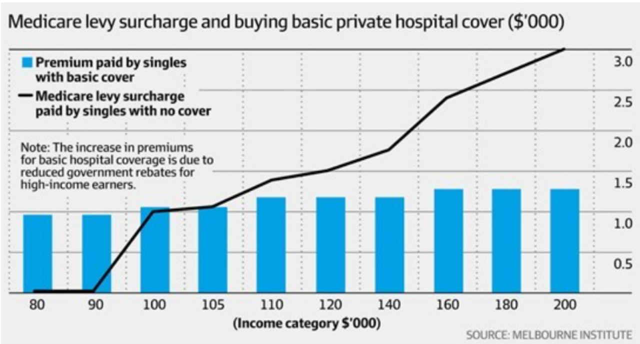
Almost 250,000 high-income Australians do not have PHI, despite being liable for the surcharge. Basic PHI cover would cost many of these people less than what they pay in MLS, indicating more work needs to be done to educate Australians on the health and financial benefits of PHI. These numbers also highlight that existing regulatory settings are no longer working.

> *Private health insurance relieves pressure on our public hospital system, and with waiting lists for elective surgery in the public system blowing out due to COVID-19, encouraging high-income earners to take up private health cover has never been more important..."*
>
> **-The Australian Financial Review**

Exclusive

Big earners shun health funds despite tax slug

The Australian Financial Review



Melbourne Institute

Exposure Draft Policy Paper on Surprise Billing

In July, PHA released an exposure draft policy paper on surprise billing.

APRA data shows that 97.3 per cent of medical services have no or a known medical gap in 2021-22. Some of the remaining three per cent also have informed financial consent. However, funds still receive complaints from customers about bills they were not expecting, occasionally with large out-of-pocket costs.

The Australian ran an exclusive on the paper and it received considerable interest from industry stakeholders and media.

Doctors targeted for 'shock' billing

By NATASHA ROBINSON
HEALTH EDITOR
Follow @NC_Robinson

8:00PM JULY 18, 2021
30 COMMENTS

Private Healthcare Australia argues that surprise billing is undermining value in health insurance for consumers. Picture: Thinkstock

The Australian

High Claims Report 2021

Coronavirus

Biggest hospital bills for Covid are not ventilators, they're for helping those with mental health issues

Patients on ventilators are not the biggest cost for Australia's health system. Another Covid crisis affecting young people is.

Sue Dunlevy Follow
@Sue_Dunlevy 2 min read August 15, 2021 - 6:00AM News Corp Australia Network

The Daily Telegraph

PHA released its 2021 Annual High Claims Report in August revealing health funds paid out 7,305 high claims (those exceeding $10,000) in 2021, with benefits paid totalling $146.55 million.

The Report showed an almost five per cent increase in high claims for mental health treatment for members under the age of 30, a rise attributed to COVID-19's toll on young Australians.

> *"The hidden cost of COVID-19 on Australia's young people has been uncovered in a shocking new report showing a surge in hospitalisations for mental health care. As lockdowns and restrictions devastated education, career and travel plans last year – one in five of the high-cost hospital claims for health fund members aged under 30 was for mental health reasons."*
>
> **-The Daily Telegraph**

APRA's PHI Supervisors Conference

In February, more than 100 staff from APRA and the Department of Health participated in APRA's PHI Supervisors Conference, where Dr Rachel David presented on PHA: Accessibility, Affordability & Sustainability Initiatives.

The presentation included a briefing on the role of PHI in Australia's health system, an update on the industry's view regarding the deferred claims liability, emerging risks and opportunities for the sector, and PHA policy initiatives aimed at contributing to an affordable, accessible and sustainable industry.

On the campaign trail

As campaigning increased in the lead-up to a Federal Election being called, PHA took the opportunity to increase the frequency of meetings with key Coalition and Opposition members.

In September, PHA's Chair John Hill hosted an internal CEO briefing with Shadow Health Minister Mark Butler.

On the campaign trail, Labor pledged to increase spending on health and wellbeing along with widespread initiatives in aged care and expanding medicines access under the Pharmaceutical Benefits Scheme (PBS).

