Annual Report 2023/24

In our members' best interests

We honour the Whadjuk people of the Nyungar Nation, the Traditional Custodians of this boodja, where we stand today and their continued connection to culture and community, now and as it has been over many thousands of years. We pay respect to Elders past and present and to all Aboriginal and Torres Strait Islander peoples and recognise that sovereignty was never ceded.

Contents

Our purpose:
to help members live healthy lives

Our vision:
to renew community confidence

Our values:

Community

Value and Affordability

Integrity

Member for Life

Accountability

Our strategy:

Vision	Renewing Community Confidence				
Strategic Drivers	Members' Interests Come First			Choice and Access	
Strategic Pillars	People and Culture		Simplification		Enhanced Capability
	Attracting, developing and retaining the right talent. Support our people supporting our Members.		Back to Basics and Process Excellence. Overhauling processes, legacy systems and simplifying our messaging.		Complementary Digital. Technology and systems that enables and protects.
Hygiene	Financial Sustainability and Risk Management				
Values	Community	Value & Affordability	Integrity	Member for Life	Accountability
Purpose	Helping our members live healthy lives				

What if ... we told you a bit about ourselves

Over the past 70 years, HIF has grown and evolved as a not-for-profit, member-focused health fund, with a consistent goal – to help our members live healthy lives.

Our journey began as the Western Australian Government Railways Employees Hospital and Medical Benefits Fund Inc in 1954. In June 2010, we re-branded as the Health Insurance Fund of Australia (HIF). As we celebrate our 70th year, our commitment remains the same – to offer health insurance that helps our members, and dependants, live healthy lives.

But we also try to go a step further.

Beyond providing health insurance, we endeavour to support causes that we feel are important to our members and the broader community. Whether this is agitating for legislative change, to much needed reforms such as vaping laws or supporting innovations that may help those with treatment resistant depression – at HIF, we will always champion causes that can positively benefit Australian's health.

We are also focused on fostering a diverse, inclusive and supportive culture within our Fund. In a first for the Australian health insurance industry, we enabled a third gender option on all our contact points, catering for thousands of people who identify as neither male nor female – welcoming trans and non-binary members via a more seamless experience when they join HIF. We submitted our first Reconciliation Action Plan (RAP) to Reconciliation WA in 2021, marking the beginning of a strong focus to continually embed cultural awareness within our fund.

And supporting our employees is a priority – because they support our members.

Since adopting flexible working arrangements at the start of the COVID-19 pandemic, we continue to offer flexible work options for our team, including paid parental leave and a nine-day fortnight program. Recognising that our workforce is predominantly female, we introduced menstrual and menopause leave this year as an additional benefit.

We also earned 'Inclusive Employer' accreditation through the Diversity Council of Australia's Inclusive Employer Index and we marked a milestone by reducing our gender pay gap to well below the national average as measured by the Workplace Gender Equality Agency (WGEA).

Our motivated and supported team at HIF will continue to build community confidence in the Private Health Industry by focusing on doing what's right for our members.

Unlike many other Australian health funds, we have no shareholders. We reinvest surpluses into lowering premiums, enhancing benefits, and introducing new services.

We say thank you to our members for choosing HIF.

As we celebrate our 70th year, our commitment remains the same – to offer health insurance that helps our members, and dependants, live healthy lives.

A word from our Chairman

It has been a year of progress. There is much to celebrate and look forward to as we enter our 70th year as a members-first health fund. While we know there will continue to be robust decisions ahead, I firmly believe the best is yet to come for HIF and its members.

We rounded out the year with nearly 100,000 adults and their dependants choosing to trust their health with us, processing over 500,000 claims and paying out $144 million dollars in benefits to our members.

As cost-of-living pressures mount, Australian households are scrutinising every cost, including their private health insurance. We have worked hard to keep premiums affordable for our members, while at the same time ensuring we are able to properly fund the quality of care we know our members expect and deserve. As a sector, it has been a tough tightrope to balance on, but we have managed to keep premium increases well below that of other soaring household costs, including other types of insurance.

It is our role, particularly as a not-for-profit in this sector, to demonstrate value back to our members. HIF is committed to continuing to invest in our service offering to ensure our members have greater choice and access for their healthcare needs via a people-led, seamless experience – and importantly, one they can trust. We look forward to rolling out some initiatives we have planned around our value proposition.

We have seen an increase in cyber incidents across the industry. HIF recognises these very real threats to businesses and individuals. In an increasingly digitised landscape, we continue to invest in our people, systems, and processes.

To this end, over the past year, HIF has conducted a thorough review of our core technology platform against the market, to ensure our solution is the best fit-for-purpose for our members and our people.

Concurrently, we continue to improve our risk and compliance maturity; implementing policies and processes to manage our regulatory compliance and human resource requirements, which are subject to a range of external industry codes. We genuinely seek to go beyond obligation in this area, where doing the best thing for our members will position us well to handle any future challenges.

Where there are challenges, HIF also sees great opportunity. We know that by supporting our members' health, we are playing a crucial role that helps our broader health system function. We want our members to get the most out of their insurance by using their extras cover in an attempt to avoid more significant complications down the track. HIF invests in the health of future generations through programs like First Aid training in local schools and no gap access to St John's Urgent Care clinics to keep our members healthy and ease the strain on our emergency departments.

We have an excellent team at HIF who are united by the common purpose of helping our members live healthier lives. A team highlight from this year was the Diversity Council Australia (DCA) awarding us Inclusive Employer status in recognition of our progress in 2023. This was the first year HIF had participated in the DCA's Inclusive Employer Index, which enables organisations to assess and monitor the state of diversity and inclusion in their workforce. We will continue to participate in this annually because we know inclusivity and diversity benefits both our members and employees.

On that note, I would like to say thank you to our HIF employees, stakeholders and Board including our highly motivated leadership team, guided by our CEO Justin James.

The critical success of our Fund is attributable to our members, who I would like to thank for their ongoing loyalty and support for HIF. Putting our members' interests first always guides our strategic decisions as we believe that good health is the very least that every Australian deserves.

Richard Homsany
Chairman

A word from our CEO

This year we continued our commitment to demonstrate the value of private health insurance to our members via our partnerships and product innovations.

Starting off the year, we were pleased that our advocacy about the urgent need for vaping reforms saw legislation introduced. Adult vapers who want to use their devices with nicotine will only be able to purchase vaping liquids from a pharmacy and access to vapes by people under the age of 18 are now limited to those with a prescription from their Doctor. It's overwhelmingly good news for the health of our nation and we'd like to see it go further to address the other nicotine addiction that's killing 20,000 Australians every year – smoking, which remains the leading cause of premature death in our country.

Specifically for our members, we are focused on providing choice and access to a range of innovative treatment options, particularly those that may have a positive impact on significant social issues such as the growing mental health crisis in this country.

We were proud to be the first major Australian health fund to publicly declare support for access to medicinal cannabis treatments in 2020 via our partnership with Little Green Pharma (LGP). Four years on, we're pleased to see more scientific evidence about the positive impact of medicinal cannabis on a range of debilitating health conditions – including meaningful improvements for those suffering from fatigue, and sleep disorders. And we've seen an increase in our members claiming for access to this treatment, which indicates they are likely seeing potential benefits from it.

Building on this, we partnered with LGP subsidiary, Reset Mind Sciences, to support the exploration of emerging therapy treatments for patients suffering treatment resistant depression. Our goal is to offer our members new pathways to mental wellness treatment options in this space.

In April, we announced our 2024 premium increase. We recognise that for a substantial number of the 14.73 million Australians who have private health insurance, keeping their budgets balanced is becoming increasingly difficult in the current cost-of-living crisis. This makes us even more motivated to demonstrate the value of private health insurance to our members. We've used the premium increase as an opportunity to introduce several product improvements including increased benefits to some of our most claimed dental services, enabled claiming for skin checks and added unlimited emergency ambulance on all domestic Hospital products.

Our priority is to reinvest in our members' experience to ensure they see value across our products, pricing and services – and that theseare both compelling and competitive.

After several years of sustained financial performance, our priority is to reinvest in our members' experience to ensure they see value across our products, pricing and services – and that these are both compelling and competitive.

Everything we do for the almost 100,000 lives covered by HIF is driven by our team so I'd like to thank our fantastic employees, our Board and all our members for their loyalty to HIF.

As we move into the new year, I am confident and buoyed for this next phase of HIF's evolution, where product reform and our digital experience are central areas of focus. We continue to renew community confidence in our industry and ultimately help our members live healthy lives.

Justin James
CEO

The year in review

97,836
Adults and their dependants covered by HIF

- **96,373** Domestic
- **1,463** Overseas

48,811
Policies covered by HIF

- **47,894** Domestic
- **917** Overseas

$60,200,672
Paid on overnight hospital stays assisted by HIF

- **$56,498,606** Private
- **$3,702,065** Public

94%
Member Satisfaction

$1,853,025
Paid out in Ambulance cover

285
Utilised the St John Urgent Care partnership per month across metropolitan Perth on average.

500,027
Claims processed

28,390
Hospital

82,138
Medical

389,499
Extras

$38,562,906
In Extras benefits paid

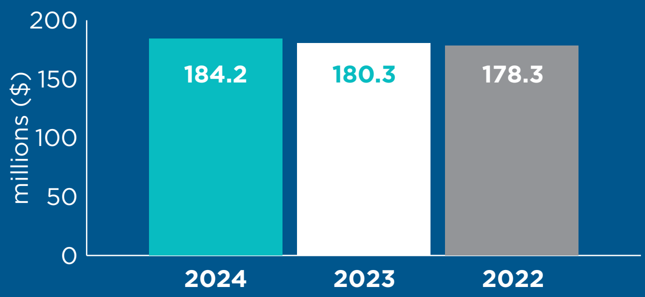
Dental:	$26,103,388
Optical:	$7,572,571
Physio:	$2,916,391
Chiropractic:	$1,970,557

$144,004,074
In benefits paid to HIF members

$9,873
Paid out in Skin Cancer Screening assessments

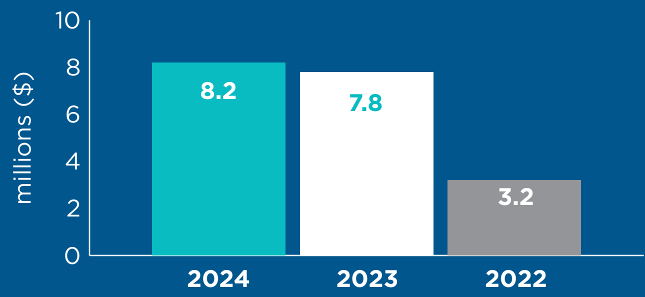
Financial summary

Revenue



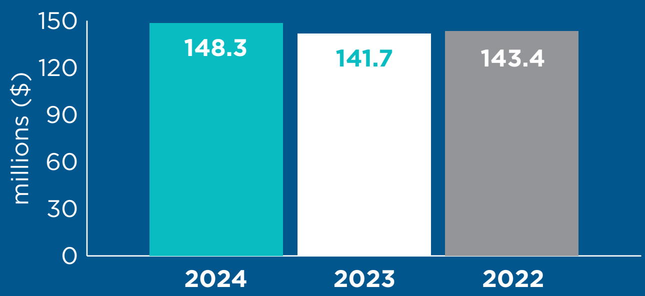
Premium revenue for the year was **$184.2 million** against a budgeted **$187.5 million**.

Investment results



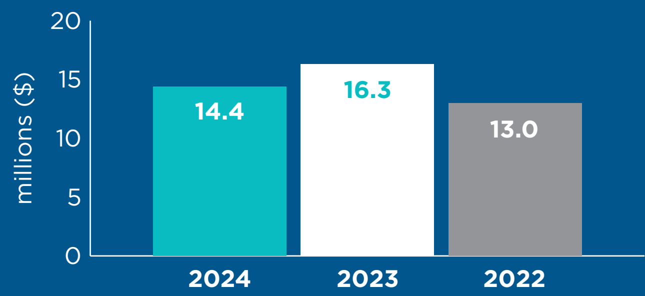
Investment income and fair value gains in 2024 was **$8.2 million** compared to a budgeted **$6.0 million**.

Net claims



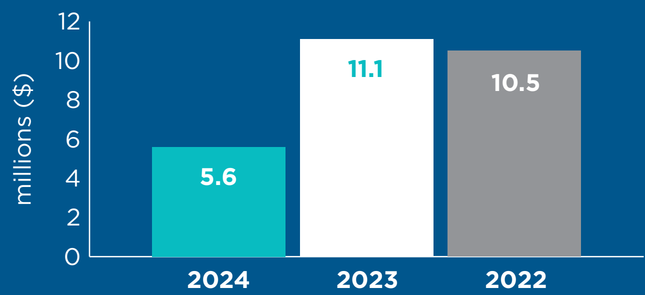
Net claims incurred in 2024 were **$148.3 million** against a budgeted **$156.8 million**.

Consolidated surplus[1]



Consolidated budget surplus in 2024 was **$14.4 million** against a budgeted **$9.8 million**.

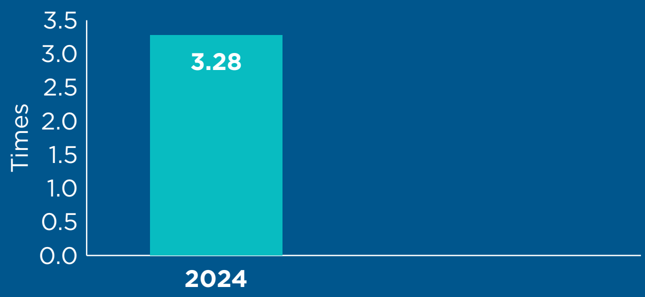
Net margin



Net margin (operating surplus before investment income) was **$5.6 million** in 2024 compared to a budgeted **$0.7 million**.

[1] 2023 and 2022 restated due to the adoption of AASB 17 retrospectively.

