Peoplecare Health Limited

ABN 95 087 648 753

Annual Report - 30 June 2024

Peoplecare Health Limited
Contents
30 June 2024

Contents **Page**

A Message from the Chair

As I reflect on the 2023/24 financial year, I am proud to report that Peoplecare has continued to ensure that we look after the health insurance needs of our members and their families in an environment faced with the ongoing challenges of affordability due to the increasing cost of living pressures

Over the past twelve months, Peoplecare has continued to thrive and evolve, thanks in large part to our members and Peoplecarers, and I am excited to share our achievements.

Performance and Achievements

Despite the challenging global environment, Peoplecare has continued to deliver strong results and saw our membership net growth increase to 0.94%. , which is a testament to our commitment to sustainable growth. We expanded our footprint nationally, ensured our products suited our member's needs and were more competitive, and made certain we were constantly seeking ways to enhance the care and experience of our members.

This report will provide details of our financial performance, showing that we have achieved a positive result, due to careful financial management and prudent investment and operational management. In an increasingly challenging private health insurance environment, where rising costs and affordability are more pressing issues than ever, these measures have allowed us to maintain financial stability and continue providing value to our members.

We were proud to announce a premium increase of just 1.64%, one of the lowest in the health insurance industry, especially compared to the industry average of 3.03%. This achievement reflects our ongoing commitment to supporting our members by keeping costs manageable while still delivering high-quality coverage. We understand the importance of affordability and are dedicated to finding innovative ways to provide value, ensuring our members can access the care they need.

One of the key highlights of the year was our member give backs in September and December 2023 totalling $22 million, bringing our total of 4 member givebacks since 2021 to over $36 million.

Commitment to Member Satisfaction

Our people remain deeply committed to serving our members, always maintaining a customer-first focus in all that we do. We take immense pride in the positive feedback we consistently receive from our various forums. Our member satisfaction rate has increased to 97% in 2023 in the IPSOS Membership Satisfaction Survey and saw us ranked in the top two for claims processing and quality of service.

Looking Ahead

As we look to the future, we are more confident than ever in our ability to continue creating value for our members. Our strategic priorities remain focused on sustainable growth, operational excellence, and having a positive impact on our members' health and well-being journey and making sure we are with them in the times that matter.

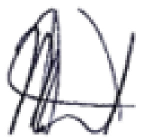
We are optimistic about the opportunities that lie ahead and are committed to further enhancing the value of your membership.

Acknowledgements

I would like to take this opportunity to thank my fellow Directors for their respective and collective dedicated work over the past twelve months. The members can be confident that the Director do diligently perform their responsibilities in the ever increasing health insurance regulatory environment

None of our success would be possible without the dedication the exceptional team of Peoplecarers we have under the leadership of our CEO, Louise Leaver. We have an outstanding team supporting Louise who are deeply committed to our members and are passionate about what they do.

I would like to thank our members, your continued trust, support, and engagement are the foundation of everything we do at Peoplecare. We look forward to continuing this journey together in the year ahead.



Michael Oertel GAICD

Chairman Peoplecare Board

30 September 2024

Wollongong

A message from the CEO

The 2024/2024 financial year has been a year of evolution and growth for Peoplecare as we focus on ensuring that Peoplecare is sustainable for the long term.

First and foremost, Peoplecare exists to serve its members. During the financial year, we have redefined our reason for being to ensure that we have a clear and meaningful purpose that our members and our Peoplecarers deeply connect to. We have a love for people and we genuinely care about improving their health and well-being. This reason for being serves as a guiding principle in all that we do at Peoplecare. It is shaping how we look at our products, pricing, and value offered to our members and customers.

We have set a new 10-year strategy that is centered on 4 key pillars:

1. Growing Peoplecare to a size that is sustainable for the long-term benefit of our members
2. Evolving our member value so that we have a positive impact on the health & well-being of members in a way that is meaningful to them.
3. We lay the foundations of the business of tomorrow
4. We use our resources efficiently and effectively.

I am very proud of the team of Peoplecare and what we have been able to achieve in the very early stages of our new strategy. For the first time in six years, we have seen Peoplecare return to net growth in our membership. Growing our membership is key to ensuring that Peoplecare has a solid foundation to withstand the increasing costs of doing business and deliver value for money to members in an ever-changing health landscape.

Understanding and addressing the cost of living challenge facing our members remains a key focus for Peoplecare. In April 2024 we applied one of the lowest premium changes in the industry and focused on re-positioning the pricing of our open products which has allowed us to grow our membership.

In previous years we made a commitment not to profit from COVID. In that last financial year, we completed our final member give back. We know that our give backs were greatly appreciated by our members, and our Peoplecarers took great delight in hearing the messages of appreciation. Whilst we were proud to return so much to members, we are very much aware that the give backs were possible because our members were not seeking medical treatment in the way that they used to. We know that this pattern will correct, and we expect medical treatment utilisation to normalise, knowing that the cost of hospital treatment is also increasing.

Please be assured that as a not-for-profit organisation, our priority is our members, and we are dedicated to fulfilling that commitment. We are well-managing our fund, and our financial position will allow us to handle rising costs while keeping premium increases as low as possible. Our new strategy will see Peoplecare investing to support our members' health and well-being in a way that is meaningful to them.

It has been a year of stabilising the business and positioning it for growth to return Peoplecare to its peak size in 2018 and beyond. I am proud of and grateful for our amazing team of Peoplecarers and the leadership of our Board. In a year of evolution, they have embraced change with resilience and an unwavering focus on our members.

Finally, thank you to our members for placing your trust in us to provide your care and support.

Louise Leaver LLB (HONS), BSC (PSYC), GAICD
Chief Executive Officer
30 September 2024
Wollongong

Peoplecare Health Limited
Directors' report
30 June 2024

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2024.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Glenn Lennell (Retired 22 November 2023)
Michael Oertel
Peter Fitzgerald
Stephannie Jonovska
Sue Baker-Finch
Abhishek Verma
Amy Harper (Appointed 11 September 2023)
Darren Hungerford (Appointed 11 September 2023)

Mission and Objectives

The Company has a clear purpose – We have a love for people and genuinely care about improving their health and well-being. We have clear strategic priorities, objectives and key results to deliver on that purpose.

Member Value

We have a positive impact on the health and wellbeing of our members and customers.

- Develop and deliver our health strategy
- Evolve our product suite
- Personalised, exceptional member experiences.

Customer Growth

We grow our membership to a sustainable size.

- Achieve sustainable growth
- Re-build our brand for differentiation and growth
- Build pipelines for growth
- Strengthen our partnerships

Foundations

We lay the foundations of the business of tomorrow.

- Testing and learning of emerging technologies
- Grow the capabilities of our Peoplecarers
- Grow our culture of performance and growth mindset.

Efficiency and Effectiveness

Leverage our expertise to proactively enable our business and teams to achieve their mission.

- Achieve efficiency gains through our initiatives
- Identify, measure and report savings and efficiency.

Principal activities

During the year the principal continuing activities of the Company consisted of operating as a private health insurer under the *Private Health Insurance Act 2007*. The Company also manages two other Health Benefit funds and provides services for Allianz Partners (AzP). No significant changes to the principal activity have occurred during the financial year.

Information on Directors

Michael Oertel BEc, FCPA, GAICD

Michael was appointed as an Associate Director in 2017 and then as a Director in 2018. Michael became Chair from 22 November 2023.

Michael has over 40 years' experience in the private health insurance industry, engaging with boards, management and regulators.

He was the Chief Executive Officer of a registered private health insurer for 22 years and served as a Director on two of Peoplecare's strategic partner boards, HAMBS and Members Health Fund Alliance.

Michael is a passionate and committed strategic leader with highly developed governance, financial and risk acumen.

Michael's professional qualifications include a Bachelor of Economics majoring in Accounting and he is a Fellow of CPA Australia and Graduate of the Australian Institute of Company Directors.

Peter Fitzgerald BCom, FCA, GAICD

Peter was elected as a Director in 2015.

Peter retired in 2015 after 27 years as a Partner of KPMG, including over 20 as managing partner of the Wollongong practice.

He has provided a variety of professional services over this period, including external audit, internal audit, corporate taxation, business & strategic planning, and broad business advisory to an extensive array of clients.

Peter is currently Chair of the Board of IRT Group, an Illawarra-based aged care operator, and a Director of IMB Bank.

He completed 12 years as a Council Member of the University of Wollongong in 2017, serving as Chair of its Risk, Audit & Compliance Committee for most of that time.

Peter has a Bachelor of Commerce (majoring in Accounting) from the University of Wollongong. He is a Fellow of the Institute of Chartered Accountants in Australia, a Graduate of the Australian Institute of Company Directors, and was formerly a Registered Tax Agent & Registered Company Auditor.

Stephannie Jonovska BCom, FCPA, GAICD

Stephannie was appointed as Director in 2016 and is the Chair of the People and Culture Committee.

Stephannie is a commercial management professional with over 30 years' experience in the steel manufacturing industry. Currently Head of Finance Operations and Transformation for BlueScope Australian Steel Products, her diverse experience spans finance, procurement, business improvement, digital and transformation.

She brings a wealth of leadership experience in successfully disrupting the status quo and building a strong team culture.

Stephannie is an active member of our community, a previous Chair of WEA Illawarra and is currently Chair of the CPA Australia Digital Transformation Centre of Excellence.

Stephannie has a Bachelor of Commerce. She is also a Graduate of the Australian Institute of Company Directors and a Fellow of CPA Australia.

Sue Baker-Finch BSc (Hons), MBA, MBC, FAICD

Sue Baker-Finch was elected as a Director in November 2021 and appointed as Chair Risk Committee in January 2024. Previously, she was an Associate Director for three consecutive years from May 2018.

Sue has over 20 years of senior executive leadership and management consulting experience in commercial, government and not-for-profit businesses across a range of industry sectors, including government regulated sectors. Sue has substantial background in the health sector, having held leadership roles in a national general practice organisation, a medical research institute and as a Board member in the NSW public hospital system.

Sue's professional qualifications include a Bachelor of Science (Hons), Masters of Business Administration and Masters of Business Coaching. She is a Fellow of the Australian Institute of Company Directors.

Dr Abhishek Verma BSc (Med) MBBS MS FRACGP GAICD AICGG

Dr Abhi Verma was appointed as an Associate Director in April 2022 and became an Appointed Director in March 2023.

Abhi is an experienced clinician and non-executive director in the healthcare sector, with substantial experience in clinical governance and medical regulation. In addition to maintaining a number of board roles, Abhi remains active in clinical practice, and was awarded both the Victorian GP of the Year Award as well as the Australian GP of the Year Award in 2022.

Abhi currently serves as a member of the Victorian Medical Board, working with AHPRA (Australian Health Practitioner Regulation Agency). Abhi was appointed to this role by the Minister for Health, and is the youngest person ever appointed to this board since the commencement of the national registration scheme. Additionally, Abhi is currently a director of Alfred Health and Yea & District Health, as well as member of the RACGP Victoria Faculty Council. He previously served on the Board of Edenhope & District Memorial Hospital, where he was Chair of the Clinical Governance Committee.

Abhi's professional qualifications include bachelor's degrees in Medicine and Surgery and a Master degree in Surgery. Abhi is also a Fellow of the Royal Australian College of General Practitioners, a Graduate of the Australian Institute of Company Directors, and a Graduate of the Australasian Institute of Clinical Governance.

Amy Harper B Comm, B Laws (Hons), MBA

Amy Harper was appointed as an Associate Director on 11 September 2023 and became an Appointed Director on 23 November 2023.

Amy has over 20 years' experience as a commercial lawyer and is a NSW Law Society Accredited Specialist in Business Law. She brings her broad business and corporate experience as both legal adviser to businesses and government authorities and as a business owner, having been a partner of a mid-sized law firm for over 10 years.

Amy also currently serves as a Director of Illawarra Credit Union. She sits on the Council of Business NSW and is the Immediate Past President of Business Illawarra. She has also held directorships in organisations in the performing arts, aged care and tourism industries.

Darren Hungerford BEComp

Darren Hungerford was appointed as an Associate Director on 11 September 2023.

Darren is passionate about driving business outcomes through emerging and digital technology. Throughout his career, he has worked across numerous industries for many Australian and Global organisations delivering on digital and technology outcomes as a consulting partner, a technology leader, and a digital business builder. As a leader, Darren is known for his clear strategic leadership, focus on ongoing development, and drive for execution.

Currently the General Manager of xDNA (A Downer Company), Darren is responsible for the development and growth of Downer's Digital business, focussing on driving digital transformation outcomes for Downer and its customers within Australia and New Zealand's most critical industries.

Darren holds a Bachelor of Computer Engineering from Wollongong University and several Graduate Certificates and Diplomas in management and leadership. Darren is a member of the ACS and the IoTAA.

