



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

Private Healthcare Australia Limited

Annual Report 2022 - 2023

Table Of Contents

About Private Healthcare Australia	03
The Year in Numbers	04
Chairman's Message	07
CEO's Message	08
Policy and Research Overview	10
2022 - 2023 Highlights	11
The Board	18
Financial Statements	19

About Private Healthcare Australia

Private Healthcare Australia represents 21 Australian health funds with a combined coverage of over 14.2 million Australians, or 98% of the sector on membership.



The Year in Numbers



Industry Profitability

6.8%

Net margin versus 7.0% in 2021/22.



\$2.2 billion

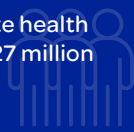
Net profit after tax, more than double compared to the previous year. The main driver behind the higher profit result for the industry was a recovery in investment income from losses in 2021/22.



This year, health funds provided PHI cover to a record number of Australians¹

55% or 14.59 million

Australians have private health insurance, up from 14.27 million in 2021/22.



11.95 million

Have hospital treatment cover, up 2.3%.



14.58 million

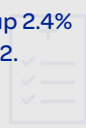
Have general treatment (extras) cover, up 2.2%.



Health funds saw member claims at record high levels in 2022/23 and above pre-COVID levels, paying:

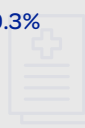
\$22.6 billion

In fund benefits (claims), up 2.4% from \$22.1 billion in 2021/22.



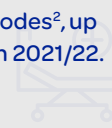
100.5 million

Allied health services, up 9.3% from 92 million in 2021/22.



4.77 million

Hospital treatment episodes², up 4.9% from 4.54 million in 2021/22.



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

All Funds

Returned COVID-19 claims savings to members since the start of the pandemic, with COVID-19 relief packages now totalling over \$4 billion for the entire PHI sector.



1. APRA quarterly private health insurance statistics for June 2023

2. Includes hospital substitute treatment episodes, as per APRA's reporting of hospital treatment episodes.



Private Health Insurance pays for³:

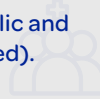
4 in 5

Hospital admissions in private hospitals.



2 in 5

Hospital admissions (public and private hospitals combined).



~ 2 out of 3

Elective surgery (public and private hospitals combined).



76%

Of all hospital admissions for rehabilitation care.



57%

Of all joint replacements.



55%

Of all hospital admissions for mental health care.



2022-2023

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 is the largest area of expenditure by private health insurance under extras cover and makes up nearly 55% of extras claims⁴

\$1 in every \$7

(14.4%) paid out by health funds on member healthcare claims is for dental services.



49.9 million

Dental services (annual record high) in 2022/23 versus 44.8 million in 2021/22.



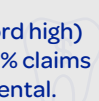
~ 1 in 2

Australians aged 5 and older have some form of private health insurance cover for dental expenses.



\$3.29 billion

In benefits paid for dental services (annual record high) in 2022/23 versus \$2.93 billion in 2021/22, a 12.2% claims expenditure increase on the previous year for dental.





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

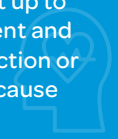
Around 1 in 5

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 60 in 2022/23 was for the hospital treatment and care of patients with psychiatric, mental, addiction or behavioural disorders, compared to being #2 cause in 2017/18.



55%

Of all mental health care separations in Australian hospitals were funded by PHI, a 1 percentage point increase compared to 2020/21⁵.



441,682

Psychology/group therapy services under ancillary or extras cover at a cost of \$35.5 million (annual record high) in 2022/23, versus 393,664 at a cost of \$31 million in 2021/22⁶.



The rising cost of medical devices is driving up healthcare costs

\$2.29 billion

Annual record high benefits expenditure on medical devices by private health insurers in 2022/23, a 5.6% expenditure increase from \$2.17 billion in 2021/22⁷.



3.53 million

Medical device items (annual record high) funded by private health insurers in 2022/23, a 9.5% volume increase from 3.22 million in 2021/22⁸. An analysis of APRA data over the past four years shows a surge in the volume of claims for medical devices is putting pressure on premiums. During that period the number of devices funded grew by 13.6%. This surge in the volume of medical devices claimed over the pandemic is totally out of proportion with a 0.5% increase in hospital treatment medical services and a 2.2% increase in hospital episodes funded over the same period.



All data is from PHA research unless otherwise noted.
All data is for the 2022/23 Financial Year unless otherwise noted.

5. AIHW Australian hospital statistics 2021-22
6. APRA quarterly private health insurance statistics for June 2023

7. APRA quarterly private health insurance statistics for June 2023
8. APRA quarterly private health insurance statistics for June 2023

Chairman's Message



“ **At the heart of PHA's strategy is the commitment of its members to always put the interest of health consumers first in all decisions - both clinical and financial.** ”

This has been another strong year for Private Healthcare Australia (PHA) and its members. The number of Australians with private health insurance has continued to grow and your Association has continued to provide strong representation on your behalf.

While the growth in privately insured citizens is welcome, it has to be acknowledged that in part, it has been driven by perceived concerns about the capacity of the public health system to provide services when they are needed.

At the heart of PHAs strategy is the commitment of its members to always put the interest of health consumers first in decision making, both clinical and financial. We know that an efficiently run and affordable, safe and contemporary private health system in Australia will take pressure off public health services.

