ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2023

GMHBA
HEALTH INSURANCE

GMHBA is committed to creating a culture of belonging, where our unique, remarkable community can thrive. We are at the beginning of our journey to deepen connections with local First Nations People, which is a thoughtful and deliberate one focused on education and awareness.

2022

2023

We're an Australian not for profit health insurance and care company

We take pride in being an Australian not-for-profit health insurance and healthcare company that truly values its members. For 89 years we've been dedicated to serving the community and as a result have become one of Australia's leading regionally based private health insurers.

We provide coverage to 328,661 Australians through our two distinct brands: GMHBA Health Insurance and Frank Health Insurance. Our approach is guided by our philosophy, Healthier Together and our members are at the heart of every decision we make, ensuring their well-being is always our top priority.

Our commitment goes beyond simply providing health insurance; we strive to enhance the health and wellbeing of our members, customers, and the communities we serve. Our expanding health services portfolio now includes eye care, dental care, primary care, and physiotherapy allowing us to play a more significant role in our members' health journeys.

At the core of our approach is a belief that health is a collaborative journey. We don't just offer specialised health care offerings; we actively engage with the broader community through various health promotion programs and events. We know that together we can achieve healthier and happier lives.

Australia's leading regionally based health fund most recognised by our communities for the contribution that we make.

Support and empower our communities to live healthier lives

Be people-focused
Be purposeful
Be worthy of trust
Be remarkable

OUR HIGHLIGHTS
WE HEREBY REPORT GMHBA'S HIGHLIGHTS
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

Highlights

FINANCIAL HIGHLIGHTS

$85M
IN COVID 19 SURPLUS RETURN

$422K
IN COMMUNITY INVESTMENT

$491M
IN BENEFITS PAID

MEDICAL CLAIMS

125,998
REPORTED HOSPITAL ADMISSIONS

60,000+
SURGERIES FUNDED

1.5M+
CLAIMS PROCESSED AND PAID TO MEMBERS AND HEALTH PROVIDERS

$265,000
LARGEST EPISODE OF CARE FUNDED

736
BABIES BORN

HEALTH BUSINESSES

49,273
EYE CARE CUSTOMER INTERACTIONS

8,520
PATIENT VISITS TO GMHBA DENTAL

9,262
PATIENT VISITS TO GEELONG PHYSIO

44,904
GP VISITS

MEMBERS

165,095
TOTAL MEMBERSHIPS

28%
INCREASE IN NEW POLICY SALES

11%
REDUCTION IN POLICY LAPSE

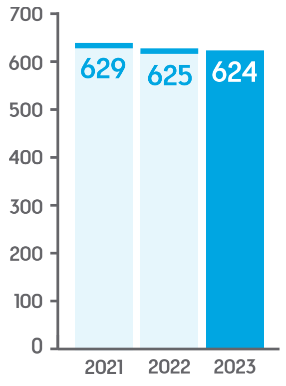
48 yrs
LONGEST TENURED MEMBER

9.1/10
CUSTOMER SATISFACTION FOR GMHBA

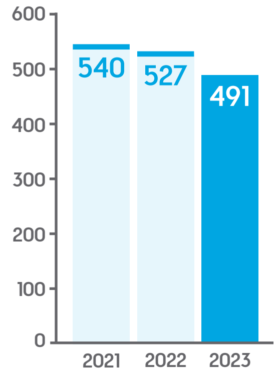
8.1/10
CUSTOMER SATISFACTION FOR FRANK

328,661
AUSTRALIANS COVERED

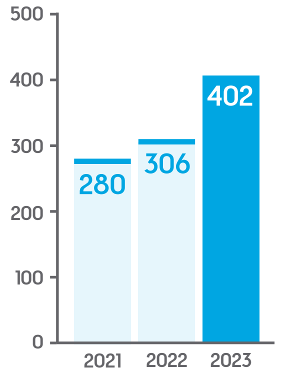
CONTRIBUTION INCOME^v ($M)



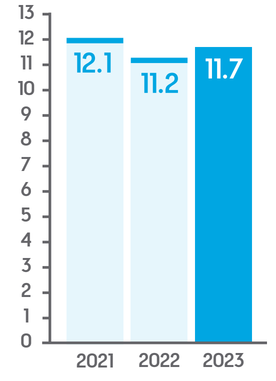
BENEFITS PAID* ($M)



NET ASSETS ($M)



MANAGEMENT EXPENSE RATIO (%)



Note: Decreases from 2021 to 2022 are predominantly due to COVID impacts and merger of health.com.au policies into Frank at 1 July 2021.

v *Includes impacts of deferring the April 2023 premium increase until October 2023*

* *Due to the impact of COVID on claims in FY23, GMHBA holds a provision of $47M for claims we expect to be paid in future and a provision of $15M for a further return of surplus to GMHBA members*

Supporting the health and wellbeing of our community

AS A REGIONALLY BASED HEALTH FUND, WE ARE DEEPLY COMMITTED TO BEING COMMUNITY MINDED, PARTNERING WITH ORGANISATIONS WITH A PARTICULAR FOCUS ON PHYSICAL ACTIVITY, MENTAL HEALTH, NUTRITION AND ENGAGEMENT.

GMHBA EMBRACES OPPORTUNITIES TO CONNECT WITH OUR MEMBERS AND THE BROADER COMMUNITY IN POSITIVE AND MEANINGFUL WAYS.

111,959

OCCASIONS OF CARE

547hrs

VOLUNTEERING HOURS

HEALTHY HEROES PROGRAM DELIVERED TO

8,655 KIDS

30.5%

OF EMPLOYEES CONTRIBUTE TO WORKPLACE GIVING

SOCIAL PROCUREMENT

$60,455

6,264

VACCINATIONS PROVIDED

At GMHBA, we are on a journey to create a world class place to work, so that the most talented and motivated people will choose to work with us to deliver great experiences for our customers.

In the past financial year, we have invested in building our collective capability across the organisation through the introduction of a structured learning and development framework that incorporates modern development approaches. We firmly believe that investing in our team is an investment in the future of GMHBA and our members. That's why we have enhanced our leadership competency training, provided targeted skills development, and introduced customer service excellence awards.

We know that an environment that promotes Diversity, Equity and Inclusion (DEI) has many positive impacts, including increased innovation, enhanced productivity and improved organisational culture. A broad range of activities have been undertaken as part of this strategy including cultural awareness training, participation in cultural walks with local First Nations Peoples, recognition and celebration of culturally important days and neurodiversity inclusion considerations.

MAINTAINING A STRONG, CARING AND HUMAN CENTRIC CULTURE

We honored and recognised 187 of our longest serving team members, implemented a health and wellbeing plan, introduced a new employee app that provides both mental and physical health support and celebrated the creative skills of our people through a staff showcase. The introduction of our DEI Strategy was also a highlight of the year.

During the year, a program of work was undertaken to strategically build a workforce pipeline to meet the future needs of our members, customers and patients. The introduction of our Early Careers Program has specifically targeted graduates, interns and traineeships across GMHBA. In addition, we proudly announced a strategic partnership agreement with Deakin University that includes developing talent pathways for Deakin students to employment with GMHBA. By nurturing and harnessing young talent, we are not only investing in our future but also contributing to the broader community's growth and development.

GMHBA's commitment to investing in talent, diversity, equity and inclusion, celebrating our culture and people, and building workforce pathways ensures a bright and promising future for both our employees and the communities in which we operate.

BELMONT HEALTH HUB

GMHBA's first Health Hub opened in Belmont in July 2023 making it easier for patients to see connected health services in a single location. Bringing together medical, dental and physiotherapy with an adjoining pharmacy, the multi-disciplinary centre offers convenience for patients who require a range of health care providers. The Belmont Health Hub will enable GMHBA to deliver patients a leading integrated care model, with a focus on preventative care.

In FY23, GMHBA has remained committed to supporting the health of our members and patients and delivering exceptional healthcare experiences.

Our team has worked hard to elevate our offering, delivering a number of projects and initiatives to support our core purpose of supporting and empowering our communities to live healthier lives.

The significant strategic initiatives delivered include the new Frank member app, the launch of our first Health Hub in Belmont, the delivery of successful new hospital insurance products, the launch of new brand campaigns for the GMHBA and Frank brands, the implementation of a new Integrated Risk Management System, cybersecurity enhancements and further return of COVID surplus to our members.

As a consequence of these initiatives, along with the commitment each day of our dedicated and talented team, this financial year has seen improvements in policy sales, customer retention, customer satisfaction and employee engagement.

MEMBERSHIP AND CUSTOMER ENGAGEMENT

We have experienced significant improvement in our PHI membership trajectory, with 261,000 members benefiting from over $491 million in total benefits paid across 1.5 million unique claims and 121,000 episodes of care. Our annual policy sales increased 28% on last year and our customer lapse improved by 11%. Our commitment to members has resulted in outstanding Customer Satisfaction Scores of 9.1/10 for GMHBA and 8.1/10 for Frank.

CONNECTED TO OUR COMMUNITY

Through our partnerships and contributions to the community, we have made a meaningful difference in regional Victoria. We have partnered with the Geelong Cats for over seven years to roll out the GMHBA Healthy Heroes program in local primary schools. GMHBA Healthy Heroes focuses on positive behaviour change across the key areas of physical activity, healthy eating, hydration, screen time, sleep and mental health and wellbeing with a suite of programs covering Foundation to Grade 6. Free workshops and education sessions are available for teachers and parents to complement this program and in the last financial year together we engaged over 8,000 students.