Meetings of Directors

The number of meetings of the Company's Board of Directors ("the Board") and each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director was:

	Full Board		People and Culture Committee (PCC)		Risk Committee		Audit Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Directors:								
G. Lennell[1]	4	4	2	2	2	2	2	2
M. Oertel[2]	9	9	3	3	4	4	5	5
S. Jonovska[3]	9	9	4	4	-	-	1	1
P. Fitzgerald	9	9	-	-	4	4	5	5
S. Baker-Finch	9	9	-	-	4	4	5	5
A. Verma[4]	9	9	4	4	1	1	1	1
A. Harper	7	7	-	-	3	3	4	4
D. Hungerford[5]	7	7	3	3	2	2	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

1. *Glenn Lennell was the Board Chair and an ex officio member of the People and Culture Committee and of the Risk and Audit Committees until his retirement in November 2023.*
2. *Michael Oertel is the Board Chair and an ex officio member of the People and Culture Committee and of the Risk and Audit Committees from November 2023.*
3. *Stephannie Jonovska attended the Audit Committee by invitation.*
4. *Dr Abhi Verma attended the Risk Committee and Audit Committee by invitation.*
5. *Darren Hungerford attended the Risk Committee by invitation prior to joining the committee from January 2024.*

Contributions on winding up

The Company is limited by guarantee. Under the constitution of the Company, each member agrees that, if the Company is wound up during the time that they are a member, or within one year after ceasing to be a member, they will contribute to the assets of the Company, for the payment of the debts and liabilities of the Company (contracted before ceasing to be a member) and of the costs, charges, and expenses of winding up and for adjustment among the members of the rights of the members, such amount as may be required, but not exceeding $10 (2023: $10). The number of members at the end of the financial year was 33,113 (2023: 32,804).

Matters subsequent to the end of the financial year

No matter of circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

i. the operations of the Company;
ii. the results of these operations; or
iii. the state of affairs of the Company in the financial years subsequent to 30 June 2024.

Dividends

The Company is limited by guarantee and is prohibited by its constitution and law from paying dividends.

Non-audit services

During the year, the Company has employed the auditor (Grant Thornton) on assignments additional to their statutory audit duties. Details of the amounts paid or payable to the auditor during the year are disclosed in Note 27 - Remuneration of Auditors.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

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

On behalf of the Directors

Michael Oertel GAICD Director	Peter Fitzgerald BCom, FCA, GAICD Director

30 September 2024
Wollongong

Peoplecare Health Limited
Corporate Governance Statement - Summary
30 June 2024

The Peoplecare Board and management are committed to achieving and demonstrating the highest standards of corporate governance. The Board is dedicated to, and responsible for, actively promoting ethical and responsible decision making and practices at Peoplecare to ensure that practices are in place to maintain confidence in Peoplecare's integrity.

The Corporate Governance Statement is dated as at July 2023 and reflects the corporate governance practices in place throughout the 2024 financial year. The Corporate Governance Statement was approved by the Board on 27 July 2023. A description of Peoplecare's current corporate governance practices can be viewed at https://www.peoplecare.com.au/siteassets/documents/policies/peoplecare-corporate-governance-statement.pdf

Peoplecare Health Limited
Executive team
30 June 2024

Chief Executive Officer
Louise Leaver LLB (Hons), BSc (Psyc), GAICD

Louise joined Peoplecare's board in 2016 before stepping down from the board to become CEO in March 2023.

Louise is an experienced executive and corporate lawyer, with a diverse background in not-for-profit and commercial enterprises spanning private health insurance, aged care, education and steel manufacturing. Louise has particular expertise in corporate and commercial law, as well as quality, governance and risk management. As a former Senior Legal Counsel for a health fund, Louise has an in-depth understanding of private health insurance operations and regulation.

Louise's professional qualifications include a Bachelor of Laws (Hons), Bachelor of Science (Psyc), Graduate Diploma in Legal Practice and Graduate Diploma in Applied Corporate Governance. Louise is also a Graduate of the Australian Institute of Company Directors.

Louise is also a Director of the Australian Health Service Alliance (AHSA) and serves on the Risk Committee.

Chief Risk Officer
Brett Wright DipLM, GAICD

Brett is responsible for leading the governance, risk management, and compliance functions for Peoplecare and its customer insurers. Brett oversees the implementation of Peoplecare's risk management framework whilst also working to create an effective risk culture within the organisation.

Brett supports the CEO, Executive Team and the Board to ensure all regulatory and governance requirements are met.

Brett brings to the role 13 years of experience in risk management and compliance, 11 years of that in private health insurance.

In 2022 Brett was awarded Business Illawarra's Outstanding Young Business Leader of the year.

Chief Financial Officer and Company Secretary
Chris Stolk BCom, FCPA, GAICD, FGIA

Chris is responsible for the provision of all financial management and company secretariat functions and is responsible for both external and internal reporting activities for the organisation. Chris has more than 25 years' experience in the accounting and finance field, most of which was spent working with organisations in the financial services industry.

His specialist skills include management reporting, statutory reporting, taxation and business planning and compliance. He also has a keen interest in treasury operations.

Chris is an independent Director of Coordinare as well as Chair of the Finance, Audit and Risk Management (FARM) committee.

Chief Marketing and Customer Strategy Officer
Marie Heritage MMkt

Marie has more than 20 years of experience in business performance with a proven track record in commercial management, revenue optimisation, customer outreach, successful marketing strategies, and brand transformation.

Marie leads Peoplecare's sustainable growth objective. She is responsible for Peoplecare's marketing, brand, sales, product and pricing, communications, customer value and community relations.

She has a Master in Marketing from the SKEMA Business School and is graduated from the Australian Institute of Company Directors.

Chief People and Culture Officer
Maree Morgan-Monk BA, GDipHR

Maree joined Peoplecare in 2011 and is Head of People and Culture. She has 25 years of HR management experience across various industries, including education, hospitality and general insurance.

As Chief People and Culture Officer, Maree is responsible for ensuring that our people, processes and practices retain Peoplecare's status as a true employer of choice with an exceptional level of employee satisfaction.

Maree supports our managers and Peoplecarers in the areas of talent management, well-being, human resource policy, and cultural development.

Maree was awarded Australia's HR Manager of the Year for 2013 at the Australian HR Awards. Her particular areas of expertise are leadership development, employee engagement, change management and collaboration.

Chief Commercial Officer
James Koutsoukos BComm, CAANZ

James is responsible for Peoplecare's commercial strategy, specifically the management of Peoplecare's strategic partnerships and the growth and performance of our managed services business. James also oversees the management of Peoplecare's Optical and Dental clinic.

James has 20 years' experience as a principal of a national accounting practice specialising in corporate advisory, restructuring, turnaround and insolvency. His experience covers a wide range of industries including property, construction, retail, hospitality, health services, manufacturing/engineering and professional services.

James is a Member of the Chartered Accountants Australia and New Zealand.

Chief Operating Officer
Scott Prosser BEC, GAICD

Scott has 20 years' experience in financial services and technology across Europe, Asia and Australia. Scott's 10 years of executive experience includes Chief Operations Officer and Chief Information Officer roles in insurance, financial advice and superannuation.

Scott joined Peoplecare in 2022 and is responsible for running Peoplecare's operations. His leadership role involves bringing people, technology and service delivery strategies together.

Scott's skills include business transformation, operating model transformation, strategic planning, project portfolio management, vendor management and technology strategy.

Chief Information Officer
Pablo Neira BComm, MBA

Pablo began his career at Peoplecare working in various roles including Business, Technology and Innovation Manager, IT and Risk Manager, and Information Technology Manager. He has spent the last 20 years leading technology and enablement teams in private health insurance.

Pablo heads Peoplecare's IT transformation, technology and innovation.

Pablo's skills include information and technology strategy, risk management including cyber security, project management and technology transformation. He has a Bachelor of Commerce with a major in Information Systems and a Master in Business Administration.

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Peoplecare Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Peoplecare Health Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 30 September 2024

Peoplecare Health Limited
Statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 (restated) $
Revenue			
Insurance revenue	4.1	448,709,777	385,355,276
Insurance service expense - incurred claims	4.1	(293,750,373)	(253,654,600)
Insurance service expense - other insurance service expenses	6	(19,547,075)	(16,964,083)
Insurance services result before reinsurance contracts held		135,412,329	114,736,593
Net income (expense) from reinsurance contracts held	4.1	(119,404,000)	(117,711,095)
Insurance service result		16,008,329	(2,974,502)
Investment income	4.2	10,706,883	8,900,278
Investment expenses		(334,829)	(313,896)
Net insurance financial result		10,372,054	8,586,382
Other income	4.3	15,612,239	13,167,399
Other expenses	6	(18,124,092)	(15,738,151)
Net other income financial result		(2,511,853)	(2,570,752)
Profit before tax		23,868,530	3,041,128
Income tax expense		-	-
Profit for the year		23,868,530	3,041,128
Other comprehensive income		-	225,000
Total comprehensive income for the year		23,868,530	3,266,128

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

The Company has adopted AASB 17 Insurance Contracts and has restated the comparative periods. The impact of adoption are detailed in Note 3.

Peoplecare Health Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 (restated) $	1 July 2022 (restated) $
Assets				
Current assets				
Cash and cash equivalents	7	84,733,636	84,827,720	77,780,084
Trade and other receivables	8	5,721,750	4,604,898	1,926,261
Reinsurance contract assets	5	363,356,180	314,016,059	240,385,026
Inventories	9	165,687	125,687	102,060
Other financial assets	10	26,817,332	23,613,128	20,153,905
Other assets	11	1,085,519	750,155	1,261,954
Total current assets		481,880,104	427,937,647	341,609,290
Non-current assets				
Other financial assets	12	56,141,392	55,653,041	51,016,222
Property, plant and equipment	13	8,379,547	8,735,028	8,181,497
Right-of-use assets	14	536,199	819,581	994,257
Intangibles	15	599,994	1,421,822	1,827,182
Total non-current assets		65,657,132	66,629,472	62,019,158
Total assets		547,537,236	494,567,119	403,628,448
Liabilities				
Current liabilities				
Other payables and accruals	16	14,006,355	9,117,694	10,387,485
Insurance contract liabilities	5	386,539,221	339,973,437	264,011,274
Lease liabilities	17	124,491	206,922	196,922
Provisions	18	534,197	672,528	529,465
Members give back provision	19	154,534	22,107,910	9,000,000
Total current liabilities		401,358,798	372,078,491	284,125,146
Non-current liabilities				
Lease liabilities	20	411,017	648,101	831,380
Provisions	21	332,016	273,652	371,176
Total non-current liabilities		743,033	921,753	1,202,556
Total liabilities		402,101,831	373,000,244	285,327,702
Net assets		145,435,405	121,566,875	118,300,746
Equity				
Reserves	22	2,831,722	2,831,722	2,606,722
Retained surpluses		142,603,683	118,735,153	115,694,024
Total equity		145,435,405	121,566,875	118,300,746

The above statement should be read in conjunction with the accompanying notes.

The Company has adopted AASB 17 Insurance Contracts and has restated the comparative periods. The impacts of adoption are detailed in Note 3.

Peoplecare Health Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Reserves $	Retained surpluses $	Total equity $
Balance at 1 July 2022, as previously reported		2,606,722	103,279,403	105,886,125
Adjustment on initial application of AASB 17	3	-	12,414,622	12,414,622
Balance at 1 July 2022 - restated		2,606,722	115,694,025	118,300,747
Surplus for the year		-	3,041,128	3,041,128
Other comprehensive income for the year		225,000	-	225,000
Total comprehensive income for the year		225,000	3,041,128	3,266,128
Balance at 30 June 2023 - restated		2,831,722	118,735,153	121,566,875

	Reserves $	Retained surpluses $	Total equity $
Balance at 1 July 2023	2,831,722	118,735,153	121,566,875
Surplus for the year	-	23,868,530	23,868,530
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,868,530	23,868,530
Balance at 30 June 2024	2,831,722	142,603,683	145,435,405

The above statement should be read in conjunction with the accompanying notes.

The company has adopted AASB 17 Insurance Contracts and has restated the comparative periods. The impacts of adoption are detailed in Note 3.

Peoplecare Health Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 (restated) $
Cash flows from operating activities			
Receipts from members and customers		278,978,665	287,845,155
Payments to members, suppliers and employees		(244,844,464)	(216,838,326)
Payments for outward reinsurance contracts (amounts ceded to reinsurer)		(121,582,680)	(132,283,920)
Receipts from outward reinsurance contracts (amounts recovered from reinsurer)		66,132,320	57,958,675
		(21,316,159)	(3,318,416)
Dividends received		832,049	805,338
Interest received		6,720,138	4,325,165
Other revenue		14,469,629	11,005,528
Net cash from operating activities	30	705,657	12,817,615
Cash flows from investing activities			
Payments for financial assets at fair value through profit or loss		(175,549,842)	(196,956,922)
Payments for property, plant and equipment	13	(191,636)	(666,637)
Payments for intangibles	15	(53,842)	(200,382)
Proceeds from disposal of financial assets at fair value through profit or loss		175,047,316	192,113,880
Proceeds from disposal of property, plant and equipment		115,682	152,846
Net cash used in investing activities		(632,322)	(5,557,215)
Cash flows from financing activities			
Principal elements of lease payments		(167,419)	(212,764)
Net cash used in financing activities		(167,419)	(212,764)
Net increase/(decrease) in cash and cash equivalents		(94,084)	7,047,636
Cash and cash equivalents at the beginning of the financial year		84,827,720	77,780,084
Cash and cash equivalents at the end of the financial year	7	84,733,636	84,827,720

The Company has adopted AASB 17 Insurance Contracts and has restated the comparative periods. The impacts of adoption are detailed in Note 3.

