



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

Private Healthcare Australia Limited

Annual Report 2023 - 2024

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About Private Healthcare Australia

Private Healthcare Australia represents 22 Australian health funds with a combined coverage of over 14.65 million Australians, or 98% of the sector on membership.



The Year in Numbers

Private hospital admissions in Australia are showing signs of sustained recovery

After a 5.5% increase (+199,552 more) in private hospital admissions funded by private health insurers in Financial Year 2023, Financial Year 2024 saw a further 4.5% increase (+174,414 more) in private hospital admissions funded by private health insurers.¹ The rolling twelve months APRA data for each of the quarters in Financial Year 2024 showed consistent growth in PHI funded private hospital admissions for the first time since the pandemic began.



Health insurers have paid 5.4% more on average in hospital benefits paid per insured person covered compared to the previous year

	2022 - 2023	2023 - 2024	Change
HOSPITAL BENEFITS PER INSURED PERSON (\$) ¹	\$1,397	\$1,472	+5.4% increase



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

54.6% or 14.89 million

Australians have private health insurance, up from 14.59 million in 2022/23.

12.24 million

Have hospital treatment cover, up 2.4%.



14.88 million

Have general treatment (extras) cover, up 2.1%.



Health funds saw member claims at record high levels in 2023/24 and above pre-COVID levels, paying:

\$24.4 billion

In total fund benefits (claims), up 7.2% from \$22.8 billion in 2022/23.



104 million

Allied health (ancillary) services, up 3.4% from 100.55 million in 2022/23.



5.01 million

Hospital treatment episodes², up 5.1% from 4.77 million in 2022/23.



1. APRA quarterly private health insurance statistics for June 2024

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



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 \$4.4 billion for the entire PHI sector.



2023 - 2024

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.



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 surgeries (public and private hospitals combined).

76%



Of all hospital admissions for rehabilitation care.

57%



Of all joint replacements.

54%



Of all hospital admissions for mental health care.



The rising cost of medical devices is driving up healthcare costs

3.69 million

Medical device items (annual record high) funded by private health insurers in 2023/24, a 6% volume increase from 3.48 million in 2022/23. An analysis of APRA data over the past five 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 18.8%. This surge in the volume of medical devices claimed over the pandemic is totally out of proportion with a 4.7% increase in hospital treatment medical services over the same period.⁶





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



(14.2%) paid out by health funds on member healthcare claims is for dental services.

51.99 million



Dental services (annual record high) in 2023/24 versus 49.96 million in 2022/23.

~ 1 in 2



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

\$3.47 billion



In benefits paid for dental services (annual record high) in 2023/24 versus \$3.29 billion in 2022/23, a 5.6% claims expenditure increase on the previous year for dental.

\$2.4 billion

Annual record high benefits expenditure on medical devices by private health insurers in 2023/24, a 4.8% expenditure increase from \$2.29 billion in 2022/23.⁶



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

Around 1 in 6



Hospital claims for PHI members under 30 was for the hospital treatment and care of patients with psychiatric, mental, addiction or behavioural disorders in 2023/24.

#1



Cause of hospitalisation for PHI members right up to age 60 in 2023/24 was for the hospital treatment and care of patients with psychiatric, mental, addiction or behavioural disorders, compared to being #2 cause in 2017/18.

54%



Of all mental health care separations in Australian hospitals were funded by PHI.⁵

568,426



Psychology/group therapy services under ancillary or extras cover at a cost of \$45.2 million (annual record high) in 2023/24, versus 441,684 at a cost of \$35.5 million in 2022/23.⁵

All data is from PHA research unless otherwise noted.
All data is for the 2023/24 Financial Year unless otherwise noted.

5. AIHW MyHospitals: Admitted patient care 2022-23

6. APRA quarterly private health insurance statistics for June 2024

Chairman's Message



“ We will continue to fight for medical device pricing reform, evidence based healthcare, more out of hospital treatment and against ‘dodgy’ providers. ”

Private Healthcare Australia (PHA), through its member organisations, now represents over 98% of consumers who have private health insurance. We cover both the not-for-profit sector and the for-profit sector, large national funds, small regional funds, closed funds as well as open funds.

So, when we speak, we are listened to. Our voice is a powerful one - everything we say is backed up by solid evidence collected from thorough research.

And everything we say is based on the simple value proposition that PHA stands for the best clinical and financial outcomes for our consumers.

The past year or so has shown that this post-Covid world is a complex and challenging one to negotiate - we are experiencing higher interest rates, inflation, employee shortages, cost of living pressures and very high government debt.

These circumstances are a challenge for government, business and individuals.