Our employees generously donated over $25,000 to the Give Where You Live Foundation via our workplace giving program which helps the foundation to reach their goal of building a better, fairer society, creating opportunities and removing barriers to ensure that every member of our community can not only survive, but thrive.

We also sponsored several community diversity, equity and inclusion initiatives, including International Women's Day and the Conversations That Matter events at GMHBA Stadium on Wadawurrung land as part of National Reconciliation Week.

Our significant commitment to employee volunteering led to almost 550 hours of hands-on support to our community partners including Geelong Mums, GenU and the Common Ground Project.

IMPROVING HEALTHCARE QUALITY

Our partnership with the Australian Health Service Alliance introduced a new hospital contracting model that incentivises better quality and efficient hospital care for our members.

We also provided our Care Coordination Service to 412 members and referred 130 members to the Kieser Chronic Disease Management Program.

We have seen an increase of 4% in the occasions of care through our health services network and expanded our footprint with the opening of our new Health Hub in Belmont.

CONTINUED COVID SURPLUS RETURN

GMHBA maintains our commitment to not generate excess profit from the COVID-19 pandemic. GMHBA voluntarily returned COVID surplus to members during FY23 by way of premium relief, taking the total financial aid extended to our members to $85 million. Over the duration of the pandemic, GMHBA's comprehensive support package has encompassed a range of measures, including deferred premium increases, premium waivers, provision of telehealth and no gap physiotherapy. As at 30 June 2023, GMHBA holds a provision of $14.9 million for a return of surplus to members for past services they have been unable to access and a further $46.7 million for future claims catch up. We intend to return further benefits to members in the year ahead.

NEW ADVERTISING CAMPAIGN

This year GMHBA launched a new creative campaign, which took a refreshing approach by shining an empathetic light on the lives of everyday Australians in a way seldom seen in the insurance category.

Featuring real life GMHBA members, the campaign was developed by our newly appointed creative agency Howatson+Company and explores the stories of diverse individuals, from families experiencing unexpected growth to those who may appear strong but are, in fact, more vulnerable than meets the eye.

The primary goal was to shift the focus from merely promoting healthy decisions to embracing human decisions.

GOVERNANCE

The Board and Executive remain aware of the need for high standards of organisational governance. Board composition is an ongoing area of focus to ensure that the director group is the most appropriate and effective for strategic leadership of the organisation. The planned retirement of existing directors and appointment of new directors over the coming years provides the opportunity for continuing renewal of the skills and experience of the Board to best match the development and needs of the business.

Collectively we invest significant time and effort into meeting the governance standards expected by our members and the community generally, as well as the prudential standards and other requirements of our main regulators, ASIC and APRA. Our governance structures and processes are outlined in more detail later in this report.

LOOKING FORWARD

The GMHBA Board and Executive team look forward to building upon this year's achievements with further investments that will yield improved health and value for our members and patients. This will include the launch of a new GMHBA member app, new ancillary products, a second health hub for our members and patients, and a further return of COVID surplus.

THANK YOU

It is with great privilege that we are able to make such a meaningful contribution to the health and wellbeing of our community, and as we enter our 90th year of operation in 2024, we will continue to work tirelessly to have a positive impact.

We extend our heartfelt thanks to our members, patients and staff for another remarkable year and look forward to an exciting year ahead.

Claire Higgins

Chair
GMHBA Limited

David Greig

Chief Executive Officer
GMHBA Limited

Annual Report

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2023

THE DIRECTORS OF THE COMPANY AT ANY TIME DURING OR SINCE THE END OF THE FINANCIAL YEAR ARE:

CLAIRE HIGGINS

B.Com, FCPA, FAICD

Director since September 2019

Chair People & Culture Committee

Member Audit Committee

Member Investment Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

Director – GMHBA Land Co Pty Ltd

Director - Quintessential Equity 042 Pty Ltd (as trustee for QE 042 Trust)

Director – Ryman Healthcare Limited

Chair – REI Superannuation Pty Ltd

Director – Margin Clear Pty Ltd

BRIAN BENGER

B.Ec (Hons), AdvDip Fin Services (Superannuation), FAICD

Director since February 2011

Chair Investment Committee

Member Risk & Compliance Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

Director – GMHBA Land Co Pty Ltd

Director – Quintessential Equity 042 Pty Ltd (as trustee for QE 042 Trust)

Chair of Mercer Financial

Advice (Australia) Pty Ltd

Director - Enginsure Pty Ltd

Director - Shandora One Pty Ltd (Trustee for SMSF)

Director – Kayinga Vineyard Limited

MARIE BISMARK

MD, LLB, MBHL, MPH, FAFPHM, FAICD, MPsych

Director since March 2013

Member People & Culture Committee

Member Risk & Compliance Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

Director – Summerset Group Holdings Limited

Director - Royal Women's Hospital

Council Member AICD, Victorian Branch

MIKE HIRST

B.Com, SF Fin, MAICD

Director since July 2018

Director – health.com.au Pty Ltd*

Director – GMHBA Services Limited*

Chair Audit Committee

Member Investment Committee

Deputy Chair - Racing Victoria Limited

Honorary Member - Business Council of Australia

Director - AMCIL Limited

Director - Butn Limited

Director - AMP Limited

*GMHBA Services Pty Ltd and health.com.au Pty Ltd were deregistered 12 July 2023

SANDY MORRISON

BHA, MBA, Prof Cert in Health Systems Mgt

Director since April 2021

Member Audit Committee

Member Risk & Compliance Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

DENIS NAPTHINE

BV Sc. MVS MBA, MAICD, AO

Director since August 2016

Member Audit Committee

Member People & Culture Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

Director – National Disability Insurance Agency

State Premier of Victoria 2013 - 2014

VICKY PAPACHRISTOS

BE, MBA, GAICD

Director since November 2011

Chair Risk & Compliance Committee

Member People & Culture Committee

Director – health.com.au Pty Ltd*

Director – GMHBA Services Pty Ltd*

Director – Currant Marketing Pty Ltd

Director – Big River Industries Limited

Director – Aussie Broadband Limited

CHIEF EXECUTIVE:

David Greig BSc (Hons), MBA (Melb)

COMPANY SECRETARY:

Elizabeth Melville-Jones LLB, BA, MBA (Melb)

AUDITORS:

KPMG
Tower Two, Collins Square
727 Collins Street
Docklands Victoria 3008

BANKERS:

National Australia Bank Limited

APPOINTED ACTUARY:

Andrew Matthews, FIAA

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2023

GMHBA continues to place high importance on strong corporate governance frameworks and practices which are fundamental to our culture and consistent with our Values. These provide a foundation for prudent and effective decision making, support the Board in fulfilling its legal and regulatory obligations, and give confidence to members, regulators and the community.

2023 was a year of stability with no changes to Board composition or Committee membership, and final consolidation of the refreshed executive leadership team. The upcoming retirement of Brian Benger at the completion of his maximum tenure will result in some Committee rotation in 2024 and changes to Board representation on the LandCo Pty Ltd subsidiary and QE042 Pty Ltd, the investment entity for the head office building at 60 Moorabool Street.

This Statement provides an overview of the main corporate governance structures and practices that were in place throughout the year and the additional governance activities and relevant initiatives introduced.

REGULATORY OVERSIGHT

During 2023 APRA conducted a document review and a series of prudential discussions as part of its program of prudential oversight. Meetings were held with the Board and the internal auditor and a meeting is scheduled with the Chief Risk Officer.

GMHBA engaged an independent assurance practitioner to assess the design and operating effectiveness of its controls against objectives based on the requirements of APRA's Information Security Prudential Standard CPS234. The report from this review, known as the Tripartite Review, will be delivered to APRA by 30 September 2023. Preparations are also underway for the commencement of the new Standard CPS230 – Operational Risk Management.

As part of the annual internal audit plan a triennial comprehensive review of GMHBA's compliance with Prudential Standard CPS220 – Risk Governance was conducted. The report concluded that GMHBA Risk Management Framework is effective as required under the Standard.

As in previous years the external auditor KPMG completed a general review for assurance of compliance with all applicable Prudential Standards. EY also provided support through the internal audit function with respect to regulatory compliance and system integrity.

KEY INITIATIVES DURING 2023

During 2023 there was continuing review and refinement of governance policies and framework. Areas of focus included:

- Update to Remuneration Framework – enhanced approach to performance management.
- Ongoing maturity of Risk Management Framework – implementation and control testing of the Integrated Risk Management System.
- Restructure of Delegated Authorities – to align with the Enterprise Resource Model.
- Introduction of Diversity, Equity and Inclusion Strategy.
- Commencement of the development of GMHBA's Environmental, Sustainability and Governance Strategy.

BOARD ROLE AND RESPONSIBILITY

The Board is responsible for the overall strategic direction of the organisation and for ensuring our business is undertaken in a way that protects members' interests and has regard to the interests of other stakeholders including employees, regulators, and the community. The Board reviews, approves and monitors a range of matters including strategy development and execution, business performance, culture and risk culture, capital structure and planning, investment activities and risk and compliance frameworks. The Company Secretary is accountable to the Board, through the Chair, for all matters relating to the proper functioning of the Board.