The Coalition also promised to expand access to PBS medicines and to invest more than $1 billion to boost rural health, including funding to encourage more doctors and allied health professionals into regional and rural communities, and the Greens pledged to make telehealth a permanent feature of Australia's healthcare system.


ANALYSIS FEDERAL ELECTION 2022 - AUSTRALIA VOTES

COVID-19 has been a dirty word this election campaign — but health experts say its impact isn't going away

By national medical reporter Sophie Scott

Australian Broadcasting Corporation

PHI offers consumers choice and peace of mind. In the 2021/22 Financial Year the number of Australians with hospital cover increased by 2.1 per cent while general treatment coverage increased by 2.2 per cent[9], with many Australians increasingly concerned about access to timely elective surgery, along with the ability to access in-patient mental health care.


News › National

Australia's worst hospital waiting lists

Thousands of patients are waiting so long for surgery doctors fear the backlog will never be cleared. See the worst offenders in our full list.

Sue Dunlevy Follow

@Sue_Dunlevy 2 min read November 5, 2021 - 12:00AM News Corp Australia Network 13 comments

Cairns Post

Government and MTAA Prostheses List MoU

In March, Greg Hunt, the former Australian Minister of Health and Aged Care and the Morrison Government struck an agreement with the MTAA regarding Prostheses List reform, without consultation with PHA.

In response, PHA voiced serious concern to the Prime Minister's Office that it is unlikely to deliver the savings promised by the Morrison Government in the 2020/21 Federal Budget.


THE AUSTRALIAN

Tuesday, July 12, 2022 | Today's Paper | Mind Games

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Medical devices savings 'missed'

By NATASHA ROBINSON
HEALTH EDITOR
Follow @NC_Robinson

8:30PM MARCH 17, 2022
3 COMMENTS

The Australian

Waitlists continue to grow

Both PHA's and the Australian Institute of Health and Welfare's (AIHW) latest statistics offer a sobering view on COVID-19's impact on waitlists across Australia, which have continue to grow at an alarming rate.

Healthcare Leaders Forum

In April, Dr Rachel David spoke at the Healthcare Leaders Forum on a panel with Bupa's Hisham El-Ansary and HBF's Dr Daniel Heredia on the topic, Patients at the Core: The Rise of Personalised and Intuitive Healthcare Ecosystems.

Discussion focused on increasing customer value in the pandemic environment. The virtual forum was attended by over 200 executives from the healthcare industry including CEOs, Directors and Heads of Business across public and private hospitals, government, pharmaceutical, health insurance, medical device and industry networks.

> *"There is a strong case to unshackle private health insurance from the restraints of the current risk equalisation model, which penalises health funds that provide effective preventative care. Equally, there are grounds to lessen the restrictions on the potential role of health funds in primary health. This doesn't have to be a radical change: on both fronts, our Shifting the Dial report and the submissions to our Mental Health report illustrated sensible incremental steps that could be taken."*
>
> **- Productivity Commission Chair, Michael Brennan**

9. APRA June 2022

Private equity bid for Ramsay Health Care

Big super joins KKR in $20b bid for Ramsay

Australian Financial Review

In April, Ramsay Health Care confirmed that it had received a takeover proposal from KKR & Co valuing the company at AU$20 billion. Ramsay said that under the proposal, KKR was offering $88.00 per share in cash to acquire 100 per cent of the company that operates across 10 countries and has 72 private hospitals and day surgeries in Australia.

— Street Talk

Ramsay, KKR seek to calm nerves re $30b buyout

Anthony Macdonald, Sarah Thompson and Kanika Sood

Jun 8, 2022 - 9.35pm

Save Share

Ramsay Health Care, KKR & Co and their respective sets of bankers have been out calming investor nerves about the group's $30 billion buyout and trying to explain why it's taking longer than initially expected.

Australian institutions and offshore hedge funds have been all over the Ramsay and KKR camps in the past week, seeking an update on KKR's due diligence program and the status of ongoing takeover talks.