Capital adequacy[2]



Capital is **3.28 times** APRA's prescribed capital requirement of **$39.8 million**.

[2] APRA's current capital requirements came into effect for the 2024 year.

Rate Change

Like all Australian health funds we annually review our premiums to make sure we can cover the rising costs of quality healthcare for our members. Our 2024 premium increase came into effect on 1 April.

We've explored every opportunity available to keep premiums as low as possible, while ensuring we maintain a high quality of health care for our members.

We understand cost-of-living pressures are biting hard for many Australians, and we know this impacts many of our members. This is why it is so important that our members see value in their private healthcare with HIF. We want our members to use their Extras and claim – to be seen sooner by medical professionals so they can ultimately live healthier lives. At the same time, we will continue to listen to what our members care about and adjust our products to best suit their needs.

In 2023/24 we:

Increased dental benefits on our set benefit products for the **most frequently used services**.

Included **insulin pumps and dialysis** for kidney failure on Silver Plus Hospital.

Expanded provider coverage for **skin cancer screening services** on eligible Extras cover.

Included **sleep studies**, **unrestricted palliative care** and **unrestricted rehabilitation** on Silver Hospital.

Added **unlimited emergency ambulance** on all domestic Hospital products.

Launched **Sleep Eazzzy with HIF**. Partnered with digital sleep app **SleepSpace** and early parenting support provider **Nourish Baby**.

Our HIF Leadership Team

Trudy Adams
Strategy and Information Leader

Jennifer O'Brien
Culture Leader

Belinda Goosen
Risk Leader

Nikesh Hirani
Data & Proposition Leader

Elizabeth Lefort
Marketing Leader

Glenn Oellermann
Financial Leader

Health and Wellness Partnerships

Over the course of 2023/24 FY, we have introduced new, and expanded on our existing partnerships to benefit eligible HIF members, based on their level of cover and suitability.

In 2023, we launched our **Sleep Eazzzy with HIF** partnerships. In collaboration with Nourish Baby, we support members who are expecting or have newly become parents achieve positive birth outcomes. Members can access personalised sleep and settling phone consultations, an online learning hub with pregnancy and post-partum related modules and a variety of other supports. All members holding a Domestic Hospital product can benefit from this partnership.

We also partnered with **SleepSpace**, to provide HIF members access to app software to track and improve their sleep health. Both partnerships are designed with members in mind to help them sleep Eazzzy!

Finally, we identified that sleep loss has a strong correlation to over-eating and weight gain. Our partnership with Prima's Healthy Weight For Life offers comprehensive weight management programs fully funded by HIF for eligible members with heart health risk factors, knee or hip osteoarthritis or type 2 diabetes.

hif | Sleep Eazzzy with HIF

We are continuing to support members with their mental health, partnering with **Teladoc** on their Mental Health Navigator service. Mental Health Navigator provides a diagnosis of a member's mental health based on a clinical review of their case and determines a course of treatment.

For members managing a chronic health condition, we are continuing to offer our **Kieser program** aimed at avoiding joint replacement or major spinal surgery, increasing strength, and improving quality of life. We also partner with **Healthy Weight for Life**, to support members dealing with knee/hip osteoarthritis, type 2 diabetes, or heart health risk factors.

In collaboration with the **Australian Health Service Alliance**, we are continuing to offer our **Valion** cancer support program, to assist members who have had a cancer diagnosis, as well as a variety of hospital in the home services to support members to receive care such as wound management, chemotherapy, and rehabilitation services at home.

We will continue to explore new opportunities for partnerships to ensure our members are getting the most out of their HIF insurance.

Forging strong partnerships

Perth Wildcats

The Perth Wildcats are one of the most iconic and high-profile sporting teams in Australia, winning a record 10 NBL championships and playing 37 seasons of finals basketball making them the #1 most successful NBL team.

Both active champions of health, wellbeing and community, HIF has been by the Wildcats' side, or more accurately on their back (the back of all player and thousands of fan-purchased jerseys!), as a Diamond Partner since 2013, making it the longest recognised partnership in the NBL.

Partnering with The Perth Wildcats bring enormous national weight and visibility to the importance of living a healthy lifestyle, sleep, exercise, inclusion and diversity as well as the importance of health insurance itself.

With over 10,000 loyal members and attracting regular game attendances of more than 13,000, along with a loyal army of almost 300,000+ followers across its social media channels – the numbers speak for themselves. Not many sporting clubs can boast that 39% of game day attendees come along with their families.

We are proud that HIF members in Western Australia have the chance to be a part of this extraordinary community with the opportunity to win tickets to Perth Wildcats home games throughout the season.

Binar Futures

Binar Futures embodies a brand and culture that values community, family and connection to culture, an ethos which is mirrored through HIF.

HIFs partnership with Binar reflects our commitment to supporting causes that are important to our members and that are aligned to our RAP journey.

Founded by Midland businessman, Adam Desmond, in 2011 when he backed a local basketball team of six Indigenous youths, Binar Futures has grown to support more than 2,100 young people across Perth in sporting pursuits, education opportunities, leadership training, employment, and cultural awareness. Fast forward to today and Binar Futures has grown to support more than 2,100 young people across Perth in sporting pursuits, education opportunities, leadership training, employment, and cultural awareness.

In May 2024, HIF were delighted to congratulate Binar on becoming the first Aboriginal led metro basketball association in Australia, with 53 teams playing within the new Midland Basketball Association.

Now in the second year of HIF's partnership with Binar Futures, support continues from the basketball court to the classroom, via Binar's homework classes. These classes of 25-30 pupils offer educational assistance and support in building self confidence in Aboriginal youth – and there's a waiting list for more who want to take part.

The partnership is an opportunity to provide valuable cultural learnings for HIF employees and work with Binar to build a positive future for Indigenous youth. A work experience and internship program will be explored for Binar participants in the coming year.

St John Ambulance WA

Operating as an integral part of the Western Australian Community for over 130 years, St John WA is a charitable, non-profit, humanitarian organisation teaching first aid to the community and delivering the State's ambulance service while also shaping and leading the sector nationally around Urgent Care Services.

HIFs partnership with St John WA aims to make healthcare accessible to more people in the WA community.

Through our partnership with St John Urgent Care Centres, HIF members can access urgent medical care without the need to visit the emergency department and without fees for urgent care consultations. We have on average 285 members using this service each month.

Following an initial partnership in 2023 with more than 3000 students from seven Perth schools benefiting from first aid training, HIF continued its support of St John WA's First Aid Focus. In 2024 the partnership has supported the education of students from kindergarten up to year 12 with the age-appropriate skills to assess and respond to first aid situations, while developing strategies to seek help for themselves or others.

Students at Anne Hamersley Primary School in Ellenbrook became the first of 4,000 primary school aged children to receive the HIF-funded first aid training in 2024.

In recognition of member loyalty we also continue to send St John WA first aid kits for member milestones and special anniversaries as a small token of appreciation from HIF.

Below image:
Anne Hamersley school

Little Green Pharma

In 2020 HIF was the first major Australian health fund to publicly declare support for access to medicinal cannabis treatments via its partnership with Little Green Pharma (LGP). The QUEST research initiative, which HIF funds in partnership with LGP, is now demonstrating scientific evidence about the positive impact of medicinal cannabis on a range of debilitating health conditions. Pleasingly, the study is uncovering clinically meaningful improvements in health-related quality of life (HRQL), fatigue, and sleep disorders.

HIF will continue to pay benefits for medicinal cannabis across the majority of our Extras policies. We are seeing significant uptakes in claims year-on-year, indicating our members could be seeing benefits from the treatment.

Paul Long, CEO Little Green Pharma said, “HIFs commitment to patient needs and support for medical research into emerging therapies is unparalleled. This collaboration will significantly enhance access to, and confidence in the efficacy and safety of these ground-breaking treatments, which are increasingly sought after by hundreds of thousands of Australian patients.”

Reset Mind Sciences

Our partnership with Reset Mind Sciences continues to evolve. While Australia is a pioneer in this space, allowing psychiatrists to prescribe certain psychedelic substances to patients; exploring the benefit of emerging therapy treatments continues to be a very considered process. We are working closely with medical professionals running trials and conducting research studies to examine the potential benefits of psychedelic assisted psychotherapy for patients suffering treatment resistant depression.

Our ambition is to offer our members access to these new treatment pathways via the opening of Reset’s first clinic.

Paul Long, CEO Little Green Pharma

Living our values

In 2023/24, HIF earned 'Inclusive Employer' accreditation in our first year participating in the Diversity Council of Australia's (DCA) Inclusive Employer Index. Our ongoing dedication to diversity and inclusion was demonstrated through a variety of initiatives, and we made significant strides on our Reconciliation journey.

HIF continued to lead the way in embracing hybrid working, with flexibility consistently highlighted as a top benefit by our employees.

Reflecting our strong culture of recognition and demonstrating HIF's values, almost 2,000 Heart cards were exchanged throughout the year, celebrating the remarkable contributions of our colleagues. We welcomed 30 new team members to HIF and our commitment to creating a positive workplace environment was evident in our annual engagement score of 77%.

Learning and Development

This year, we continued to prioritise learning and development through various initiatives. We further embedded the living position description framework within our Member Experience team, aligning employee roles with organisational needs and personal aspirations. Our internal training programs, professional development workshops and the addition of LinkedIn Learning provided our teams with tools for continuous growth. We also focused on creating meaningful development plans and conducting meaningful performance and development reviews. As a result, 15 employees were promoted to new roles throughout the year.

Workforce Reforms

2023 was a year of significant change for Australian workplace relations, and HIF was well-prepared. We prioritised psychosocial safety by embedding it into our health and safety practices. Through focused group consultations, we identified and mitigated workplace hazards related to mental health and stress, aiming to prevent issues like burnout, bullying, and harassment. Our efforts have ensured that employees feel safe, supported, and valued.

Engagement Initiatives

Our People Experience initiatives, such as PAW Day, Lunch & Learns, Social Club, volunteering opportunities, the End of Year Celebration, and the Step Challenge, have been met with strong enthusiasm and participation from our employees. These activities have successfully fostered a sense of community and engagement, contributing positively to HIF's workplace culture. We are encouraged by the positive feedback and will continue to explore and implement programs that resonate with our team, enhancing their overall experience at HIF.

Championing Equity, Diversity, and Inclusion

Building on the progress of previous years, we continued to advance our equity, diversity, and inclusion (D&I) efforts. Our D&I working group played a key role in broadening our focus to include topics that resonate deeply with our employees, such as Neurodiversity Awareness Week, Harmony Week, Pride Month, Inclusive Practice Training, and Women's Health Week with guest speaker Lucy Peach.

2024 marked an important milestone with the Workplace Gender Equity Agency (WGEA) publishing employers' gender pay gaps for the very first time. At HIF, we made positive progress in our 2023 WGEA reporting, with a reduced gender pay gap of 9.5% (median 18.4%), well below the national average.

Achieving 'Inclusive Employer' status in the DCA's Inclusive Employer Index was a proud moment for us, underscoring our commitment to fostering a diverse and inclusive environment for both our members and employees.

We continue to advocate for the prevention of Family and Domestic Violence (FDV). In 2024 we developed a comprehensive FDV Support Guide for employees to access and increased our FDV leave entitlement to 15 days per annum.

The Road to Reconciliation

Throughout 2023/24, we placed a strong emphasis on advancing our Reconciliation Action Plan (RAP) journey. By participating in key national events like National Reconciliation Week and NAIDOC Week, and by fostering meaningful relationships with Indigenous communities, we made positive strides in promoting cultural awareness and driving impactful initiatives within HIF.

Our dedicated RAP working group took part in several external events led by Reconciliation WA and implemented an eLearning training module created by our friends at "Acknowledge This." This program guides employees on the importance of and how to give an authentic Acknowledgment of Country. In 2024, we prepared our Innovate RAP plan for endorsement by Reconciliation WA.

Elevating our brand

As cost-of-living pressures mount, Australians increasingly question the value of all household expenses – including their health insurance.

Aside from the cost, health insurance comes with an additional layer of complexity. Understanding how your health insurance works and whether your level of cover is right for you and your family can seem unnecessarily complex.

This complexity was seen as one of the biggest barriers in the uptake and usage of private health insurance (PHI), so HIF took on this feedback and set ourselves the brand challenge – "demystify PHI". Our ambition is to make it easy for members to understand their benefits and see the value in their health insurance. We want our members to use their health insurance.

Once we understood our members' pain points and frustrations, HIF's 'What if?' brand platform was ideal to tackle the challenge of providing solutions, explaining cover without jargon, encouraging members to make the most of their benefits by showing what they are covered for, how to claim now and make it easier determine the right level of cover to suit their needs.


no jargon
What if
your health insurance was
explained without jargon?
Then you'd be with hif
HIF Health Insurance

Enhancing the digital experience

HIF provides a wealth of knowledge through our digital channels, so we continue to invest in enhancing the digital experience for our members.

Website and Online Member Centre

Our website is the gateway to current and future members. Both **hif.com.au** and **healthhub.hif.com.au** have undergone continuous improvement over the course of the year.

- User interface changes in our sales funnel have created a smoother, more seamless user experience for quotes.
- Changes to the 'Health & Wellbeing' services page on the website have helped users better navigate the value-add health services members can access as part of their membership.
- Enhancements to our website to continue to keep our website secure and our members' information private and safe.
- As of this financial year, we are seeing over 80% of our members using our Online Member Centre (OMC).