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

Note 1. Basis of preparation

(a) Corporate information

The financial report covers Peoplecare Health Limited as an individual entity. The financial report is presented in Australian dollars, which is Peoplecare Health Limited's functional and presentation currency.

Controlled entities
Peoplecare Health Limited has incorporated two 100% owned subsidiaries. *Peoplecare Health Insurance Pty Limited* and *Peoplecare Professional Services Pty Limited* were both set up to register the names for potential future organisation group structure.

The financial statements of Peoplecare Health Limited (Company) have been prepared on the basis of the stand-alone entity. These financial statements do not include the consolidated results of either 100% owned subsidiary Peoplecare Health Insurance Pty Limited and Peoplecare Professional Services Pty Limited. This is on the basis that neither subsidiary has traded during the year and the consolidated financial statements would not differ to those of the stand-alone entity financial statements of the Company.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Peoplecare Health Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Corner Victoria and Young Streets, Wollongong, NSW, 2500	Corner Victoria and Young Streets, Wollongong, NSW, 2500

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2024. The directors have the power to amend and reissue the financial statements.

(b) Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The Company's accounting policies have been applied consistently to all the years presented, and updated for the application of new and amended accounting standards as set out in Note 3, including the adoption of AASB 17 Insurance Contracts.

Historical cost convention
The financial statements have also been prepared on an historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value method of accounting has been adopted.

(c) Comparative figures
Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year including to reflect the adoption of AASB 17 Insurance Contracts.

(d) Critical accounting judgements and estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. 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 and in any future periods affected.

Note 1. Basis of preparation (continued)

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both internally and externally to the Company.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the following notes:

- Note 5: Insurance contract liabilities

These have been updated to include ongoing judgements following the implementation of AASB17 Insurance Contracts. Details of judgements applied in the initial application of the standard have been included below.

Accounting judgements

Premium allocation approach (PAA)
The company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition. For a small number of insurance contracts, which have a coverage period that is greater than 12 months, the company elects to apply the PAA, if at the inception of the contract the company reasonably expects that it will provide a liability for remaining coverage (LRC) that would not differ materially from the General Measurement Model (GMM).

Sources of estimation uncertainty

Best estimate of claims provisioning
Estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims (LIC) include claims development, claims costs inflation, medical trends and seasonality. Uncertainty exists particularly in relation to estimating the frequency and severity of incurred claims for the most recent months prior to the year end.

Note 2. Material accounting policy information

(a) Income tax
No income tax expense was provided for as the Company is entitled to tax exempt status under the provisions of Section 50-30, Item 6.3 of the Income Tax Assessment Act 1997.

(b) Goods and Services Tax (GST) and other similar taxes
Revenues and expenses are recognised net of GST, except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Note 3. Restatement and changes in accounting policy

Except where noted below, the company has consistently applied its accounting policies to all periods presented in these Financial Statements.

(a) AASB 17 Insurance Contracts
AASB 17 Insurance Contracts sets out the principles for the recognition, measurement and presentation of insurance contracts and supersedes AASB 1023 General Insurance Contracts. The Company has adopted AASB 17 Insurance Contracts in these financial statements on a fully retrospective basis.

Note 3. Restatement and changes in accounting policy (continued)

OSHC and OVHC Insurance and Reinsurance contracts
Peoplecare are required to recognise overseas student health cover (OSHC) and overseas visitor health cover (OVHC) business in its financial statements on a 'gross' basis notwithstanding the liabilities of this portfolio is covered by a 100% quota share reinsurance treaty arrangement.

The Statement of surplus or deficit and other comprehensive income for year ended 30 June 2024, recognises the OSHC and OVHC insurance revenue less insurance service expenses related to incurred claims and other net expenses from the reinsurance contract held, the net result being the fronting fee earned by the Company from this agency arrangement with Allianz Partners.

The liability for remaining coverage and incurred claims relating to the OSHC and OVHC are presented as insurance contract liabilities subject to reinsurance in the Statement of financial position.

Due to the 100% quota share reinsurance treaty, the liabilities are fully recoverable and the related asset for remaining coverage and incurred claims are presented as reinsurance contract assets in the Statement of financial position.

Significant judgements on implementation of AASB 17
On implementation of AASB17, significant judgements include the level of aggregation and the determination of the unit of account, the application of PAA, the determination of which expenses are directly attributable to insurance contracts and the identification of onerous contracts. The key considerations made by the company on application of AASB 17 are set out below.

See Note 1 (d) for significant judgements and estimates relating to the application of AASB 17 that are reassessed each reporting period.

Measurement of Insurance Contract Liabilities

Premium Allocation Approach (PAA)

AASB 17 requires the use of the General Measurement Model (GMM) for the recognition and measurement of insurance contracts, unless the criteria to use the premium allocation approach (PAA) has been met. GMM involves estimating future cash flows and risks from existing polices and taking surplus (known as contractual service margin) to account over the policy period, adjusting the surplus over the life of the contract for any experience variances from expected outcomes.

AASB 17 allows the use of the PAA where:
- the contract boundary of each contract within the portfolio is one year or less; or
- the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM.

For the Company's Complying Health Insurance Policies (CHIP), the majority of policies have a coverage period of one year or less. Those policies with a maturity greater than one year are not considered material to these financial statements and have therefore been accounted for using PAA. As a result, the Company has taken the policy choice to apply the PAA to these contracts. This approach leads to simplified measurement and presentation relative to the GMM. Similarly, the portfolio of OVHC policies has a coverage period of one year or less and PAA is applied to these contracts.

The Company's OSHC contracts has a coverage period of more than one year. For these contracts, the Company made an assessment whether the measurement of the liability for remaining coverage (LRC) under PAA will differ materially from the use of GMM for which the use of GMM will be required. Based on the Company's assessment, the LRC under PAA does not materially differ from that under the GMM for the OSHC Contracts.

The PAA operates in a manner similar to the way private health insurance contracts are accounted for under AASB 1023 *General Insurance Contracts* (AASB 1023). The liability for incurred claims (LIC) is consistent under the GMM and the PAA and due to the accounting policy choices made by Peoplecare is materially unchanged from outstanding claims provision under AASB 1023. The LIC is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at the reporting date.

Level of aggregation

AASB 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. Peoplecare have identified the following portfolios:

Note 3. Restatement and changes in accounting policy (continued)

- Australian complying health insurance products
- OSHC and OVHC insurance contracts
- Reinsurance contracts.

Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. For insurance contracts written further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are either onerous, no significant possibility of being onerous and other contracts. There is a presumption under the PAA that no contracts are onerous unless there are clear facts and circumstances that indicate otherwise.

For reinsurance contracts purchased, there are no onerous contracts and portfolios are only split by underwriting year. If there is a Loss Component on insurance contracts that are covered by a portfolio of reinsurance contracts, a Loss Recovery may be established to allow for the expected reinsurance recoveries relating to the Loss Component.

Peoplecare defines the annual cohort as contracts incepting within each financial year.

Insurance and reinsurance contracts
Insurance contracts are contracts under which the company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Based on the characteristics of the products offered to policyholders, Peoplecare has determined that all health insurance contracts are insurance contracts and that there are no non-insurance contracts attached to them.

The company recognises a group of insurance contracts it issues from the earliest of the following:
- 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
- For a group of onerous contracts, when the group becomes onerous.

Contract boundary
Contract boundary of an insurance contract pertains to the period were substantive rights and obligations exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

In applying the standard, the Company has reviewed its insurance and reinsurance contracts and considered the contract boundary for each type of policy.

Due to the nature of Australian Complying Health Insurance Products (CHIP), the contract boundary can be determined in several ways. In making such assessment, the Company considered the later of the prepaid period and the next annual premium round implementation date (1st April). As the Company does not allow prepayment of more than 12 months for most CHIP contracts, the Company assessed that the contract boundary is 12 months or less.

The Company also has international contracts (OSHC and OVHC) with clearly defined contract boundaries in the written contracts.

Liability for incurred claims (LIC) policy
The liability for incurred claims (LIC) is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at the reporting date.

Liability for remaining coverage (LRC) policy
The liability for remaining coverage (LRC) under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs not expensed as incurred. In subsequent periods, the LRC is amortised to recognise revenue and insurance expenses (insurance acquisition cash flows) on a passage of time basis over the coverage period.

Note 3. Restatement and changes in accounting policy (continued)

LRC is recognised on a straight-line basis as the expected pattern of the release of risk during the coverage period does not differ significantly over the passage of time.

For groups of contracts where all contracts have a coverage period of one year or less, the company has taken the policy decision available to expense insurance acquisition cash flows as incurred.

Under the PAA, a risk adjustment is recognised on all LIC balances and on LRC balances for onerous contracts issued. The company has taken the decision to use a confidence level technique to estimate the risk adjustment.

LIC Risk Adjustment
Complying Health Insurance Products (CHIP)
Peoplecare has taken the decision to use a confidence level technique to estimate the risk adjustment for the LIC. The margin is set to achieve a probability of adequacy of 75%, which will lead to a value that is consistent with the margin of prudence currently applied under APRA Prudential Standard HPS 340. This is considered the minimum margin required for any transfer of total liabilities to the Company.

OSHC and OVHC Contracts
Due to the combination of the reinsurance agreement and indemnities provided by Allianz Partners under the Marketing and Management Agreements, the Company does not expect any material risk in underwriting this business. For the Company experience downside risk, both the reinsurer and Allianz Partners would need to fail; this is considered to be an immaterial probability. As such, the risk adjustment applied to the OSHC and OVHC LIC is 0%.

Discounting
Discounting is optional for the LRC carrying amount if the time between providing each part of the coverage and the related premium due date is one year or less and is optional for the LIC if claims are expected to be paid in one year or less from the date the claims are incurred.

The Company is using PAA and with private health insurance claims short tailed in nature, discounting will not apply to CHIP and OVHC contracts.

OSHC contracts are multi-year contracts paid up front and may have a significant financing component. Management has assessed that there is no significant financing component as OSHC contracts explicitly allows for increase in premiums for future years and policy holders are not provided with any discount for paying upfront. Accordingly, discounting was not applied for OSHC.

Onerous contracts
To identify potentially onerous contracts, the company has considered information reviewed by senior management in monitoring financial performance. The company assumes that no PAA contracts are onerous at initial recognition.

Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed. The loss component is valued by comparing the carrying amount of the LRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment using a confidence level approach.

In subsequent periods, the loss component is reassessed and any movements are recognised within the Statement of surplus or deficit.

Insurance service expenses
Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore included within insurance service expenses. The Company classifies the majority of expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Financial impact of the restatement
Based on the above policy decisions, the Company’s Net Assets at transition on 1 July 2022 will increase by $12.41million. This is due to the derecognition of the provision for deferred claims liabilities, and the introduction of a loss component. The concept of a deferred claims liability is not compatible with incurred claims under AASB 17.

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 3. Restatement and changes in accounting policy (continued)

	2023 $	2022 $
Net assets under AASB 1023	122,815,448	105,886,125
Derecognition of deferred claims liability	-	14,339,391
Recognition of loss component for onerous contracts	(1,248,573)	(1,924,770)
Net assets under AASB 17	121,566,875	118,300,746

	Previously reported $	Reclassification adjustments $	Measurement adjustments $	Restated $
Balance at 1 July 2023				
Cash and cash equivalents	81,628,321	3,199,399	-	84,827,720
Trade and other receivables	9,524,560	(4,919,661)	-	4,604,899
Reinsurance contracts assets	-	-	-	-
- assets for incurred claims	-	-	37,275,033	37,275,033
- assets for remaining coverage	-	-	276,741,026	276,741,026
Trade and other payables	(25,044,996)	15,927,302	-	(9,117,694)
Provisions	(11,174,294)	10,501,766	-	(672,528)
Insurance contracts liabilities	-	-	-	-
- liability for incurred claims	-	(16,010,561)	-	(16,010,561)
- liability for remaining coverage	-	(8,698,245)	(1,248,573)	(9,946,818)
Insurance contract liabilities subject to reinsurance	-	-	-	-
- liability for incurred claims	-	-	(37,275,033)	(37,275,033)
- liability for remaining coverage	-	-	(276,741,026)	(276,741,026)
Other assets / liabilities not impacted by AASB 17	67,881,857	-	-	67,881,857
	122,815,448	-	(1,248,573)	121,566,875

	2023 $
Balance as at 30 June 2023	
Profit for the year under AASB 1023	16,704,323
Derecognition of deferred claims liability	(14,339,391)
Movement in loss component	676,196
Profit for the year under AASB 17	3,041,128

Note 3. Restatement and changes in accounting policy (continued)

	Previously reported $	Reclassification adjustments $	Measurement adjustments $	Restated $
Balance at 1 July 2022				
Cash and cash equivalents	72,730,794	5,049,290	-	77,780,084
Trade and other receivables	6,244,969	(4,318,707)	-	1,926,262
Reinsurance contracts assets	-	-	-	-
- assets for incurred claims	-	-	38,528,620	38,528,620
- assets for remaining coverage	-	-	201,856,406	201,856,406
Trade and other payables	(21,857,896)	11,470,412	-	(10,387,484)
Provisions	(24,369,339)	9,500,483	14,339,391	(529,465)
Insurance contracts liabilities	-	-	-	-
- liability for incurred claims	-	(13,624,156)	-	(13,624,156)
- liability for remaining coverage	-	(8,077,322)	(1,924,770)	(10,002,092)
Insurance contract liabilities subject to reinsurance	-	-	-	-
- liability for incurred claims	-	-	(38,528,620)	(38,528,620)
- liability for remaining coverage	-	-	(201,856,406)	(201,856,406)
Other assets / liabilities not impacted by AASB 17	73,137,597	-	-	73,137,597
	105,886,125	-	12,414,621	118,300,746

(b) IFRS Interpretations Committee decision Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)
In October 2023, the IFRS Interpretations Committee (IFRS IC) published its final agenda decision Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9). This agenda decision considered how an entity that issues insurance contracts applies the requirements in AASB 17 Insurance Contracts and AASB 9 Financial Instruments to premiums receivable, where a policy holder has paid premiums to an intermediary, but the insurer has not yet received the premiums from the intermediary.