As an organisation, PHA strongly believes in the Australian hybrid system of healthcare, and in our representations to Government we stress that reforms we are seeking will not only make our products more affordable and clinically appropriate, they will also help the public system better meet its demands.

This year, our team continues to be well led by Dr Rachel David and we have effectively and continuously made the case for reform across Government, within the bureaucracy, with our stakeholders and in the media. These representations have been strengthened by the creation of reports by independent consultancies. We thank our members for agreeing to fee increases which have allowed us to produce these well justified and researched documents.

The private health insurance industry is remarkable. It is fiercely competitive but united around the key value propositions described. This means that PHA continues to strive to be a highly effective industry body. It garners huge credibility from the scope of its representation, from large national businesses to small regional operations, covering both not-for-profit and for profit. Operating nationwide, we have tens of thousands of customers in every federal electorate.

I would like to pay tribute to my fellow directors for their continued ability to prioritise industry interests. They have been cooperative, hard-working, very astute and it has been a pleasure to chair. I particularly wish to thank outgoing directors Mark Fitzgibbon, Major General Gerard Fogarty, Byron Gregory and Mark Rogers and welcome our new directors Dr Daniel Heredia, Brad Joyce, Milosh Milisavljevic and Sharon Waterhouse.

As always, I reserve the final words of praise for Rachel and her team and commend them for the excellence of their work and their passionate commitment to the cause of PHA and its members.

A handwritten signature in black ink, appearing to read 'John Hill'.

John Hill
Independent Chair,
Private Healthcare Australia

CEO message



“
Health fund membership is at an all time high with 12 consecutive quarters of growth to June 2023.
”

The past year has been a very busy one at PHA, as it no doubt has been for our member funds. We have been managing the fallout from the COVID-19 pandemic, negotiating with various stakeholders who have been impacted financially, building collaborative relationships with the new Albanese Government, and providing responses to the many and varied inquiries into which the government has sought our input.

I look back on the year to June 2023 with satisfaction, knowing that our member health funds have demonstrated a commitment to our members and to consumers, delivering on the pledge of not profiting from the pandemic, at the same time maintaining strong advocacy efforts on a wide range of issues aimed at easing cost of living pressures and keeping premiums affordable.

We have delivered on short term policy development whilst focusing on the need to keep Australia’s health system sustainable well into the future, presenting the Government with innovative options for sensible and achievable medium to longer term reforms.

PHA’s landmark report “There’s no place like home – reforming out-of-hospital care” was well received across Parliament and the broader health sector. It is hard to argue against increasing the delivery of out-of-hospital care, in an environment where health, inflation and an aging population is escalating. Evidence shows that this model is of a high quality and efficient, which leads to a reduction in adverse events, all the while improving patient experiences.

Our comprehensive analysis of the impact of medical device pricing on our health system and private health insurance premiums, [Australia’s surgical surcharge: How Australians are paying too much for medical devices through the prescribed list of medical devices](#), was presented to Government in June. It demonstrated that Australians are still paying some of the highest prices in the world for medical devices. Over the past year, data from APRA has consistently shown that the cost of overpriced generic medical devices has been the largest healthcare claims expenditure growth area for health funds.

We are working closely with the Federal Government to realise tangible benefits for consumers from the reform process. The majority of Australians are struggling financially and although we have come through COVID, most families are still facing economic hardship due to cost of living, inflation and rising interest rates.

Despite this, health fund membership is at an all time high with 12 consecutive quarters of growth to June 2023, with membership reaching 14.6 million. From the beginning of the pandemic to June 2023, an additional 948,552 people joined a health fund. We have seen a major demographic shift in the cohort of new members.

PHA research conducted during the year, showed growth in Western Australia, South East Queensland and outer metropolitan Sydney and Melbourne, underpinned by increased female participation in the professional workforce, skilled migration, and a range of younger people, many of whom were supplemented for by their parents on family policies.

“ **Industry alignment is key to success and our members have demonstrated a clear understanding of how best to advocate at the government level in order to achieve the best outcomes for customers.** ”

These Australians turned to private health cover in record numbers in order to access timely healthcare as the public system struggled to keep up with demand. Access to timely mental health treatment was also one of the main drivers of growth in PHI and as PHA's annual high claims report uncovered, mental health is now the top reason members under the age of 59 are going to hospital.

Our research has found that cost of living and the affordability of private health insurance was of main concern, however new members said they intended to maintain their cover. Throughout the year, health funds demonstrated that vote of confidence is well deserved.

In December 2022 the ACCC confirmed that health funds were fulfilling their commitment to return any savings accumulated as a result of COVID-19 lockdowns to their customers. It's worth highlighting that no other health sector group made this commitment. At the time of writing, health funds had returned more than \$3.5 billion to members to compensate for services that were reduced or unavailable as a consequence of the lockdowns.

This commitment to customers and reducing cost of living pressure continued with Health Minister Mark Butler announcing a premium increase in February well below inflation, an annual industry average of 2.9 percent. Again, many funds deferred the increase as they had done often during the pandemic.

Pleasingly, we have developed a positive professional relationship with the Albanese Government over the last year. Since its election in 2022, we have seen a number of important policy changes relevant to our sector which is encouraging as we work towards supporting the sustainability of the Australian health system.

For example, PHA welcomed the Government's move to tighten the definition of superannuation, a much-needed change to help keep retirement savings safe and help protect vulnerable Australians.