80%
of members logging on to our OMC

12,906
Claims made

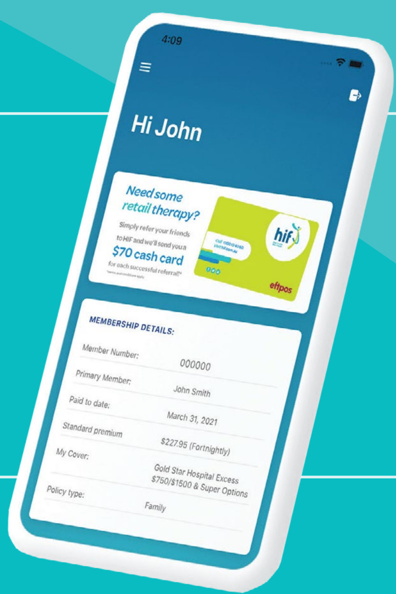
7,845
Direct Debits added\updated

5,339
New Registrations

14,643
Payments made

HIF Member App

We continue to invest and innovate our HIF App. All member policy details can be housed in one easily accessible place, allowing members to make updates on the go. Members can claim, track their claims, check extras limits and manage their cover.



Social media

We engage our members (and the public) through social media with our ever-evolving content. Creating value for members with 'money can't buy' experiences (like connecting our WA members with our much-loved Perth Wildcats), sharing reliable information about health and wellbeing from our team of expert bloggers, or the latest updates on trending topics. There's no jargon here either, as we help to demystify private health insurance!

Paid digital media

After a competitive and rigorous tender process, we appointed a new media agency, OMD WA, in June to help us unpack how best to communicate and reach our current and future members. In a cluttered category, OMD are positioned well to help HIF deliver impactful digital campaigns that demonstrate how we help our members live healthy lives.

Brokers

And if members prefer to shop around and compare online, HIF's broker network is there to help future members compare HIF's products, services and offers against other private health insurers. Our partnerships continue to deepen to offer value to members who prefer using a broker.

52% of new members join us through our website

20% of new members join us through our brokers

20% increase for MYHIF bonus cash card, our most popular offer

7% increase in average engaged sessions

55% of website users are on mobile

56% of website visitors were female

44% of website visitors were male

90% increase in website users from smart tv

Thought Leadership

Sleep

Sleep continues to be a key focus for HIF as we advocate for healthy lifestyle habits for our members. HIF believes sleep is one of the three key pillars of health, alongside diet and exercise.

What's keeping Australians up at night?

Working with research agency CoreData WA, HIF unpacked the issues Australians face in relation to sleep. This was done in collaboration with industry experts and medical professionals to create an annual index about sleep habits in Australia, which was socialised and endorsed for its comprehensiveness by industry experts at The Sleep Down Under conference.

What's next

Over the next year we will be launching our online Sleep Hub, which will help our members to access information and education to support their own sleep journey. This content is underscored by our annual Sleep Index Survey and leading expert opinion in the field of sleep.

HIF at Port to Pub

As a member-focused, not-for-profit health fund, we were proud to sponsor an important community event, the Port to Pub swim this year, which promotes healthy lifestyle choices for its participants.

The day before the event, was International Sleep Day. This provided a timely opportunity to remind all event goers to focus on getting a great night's sleep ahead of the big race – and we provided sleep tips for the swimmers to set them up for success.

Emerging therapies

Mental illness and suicide prevention costs Australian society $600 million a day and is now the top reason health fund members aged under 59 are going to hospital. Young Australians are becoming an acutely affected group with one in five hospital claims for members under 30 last year coming under psychiatric, mental, addiction or behavioural disorders.

Exploration of emerging therapies provides hope for people with treatment resistant depression, for whom traditional medical care is not working. Long term, we hope these therapies will reduce claims costs by keeping people out of hospital more and make a lasting positive impact on community health – ultimately delivering significant economic benefits to society as a whole.

Beyond operationalising treatment options such as medicinal cannabis and exploring claims modelling for psychedelic assisted psychotherapy for members, this year HIF has solidified its position as a category innovator.

HIF CEO, Justin James, has advocated about the important role private health can play in addressing treatment resistant depression. Socialising HIF's progressive program with international stakeholders over the past year, HIF is excited to expand mental health treatment options for its members in the coming year.

Vaping

For the past two years HIF has taken a public stance against vaping.

Like the rest of the private health insurance industry, we welcomed the Government's decision that adult vapers who want to use their devices with nicotine will only be able to purchase vaping liquids from a pharmacy and limits access to vapes by people under the age of 18 to those with a prescription from their Doctor.

Health Minister Mark Butler should be applauded for enacting these laws in a timely and comprehensive manner to end the vaping epidemic among younger generations that has developed over several years.

We believe there is still more work to do in this space. It's time to address the other nicotine addiction which is killing thousands of Australians every year. Smoking remains the leading cause of premature death in our country. One report from 2019 calculates the deadly addiction costs the economy in tangible and intangible terms close to $137 billion.

There is no safe level of exposure to tobacco smoke, yet cigarettes and tobacco are freely available for purchase to anyone over 18. We will continue to advocate for change on this important community health issue.

Material Business Risks

As an organisation, we understand the significance of maintaining the highest standards of corporate governance and compliance. Throughout the year we have diligently responded to all regulatory requirements, prioritising transparency, ethical conduct, and responsible decision making.

The Board has developed a three-year rolling strategic plan that sets out its desired approach for the implementation of HIF's strategic objectives. The strategic plan organises our strategic objectives and deliverables under four pillars, namely: Value for Members, Progressive, One Team and Trusted. Risk management is fully integrated into the strategic planning cycle, providing an opportunity to review strategic objectives and assess the impact of any changes on our risk profile on an annual basis.

The Board accepts a certain amount of risk in pursuit of HIF's strategic objectives and in achieving its vision of *renewing community confidence*. The Board will however only accept material business risks that have been carefully assessed and for which it has geared itself to accept, including through operating effective controls to avoid unwelcome risk, mitigating the likelihood of this risk occurring, and reducing the resulting impact of this risk.

Our Risk Management Framework ('RMF') defines the systems, structures, policies, procedures, and processes used by us to identify, measure, evaluate, monitor, report and mitigate the material risks that may affect our ability to meet our obligations to members.

The following table outlines HIF's material risks under each strategic pillar:

Strategic Pillar	Risk	Risk Description
Value for Members	**Brand and Reputational Risk**	The risk of potential losses in financial capital, community confidence and/or market share resulting from incidents due to quality of communication and service, claims denials, pricing and affordability, privacy, or public perception.
	Insurance Risk	The risk of an unexpected increase in claims, management expense ratio, changes in member and product mix and product competitiveness negatively impacting affordability, financial viability, and sustainability.
Progressive	**Technology Risk**	The risk of significant outages as a result of ineffective operational resilience, including improper planning and maintenance of technology and infrastructure, leading to non-compliance, negative member experience, and operational inefficiencies.
One Team	**Conduct Risk**	The risk that HIF does not conduct business activities ethically, safely and with integrity due to poor internal processes, control failures, or industrial non-compliance negatively impacting both member and employee outcomes.
Trusted	**Cyber and Information Security Risk**	The risk of a cyber/information security incident impacting HIF's IT infrastructure or information assets, which can result in operational disruptions, data breaches and significant financial and reputational damage.
	Data Governance Risk	The risk of ineffective/inadequate management of data assets resulting in operational inefficiencies, data quality issues and non-compliances which can impact HIF's ability to service members in line with regulatory and member expectations.
	Financial Risk	The risk that HIF cannot meet its financial commitments as and when they fall due, or fails to comply with regulatory capital requirements, due to but not limited to insufficient income, a loss in capital value and/or investment market factors such as equity prices, interest rates, currency, and credit risks.
	Regulatory and Compliance Risk	The risk that HIF is unable to respond to changes in applicable regulations or obligations resulting in financial or reputational loss.

HIF Financial Report

Corporate information

Directors

R. Homsany (Chairman)

S. V. Blake

P. L. Hersey

K. B. Laufmann

T. W. Shackleton

Company secretary

K. L. J. Garvey

Registered office and principal place of business

100 Stirling Street, Perth
Western Australia

Solicitor

Lavan

Level 20, 1 William Street, Perth
Western Australia

Banker

National Australia Bank

Level 29, 395 Bourke Street, Melbourne
Victoria

External auditor

Deloitte Touche Tohmatsu

Quay Quarter Tower
Level 46, 50 Bridge Street, Sydney
New South Wales

Internal auditor

PricewaterhouseCoopers

Brookfield Place,
Level 15, 125 St Georges Terrace, Perth
Western Australia

Appointed actuary

J. Reid – Finity Consulting

Level 10, 68 Harrington Street, Sydney
New South Wales

Directors' report

The board of directors (**Board**) of Health Insurance Fund of Australia Limited (**the Company**) submit herewith the Directors' report for the year ended 30 June 2024 in accordance with the *Corporations Act 2001* (Cth).

Information about the Directors

The directors of the Company (**Directors**) during or since the end of the year ended 30 June 2024 are:

Mr R. Homsany *LLB (Hons), BCom, Grad Dip App Fin & Inv* **Chairman**	Mr Homsany was appointed to the Board in June 2010. Mr Homsany is Executive Vice President, Australia of Mega Uranium Ltd, a TSX listed company and is an experienced corporate lawyer having been admitted as a solicitor for over 20 years. Mr Homsany is also the principal of Cardinals Lawyers and Consultants. Previously he was Partner, Corporate and Commercial, of DLA Phillips Fox (now DLA Piper) and prior to that was a partner of Gadens Lawyers. Mr Homsany has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate. Mr Homsany is a Certified Practising Accountant (**CPA**) with CPA Australia, a fellow of the Financial Services Institute of Australasia (**FINSIA**) and a member of the Australian Institute of Company Directors. Mr Homsany has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA. Mr Homsany has significant board experience with public listed companies including as Chairman of ASX listed companies Galan Lithium Limited, Toro Energy Limited and Redstone Resources Ltd, and of TSX-V listed Central Iron Ore Limited, and as a Non-Executive Director of ASX Listed Brookside Energy Limited. Mr Homsany is a member of the Audit Committee, Risk Committee and the Investment Committee; and Chairman of the Nomination and Remuneration Committee.

Ms S. V. Blake

MMkt, Grad Dip Comm, BComm Mkt & PR, GAICD

Non-executive Director

Ms Blake was appointed to the Board in September 2016. Ms Blake has significant experience as a consultant in building marketing strategies for clients, including in financial and professional services, utility, government, retail, hospitality, non-government and member-based organisations. Ms Blake has held senior marketing leadership positions in several organisations, involving national promotions and communications strategy and product development, and lectured in marketing and professional practice at Curtin University, and she is a former partner at strategy consulting firm Black House. Ms Blake is the former founding director of Glue Marketing Consulting, a firm specialising in marketing, brand and digital communication and channel strategy development. She was the Chief Marketing Officer for a global technology company, Tape Ark. Currently Ms Blake is a Lead Business Consultant at IBM Consulting in Energy and Utilities. Ms Blake is also a former Councillor of Scotch College and former Chairman of the College's Risk Committee.

Ms Blake is a member of the Audit Committee and Chair of the Risk Committee.

Mr P. L. Hersey

BSc, MBA, MAICD

Non-executive Director

Mr Hersey was appointed to the Board in June 2019. Mr Hersey has extensive experience in the health, insurance, government, not for profit and financial services sectors as a senior executive and external consultant. Mr Hersey's early career involved working as a management consultant in London, primarily within the health and finance sector. Mr Hersey held roles in quality healthcare and as a project director in the Asia-Pacific region, as a senior executive of the Company, program manager for Ramsay Health, executive manager in health partnerships for a private health insurer and as a director within PricewaterhouseCoopers' health and government practice, working for clients in federal and state health departments, aged care, community and treasury, not-for-profit entities, private hospital groups and health insurers. Mr Hersey was Chief Executive Officer of 360 Health and Community, a not-for-profit primary healthcare organisation until 2017 before becoming a founding director of the Mavuno Group, a wealth, advisory and investments consultancy. Mr Hersey has held board positions within both the not for profit and private sectors, including at Pat Thomas House, Moorditj Koort Aboriginal Health and Wellness Centre and Intium Energy.

Mr Hersey is a member of the Investment Committee and Chairman of the Audit Committee.

Mr K. B. Laufmann

BEcon, Dip Fin Plan, GAICD

Non-executive Director

Mr Laufmann was appointed to the Board in April 2020. Mr Laufmann is a Financial Advisor at Shaw and Partners. Preceding his current role, Mr Laufmann was the Western Australian State Manager, Equity Partner and National Compliance Committee member of EL&C Baillieu Ltd, one of Australia's oldest share brokerage firms. Mr Laufmann has worked in financial markets for the past 25 years, holding positions with Salomon Smith Barney Inc., Citigroup Inc. and HSBC, focusing on capital raising, portfolio management and corporate advice. Throughout his career, Mr Laufmann has advised and funded several ASX resource companies from early-stage venture capital, through to IPO, and discovery. Previously Mr Laufmann was a non-executive director at NxGold Ltd, which held assets in WA and North America and was a member of its Audit Committee.

Mr Laufmann is a member of the Risk Committee and the Nomination and Remuneration Committee and Chairman of the Investment Committee.

Mr M. M. Malone

BSc, Grad Dip Education, FAICD

Non-executive Director

Term as a non-executive Director ended 25 October 2023

Mr Malone was appointed to the Board in February 2023 and ceased to be a director of the company in October 2023. Mr Malone is an accomplished entrepreneur and seasoned company director with three decades of expertise across the telecommunications, technology, and media domains. Presently, Mr Malone is a Non-Executive Director at nbnco, as well as ASX-Listed Seven West Media Ltd and WiseTech Ltd. Mr Malone founded iiNet in 1993 and continued as its CEO until Mr Malone's retirement in 2014. A founding figure of Diamond Cyber Security, Mr Malone served as Chairman from 2014 to 2020, a period culminating in Diamond Cyber's integration into the prestigious national security enterprise, CyberCX. Mr Malone is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management, and the Australian Computer Society. Mr Malone holds a Bachelor of Science in Mathematics and a postgraduate Diploma in Education.