The IFRS IC concluded that IFRS 17 was silent on whether such cash flows are within the bounds of an insurance contract, and that the insurer should develop an appropriate accounting policy. The insurer could determine that the cash flows are removed from the measurement of a group of insurance contracts either when they are settled to the insurer, or when the policyholder has settled their obligations by paying the intermediary. Using the first approach, the premiums receivable would continue to be considered future cash flows under AASB 17. Using the second approach, the insurer would account for the premiums receivable as a financial asset, applying IFRS 9.

The Company has reviewed its business and concluded that the first approach is consistently applied. The Agenda Decision therefore resulted in no impact on recognition, measurement or disclosure for the company.

(c) AASB 101 amendments
The Company has adopted Disclosure of Accounting Policies (Amendments to AASB 101 from 1 July 2023. The amendments aim to help improve accounting policy disclosures for the primary users of financial statements. Entities must disclose material accounting policies, rather than the previous requirement to disclose significant accounting policies, and the concept of materiality in the context of accounting policies is further defined. Immaterial accounting policy information must not obscure material accounting policy information. Accounting policy disclosures in these financial statements have been aligned with the new requirements.

(d) New Accounting Standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. The Company does not intend to adopt these standards before their effective date.

Note 4.1 Insurance service result

(a) Insurance service result

The insurance service result includes insurance revenue, offset by directly attributable insurance service expenses. Insurance revenue reflects the consideration the Company expects to be entitled to in exchange for providing insurance contract services. Insurance service expenses include expenses that are directly attributable to fulfilling a group of insurance contracts and include claims incurred, other directly attributable insurance service expenses and changes to past service. Other expenses not meeting the above categories are included in other operating expenses in the statement of surplus or deficit.

The company underwrites a portfolio of OSHC and OVHC, the former under a deed with the Commonwealth Government.

In managing this business, Peoplecare appoints AWP Australia Pty Ltd (Allianz Partners) as its sole and exclusive Agent to promote, market, sell, distribute, administer, and manage the OSHC and OVHC health insurance portfolios under Marketing and Management Agreements.

As the ultimate underwriter of the OSHC and OVHC business, Peoplecare mitigates its risks in relation to these insurance portfolios by entering into a 100% quota share reinsurance arrangement with AWP Health & Life S.A.

	2024 CHIP $	2024 OVHC and OSHC * $	Total $
Insurance Revenue			
Income	155,579,506	293,130,271	448,709,777
Insurance services expense			
Incurred claims	(127,254,554)	(171,551,476)	(298,806,030)
Changes to past service	1,658,950	-	1,658,950
Movement in risk adjustment for non-financial risk	121,417	-	121,417
Net risk equalisation special account payments	5,113,399	-	5,113,399
State levies	(1,838,109)	-	(1,838,109)
	(122,198,897)	(171,551,476)	(293,750,373)
Other insurance services expenses	(19,547,075)	-	(19,547,075)
Insurance services result before reinsurance contracts held	13,833,534	121,578,795	135,412,329
Income from OSHC and OVHC		293,130,271	293,130,271
Insurance service expense - claims		(171,551,476)	(171,551,476)
Net insurance result from OSHC and OVHC		121,578,795	121,578,795
Allocation of reinsurance premiums - ceded to reinsurers		(290,955,476)	(290,955,476)
Claims recovered from reinsurer		171,551,476	171,551,476
Net expense from reinsurance contracts held		(119,404,000)	(119,404,000)
Net profit from fronting fees		2,174,795	2,174,795
Insurance services result	13,833,534	2,174,795	16,008,329

Note 4.1 Insurance service result (continued)

	2023 CHIP $	2023 OVHC and OSHC * $	Total $
Insurance Revenue			
Income	152,768,228	232,587,048	385,355,276
Insurance services expense			
Incurred claims	(139,024,134)	(112,703,958)	(251,728,092)
Changes to past service	(2,386,405)	-	(2,386,405)
Movement in risk adjustment for non-financial risk	(156,388)	-	(156,388)
Net risk equalisation special account payments	2,375,449	-	2,375,449
State levies	(1,759,164)	-	(1,759,164)
	(140,950,642)	(112,703,958)	(253,654,600)
Other insurance services expenses	(16,964,083)	-	(16,964,083)
Insurance services result before reinsurance contracts held	(5,146,497)	119,883,090	114,736,593
Income from OSHC and OVHC		232,587,048	232,587,048
Insurance service expense - claims		(112,703,958)	(112,703,958)
Net insurance result from OSHC and OVHC		119,883,090	119,883,090
Allocation of reinsurance premiums - ceded to reinsurers		(230,415,053)	(230,415,053)
Claims recovered from reinsurer		112,703,958	112,703,958
Net expense from reinsurance contracts held		(117,711,095)	(117,711,095)
Net profit from fronting fees		2,171,995	2,171,995
Insurance services result	(5,146,497)	2,171,995	(2,974,502)

* subject to reinsurance

Health insurance revenue recognition accounting policy
Insurance revenue is the amount of expected premium receipts allocated over the coverage period. For contracts of one year or less the allocation is based on the passage of time. For other contracts, the allocation reflects the expected pattern of risk. Adjustments made to past premiums are recognised as a reduction in insurance revenue.

The Australian Government contributes a rebate towards eligible policyholder's premium and pays this directly to the Company. This rebate is recognised within insurance revenue in the consolidated statement of surplus or deficit.

Insurance service expenses
Insurance service expenses comprise expenses directly attributable to fulfilling a group of insurance contracts and include claims incurred, other directly attributable insurance service expenses and changes to past service. Other expenses not meeting the above categories are included in other expenses in the statement of surplus or deficit and comprehensive income.

Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore, included within insurance service expenses. The company classifies the majority of expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Insurance claims are amounts payable under insurance contracts arising from the occurrence of an insured claims episode. A claims episode is an insured hospital, medical and ancillary service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs.

Incurred claims comprise insurance claims paid during the year together with related handling costs, the movement in the gross provision for claims in the period and the Risk Equalisation Special Account levy.

Note 4.1 Insurance service result (continued)

Private health insurers provide private health insurance cover through a community rated scheme. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high cost claim criteria.

The Australian Prudential Regulation Authority (APRA) determines the amount payable to or receivable from the Risk Equalisation Special Account after the end of each quarter. Estimates of amounts payable or receivable are provided in the LIC for periods where determinations have not yet been made. This includes an estimate of risk equalisation for unpresented and outstanding claims.

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company’s policy is to expense acquisition costs as they are incurred. For CHIP and OVHC contracts, the Company's policy is to expense acquisition costs as they are incurred.

Acquisition costs related to the OSHC contracts are paid by Allianz Partners Australia from reinsurance premiums.

Changes in the risk adjustment for non-financial risk are presented in the insurance service result and not disaggregated into an insurance service component and an insurance finance component.

Note 4.2 Investment income and expenses

Finance income

Interest income is recognised in the Statement of surplus or deficit, using the effective interest method. Changes in the value of financial assets at fair value through surplus or deficit are recognised within finance income as unrealised gains or losses while the assets are held. Upon derecognition of an asset, the cumulative unrealised gain or loss is reversed, and a realised gain or loss is recognised. Realised and unrealised gains and losses are presented as net gain /(loss) on fair value movements on financial assets.

Finance expense

Finance expenses includes investment management fees incurred on the financial assets held at fair value through surplus or deficit.

	2024 $	2023 (restated) $
Net investment results		
Interest income - cash at bank	945,575	417,532
Interest income - term deposits	3,263,321	2,421,722
Interest income - Fixed Interest	2,475,908	2,002,686
Dividends received	832,049	805,338
Net gain / (loss) on fair value movements on financial assets at fair value	3,190,030	3,253,000
Total finance income	10,706,883	8,900,278
Investment management expenses	(334,829)	(313,896)
Net investment results	10,372,054	8,586,382

Amounts have been restated for the adoption of AASB 17. Refer to Note 3.

Note 4.3 Revenue from services

	2024 $	2023 $
Management services revenue	12,370,000	10,333,444
Dental revenue	2,041,728	1,585,849
Optical revenue	1,180,723	1,031,443
Other income	19,788	216,663
	15,612,239	13,167,399

Accounting policy
Revenue recognition
Revenue is recognised for the major business activities as follows:

Rendering of services
Revenue from contracts to provide management services is recognised over time, as the services are rendered based on either a fixed price or standard rate per full-time equivalent unit per month.

Dental Revenue
Dental revenue is recognised over the period the performance obligation is satisfied i.e. over the course of the specific treatment to which the fee relates. Revenue is recognised when a customer obtains control of the goods or services. The transfer of control is over time.

Optical revenue
Optical revenue is recognised at the time when the performance obligation i.e. at the time of delivery. Revenue is recognised when a customer obtains control of the goods or services. The transfer of control is at a point in time.

Other revenue
Other revenue is recognised when or as a performance obligation is satisfied by transferring a promised good or service to a customer. Transfer occurs when or as the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time.

Note 5. Insurance contracts and reinsurance contracts held

Insurance contracts
An insurance contract arises when the Company accepts significant insurance risk from another party by agreeing to compensate them from the adverse effects of a specified uncertain future event. The significance of insurance risk depends on both the probability and magnitude of an insurance event. Once insurance cover has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk significantly reduces during the period all other types of insurance cover are insurance contracts.

Unit of account
A portfolio of insurance contracts is defined as insurance contracts subject to similar risks and managed together. Peoplecare has identified the following portfolio: CHIP, OSHC and OVHC insurance contracts, and OSHC and OVHC reinsurance contract. Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. Further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are:

(i) onerous at initial recognition
(ii) that have no significant possibility of becoming onerous subsequently; and
(iii) all remaining contracts.

Note 5. Insurance contracts and reinsurance contracts held (continued)

There is a presumption under the PAA that no contracts are onerous at initial recognition unless there are clear facts and circumstances that indicate otherwise.

In contemplating the facts and circumstances, the company has considered information reviewed by senior management in monitoring financial performance. Peoplecare defines facts and circumstances to be results from the financial projections model by the level of granularity in the model (product level). Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued comparing the carrying amount of the LRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment using a confidence level approach. An assessment is made whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. Insurance contracts remain within the same group from initial recognition until they are derecognised.

Recognition and derecognition
Groups of insurance contracts are initially recognised from the earliest of:

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

A group of insurance contracts are derecognised when all rights and obligations are extinguished or a contract modification occurs.

Measurement
Contract boundary and fulfilment cash flows
Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period. For insurance contracts, the company has a substantive right when it can compel the policyholder to pay the premiums or a substantive obligation when it has to provide the policyholder with insurance contract services.

Cash flows within the contract boundary directly relate to the fulfilment of the contract and include cash flows relating to the collection of premiums and payments for claims, benefits and expenses. Cash flows are outside of the contract boundary of an insurance contract when Company's substantive rights and obligations end. This mainly occurs when the Company has the practical ability to reprice the risks of a particular product or change the level of benefits so that the price fully reflects those risks. Cash flows outside the contract boundary relate to future insurance contracts. These future insurance contracts are recognised only when they meet the recognition criteria.

Key judgement
Complying Health Insurance Products (CHIP)
Due to the nature of Australian CHIP, the contract boundary can be determined in several ways. In making such assessment, the Company considered the later of the prepaid period and the next annual premium round implementation date (1st April). As the Company does not allow prepayment of more than 12 months for most CHIP contracts, the Company assessed that the contract boundary is 12 months or less.

OVHC Contracts
Similar to CHIP, the contract bound for OVHC contracts is 12 months or less.

OSHC and Reinsurance Contracts
As there is no substantive obligation for OSHC contracts beyond the current contract end date, and the coverage period is clear, then OSHC contracts will not have a substantive obligation and the contract boundary will be the contract end date.