Government policy during COVID-19 allowed people under financial stress to withdraw up to \$20,000 from their superannuation and this led to a growing trend of consumers using their superannuation to fund non-emergency surgery and, the proliferation of unregulated commercial operators, some advertising in the waiting rooms of less scrupulous medical practitioners.

The Government also commissioned an independent review into Medicare Compliance and Integrity following media reports exposing the extent of rorting in the Medicare system, and despite considerable opposition from pharmacies, pursued its policy for 60 day medication prescriptions (which has since been introduced).

PHA backed these measures and we have worked closely with Ministers and key advisors on a number of important policy reforms, including the review of PHI participation levels and second tier default benefits, which at the time of writing is underway.

I look forward to continuing to build on that relationship and thank member funds for their contribution to this process. Industry alignment is key to success and our members have demonstrated a clear understanding of how best to advocate at the government level in order to achieve the best outcomes for customers.

On behalf of the team and myself, thank you all for your support and efforts over the past year. I trust the next 12 months will be just as busy and equally rewarding.



Dr Rachel David
CEO,
Private Healthcare Australia

Policy and Research Overview



“ PHA will continue to advocate for best practice care. ”

A new government has brought many more opportunities to engage in policy design. The Albanese Government has taken a firm approach to improve processes, meaning that the Private Healthcare Australia (PHA) team has been extremely busy over the past year with submissions and consultations.

Over the 2022-23 financial year, PHA has made over 40 submissions (most are available on our [website](#)). It is pleasing to note that many areas of government have reached out, not just health. We have produced major submissions on risk equalisation, privacy, medical devices, superannuation and other areas.

Medical device funding reform continues to be a source of frustration, however we need to be cognisant of some very significant improvements to the regulatory structure. PHA has been successful in arguing for significant legislative changes which commenced on 1 July 2023, which has improved assessment processes and the beginnings of a compliance regime.

However, while device prices remain high above international benchmarks, we will continue arguing for better consumer protections. One important publication to progress this agenda was released in June, [Australia's surgical surcharge: How Australians are paying too much for medical devices through the prescribed list of medical devices](#).

Late in 2022, Nine newspapers ran a series of articles on Medicare fraud and low value care. PHA ensured that this investigation continued by providing data, which led to government announcing a review by Pradeep Philip.

PHA contributed to this review and highlighted the risks to private health insurance customers of fraud, low value care and some of the cultural issues around billing. In turn, this led to a significant Budget announcement. We look forward to continuing to work with the government and the profession in order to combat fraud and low value care.

Out of hospital care is a key component of providing customer value. In May, PHA released [There's no place like home – reforming out-of-hospital care](#), a major report highlighting the fact that Australia's private system is a long way behind world's best practice. The report shows how we can unlock value for patients and the health system more broadly, by offering the choice of flexible care for patients while also relieving system pressures.

PHA will continue to advocate for best practice care such as out of hospital care through 2023-24, along with other priorities including improving medical device funding, ensuring that consumers and the government get the best value out of private health insurance incentives.

I have been grateful for the continued support and generosity of time from member funds. As well as the usual assistance from staff on payment integrity, general treatment and hospital relations, I have been very well supported by funds' legal officers (on the Privacy Act review) and actuarial staff (on risk equalisation). The expertise and judgement offered by member funds makes our work possible.



Ben Harris
Director of Policy and Research,
Private Healthcare Australia

2022 - 2023 Highlights



There's no place like home



PHA released a landmark report [There's no place like home – reforming out-of-hospital care](#) which found prioritising access to “out-of-hospital care”, will unlock value for patients and the health system more broadly, by offering the choice of flexible care for patients while also relieving system pressures.

The report identified archetypes for out-of-hospital care that can be delivered now, ranging from short stay surgery to mental health and substance use disorder management, short acute interventions like wound care and chemotherapy, to end-of-life care.

Australia lags behind comparative health systems in the delivery of out-of-hospital care, despite increasing evidence showing the benefits of out-of-hospital models of care in terms of efficiency, quality, reduction of adverse events and patient experience.



Mandala Report – Australia's Surgical Surcharge



A new report by Mandala Australia's surgical surcharge: How Australians are paying too much for medical devices through the prescribed list of medical devices, released by PHA in June 2023 confirmed the damaging impact overpricing of generic medical devices has on Australia's health system and private health insurance premiums.

The Mandala report found that:

- Australians are paying some of the highest prices in the world for medical devices through the Protheses List (PL).
- For 46 frequently used devices, Australia pays much more compared to UK, New Zealand, France and Germany. The UK pays 71 per cent of what Australia does. New Zealand pays two thirds of what we pay, France pays less than half of what we pay, and Germany pays one fifth of what we pay.
- Australia pays 70 per cent more through the PL than New Zealand for a hip replacement stem, for example, and 30 per cent more for a drug eluting stent.



High Claims confirm PHI value for Australians young and old



In August PHA released its [Annual High Claims Report](#). Health funds paid more than \$7.7 billion for 379,991 'high claims' for hospital care exceeding \$10,000 in 2022.

The report showed PHI was supporting many Australians to get high quality hospital care across treatment areas, especially mental health care. Claims exceeding \$10,000 for mental health treatment among Australians under 30 increased dramatically during the pandemic.



Cosmetic cowboys (The AGE/SMH)



PHA called for the government to change laws around superannuation to safeguard against its misuse.