In the health sector there have been increased demands and longer waiting times in public hospitals and in gaining access to GPs. The private sector has experienced cost pressures, staff shortages and some closures [as well as openings].

This perfect storm has meant that the private health insurance sector is under pressure to ‘fix’ multiple problems. While PHA, based on evidence and our values, always wants to work in good faith with other parts of the health sector, we cannot fix all the problems.

We are not the ‘golden goose’.

In fact, if all those who want our help received it, health insurance premiums would go through the roof leading to fewer policy holders, fewer private health customers, growing public demand and a downward spiral that would negatively affect all parts of the sector.

PHA will continue to counter the false claims and exaggerations made in the media; we will continue to fight for medical device pricing reform, evidence based healthcare, more out of hospital treatment and against ‘dodgy’ providers.

The reason we can do these things is the superb support given by our member funds both in expertise and funding through fees.

A big thank you to our Board of Directors whose two year terms expire at this year's AGM.

A big thank you, too, to Rachel David and her small team, Jennifer Eddy, Ben Harris, Camilla Milazzo, Julia Medew, Leanne Haughton and Julian Lim for the extraordinary skill and energy they exhibit in the prosecution of the PHA case in the media, to government and opposition, and to others in the health sector.

My tenure as the PHA Independent Chair will finish in May next year and this will be my final Annual Report, so I take this opportunity to thank my fellow directors, member fund chief executives and Rachel and her team for the strong support and encouragement given to me as chair of PHA.

I wish you all the very best for the future. PHA is a great organisation and I'm sure it will continue to go from strength to strength.

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

John Hill
Independent Chair,
Private Healthcare Australia

CEO message



“ **The Australian Competition and Consumer Commission has confirmed we returned \$4.3 billion to members as part of our pledge not to profit from the pandemic.** ”

I begin this year's report by sincerely thanking the Board and CEOs for their support and commitment to Private Healthcare Australia (PHA) over the past year. I particularly want to highlight the outstanding efforts of PHA's Independent Chair John Hill who retires from the role in May 2025.

John is always available to offer sound advice and direction, and to travel the length and breadth of the country to attend key meetings with parliamentarians and stakeholders to support our advocacy. And this year it has been busier than ever as we've stepped up our advocacy and research to address the myriad of issues facing the private health sector.

The 2022/23 financial year ended with a splash of publicity around the Australian Government's private hospital viability review, which has become a major health sector issue. At the time of writing the report has not been released.

We have spent a considerable amount of time and energy dealing with the fallout of the private hospital 'health check' and have consistently defended the interests of our 15 million members who are struggling with the cost of living.

The year was very much focussed on delivering the best possible health outcomes for privately insured Australians, keeping premiums as low as possible, and working hard to ensure they are not impacted by increasing out of pocket costs.

We've worked closely with Health Minister Mark Butler and his office throughout the year and have developed excellent professional relationships across the broader Ministry. The Government has demonstrated its willingness to work with us on policy and we have conducted comprehensive research in support of this collaborative approach. Research by Redbridge found the vast majority of Australians support a strong private health sector and believe it takes pressure off the public system.

They are concerned that the public system is under strain, and a weaker private system would result in the public system being overwhelmed.

Australians understand that keeping private health participation strong is the only way to keep pressure off the public system and free up public hospital beds for those who can't afford any alternative. Cost of living and access to health care are their greatest concerns and they are going without so that they can hold on to their private health insurance.

PHA health funds have worked closely with both the Government and stakeholders to keep premiums affordable. The fact that health funds kept the average premium increase well below inflation to 3.03 percent demonstrated their commitment to consumers. This was a fraction of the premium increases for other insurance types and the funding increase for public hospitals.

PHA has also worked with Government on policy measures to better target private health insurance incentives in the future, as our research showed strong support for policy encouraging high income earners to contribute to the cost of their own healthcare to keep pressure off the public system.

“ **Australians understand that keeping private health participation strong is the only way to keep pressure off the public system and free up public hospital beds for those who can't afford any alternative.** ”

We took a strong stand against price gouging in the health sector and called for tougher laws to protect consumers from unexpected bills in the private health system.

With out of pocket costs for common procedures in private hospitals increasing by up to 300% over the past five years, we pointed to the need for all specialist doctors' fees to be published on the Government's Medical Cost Finder website to improve transparency, give consumers choice, increase competition and put downward pressure on fees. PHA also called for a 'surprise billing law' to protect consumers from unexpected bills for healthcare services.

Our advocacy to address the inflated cost of medical implants and surgical supplies remained a focus and we proposed an enforceable code of conduct for the medtech sector that aligns with the code of conduct for pharmaceutical companies. This is an extremely important piece of work that adds to our commitment to improve health outcomes for members. Poor policy and inadequate regulation of medical devices and surgical supplies is driving low-value and harmful care at great expense to consumers and Australia's health system.