Mr Malone was a member of the Risk Committee.

Mr T. W. Shackleton

BSc, Grad Dip HSM, GAICD

Non-executive Director

Mr Shackleton was appointed to the Board in June 2020. Mr Shackleton has extensive experience as an executive and non-executive director in the public, private and non-government health sectors in WA. Currently employed as Chief Executive Officer (**CEO**) of Rural Health West (a non-government organisation dedicated to improving access to health care for people in rural and remote regions of WA), his previous experience includes CEO of the Royal Flying Doctor Service, Regional Director for Health in the Pilbara, Gascoyne and Wheatbelt Regions, General Manager of the Murchison Health Service and Executive Director of the Asthma Foundation of WA. In 2011, Mr Shackleton also established health consultancy firm Virtual Health, which he operated successfully until joining Rural Health West in 2016. In addition to his executive experience, Mr Shackleton has a strong background in board directorship. Previous appointments include Chair of the Western Australian Regional Development Council, Chair of the Wheatbelt Development Commission and Chair of WA General Practice Education and Training Pty Ltd. In addition to his position on the Board of HIF, Mr Shackleton is currently Chair of the Western Australian Pastoral Lands Board and Non-Executive Director of the Royal Flying Doctor Service WA. Mr Shackleton has a bachelor's degree in Human Movement and a Post Graduate Diploma in Health Service Administration.

The Directors, except for Mr Malone, held office during the whole of the year ended 30 June 2024.

Company Secretary

Ms K. L. J. Garvey LLB, BA, MAICD is an experienced corporate and commercial lawyer and is presently Legal Counsel and Company Secretary at Toro Energy Limited and a Director at Cardinals Lawyers and Consultants. Ms Garvey is also Company Secretary of ASX listed companies Brookside Energy Limited and Mineral Commodities Limited and of TSX-V listed company Central Iron Ore Limited. Ms Garvey is a member of the Australian Institute of Company Directors.

Principal Activities

The principal activity of the Company is the provision, as an underwriter, of private health insurance in Australia by operating as a registered private health insurer in accordance with the *Private Health Insurance Act 2007 (Cth)* (**Act**). Private health insurance provided by the Company includes coverage for Australian citizens and permanent residents who are entitled to Medicare benefits under Complying Health Insurance Products (**CHIP**) for:

- Hospital treatment — inpatient, day patient and in-the-home services.
- General treatment (**extras**) — ancillary health services (including dental, optical, physiotherapy and chiropractic).

Collectively, these categories of health insurance are health insurance business as this term is defined in the Act or in the rules referred to in the Act.

The Company provides, as an underwriter, non-CHIP private health insurance, including hospital treatment and/or general treatment, to overseas visitors who temporarily reside in Australia, including Temporary Skill Shortage visa holders (health related business). The Company also provides travel insurance under an agency agreement with a third party underwriter.

The Company's principal activities include providing present and future contributors (as that term is defined in the Company's constitution) to the fund operated by the Company and their dependants (**Members**) access to a wide range of competitively priced healthcare treatments and services that are intended to be used to support healthy lives and lifestyles.

Objectives

The Company's purpose is to help present and future Members lead healthy lives by:

- Providing them choice and access to relevant and high-quality healthcare facilities, providers, treatments and services.
- Informing them about their health cover and relevant healthcare issues.
- Providing them attractive benefits and rebates.
- Keeping their premiums affordable and valuable.
- Providing them the highest standards of service.

The Company objectives involve:

- Acquiring financial and non-financial benefits to increase value for Members.
- Gaining greater prominence, relevance and reputation amongst Members, consumers, government, regulators and other stakeholders in the community.
- Building confidence with Members to increase their loyalty.
- Growing long term relationships with key healthcare providers and other stakeholders.

The Company leverages its membership of stakeholder groups, including the Australian Health Services Alliance Ltd for purchasing medical services and access to 277 private hospitals, 262 private day surgeries and a limited number of general treatment benefits, and HAMB Systems Ltd for core insurance application services and related electronic and digital information, technology and communications solutions.

The Company's vision is to create lasting relationships with Members through confidence, by providing them value that matters to them.

To support its purpose and vision, the Company believes in its core values of Community, Member Value and Affordability, Integrity, Member for Life and Accountability.

Performance Measures

The Company measures its performance in many ways, including by measuring, monitoring and analysing:

- Size, distribution and composition of its Member base.
- Member loyalty, effort, experience and satisfaction.
- How motivated Members are to recommend the Company and its products and services.
- Member acquisition and retention and the related costs.
- Cost and effort to serve Members.
- Premium revenue, claim benefit outlays and out-of-pockets.
- Capital adequacy and solvency strength.
- Efficiency and effectiveness of financial and non-financial resources.
- Staff engagement and culture.
- Income from investments and other activities.

Risk management

The Company also measures its performance by monitoring its governance and risk management frameworks and its ability, using capital and the gearing of its operational resources, to support the Company's strategy and key objectives for performance and development whilst building financial resilience and sustainability.

Financial Results

The company adopted AASB 17 Insurance Contracts, which is a comprehensive new accounting standard for the recognition, measurement, presentation and disclosure of insurance contracts, for the first time this financial year. AASB 17 includes transitional provisions which require retrospective application and restatement of comparative information as if AASB 17 had always been in effect, except to the extent that it is impracticable to do so. The Company also adopted AASB 9 Financial Instruments for the first time this financial year, which did not have a significant impact on the financial statements.

Profit

The consolidated profit for the year ended 30 June 2024 was $14.4 million compared to $16.3 million (restated) in 2023. Insurance revenue for the year was $184.2 million compared to $180.3 million in 2023, an increase of 2.2%.

The decrease in profit this year was due to an increase in insurance service expenses and other operating expenses.

Comprehensive income

Total comprehensive income for the year was $14.4 million compared to $17.2 million (restated) in 2023. This year, the Directors of the Company adopted the Director's estimate of fair value at 30 June 2024 of the carrying values of its commercial properties.

Claims incurred and underwriting

Net claims incurred was $148.3 million compared to $144.9 million (restated) in 2023, an increase of 2.4%. Underlying this year's net claims incurred, of which 69.6% is hospital treatment policies related, was a 4.3% increase in the number of hospital claims assessed, and a 4.6% increase in the number of medical claims assessed. The increase in hospital and medical claims assessed was due to hospital and medical claims utilisation increasing back towards pre COVID-19 levels. Extras claims assessed in 2024 increased slightly by 0.7% compared to the prior year.

The Company spent 80.5% of this year's premium revenue on net claims incurred compared to 80.4% (restated) in 2023.

Investment income and fair value gains

Investment income for the year in 2024 amounted to $7.9 million compared to $7.1 million in 2023, an increase of 11.3%. This increase is attributed to investment fund distributions totalling $4.5 million and interest income of $3.4 million. Interest income reflects a rise in the average cash rate, which increased to 4.3% in 2024, compared to an average cash rate of 2.9% in 2023.

The fair value (unrealised) gains on financial assets (i.e. the investment portfolio) at fair value was $0.3 million compared to a (unrealised) gain of $1.2 million in 2023. Investment markets have performed well, particularly equities with the Australian All Ordinaries Index increasing 8.3% during the year.

Overheads

Total overheads for the year were $30.2 million (16.4% of premium revenue) compared to $27.7 million (restated) (15.4% of premium revenue) in 2023. The main drivers of the increase in the cost of overheads were a $1.9 million increase in insurance service attributable expenses and $0.6 million increase in other operating expenses.

Insurance service attributable expenses increased from 12.8% of premium revenue in 2023 to 13.6% in 2024 mainly due to the allocation of increased information technology and employee costs.

Other operating expenses for the year were $5.2 million compared to $4.6 million in 2023 (restated). The main driver of the 14.0% increase in these expenses was a $0.4 million increase in employee benefits expense.

Capital management

The Company's capital management framework including a capital management policy, a pricing philosophy and a capital management plan (**CMP**), guide management's practices to ensure that the Company has enough capital to support the risks it undertakes and to meet its liabilities, including in the event of adverse circumstances.

The pricing philosophy establishes target gross and net margins that must be considered when making decisions affecting the prices of policies. Consideration of the target net margins in pricing decisions helps the Company's management and Board fulfil the obligation to hold adequate economic capital.

The CMP is aligned to the Board's risk appetite which evolves through regular reviews. The reviews involve assessing the required levels of internal risk capital and related trigger points and action plans.

The Company's investment policy contains investment rules and guidelines to ensure the appropriate investment of the Company's financial and non-financial assets and that investments align with the Board's risk appetite.

The Company adopted the Australian Prudential Regulation Authority's (**APRA**) new capital prudential standards that came into effect on 1 July 2023 and has calculated the capital adequacy multiple to be 3.3 times the APRA minimum requirement.

Risk management

The Company's risk management capability is supported by the operation of a risk management framework that among other uses, allows the Board to monitor on an ongoing basis the Company's exposure to the key risks identified by the Board and the effectiveness of risk management processes and practices of management.

Review of Operations

Member growth

The Member base covered by CHIP's decreased by 2.8% compared to a decrease of 1.4% in 2023 and 2.2% net growth in the industry for 2024. Overseas visitor Members declined by 11.3% in 2024 compared to a decrease of 1.1% in 2023. This decrease resulted from immigration policy restrictions and the resulting drop in international travel by overseas workers. The proportion of the total Member base from non-traditional markets (states/territories other than Western Australia) remained at 40% for 30 June 2024.

The Board considers net growth in the industry will be subdued due to ongoing affordability issues for lower and middle income earners as inflation and interest rates remain high; and limited effectiveness of stimuli for young Australians to take out private health cover for the first time.

The Board considers its growth prospects in the short to medium term will be slightly positive, reflecting its strategy to improve Member confidence and resulting retention and its resonance with consumers looking for choice and access with an ethical insurer.

Affordability

The Minister for Health and Aged Care approved, for deployment on 1 April 2024, a weighted average 3.87% increase to Member's premiums, compared to a 3.03% weighted average increase for the industry (including the Company). The Company's increase this year reflected the need to keep pace with the increased prices charged by health providers and suppliers and to correct certain CHIP prices in some of the markets in which the Company operates.

The Board considers part of the solution to addressing affordability is for the government to address Prescribed List reforms and low value care, public hospitals charging patients with private health insurance and to restore the 30% rebate for low and middle income earners. Without a positive change in government policy towards funding arrangements for private health insurance, the rebate which is now below 25%, will continue to be eroded.

Choice and convenience

The Company's strong stance on choice aligns with the understood consumer preference for them to remain in control when it comes to choosing their health cover and their service provider. This means that Members retain the freedom to choose any level of hospital and/or extras cover from the Company's generous range of covers and go to their family health provider without being financially disadvantaged.

Personalised service and convenience

The Company's priority is to develop its culture, people and processes to ensure Members get access to service-delivery from friendly, qualified, skilled and experienced staff when and in the form they want it. The Company remains focussed on building a Member experience model that provides access to relevant and smart digital transaction processing and communication solutions, including self-service options. The Company believes that its Members will benefit from cost savings resulting in a higher allocation of available reserves for increased benefits and more affordable premiums.

Investments

Investments performed well during the year following a strong performance in 2023. Returns from fixed interest funds and bank term deposits continued to increase following a rise in the official cash rate of 25 basis points in November 2023 by the Reserve Bank, ending the year at 4.35% (4.10% at 30 June 2023). Income from investments of $7.9 million in 2024 increased by $0.8 million from 2023, which included $4.4 million in distributions from managed funds. The Company recorded a $0.3 million fair value (unrealised) gain on financial assets at fair value in 2024, compared to an (unrealised) gain on financial assets at fair value of $1.2 million in 2023.

The investment portfolio (excluding cash and cash equivalents) increased from $131.8 million at 30 June 2023 to $136.8 million at 30 June 2024, an increase of 3.8% for the year. The decrease in bank term deposits of $2.4 million during the year was offset by an increase in cash and cash equivalents from $12.4 million at 30 June 2023 to $18.7 million at 30 June 2024, drawn from operating surpluses.

Property

The Company leases out one floor of the Company's head office premises at 100 Stirling Street under a commercial tenancy. All other floors are occupied by the Company.

The Company owns an investment property at 60 - 62 Stirling Street, Perth to earn commercial property rent. This property was fully tenanted for the year ended 30 June 2024.

Other Developments

Digital and Technology

The Company has refreshed its Digital Strategy and Roadmap to enhance foundational infrastructure, deliver member experiences that are intelligent, intuitive and value adding, and accelerate our data strategy. This has been done in line with ethical aspirations and in the spirit of simplicity and providing choice and access.

Products

Significant progress has been made in improving the product suite available to members. These enhancements support simplification as well as increasing choice and access.

Code of conduct

The Company subscribes to the Australian private health insurance industry's peak representative body, Private Healthcare Australia (**PHA**). The Company subscribes to and complies with the PHA's Code of Conduct (**Code**) which is audited regularly. The Company remains compliant with the Code.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2024.

Significant Matters or Circumstances after 30 June 2024

No other matters or circumstances have arisen since 30 June 2024 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 years.

Environmental Regulations

The Company's operations are not subject to any environmental regulation under a law of the Commonwealth or of a State or Territory.

The Company is certified NOCO2 by the Carbon Reduction Institute Pty Ltd. Certification confirms the Company's financial contribution, by purchasing carbon offsets, towards reducing carbon emissions.

Indemnification of Officers and Auditors

During the year ended 30 June 2024, the Company paid a premium in respect of a contract insuring the Directors, Secretary and all Executive Officers of the Company and of any related body corporate of the Company against a liability incurred as such by a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its Auditor, Deloitte Touche Tohmatsu (**Deloitte**), as part of the terms of its audit engagement agreement (**Engagement**) against certain claims by third parties arising from the audit work as that term is defined in the Engagement (for an unspecified amount). No payment has been made to indemnify Deloitte during or since the financial year ended 30 June 2024.