PHA noted that a “Google search for ‘can I withdraw my super for XXX surgery’ revealed dozens of Australian clinics advertising assistance to withdraw superannuation for cosmetic procedures, weight loss or spinal surgery, dental work and other medical procedures”.



Hospital Accreditation



PHA called for an urgent review of the process by which hospitals are accredited and declared eligible to receive health fund benefits in light of revelations in the media about poor quality and safety in the cosmetic surgery sector.

“

We were horrified to discover some of the cosmetic surgery clinics identified in the recent media investigation by The Age, SMH and 60 Minutes had somehow been declared private hospitals under the Private Health Insurance Act 2007, a process that can only be undertaken by state and federal governments.

”

PHA CEO Dr Rachel David



Health funds fulfil commitment to return COVID savings to members



In December 2022 the ACCC confirmed that health funds were fulfilling their commitment to return any savings accumulated as a result of COVID-19 lockdowns to their customers.

“The ACCC report into the private health insurance industry confirms that health funds were true to their word and have handed back more than \$2 billion to members as at 30 June 2022. Health funds are continuing to return savings to members.

“From the outbreak of COVID-19, health funds worked closely with regulators and immediately committed not to profit from the pandemic. No other health sector group made this commitment,” said Dr Rachel David.

Australian Health Funds have provided members with over \$4 billion in support since the start of the pandemic



Since the beginning of the COVID-19 pandemic, all health funds have provided financial and social support to members.

Initiatives included deferring premium increases, offering financial relief, extending mental health support, funding telehealth and returning savings to members.



PHI Premiums 2023



In February 2023 health funds delivered a premium increase well below inflation.

“Recognising the impact of escalating cost of living pressures on Australian families and growing demand for private health insurance, health funds are doing all they can to keep premium increases as close to zero as possible,” said CEO Dr Rachel David.

“The largest factor currently increasing premiums for Australian families is the inflated price of generic medical devices. Australians pay 30 – 100 per cent more than people in countries such as New Zealand, the United Kingdom, France and South Africa for commonly used generic medical devices”.

“

The Australian Government is ensuring Australians get value for money from their private health insurance as the annual industry average premium is set to rise by 2.9 percent. The Government and private health insurers are working together to achieve better value for policyholders while also ensuring the cost of providing high quality care which includes the wages for nurses and medical workers in private hospitals are funded.

”

Health Minister Mark Butler



No room for fraud or waste in Australia’s healthcare system



The Government commissioned an independent review into Medicare Compliance and Integrity following media reports exposing the extent of rorting in the Medicare system.

PHA welcomed the Albanese Government’s commitment to stamping out fraud and inappropriate billing in the health care system saying there’s no room for fraud or inappropriate billing in our health system – every dollar should be spent ensuring better health outcomes for Australian consumers.



60-day dispensing policy will benefit consumers



PHA backed the Albanese Government’s plans for 60-day medication prescriptions, to deliver a better deal for millions of Australians living with common chronic conditions. The measure will not only save money, but save time and stress of having to visit the doctor just to get a prescription and reduce the number of times people have to go out to get the prescription filled. It will reduce the burden of treatment experienced by millions of people, relieve pressure on general practice, and save money for consumers.



Health funds well placed to deliver dental care



PHA's submission to the Select Committee into the Provision and Access of Dental Services in Australia identified that health funds are best placed to deliver a future government scheme to increase access to dental services for the most vulnerable in the community, given health funds are the major funding source for dental care and have an unequalled track record keeping out of pockets costs under control.

Over 14.5 million Australians (55% of the Australian population) have Extras cover with dental insurance coverage.

Dental is the largest area of expenditure by private health insurance under Extras cover; nearly 55% of extras claims funded by private health insurance is for dental care.



Daily Telegraph 19 Feb 2023

Administration fees worth thousands of dollars, booking fees and split bills are the secret charges greedy doctors are using to outsmart health funds and heap massive costs on patients.

Doctors would be banned by law from charging privately insured patients these types of surprise bills under a plan to end one of the main gripes of health insurance members.

Health fund lobby group Private Healthcare Australia (PHA) is calling for the change and has revealed the three top ways doctors cheat the system and slug their patients.



The Daily Telegraph



News Corp 19 June 2023

Australia is paying \$1 billion a year more than other countries for medical devices like hip and knee replacements, and it is driving up the cost of health fund premiums.

Premiums could be \$140 a year lower if we had more competitive pricing, health fund lobby group Private Healthcare Australia said.

On average Australians are paying two and a half times more for medical devices than patients in eight comparable countries a new report has found.

Australia pays 70 per cent more than New Zealand for a hip replacement stem, and 30 per cent more for a drug eluting stent used to open clogged arteries, a report by consultancy group Mandala revealed.



The Daily Telegraph



The Australian 31 May 2023

Private insurers are calling for structural reform of the health system to enable more patients to be treated out of hospital, estimating \$1.3bn a year could be saved by shifting healthcare into the home in line with international practice.

A new report by Private Healthcare Australia (PHA) argues Australia is rapidly falling behind the rest of the world in the slow take-up of out-of-hospital care, with private hospitals and insurers hamstrung by funding and regulatory barriers from expanding this type of care.



The Australian



The Australian 8 Feb 2023

The nation's peak doctors' lobby says it would support a proposal by private health insurers to fund a suite of preventative health services in general practice to keep people out of hospital, as the funds call for law changes to combat high rates of lengthy hospital stays for common conditions.