The extent of fraud, waste and abuse in the system was highlighted by the ABC Four Corners investigation into Australia's 'back pain industry'. Following the airing of the program in April we called for the suspension of spinal cord stimulators to protect public safety, pending an investigation by the Therapeutic Goods Administration (TGA). The TGA has blocked access to some of these dangerous devices and put restrictions on the use of others, but there's more work to do.

As there is on many fronts.

Cost of living continues to increase along with inflation and while health funds remain profitable, as they must, there's no end to calls for increased funding and revenue raising measures from a multitude of different private providers. This includes State Governments such as New South Wales, who appear to view health funds as a potential source of revenue post COVID.

We have done a lot of work explaining there is no pot of gold, and that the Australian Competition and Consumer Commission has confirmed we returned \$4.3 billion to members as part of our pledge not to profit from the pandemic. As claims rise, we must be careful to defend against calls for funding increases above inflation that will compound in perpetuity and propel premiums higher.

“ **The extent of fraud, waste and abuse in the system was highlighted by the ABC Four Corners investigation into Australia's 'back pain industry'.** ”

If our customers walk away from private health insurance because of cost, everyone loses.

It was without doubt an extremely busy, productive, and at times challenging year, but collectively we have demonstrated that all health funds will put the interests of their members first. The fact more Australians than ever are relying on private health cover is testament to that.

On behalf of the team and myself, I thank you again for your support across the year and assure you we will continue to work hard to represent the best interests of the sector and its 15 million members.



Dr Rachel David
CEO,
Private Healthcare Australia

Policy and Research Overview



“ Over 2023-24, we provided around 34 formal submissions, as well as more than a dozen responses to consultations. ”

PHA, as well as our member, funds have been heavily involved in policy development during the year, providing submissions, initiating policy ideas and working behind the scenes with an ever-widening range of partners and stakeholders.

The most visible policy work we do is submissions to government. Over 2023-24, we provided around 34 formal submissions, as well as more than a dozen responses to consultations. We averaged around one submission a week, covering diverse areas such as medical device reform, climate in health, sharing information through MyHealth Record, menopause, diabetes, superannuation, financial abuse, long COVID, responsible use of AI and MBS changes.

PHA's input into these processes is valued, and we have seen a number of policy shifts through this work. Our combination of strong policy foundations, robust data and unparalleled insight into consumers' preferences and trends has been influential in a number of areas. A couple of highlights were the inclusion of PHA recommendations in the Parliamentary report into diabetes about costs of devices, articulating the risks of "astroturfing" in the consumer advocacy strategy, and ensuring that legislation for the assignment of Medicare benefits was consumer-friendly and has not impacted the cost of doing business.

“ PHA's input into these processes is valued, and we have seen a number of policy shifts through this work. ”

PHA has also been continuing the "grunt work" of having to address errors and all of the anomalies in the Prescribed List of Medical Devices (PL). Our advocacy has resulted in the gateway to entry to the PL being much more effective, with the government tightening its processes considerably. However, there are hundreds of legacy issues on the PL that need to be addressed. Some of this painstaking work has been paying off, with dozens of items repriced or removed from the PL during the year. These actions will save consumers more than \$10 million a year going forward.

After almost five years in the job now, I have been surprised how far our reach has expanded. We are now much more involved with government outside of health care, we have stronger relationships with other organisations, and we are getting more involved in the research community.

Our member funds provide significant support and intelligence to inform this work, and I would like to thank all the staff across the sector who contribute to our policy and advocacy work.



Ben Harris
Director of Policy and Research,
Private Healthcare Australia

2023 - 2024 Highlights



The Price of Pain - Four Corners Exposé August 2024



PHA contributed to a major ABC investigation into the chronic pain industry which exposed the financial exploitation of people experiencing chronic pain, and conflicts of interest driving low value care in the private health system.

The expose' focused on the lack of evidence for, and high rate of adverse events associated with expensive procedures including spinal fusion surgery and spinal cord stimulation.

In the interests of public safety, PHA called for the immediate recall and suspension of the spinal cord stimulators pending the outcome of a Therapeutic Goods Administration (TGA) review. In August, the TGA cancelled 12 devices and imposed conditions on the supply of another 52.

As a result of the ABC investigation, PHA asked payment integrity experts at its member health funds to investigate specific allegations of fraud, waste and abuse related to back pain treatments. This work continues.

“

Government needs to stop compelling health insurance funds to pay for ineffective medical care as well as dangerous, discredited medical devices.