The Company has not, during or since the financial year ended 30 June 2024, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred by such an Officer or Auditor.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees established by the Directors) held during the year ended 30 June 2024 and the number of meetings attended by each Director (including committee meetings attended by them as committee members). During the year ended 30 June 2024, ten Board meetings, four Audit Committee meetings, three Risk Committee meetings, three Nomination and Remuneration Committee meetings and four Investment Committee meetings were held.

	Board of Directors		Audit Committee		Risk Committee		Nomination and Remuneration Committee		Investment Committee	
Directors	**Ent. Att.**	**Att.**	**Ent. Att.**	**Att.**	**Ent. Att.**	**Att.**	**Ent. Att.**	**Att.**	**Ent. Att.**	**Att.**
Ms S. V. Blake	10	10	4	4	3	3	-	-	-	-
Mr P. L. Hersey	10	9	4	4	-	-	3	3	4	2
Mr R. Homsany	10	10	4	2	3	2	3	3	4	4
Mr K. B. Laufmann	10	10	-	-	3	3	3	3	4	4
Mr M. M. Malone	3	2	-	-	1	1	-	-	-	-
Mr T. W. Shackleton	10	10	-	-	-	-	-	-	-	-

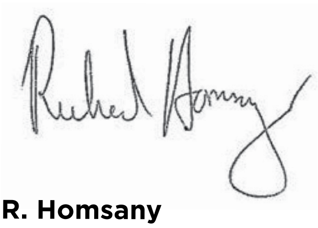
Ent. Att. – Entitled to attend.

Att. – Attended

Auditor's Independence Declaration to the Directors of Health Insurance Fund of Australia Limited

The Company has obtained an independence declaration from the Auditor, Deloitte, which is set out on the following page and forms part of this Directors' report for the year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.



R. Homsany
Chairman

Perth, 25 September 2024

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000
Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

25 September 2024

The Board of Directors
Health Insurance Fund of Australia Limited
100 Stirling St
PERTH WA 6000

Dear Board Members

Auditor's Independence Declaration to Health Insurance Fund of Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Health Insurance Fund of Australia Limited.

As lead audit partner for the audit of the financial report of Health Insurance Fund of Australia Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $	Restated[1] 2023 $
Insurance revenue	5	**184,190,821**	180,267,494
Insurance service expenses	9	**(173,340,228)**	(168,039,692)
Insurance service result		**10,850,593**	12,227,802
Investment income	6	**7,870,528**	7,074,562
Net income from financial instruments at FVTPL	7	**326,809**	1,210,465
Net investment income		**8,197,337**	8,285,027
Net insurance and investment result		**19,047,930**	20,512,829
Other income	8	**522,536**	374,471
Other operating expenses	10	**(5,202,359)**	(4,562,228)
Profit before income tax		**14,368,107**	16,325,072
Income tax expense	11	**-**	-
PROFIT AFTER INCOME TAX		**14,368,107**	16,325,072
Other comprehensive income		**-**	896,889
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14,368,107**	17,221,961

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

[1] *The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 1 b).*

Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 $	Restated [1] 2023 $	Restated [1] 01/07/2022 $
ASSETS				
Current assets				
Cash and cash equivalents	12	**18,750,388**	12,402,737	13,940,680
Trade and other receivables	13	**2,352,149**	2,385,351	1,345,452
Other financial assets	14	**58,094,453**	60,455,412	44,755,405
		79,196,990	75,243,500	60,041,537
Non-current assets				
Other financial assets	14	**78,727,162**	71,342,939	67,305,414
Property, plant and equipment	15	**13,102,499**	13,604,984	13,070,249
Investment property	16	**4,731,188**	4,500,000	4,000,000
		96,560,849	89,447,923	84,375,663
Total assets		**175,757,839**	164,691,423	144,417,200
LIABILITIES				
Current liabilities				
Trade and other payables	17	**1,942,495**	1,733,218	1,252,492
Insurance contract liabilities	18	**44,491,247**	48,201,750	46,036,988
Provisions	19	**1,808,440**	1,706,036	1,440,886
		48,242,182	51,641,004	48,730,366
Non-current liabilities				
Provisions	19	**344,849**	247,718	106,094
		344,849	247,718	106,094
Total liabilities		**48,587,031**	51,888,722	48,836,460
Net assets		**127,170,808**	112,802,701	95,580,740
EQUITY				
Reserves attributable to the entity's members				
Reserves	20	**1,384,969**	1,384,969	488,080
Retained earnings		**125,785,839**	111,417,732	95,092,660
Total equity		**127,170,808**	112,802,701	95,580,740

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

[1] The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 1 b).

Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Revaluation reserve	Retained earnings	Total
	$	$	**$**
At 1 July 2022, as previously reported	**488,080**	**89,882,155**	**90,370,235**
Impact of initial application of AASB 17	-	5,210,505	5,210,505
At 1 July 2022 (restated) [1]	**488,080**	**95,092,660**	**95,580,740**
Fair value revaluation of land and buildings	896,889	-	896,889
Profit for the year (restated)	-	16,325,072	16,325,072
Total comprehensive income for the year	896,889	16,325,072	17,221,961
At 30 June 2023 (restated) [1]	**1,384,969**	**111,417,732**	**112,802,701**
Profit for the year	-	14,368,107	14,368,107
Total comprehensive income for the year	-	14,368,107	14,368,107
At 30 June 2024	**1,384,969**	**125,785,839**	**127,170,808**

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

[1] *The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 1 b).*

Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $	Restated [1] 2023 $
Cash flows from operating activities			
Premiums received		**183,503,789**	180,857,396
Interest and unit distributions received		**7,853,173**	6,485,115
Other income received		**1,175,016**	1,103,440
Rent received		**499,932**	364,032
Claims and other insurance service expenses paid		**(176,232,596)**	(166,166,110)
Interest and other finance payments		**(405,492)**	(423,024)
Other operating payments		**(5,023,552)**	(4,332,464)
Net cash from operating activities	21	**11,370,270**	17,888,385
Cash flows from investing activities			
Payments to acquire financial assets		**(20,693,278)**	(25,283,081)
Proceeds on sale of financial assets		**15,996,823**	6,256,014
Purchases of property, plant and equipment		**(370,528)**	(399,261)
Proceeds from disposal of property, plant and equipment		**44,364**	-
Net cash used in investing activities		**(5,022,619)**	(19,426,328)
Net cash flows from financing activities		**-**	-
Net increase / (decrease) in cash and cash equivalents		**6,347,651**	(1,537,943)
Cash and cash equivalents at beginning of year		**12,402,737**	13,940,680
Cash and cash equivalents at end of year	12	**18,750,388**	12,402,737

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

[1] The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has correspondingly restated the comparative period. The impacts of adoption are detailed in note 1 b).

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies

a) General information

Health Insurance Fund of Australia Limited ('the Company') is a company limited by guarantee incorporated in Australia. The address of its registered office and principal place of business is disclosed in the corporate information on page 35. The principal activities of the Company and its subsidiaries ('the Group') are described in the Directors' Report on page 39.

b) Application of new and revised Australian Accounting Standards

b.1) New and amended Accounting Standards that are effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and are effective for the current financial reporting period beginning 1 July 2023.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments*
- *Extension of the Temporary Exemption from Applying* AASB 9 (Amendments to AASB 4)
- AASB 17 *Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

With the exception of AASB 17, the impacts of which are detailed below, the adoption of these Standards and Interpretations did not have a significant impact on the Group's financial statements.

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ending 30 June 2024. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Group:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024	30 June 2025
• AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*	1 January 2024	30 June 2025

1 Background information and material accounting policies (continued)

b) Application of new and revised Australian Accounting Standards (continued)

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 17 Insurance Contracts

AASB 17 *Insurance Contracts* (AASB 17) is a comprehensive new accounting standard for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. The Group adopted AASB 17 for the first time in the financial year ending 30 June 2024.

AASB 17 includes transitional provisions which require retrospective application and restatement of comparative information as if AASB 17 had always been in effect, except to the extent that it is impracticable to do so. The adoption of AASB 17 resulted in an increase in net assets as at 1 July 2022 of $5.2 million. The opening net asset impact reflects no longer recognising a deferred claims liability of $8.8 million; offset by no longer recognising deferred acquisition costs of $1.9 million and not using one month's hindsight in the outstanding claims valuation of $1.7 million.

c) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* (Cth), Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group and Company. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 25 September 2024.

d) Basis of preparation

The consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and requirements of the Australian Prudential Regulation Authority (APRA).

These financial statements have been prepared on a historical cost basis, except for land and buildings, investment property and financial assets at fair value through profit and loss, which have been measured at fair value, as explained in the accounting policies below.

All amounts are presented in Australian dollars, which is the Group's functional currency, unless otherwise noted.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies (continued)

e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

f) Insurance contracts

Insurance revenue

Insurance revenue is measured under the premium allocation approach (PAA). The PAA is applied because the coverage period of the contracts is one year or less.

(i) Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- the date when a group of contracts becomes onerous.

On initial recognition, the Group measures the liability for remaining coverage (LRC) at the amount of premiums received in cash. Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

For groups of contracts accounted for under the PAA and that have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group has applied this option.

(ii) Discount rates

The Group has determined that there is no significant financing component in the insurance contracts and therefore does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies (continued)

f) Insurance contracts (continued)

Insurance revenue (continued)

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. However, the Group has reviewed all contracts and determined that all contracts within each product line, as defined for management purposes , have similar risks and, therefore, represent a portfolio of contracts when they are managed together. Each portfolio is sub-divided into groups of contracts being the level of aggregation to which the recognition and measurement requirements of AASB 17 are applied. At initial recognition, the Group segregates contracts based on when they were issued. A group contains all contracts that were issued within a 12-month period. Each group is then further disaggregated into three groups of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

(iv) Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows expected to arise within the boundary of each of the contracts in the group.

The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- the boundary assessment is performed at a portfolio rather than individual contract level, in which case there are two criteria that both need to be satisfied. The Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders and the Group's pricing must not take into account any risks beyond the next reassessment date.

(v) Onerous contracts

If a group of contracts is onerous, the Group recognises a loss on initial recognition, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

Subsequently, if facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies (continued)

f) Insurance contracts (continued)

Insurance service expense

Insurance service expense arising from insurance contracts issued comprises:

- changes in the liability for incurred claims (LIC) related to claims and expenses incurred in the period excluding repayment of investment components;
- changes in the LIC related to claims and expenses incurred in prior periods; and
- other directly attributable expenses incurred in the period.

Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses.

g) Risk Equalisation Special Account levies / recoveries

Under the provisions of the *Private Health Insurance Act 2007* (Cth), all health insurers must participate in the Risk Equalisation Special Account (RESA). The RESA shares a proportion of the hospital claims of all persons aged 55 years and over and those persons with claims in excess of $50,000 in the current and preceding three quarters, amongst all health insurers based upon the number of policy holders. Individual health insurers are required to pay in to the RESA or receive a payment from the RESA for the difference between their proportional share and their actual claims paid.

The amounts payable to and receivable from the Risk Equalisation Special Account are determined by APRA after the end of each quarter. Estimated provisions for amounts payable and income receivable are recognised on an accrual basis and included in the statement of financial position as part of insurance contract liabilities.

h) Other revenue

Interest

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

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Commission income

Commission income from referrals to third party pet and travel insurers is recognised when received.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies (continued)

i) Financial assets at fair value through profit or loss

(i) Financial assets backing health insurance liabilities

Assets backing health insurance liabilities are segregated from other assets.

Financial assets are held to back health insurance liabilities on the basis that these assets are valued at fair value in the statement of financial position, and consist of liquid and high quality investments such as cash and fixed income securities.

The management of financial assets and health insurance liabilities are closely monitored to ensure that investments are appropriate, given the expected pattern of future cash flows arising from health insurance liabilities.

Financial assets backing health insurance liabilities are designated at fair value through profit or loss. Initial recognition is at cost and subsequent measurement is at fair value in the statement of financial position with any resultant unrealised profits and losses recognised in the statement of profit or loss and other comprehensive income.

(ii) Determination of fair value

Fair value for the various types of financial assets is determined as follows:

(a) Cash and term deposits – at face value of the amounts deposited;

(b) Unlisted securities – based on redemption value per unit as reported by the fund managers using valuation techniques.

Such valuation techniques include the use of recent arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(iii) Recognition and de-recognition

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the Group commits to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership.

j) Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

1 Background information and material accounting policies (continued)

k) Property, plant and equipment

Property, plant and equipment, excluding buildings and freehold land, are depreciated over their estimated useful lives using the reducing balance and straight line methods. Buildings are depreciated on a straight line basis to write off the net cost or revalued amount over their expected useful lives. Depreciation rates are as follows:

Freehold buildings	2.5%
Office furniture and equipment	5.0% – 33.3%
Motor vehicles	20.0%

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Buildings and freehold land are valued using the revaluation model whereby measurement subsequent to initial recognition is at fair value at the date of the latest revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

Every third year the valuations are based on external property valuation reports. In the intervening years, valuations are based on management estimates. All properties are valued simultaneously.

When a revaluation increases the carrying value of a property, the increase is credited directly to equity under the heading of revaluation reserve. However, an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss and other comprehensive income.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income. However, any decrease is debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Any remaining balance on the revaluation reserve is credited to retained earnings when the corresponding property is de-recognised.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

l) Cash and cash equivalents

Cash and short term deposits comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Background information and material accounting policies (continued)

m) Receivables

Trade receivables, which generally have 15-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts or expected credit losses is made when there is objective evidence that the entity will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of doubtful debts. Bad debts are written off when identified.

n) Taxation

(i) Income tax

In accordance with Section 50 - 30 of the *Income Tax Assessment Act 1997* (Cth), the income of the Company is exempt from income tax. The profit of the controlled entity, which is included in the consolidated statements of the Group, has been determined after providing for taxation expense at 30% of the controlled entity's pre-tax operating profit, adjusted for exempt income and non-deductible expenses.