The reinsurance contract follows the OSHC covers boundaries as it is a 100% quota-share.

PAA eligibility

Refer to Note 3 - Measurement of insurance contracts.

Note 5. Insurance contracts and reinsurance contracts held (continued)

Measurement Liability for remaining coverage (LRC)
On initial recognition of each group of insurance contracts, the carrying amount of the LRC is based on the premiums received less any directly attributable acquisition costs not expensed as incurred adjusted for any onerous contracts. In subsequent periods, the LRC is increased for any additional premiums received and release of any insurance acquisition cash flows and decreased for the recognition of insurance revenue that is released on a straight-line basis over the coverage period. The Company's default policy is not to adjust the LRC to reflect the time value of money and the effect of financial risk, as the company expects on initial recognition of each group of contracts that the time between providing each part of the services and the related premium due date is typically no more than one year.

Insurance acquisition cash flows
Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. It includes external and internal costs and incremental direct and indirect costs.

For CHIP and OVHC contracts, the Company's policy is to expense acquisition costs as they are incurred.

Acquisition costs related to the OSHC contracts are paid by Allianz Partners Australia from reinsurance premiums.

Onerous contracts
If facts and circumstances indicate that a group of contracts is onerous, detailed testing is performed by comparing the carrying amount of the LRC to the estimated fulfilment cash flows, which include an assessment of the risk adjustment using a confidence level approach. If the carrying amount of the LRC is less than the estimated fulfilment cash flows, a loss component is recognised. The loss component increases the LRC and is recognised as an expense in the Statement of surplus or deficit.

Subsequently, the loss component is reassessed, with any movements in the loss component adjusting the LRC and being recognised within the Statement of surplus or deficit.

Key estimate - onerous contracts
Key estimation uncertainty is driven by the future cash flows which are uncertain due to their timing, size and / or probability. The underlying cash flows are determined by forecasting future claims based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Liability for incurred claims (LIC)
The LIC represents the estimated liability arising from claims episodes in current and preceding financial years which have not yet given rise to claims paid including claims that have been incurred but not yet reported. A claims episode is an insured hospital, medical and ancillary service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs. The LIC is measured as the present value of the estimated future payments arising from claims incurred at the end of each reporting period under insurance cover issued by the Company and other incurred insurance service expenses, including a risk adjustment for the cashflows at risk to the Company. The liability also allows for an estimate of claims handling costs (these include internal and external costs incurred from the negotiation and settlement of claims) and payments to and from the Risk Equalisation Special Account (RESA). The company does not adjust the future cash flows either for the time value of money or for the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence. The ultimate liability may vary as a result of subsequent information and events. Adjustments to claims estimates for prior years are included in the Statement of surplus or deficit in the financial year in which the change is made. The methods used and estimates made for the LIC are reviewed regularly.

Key estimate - LIC
The LIC includes the expected claims payments and expenses required to settle any insurance contract obligations. The LIC estimate with respect to claims is based on an actuarial assessment of the hospital, medical and ancillary claim categories, calculated using statistical methods adopted for all service months but with service levels for the most recent service month being based on the latest forecast adjusted for any observed changes in payment patterns.

The critical assumption is the extent to which claim incidence and development patterns are consistent with past experience. Adjustments are then applied to reflect any unusual or abnormal events that may affect the estimate of claims levels such as major variability to claims processing volumes.

The process for establishing the LIC involves consultation with the Appointed Actuary, claims managers and other senior management.

Note 5. Insurance contracts and reinsurance contracts held (continued)

Risk adjustment
Complying Health Insurance Products (CHIP)
The risk adjustment reflects the compensation the company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the company fulfils insurance contracts. The Company has taken the decision to use a confidence level technique to estimate the risk adjustment for the LIC. The margin is set to achieve a probability of adequacy of 75% (2023: 75%) and any movements in the risk adjustment are recognised in full within the insurance service result.

OSHC and OVHC Contracts
Due to the interaction of the reinsurance agreement and indemnities provided by Allianz Partners under the Marketing and Management Agreements, the Company does not expect any material risk in underwriting this business. For Peoplecare to experience downside risk, both the reinsurer and Allianz Partners would need to fail; this is considered to be an immaterial probability. As such, the risk adjustment applied to the OSHC and OVHC LIC is 0%.

Key estimate - risk adjustment
Complying Health Insurance Products (CHIP)
The risk adjustment applied to the company's outstanding claims estimate (i.e. the claims reserve within the LIC) at 30 June 2024 is 7.0**%** (2023: 8.0%). The risk adjustment is based on an analysis of past experience, including comparing the volatility of past payments to the adopted outstanding claims estimate. The risk adjustment has been estimated to equate to the company's objective of achieving a probability of adequacy of at least 75% (2023: 75%).

OSHC and OVHC Contracts
The risk adjustment applied to the company's outstanding claims estimate (i.e. the claims reserve within the LIC) at 30 June 2024 is 0**%** (2023: 0%).

Health Insurance Risk Equalisation Special Account (RESA) levies accounting policy
Private health insurers provide private health insurance cover through a community rated scheme. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high-cost claim criteria.

The Australian Prudential Regulation Authority (APRA) determines the amount payable to or receivable from the Risk Equalisation Special Account after the end of each quarter. Estimates of amounts payable or receivable are provided in the LIC for periods where determinations have not yet been made. This includes an estimate of risk equalisation for unpresented and outstanding claims.

If a private health insurer notifies APRA of a material variation in paid claims which can be quantified, the private health insurer can adjust the risk equalisation expense.

Reinsurance contract assets held
For reinsurance contracts held, the Company applies the PAA in respect to the OVHC contracts as the coverage period is one year or less. The Company assesses the remaining OSHC contracts and applies the PAA as the resulting measurement would not differ materially from the result of applying the requirements in the GMM for reinsurance contracts held.

The Company measures the asset for remaining coverage (ARC) on initial recognition of a group of reinsurance contracts held as the amount of ceded premiums paid. Subsequently the remaining coverage is increased for ceded premiums paid and decreased for amounts of ceded premiums recognised as reinsurance expenses for the services received in the period. The Company releases ceded reinsurance premiums on a passage of time basis over the coverage period. The Company does not adjust the ARC for the time value of money or for the effect of financial risk as the time between providing the coverage and the related underlying premium is one year or less.

Note 5. Insurance contracts and reinsurance contracts held (continued)

The carrying amount of a group of reinsurance contracts held also includes the asset for incurred claims (AIC) comprising the fulfilment cash flows related to the past service allocated to the group. The Company does not adjust the AIC for the time value of money or effect of financial risk as recoveries are expected to be paid within one year of occurrence.

The estimates for future cash flows of a group of reinsurance contracts held should allow for the risk of non-performance by reinsurers, which is the probability weighted expected value of the effect of reinsurance counterparty failure to fulfil the contractual obligations.

The counterparty credit risk is considered immaterial due to the strong credit rating of the reinsurer (AM Best 'A+' Superior) and the indemnities provided by Allianz Partners.

(a) Reconciliation of movement in insurance liabilities

Insurance contracts balance sheet composition	**2024 $**	**2023 $**
Liability for remaining coverage - CHIP	8,831,430	9,946,817
Liability for incurred claims - CHIP	14,351,611	16,010,561
	23,183,041	25,957,378
Insurance contracts liabilities subject to reinsurance		
Liability for remaining coverage - OSHC and OVHC	308,351,827	276,741,026
Liability for incurred claims - OSHC and OVHC	55,004,353	37,275,033
	363,356,180	314,016,059
Total insurance contract liabilities	386,539,221	339,973,437

	2024 $	**2023 $**
Reinsurance contract assets		
Reinsurance contracts held that are assets - OSHC and OVHC	363,356,180	314,016,059
Total reinsurance contract assets	363,356,180	314,016,059

	2024 $	**2023 $**
Net insurance contract liabilities	23,183,041	25,957,378

Note 5. Insurance contracts and reinsurance contracts held (continued)

Insurance contract liability roll forward

June 2024	Liability for remaining coverage $	Loss component $	Liability for incurred claims $	Risk adjustment for non-financial risk $	Total $
Contract liabilities CHIP					
Opening insurance contract liabilities	8,698,244	1,248,572	15,232,653	777,909	25,957,378
Insurance service result					
Insurance revenue	(155,579,506)	-	-	-	(155,579,506)
Insurance services expense - incurred claims	-	-	123,077,385	(121,418)	122,955,967
Insurance services expense - other insurance services expenses	-	-	19,547,075	-	19,547,075
Losses on onerous contracts and reversals of those losses	-	(757,070)	-	-	(757,070)
	(155,579,506)	(757,070)	142,624,460	(121,418)	(13,833,534)
Cashflows					
Premiums received	155,221,190	-	-	-	155,221,190
Claims and other directly attributable expenses paid	-	-	(144,161,993)	-	(144,161,993)
	155,221,190	-	(144,161,993)	-	11,059,197
Closing insurance contract liabilities - CHIP	8,339,928	491,502	13,695,120	656,491	23,183,041

June 2024	Liability for remaining coverage $	Loss component $	Liability for incurred claims $	Risk adjustment for non-financial risk $	Total $
Contract liabilities subject to reinsurance - OSHC and OVHC					
Opening balance as at 30 June 2023	276,741,026	-	37,275,033	-	314,016,059
Insurance service result					
Insurance revenue from OSHC and OVHC	(293,130,271)	-	-	-	(293,130,271)
Insurance service expense - claims incurred	-	-	171,551,476	-	171,551,476
	(293,130,271)	-	171,551,476	-	(121,578,795)
Cashflows					
Insurance revenue received	123,757,475	-	-	-	123,757,475
Insurance revenue received by agent	200,983,597	-	-	-	200,983,597
Claims paid	-	-	(66,132,320)	-	(66,132,320)
Claims paid by agent	-	-	(87,689,836)	-	(87,689,836)
	324,741,072	-	(153,822,156)	-	170,918,916
Closing contract liabilities subject to reinsurance - OSHC and OVHC	308,351,827	-	55,004,353	-	363,356,180
Total insurance contract liabilities	316,691,755	491,502	68,699,473	656,491	386,539,221

Peoplecare Health Limited
Notes to the financial statements
30 June 2024

Note 5. Insurance contracts and reinsurance contracts held (continued)

Reinsurance contracts roll forward	Asset for remaining coverage $	Amounts recovered on incurred claims $	Total $
Reinsurance contract assets held			
Opening balance as at 30 June 2023	276,741,026	37,275,034	314,016,060
Allocation of reinsurance premium ceded, net of fronting fees	(290,955,476)	-	(290,955,476)
Amounts recoverable from reinsurance for incurred claims	-	171,551,476	171,551,476
	(290,955,476)	171,551,476	(119,404,000)
Cashflows			
Reinsurance premiums paid	121,582,680	-	121,582,680
Reinsurance premiums paid by agent	200,983,597	-	200,983,597
Recoveries from reinsurance	-	(66,132,320)	(66,132,320)
Recoveries from reinsurance received by agent	-	(87,689,837)	(87,689,837)
	322,566,277	(153,822,157)	168,744,120
Closing balance as at 30 June 2024	308,351,827	55,004,353	363,356,180

June 2023	Liability for remaining coverage $	Loss component $	Liability for incurred claims $	Risk adjustment for non-financial risk $	Total $
Contract liabilities CHIP					
Opening insurance contract liabilities	8,077,323	1,924,769	13,002,636	621,520	23,626,248
Insurance service result					
Insurance revenue	(152,768,228)	-	-	-	(152,768,228)
Insurance services expense - incurred claims	-	-	141,470,450	156,389	141,626,839
Insurance services expense - other insurance services expenses	-	-	16,964,083	-	16,964,083
Losses on onerous contracts and reversals of those losses	-	(676,197)	-	-	(676,197)
	(152,768,228)	(676,197)	158,434,533	156,389	5,146,497
Cashflows					
Premiums received	153,389,150	-	-	-	153,389,150
Claims and other directly attributable expenses paid	-	-	(156,204,517)	-	(156,204,517)
	153,389,150	-	(156,204,517)	-	(2,815,367)
Closing insurance contract liabilities - CHIP	8,698,245	1,248,572	15,232,652	777,909	25,957,378

Note 5. Insurance contracts and reinsurance contracts held (continued)

June 2023	Liability for remaining coverage $	Loss component $	Liability for incurred claims $	Risk adjustment for non-financial risk $	Total $
Contract liabilities subject to reinsurance - OSHC and OVHC					
Opening balance as at 30 June 2022	201,856,406	-	38,528,620	-	240,385,026
Insurance service result					
Insurance revenue from OSHC and OVHC	(232,587,048)	-	-	-	(232,587,048)
Insurance service expense - claims incurred	-	-	112,703,958	-	112,703,958
	(232,587,048)	-	112,703,958	-	(119,883,090)
Cashflows					
Insurance revenue received	134,455,915	-	-	-	134,455,915
Insurance revenue received by agent	173,015,754	-	-	-	173,015,754
Claims paid	-	-	(57,958,675)	-	(57,958,675)
Claims paid by agent	-	-	(55,998,871)	-	(55,998,871)
	307,471,669	-	(113,957,546)	-	193,514,123
Closing contract liabilities subject to reinsurance - OSHC and OVHC	276,741,027	-	37,275,032	-	314,016,059
Total insurance contract liabilities	285,439,272	1,248,572	52,507,684	777,909	339,973,437

Reinsurance contracts roll forward	Asset for remaining coverage $	Amounts recovered on incurred claims $	Total $
Reinsurance contract assets held			
Opening balance as at 30 June 2022	201,856,406	38,528,620	240,385,026
Allocation of reinsurance premium ceded, net of fronting fees	(230,415,053)	-	(230,415,053)
Amounts recoverable from reinsurance for incurred claims	-	112,703,958	112,703,958
	(230,415,053)	112,703,958	(117,711,095)
Cashflows			
Reinsurance premiums paid	132,283,920	-	132,283,920
Recoveries from reinsurance	173,015,754	-	173,015,754
Claims paid	-	(57,958,675)	(57,958,675)
Claims paid by agent	-	(55,998,871)	(55,998,871)
	305,299,674	(113,957,546)	191,342,128
Closing balance as at 30 June 2023	276,741,027	37,275,032	314,016,059

Key judgement
Whilst the cash flow transactions for the OSHC insurance contracts are settled directly by Allianz Partners for which the Company receives a fronting fee. The Company bears the underwriting of those contracts.