The funds want to be able to fund treatments for privately insured patients with chronic health conditions including mental health and alcohol and drug treatments, joint health support, weight-loss support and heart health.



Australian Financial Review 13 Dec 2022

Opinion by PHA CEO Dr Rachel David.

The COVID-19 pandemic challenged our health system like never before and created unparalleled pressure on medical staff, supply chains and hospitals. The consequences are still being felt across the health sector.

There was, however, one part of the health economy that quietly turned around. Australians signed up for private health insurance in record numbers, with the latest APRA data showing nine consecutive quarters of growth in participation. There are now more than 14.37 million Australians with private health cover.

Unsurprisingly, the key driver of this trend is public hospital waiting lists for surgery. Predictions the private health sector was facing a "death spiral" and was collapsing under the weight of a declining pool dominated by high claimers have not come to pass.



Australian Financial Review



The Australian Financial Review View 14 Dec 2022

As Private Health Care Australia CEO Rachel David wrote on Tuesday, there has now been nine consecutive quarters of private health insurance membership growth since the start of COVID-19.

Since September 2020, over three-quarters of a million Australians have signed up. Driven by blowouts in public hospital waiting times, the proportion of the population with private cover has risen to 55.1 per cent. After 5 years of declining membership, the turnaround shows that the private pillar of Australia's "mixed" public-private health system is pulling out of the so-called "death spiral".



Australian Financial Review



Record PHI membership during COVID (The Age/SMH 19 Feb 2023)

Hip and knee replacements and weight loss surgeries conducted under private health insurance have soared during the COVID pandemic, as record numbers of people sign up to avoid the years-long wait for procedures at public hospitals.

New memberships have brought the number of Australians with private health insurance to an all-time high of 14.37 million, up from 13.64 million at December 2019, according to Private Healthcare Australia.

A snapshot of PHI claims data between October 2021 and August 2022 showed the highest number of claims nationally was for joint replacements – of knees and hips – which increased by 22 per cent. Claims for weight loss surgery in that period were up by 21 per cent.



The Sydney Morning Herald

The Board



The Hon. John Hill
Independent Chair



Sheena Jack
Deputy Chair



Chris Carroll



Dr Daniel Heredia



Brad Joyce



Rohan Mead



Milosh Milisavljevic



Rob Seljak



Sharon Waterhouse

Private Health Insurance

Financial Statements

Private Healthcare Australia Ltd

ABN 35 008 621 994

Financial Statements - 30 June 2023

**Private Healthcare Australia Ltd
Directors' Report
30 June 2023**

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 2023.

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
Bachelor of Arts
Minister of Government of South Australia 2002-2013
(portfolios including Minister for Health)
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)
Bachelor of Arts (Accounting)
Director – Business Council of Cooperatives and Mutuals
Member – Institute of Chartered Accountants
Graduate – Australian Institute of Company Directors
Member – Chief Executive Women

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
Post Graduate - Executive Finance
Graduate - Australian Institute of Company Directors

Mark FITZGIBBON



Appointment:

Non-Executive Director of PHA from 12 December 2019 to 23 November 2022

Experience and expertise:

Managing Director and Chief Executive Officer – NIB Group Limited
Master of Business Administration
Master of Arts
Fellow – Australian Institute of Company Directors

Information on Directors (Continued)

Gerard FOGARTY



Appointment:

Non-Executive Director of PHA from 11 November 2015 to 17 November 2022

Experience and expertise:

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

Byron GREGORY



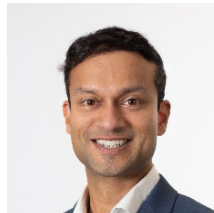
Appointment:

Non-Executive Director of PHA from 10 November 2004 to 7 June 2023

Experience and expertise:

Chief Executive Officer - Health Partners Limited
Bachelor of Commerce
Chair - Private Health Insurance Code Compliance Committee
Director - Australian Health Services Alliance Ltd

Daniel HEREDIA



Appointment:

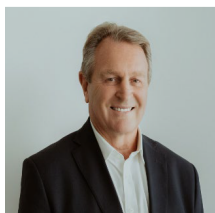
Non-Executive Director of PHA since 23 November 2022

Experience and expertise:

Executive General Manager Insurance and Health Services - HBF Health Limited
Bachelor of Medicine and Bachelor of Surgery (Honours)
Master of Business Administration
Diploma of Public Health
Graduate of the Australian Institute of Company Directors
Fellow of the Royal Australasian College of Medical Administrators
Fellow of the Australasian College of Health Service Management.
Practitioner Member - Medical Board of Australia
Director – Western Australia Country Health Service

Information on Directors (Continued)

Brad JOYCE



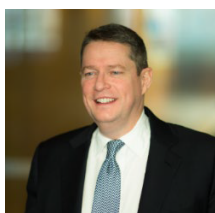
Appointment:

Non-Executive Director of PHA since 23 November 2022

Experience and expertise during appointment:

Group Chief Executive Officer – Teachers Health Group
Fellow of The Australian Institute of Company Directors
Fellow of CPA Australia
Bachelor of Commerce (Accounting)
Director - Members Health Fund Alliance
Director - Australian Health Service Alliance Ltd
Member - International Federation of Health Plans' Council of Management