KKR's still courting interest in Ramsay's property portfolio. Bloomberg

The message, according to investors, reading between the lines, is that everything is fine and the talks are ongoing. They have been told KKR's due diligence has been slower than expected thanks to Ramsay's French operations, where KKR has competing interests in the hospitals sector, while it has finished running numbers on

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The Australian Financial Review

The Federal Election

On May 21 the Australian Labor Party achieved majority government for the first time since 2007, with Anthony Albanese sworn in as Prime Minister on May 23.

PHA has called for the Albanese Government to work with health funds to keep PHI premiums affordable. With a crossbench of 16, minor parties and independents will have an important role in shaping legislation in the new government's first term.

> *"Australia's healthcare system is facing serious challenges. Consumers are juggling cost of living pressures, health care costs are rising, elective surgery waiting lists have blown out and demand for mental health services and dental care is sharply increasing. Supporting private health insurance is the quickest, cheapest and most efficient way to address the backlog of elective surgery and give Australian."*
>
> **-Dr Rachel David**

PHA Annual Conference - Back on Track

On June 23 PHA held its first virtual conference examining the opportunities and challenges faced by the sector. With the theme Back on Track, a diverse line-up of speakers from Australia and around the world discussed emerging opportunities, adapting to change and the role of the PHI sector in improving health outcomes.

Moderator Sophie Scott did a great job drawing out the expertise and knowledge of our line-up of Australian and Global sector experts, including Dr Robert Pearl, Br Geeta Nayyar, Scott Bingham, Dr Ginni Mansberg, Pia Clinton-Tarestad and Dr Mark O'Brien.

Out-of-pocket costs

At the end of June, News Corp published an investigation into increasing out-of-pocket costs during the pandemic, claiming surgeons had hiked their fees by more than 30 per cent to make up for lost income during COVID-19 hospital bans – costing health fund members thousands of dollars per procedure.

The investigation found that since the start of 2020 to the end of 2021, the average medical out-of-pocket payment for orthopaedic surgery such as hip and knee replacements increased by 34 per cent from $314 to $422.

In the same period, out-of-pocket bills for plastic and reconstructive surgery increased by 31 per cent from $411 to $538, and urology surgery for prostate cancer increased by 25 per cent from $176 to $221.

> *At the moment, people are really concerned about two things – one is the cost of living. There's inflation in everything from fruit and vegetables to energy prices going on. And secondly, they're really concerned about public hospital wait times. And what's worrying me is, health funds can cover some of the increased gap, but they can't cover a 30 per cent increase in costs without putting up premiums for everyone."*
>
> **-Dr Rachel David**


News

Patients facing huge out of pocket expenses as surgeons and specialists increase fees

Private health funds increasingly aren't able to cover out-of- pocket expenses due to soaring surgeons' fees. These are biggest hikes.

Sue Dunlevy Follow

@Sue_Dunlevy 2 min read June 19, 2022 - 5:00AM News Corp Australia Network

The Courier Mail

Cost of living pressures top of mind for Australians

The annual Consumer Price Index (CPI) increased to 6.1 per cent in the June 2022 quarter, while annual trimmed mean inflation, which excludes large price rises and falls, increased to 4.9 per cent, the highest since the ABS first published the series in 2003[10].

In the face of rising costs, PHA continued to promote the importance of restoring the PHI rebate to 30 per cent. Without the rebate, Australians with health insurance would face higher health bills every year, leading to many families opting out of private hospital cover and relying on the already overburdened public hospital system.

More than 42 per cent of Australians with private health cover have an annual income of less than $50,000, and many of these Australians hit hard by inflationary pressures rely on the PHI rebate to keep their health insurance affordable.