(ii) Deferred tax

Deferred tax is provided in full, using the statement of financial position approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes attributable to amounts recognised directly in equity are recognised in equity.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables and payables.

Cash flows are included in the statement of cash flows on a gross basis.

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

1 Background information and material accounting policies (continued)

o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Any resultant write-down is recognised as an expense in the reporting period in which it occurs, unless the asset had previously been revalued, in which case the previous revaluation is written back with any excess being expensed.

The recoverable amount is the higher of an asset's fair value, less direct selling costs, and its value in use. In assessing the value-in-use of assets, the relevant cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or company of assets.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable operational cash flows (cash generating units).

p) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Payables generally have 15 - 30 day terms.

q) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave and they are measured at their nominal value, except the liability for long service leave which is measured as the present value of the expected payments to be made in respect of services provided by employees up to the reporting date.

Liabilities arising in respect of wages and salaries, annual leave, personal leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

r) Leasing

(i) The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group has determined that it does not have any contracts where the Group is a lessee.

1 Background information and material accounting policies (continued)

r) Leasing (continued)

(ii) The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

s) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Level of aggregation

The Group applies judgment when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

a) Critical judgements in applying the Group's accounting policies (continued)

Assessment of directly attributable cash flows

The Group applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates to the fulfilment cash flows, fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

Discount rates

The Group has adopted the PAA method where the contract boundary and related cashflows are expected to be one year or less. The Group's claims profile is short-tailed with claim payments in excess of 12 months being immaterial. Therefore, the Group has elected not to apply discounting.

b) Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Risk Adjustment for non-financial risk

The risk adjustment for the non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk and reflects the degree of the Group's risk aversion. The Group determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Group has set the risk adjustment equal to the bottom of the net margin target range set out in the Group's pricing philosophy of 1% (2023:1%).

Liability for incurred claims

Actuarial estimates are obtained after analysis of past claims experience. From these analyses, models of the claim payment process can be established and used to project future payments on claims outstanding at the balance date.

The estimates of outstanding claims obtained in this manner are estimates in the sense that there is a degree of uncertainty as to the difference which will ultimately arise between the estimates and the final result of the experience. This uncertainty arises from four sources:

(i) the nature of the claims process is not fully understood, it might be that none of the valuation models used is an entirely accurate representation of reality;

(ii) there are components of randomness in the claims process, it is not possible to estimate the parameters of that process with complete precision even if complete confidence were felt in the nature of the model;

(iii) any erroneous data will similarly have introduced uncertainties into the estimates of those parameters;

(iv) even if the parameters could be estimated with precision, it would not be possible to predict outstanding claims with the same precision because of the random component in future experience.

Notes to the consolidated financial statements

For the year ended 30 June 2024

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

Errors associated with (ii) and (iv) can be quantified in a formal way (estimation and statistical errors). However a large part of the uncertainty is associated with (i) (model specification error), and it is not possible to quantify this component.

The investigation and application of different models to the data is intended to reduce the model specification error, although the extent to which this is achieved is unknown.

The initial estimates obtained from the calculations are central estimates in the sense that they incorporate no deliberate bias towards over or under estimation. By definition, the estimates are intended to have about an even chance of ultimately turning out to be sufficient.

The nature of health insurance claims is such that the actual value of the liabilities is unknown because claims experience is subject to random fluctuations. The amount of the claim liability cannot be estimated with certainty. Also it is very difficult to determine the central estimate with a reasonable degree of precision. For this reason the inherent uncertainty in the central estimate must also be considered.

3 Underwriting risk

a) Actuarial methods and assumptions

Claims estimates for the health insurance classes are derived from an analysis of two different actuarial models. Ultimate number of claims incurred are projected based on changes in claimant behaviour over time and past reporting patterns. Payments experience is analysed based on trends in ultimate incurred by month and paid chain ladder. The resulting projected payments from these models are used to determine the final estimate of outstanding claims. The analysis and projection work is done for three valuation categories i.e. hospital, medical and general and consolidated into two health insurance classes, i.e. hospital including medical and general. The exposure period is month of service.

(i) Assumptions

	2024	2023
Weighted average expected term to settlement	**Months**	**Months**
Gross central estimate	**1.65**	1.72
Risk equalisation recoveries	**1.58**	1.67
Net central estimate	**1.65**	1.72
	Percent	**Percent**
Claims handling expense rate	**2.00%**	2.00%
Risk adjustment LIC	**4.00%**	4.00%

3 Underwriting risk (continued)

a) Actuarial methods and assumptions (continued)

(ii) Processes used to determine assumptions

Average weighted term to settlement

The average term to settlement is calculated separately by class of business based on historic payment patterns.

Future claim reports (IBNR)

Future claim reports are analysed using the ratio of late reported claims to reported claims over future development periods.

Expense rate

Claims handling expenses were calculated by analysis of the Group's actual expenses from profit or loss statements over the last 12 months.

Risk adjustment LIC

The risk adjustment recognised in relation to the LIC corresponds to a confidence level of 75% (2023 75%).

Onerous Contracts

The risk adjustment for onerous contracts is equal to the bottom of the net margin target range set out in the Group's pricing philosophy which corresponds to a confidence level of at least 60%.

b) Contract boundary

A contract boundary of 90 days has been chosen which represents the expected response time the Group would require to make an operational change and provide notice to policyholders of the detrimental change.

c) Onerous contracts

Onerous contracts testing is done at the product level which is consistent with other reporting for management purposes.

d) Concentration risk

The Group underwrites one class of business being health insurance. Geographical concentrations are detailed in note 5.

e) Sensitivity analysis – insurance contracts

The Group conducts sensitivity analyses to quantify the exposure risk of changes in the key underlying variables and assumptions, as described above. The movement in any key variable will impact the performance and equity of the Group.

The following table details the impact of changes in key assumptions on the Group's profit and loss and equity both gross and net of risk equalisation. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

3 Underwriting risk (continued)

e) Sensitivity analysis - insurance contracts (continued)

Variable	Impact of movement in variable
Average weighted term to settlement	Does not directly affect the insurance liabilities.
Adopted reporting rates	Used to determine the level of claims IBNR. An increase or decrease in lodgements has a corresponding impact on claims expense.
Incurred cost in latest two service months	A change in the ultimate claims cost incurred for the most recent two service months will have a disproportionate impact on the outstanding claims amount due to the claim payments made to date.
Sufficiency margin	An increase or decrease in the coefficient of variation has a corresponding impact on the risk adjustment LIC and hence on the actuarial provision.
Claims handling expenses	An increase or decrease in the expense rate assumption has a corresponding impact on claims expense.

Impact of changes in key variables

		Increase / (decrease) in profit and equity ($) 2024		2023	
Variable	Movement in variable	Gross of risk equalisation	Net of risk equalisation	Gross of risk equalisation	Net of risk equalisation
Adopted reporting rates	1% decrease	**156,824**	**168,237**	75,601	83,777
	1% increase	**(156,322)**	**(167,696)**	(75,496)	(83,660)
Incurred cost in latest two service months	1% decrease	**255,819**	**269,809**	271,285	293,600
	1% increase	**(255,819)**	**(269,809)**	(271,285)	(293,600)
Sufficiency margin	1% decrease	**132,943**	**142,534**	143,191	158,685
	1% increase	**(132,943)**	**(142,534)**	(143,191)	(158,685)
Claims handling expenses	1% decrease	**135,549**	**135,549**	147,543	147,543
	1% increase	**(135,549)**	**(135,549)**	(147,543)	(147,543)

4 Risk management

The Company's financial condition and operating activities are affected by several key financial and non-financial risks. Financial risks include capital and liquidity risk, investment risk and insurance risk. Non-financial risks include strategic and operational risks. The Company's approach to managing these financial and non-financial risks are set out in this note.

a) Corporate governance framework

The Board of the Company is responsible for corporate governance. The Board determines the Company's overall risk appetite and approves the management strategies, policies and practices to ensure that material business risks, including compliance risks, are identified and managed within the context of this appetite.

Audit Committee

The Audit Committee is a sub-committee of the Board. The Audit Committee oversees the financial reporting process and the controls in place to ensure the transparency and integrity of internal and published financial information and the circumstances under which the Company's business funding could become inadequate or restricted. The Audit Committee's role includes: reviewing the effectiveness of the Company's financial reporting and advising the Board on the quality and reliability of financial information; overseeing the external audit, internal audit and appointed actuary functions including making recommendations to the Board on the appointment, evaluation and removal of the Appointed Auditor, Internal Auditor and Appointed Actuary; and ensuring there is a whistle-blowing process in place, including suitable policies and procedures, for the confidential reporting of concerns about the Company's accounting practices, controls, compliance, audit and other matters.

Risk Committee

The Risk Committee is a sub-committee of the Board. The Risk Committee oversees the implementation and operation of the Company's risk management framework (RMF). The Risk Committee's role includes: overseeing and ensuring that an appropriate framework of policies, procedures, internal controls, reporting, ethical standards and management accountability are established for risk management and legal and regulatory compliance and are consistently maintained and adhered to.

The Risk Committee's responsibilities include to:

(i) review the Board's risk appetite and risk appetite statement for consideration and approval by the Board;

(ii) oversee the Company's current and future risk position relative to the Board's risk appetite and capital strength;

(iii) ensure the Company has established and maintains an appropriate policy and process to identify, assess, manage and report on the risks that could materially affect the business of the Company;

(iv) monitor the appropriateness and effectiveness of the RMF and internal controls ensuring that where any major deficiencies or breakdown in controls have been identified, appropriate and prompt action is taken by management;

(v) monitor the alignment of the capital and liquidity requirements within the Company's risk profile having regard to the Board's appetite for risk and risk tolerances and reviewing policies and procedures required to be authorised by the Board to support the RMF;

4 Risk management (countinued)

a) Corporate governance framework (continued)

Risk Committee (continued)

(vi) oversee management's implementation of the risk management strategy;

(vii) ensure management has established and maintains systems, processes and procedures for compliance with relevant legal and regulatory requirements; and

(viii) oversee senior management's promotion, and staff awareness and understanding, of a risk-based culture that properly and effectively balances risk and reward for the risks accepted.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a sub-committee of the Board. The Nomination and Remuneration Committee is responsible for overseeing the Board's renewal, Director nomination, independence, performance assessment and remuneration processes to support the Board in fulfilling its corporate governance responsibilities.

Investment Committee

The Investment Committee is a sub-committee of the Board. The Investment Committee is responsible for monitoring and reviewing the effectiveness of the Company's investment policies and processes in achieving an optimum return relative to the Board's risk appetite; authorising investment decisions on behalf of the Board; and monitoring legislative compliance in relation to the solvency and capital adequacy implications of investment decisions. The Investment Committee utilises specialised investment management services for the management of the investment portfolio.

Board

The Board is responsible for the overall governance and performance of the Company, by providing strategic guidance and effective oversight of management, as well as satisfying other regulatory and ethical expectations and obligations. The Board is also responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board has several mechanisms in place to ensure this is achieved. In addition to the establishment of the committees referred to above, these mechanisms include the following:

(i) providing strategic direction through constructive engagement in the development, execution and modification of the Company's strategy;

(ii) actively promoting and reinforcing the Company's values and desired culture of acting lawfully, ethically and responsibly; and

(iii) assessing business performance against Board approved budgets, targets and strategies.

4 Risk management (countinued)

b) Financial risks

Capital and liquidity risk

Capital comprises the total equity as reflected in the statement of financial position. The Company operates within the regulatory environment established by the *Private Health Insurance Act 2007* (Cth) (the "Act"). The regulatory body for the private health insurance industry is APRA. The Company is subject to the capital adequacy standards applied by the Act and regulated by APRA. The Company is required to submit quarterly returns to APRA as well as an annual audited return that is used to establish whether the Company complies with the standards. The Company has exceeded the required capital adequacy reserves throughout the year.

The Company makes use of the financial condition report (FCR) prepared by its Appointed Actuary to inform the Board about decisions on capital management issues. The FCR is a medium term projection of the overall financial position of the business under a variety of economic and operating scenarios, allowing for new business. The FCR considers a number of key performance indicators in addition to solvency and capital requirements. The FCR enables the Company to assess a range of risks to which the business is exposed, their evolution over time, and the impact of the mitigating actions that might be taken.

Other tools the Company utilises to manage its capital requirements are the annual premium submission to the Department of Health and Aged Care, forecasts, the annual budget and monthly management accounts. The annual premium submission considers the financial impact of the Company's plans over the next two years and the impact on capital adequacy and solvency. The annual premium submission, which is reviewed by the Company's Appointed Actuary, is approved by the Minister for Health and Aged Care.

With regards to liquidity risk management, refer to note 25.

Insurance risk

The Company's insurance activities primarily involve the underwriting of risks and claim management. The Company employs a disciplined approach to underwriting and risk management that emphasises maximising member benefits rather than a premium, volume or market share oriented approach.

(i) Risk management objectives and policies for mitigating insurance risk

Risk management activities include prudent underwriting, pricing, claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the Company's overall health insurance operations.

The key policies in place to mitigate risks arising from writing health insurance contracts include the following:

(a) the maintenance and use of management information systems that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time;

(b) the use of actuarial models based on historical data to calculate premiums and monitor claims patterns;

(c) the mix of assets invested in is matched to the term of the insurance liabilities to maximise investment performance;

(d) the diversification of business over two classes of insurance and a large number of uncorrelated individual risks seeks to reduce variability in loss experience.

Notes to the consolidated financial statements

For the year ended 30 June 2024

4 Risk management (countinued)

b) Financial risks (continued)

Insurance risk (continued)

(ii) Terms and conditions of health insurance business

The terms and conditions attached to health insurance contracts affect the level of insurance risk accepted by the Company. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

(iii) Concentration of insurance risk

The Company's exposure is concentrated in Western Australia where 60% of its policyholders reside. This concentration risk will change as the Company expands its business in other States and Territories.