Note 5. Insurance contracts and reinsurance contracts held (continued)

Impact of changes in key variables on the LIC
Complying Health Insurance Products (CHIP)
The key variables in the measurement of the CHIP LIC include the best estimate liability, risk margin and weighted average term to settlement. A 10% increase/decrease in the claims best estimate would result in a $956,292 decrease/increase to profit and equity (2023: $946,548). A 1% movement in other key variables, including risk margin and weighted average term to settlement, would result in an insignificant decrease/increase to profit and equity.

OSHC and OVHC contracts
Changes in the key variables in the measurement of the LIC for OSHC and OVHC contracts will not result in a change to profit and equity due to the 100% reinsurance arrangements that are in place.

Assumptions for private health insurance contracts
The process of recognising liabilities arising from private health insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing the extent to which any groups of contracts have become onerous.

The principal assumptions in the estimation of the LIC relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends.

The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made.

Claims development patterns are analysed. Various established reserving methods for private health insurance are considered, typically basic chain ladder. Additional consideration is given to the treatment of large claims, claims seasonality and claims inflation for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims, such claims are generally highly predictable in both frequency and average amount, and claims are settled quickly following the medical event for which benefit is claimed. Medical expense claims are, typically, substantially fully settled within just a few months.

Estimation uncertainty exists in determining a loss component, where facts and circumstances are identified that may indicate that a group of onerous contracts exists. As described above, a loss component is measured by comparing the current estimates of the fulfilment cash flows that relate to the remaining coverage to the carrying amount of the LRC. Uncertainty is driven by the future cash flows which are uncertain due to their timing, size and, or probability. The underlying cash flows are determined by forecasting future claims and any other expenses, based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Insurance provisions are inevitably estimates. Actual experience or losses incurred may vary from that anticipated in the reserving estimates. The following tables show the impact on profit before taxation of reasonably possible variations in the key assumptions used to determine the best estimate of claims provisioning and in estimating the fulfilment cash flows used in onerous contract testing. Changes to these assumptions are made while holding all other assumptions constant, however in practice, it is likely that variations in some of the assumptions may be correlated. The sensitivity analysis reflects one-off impacts at the reporting date and should not be interpreted as predictions.

Note 6. Expenses

The table below provides an analysis of other operating expenses incurred by the Company. Other operating expenses excludes incurred claims.

Other operating expense
Other operating expenses include staff costs, overheads, depreciation, amortisation of intangible assets, incurred as a consequence of operating the business. Expenses attributed to insurance acquisition cash flows and other directly attributable insurance expenses are included within insurance service expenses. Operating expenses exclude insurance / direct claims costs.

Note 6. Expenses (continued)

Expenses by function	2024 $	2023 (restated) $
Insurance service expense - other insurance service expense	19,547,075	16,964,083
Other expenses	18,124,092	15,738,151
Finance expenses	334,829	313,896
	38,005,996	33,016,130

	2024 $	2023 (restated) $
Salaries & wages	22,482,677	20,340,475
Technology & communication	3,299,566	2,368,249
Depreciation & amortisation	1,241,003	1,045,351
Marketing expenses	3,437,150	1,975,975
Third party expenses	2,821,353	2,363,589
Professional fees	1,455,713	1,891,806
Other office expenses	1,094,132	1,233,887
Cost of Sales - Dental and Optical	1,839,573	1,482,902
Finance expenses	334,829	313,896
	38,005,996	33,016,130

Amounts have been restated for the adoption of AASB 17. See Note 3.

Note 7. Current assets - cash and cash equivalents

	2024 $	2023 $
Cash on hand	1,750	1,750
Cash at bank	16,705,290	11,626,571
Term deposits maturing within 3 months after the end of the reporting period	60,500,000	70,000,000
Cash at bank restricted access	7,526,596	3,199,399
	84,733,636	84,827,720

Restricted cash refers to cash at bank that is not available for general business use and is held by the Company as part of the contractual agreement with AWP to service OSHC and OVHC insurance contracts.

Cash at bank bears floating interest rates between 4.20% and 4.38% (2023: 0.95% and 4.20%). Term deposits bear fixed interest rates between 1.55% and 5.10% (2023: 1.50% and 5.05%).

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.

Accounting Policy
Cash and cash equivalents
Cash and cash equivalents, and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amounts of cash assets and bank overdrafts approximate their fair value. For the purposes of the statement of cash flows, cash includes cash on hand, deposits held at call with financial institutions net of bank overdrafts, and other short-term highly liquid investments maturing within 3 months of the end of the reporting period.

Note 8. Current assets - trade and other receivables

	2024 $	2023 (restated) $
Investment income receivable	690,317	725,651
Other debtors	5,031,433	3,888,823
Less: provision for loss allowance	-	(9,576)
	5,721,750	4,604,898

Amounts have been restated for the adoption of AASB 17. See Note 3

Trade and other receivables are carried at amortised cost, net of provisions for ECLs. The carrying value of trade and other receivables is a reasonable approximation of fair value.

Investment income receivable
Investment income receivable represents an accrual calculation of interest from investments outstanding as at the end of the reporting period.

Other debtors
Other debtors are recorded at amounts due less any provision for doubtful debts. Other debtors are normally settled in 30 days.

Note 9. Current assets - inventories

	2024 $	2023 $
Optical stock on hand - at cost	165,687	125,687

Note 10. Current assets - other financial assets

	2024 $	2023 $
Financial assets at fair value through surplus or deficit: Shares in listed corporations	26,817,332	23,613,128

Accounting policy
Investment management
The Company has adopted a conservative investment strategy that utilises both short term and longer term financial instruments. Liquidity of the portfolio is matched to the expected pattern of future cash flows arising from the private health insurance liabilities.

The Company has determined that all financial assets of the Health Benefits fund are held to back private health insurance liabilities and their accounting treatment is as follows:

Note 10. Current assets - other financial assets (continued)

Investment and other financial assets:
Financial assets at fair value through surplus or deficit
Financial assets are designated at fair value through surplus or deficit. Initial recognition is at fair value, being acquisition cost, in the statement of financial position and subsequent measurement is at fair value with any resultant fair value gains or losses recognised in surplus or deficit. Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Shares and fixed interest securities are initially recognised at fair value, being the acquisition cost and the subsequent fair value is taken as the quoted bid price of the instrument at the end of the reporting period. If quoted market values are not available then fair values are estimated based on mid-market price valuation models.

Other financial assets
Initial recognition is at fair value, being acquisition cost, in the statement of financial position with transaction costs expensed in surplus or deficit. Subsequent measurement is at fair value with any resultant fair value gains or losses recognised in surplus or deficit.

Impairment of assets
Financial assets
A financial asset, other than those classified as fair value through surplus or deficit, is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit.

Note 11. Current assets - other assets

	2024 $	2023 $
Prepayments	1,085,519	750,155

Note 12. Non-current assets - other financial assets

	2024 $	2023 $
Unlisted shares - Horizon Bank	2	2
Unlisted shares - Peoplecare Health Insurance Pty Ltd	100	100
Unlisted shares - Peoplecare Professional Services Pty Ltd	2	2
Financial assets at fair value through surplus or deficit: Bonds	56,141,288	55,652,937
	56,141,392	55,653,041

Note 13. Non-current assets - property, plant and equipment

	2024 $	2023 $
Land and buildings - at fair value	7,650,000	7,650,000
Less: Accumulated depreciation	(105,812)	-
	7,544,188	7,650,000
Leasehold improvements - at cost	942,199	942,199
Less: Accumulated depreciation	(897,552)	(872,265)
	44,647	69,934
Plant and equipment - at cost	2,231,632	2,139,623
Less: Accumulated depreciation	(1,835,007)	(1,749,032)
	396,625	390,591
Motor vehicles - at cost	248,513	378,283
Less: Accumulated depreciation	(149,379)	(155,795)
	99,134	222,488
Computer equipment - at cost	2,194,479	2,182,848
Less: Accumulated depreciation	(1,899,526)	(1,780,833)
	294,953	402,015
	8,379,547	8,735,028

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

	Land and Buildings $	Leasehold Improve. $	Plant and Equipment $	Motor Vehicles $	Computer Equipment $	Total $
Balance at 1 July 2022	7,425,000	96,745	287,946	248,771	123,035	8,181,497
Additions	-	-	177,331	146,968	342,348	666,647
Disposals	-	-	-	(105,763)	(6,905)	(112,668)
Revaluation of assets	225,000	-	-	-	-	225,000
Depreciation expense	-	(26,811)	(74,686)	(67,488)	(56,463)	(225,448)
Balance at 30 June 2023	7,650,000	69,934	390,591	222,488	402,015	8,735,028
Additions	-	-	131,127	-	60,509	191,636
Disposals	-	-	(39,118)	(75,194)	(1,369)	(115,681)
Revaluation of assets	-	-	-	-	-	-
Depreciation expense	(105,812)	(25,287)	(85,975)	(48,160)	(166,202)	(431,436)
Balance at 30 June 2024	7,544,188	44,647	396,625	99,134	294,953	8,379,547

Note 13. Non-current assets - property, plant and equipment (continued)

Accounting policy
Property, plant and equipment
Land and buildings
Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Independent valuations are performed regularly to ensure that the carrying amounts of land and buildings does not differ materially from the fair value at the end of the reporting period. A director's valuation will be carried out in each year that the property is not valued by an external independent valuer.

Where an adjustment is made to the valuation, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Where there is no adjustment, accumulated depreciation remains as is and the building continues to be depreciated as per the depreciation policy.

Increases in the carrying amounts arising on the revaluation of land and buildings are credited to the Revaluation surplus reserve in equity. To the extent that the increase reverses a decrease previously recognised in surplus or deficit, the increase is first recognised in surplus or deficit. Decreases that reverse previous increases of the same asset are first charged against the Revaluation surplus reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to surplus or deficit.

The fair value of Land and Buildings recognised in the Statement of Financial Position at 30 June 2024 has been determined by an external independent valuer taking into consideration all available information and inputs at the time of valuation.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation of property, plant and equipment
Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Leasehold improvements	2 to 10 years
Plant and equipment	2 to 40 years
Motor vehicles	5 years
Computer equipment	2 to 5 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to surplus or deficit. When revalued assets are sold, it is the Company's policy to transfer the amounts included in other reserves in respect of those assets to retained surpluses.

Valuations of land and buildings
The fair value of land and buildings located at 2-12 Victoria Street, Wollongong NSW, at the end of the reporting period was assessed by Opteon Property Group, an independent external valuer, taking into consideration all available information and inputs at the time of valuation. The fair value of the Company's land and buildings at 30 June 2024 is $7,650,000 (2023: $7,650,000).

Note 13. Non-current assets - property, plant and equipment (continued)

The Company classifies its assets into the three levels prescribed under the accounting standards. All resulting fair value estimates for land and buildings are classified as Level 2. The Level 2 fair value of land and buildings has been derived using the market value approach. The key inputs under this approach are the current observable prices in an active market for similar properties in the same location and condition, and the net market rental income as at the valuation date, capitalised at an appropriate market yield.

Note 14. Non-current assets - right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	700,703	1,388,708
Less: Accumulated depreciation	(164,504)	(569,127)
	536,199	819,581

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

	Land and Buildings $	Total $
Balance at 1 July 2022	994,257	994,257
Disposals	(105,253)	(105,253)
Remeasurement	144,738	144,738
Depreciation expense	(214,161)	(214,161)
Balance at 30 June 2023	819,581	819,581
Recognition of ROU	486,578	486,578
Derecognition of ROU	(638,674)	(638,674)
Disposals	-	-
Depreciation expense	(131,286)	(131,286)
Balance at 30 June 2024	536,199	536,199

Accounting policy
Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to surplus or deficit as incurred.