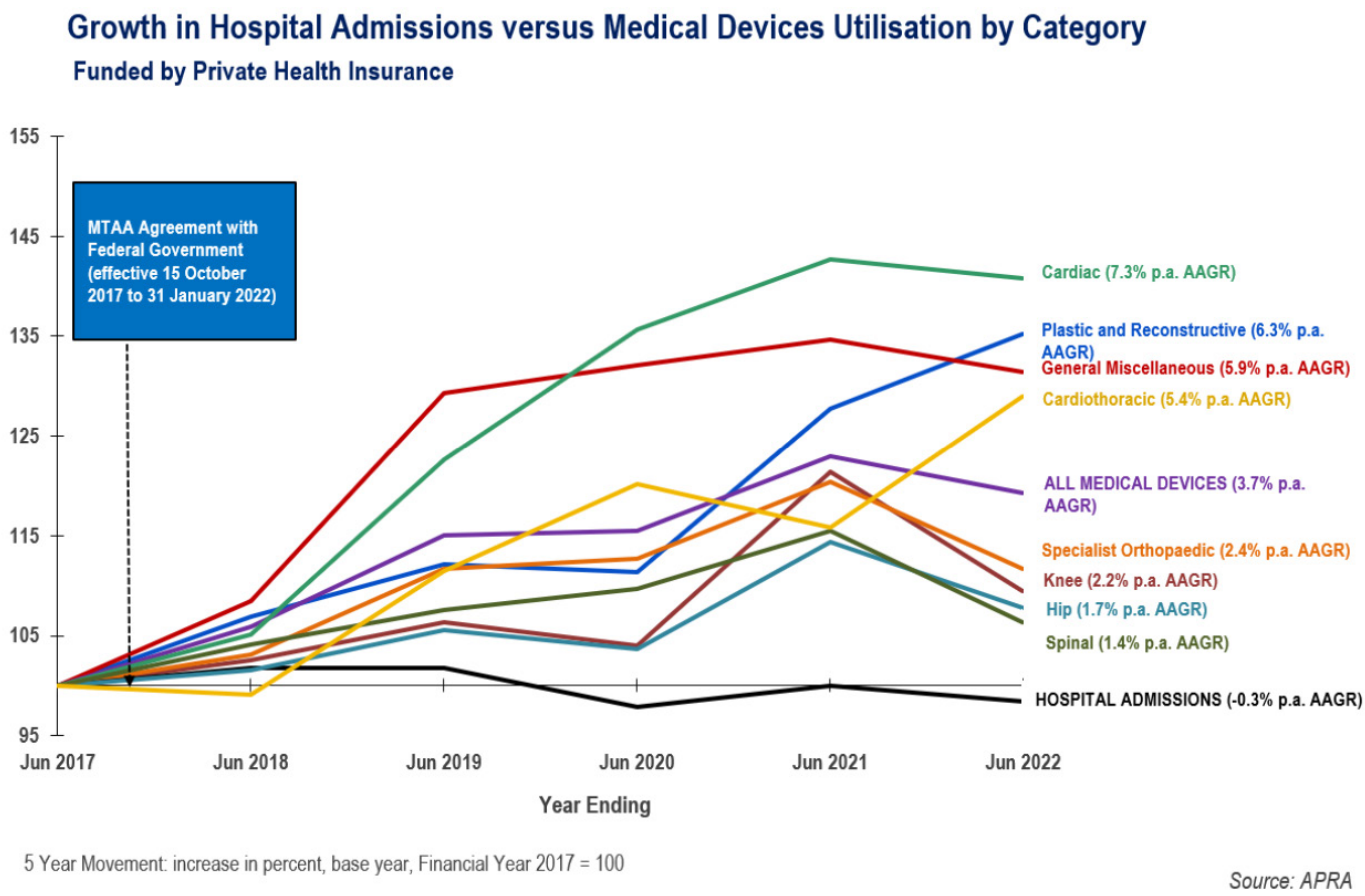
> *St.LukesHealth would like nothing better than to be able to help as many people as possible to reach outside the acute public hospital system to access their care more quickly and in a more affordable fashion. We firmly believe it is better for people to stay out of hospital wherever possible and deliver care with the aim of keeping them out. Unfortunately, government policy settings enshrine hospitals and hospital admission as the only gateway to care pathways. Under current outdated regulations, private health insurers are only able to fund procedures when they are performed in an admitted hospital setting."*
>
> **- Paul Lupo, CEO St.LukesHealth**

10. ABS, Consumer Price Index, Australia, June 2022

The cost of medical devices continues to outstrip inflation

The Australian Prudential Regulation Authority's (APRA) June 2022 data again confirmed that the inflated price of medical devices continues to be the largest factor in increasing premiums for Australian families with private health insurance (PHI).