BOARD COMPOSITION

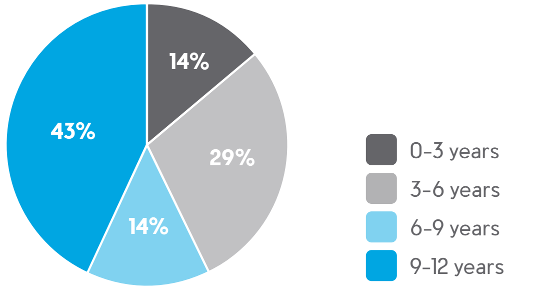
At 30 June 2023 there were seven directors on the Board with an average tenure of six years. Further details of each director are found on pages 16–17 of this Annual Report. There were no director retirements or appointments during the year.

Brian Benger will retire from the Board at the conclusion of the 2023 Annual Meeting of Fund Members, having reached his maximum tenure of 12 years. The People & Culture Committee has progressed the recruitment of a new director and an external consultant will advise on and assist with completion of this process.

Diversity of gender and a variety of tenure are important factors in the composition of the Board and are currently distributed as below.

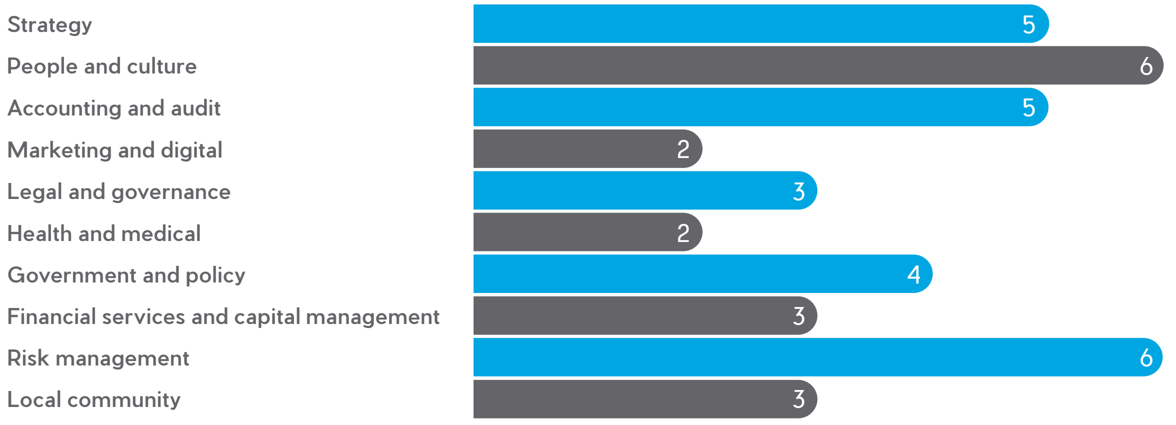
Directors have a range of expertise and experience which allows for a breadth of views and perspectives. Current skill categories are shown in the chart below. Directors periodically consider the overall skills mix, including familiarity with and level of connection to the local community, to ensure that it remains appropriate and enables the Board to continue to function at a high level. This is particularly important when considering candidates for new directors.

DIRECTOR TENURE



NUMBER OF DIRECTORS WITH EACH KEY SKILL

DIRECTOR SKILL CATEGORIES



BOARD PERFORMANCE

The Board conducts a regular assessment of its performance, the performance of its Committees and of individual directors. During 2023 an internal review was conducted including a director self-assessment and with contributions from executives. The Chair held individual discussions with each director to consider their individual performance and obtain further insight into improvement opportunities for the operations of the Board. The survey results and comments from directors were shared and discussed at each Committee meeting and with the Board and the executive team.

The overall assessment was that the Board and its Committees continue to operate effectively in their present structure. Consideration will be given to Committee membership once a new director has been selected to ensure the most effective distribution of skills and provide development opportunities for existing directors.

Continuing education is firstly a responsibility of directors. GMHBA also provided educative opportunities to directors through a combination of internal and external presentations and workshops. During 2023 this included attendance at industry conferences and summits, and guest speakers on relevant trends and reforms.

CORPORATE GOVERNANCE FRAMEWORK

GMHBA documents and regularly reviews the Board Governance Framework, which includes the Board Charter and sets out among other things:

- the expectations and roles and responsibilities of the Board, individual directors and the Board Chair
- Board composition and renewal
- The relationship between directors and management

To assist it in carrying out its duties the Board has established Committees which focus on specific areas as described below. The Charter for each Committee is available on GMHBA's website. Additional Committees may be formed from time to time as necessary. Committee Chairs report to the Board after each Committee meeting with a summary of the main items considered. A suite of internal policies further supports the governance framework and compliance with legislative and regulatory obligations.

GMHBA BOARD

Audit Committee

Provide independent review of the integrity of the financial statements and accounts, confirm the appropriateness of accounting policies.

Maintain a framework of internal control to monitor the effectiveness of the audit and actuarial functions

Oversee the development and execution of an effective annual internal audit plan.

Review the performance, independence and remuneration of the external auditor

Review the performance of the Appointed Actuary.

Risk and Compliance Committee

Oversee GMHBA's risk management framework and risk profile relative to Board approved risk appetite and tolerance.

Promotion of a risk aware culture, particularly around clinical risk.

Monitor implementation of the Risk Management Strategy and oversee management of key risk areas.

Oversee the Business Continuity and Disaster Recovery Framework

Investment Committee

Maintain oversight of the structure and asset allocation within the investment portfolio to maximise investment returns within risk tolerances.

Review the Investment Policy, Capital Management Policy and Liquidity Management Plan.

Appoint, monitor and evaluate the performance of the Investment Manager

People and Culture Committee

Oversee the implementation and effectiveness of the People and Culture Strategy.

Champion organisational culture, including through review of Alignment and Engagement Survey results and actions. Monitor employee wellbeing.

Approve the Remuneration Framework- including the Remuneration Policy. Oversight the application of the Remuneration Framework as it pertains to senior executives.

Review and monitor Board and executive capability, performance and succession planning, including compensation arrangements for directors.

Oversee the Enterprise Bargaining Agreement process.

CEO performance, remuneration and succession.

Notes:

- The Chair of the Board is not the Chair of the Audit Committee.
- At least one member of the Audit Committee is also a member of the Risk & Compliance Committee.
- Any director may attend meetings of any Committee.

Committee composition at 30 June is as detailed on pages 16-17 of this Annual Report and details of the number of meetings of the Board and each Committee, and attendance at those meetings, during 2023 are set out in the Directors' Report.

INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2023 all directors were non-executive and were judged by the Board to be independent and free of relationships or material interests that might influence their ability to act in the best interests of the Group and its members. A Register of Directors' Interests is maintained and regularly reviewed, and an annual independence assessment is conducted to ensure this position remains current. The Board manages its meetings and proceedings to manage any instances of actual or perceived conflict of interest.

RISK MANAGEMENT

The Audit Committee and the Risk & Compliance Committee support the Board in its oversight of risk management. They oversee the status of material risks through the Risk Management Framework which assists the business such that material business risks can be identified, assessed and mitigations established. The risk management model is structured around the Three Lines of Defence which together enable effective risk management across the organisation and support the annual Risk Management Declaration by the Board.

GMHBA has a fully developed Business Continuity Policy and Plan to be invoked in the case of a significant business disruption event. The Crisis Management Team convened during 2023 for a simulation exercise and a summary of the process was reported to the Risk & Compliance Committee. Cyber and data security remains a particular area of focus for the Board and management.

A comprehensive insurance program provides protection against residual risk exposures.

During 2023 GMHBA continued to implement its integrated risk management system which enables a co-ordinated approach to managing risk across all operational areas. Ongoing refinement and testing of controls within this system will support optimisation of risk management performance.

Risk culture continues to be an area of focus for the Board, with regular updates provided and Risk Champions appointed within all business units. The Risk Culture survey conducted during 2023 indicated continuing improvement in risk culture through risk awareness, risk transparency, risk capability and risk alignment.

COMPLIANCE

GMHBA has a proactive approach to compliance at all levels within the organisation. A comprehensive framework of controls, monitoring and reporting helps to satisfy legislative and regulatory obligations. Compliance management is also being consolidated within the integrated risk management system.

The internal audit service provided by EY provides objective assurance and oversight of the Group's control framework. The Board is responsible for approving the program of internal audits to be conducted each financial year and for the scope of the work to be performed. Internal Audit reports organisationally to the Chief Executive, and also to the Audit Committee. Risks or control weaknesses identified through audits are incorporated into the organisational risk management framework. The Audit Committee Chair meets regularly with the internal auditor without management present.

GMHBA maintains a Fit and Proper Policy to manage the fitness and propriety of its Responsible Persons as required by APRA Prudential Standard CPS510. All Responsible Persons undertook Fit and Proper checking during 2023 with no concerns raised.

CONDUCT AND ETHICS

GMHBA's Code of Conduct sets out the high standard of ethical and professional conduct necessary to meet the expectations of members and other stakeholders. The Code applies to all GMHBA directors, executives and other employees who are required to observe these standards.

GMHBA is also a signatory to the Private Health Insurance Code of Conduct, a self-regulatory code designed to maintain and enhance high standards of regulatory and compliance behaviour across the private health insurance industry.

GMHBA's Whistleblower regime is designed to support and encourage the disclosure of any concerns relating to possible fraud, breaches of law or regulations, or inappropriate behaviour. The Group Whistleblower Policy is publicly available and employees can raise concerns with their managers, or any of the eligible recipients listed in the Policy, or through FairCall the external operator of the Whistleblower hotline service.