”



Rising out-of-pocket costs in the private system



A PHA campaign to expose rising out-of-pocket fees being charged by medical specialists in the private health system put a spotlight on the cost-of-living issue this year, galvanising consumer groups and politicians to examine policy solutions.

PHA used its dataset on the 10 most common procedures performed in private hospitals to reveal out-of-pocket costs had surged up to 300% over the past five years for some services, undermining the value of health insurance.

We also called for all specialist doctors' fees to be published on the Government's Medical Cost Finder website so consumers can identify who is charging egregiously, and for a 'surprise billing law' to protect people from unexpected costs.

This followed the Inquiry into Price Gouging and Unfair Pricing Practices report, by Professor Allan Fels, which called for more measures to crack down on egregious billing by medical specialists who can currently charge whatever they like. The report noted that out-of-pocket fees charged by specialists, such as surgeons and cardiologists, increased by more than 50% in real terms from 2012 - 2022.

“

Price gouging doctors should be named and shamed.

”



Draining superannuation for medical care is driving up costs for all Australians



PHA drew attention to the rapid increase in people accessing their superannuation early to pay for dental care and other medical treatment – an inflationary trend driving up the cost of some services for all Australians.

The trend is also lining the pockets of dentists and unscrupulous agencies that assist people to access their super for everything from hair transplants to cosmetic procedures. These agencies charge a fee for navigating the paperwork, which most people can do themselves.

Private Healthcare Australia continues to call for the Government to tighten rules for early access to superannuation so people can only use it for terminal and life-threatening medical conditions.



Exorbitant medical fees in ACT



PHA called on the Australian Government to urgently investigate why ACT residents are paying at least 50% more in out-of-pocket costs than consumers living in other parts of the country.

PHA CEO Dr Rachel David said: “There’s no justification for ACT residents with private health insurance to be paying thousands of dollars more in out-of-pocket costs than residents living a short drive across the border”.

PHA data shows the typical out of pocket cost for private patients undergoing a knee replacement in the ACT is \$4,508 compared to \$2,005 in NSW and \$400 in SA. The typical out of pocket cost for a hip replacement in the ACT is \$4,093 compared with \$2,547 in NSW and \$400 in SA.



Health funds keep premium rise under inflation, but rising costs still remain a challenge



PHA educated the community and key stakeholders about health insurance premiums rising under the rate of inflation and other general insurance, which increased 16%.

We consistently highlighted the COVID givebacks to consumers, rising claims, the cost of devices on the Prescribed List, and what health funds are doing to reduce costs so they can keep a lid on premiums during a cost-of-living crisis.



News Corp 22 Feb 2024

Private health funds to cut premium rises

Sue Dunlevy

Private health insurance premiums will rise by less than the rate of inflation this year – and some members are about to receive a final Covid cash handout from their funds. Health Minister Mark But-

weeks, as they return profits made from Covid surgery bans and treatment delays. Mr Butler said with household budgets under pressure, “it is important that to make sure that any increases are justified and as low as possible”.

“We think there is an onus on insurers to help hospitals remain viable otherwise they won’t have a product to sell,” he said. During Covid, many funds delayed rises until later in the year, as a way of returning some of the huge profits they

Health insurers look to raise premiums, claiming they pay the highest prices for medical devices

Olivia Ireland
December 20, 2023 – 2:05am

Save Share A A 160 View all comments

Listen to this article

Private health insurance providers say they are suffering from inflationary pressures and the “highest prices in the world” from medical technology companies, criticising the federal government’s decision to reject their initial request to increase premiums.



Keeping premiums affordable keeps the pressure off all public hospitals



Wherever possible, PHA used data to highlight the role health funds play in keeping pressure off Australia's overwhelmed public hospital system, and why an increasing number of Australians are choosing to purchase health cover.

Half of all Australians continue to rely on private health insurance for quality care, greater access and control over the timing of their treatment. More than 14.8 million people now have private health cover.

“

More than 14.8 million people now have private health cover.

”



40th Anniversary of Medicare



When Medicare turned 40 this year, PHA took the opportunity to promote the benefits of Australia's dual public-private health system, and how it has enabled better access to, and affordability for healthcare for millions of Australians. Supported by a strong private sector, Australia's health system has delivered world class health outcomes.

PHA CEO Dr Rachel David said a successful universal health scheme requires a strong and vibrant private scheme to increase funding for healthcare, promote equity, provide choice and ensure that the most vulnerable Australians can access care.

“

Half of all Australians continue to rely on private health insurance for quality care.

”



The Australian 30 Jan 2024



The rising harm of diabetes

PHA revealed the increasing cost of diabetes to health funds, calling for radical system change to enable them to fund prevention of the devastating disease.