Note 15. Non-current assets - intangibles

	2024 $	2023 $
Computer software - at cost	2,919,353	3,728,469
Less: Accumulated amortisation	(2,373,201)	(2,449,931)
	546,152	1,278,538
Computer software under development - at cost	53,842	143,284
	599,994	1,421,822

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

	Software $	Software development $	Total $
Balance at 1 July 2022	1,083,695	743,487	1,827,182
Additions	200,382	-	200,382
Transfers in/(out)	600,203	(600,203)	-
Amortisation expense	(605,742)	-	(605,742)
Balance at 30 June 2023	1,278,538	143,284	1,421,822
Additions	-	53,842	53,842
Write off of assets	(197,389)	-	(197,389)
Transfers in/(out)	143,284	(143,284)	-
Amortisation expense	(678,281)	-	(678,281)
Balance at 30 June 2024	546,152	53,842	599,994

Accounting policy
Intangible assets
Computer software and software development
Costs incurred in acquiring software licences and the development of both software and a website that will contribute to future period financial benefits through reserve generation and/or cost reduction are capitalised to computer software.

Software licences and capitalised development costs have a finite useful life and are carried at cost, less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs over their useful lives being 1 to 5 years.

Note 16. Current liabilities - other payables and accruals

	2024 $	2023 (restated) $
Annual leave	1,420,272	1,461,183
Other payables and accruals	12,586,083	7,656,511
	14,006,355	9,117,694

Refer to Note 23 for further information on financial instruments.

Note 16. Current liabilities - other payables and accruals (continued)

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

Note 17. Current liabilities - lease liabilities

	2024 $	2023 $
Lease liability	124,491	206,922

Refer to Note 23 for further information on financial instruments.

Lease commitments includes contracted amounts for office facilities and a retail outlet under non-cancellable leases expiring within 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Accounting policy
Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to surplus or deficit if the carrying amount of the right-of-use asset is fully written down.

Note 18. Current liabilities - provisions

	2024 $	2023 $
Long service leave	534,197	672,528

Long service leave obligations:
The current portion of this liability represents the unconditional entitlement to long service leave where employees have completed the required period of service. This amount is presented as a current liability as the Company does not have an unconditional right to defer settlement for these obligations. However, based on past years' experience including low turnover of long term staff, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2024 $	2023 $
Employee benefits obligation expected to be settled after 12 months	479,629	611,068

Note 18. Current liabilities - provisions (continued)

(a) Long Service Leave

Accounting policy
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Current liabilities - Members give back provision

	2024 $	2023 $
Members give back provision	154,534	22,107,910

A members give back liability of $0.1 million has been recognised at 30 June 2024 (2023: $22.108million). This liability relates to the return of permanent COVID-19 claims savings to members. The balance at 30 June 2024 relates to funds returned due to incorrect member details.

Note 20. Non-current liabilities - lease liabilities

	2024 $	2023 $
Lease liability	411,017	648,101

Refer to Note 18 for the Lease Accounting Policy adopted by the Company and Note 23 for further information on financial instruments.

Lease commitments includes contracted amounts for office facilities and a retail outlet under non-cancellable leases expiring within 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 21. Non-current liabilities - provisions

	2024 $	2023 $
Long service leave	332,016	273,652

Provision for long-term employee benefits
A provision has been recognised for employee benefits relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Refer to Note 18 for the long service leave Accounting Policy adopted by the Company.

Note 22. Equity - reserves

	2024 $	2023 $
Revaluation surplus reserve	2,831,722	2,831,722

Note 22. Equity - reserves (continued)

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties. In the event of a sale of an asset, any balance in the reserve in relation to that asset is transferred to retained surpluses.

	Revaluation Surplus $	Total $
Balance at 1 July 2022	2,606,722	2,606,722
Revaluation	225,000	225,000
Balance at 30 June 2023	2,831,722	2,831,722
Balance at 30 June 2024	2,831,722	2,831,722

Note 23. Financial risk and capital management

The Company has exposure to the following risks from investing in various financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors (Board) has overall responsibility for the establishment of the risk management framework. The Board of Directors has established the Risk Committee, who are responsible for oversight and monitoring of risk management policies. The Risk Committee consists entirely of non-executive directors and reports regularly to the full Board of Directors on their activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, regulatory requirements, the Board's risk appetite, and the Company's activities. The Company, through training and management standards and procedures, aims to develop a disciplined and constructive risk culture in which all employees understand their roles and obligations.

The Risk Committee is responsible for monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported through the Audit Committee to the Board of Directors.

(a) Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from policyholders (insurance contracts), other customers and investment securities.

Receivables from insurance contracts:
The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

Credit risk in relation to insurance contracts is discussed in Note 32.

Note 23. Financial risk and capital management (continued)

Other receivables:
The risk of financial loss to the Company from customers other than fund members arises principally from two sources: management services provided by the Company to other private health and specialty insurers, and receivables due from Services Australia in relation to the Australian Government Private Health Insurance Rebate.

The probability of financial loss to the Company from these arrangements is assessed as low for the following reasons:

(i) The premium reductions scheme is legislated under the *Private Health Insurance Act 2007* and is an integral part of the private health insurance industry affecting all private health insurers; and
(ii) In relation to the management services provided, the Company has formal arrangements via management services contracts which among other things provide appropriate protection to the Company in respect of the risk of customer default.

There has been no history of default in relation to these receivables.

Cash and cash equivalents and financial assets with financial institutions:
The Board has addressed the issue of credit risk from investment securities through the development and regular review of the Company's investment strategy. The strategy requires the Company to hold a diversified investment portfolio, heavily weighted to defensive assets.

The portfolio of defensive assets consists of cash and cash equivalents, highly liquid fixed interest securities, longer term fixed income securities (up to 10 years), short term receivables and assets used in the operations of the business. With the exception of term deposits, defensive investment assets are managed by an independent investment advisor.

The Company limits its exposure to counterparty credit risk through the following policies which are detailed in the investment strategy and summarised as follows:

Cash and cash equivalents and highly liquid fixed interest securities (short-term investments):

(i) Investing only with authorised deposit-taking institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA):

(a) Short term investments are required to be placed with ADIs with a minimum issuer credit rating of A1 or higher (as defined by Standard and Poors rating agency). This is to ensure that investment funds are placed with highly secure, low risk rated entities; and
(b) Notwithstanding (a), the Board has a tolerance for up to 20% of the defensive investment asset portfolio to be invested with ADIs who meet the following criteria:

- Net Assets > $50 million;
- Return on Equity > 5% for each of the last two financial years; and
- Total regulatory capital as a % of total risk weighted assets > 12% for each of the last two financial years; and
- The maximum amount invested with any individual ADI or related banking group in this category is $1,000,000.

Long-term fixed income securities held by the Company may include:

- Bank endorsed bills of exchange;
- Term Deposits;
- Securities Issued by Federal or State Government bodies or securities issued by a semi-government authority with security guaranteed by the Federal or State Government; and
- Corporate bonds.

(i) All long-term defensive investments are required to have a minimum issuer rating of AA- (as defined by Standard and Poors rating agency) except for corporate bond investments which must have a minimum issuer credit rating of A-; and
(ii) Exposure to any single issuer, financial institution or related banking group, is limited to a maximum of 35% of the defensive asset investment portfolio.

In addition to the above, the Company holds a portfolio of growth assets which includes shares in listed corporations. The Company manages credit risk in respect to this portfolio by:

Note 23. Financial risk and capital management (continued)

(i) The share portfolio will be actively managed by an independent investment advisor;
(ii) Only stocks from the ASX200 Accumulation Index will be included in the portfolio and will include shares from a range of diverse industry sectors with sector limits of +/- 15%;
(iii) No more than 17% of the Australian equity portfolio is to be held in any one company;
(iv) The total combined holding of Australian and International equities cannot exceed the Board endorsed maximum of 18% of the total investment assets of the Fund;
(v) The value of international equities cannot exceed 35% of the total equity portfolio value;
(vi) An equities investment via an Exchange Traded Fund (ETF) will only be through the purchase of a physical ETF, that is, the Fund will not invest in synthetic ETF's;
(vii) Any ethical or conflict of interest investment considerations/decisions are not to be applicable when investing via a passive approach (index fund or ETF) due to the individual investment decisions being deemed "arms-length" in nature; and
(viii) The investment advisor will seek approval from the management investment committee before changing or adding any direct holdings, managed funds or ETF's into the portfolio.

At the end of the reporting period, the maximum exposure of the Company to any one financial institution measured at fair value was $53,219,224 (2023: $47,261,473).

Exposure to credit risk:
The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the end of the reporting period was as follows:

	2024 $	2023 $
Financial Assets		
Cash and cash equivalents	84,733,636	84,827,720
Receivables	5,721,750	4,604,898
Financial assets at fair value through surplus or deficit: Bonds	56,141,288	55,652,937
	146,596,674	145,085,555

(b) Liquidity Risk
Liquidity risk is the risk that the Company might encounter difficulties in settling debts or otherwise meeting its obligations related to financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In order to maintain appropriate levels of liquidity, the investment portfolio's target asset allocation is to hold cash and short-term deposits at least equal to the value of the prudential capital amount reporting in the quarterly regulatory returns.

Management also manages liquidity risk through the preparation of daily cash flow forecasts for the following six months. This forecast provides for the major types of cash inflows and outflows, as well as the projected net cash position each day and cumulatively over the forecast period.

The forecasts are assessed and updated on a regular basis as new information comes to hand. Cash flow projections are updated daily with actual cash flow outcomes to assess accuracy and assist in improving future cash flow forecasting.

Peoplecare has a Board endorsed Liquidity Management Plan to ensure sufficient liquidity is available to fund all payments as and when they fall due.

Note 23. Financial risk and capital management (continued)

Remaining contractual maturities
The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2024	1 month or less $	Between 2 and 4 months $	Between 4 and 6 months $	More than 6 months $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	12,783,190	-	-	-	12,783,190
Member giveback	-	-	-	154,534	154,534
Interest-bearing - fixed rate					
Lease liability	17,920	32,534	32,534	905,657	988,645
Total non-derivatives	12,801,110	32,534	32,534	1,060,191	13,926,369

2023 (restated)	1 month or less $	Between 2 and 4 months $	Between 4 and 6 months $	More than 6 months $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade and other payables (excl. GST & PAYG)	7,561,176	-	-	-	7,561,176
Member giveback	-	8,000,000	14,000,000	-	22,000,000
Interest-bearing - fixed rate					
Lease liability	19,345	58,035	58,035	1,122,546	1,257,961
Total non-derivatives	7,580,521	8,058,035	14,058,035	1,122,546	30,819,137

The carrying value of the Company's contractual maturities are $13,926,369 (2023: $30,819,137). The Company is not significantly exposed to this risk as it has $77,207,040 of cash and cash equivalents to meet these obligations as they fall due.

Amounts have been restated for the adoption of AASB 17. Refer to Note 3.

(c) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk in relation to insurance contracts:
Market risk in relation to insurance contracts is discussed in Note 32.

Market risk in relation to investment securities:

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has minimal currency risk exposure at 30 June 2023. The Company held $7.75m of international equities however $3.33m of these equities is not effected by currency risk because this proportion is fully hedged. The role of hedging for international equity investments is to neutralise foreign exchange risk within the portfolio.

Note 23. Financial risk and capital management (continued)

Sensitivity analysis for currency risk
The Company holds an unhedged international portfolio of equity investments valued at current foreign exchange prices of $5,096,154 (2023: $4,423,961). For equity investments classified as fair value through surplus or deficit, a 5% change of the Australian Dollar against all other currencies at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of $254,808 (2023: $221,198). Equity would increase or decrease by the same amount.

The above example assumes a constant and equal 5% change of the Australian Dollar against all other currencies. However, in practice a basket of currencies does not move in this constant fashion because invariably macroeconomic factors will impact each currency differently.

Interest rate risk
The Company is subject to interest rate risk through volatility in cash flows generated by interest bearing financial instruments. To minimise this volatility, the Company diversifies its holdings of financial instruments between various financial institutions and through investing in a range of differing financial products. The Company has adopted an investment strategy that delivers a diversified portfolio with a heavier weighting to defensive assets versus growth assets. Defensive assets consist of fixed interest securities and cash and cash equivalents.

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

	2024		2023	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Fixed rate instruments (maturing within one year): Financial assets	4.71%	66,807,094	4.52%	73,263,694
Fixed rate instruments (maturing after one year): Financial assets	6.11%	49,834,175	6.03%	52,389,242
Variable rate instruments: Financial assets	4.22%	18,720,941	4.18%	11,628,425
Net exposure to cash flow interest rate risk		135,362,210		137,281,361

Sensitivity Analysis:

	Basis points increase			Basis points decrease		
2024	Basis points change	Effect on surplus	Effect on equity	Basis points change	Effect on surplus	Effect on equity
Fixed rate instruments	100	1,166,413	1,166,413	100	(1,166,413)	(116,413)
Variable rate instruments	100	187,209	187,209	100	(187,209)	(187,209)
		1,353,622	1,353,622		(1,353,622)	(303,622)

	Basis points increase			Basis points decrease		
2023	Basis points change	Effect on surplus	Effect on equity	Basis points change	Effect on surplus	Effect on equity
Fixed rate instruments	100	1,256,529	1,256,529	100	(1,256,529)	(1,256,529)
Variable rate instruments	100	116,284	116,284	100	(116,284)	(116,284)
		1,372,813	1,372,813		(1,372,813)	(1,372,813)

The above results are based on the change in interest rates being maintained for the past year and with all other variables remaining constant.