GMHBA publishes a Modern Slavery Statement as required under the Modern Slavery Act, outlining the steps we take to identify, assess and address the risks that modern slavery may be occurring in our operations or supply chains. No material risk was identified in 2023.

Directors’ Report

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS’ REPORT

The directors present their report together with the consolidated financial statements of the Group comprising GMHBA Limited (the Company) and its subsidiaries (the Group) for the financial year ended 30 June 2023 and the auditor’s report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Claire Higgins
Brian Benger
Marie Bismark
Mike Hirst
Alexander (Sandy) Morrison
Denis Napthine
Vicky Papachristos

The qualifications, expertise and special responsibilities of Directors are set out on page 16 to 17 of the Annual Report.

COMPANY MEMBERS

The Members of the Company at the date of this report are the same as the Directors of the Company, as listed above.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the provision of benefits against claims by Fund members relating to hospital, medical and ancillary services, and the provision of health services.

The Company, being not for profit, does not earn taxable income and is therefore not subject to income taxation, however certain subsidiaries within the Group are taxable entities (Refer Note 2.10). Total comprehensive income attributable to the members of the company for the year was $92.456 million (2022: $22.626 million).

REVIEW OF OPERATIONS

A review of the operations and results of the Group during the financial year are set out in the Chair and CEO’s report on pages 12 to 13.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs for the Group during or since the end of the financial year up until the date of this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Group adopted AASB 17 and AASB 9 on 1 July 2023. The impact of these new standards is outlined in note 5.2.

No other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group’s operations, the results of those operations or the Group’s state of affairs in future financial years.

ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulation.

INFORMATION ON DIRECTORS

All directors are members of the Company. No Director has received any benefit since the end of the previous financial year, by reason of any contract with the Company or with a firm of which he or she is a member or with a company in which the Director has a substantial interest, with the exception of the Director benefits that may be deemed to have arisen in relation to their position as Fund members of the health fund conducted by the Company.

LIKELY DEVELOPMENTS

Other than those matters raised in the Chair and CEO’s report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company’s Directors (including meetings of Committees of Directors) held during the year ended 30 June 2023 and the number of meetings attended by each Director.

E = number of meetings eligible to attend
A = number of meetings attended

Directors	Board meetings		Audit Committee		Risk & Compliance Committee		Investment Committee		People & Culture Committee	
	E	A	E	A	E	A	E	A	E	A
Claire Higgins	11	10	5	5	guest	4	4	4	5	5
Brian Benger	11	11	-	-	4	4	4	4	-	-
Marie Bismark	11	9	-	-	4	4	-	-	5	4
Mike Hirst	11	11	5	5	-	-	4	4	-	-
Sandy Morrison	11	11	5	5	3	3	guest	1	-	-
Denis Napthine	11	11	5	5	-	-	-	-	5	5
Vicky Papachristos	11	11			4	4	-	-	5	5

INSURANCE OF OFFICERS

During the financial year, the Company paid to insure the Directors and Officers of the Company for any liability that may be brought against them while acting in their respective capacities for the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors’ and Officers’ liability insurance contract, as such disclosure is prohibited under the terms of the contract.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 applies and amounts have been rounded off in accordance with that Instrument. All amounts shown in the financial statements are expressed to the nearest thousand dollars, unless otherwise stated.

AUDITOR’S INDEPENDENCE DECLARATION

The lead auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

For and on behalf of the Board of Directors,

Claire Higgins

Chair GMHBA Limited

Mike Hirst

Director GMHBA Limited

Geelong, 29 August 2023

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GMHBA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GMHBA Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

29 August 2023

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 ($'000)	2022 ($'000)
Revenue			
Premium revenue		623,545	625,743
Total revenue from operating activities		623,545	625,743
Expenses			
Claims expense	2.7	(462,599)	(496,977)
Risk Equalisation Special Account levy		(28,343)	(30,578)
Total cost of fund benefits		(490,942)	(527,555)
Gross underwriting result		**132,603**	**98,188**
Underwriting expenses			
Employee benefits expenses		(32,355)	(30,406)
Marketing		(11,271)	(8,806)
Commission		(4,161)	(6,681)
Depreciation and amortisation		(4,479)	(3,566)
IT and communications		(8,277)	(7,525)
Professional fees		(4,271)	(3,763)
Other underwriting expenses		(8,617)	(8,520)
Total underwriting expenses		(73,431)	(69,267)
Net underwriting result		**59,172**	**28,921**
Health services and other revenue		11,685	10,322
Health services and other expenses		(14,669)	(12,809)
Net property expenses		743	(1,076)
		(2,241)	(3,563)
Investment income and expenses			
Investment expenses		(1,030)	(878)
Interest income		12,261	3,186
Dividends		2,225	2,110
Unrealised investment gain/(loss)		20,990	(8,282)
Realised investment gains		1,249	937
		35,695	(2,927)
Profit before tax for the year		**92,626**	**22,431**
Income tax expense	2.10	-	3,304
Net profit after tax		**92,626**	**19,127**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of property, plant and equipment		(299)	6,877
Total comprehensive income for the year		**92,327**	**26,004**
Attributable to			
Members of the Company		92,456	22,626
Non-controlling interests		(129)	3,378
		92,327	**26,004**

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

Consolidated statement of financial position

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 ($'000)	2022 ($'000)
Current assets			
Cash and cash equivalents	3.1	22,140	21,613
Trade and other receivables	2.1	16,994	16,349
Financial assets	2.2	117,654	117,327
Other assets	2.3	5,369	5,245
Total current assets		**162,157**	**160,534**
Non-current assets			
Financial assets	2.2	347,364	308,796
Property, plant and equipment	2.4	53,409	51,778
Intangible assets and goodwill	2.4	21,211	24,385
Investment Property	2.4	62,500	62,500
Other assets	2.3	11,870	6,298
Total non-current assets		**496,354**	**453,757**
Total assets		**658,511**	**614,291**
Current liabilities			
Trade and other payables	2.5	16,149	31,712
Employee benefits provisions	4.2	4,342	4,456
Insurance provisions	2.7	124,802	166,021
Other liabilities	2.8	59,923	58,066
Total current liabilities		**205,216**	**260,255**
Non-current liabilities			
Loans and borrowings	2.6	45,126	43,000
Lease liability	3.3	6,073	4,178
Employee benefits provisions	4.2	429	463
Total non-current liabilities		**51,628**	**47,641**
Total liabilities		**256,844**	**307,896**
Net assets		**401,667**	**306,395**
Equity			
Retained earnings		383,271	290,516
Asset revaluation reserve		6,578	6,877
Total equity attributable to members		**389,849**	**297,393**
Non-controlling interests		11,818	9,002
Total equity		**401,667**	**306,395**

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

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2023

	Attributable to Members of the Company				
	Retained earnings ($'000)	Asset revaluation reserve ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total ($'000)
Balance at 1 July 2021	274,767	-	274,767	5,624	280,391
Profit for the year	15,749	-	15,749	3,378	19,127
Other comprehensive income	-	6,877	6,877	-	6,877
Total comprehensive income for the year	15,749	6,877	22,6261	3,378	26,004
Balance at 30 June 2022	**290,516**	**6,877**	**297,393**	**9,002**	**306,395**
Balance at 1 July 2022	290,516	6,877	297,393	9,002	306,395
Profit for the year	92,755	-	92,755	(129)	92,626
Other comprehensive income	-	(299)	(299)	-	(299)
Total comprehensive income for the year	92,755	(299)	92,456	(129)	92,327
Issue of ordinary units in subsidiary to Non-controlling interests	-	-	-	2,945	2,945
Balance at 30 June 2023	**383,271**	**6,578**	**389,849**	**11,818**	**401,667**

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

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 ($'000)	2022 ($'000)
Cash flows from operating activities			
Premium receipts		625,703	620,055
Benefits paid		(503,818)	(437,053)
Payments to suppliers and employees		(127,031)	(116,607)
Other income received		11,660	10,636
Net cash inflow from operating activities	**3.1(a)**	**6,514**	**77,031**
Cash flows from investing activities			
Purchase of financial assets		(198,742)	(326,769)
Purchase of property, plant and equipment and intangible assets		(3,568)	(2,394)
Dividends received		791	2,110
Interest received		10,991	3,132
Proceeds from sale of financial assets		181,591	180,874
Proceeds from sale of Property, plant and equipment		5	17
Net cash (outflow) from investing activities		**(8,932)**	**(143,030)**
Cash flows from financing activities			
Drawdown of borrowings		–	1,970
Proceeds from issue of units to non-controlling interest		2,945	-
Net cash inflow from financing activities		**2,945**	**1,970**
Net increase/(decrease) in cash held		527	(64,029)
Cash and cash equivalents at beginning of the financial year		21,613	85,642
Cash and cash equivalents at end of the financial year	**3.1(b)**	**22,140**	**21,613**

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

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

1. ABOUT THIS REPORT

The "About this report" section contains general information about the annual financial report, broken down into the following sub sections:

1.1 Company information

1.2 Basis of accounting

1.3 Basis of measurement

1.4 Use of estimates and judgements

1.5 Comparative information

1.6 Rounding of amounts

1.7 Uncertainty due to the Coronavirus pandemic

1.1 COMPANY INFORMATION

GMHBA Limited (the "Company") is a not-for-profit company, incorporated and domiciled in Australia. Its registered office is Level 3, 60 Moorabool Street Geelong VIC 3220. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group Companies"). The Company is exempt from income tax by virtue of Section 50-30 item 6.3 of the Income Tax Assessment Act. Subsidiaries of the parent entity are for profit entities and subject to income tax.