PHA's high-cost claims data showed some health fund members are staying in hospital for more than 100 days because of diabetes, with costs sometimes exceeding \$100,000 a patient for each of these episodes.

“ With health expenditure increasing unsustainably, Australia simply cannot afford to ignore the need for more prevention of diabetes and investment in optimal management to keep people well and out of hospital.

”



Report finds PHI vital for mental health care



PHA's [Annual High Claims Report](#) demonstrated the strong value of private health insurance for Australians, including many who needed care for COVID-19 and mental illness.

The report revealed health funds paid more than \$7.7 billion for 379,991 'high claims' for hospital care exceeding \$10,000 in 2022.

In 2022 (compared to the pre-pandemic period of 2019):

High claims for mental health treatment for PHI members under 30 increased by 281 claims to 7,253 claims (4% increase), up \$8.79M to \$151.41M (6.2% increase).

High claims for mental health treatment for young PHI members aged 15 to 24 increased by 244 claims to 4,803 claims (5.4% increase), up \$5.1M to \$98.67M (5.4% increase).

For these young high claimants under 30, the average length of stay in hospital for their mental health treatment episode of care was around 26 days (almost a month's stay in hospital).

72% of mental health treatment under 30s high claimants are females (2 percentage points increase from 2019).

“ Health funds paid more than \$7.7 billion for 379,991 'high claims' for hospital care exceeding \$10,000 in 2022.

”

The Board



The Hon. John Hill
Independent Chair



Sheena Jack
Deputy Chair



Chris Carroll



Dr. Lachlan Henderson



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 2024

Private Healthcare Australia Ltd
Directors' Report
30 June 2024

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 2024.

Information on Directors

The Hon. John HILL



Appointment:

Independent Chair of PHA since 3 May 2019
Audit and Risk Committee member since November 2020

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)
Chancellor – University of South Australia
Chair – JamFactory Contemporary Craft & Design Incorporated
Director – Bellberry Ltd

Sheena JACK



Appointment:

Non-Executive Director of PHA since 24 November 2017
Deputy Chair since 29 November 2019
Audit and Risk Committee member since November 2021

Experience and expertise:

Group Managing Director and CEO – Hospitals Contribution Fund of Australia Limited (HCF)
Bachelor of Arts (Accounting)
Director – Business Council of Cooperatives and Mutuals
Graduate – 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
Board of Directors – Bupa Turkey
Bachelor of Business
Post Graduate - Executive Finance
Graduate - Australian Institute of Company Directors

Information on Directors (Continued)

Lachlan HENDERSON



Appointment:

Non-Executive Director of PHA since 24 November 2023

Experience and expertise during appointment:

Chief Executive Officer – HBF Health Limited
Graduate - Australian Institute of Company Directors
Master of Health Services Management
Graduate Certificate Sports Medicine
Bachelor of Medicine
Bachelor of Surgery
Director - Cricket Australia

Daniel HEREDIA



Appointment:

Non-Executive Director of PHA from 23 November 2022 to 24 November 2023

Experience and expertise:

Group Executive 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

Brad JOYCE



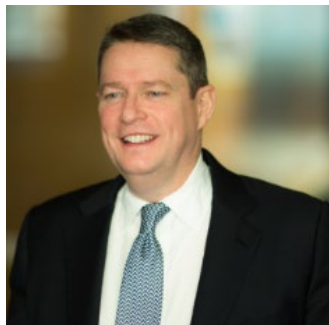
Appointment:

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



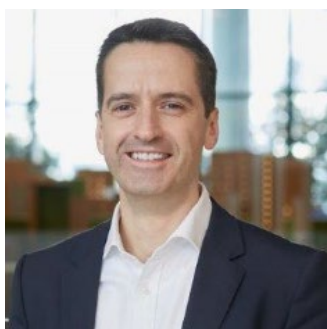
Appointment:

Non-Executive Director of PHA since 10 June 2021

Experience and expertise during appointment:

Group Managing Director & CEO – Australian Unity Limited
Chair - Business Council of Co-Operatives and Mutuals Limited
Chair - Business Council of Australia: Health & Care Economy Committee
Director - The Centre for Independent Studies

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

Rob SELJAK



Appointment:

Non-Executive Director of PHA since 19 July 2005
Chair of the Audit and Risk Committee since November 2021

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
Director – Australian Health Services Alliance Ltd
Director – Members Health Fund Alliance
Director – TUH Healthcare Services Pty Ltd
Director – NORTEC Pty Ltd
Director - Sunshine Coast Grammar School Foundation