In the year to June 2022 compared to the year to June 2019 (pre-pandemic), benefits expenditure for medical devices (prostheses) increased by 4.3 per cent compared to a 1.4 per cent decrease in benefits expenditure for medical (MBS) services and only a 0.4 per cent increase in benefits expenditure for hospital accommodation and nursing.



APRA's June 2022 quarterly statistics confirmed that medical device claims continue to grow out of proportion to the number and type of procedures performed.

The Board

The Hon. John Hill
Chair

Sheena Jack
Deputy Chair

Chris Carroll
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

PHA Team

Dr Rachel David
Chief Executive Officer

Jen Eddy
Director of Media & Communications

Neg Fardin
Executive Assistant & Office Manager

Ben Harris
Director of Policy & Research

Julian Lim
Chief Analytics Officer

Camilla Milazzo
Company Secretary and Director of Governance & Regulator Relations

Private Health Insurance

Financial Statements

Private Healthcare Australia Ltd

ABN 35 008 621 994

Financial Statements - 30 June 2022

Private Healthcare Australia Ltd
Directors' Report
30 June 2022

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 2022.

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 from 17 March 2020 to 15 March 2022

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

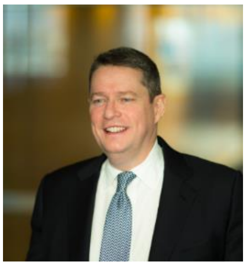
Experience and expertise:
Chief Executive Officer - Defence Health Limited
Major General, AO (Ret'd)
Bachelor of Business (BBus)
Grad Dip Management
Master of Business Administration (MBA)
Master's Degree (MSS) (USA),
Graduate of the Australian Institute of Company Director (GAICD)
Director - Australian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

Byron GREGORY

Appointment:
Non-Executive Director of PHA since 10 November 2004

Experience and expertise:
Chief Executive Officer - Health Partners Limited
Bachelor of 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

Information on Directors (continued)

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
Bachelor of Engineering (Honours) (B.Eng (Hon))
Bachelor of Science (B.Sc)
Director – East Sydney Private Hospital
Chair – Myhealth Medical Group

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)
Fellow of the Australian Institute of Management (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
Director – NORTEC Pty Ltd.

Chris CARROLL

Appointment:
Non-Executive Director of PHA since 15 March 2022

Experience and expertise:
Managing Director, Private Health Insurance – BUPA HI Pty Ltd
Bachelor of Business (BBUS)
Director – Bupa Health Insurance

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)

Camilla MILAZZO

Title:
Company Secretary since 1 June 2020

Experience and expertise:
Bachelor of Arts (BA(Hon))
Juris Doctorate
Graduate Diploma of Legal Practice
Certificate of Corporate Governance
Certificate in Governance and Risk Management

Meetings of Directors
The number of Board meetings (including meetings of Committees of the Board) held during the year ended 30 June 2022 and the number of meetings attended by each Director were:

Board Meetings	Attended	Eligible to attend
HILL, J	6	6
JACK, S	6	6
AMOS, E	3	3
FITZGIBBON, M	3	6
FOGARTY, G	6	6
GREGORY, B	6	6
MEAD, R	6	6
ROGERS, M	6	6
SELJAK, R	5	6
CARROLL, C	3	3

Audit Committee Meetings	Attended	Eligible to attend
JOYCE, B	3	3
VALENA, M	3	3
HILL, J	5	5
ROGERS, M	4	4
SELJAK, R	2	2
JACK, S	2	2
TROUP, H	1	1

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 FY22 year of $1,369,860 (compared to FY21 net deficit of $917,759).

Private Healthcare Australia's revenue for the FY22 year was $5,507,639, compared to $4,566,512 for the prior year. The membership base changed slightly from 23 to 20 Members due to HCF acquiring RT Health and Transport Health and HBF acquiring CUA Health. Conference income of $26,188 was generated in the FY22 period, whereas no conference income was generated for the FY21 period due to restrictions resulting from the COVID-19 pandemic.

Expenses for the FY22 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 cash reserve 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 of 30 June 2022, the total amount that members of the Company are liable to contribute if the Company is wound up, is $200 (2021: $230). The Company has 20 members (2021: 23 members).