1.2 BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

They were authorised for issue by the Board of Directors on 29 August 2023.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1.3 BASIS OF MEASUREMENT

The accounting policies adopted in the preparation of this financial report have been applied consistently by the Group Companies and are the same as those applied for the previous reporting period unless otherwise noted. The Group's financial statements were prepared in accordance with the historical cost convention, except for the following:

a. Financial instruments are measured at fair value through profit or loss;

b. Land and Buildings are recorded at fair value with movements in value taken through the asset revaluation reserve; and

c. Investment property is recorded at fair value with movements in value taken through the profit and loss

d. Rewards benefit provision carried at present value.

The functional and presentation currency used for the preparation of these financial statements is Australian dollars.

1.4 USE OF ESTIMATES AND JUDGEMENTS

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 these 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.

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

- Deferred acquisition costs, see note 2.3
- Valuation of Land and Buildings, Investment Property, and Intangible assets, see note 2.4
- Insurance Liabilities and Reward benefit provisions, see note 2.7
- Liability adequacy test, see note 2.8

It is possible that outcomes within the next financial year that are different from the assumptions above could require a material adjustment to the carrying amount of the assets or liabilities affected. Further information regarding estimation uncertainty for the year ended 30 June 2023 can be found in note 1.7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1.5 COMPARATIVE INFORMATION

There have been no material changes made to comparative information.

1.6 ROUNDING OF AMOUNTS

The Group is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and amounts have been rounded off in accordance with that Instrument. All amounts shown in the financial statements are expressed to the nearest thousand dollars, unless otherwise stated.

1.7 UNCERTAINTY DUE TO THE CORONAVIRUS PANDEMIC

The COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated Financial Statements. The estimation uncertainty is associated with:

- The level to which the health system can create capacity to service the backlog of treatments caused by restrictions as well as those already expected to occur in the 2024 financial year; and
- Inflationary impacts within the hospital setting

The Group has developed various accounting estimates in these Consolidated Financial Statements which reflect expectations and assumptions as at 30 June 2023 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to outstanding claims provision, and deferred claims liability. Readers should carefully consider these disclosures considering the inherent uncertainty described above.

2. MEMBER ASSETS

This section contains important information about the composition and use of our members' assets. The section is broken down into the following areas of focus:

2.1 Trade and other receivables

2.2 Financial assets

2.3 Other assets

2.4 Property, plant and equipment, and intangible assets

2.5 Trade and other payables

2.6 Loans and borrowings

2.7 Insurance provisions

2.8 Other liabilities

2.9 Fair value measurement

2.10 Taxes

2.1 TRADE AND OTHER RECEIVABLES

Accounting Policies

Trade and other receivables

The carrying amounts of trade and other receivables approximate their fair value due to the short-term maturities of these assets.

The premium receivable as at 30 June 2023 consists of:

(i) Unclosed premium earned – this represents premiums in arrears measured up to 30 June 2023; and

(ii) Unclosed premium unearned – forecast premiums receivable from policyholders at 30 June 2023.

Federal government rebate receivable represents premiums receivable from the Federal Government at the end of the period, relating to the Health Insurance Rebate portion of member contributions.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Premium revenue

Premium revenue comprises amounts charged to Fund members for insurance contracts. Premium revenue is recognised in the consolidated statement of profit or loss and other comprehensive income from the date of attachment of insurance risk, as soon as there is a basis on which it can be reliably measured. Revenue is recognised in accordance with the pattern of the incidence of risk expected over the term of the contract.

The proportion of premium received, or receivable not earned in the consolidated statement of profit or loss and other comprehensive income at the reporting date is recognised in the consolidated statement of financial position as unearned premium liability.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Unclosed premium earned	1,211	1,211
Unclosed premium unearned	736	799
	1,947	**2,010**
Accrued investment income	1,528	253
Other debtors	2,200	2,853
Federal government rebate receivable	11,319	11,233
	16,994	**16,349**

2.2 FINANCIAL ASSETS

Accounting Policies

Financial assets comprise investment assets held to back insurance liabilities. All investments are managed, and performance is evaluated on a fair value basis for both external and internal reporting purposes in accordance with a documented investment management strategy.

All investments are determined to be assets backing insurance liabilities and accordingly are designated as fair value through profit or loss upon initial recognition. They are initially recorded at fair value being the cost of acquisition excluding transaction costs and are subsequently remeasured to fair value at each reporting date. Changes in the fair value from the previous reporting date (or cost of acquisition excluding transaction costs if acquired during the financial period) are recognised as realised or unrealised investment gains or losses in profit or loss. Purchases and sales of investments are recognised on a trade date basis, being the date on which a commitment is made to purchase or sell the asset.

Transaction costs for purchases of investments are expensed as incurred and presented in the statement of profit or loss and other comprehensive income as investment expenses on assets backing insurance liabilities. Investments are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and substantially all the risks and rewards of ownership have transferred.

Investment revenue, comprising interest and dividends is brought to account on an accrual basis net of investment fees. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Current		
Term deposits	108,213	108,070
Bonds	9,441	9,257
At fair value	**117,654**	**117,327**
Non-current		
Equity securities	103,840	82,176
Term Deposits	987	-
Bonds	210,503	198,586
Unlisted Funds	32,034	28,034
At fair value	**347,364**	**308,796**

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in note 3.2. Further detail regarding fair value measurement is disclosed in note 2.9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2.3 OTHER ASSETS

Accounting Policies

Deferred Acquisition Costs

The Group incurs costs to acquire and establish members. These costs include commission paid to intermediaries. Deferred acquisition costs are capitalised and amortised in accordance with the pattern of the incident of risk. The Group capitalises these costs and amortises them on a straight-line basis in the statement of profit or loss and other comprehensive income. With the adoption of AASB 17 on 1 July 2023, the Group will expense all commission costs as paid. Upon transition, the deferred acquisition cost balance will be de-recognised, with a corresponding adjustment to retained earnings. Refer to note 5.2 for further information about the expected impact of AASB 17.

Financial Disclosure	Note	2023 ($'000)	2022 ($'000)
Current			
Prepayments		2,647	3,176
Deferred acquisition costs		2,246	1,704
Inventory		476	365
		5,369	**5,245**
Non-current			
Right of use asset	3.3	5,680	3,823
Deferred acquisition costs		2,014	1,760
Lease incentive asset		3,252	671
Prepayments		924	44
		11,870	**6,298**

2.4 PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Accounting Policies

Property, plant and equipment

Land and buildings are recorded at fair value (buildings are subsequently subject to depreciation) and plant and equipment are recorded in the financial statements at cost less accumulated depreciation and accumulated impairment losses.

Investment Property

The group owns land and buildings at 60 Moorabool Street that are held for administrative purposes as well as income and capital growth. The proportion of the building used for administrative purposes has been classified as land and buildings within Property Plant & Equipment, with the remainder separately disclosed as Investment Property in the Consolidated Statement of Financial Position. Total underlying asset value at 30 June 2023 is $100m. The basis of measurement is consistent between the two classes (refer note 2.9). Revaluation gains/(losses) on the investment property component are shown in investment income within profit or loss, with revaluation gains/(losses) on the Land and Buildings component being shown in Other Comprehensive income. Land held at Armstrong Creek is recorded at fair value. External valuations were performed on these asset as at 30 June 2023, which resulted in no change to the carrying amount. The group has elected to measure the carrying value of property at fair value.

Recoverable amount of non-current assets

Non-current assets, except for investments and land and buildings are recorded in the financial statements at cost less accumulated depreciation. The carrying values of all non-current assets are reviewed by management at regular intervals to ensure that they are not stated at amounts in excess of their recoverable amounts. Except where stated, recoverable amounts are not determined using discounted cash flows. Management has reviewed the assets and are of the opinion that except as outlined there has been no impairment of the asset's current values within the asset classes.

Depreciation

Property, plant and equipment, other than land, is depreciated using either the diminishing value method or the straight-line method over the period during which benefits are expected to be derived from the asset. Profits and losses on disposal of property, plant and equipment are considered in determining the profit for the year and recorded in other revenue/other underwriting expenses in the statement of profit or loss and other comprehensive income. The financial disclosure section outlines the depreciation rates applied to each asset class.

Intangible assets – health.com.au customer list

Upon acquisition, an intangible asset was recognised attributable to the customer list of health.com.au at acquisition. This represents the present value (at acquisition date) of the expected future incremental cash flows from the acquired book of members and is measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over the useful life of the asset and recognised through profit or loss.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over the useful life of the asset and recognised through profit or loss. The estimated useful life of software is between 3 and 10 years.

Intangible assets – Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or more frequently if events or circumstances indicate that assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, defined as Cash Generating Units (CGUs). Goodwill is allocated to the Group's CGUs identified according to which CGU is expected to benefit from the synergies of the combination.

Goodwill

Following is a CGU level summary of the Group's goodwill balance and the key assumptions made in determining the recoverable amounts on 30 June 2023. Note that practices have been tested for impairment at an individual practice level, however goodwill attributable is shown at total Division level below.