Sharon WATERHOUSE



Appointment:

Non-Executive Director of PHA since 28 August 2023
Private Health Insurance Code of Conduct Compliance Committee
Audit and Risk Committee member since November 2023

Experience and expertise:

Chief Executive Officer – Phoenix Health Fund Limited
Bachelor of Economics
Master of Business Administration
Master of Business Research
Fellow of the Australian Institute of Company Directors
Director – Members Health Fund Alliance

Information on Company Secretaries

Rachel DAVID



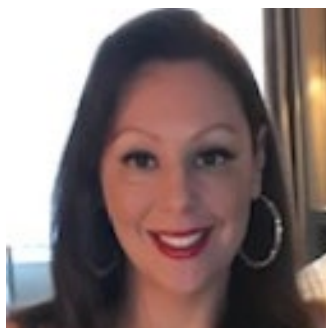
Title:

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 (Hons)
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 2024

Meetings of Directors

The number of Board meetings (including meetings of Committees of the Board) held during the year ended 30 June 2024 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	5	6
HENDERSON, L	4	4
HEREDIA, D	2	2
JOYCE, B	6	6
MEAD, R	6	6
MILISAVLJEVIC, M	6	6
SELJAK, R	6	6
WATERHOUSE, S	5	5

Audit and Risk Committee Meetings	Attended	Eligible to attend
HILL, J	2	4
SELJAK, R	4	4
JACK, S	3	4
TROUP, H	4	4
WATERHOUSE, S	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 FY24 year of \$132,438 (compared to FY23 net deficit after tax of \$501,000).

Private Healthcare Australia's (PHA) revenue for the FY24 year was \$6,508,720 compared to \$5,482,993 for the prior year. The membership base changed slightly from 21 to 22 Members as PHA welcomed Hunter Health Insurance as a member. Conference income of \$100,290 was generated in the FY24 period, compared to \$162 for the FY23 period during which time a virtual conference was held.

Expenses for the FY24 year were higher than the prior year.

Revenue and expenditure is closely monitored by Management, the Audit and Risk 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 (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 2024 the total amount that members of the Company are liable to contribute if the Company wound up is \$220 (2023: \$210). The Company has 22 members (2023: 21 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 2024

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 10 October 2024

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 2024, 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)*.



Melissa Alexander
Partner

Pitcher Partners
Sydney

10 October 2024

Private Healthcare Australia Ltd
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30 June 2024

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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:

'Chifley Tower' Suite
30 Level 17, 2 Chifley Square
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 10 October 2024. 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 2024

	Note	2024 \$	2023 \$
Revenue	3	6,508,720	5,482,993
Finance income		59,005	36,276
Expenses			
Consultancy expenses		(2,544,037)	(2,748,608)
Employee benefits expense	4	(2,363,452)	(1,964,772)
Administration expenses		(877,170)	(706,447)
Conference activities		(398,440)	(88,741)
Advertising and marketing expenses		(149,214)	(99,759)
Travel activities		(121,565)	(125,087)
Depreciation and amortisation expense	4	(74,856)	(76,552)
Occupancy expenses		(55,912)	(38,332)
Finance costs	4	(2,597)	(4,212)
Other expenses		(116,514)	(165,755)
Deficit before income tax benefit/(expense)		(136,032)	(498,996)
Income tax benefit/(expense)	5	3,594	(2,004)
Deficit after income tax benefit/(expense) for the year		(132,438)	(501,000)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		<u>(132,438)</u>	<u>(501,000)</u>

Private Healthcare Australia Ltd
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	8,210,070	5,062,897
Trade and other receivables	7	314,142	60,917
Prepayments		154,255	118,489
Other assets		67,775	101,302
Financial assets	8	-	2,500,000
Total current assets		<u>8,746,242</u>	<u>7,843,605</u>
Non-current assets			
Property, plant and equipment	9	35,009	48,040
Right-of-use assets	10	22,053	52,428
Deferred tax assets	5	2,047	-
Total non-current assets		<u>59,109</u>	<u>100,468</u>
Total assets		<u>8,805,351</u>	<u>7,944,073</u>
Liabilities			
Current liabilities			
Trade and other payables	11	1,139,749	1,293,599
Contract liabilities	12	7,500,893	6,399,216
Lease liabilities	13	20,709	53,570
Employee benefits	14	254,642	196,758
Total current liabilities		<u>8,915,993</u>	<u>7,943,143</u>
Non-current liabilities			
Lease liabilities	13	1,650	-
Deferred tax liabilities	5	-	1,547
Employee benefits	14	51,131	30,368
Total non-current liabilities		<u>52,781</u>	<u>31,915</u>
Total liabilities		<u>8,968,774</u>	<u>7,975,058</u>
Net liabilities		<u>(163,423)</u>	<u>(30,985)</u>
Equity			
Accumulated deficit		<u>(163,423)</u>	<u>(30,985)</u>
Total deficiency in equity		<u>(163,423)</u>	<u>(30,985)</u>