(iv) Claims management and claims provisioning risks

The Company's approach to determining the liability for incurred claims is set out in note 3. The Company's Appointed Actuary determines the Company's insurance contract liabilities, that are reported at balance date, using an approved actuarial methodology.

Investment risk

With regards to investment risk management, including market risk and interest rate risk, refer to note 25.

c) Non-financial risks

The Company's material non-financial risks comprise of both strategic and operational risks. Strategic risks include brand and reputational risk; conduct risk and regulatory and compliance risk. Operational risks include cyber and information security risk; data governance risk; and technology risk.

The Board accepts a certain amount of risk in pursuit of the Company's strategic objectives and in achieving its vision of renewing community confidence. The Board will however only accept material business risks that have been carefully assessed and for which it has geared itself to accept, including through operating effective controls to avoid unwelcome risk, mitigating the likelihood of this risk occurring, and reducing the resulting impact of this risk.

Notes to the consolidated financial statements

For the year ended 30 June 2024

5 Insurance revenue

	Hospital tables	General tables	Total
	$	$	$
Insurance revenue has been determined after including:			
2024 Insurance revenue			
Premiums received including Federal Government rebates under the premium allocation approach	**127,008,727**	**56,280,264**	**183,288,991**
+/- premiums in arrears	**(28,001)**	**(13,930)**	**(41,931)**
+/- unearned premium liability	**782,080**	**369,397**	**1,151,477**
+/- amount receivable from the Federal Government Rebate Incentives Scheme	**(144,093)**	**(63,623)**	**(207,716)**
Total insurance revenue	**127,618,713**	**56,572,108**	**184,190,821**
2023 Insurance revenue			
Premiums received including Federal Government rebates under the premium allocation approach	124,386,890	56,271,310	180,658,200
+/- premiums in arrears	(14,381)	(8,194)	(22,575)
+/- unearned premium liability	(488,070)	(240,563)	(728,633)
+/- amount receivable from the Federal Government Rebate Incentives Scheme	250,302	110,200	360,502
Total insurance revenue	124,134,741	56,132,753	180,267,494

The Group assessed the disaggregation of the revenue by geographical region and type of policies. This is information regularly reviewed by the Board to evaluate the financial performance of the Group. The Group's revenue from external customers by geographical location and type of policy are detailed below.

	2024	2023
Geographical region	$	$
Australian Capital Territory	**1,254,935**	1,232,769
New South Wales	**17,800,570**	17,701,990
Northern Territory	**257,745**	233,704
Queensland	**16,465,303**	16,108,916
South Australia	**4,520,845**	4,406,654
Tasmania	**992,152**	976,405
Victoria	**27,679,796**	27,557,234
Western Australia	**115,219,475**	112,049,822
	184,190,821	180,267,494

5 Insurance revenue (continued)

	2024	2023
	$	$
Type of policy		
Complying health insurance products	**182,403,774**	178,575,840
Overseas visitor cover	**1,787,047**	1,691,654
	184,190,821	180,267,494

6 Investment income

	2024	Restated 2023
	$	$
Investment income	**3,432,886**	2,027,236
Distribution income from unit trust investments	**4,437,642**	5,047,326
	7,870,528	7,074,562

7 Net income from financial instruments at FVTPL

	2024	2023
	$	$
Unrealised fair value gain	**326,809**	1,210,465

Fair value gains represent movements on equity and fixed interest unit trust investments.

8 Other income

	2024	Restated 2023
	$	$
Profit from sale of property, plant and equipment	**16,799**	-
Rental revenue	**454,483**	330,938
Other revenue	**51,254**	43,533
	522,536	374,471

Notes to the consolidated financial statements

For the year ended 30 June 2024

9 Insurance service expenses

	Current year	Prior years	Total
	$	$	$
2024			
Gross claims incurred	**152,107,831**	**(9,947,330)**	**142,160,501**
Ambulance levies	**521,969**	**-**	**521,969**
Onerous contract expense	**708,497**	**-**	**708,497**
Risk equalisation expense	**7,442,129**	**(2,492,391)**	**4,949,738**
Net claims incurred	**160,780,426**	**(12,439,721)**	**148,340,705**
Attributable expenses	**24,999,523**	**-**	**24,999,523**
Insurance service expenses	**185,779,949**	**(12,439,721)**	**173,340,228**
Restated 2023			
Gross claims incurred	140,127,831	(5,249,523)	134,878,308
Ambulance levies	495,709	-	495,709
Onerous contract expense	511,716	-	511,716
Risk equalisation expense	15,134,647	(6,122,459)	9,012,188
Net claims incurred	156,269,903	(11,371,982)	144,897,921
Attributable expenses	23,141,771	-	23,141,771
Insurance service expenses	179,411,674	(11,371,982)	168,039,692

10 Other operating expenses

	2024	Restated 2023
	$	$
Information technology	**623,472**	528,356
Depreciation	**251,298**	283,494
Post-employment benefits	**258,476**	210,733
Other employee benefits	**2,666,774**	2,270,786
Legal fees	**8,907**	10,563
Postage and telephone	**11,047**	10,376
Printing and stationery	**3,207**	7,224
Rental and property expenses	**169,584**	212,299
Financial charges and taxes	**202,746**	211,512
Other expenses	**1,006,848**	816,885
	5,202,359	4,562,228

Notes to the consolidated financial statements

For the year ended 30 June 2024

11 Income tax expense

	2024	Restated 2023
	$	$
Total tax expense charged to profit or loss	-	-
Reconciliation between net profit before tax and tax expense		
Profit before income tax expense	**14,368,107**	16,325,072
Tax at the Australian tax rate of 30% (2023: 30%)	**4,310,432**	4,897,522
Exempt income of parent entity	**(4,310,432)**	(4,897,522)
Tax expense for the year	-	-

12 Cash and cash equivalents

	2024	2023
	$	$
Cash on hand	**500**	617
Cash at bank and equivalents	**18,749,888**	12,402,120
	18,750,388	12,402,737

13 Trade and other receivables

	2024	Restated 2023
	$	$
Investment income receivable	**705,317**	687,962
Other amounts receivable	**1,646,832**	1,697,389
	2,352,149	2,385,351

14 Other financial assets

	2024	2023
	$	$
Current		
Term deposits	**58,094,453**	60,455,412
Non-current		
Investments in unit trusts	**78,727,162**	71,342,939

The Group holds investments in unit trusts carried at fair value through profit or loss (FVTPL).

Notes to the consolidated financial statements

For the year ended 30 June 2024

15 Property, plant and equipment

	2024	2023
	$	$
Land at fair value	**3,300,000**	3,300,000
Buildings at fair value	**9,871,664**	9,871,664
Less: accumulated depreciation	**(837,207)**	(571,664)
	12,334,457	12,600,000
Office furniture and equipment - at cost	**4,707,938**	4,684,683
Less: accumulated depreciation	**(4,086,820)**	(3,785,647)
	621,118	899,036
Motor vehicles - at cost	**236,897**	198,605
Less: accumulated depreciation	**(89,973)**	(92,657)
	146,924	105,948
Total property, plant and equipment	**13,102,499**	13,604,984

The basis of valuation for land and buildings is the fair value based on existing use. The Company's Board is of the opinion that this basis provides a reasonable estimate of the recoverable amount. There was a revaluation of the Company's freehold land and buildings in June 2023. The valuation was based on the fair market value of the property at that date by reference to several methodologies including capitalisation method and discounted cash flow approach and was conducted in accordance with independent valuation standards. The valuation was performed by Cameron Thomson of Knight Frank Australia Pty Ltd who is a Certified Practising Valuer (Licensed Valuer # 45149). The next independent valuation will be conducted in June 2026. The historic cost of the revalued land and buildings was $2,068,152.

	Land & buildings	Office furniture & equipment	Motor vehicles	Total
	$	$	$	$
Reconciliation of property, plant and equipment 2024				
Carrying amount at 1 July 2023	**12,600,000**	**899,036**	**105,948**	**13,604,984**
Additions	**-**	**23,254**	**106,764**	**130,018**
Disposals	**-**	**-**	**(27,564)**	**(27,564)**
Depreciation expense	**(265,543)**	**(301,172)**	**(38,224)**	**(604,939)**
Carrying amount at 30 June 2024	**12,334,457**	**621,118**	**146,924**	**13,102,499**
Reconciliation of property, plant and equipment 2023				
Carrying amount at 1 July 2022	11,969,853	957,147	143,249	13,070,249
Revaluation	896,889	-	-	896,889
Additions	-	399,261	-	399,261
Assets written off during the year	-	(52,679)	-	(52,679)
Depreciation expense	(266,742)	(404,693)	(37,301)	(708,736)
Carrying amount at 30 June 2023	12,600,000	899,036	105,948	13,604,984

Notes to the consolidated financial statements

For the year ended 30 June 2024

16 Investment property

	2024	2023
	$	$
Fair value		
Investment property	**4,731,188**	4,500,000
Balance at beginning of year	**4,500,000**	4,000,000
Additions	**240,510**	-
Less: accumulated depreciation	**(9,322)**	-
Revaluation	**-**	500,000
Balance at end of year	**4,731,188**	4,500,000

All of the Group's investment property is held under freehold interests.

The fair value of the Group's investment property as at 30 June 2024 has been arrived at on the basis of a valuation carried out in June 2023 by Cameron Thomson of Knight Frank Australia Pty Ltd who is an independent valuer not related to the Group. Mr Cameron is a member of the Institute of Valuers of Australia, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation was based on the fair market value of the property at that date by reference to several methodologies including income capitalisation method and direct comparison approach and was conducted in accordance with independent valuation standards. In estimating the fair value of the properties, the highest and best use of the property is its current use. The next independent valuation will be conducted in June 2026.

17 Trade and other payables

	2024	Restated 2023
	$	$
Trade payables	**573,435**	657,934
Other creditors	**1,369,060**	1,075,284
	1,942,495	1,733,218

The average credit period on purchases is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice.

Notes to the consolidated financial statements

For the year ended 30 June 2024

18 Insurance contract liabilities

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
2024					
Insurance contract liabilities at 1 July	24,370,806	511,716	22,678,186	641,042	48,201,750
Insurance revenue (a)	(184,190,821)	-	-	-	(184,190,821)
Incurred claims and other attributable expenses	-	-	174,270,578	(70,906)	174,199,672
Losses and reversals of losses on onerous contracts that relate to future service	-	708,497	-	-	708,497
Changes that relate to past service – prior underwriting years	-	-	(1,567,941)	-	(1,567,941)
Insurance service expenses (b)	-	708,497	172,702,637	(70,906)	173,340,228
Insurance service result (a)+(b)	(184,190,821)	708,497	172,702,637	(70,906)	(10,850,593)
Statement of comprehensive income	(184,190,821)	708,497	172,702,637	(70,906)	(10,850,593)
Cash flows					
Premium received	183,503,789	-	-	-	183,503,789
Claims and other insurance service expense paid	-	-	(176,232,596)	-	(176,232,596)
Total cash flows	183,503,789	-	(176,232,596)	-	7,271,193
Other movements	(217,712)	-	86,609	-	(131,103)
Insurance contract liabilities at 30 June	23,466,062	1,220,213	19,234,836	570,136	44,491,247

Notes to the consolidated financial statements

For the year ended 30 June 2024

18 Insurance contract liabilities (continued)

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Restated 2023					
Insurance contract liabilities at 1 July	23,981,171	-	21,429,829	625,988	46,036,988
Insurance revenue (a)	(180,267,494)	-	-	-	(180,267,494)
Incurred claims and other attributable expenses	-	-	168,756,591	15,054	168,771,645
Losses and reversals of losses on onerous contracts that relate to future service	-	511,716	-	-	511,716
Changes that relate to past service – prior underwriting years	-	-	(1,243,669)	-	(1,243,669)
Insurance service expenses (b)	-	511,716	167,512,922	15,054	168,039,692
Insurance service result (a)+(b)	(180,267,494)	511,716	167,512,922	15,054	(12,227,802)
Statement of comprehensive income	(180,267,494)	511,716	167,512,922	15,054	(12,227,802)
Cash flows					
Premium received	180,857,396	-	-	-	180,857,396
Claims and other insurance service expense paid	-	-	(166,166,110)	-	(166,166,110)
Total cash flows	180,857,396	-	(166,166,110)	-	14,691,286
Other movements	(200,267)	-	(98,455)	-	(298,722)
Insurance contract liabilities at 30 June	24,370,806	511,716	22,678,186	641,042	48,201,750

Notes to the consolidated financial statements

For the year ended 30 June 2024

19 Provisions

	2024	2023
	$	$
Current		
Annual leave	**975,665**	992,048
Long service leave	**832,775**	713,988
	1,808,440	1,706,036
Non-current		
Long service leave	**344,849**	247,718

20 Reserves

	2024	2023
	$	$
Reserves comprise revaluation of: Land and buildings	**1,384,969**	1,384,969

The land and buildings revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties' revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings. The land and building at 100 Stirling St was revalued at 30 June 2023 resulting in an increase in value of $896,889 against the reserve.

21 Reconciliation of profit for the year to net cash flows from operating activities

	2024	Restated 2023
	$	$
Net profit from ordinary activities after tax	**14,368,107**	16,325,072
Adjustments for:		
Depreciation of property, plant and equipment	**614,261**	708,736
Profit on sale of property, plant and equipment	**(16,799)**	-
Net loss on write-down of property, plant and equipment	**-**	52,679
Fair value gains on financial assets	**(326,809)**	(1,210,465)
Operating cash flows before movements in working capital	**14,638,760**	15,876,022
(Decrease) / increase in insurance contract liabilities	**(3,710,504)**	2,164,762
Increase in employee entitlements	**199,536**	406,774
Decrease / (increase) in other assets	**50,556**	(450,450)
Increase in creditors	**209,277**	480,724
Increase in interest receivable	**(17,355)**	(589,447)
Net cash generated by operating activities	**11,370,270**	17,888,385

As the Group does not have any debt, there is no changes in the Group's liabilities arising from financing activities.