Rohan MEAD



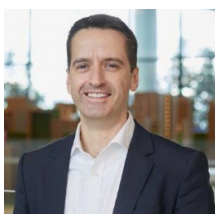
Appointment:

Non-Executive Director of PHA since 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

Milosh MILISAVLJEVIC



Appointment:

Non-Executive Director of PHA since 8 February 2023

Experience and expertise during appointment:

Group Lead, Chief Customer Officer - Medibank Private Limited
Master of Business Administration
Bachelor of Engineering (Honours)
Bachelor of Commerce

Mark ROGERS



Appointment:

Non-Executive Director of PHA from 8 June 2021 to 8 February 2023

Experience and expertise:

Group Executive, Chief Financial Officer & Group Strategy – Medibank Private Limited
Bachelor of Engineering (Honours)
Bachelor of Science
Director – East Sydney Private Hospital
Chair – Myhealth Medical Group

Information on Directors (Continued)

Rob SELJAK



Appointment:

Non-Executive Director of PHA since 19 July 2005

Experience and expertise:

Chief Executive Officer – Queensland Teachers' Union Health Fund Limited

Bachelor of Arts

Bachelor of Law

Master of Business

Fellow of the Australian Institute of Company Directors

Fellow of the Australian Institute of Management

Chair – Hambs Systems Ltd

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.

Information on Company Secretaries

Rachel DAVID



Title:

Chief Executive Officer and Company Secretary since 16 January 2016

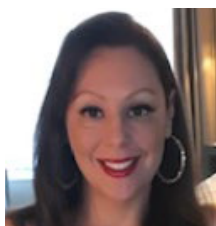
Experience and expertise:

Bachelor of Medicine

Graduate of the Australian Institute of Company Director

Master of Business Administration

Camilla MILAZZO



Title:

Company Secretary since 1 June 2020

Experience and expertise:

Bachelor of Arts

Juris Doctorate

Graduate Diploma of Legal Practice

Certificate of Corporate Governance

Certificate in Governance and Risk Management

Private Healthcare Australia Ltd
Directors' report
30 June 2023

Meetings of Directors

The number of Board meetings (including meetings of Committees of the Board) held during the year ended 30 June 2023 and the number of meetings attended by each Director were:

Board Meetings	Attended	Eligible to attend
HILL, J	6	6
JACK, S	6	6
CARROLL, C	4	6
FITZGIBBON, M	1	2
FOGARTY, G	1	2
GREGORY, B	5	6
HEREDIA, D	3	4
JOYCE, B	2	4
MEAD, R	6	6
MILISAVLJEVIC, M	3	3
ROGERS, M	2	3
SELJAK, R	4	6

Audit Committee Meetings	Attended	Eligible to attend
HILL, J	2	2
ROGERS, M	0	0
SELJAK, R	2	2
JACK, S	2	2
TROUP, H	2	2

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 FY23 year of \$501,000 (compared to FY22 net deficit after tax of \$1,369,860).

Private Healthcare Australia's revenue for the FY23 year was \$5,482,993 compared to \$5,507,639 for the prior year. The membership base changed slightly from 20 to 21 Members as PHA welcomed Police Health as a member. Conference income of \$162 was generated in the FY23 period, compared to \$26,188 for the FY22 period during which time a virtual conference was held.

Expenses for the FY23 year were significantly lower than the prior year.

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.

Private Healthcare Australia Ltd
Directors' report
30 June 2023

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 (KPI) 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 2023 the total amount that members of the Company are liable to contribute if the Company wound up is \$210 (2022: \$200). The Company has 21 members (2022: 20 members).

Events occurring after the reporting date

No 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.

Private Healthcare Australia Ltd
Directors' report
30 June 2023

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

DATE 11 October 2023



Pitcher Partners Sydney Partnership

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 2023, 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 2023.

A handwritten signature in black ink that reads "Melissa Alexander".

Melissa Alexander
Partner

Pitcher Partners
Sydney

11 October 2023

Private Healthcare Australia Ltd
Contents
30 June 2023

Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Directors' declaration	26
Independent auditor's report to the members of Private Healthcare Australia Ltd	27

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 11 October 2023. 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 2023

	Note	2023	2022
		\$	\$
Revenue	3	5,482,993	5,507,639
Finance income	4	36,276	5,200
Expenses			
Administration expenses		(706,447)	(616,927)
Advertising and marketing expenses		(99,759)	(137,161)
Employee benefits expense		(1,964,772)	(1,857,080)
Consultancy expenses	5	(2,748,608)	(3,991,809)
Depreciation and amortisation expense	5	(76,552)	(126,609)
Occupancy expenses	5	(38,332)	(46,461)
Travel activities		(125,087)	(33,829)
Conference activities		(88,741)	(44,605)
Finance costs	5	(4,212)	(3,591)
Other expenses		<u>(165,755)</u>	<u>(18,706)</u>
Deficit before income tax expense		(498,996)	(1,363,939)
Income tax expense	6	<u>(2,004)</u>	<u>(5,921)</u>
Deficit after income tax expense for the year		(501,000)	(1,369,860)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(501,000)</u></u>	<u><u>(1,369,860)</u></u>