Division	Goodwill allocation	
	2023 ($'000)	2022 ($'000)
Frank	9,895	9,895
Eye Care	1,245	1,375
Primary Care (GPs)	1,557	2,668
Dental Care	835	835
Physiotherapy	1,038	1,038
	14,570	**15,811**

Inputs and key assumptions used for recoverable amount calculations

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on the budget and business plan approved by the Board. Cash flows beyond the projection period are extrapolated using the estimated growth rates, with a terminal value assumed in the calculations. The following key assumptions have been made in determining the recoverable amount of the CGUs:

Growth rate – Frank: 1% Eye Care: 1.3% Primary Care: 2.6% Dental Care: 3.9% Physiotherapy: 4.0%	The growth rates represent the weighted average growth rate used to extrapolate cash flows beyond the budget period. The growth rates are determined by considering the past and expected future growth rates, as well as external sources of data. Growth rates do not exceed to long term average growth rate of the industries in which the CGU's operate.
Discount rate – Frank: 10.0% Eye Care: 11.0% Primary Care: 11.0% Dental Care: 11.0%	In performing the recoverable amount calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect specific risks relating to the relevant CGU.
Cash flows	Future cash flows have been estimated based on Forecast revenue and expenses of the CGU, including: • Estimated change in the number of customers and changes in future revenue; • Estimated gross margins and sales volumes; and • Forecast claims, cost of sales and operating expenses.

2.4 PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS (CONTINUED)

The impairment testing resulted in an impairment loss being recognised in the Leopold Eyecare CGU of $130k, and the South Barwon Medical CGU of $1,111k (2022: $187k). This charge is reflected in depreciation and amortisation expenses within profit or loss. Following the impairment losses recognised in these CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. There are no reasonably possible changes in key assumptions that could have resulted in an impairment charge in the current financial year in the remaining CGUs.

Financial disclosure

Reconciliation of carrying amount – Property, plant and equipment

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below:

	Investment Property ($'000)	Land & Buildings ($'000)	Furniture & Fittings ($'000)	Office equipment ($'000)	Motor vehicles ($'000)	Capital WIP & Development costs[3] ($'000)	Total ($'000)
Depreciation rate	0.0%	0.0%-1.5%	10.0%	15.0 – 40.0%	22.5%	0.0%	
Cost (or valuation as applicable)	–	3,793	4,535	4,721	39	74,858	87,946
Accumulated depreciation	–	–	(3,506)	(3,465)	(35)	–	(7,006)
Carrying amount at 1 July 2021	**–**	**3,793**	**1,029**	**1,256**	**4**	**74,858**	**80,940**
Additions	9,932	5,960	707	716	–	43	17,358
Disposals[1]	–	–	43	(3)	(2)	–	38
Depreciation[2]	–	–	(646)	(1,013)	(2)	–	(1,661)
Revaluation	11,463	6,877	–	–	–	–	18,340
Transfers	41,105	24,663	5,716	1,968	–	(74,189)	(737)
Cost	62,500	41,293	9,072	6,126	7	712	119,710
Accumulated depreciation	–	–	(2,223)	(3,202)	(7)	–	(5,432)
Carrying amount at 30 June 2022	**62,500**	**41,293**	**6,849**	**2,924**	**–**	**712**	**114,278**
Additions	187	112	582	521	24	2,126	3,552
Disposals[1]	–	–	–	(1)	(0)	–	(1)
Depreciation[2]	–	–	(624)	(995)	(2)	–	(1,621)
Revaluation	(187)	(112)	–	–	–	–	(299)
Transfers	–	–	–	21	–	(21)	(0)
Cost	62,500	41,293	9,654	6,667	24	2,817	122,955
Accumulated depreciation	–	–	(2,847)	(4,197)	(2)	–	(7,046)
Carrying amount at 30 June 2023	**62,500**	**41,293**	**6,807**	**2,470**	**22**	**2,817**	**115,909**

1. Balances shown net of accumulated depreciation.
2. Includes depreciation attributable to health services and health prevention activities.
3. 2023 Development costs include capitalised costs for Belmont Health Hub fitout and other Health sites uplift in progress

Reconciliation of carrying amount – intangible assets

	Goodwill ($'000)	health.com.au customer list ($'000)	License fee ($'000)	Software ($'000)	Domain names ($'000)	Software WIP ($'000)	Total ($'000)
Amortisation rate	0.0%	9.0%	5.0%	10.0 – 30.0%	0.0%	0.0%	
Carrying amount at 30 June 2021	**16,119**	**7,564**	**88**	**1,332**	**271**	**–**	**25,374**
Additions	–	–	–	537	–	–	537
Disposals at written down value	–	–	–	–	–	–	–
Amortisation[1]	–	(1,260)	(18)	(677)	–	–	(1,955)
Transfers	–	–	–	737	–	–	737
Impairments	(308)	–	–	–	–	–	(308)
Cost	15,811	13,882	312	5,918	271	–	36,194
Accumulated amortisation	–	(7,578)	(242)	(3,989)	–	–	(11,809)
Carrying amount at 30 June 2022	**15,811**	**6,304**	**70**	**1,929**	**271**	**–**	**24,385**
Additions	–	–	–	16	–	–	16
Disposals at written down value	–	–	–	–	–	–	–
Amortisation[1]	–	(1,260)	(18)	(671)	–	–	(1,948)
Transfers	–	–	–	–	–	–	–
Impairments	(1,241)	–	–	–	–	–	(1,241)
Cost	14,570	13,882	312	5,934	271	–	34,969
Accumulated amortisation	–	(8,838)	(260)	(4,660)	–	–	(13,758)
Carrying amount at 30 June 2023	**14,570**	**5,044**	**52**	**1,274**	**271**	**–**	**21,211**

1. Includes amortisation attributable to health services and health prevention activities.

2.5 TRADE AND OTHER PAYABLES

Accounting Policies

Risk equalisation special account

Under the provisions of the Private Health Insurance Risk Equalisation Policy Rules 2007, hospital benefits are submitted to the Risk Equalisation Special Account and shared amongst all health benefit funds in the following circumstances:

- Where a fund has directly paid these benefits, which are proportionally less than the average of other funds in the State, it is required to pay to the Risk Equalisation Special Account an amount equivalent to the shortfall.
- Conversely, where the direct payment is proportionally greater than the average, the difference is paid to the Company from the Risk Equalisation Special Account.

Eligible claims are assessed on a quarterly basis.

Other payables

Liabilities are recognised for amounts payable in the future for goods and services received at balance date, whether or not billed to the Group. The Group's payables are all considered short term.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Health Benefits Risk Equalisation Special Account	9,622	8,129
Creditors and accruals	6,527	23,583
	16,149	**31,712**

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2.6 LOANS AND BORROWINGS

Accounting Policies

The Group has a secured investment loan secured against 60 Moorabool Street with a facility expiry on 29 November 2024 and a variable interest rate (4.26% at balance date). The loan had a carrying amount of $45.1m at balance date, with a total facility limit of $48.75m. There have been no breaches of covenant ratios.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Secured bank loan	45,126	43,000
	45,126	**43,000**

2.7 INSURANCE PROVISIONS

Accounting Policies

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period. The Company has determined that all current contracts with policyholders are insurance contracts.

Underwriting insurance contracts expose the Company to liquidity risk through payment obligations of unknown amounts on unknown dates. Liquidity risk is the risk of having insufficient cash resources to meet payment obligations. The assets held to back insurance liabilities consist largely of money market securities, fixed interest investments and other highly liquid assets. Asset management is designed to provide consistency between forecasted claims payment obligation and asset maturity profiles.

Management of liquidity risk is incorporated into GMHBA's risk management strategy, liquidity management plan and investment framework.

Insurance Risk Management

The risk management framework offers a level of assurance that the Group's risks are administered thoroughly and astutely. The risk management plan addresses the operational risks of the Group.

The framework is inclusive of a risk management plan, which is the process of planning, organising, directing and controlling the resources and activities of an organisation in order to minimise the adverse effects of accidental losses to the organisation. It is recognised as an integral part of good management practice, which involves a process consisting of steps which when undertaken in sequence, enable continual improvement in decision-making. Risk management is as much about identifying opportunities as avoiding or mitigating losses.

The risk management plan defines management responsibilities and the processes involved in mitigating identified qualitative and quantitative risks through a set of developed guidelines. The risk management plan is subject to a formal review process to ensure continued effectiveness.

Outstanding claims liability

The liability for outstanding claims provides for claims received but not assessed and claims incurred but not received. The liability is based on an actuarial assessment considering historical patterns of claim incidence and processing. Changes in claims estimates are recognised in profit or loss in the reporting period in which the estimates are changed.

Claims that have been incurred by Fund members, but not yet presented to the Company for reimbursement, are estimated based on the claims experience in previous accounting periods. Outstanding claims are not discounted as they are usually settled within six months of the reporting date. The provision is calculated in accordance with the principles of the chain ladder method with actuarial judgement applied.

AASB 1023 requires a risk margin be applied to allow for the inherent uncertainty in the central estimate. GMHBA adopted a risk margin of 5.5% (2022: 5.5%) targeting 75% probability of adequacy. The risk margins have been based on an analysis of the adequacy of the provision over prior years.

The liability also allows for an estimate of claims handling costs which include internal and external costs incurred in connection with the negotiation and settlement of the claims and any part of the general administrative costs directly attributable to the claims function. The allowance for the claims handling cost at 30 June 2023 is 1.3% (2022: 1.3%) of the claim's liability.