Events occurring after the reporting date
As at 30 June 2022, the trade debtor report contained an amount of $673,200 owing from HBF Health Limited which was outstanding for 90+ days. $330,000 of this was paid on 28 July 2022 with a commitment from the debtor that the balance will be paid by 31 December 2022.

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

J Hill
Chair

Dated 14 October 2022

PITCHER PARTNERS

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

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 2022, 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 2022.

Melissa Alexander

Melissa Alexander
Partner

Pitcher Partners
Sydney

14 October 2022

General information

The financial statements cover Private Healthcare Australia Ltd 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. Its registered office and principal place of business are:

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

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 October 2022. The directors have the power to amend and reissue the financial statements.

Private Healthcare Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue	3	5,507,639	4,566,512
Finance income	4	5,200	23,867
Expenses			
Administration expenses		(616,927)	(536,111)
Advertising and marketing expenses		(137,161)	(2,820)
Employee benefits expense		(1,857,080)	(1,704,151)
Consultancy expenses	5	(3,991,809)	(2,971,685)
Depreciation and amortisation expense	5	(126,609)	(108,967)
Occupancy expenses		(34,086)	(60,358)
Short-term leases	5	(12,375)	-
Travel activities		(33,829)	(35,061)
Conference activities		(44,605)	(53,464)
Finance costs	5	(3,591)	(7,233)
Other expenses		(18,706)	(33,219)
Deficit before income tax (expense)/benefit		(1,363,939)	(922,690)
Income tax (expense)/benefit	6	(5,921)	4,931
Deficit after income tax (expense)/benefit for the year		(1,369,860)	(917,759)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(1,369,860)	(917,759)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Private Healthcare Australia Ltd
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	7	6,124,334	5,611,753
Trade and other receivables	8	691,556	161,313
Prepayments		79,856	227,368
Deposits		13,797	8,497
Other financial assets	9	-	2,000,000
Total current assets		6,909,543	8,008,931
Non-current assets			
Property, plant and equipment	10	54,824	69,601
Right-of-use assets	11	53,002	101,563
Deferred tax asset	12	457	6,378
Other financial assets	9	-	19,388
Total non-current assets		108,283	196,930
Total assets		7,017,826	8,205,861
Liabilities			
Current liabilities			
Trade and other payables	13	807,860	611,063
Contract liabilities	14	5,475,000	5,475,000
Lease liabilities	15	53,956	102,597
Employee benefits	16	190,364	162,011
Total current liabilities		6,527,180	6,350,671
Non-current liabilities			
Lease liabilities	15	-	3,401
Employee benefits	16	20,631	11,914
Total non-current liabilities		20,631	15,315
Total liabilities		6,547,811	6,365,986
Net assets		470,015	1,839,875
Equity			
Retained surpluses		470,015	1,839,875
Total equity		470,015	1,839,875

The above statement of financial position should be read in conjunction with the accompanying notes

Private Healthcare Australia Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Retained surpluses $	Total equity $
Balance at 1 July 2020	2,757,634	2,757,634
Deficit after income tax benefit for the year	(917,759)	(917,759)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(917,759)	(917,759)
Balance at 30 June 2021	1,839,875	1,839,875

	Retained surpluses $	Total equity $
Balance at 1 July 2021	1,839,875	1,839,875
Deficit after income tax expense for the year	(1,369,860)	(1,369,860)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(1,369,860)	(1,369,860)
Balance at 30 June 2022	470,015	470,015

The above statement of changes in equity should be read in conjunction with the accompanying notes

Private Healthcare Australia Ltd
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Operating activities			
Receipts from customers (inclusive of GST)		5,547,548	5,437,451
Payments to suppliers and employees (inclusive of GST)		(6,921,263)	(5,331,518)
		(1,373,715)	105,933
Interest received		5,200	23,867
Interest paid		(3,591)	(7,233)
Net cash (used in)/from operating activities		(1,372,106)	122,567
Investing activities			
Payments for property, plant and equipment	10	-	(6,657)
Proceeds from sale of other financial assets - term deposit		2,000,000	500,000
Net cash from investing activities		2,000,000	493,343
Financing activities			
Payment of lease liabilities		(115,313)	(92,739)
Net cash used in financing activities		(115,313)	(92,739)
Net increase in cash and cash equivalents		512,581	523,171
Cash and cash equivalents at the beginning of the financial year		5,611,753	5,088,582
Cash and cash equivalents at the end of the financial year	7	6,124,334	5,611,753