Private Healthcare Australia Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Accumulated deficit	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>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>(501,000)</u>	<u>(501,000)</u>
Balance at 30 June 2023	<u>(30,985)</u>	<u>(30,985)</u>
	Accumulated deficit	Total deficiency in equity
	\$	\$
Balance at 1 July 2023	(30,985)	(30,985)
Deficit after income tax benefit for the year	(132,438)	(132,438)
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>(132,438)</u>	<u>(132,438)</u>
Balance at 30 June 2024	<u>(163,423)</u>	<u>(163,423)</u>

Private Healthcare Australia Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Operating activities			
Receipts from customers (inclusive of GST)		7,985,518	6,661,931
Payments to suppliers and employees (inclusive of GST)		<u>(7,332,092)</u>	<u>(5,185,852)</u>
		653,426	1,476,079
Interest received		59,005	36,276
Interest paid		<u>(2,597)</u>	<u>(4,212)</u>
Net cash from operating activities		<u>709,834</u>	<u>1,508,143</u>
Investing activities			
Payments for property, plant and equipment	9	(3,430)	(6,968)
Purchase of financial assets - term deposit		-	(2,500,000)
Term deposit transferred to cash and cash equivalents		<u>2,500,000</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>2,496,570</u>	<u>(2,506,968)</u>
Financing activities			
Payment of lease liabilities		<u>(59,231)</u>	<u>(62,612)</u>
Net cash used in financing activities		<u>(59,231)</u>	<u>(62,612)</u>
Net increase/(decrease) in cash and cash equivalents		3,147,173	(1,061,437)
Cash and cash equivalents at the beginning of the financial year		<u>5,062,897</u>	<u>6,124,334</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>8,210,070</u></u>	<u><u>5,062,897</u></u>

Note 1. Material accounting policy information

The accounting policies that are material to the Company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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. The adoption of the new or amended accounting standards didn't have a material impact on the financial statements of the Company.

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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company has a cash balance of \$8,210,070;
- The Company has contract liabilities of \$7,500,893 as at 30 June 2024. Contract liabilities are annual membership fees paid in advance from members. According to the articles of association of Private Healthcare Australia, these membership fees are not refundable once paid. The treatment of contract liabilities is done in this manner under accepted accounting concepts to demonstrate the monthly revenue recognition of these membership fees.

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.

Employee benefits provision

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

	2024	2023
	\$	\$
<i>Revenue from contracts with customers</i>		
Membership levies	6,399,216	5,475,000
Conference income	100,290	162
	<u>6,499,506</u>	<u>5,475,162</u>
<i>Other revenue</i>		
Other revenue	9,214	7,831
Revenue	<u><u>6,508,720</u></u>	<u><u>5,482,993</u></u>

Disaggregation of revenue

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

	2024	2023
	\$	\$
<i>Geographical regions</i>		
Australia	<u>6,499,506</u>	<u>5,475,162</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	6,399,216	5,475,000
Services transferred at a point in time	100,290	162
	<u>6,499,506</u>	<u>5,475,162</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. Expenses

	2024	2023
	\$	\$
Deficit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expenses</i>		
Office equipment	5,447	2,729
Furniture and fixtures	86	95
Office equipment under lease	10,928	10,928
Right-of-use assets	58,395	62,800
	<u>74,856</u>	<u>76,552</u>
<i>Employee benefits expense</i>		
Superannuation expense	213,669	174,455
Employee benefits expense excluding superannuation	2,149,783	1,790,317
	<u>2,363,452</u>	<u>1,964,772</u>
<i>Finance costs</i>		
Interest expense on lease liabilities	2,597	4,212
<i>Leases</i>		
Short-term leases	44,983	39,600

Note 5. Tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Deferred tax - origination and reversal of temporary differences	(3,594)	2,004
Aggregate income tax (benefit)/expense	<u>(3,594)</u>	<u>2,004</u>
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
Deficit before income tax benefit/(expense)	(136,032)	(498,996)
Tax at the statutory tax rate of 25%	(34,008)	(124,749)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	30,414	126,753
Income tax (benefit)/expense	<u>(3,594)</u>	<u>2,004</u>

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2024

Note 5. Tax (continued)

	2024	2023
	\$	\$
<i>Deferred tax asset/(liability)</i>		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	1,961	(455)
Property, plant and equipment	(149)	(108)
Leases	143	(108)
Accrued expenses	92	(876)
	<u>2,047</u>	<u>(1,547)</u>
Deferred tax asset/(liability)		
	<u>2,047</u>	<u>(1,547)</u>
Movements:		
Opening balance	(1,547)	457
Credited/(charged) to profit or loss	3,594	(2,004)
	<u>2,047</u>	<u>(1,547)</u>
Closing balance		
	<u>2,047</u>	<u>(1,547)</u>

As at 30 June 2024 the Company has carry forward tax losses of \$8,267,606 (2023: \$7,747,451). 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 6. Cash and cash equivalents

	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>8,210,070</u>	<u>5,062,897</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.