Note 23. Financial risk and capital management (continued)

Other market price risk
The Company is exposed to securities price risk in relation to both the long-term fixed income and the equities investment portfolios. This arises from investments held by the Company and classified on the statement of financial position as at fair value through surplus or deficit. This risk is managed by the following investment strategy requirements:

Equities Portfolio

(i) The share portfolio will be actively managed by an independent investment advisor;
(ii) Only stocks from the ASX200 Accumulation Index will be included in the portfolio and will include shares from a range of diverse industry sectors with sector limits of +/- 15%;
(iii) No more than 17% of the Australian equity portfolio is to be held in any one company;
(iv) The total combined holding of Australian and International equities cannot exceed the Board endorsed maximum of 18% of the total investment assets of the Fund;
(v) The value of international equities cannot exceed 35% of the total equity portfolio value;
(vi) An equities Investment via an ETF will only be through the purchase of a physical ETF, that is, the Fund will not invest in synthetic ETF’s.
(vii) Any ethical or conflict of interest investment considerations/decisions are not to be applicable when investing via a passive approach (index fund or ETF) due to the individual investment decisions being deemed “arms-length” in nature.
(viii) The investment advisor will seek approval from the management investment committee before changing or adding any direct holdings, managed funds or ETF’s into the portfolio.

Sensitivity analysis for price risk
The Company's Australian equity investments are listed on the Australian Securities Exchange. For equity investments classified as fair value through surplus or deficit, a 10% change in the bid price at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of $1,791,198 (2023: $1,586,183). Equity would increase or decrease by the same amount.

Fixed Income Portfolio

(i) No more than 35% of the defensive asset portfolio can be invested in any single issuer; and
(ii) Fixed interest securities will be acquired under the advice of a Board approved independent investment adviser.

Sensitivity analysis for price risk
The Company's bonds are listed on the secondary market. For bonds classified as fair value through surplus or deficit, a 10% change in the bid price at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of $5,614,129 (2023: $5,565,294). Equity would increase or decrease by the same amount.

Capital Management
The new Private Health Insurance Capital Framework came into effect on 1 July 2023, and included a revised HPS 110 Capital Adequacy standard. The new standard requires private health insurers to have a Board-approved Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP involves an integrated approach to risk and capital management, based around assessing the level of, and appetite for, risk in the business and ensuring that the level and quality of capital is appropriate for that risk profile.

As the company is a non-significant financial institution, the company has availed of the transition arrangements which allow the company two-years to transition to meet the new ICAAP requirements.

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide benefits for members.

Peoplecare has capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer of capital in accordance with the Board’s attitude to and tolerance for risk. The internal capital target ensures Peoplecare has a minimum level of capital given certain stressed scenarios.

Note 23. Financial risk and capital management (continued)

	2024 $
Net tangible assets [i]	144,835,411
Capital base	145,937,722
Prescribed Capital Amount (PCA)	53,005,681
Excess capital over PCA	92,932,041
	436,710,855
PCA multiple	2.75x

i. Net tangible assets excludes intangible assets.

Fair value
The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Company are as follows:

	2024		**2023**	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair value $**
Assets				
Financial assets fair valued through surplus or deficit	56,141,288	56,141,288	55,652,937	55,652,937
Shares in listed corporations	26,817,332	26,817,332	23,613,128	23,613,128
	82,958,620	82,958,620	79,266,065	79,266,065

Financial assets measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and liabilities above are classified as Level 1 due to either their short-term nature or their values being derived by quoted prices (unadjusted) in active markets for identical assets. The net carrying amounts for these financial assets and liabilities are deemed to approximate their fair values.

Note 24. Key management personnel disclosures

Directors
The following persons were directors of Peoplecare Health Limited during the financial year:

Glenn Lennell (Retired on 22 November 2023)
Michael Oertel
Peter Fitzgerald
Stephannie Jonovska
Sue Baker-Finch
Dr Abhishek Verma
Darren Hungerford (Appointed as Associate Director on 11 September 2023)
Amy Harper (Appointed as Associate Director on 11 September 2023)

Note 24. Key management personnel disclosures (continued)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year:

Louise Leaver	Chief Executive Officer
Brett Wright	Chief Risk Officer
Christopher Stolk	Chief Financial Officer
Maree Morgan-Monk	Chief People and Culture Officer
James Koutsoukos	Chief Commercial Officer
Marie Heritage	Chief Marketing and Customer Strategy Officer
Scott Prosser	Chief Operations Officer
Pablo Neira	Chief Information Officer

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

	2024 $	2023 $
Short-term employee benefits	2,695,498	2,822,486

Total Directors' remuneration of up to a maximum of $495,000 per annum was approved by members at the Annual General Meeting on 24 November 2021. For the year ended 30 June 2024 total directors' remuneration paid was $481,843.

Other transactions with key management personnel
During the period the Company provided discounted health insurance to employees, which includes key management personnel.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	2024 $	2023 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit of the financial statements and regulatory returns	153,100	134,190
Other services - Grant Thornton Audit Pty Ltd		
CPS 234 Tripartite Audit	35,741	55,970
AASB 17 Accounting policy review	-	3,920
ASRS 4400 Agreed Upon Engagements to Report Factual Findings	2,610	-
	38,351	59,890
	191,451	194,080

Note 26. Contingent assets and liabilities

At 30 June 2024 the Company had no contingent assets and liabilities.

Note 26. Contingent assets and liabilities (continued)

Other contingencies
The company operates in a highly regulated industry where guidance is issued from a number of stakeholders including, ASIC, APRA and the Department of Health and Aged Care. From time to time the Company will be required to modify practices and health fund rules as a result of new or clarified guidance, which exposes the Company to risks and potential liabilities.

Management are not aware of any material financial consequences as a result of updated guidance or changes made to practices and fund rules during the year.

Note 27. Commitments

Operating lease commitments includes contracted amounts for plant and equipment under non-cancellable operating leases expiring within 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 28. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in Note 25.

Transactions with other parties
The following transactions occurred with other related parties:

	2024 $	2023 $
Payment for goods and services:		
Payment for services from Members Health Fund Alliance	70,617	61,659
Payment for services from Australian Health Service Alliance Limited	679,098	410,522

During the year, fees were paid to Australian Health Services Alliance (AHSA), not-for-profit companies which the CEO of Peoplecare, Louise Leaver is a director. She received no remuneration from Australian Health Services Alliance. Services provided by AHSA also on normal commercial terms and conditions include management or provider relationship, collection, dissemination, and analysis of medical and hospital data, management of access gap cover arrangements, as well as prostheses, educational services and training.

Receivable from and payable to other parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from other parties
There were no loans to or from other parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 30. Reconciliation of surplus to net cash from operating activities

	2024 $	2023 (restated) $
Surplus for the year	23,868,530	3,041,128
Adjustments for:		
Depreciation and amortisation	1,241,003	1,045,341
Write off of assets	197,389	-
Net gain on disposal of property, plant and equipment	-	(40,178)
(Increase)/decrease in fair value of financial assets	(3,308,028)	(3,267,913)
Net loss/(gain) on disposal of financial assets transferred to surplus or deficit on disposal	117,998	14,913
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,116,852)	(2,678,637)
Increase in reinsurance contracts held that are assets	(49,340,120)	(73,631,033)
Increase in inventories	(40,000)	(23,627)
(Increase)/decrease in prepayments	(335,364)	511,799
Increase/(decrease) in other payables and accruals	4,888,661	(1,269,791)
Increase in insurance contract liabilities	46,565,783	75,962,163
Increase/(decrease) in employee benefits	(79,967)	45,539
Increase/(decrease) in other provisions	(21,953,376)	13,107,911
Net cash from operating activities	705,657	12,817,615

Note 31. Non-cash investing and financing activities

During the financial year the entity did not undertake any non-cash activities.

Note 32. Nature and extent of risks arising from insurance contracts

The purpose of insurance is risk distribution, that is, to spread risks across a large pool of individuals. Insurance provides a mechanism by which individuals who pay an agreed sum, known as a 'premium' can be indemnified against future events that may cause loss.

An insurance contract is a product under which an insurer accepts significant risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

A health insurance contract is a type of insurance whereby the company (the insurer) agrees to reimburse the policyholder for health care costs in exchange for a premium. The contract (policy) stipulates the type of health care benefits covered as well as costs to be reimbursed.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life, even if the insurance risk reduces significantly during the period.

The Company has determined that all current contracts with policyholders (members) are insurance contracts.

Sensitivity to insurance risk
Health insurance claims tend to be short-tailed in nature, in that the period of time between a claim event occurring and the date of payment of that claim are typically less than one year, and in most cases less than six months. Historical claim lag patterns demonstrate that greater than 90% of claims are settled within three months of the claim event occurring.

The health insurance claims are therefore generally not sensitive to factors such as inflation, changes in interest rates, or other time-value of money issues, and as such a sensitivity analysis has not been provided in the financial statements.

Selection, pricing and concentration risk
Community rating is the basis of Australia's private health insurance system. Under the *Private Health Insurance Act 2007*, private health insurance contracts are required to be community rated, that is, in setting premiums, or paying benefits, funds cannot discriminate on the basis of health status, age, race, sex, and sexuality, use of hospital or medical services or general claiming history. Although this risk is shared collectively across the entire pool of policyholders, actuaries and underwriters still collect health information to determine the overall premium that insurers must charge to sustain the pool.

Community rating mandates that one price must apply to all member groups within each product, meaning that the pricing applied to the member groups within a product applies to all current and future potential members.

The Company manages concentration risk by pricing each product with regard to the risk profile of each policyholder group.

Another regulatory factor is Risk Equalisation which supports the principle of community rating. The Risk Equalisation scheme transfers money from private health insurers with younger healthier members with lower average claims payments to those insurers with an older and less healthy membership and which have higher average claims payments.

The Private Health Insurance Act 2007, also limits the types of treatment that private health insurers are able to offer as part of their health insurance business. Premiums for health insurance can only be changed with the approval of the Minister for Health.

Credit risk in relation to insurance contracts
Credit risk is the risk that one party to an insurance contract will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk for insurance contract related assets, at the end of the reporting period, is the carrying amount net of any provision for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Note 32. Nature and extent of risks arising from insurance contracts (continued)

This risk is minimised through a process of arrears management whereby benefit payments are with-held from non-financial members. Where payment of contributions is not received for a continual period of 60 days, the policy is terminated.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under insurance contracts entered into by the Company.

The reinsurance arrangement does not give rise to a material counter party default credit risk exposure for the Company. The credit worthiness of the counterparty is very strong with an AM Best 'A+" Superior rating which is monitored regularly by the Company.

Liquidity risk in relation to insurance contracts
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance contracts.

The Company manages liquidity risk in relation to insurance contracts by continuously monitoring forecast and actual cash flows and claims provisioning risk as well as holding a high percentage of highly liquid investments to meet the obligations of the Company.

Market risk in relation to insurance contracts
Market risk is the risk that the fair value or future cash flows associated with insurance contracts will fluctuate because of changes in market prices. Factors affecting market prices faced by the Company include inflation risk.

The Company is exposed to inflationary risk in relation to hospital and medical services that may materially impact on the future value of claims payments. Controls in place to mitigate this risk include contracts with hospital and medical service providers, and limits applied to some benefits provided under general treatment products. The Company also monitors growth in the utilisation and charges for medical services on an ongoing basis to ensure they are within forecast ranges.

Peoplecare Health Insurance Ltd
Consolidated entity disclosure statement
30 June 2024

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 (Cth) and includes each entity that was part of the consolidated entity as at the end of the financial year.

All controlled entities are Australian residents, Australian tax residents and are body corporate entities.

Consolidated entity disclosure statement

Peoplecare Health Insurance Pty Ltd	100% of share capital at 30 June 2024
Peoplecare Professional Services Pty Ltd	100% of share capital at 30 June 2024

Peoplecare Health Limited
Directors' declaration
30 June 2024

In the directors' opinion:

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

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

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

- The Consolidated Entity Disclosure Statement is true and correct and complies with the requirements of Section 295 of the *Corporations Act 2001.*

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

On behalf of the directors

Michael Oertel GAICD Director	Peter Fitzgerald BCom, FCA, GAICD Director

30 September 2024
Wollongong

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Independent Auditor's Report

To the Members of Peoplecare Health Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Peoplecare Health Limited and its subsidiaries (the Entity), which comprises the statement of financial position as at 30 June 2024, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

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

a Giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards 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 Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Entity'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.

Responsibilities of the Directors for the financial report

The Directors of the Entity are responsible for the preparation of:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 30 September 2024

#12171132v4