Deferred Claims Liability (DCL)

At balance date, a provision has been recognised to capture deferred claims due to COVID-19. This is an estimate of claims that are expected to occur in future periods but, if not for COVID-19, would have been incurred prior to the balance date. The value of this liability has been calculated by firstly calculating "missing claims" based on pre-COVID expectations compared to actual claims, net of risk equalisation. The DCL provision then allows for 49% of "missing" hospital treatment claims and 23% of "missing" general treatment claims less claims already caught up.

In adopting this approach, consideration has been given to the impact COVID-19 has had on different clinical groups and different states in Australia, claims already caught up and the time elapsed since "missing claims" were incurred. The adoption of this DCL is intended to provide at least 90% probability of adequacy for deferred claims.

A DCL does not meet the recognition requirements for a liability under AASB 17, and as such, the balance recognised at 30 June will be de-recognised upon transition to the new standard (refer to note 5.2). There will be a corresponding increase adjustment to retained earnings upon de-recognition. The Group will continue to monitor claims, including any catch up as part of ongoing management of the fund.

Return to Members provision

The group has made representations to members throughout the COVID-19 pandemic that it will not seek to profit from the pandemic, and any such profits generated as a direct result of lower claims experience will be returned to members. As such, an obligation exists at balance date and a provision has been recognised under AASB 137 to represent the portion of missing claims that are not expected to catch up. The amount is calculated considering missed claims as a result of COVID-19, claims already caught up, and returns already provided to members up to balance date. The group intends to settle the obligation within 12 months from balance date.

Reward benefits

The Company operated a reward benefits entitlement programs for certain eligible Fund members. Fund members would receive an additional annual allocation of hospital benefits as long as their eligible cover is maintained. Further reward allocations ceased under the Frank program after 30 April 2022, with members able to utilise their entitlement until 30 April 2024.

Provision is made for the future liability for claims under the Rewards entitlements. The Group has provided for the total eligible benefit to combined Fund members as at 30 June 2023 with due allowance for expected timing and amounts of payments, and foregone benefit entitlements on the basis that it is likely that not all Fund members will use their full entitlement. The provision is reflective of the expected net cost to the Group, after Risk Equalisation. With the cessation of the GMHBA rewards program as at 30 June 2022, no amount is provisioned at 30 June 2023 (2022: $244,000). For the Frank program, the provision is currently $579,000 – 13.3% of the reward entitlement (2022: 23% of the reward entitlement) and this allowance is reviewed periodically.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Current provisions		
Outstanding claims (a)	60,466	43,835
Risk margin	2,145	1,857
	62,611	**45,692**
Deferred claims liability	46,723	73,484
Return to members provision	14,889	45,053
Reward benefits (b)	579	1,792
	62,191	**120,329**
	124,802	**166,021**

(a) Outstanding claims including risk margin

Gross Claims – undiscounted

The reconciliation of the provisions are as follows:

	2023 ($'000)	2022 ($'000)
Balance at beginning of year	45,692	43,990
Add: claims incurred	471,448	434,688
Less: claims settled	(454,727)	(432,986)
Net outstanding claims liability	**62,611**	**45,692**

Benefits paid

	2023 ($'000)	2022 ($'000)
Gross Claims – undiscounted		
Current year	463,210	495,948
Prior year	(611)	1,029
Total benefits paid	**462,599**	**496,977**

Current year benefits relate to claim events that occurred in the current financial year. Prior year benefits relate to a reassessment of the claim events that occurred in all previous financial periods.

(b) Reward benefits

	2023 ($'000)	2022 ($'000)
Balance at beginning of year	1,792	3,161
Add: Net benefits accrued after adjustment to provision factor	(594)	1,092
Less: Benefits utilised	(619)	(2,461)
	579	**1,792**

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2.8 OTHER LIABILITIES

Accounting Policies

Liability adequacy test

Under AASB 1023 the Company is required to perform a liability adequacy test to determine whether the carrying amount of insurance liabilities is adequate based on expected future cash flows. The test is carried out with the inclusion of a risk margin and is undertaken at the level of portfolio contracts that are subject to broadly similar risks and are managed together as a single portfolio. Any deficiency arising is recognised by writing down any related intangible assets, then the related deferred acquisition costs with any remaining balance being recognised as an unexpired risk liability.

The liability adequacy test is required to be performed to determine whether the unearned premium liability (premiums in advance) is adequate to cover the present value of expected cash flows relating to future claims arising from rights and obligations under current insurance coverage plus an additional risk margin to reflect the inherent uncertainty in the central estimate. The risk margin adopted is 3.3% which correspond to a 75% probability of adequacy.

If the present value of the expected future cash flows relating to future claims plus the additional risk margin to reflect the inherent uncertainty in the central estimate exceeds the unearned premium liability less related intangible assets and related deferred acquisition costs, then the unearned premium is deemed to be deficient. No deficiency was identified.

Unearned premium liability

Premiums received or receivable up to the end of the financial year are recorded as revenue for the period from the date of the attachment of risk. Premiums received prior to 30 June 2023 relating to the period beyond 30 June 2023 are recognised as an unearned premium liability. Forecast premiums receivable from policyholders at 30 June 2023 are recognised as unclosed business premiums.

Financial Disclosure	Note	2023 ($'000)	2022 ($'000)
Unearned premium liability		58,284	56,795
Lease liabilities – current	3.3	903	472
Unclosed business premiums		736	799
		59,923	**58,066**

2.9 FAIR VALUE MEASUREMENT

Accounting policies

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods disclosed in the notes specific to that asset or liability.

Term Deposits

The fair value of term deposits is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a market interest rate. These investments are held for a set term and rolled over at maturity.

Equity securities and unlisted securities

The fair value of listed equity securities is determined by reference to their quoted closing bid price at the reporting date. International equity securities are also determined by reference to their quoted closing bid price at the reporting date, however are also subject to foreign exchange movements, see Note 3.2.

Bonds

The fair value of bonds is evaluated using market accepted formulae such as those set out in the Prospectuses for Australian Government Bonds, Indexed Bonds, and Treasury Bills. Valuation is derived via any one of 3 methods; direct sourcing from market participants, average spread over benchmark bonds or swap curve, or matrix yield curves, and are quoted to 3 decimal places.

Land and buildings and Investment Property

The Group uses accredited independent valuers to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. A full valuation of land and buildings is performed at intervals not greater than three years, with valuations on the land at Armstrong Creek and the building at 60 Moorabool Street having been performed during the current year. No changes to fair value were required, and the next valuations are expected to be performed no later than 30 June 2026. Increments/decrements from the revaluation of the Group's land and buildings are reflected in the asset revaluation reserve. Increments/decrements from the revaluation of the Group's Investment Property are reflected in investment income within profit and loss.

Fair Value Hierarchy

The table below separates financial assets and financial liabilities based on a hierarchy that reflects the significance of the inputs used in the determination of fair value. The fair value hierarchy has the following levels:

Level 1 – quoted prices

Quoted prices (unadjusted) in active markets for identical assets and liabilities are used.

Level 2 – other observable inputs

Inputs that are observable (other than Level 1 quoted prices) for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) are used.

Level 3 – unobservable inputs

Inputs for the asset or liability that are not based on observable market data (unobservable inputs) are used. No transfers between fair value hierarchy levels have occurred during the period. Where the determination of fair value for an instrument involves inputs from more than one category, the level within which the instrument is categorised in its entirety is determined on the basis of the highest-level input that is significant to the fair value measurement in its entirety. This table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2.9 FAIR VALUE MEASUREMENT (CONTINUED)

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
30 June 2023				
Cash and cash equivalents	22,140	–	–	22,140
Term deposits	109,200	–	–	109,200
Equity securities	103,840	–	–	103,840
Unlisted Funds	–	32,034	–	32,034
Bonds	3,899	216,045	–	219,944
Land and Buildings	–	–	41,293	41,293
Investment Property	–	–	62,500	62,500
Total	**239,079**	**248,079**	**103,793**	**590,951**
30 June 2022				
Cash and cash equivalents	21,613	–	–	21,613
Term deposits	108,070	–	–	108,070
Equity securities	82,176	–	–	82,176
Unlisted Funds	–	28,034	–	28,034
Bonds	3,899	203,944	–	207,843
Land and Buildings	–	–	41,293	41,293
Investment Property	–	–	62,500	62,500
Total	**215,758**	**231,978**	**103,793**	**551,529**

Valuation technique and unobservable inputs for level 3

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land and buildings and investment property (Level 3)	*Income capitalisation method and market approach:* The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The income approach uses the assessed net face market income as at the date of the valuation, which is capitalised at an appropriate market yield to establish the property's market value fully leased. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property. Based on requirements in accordance with the International Valuations Standards 2011	• Recent sales of comparable land in a comparable geographical region • General market and economic conditions	The estimated fair value would increase/(decrease) if: • expected market rental growth were higher/(lower); • void periods were shorter/(longer); • the occupancy rate were higher/(lower); • the rent-free periods were shorter/(longer); or • the capitalisation rate were lower/(higher).