Note 7. Trade and other receivables

	2024 \$	2023 \$
<i>Current assets</i>		
Trade receivables	193,363	-
Other receivables	120,779	38,391
Accrued income	-	22,526
	<u>314,142</u>	<u>60,917</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 8. Financial assets

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	-	2,500,000
	<u>-</u>	<u>2,500,000</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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2024

Note 9. Property, plant and equipment

	2024	2023
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements (King Street) - at cost	109,278	109,278
Less: Accumulated depreciation	<u>(80,660)</u>	<u>(69,732)</u>
	28,618	39,546
Furniture & fixtures - at cost	24,002	24,002
Less: Accumulated depreciation	<u>(23,171)</u>	<u>(23,085)</u>
	831	917
Office equipment - at cost	110,767	107,337
Less: Accumulated depreciation	<u>(105,207)</u>	<u>(99,760)</u>
	5,560	7,577
Software - at cost	3,384	3,384
Less: Accumulated depreciation	<u>(3,384)</u>	<u>(3,384)</u>
	-	-
	<u>35,009</u>	<u>48,040</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 2023	39,546	917	7,577	48,040
Additions	-	-	3,430	3,430
Depreciation expense	<u>(10,928)</u>	<u>(86)</u>	<u>(5,447)</u>	<u>(16,461)</u>
Balance at 30 June 2024	<u>28,618</u>	<u>831</u>	<u>5,560</u>	<u>35,009</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

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 10. Right-of-use assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Office buildings	183,874	200,036
Less: Accumulated depreciation	<u>(161,821)</u>	<u>(147,608)</u>
	<u>22,053</u>	<u>52,428</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 2023	52,428
Additions	28,020
Depreciation expense	<u>(58,395)</u>
Balance at 30 June 2024	<u>22,053</u>

The Company leases two buildings for its offices under agreements of between 1.25 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 1.25 - 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.

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.

Private Healthcare Australia Ltd
Notes to the financial statements
30 June 2024

Note 11. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	240,071	184,669
GST payable	640,087	495,511
Accruals	201,252	562,243
Other payables	58,339	51,176
	<u>1,139,749</u>	<u>1,293,599</u>

Note 12. Contract liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Unearned income - member levies	<u>7,500,893</u>	<u>6,399,216</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 13. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Office buildings	<u>20,709</u>	<u>53,570</u>
<i>Non-current liabilities</i>		
Office buildings	<u>1,650</u>	<u>-</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	21,586	55,712
One to five years	1,806	-
	<u>23,392</u>	<u>55,712</u>

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.

Note 13. Lease liabilities (continued)

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 14. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	159,218	90,986
Long service leave	95,424	105,772
	<u>254,642</u>	<u>196,758</u>
<i>Non-current liabilities</i>		
Long service leave	<u>51,131</u>	<u>30,368</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 15. 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:

	2024 \$	2023 \$
Aggregate compensation	<u>991,104</u>	<u>919,807</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 16. 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:

	2024 \$	2023 \$
<i>Audit services - Pitcher Partners</i>		
Audit of the financial statements	<u>30,000</u>	<u>24,000</u>

Note 17. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

Note 18. Commitments

As at 30 June 2024, the Company had not entered into any capital commitments (30 June 2023: Nil).

Note 19. 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 15.

Note 20. 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 2024 the total amount that members of the Company are liable to contribute if the Company wound up is \$220 (2023: \$210). The Company has 22 members (2023: 21 members).

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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
Consolidated entity disclosure statement
As at 30 June 2024

Private Healthcare Australia Ltd does not have any controlled entities and is not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

Private Healthcare Australia Ltd
Directors' declaration
30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

10 October 2024

**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 2024, 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 material accounting policy information, the consolidated entity disclosure statement, 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 2024 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 2024 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:

- a) The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- (i) The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (ii) The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 have 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 the directors.
- Conclude on the appropriateness of the director'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
Partner



Pitcher Partners
Sydney

10 October 2024



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