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definitions and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

For the year ended 30 June 2021, the Company prepared a general purpose financial statements in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements issued by the Australian Accountings Standards Board. These financial statements for the year ended 30 June 2022 are the first financial statements the Company has prepared in accordance with the Australian Accounting Standards - Simplified Disclosures. The transition from previous financial reporting framework has not affected reported financial position, performance and cash flows.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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.

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.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
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.

Goods and Services Tax ('GST') and other similar taxes
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.

Note 2. Critical accounting judgements, estimates and assumptions

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.

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.

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.

Note 3. Revenue

	2022 $	2021 $
Revenue from contracts with customers		
Membership levies	5,475,000	4,562,500
Conference income	26,188	-
	5,501,188	4,562,500
Other revenue		
Other revenue	6,451	4,012
Revenue	5,507,639	4,566,512

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

	2022 $	2021 $
Geographical regions		
Australia	5,501,188	4,562,500
Timing of revenue recognition		
Services transferred over time	5,475,000	4,562,500
Services transferred at a point in time	26,188	-
	5,501,188	4,562,500

Accounting policy for 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.

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.

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

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

Note 4. Finance income

	2022 $	2021 $
Interest income	5,200	23,867

Accounting policy for interest income
Interest income 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

Note 5. Expenses

	2022 $	2021 $
Deficit before income tax includes the following specific expenses:		
Depreciation and amortisation expenses		
Office equipment	3,744	7,263
Software	-	35
Furniture and fixtures	105	136
Office equipment under lease	10,928	10,928
Right-of-use assets	111,832	90,605
	126,609	108,967
Consultancy expenses		
Consultant expenses	3,888,011	2,743,713
Professional services	103,798	227,972
	3,991,809	2,971,685
Finance costs		
Interest expense on lease liabilities	3,591	7,233
Leases		
Short-term leases	12,375	-

Note 6. Income tax expense/(benefit)

	2022 $	2021 $
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	5,921	(4,931)
Aggregate income tax expense/(benefit)	5,921	(4,931)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 12)	5,921	(4,931)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Deficit before income tax (expense)/benefit	(1,363,939)	(922,690)
Tax at the statutory tax rate of 25% (2021: 26%)	(340,985)	(239,899)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- non-deductible expenses	346,906	234,968
Income tax expense/(benefit)	5,921	(4,931)

As at 30 June 2022 the company has carry forward tax losses of $7,810,697 (2021: $7,687,787). 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.

Accounting policy for 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.

Note 7. Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash at bank	6,124,334	5,611,753

Accounting policy for 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.

Note 8. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	689,775	46,200
Other receivables	1,781	102,133
Accrued income	-	12,980
	691,556	161,313

Accounting policy for 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.

Note 9. Other financial assets

	2022 $	2021 $
Current assets		
Term deposits	-	2,000,000
Non-current assets		
Term deposits (bank guarantee)	-	19,388
	-	2,019,388

Accounting policy for 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, it's 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.

Note 9. Other financial assets (continued)

Accounting policy for 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.

Note 10. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Leasehold improvements (King Street) - at cost	109,278	109,278
Less: Accumulated depreciation	(58,804)	(47,876)
	50,474	61,402
Furniture & Fixtures - at cost	24,002	24,002
Less: Accumulated depreciation	(22,990)	(22,885)
	1,012	1,117
Office equipment - at cost	100,369	100,369
Less: Accumulated depreciation	(97,031)	(93,287)
	3,338	7,082
Software - at cost	3,384	3,384
Less: Accumulated depreciation	(3,384)	(3,384)
	-	-
	54,824	69,601

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements $	Furniture and fixtures $	Office equipment $	Total $
Balance at 1 July 2021	61,402	1,117	7,082	69,601
Depreciation expense	(10,928)	(105)	(3,744)	(14,777)
Balance at 30 June 2022	50,474	1,012	3,338	54,824

Accounting policy for 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.