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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	5,062,897	6,124,334
Trade and other receivables	8	60,917	692,616
Prepayments		118,489	79,856
Other assets		101,302	13,797
Financial assets	9	2,500,000	-
Total current assets		<u>7,843,605</u>	<u>6,910,603</u>
Non-current assets			
Property, plant and equipment	10	48,040	54,824
Right-of-use assets	11	52,428	53,002
Deferred tax assets	6	-	457
Total non-current assets		<u>100,468</u>	<u>108,283</u>
Total assets		<u>7,944,073</u>	<u>7,018,886</u>
Liabilities			
Current liabilities			
Trade and other payables	12	1,293,599	808,920
Contract liabilities	13	6,399,216	5,475,000
Lease liabilities	14	53,570	53,956
Employee benefits	15	196,758	190,364
Total current liabilities		<u>7,943,143</u>	<u>6,528,240</u>
Non-current liabilities			
Deferred tax liabilities	6	1,547	-
Employee benefits	15	30,368	20,631
Total non-current liabilities		<u>31,915</u>	<u>20,631</u>
Total liabilities		<u>7,975,058</u>	<u>6,548,871</u>
Net (liabilities)/assets		<u>(30,985)</u>	<u>470,015</u>
Equity			
(Accumulated deficits)/retained surpluses		<u>(30,985)</u>	<u>470,015</u>
Total (deficiency)/equity		<u>(30,985)</u>	<u>470,015</u>

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 2023

	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	-	-
	<u>(1,369,860)</u>	<u>(1,369,860)</u>
Total comprehensive loss for the year		
Balance at 30 June 2022	<u>470,015</u>	<u>470,015</u>
	Accumulated deficits \$	Total equity/(deficiency in equity) \$
Balance at 1 July 2022	470,015	470,015
Deficit after income tax expense for the year	(501,000)	(501,000)
Other comprehensive income for the year, net of tax	-	-
	<u>(501,000)</u>	<u>(501,000)</u>
Total comprehensive loss for the year		
Balance at 30 June 2023	<u>(30,985)</u>	<u>(30,985)</u>

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 2023

	Note	2023	2022
		\$	\$
Operating activities			
Receipts from customers (inclusive of GST)		6,661,931	5,547,548
Payments to suppliers and employees (inclusive of GST)		<u>(5,185,852)</u>	<u>(6,921,263)</u>
		1,476,079	(1,373,715)
Interest received		36,276	5,200
Interest paid		<u>(4,212)</u>	<u>(3,591)</u>
Net cash from/(used in) operating activities		<u>1,508,143</u>	<u>(1,372,106)</u>
Investing activities			
Payments for property, plant and equipment	10	(6,968)	-
Purchase of financial assets - term deposit		(2,500,000)	-
Proceeds from sale of other financial assets - term deposit		<u>-</u>	<u>2,000,000</u>
Net cash (used in)/from investing activities		<u>(2,506,968)</u>	<u>2,000,000</u>
Financing activities			
Payment of lease liabilities		<u>(62,612)</u>	<u>(115,313)</u>
Net cash used in financing activities		<u>(62,612)</u>	<u>(115,313)</u>
Net (decrease)/increase in cash and cash equivalents		(1,061,437)	512,581
Cash and cash equivalents at the beginning of the financial year		<u>6,124,334</u>	<u>5,611,753</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>5,062,897</u></u>	<u><u>6,124,334</u></u>

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

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

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.

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*.

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.

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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 1. Significant accounting policies (continued)

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

Comparative figures

Comparatives figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standards or as a result of changes in accounting policy.

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

	2023	2022
	\$	\$
<i>Revenue from contracts with customers</i>		
Membership levies	5,475,000	5,475,000
Conference income	162	26,188
	<u>5,475,162</u>	<u>5,501,188</u>
<i>Other revenue</i>		
Other revenue	<u>7,831</u>	<u>6,451</u>
Revenue	<u><u>5,482,993</u></u>	<u><u>5,507,639</u></u>

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 3. Revenue (continued)

Disaggregation of revenue

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

	2023	2022
	\$	\$
<i>Geographical regions</i>		
Australia	<u>5,475,162</u>	<u>5,501,188</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	5,475,000	5,475,000
Services transferred at a point in time	<u>162</u>	<u>26,188</u>
	<u>5,475,162</u>	<u>5,501,188</u>

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.

Membership 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

	2023	2022
	\$	\$
Interest income	<u>36,276</u>	<u>5,200</u>

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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 5. Expenses

	2023	2022
	\$	\$
Deficit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expenses</i>		
Office equipment	2,729	3,744
Furniture and fixtures	95	105
Office equipment under lease	10,928	10,928
Right-of-use assets	62,800	111,832
	<u>76,552</u>	<u>126,609</u>
<i>Consultancy expenses</i>		
Consultant expenses	2,603,525	3,888,011
Professional services	145,083	103,798
	<u>2,748,608</u>	<u>3,991,809</u>
<i>Finance costs</i>		
Interest expense on lease liabilities	4,212	3,591
<i>Leases</i>		
Short-term leases	39,600	12,375

Note 6. Tax

	2023	2022
	\$	\$
<i>Income tax expense</i>		
Deferred tax - origination and reversal of temporary differences	2,004	5,921
Aggregate income tax expense	<u>2,004</u>	<u>5,921</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Deficit before income tax expense	(498,996)	(1,363,939)
Tax at the statutory tax rate of 25%	(124,749)	(340,985)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	126,753	346,906
Income tax expense	<u>2,004</u>	<u>5,921</u>

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 6. Tax (continued)