22 Related party disclosures

The names of each person holding the position of director of the Company during the financial year are:

S. V. Blake, P. L. Hersey, R. Homsany, K.B. Laufmann, M. M. Malone and T .W. Shackleton.

Directors of the Company are entitled to receive Company health benefits at subsidised rates applicable to all employees.

Transactions with related entities

There were no transactions with related entities in the current financial year.

Key management personnel compensation

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

	2024	2023
	$	$
Short-term employee benefits	**3,018,735**	2,701,315
Post-employment benefits	**288,583**	245,756
	3,307,318	2,947,071

23 Subsidiary entity information

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

Health Insurance Fund of Australia Ltd has a 100% owned subsidiary, Health Insurance Australia Pty Ltd (HIA). HIA has no ongoing trading activities. HIA's assets consist of an intercompany loan to the parent entity of $30,758 (2023: $30,758).

24 Remuneration of auditors

	2024	2023
	$	$
Deloitte and related network firms		
- Audit or review of financial reports for Group and subsidiaries	**313,138**	171,544
- Other Services	**-**	-
PricewaterhouseCoopers and their related network firms		
- Internal audit services	**208,800**	184,564
Grant Thornton and related network firms		
- Other Services	**57,733**	-
	579,671	356,108

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments

a) Financial risk

The Group is exposed to a number of forms of financial risk, the most significant being market risk. This section provides an explanation of the other aspects in which the Group is affected by financial risks.

(i) Market risk

The Group takes on exposure to market risks including fair value risk, interest risk and price risk. Market risks arise from open positions in interest rates and equity products, all of which are exposed to general and specific market movements. The market risks that the Group primarily faces are equity risk and interest rate risk, due to the nature of its investments and liabilities.

Investment activity for the Group is undertaken in accordance with an investment policy established by the Board. The policy stipulates cash flow requirements, liquidity management, authorised investments and maximums, composition of portfolio, performance benchmarks and credit structure.

At 30 June, the Group had the following mix of financial assets exposed to equities price risk:

	2024	2023
	$	$
Financial assets		
Investment in unit trusts	**78,727,162**	71,342,939

The unit trusts invest in companies listed on Australian and international stock exchanges.

At 30 June, if the S&P/ASX 300 Index had moved, as illustrated in the table below, with all other variables held constant, post tax profit/equity would have been affected as follows:

	Post tax profit / equity higher / (lower) 2024	2023
	$	$
+ 10% S&P/ASX 300 Index	**3,397,713**	2,951,359
- 10% S&P/ASX 300 Index	**(3,397,713)**	(2,951,359)

25 Financial instruments (continued)

a) Financial risk (continued)

(ii) Interest rate risk

The Group manages its exposure to interest rate risk through a diversified portfolio of investments including property and equity investments in addition to interest bearing assets. The interest bearing assets are further diversified in type and duration.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2024	2023
	$	$
Financial assets		
Cash and cash equivalents	**18,750,388**	12,402,737
Term deposits	**58,094,453**	60,455,412
	76,844,841	72,858,149

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and hence equity would have been affected as follows:

	Post tax profit / equity higher / (lower) 2024	2023
	$	$
- 0.5% (50 basis points)	**(607,974)**	(573,437)

The movements in profit / equity are due to higher / lower interest income from variable rate cash and term deposit balances.

(iii) Liquidity risk

The Group is exposed to daily calls on its available cash resources from policy claims. Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. The Company's Board sets limits on the minimum proportion of maturing funds available to meet such calls and to cover claims at unexpected levels of demand.

The following table reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and insurance contract liabilities at 30 June 2024. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and insurance contract liabilities without fixed amount or timing are based on the conditions existing at 30 June 2024.

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

a) Financial risk (continued)

Maturity analysis of financial assets and liabilites

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Payables and liabilty for incurred claims mainly originate from the ongoing operations of the Group such as overhead expenses and investments in working capital. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its various business units that reflects expectations of management of expected settlement of financial assets and liabilities. The financial assets at fair value through profit and loss categorised as maturing in less than or equal to 3 months have been categorised as such because there is no maturity date, however, they are disclosed as non current assets on the consolidation statement of financial position as it is the intention to hold these investments for greater than 12 months.

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	18,750,388	-	-	-	-	18,750,388
Term deposits	9,749,351	34,424,589	14,625,830	-	-	58,799,770
Receivables	1,646,832	-	-	-	-	1,646,832
Financial assets at fair value through profit or loss	78,727,162	-	-	-	-	78,727,162
	108,873,733	34,424,589	14,625,830	-	-	157,924,152
Financial liabilities						
Payables	(1,942,495)	-	-	-	-	(1,942,495)
Liability for incurred claims	(18,683,389)	(965,434)	(156,149)	-	-	(19,804,972)
	(20,625,884)	(965,434)	(156,149)	-	-	(21,747,467)
Net maturity	88,247,849	33,459,155	14,469,681	-	-	136,176,685

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

a) Financial risk (continued)

Maturity analysis of financial assets and liabilites (continued)

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
Restated Year ended 30 June 2023						
Financial assets						
Cash and cash equivalents	12,402,737	-	-	-	-	12,402,737
Term deposits	26,516,986	28,350,432	6,275,956	-	-	61,143,374
Receivables	1,697,389	-	-	-	-	1,697,389
Financial assets at fair value through profit or loss	71,342,939	-	-	-	-	71,342,939
	111,960,051	28,350,432	6,275,956	-	-	146,586,439
Financial liabilities						
Payables	(1,733,218)	-	-	-	-	(1,733,218)
Liability for incurred claims	(21,982,371)	(1,056,140)	(280,717)	-	-	(23,319,228)
	(23,715,589)	(1,056,140)	(280,717)	-	-	(25,052,446)
Net maturity	88,244,462	27,294,292	5,995,239	-	-	121,533,993

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

a) Financial risk (continued)

Liquidity and interest risk tables

	Note	Floating interest rate	Fixed interest maturing in: 1 year or less	Fixed interest maturing in: 1 to 5 years	Non interest bearing	Total
		$	$	$	$	$
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	12	18,749,888	-	-	500	18,750,388
Term deposits	14	-	58,094,453	-	-	58,094,453
Other receivables	13	-	-	-	1,646,832	1,646,832
Investment income receivable	13	-	-	-	705,317	705,317
Financial assets at fair value through profit and loss	14	-	-	-	78,727,162	78,727,162
		18,749,888	58,094,453	-	81,079,811	157,924,152
Weighted average interest rate		3.84%	5.23%			
Financial liabilities						
Payables	17	-	-	-	(1,942,495)	(1,942,495)
Net financial assets		18,749,888	58,094,453	-	79,137,316	155,981,657

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

a) Financial risk (continued)

Liquidity and interest risk tables (continued)

	Note	Floating interest rate	Fixed interest maturing in: 1 year or less	1 to 5 years	Non interest bearing	Total
		$	$	$	$	$
Restated Year ended 30 June 2023						
Financial assets						
Cash and cash equivalents	12	12,402,120	-	-	617	12,402,737
Term deposits	14	-	60,455,412	-	-	60,455,412
Other receivables	13	-	-	-	1,697,389	1,697,389
Investment income receivable	13	-	-	-	687,962	687,962
Financial assets at fair value through profit and loss	14	-	-	-	71,342,939	71,342,939
		12,402,120	60,455,412	-	73,728,907	146,586,439
Weighted average interest rate		2.51%	4.50%			
Financial liabilities						
Payables	17	-	-	-	(1,733,218)	(1,733,218)
Net financial assets		12,402,120	60,455,412	-	71,995,689	144,853,221

b) Credit risk

The credit risk on financial assets of the Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk is mitigated by close management review of outstanding amounts which are regularly followed up and collected.

The table below provides information regarding the credit risk exposure of the Group at 30 June 2024 by classifying assets according to the Standard and Poor's credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

The Group manages credit risk by setting investment limits based on counterparty credit ratings and the duration of investments. The compliance with these limits is reported to the Group's Board on a monthly basis.

25 Financial instruments (continued)

	AAA	AA	A	BBB	Not rated	Total
	$	$	$	$	$	$
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	-	18,749,888	-	-	500	18,750,388
Term deposits	-	58,094,453	-	-	-	58,094,453
Receivables	-	705,317	-	-	1,646,832	2,352,149
Financial assets at fair value through profit or loss	-	-	-	-	78,727,162	78,727,162
Total	-	77,549,658	-	-	80,374,494	157,924,152

	AAA	AA	A	BBB	Not rated	Total
	$	$	$	$	$	$
Restated Year ended 30 June 2023						
Financial assets						
Cash and cash equivalents	-	12,402,120	-	-	617	12,402,737
Term deposits	-	60,455,412	-	-	-	60,455,412
Receivables	-	687,962	-	-	1,697,389	2,385,351
Financial assets at fair value through profit or loss	-	-	-	-	71,342,939	71,342,939
Total	-	73,545,494	-	-	73,040,945	146,586,439

The Group’s policy does not permit investment in any security rated below Standard and Poor’s long-term A rating.

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

Reconciliation of net financial assets to net assets

	Note	2024 $	Restated 2023 $
Net financial assets	25a)	**155,981,657**	144,853,221
Property, plant and equipment	15	**13,102,499**	13,604,984
Investment property	16	**4,731,188**	4,500,000
Current liabilities	18,19	**(46,299,687)**	(49,907,786)
Non-current liabilities	19	**(344,849)**	(247,718)
Net assets per the consolidated statement of financial position		**127,170,808**	112,802,701

Net fair value of financial assets and liabilities per the consolidated statement of financial position

The net fair value of financial assets and liabilities approximate their carrying value.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
Year ended 30 June 2024				
Financial assets at fair value through profit or loss	**-**	**78,727,162**	**-**	**78,727,162**

	Level 1 $	Level 2 $	Level 3 $	Total $
Year ended 30 June 2023				
Financial assets at fair value through profit or loss	-	71,342,939	-	71,342,939

Notes to the consolidated financial statements

For the year ended 30 June 2024

25 Financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at 30 June 2024	Fair value as at 30 June 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	$	$				
Investment property	**4,731,188**	4,500,000	Level 3	Capitalisation Method, Discounted Cash Flow and Comparable Sales Method	N/A	N/A
Other financial assets – unit trusts	**78,727,162**	71,342,939	Level 2	Stated at the redemption price quoted by the trust managers as at the reporting date	N/A	N/A

There were no transfers between Levels 1, 2 and 3 during the period.

The change in fair value of the investment property of $231,188 is attributable to the upgrade of plant and equipment during the period.

26 Lease arrangements

The Group owns two properties located at 60-62 Stirling Street and at 100 Stirling Street, Perth. Lease receivables relates to both properties owned by the Group.

60-62 Stirling Street, Perth, has two tenancies. One tenant with a lease term of 3 years, which ends on 31 March 2026 and another tenant with a lease term of five years which ends on the 30 April 2028. The tenants do not have an option to purchase the property at the expiry of the lease period.

The tenancy on level one of 100 Stirling Street, Perth, has a lease term of 5 years, with an end date of 21 January 2026. The tenant has an option to renew for a further 5 years to 2031. The remainder of the property is occupied by the Group.

The property rental income earned by the Group from its properties, which are leased out under operating leases, amounted to $454,483 (2023:$330,938). Direct operating expenses arising on the investment properties in the period amounted to $299,120 (2023:$275,219).

Non-cancellable lease receivables

	2024	2023
	$	$
Not later than 1 year	471,856	475,743
Later than 1 year and not longer than 5 years	932,309	1,379,483
	1,404,165	1,855,226

27 Capital

The Board is responsible for ensuring the Group has sufficient capital resources to meet APRA's minimum prudential requirements.

As at 30 June 2024 the Company's prudential capital base was $130,619,274 and the APRA prescribed capital requirement was $39,792,813. The resulting capital adequacy multiple is 3.28 times the minimum prudential requirement.

The current APRA capital standards came into effect from 1 July 2023. Therefore, comparatives for 30 June 2023 are not available.

28 Subsequent events

There has not arisen in the interval between 30 June 2024 and the date of this report, any other item, transaction or event, of a material and unusual nature likely, in the opinion of the Board of Directors of the Company, to effect significantly the operations of the Group, the results of its operation, or the state of affairs of the Group in future years, other than the matters disclosed in this report.

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

There are no trusts, partnerships or joint ventures within the consolidated entity. Accordingly the above entity was not a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Basis for Preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Health Insurance Fund of Australia Ltd and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

The percentage of share capital disclosed in the statement represents the economic interest controlled by Health Insurance Fund of Australia Ltd directly.

HEALTH INSURANCE FUND OF AUSTRALIA LIMITED DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the group;

(c) the consolidated entity disclosure statement is true and correct;

(d) the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 (c).

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001 (Cth).

On behalf of the Directors

R. Homsany
Director

25 September 2024

Deloitte.

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Independent Auditor’s Report to the Members of Health Insurance Fund of Australia Limited

Opinion

We have audited the financial report of Health Insurance Fund of Australia Limited (the “Company”) and its subsidiaries (the “Group”) which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and the directors’ declaration and the Consolidated Entity Disclosure Statement.

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

- Giving a true and fair view of the Group’s financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards 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 Group 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 Independent 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 Group, 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 Group’s annual 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 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 inconsistent 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.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, 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 Group 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 Group 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 skepticism 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 Group'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 directors' 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

Deloitte.

We communicate with the directors 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Gaudreault

David Gaudreault
Partner
Chartered Accountants

Sydney, 25 September 2024

Freedom to choose

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