Note 10. Property, plant and equipment (continued)

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.

Fixed asset class	Useful life/Diminishing value
Leasehold improvements	10 years
Furniture and fittings	8% - 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.

Note 11. Right-of-use assets

	2022 $	2021 $
Non-current assets		
Office buildings	137,810	265,005
Less: Accumulated depreciation	(84,808)	(169,161)
	53,002	95,844
Photocopier	-	10,997
Less: Accumulated depreciation	-	(5,278)
	-	5,719
	53,002	101,563

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office buildings $	Photocopier $	Total $
Balance at 1 July 2021	95,844	5,719	101,563
Additions	62,759	-	62,759
Write off of assets	-	512	512
Depreciation expense	(105,601)	(6,231)	(111,832)
Balance at 30 June 2022	53,002	-	53,002

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

Accounting policy for 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.

Note 11. Right-of-use assets (continued)

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 'Impairment of non-financial assets'.

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.

Note 12. Deferred tax asset

	2022 $	2021 $
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	364	10,096
Property, plant and equipment	(99)	(286)
Leases	93	177
Accrued expenses	99	(40)
Accrued income	-	(3,569)
Deferred tax asset	457	6,378
Movements:		
Opening balance	6,378	1,447
Credited/(charged) to profit or loss (note 6)	(5,921)	4,931
Closing balance	457	6,378

Note 13. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	232,046	127,154
GST payables	466,562	445,178
Accruals	103,702	38,731
Other payables	5,550	-
	807,860	611,063

Accounting policy for 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.

Note 14. Contract liabilities

	2022 $	2021 $
Current liabilities		
Unearned income - member levies	5,475,000	5,475,000

Accounting policy for 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.

Note 15. Lease liabilities

	2022 $	2021 $
Current liabilities		
Office buildings	53,956	99,890
Photocopier	-	2,707
	53,956	102,597
Non-current liabilities		
Photocopier	-	3,401
	53,956	105,998

Future lease payments
Future lease payments are due as follows:

Within one year	66,824	115,958
One to five years	2,240	8,704
	69,064	124,662

Note 15. Lease liabilities (continued)

Accounting policy for 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.

Note 16. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	92,489	75,151
Long service leave	97,875	86,860
	190,364	162,011
Non-current liabilities		
Long service leave	20,631	11,914
	210,995	173,925

Accounting policy for 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.

Note 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.

Note 17. Financial instruments (continued)

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:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	6,124,334	5,611,753
Trade and other receivables	691,556	161,313
Other financial assets at amortised cost	-	2,000,000
Deposits	13,797	8,497
	6,829,687	7,781,563

	2022 $	2021 $
Financial liabilities		
Trade and other payables	807,860	611,063
Contract liabilities	5,475,000	5,475,000
Lease liabilities	53,956	105,998
	6,336,816	6,192,061

Note 18. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2022 $	2021 $
Aggregate compensation	886,638	842,386

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.

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Company:

	2022 $	2021 $
Audit services - Pitcher Partners		
Audit of the financial statements	24,000	24,000

Note 20. Contingencies

In the opinion of the directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

Note 21. Commitments

As at 30 June 2022, the Company had not entered into any capital commitments (30 June 2021: Nil).

Note 22. Related party transactions

Transactions with related parties
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.

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Note 23. 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 2022 the total amount that members of the Company are liable to contribute if the Company wound up is $200 (2021: $230). The Company has 20 members (2021: 23 members).

Note 24. Events after the reporting period

As at 30 June 2022, the trade debtor report contained an amount of $673,200 owing from HBF Health Limited which was outstanding for 90+ days. $330,000 of this was paid on 28 July 2022 with a commitment from the debtor that the balance will be paid by 31 December 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Private Healthcare Australia Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

14 October 2022

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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 2022, 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 2022 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Simplified Disclosures 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 2022, 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.

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.

- 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

Pitcher Partners

Pitcher Partners
Sydney

14 October 2022