	2023 \$	2022 \$
<i>Deferred tax asset/(liability)</i>		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	(455)	364
Property, plant and equipment	(108)	(99)
Leases	(108)	93
Accrued expenses	(876)	99
	<u>(1,547)</u>	<u>457</u>
Deferred tax asset/(liability)	<u>(1,547)</u>	<u>457</u>
Movements:		
Opening balance	457	6,378
Charged to profit or loss	<u>(2,004)</u>	<u>(5,921)</u>
Closing balance	<u>(1,547)</u>	<u>457</u>

As at 30 June 2023 the company has carry forward tax losses of \$7,730,099 (2022: \$7,810,697). 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

	2023 \$	2022 \$
<i>Current assets</i>		
Cash at bank	<u>5,062,897</u>	<u>6,124,334</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash at bank, 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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 8. Trade and other receivables

	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	-	689,775
Other receivables	38,391	2,841
Accrued income	22,526	-
	<u>60,917</u>	<u>692,616</u>

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. Financial assets

	2023	2022
	\$	\$
<i>Current assets</i>		
Term deposits	<u>2,500,000</u>	<u>-</u>

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, its carrying value is written off.

Non-derivative financial assets

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

Financial assets at amortised cost

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

Financial assets at amortised cost comprise term deposits.

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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 9. Financial assets (continued)

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

	2023 \$	2022 \$
<i>Non-current assets</i>		
Leasehold improvements (King Street) - at cost	109,278	109,278
Less: Accumulated depreciation	<u>(69,732)</u>	<u>(58,804)</u>
	39,546	50,474
Furniture & fixtures - at cost	24,002	24,002
Less: Accumulated depreciation	<u>(23,085)</u>	<u>(22,990)</u>
	917	1,012
Office equipment - at cost	107,337	100,369
Less: Accumulated depreciation	<u>(99,760)</u>	<u>(97,031)</u>
	7,577	3,338
Software - at cost	3,384	3,384
Less: Accumulated depreciation	<u>(3,384)</u>	<u>(3,384)</u>
	-	-
	<u>48,040</u>	<u>54,824</u>

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 2022	50,474	1,012	3,338	54,824
Additions	-	-	6,968	6,968
Depreciation expense	<u>(10,928)</u>	<u>(95)</u>	<u>(2,729)</u>	<u>(13,752)</u>
Balance at 30 June 2023	<u>39,546</u>	<u>917</u>	<u>7,577</u>	<u>48,040</u>

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.

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

Leasehold improvements
Furniture and fittings
Office equipment

Useful life/Diminishing value

Over the lease term or useful life whichever is shorter
8% - 100% rate based on diminishing value basis
25% - 100% rate based on diminishing value basis

Note 10. Property, plant and equipment (continued)

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

	2023 \$	2022 \$
<i>Non-current assets</i>		
Office buildings	200,036	137,810
Less: Accumulated depreciation	<u>(147,608)</u>	<u>(84,808)</u>
	<u>52,428</u>	<u>53,002</u>

Reconciliations

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

	Office buildings \$
Balance at 1 July 2022	53,002
Additions	62,226
Depreciation expense	<u>(62,800)</u>
Balance at 30 June 2023	<u>52,428</u>

The Company leases two buildings for its offices under agreements of between 3 to 4 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.

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 3-4 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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

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

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. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	184,669	188,127
GST payables	495,511	466,562
Accruals	562,243	103,702
Other payables	51,176	50,529
	<u>1,293,599</u>	<u>808,920</u>

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 13. Contract liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Unearned income - member levies	<u>6,399,216</u>	<u>5,475,000</u>

Accounting policy for contract liabilities

Contract liabilities represent the Company's obligation to transfer 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 14. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Office buildings	<u>53,570</u>	<u>53,956</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	55,712	66,824
One to five years	-	2,240
	<u>55,712</u>	<u>69,064</u>

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 14. 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 15. Employee benefits

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	90,986	92,489
Long service leave	<u>105,772</u>	<u>97,875</u>
	<u>196,758</u>	<u>190,364</u>
<i>Non-current liabilities</i>		
Long service leave	<u>30,368</u>	<u>20,631</u>
	<u><u>227,126</u></u>	<u><u>210,995</u></u>

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 16. 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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2023

Note 17. 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:

	2023 \$	2022 \$
Aggregate compensation	<u>919,807</u>	<u>886,638</u>

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 18. 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, its network firms and unrelated firms:

	2023 \$	2022 \$
<i>Audit services - Pitcher Partners</i> Audit of the financial statements	<u>24,000</u>	<u>24,000</u>

Note 19. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

Note 20. Commitments

As at 30 June 2023, the Company had not entered into any capital commitments (30 June 2022: Nil).

Note 21. 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 17.

Note 22. 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 2023 the total amount that members of the Company are liable to contribute if the Company wound up is \$210 (2022: \$200). The Company has 21 members (2022: 20 members).

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 2023

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 2023 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



J Hill
Chair

11 October 2023



Pitcher Partners Sydney Partnership

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

**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 2023, 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 2023 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 2023, 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 Disclosures 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.

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



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.

A handwritten signature in black ink that reads 'Melissa Alexander'.

Melissa Alexander
Partner

11 October 2023

A handwritten signature in black ink that reads 'Pitcher Partners'.

Pitcher Partners
Sydney

Private Healthcare Australia Ltd
Directors' report
30 June 2023

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

DATE 11 October 2023



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