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2.10 TAXES

Accounting Policies

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets have been recognised at 30 June 2023.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Financial Disclosure

Current income tax expense

Tax recognised in profit or loss **Current tax expense**	2023 ($'000)	2022 ($'000)
Current period	–	-
Deferred tax expense		
Origination and reversal of temporary differences	–	3,304
Total tax expense	**–**	**3,304**

Reconciliation of effective tax rate	2023 ($'000)	2022 ($'000)
Profit for the year attributable to the Company	92,327	26,004
Total tax expense	–	3,304
Profit/(loss) excluding tax	**92,327**	**29,308**
Tax using the Company's domestic tax rate of 30%	27,698	8,792
Tax effect of tax exempt profits of GMHBA Limited[1]	(27,466)	(3,363)
Tax effect of Profits of QE 042 Trust, taxable in the hands of beneficiaries	204	(5,334)
Tax effect of intra group lease adjustments arising on consolidation	(450)	(475)
Current year losses for which no deferred tax asset was recognised	14	380
Deferred tax assets de-recognised	–	3,304
	–	**3,304**

1: GMHBA Limited is an income tax exempt entity and tax is payable only by taxable entities within the GMHBA Limited Group.

3 CAPITAL MANAGEMENT

This section outlines the ways in which the Company manages financial risks and cash flow requirements associated with operating in the insurance industry. It is split into the following sub sections:

3.1 Cash flows

3.2 Management of financial risks

3.3 Lease liabilities

Capital Management

The capital structure of the Group consists of cash reserves, investments, and other assets. Operating cash flows are used to maintain and increase the Group's investments. The Group's investments at reporting date are composed of term deposits, bonds, unlisted trusts, and investments in the equity market. Management and the Investment Committee along with the Board continue to monitor market conditions.

The Group manages its capital to enable it to continue as a going concern and protect members' funds. The Group's health benefits fund is required to maintain sufficient capital to comply with APRA's solvency and capital adequacy standards. The solvency standard aims to ensure that health benefits funds have enough cash or liquid assets to meet all its liabilities as they become due, even if the cash flow is 'stressed'. The standard consists of a requirement to hold a prescribed level of cash and mandates a liquidity management plan. Private health insurers are required to have, and comply with, a Board endorsed Capital Management Policy and Liquidity Management Plan. The Liquidity Management Plan exists to ensure the health benefits fund continues to comply with the solvency requirements set out in the Solvency Standard by setting minimum liquidity requirements of the health benefits fund and describing the actions each fund will perform in order to comply with the liquidity requirements.

Health benefits funds are required to comply with these standards on a continuous basis and report results to APRA quarterly. The Group's health benefits fund has been in compliance with these standards throughout the year.

GMHBA is compliant with APRA's new capital framework for private health insurers that will take effect from 1 July 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3.1. CASH FLOWS

For the purposes of the statement of cash flows, cash includes cash on hand and bank deposits at call within 90 days. Cash and cash equivalents are carried at cost which, due to their short-term nature, approximates fair value.

(a) Reconciliation of net cash provided by operating activities to profit:	**2023 ($'000)**	**2022 ($'000)**
Profit for the year	92,327	26,004
Realised investment gains	(1,249)	(937)
Depreciation and amortisation	3,569	3,617
Impairments and loss on disposal of PPE and intangibles	1,236	308
Unrealised investment (gain)/loss	(20,990)	19,744
Interest and dividends received	(11,782)	(5,242)
Interest expense capitalised	2,206	1,224
Revaluation of Investment Property/PPE	299	(18,340)
Income tax expense	-	3,304
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	63	(107)
(Increase) in other assets and investments	(5,987)	(785)
(Decrease) in trade and other payables	(15,563)	(8,430)
(Decrease)/increase in Insurance Provisions	(41,219)	59,925
(Decrease) in employee benefits	(148)	(297)
Increase/(decrease) in other liabilities	3,752	(6,261)
Decrease in current and deferred tax assets and liabilities	–	3,304
Net cash inflow from operating activities	**6,514**	**77,031**

(b) Reconciliation of cash

For the purposes of the cash flow statement, cash includes cash on hand and bank deposits at call within 90 days, net of any outstanding bank overdraft. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Balance Sheet:

	2023 ($'000)	**2022 ($'000)**
Cash on hand	2	2
Cash at bank	22,138	21,611
	22,140	**21,613**

3.2 MANAGEMENT OF FINANCIAL RISKS

The Group is exposed to the following financial risks in the normal course of business; (a) Market Risk (including Currency Risk (i), Interest Rate Risk (ii) and Price Risk (iii)), (b) Credit Risk, and (c) Liquidity Risk.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk comprises three types of risk: currency risk (due to fluctuations in foreign exchange rates), interest rate risk (due to fluctuations in market interest rates) and price risk (due to fluctuations in market prices). The following policies and procedures are in place to mitigate the Group's exposure to market risk.

- A risk management plan and investment policy setting out the assessment and determination of what constitutes market risk for the Group.
- The Investment Committee is responsible for compliance with the investment plan which it monitors for any exposures or breaches. It is also the role of the Investment Committee to determine action plans in mitigation of market risk.

(i) 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 Group has exposure to currency risk via its investments in international equities that are denominated in a currency other than the respective functional currency of the Group, the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are Euro, CHF, USD, and GBP with the investment carried at fair value with gains and losses through profit or loss. The Group carries a small amount of cash in foreign currency accounts.

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Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows.

	30 June 2023					30 June 2022				
($'000 AUD)	**Euro**	**USD**	**GBP**	**JPY**	**Other**	**Euro**	**USD**	**GBP**	**JPY**	**Other**
Equities	11,670	54,168	3,155	-	-	7,898	38,847	2,794	1,740	-
Cash	212	533	107	4	10	128	158	38	5	9
Net statement of financial position exposure	**11,882**	**54,701**	**3,262**	**4**	**10**	**8,026**	**39,005**	**2,832**	**1,745**	**9**

As at 30 June 2023, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, other comprehensive income would have (increased)/decreased as follows:

	2023 ($'000)		2022 ($'000)	
	+10%	-10%	+10%	-10%
Euro to AUD	(1,080)	1,320	(730)	892
CHF to AUD	(1)	1	(1)	1
USD to AUD	(4,973)	6,078	(3,546)	4,334
GBP to AUD	(297)	362	(257)	315
JPY to AUD	(0)	0	(159)	194

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group invests primarily in financial instruments with fixed and floating interest rates which expose the Group to fair value interest rate risk.

The Group is exposed to interest rate risk as it places funds in term deposits and bonds. The Group has adopted an investment strategy that delivers a diversified portfolio with a greater weighting to defensive assets versus growth assets. The Group achieves a balance mitigating the exposure to interest rate risk while optimising the return by allowing some flexibility to the external investment advisor.

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3.2 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

The Group's exposure to interest rate risk is set out below:

2023	Note	Variable interest rate ($'000)	Fixed interest maturing in: 1 year or less ($'000)	Over 1-5 years ($'000)	Over 5 years ($'000)	Non-interest bearing ($'000)	Total ($'000)
Financial assets							
Cash	3.1	21,733	-	-	-	407	22,140
Receivables	2.1	-	-	-	-	16,994	16,994
Term deposits	2.2	-	108,213	987	-	-	109,200
Equity securities	2.2	-	-	-	-	103,840	103,840
Bonds	2.2	203,218	-	8,820	7,906	-	219,944
Unlisted Funds	2.2	-	-	-	-	32,034	32,034
		224,951	**108,213**	**9,807**	**7,906**	**153,275**	**504,152**
Weighted average interest rate %		4.66%	4.37%				
Financial liabilities							
Payables	2.5	-	-	-	-	16,149	16,149
Loans and borrowings	2.6	45,126	-	-	-	-	45,126
		45,126	-	-	-	16,149	61,275
Net financial assets		**179,825**	**108,213**	**9,807**	**7,906**	**137,126**	**442,877**

2022	Note	Variable interest rate ($'000)	Fixed interest maturing in: 1 year or less ($'000)	Over 1 to 5 years ($'000)	Non-interest bearing ($'000)	Total ($'000)
Financial assets						
Cash	3.1	21,205	-	-	408	21,613
Receivables	2.1	-	-	-	16,349	16,349
Term deposits	2.2	-	108,070	-	-	108,070
Equity securities	2.2	-	-	-	82,176	82,176
Bonds	2.2	207,843	-	-	-	207,843
Unlisted Funds	2.2	-	-		28,034	28,034
		229,048	**108,070**	**-**	**126,967**	**464,085**
Weighted average interest rate %		2.13%	1.49%			
Financial liabilities						
Payables	2.5	-	-	-	31,712	31,712
Loans and borrowings	2.6	43,000	-	-	-	43,000
Net financial assets		**186,048**	**108,070**	**-**	**95,255**	**389,373**

The following table illustrates the sensitivity on net profit for the year ended 30 June 2023 to a reasonably possible change in interest rates of +/-2% (2022: +/- 2%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at balance sheet date, with all other variables held constant.

	2023 ($'000)		2022 ($'000)	
Net result	+2%	-2%	+2%	+2%
Fair value risk				
Fixed rate instruments				
Term deposits	(970)	1,002	(810)	835
Bonds	(1,472)	1,472	(1,205)	1,205
Cash flow risk				
Variable rate instruments				
Cash	4,399	(4,399)	4,157	(4,157)
Bonds	4,057	(4,057)	2,129	(2,129)
Bank Loan	(903)	903	(860)	860

The Group actively manages its investments in high quality liquid fixed interest securities and cash for the duration of the fixed interest period. This should be taken into consideration when considering the impact of the above movement.

(iii) Price Risk

(iii) Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market. At 30 June 2023 the Group investments are composed of term deposits, bonds, equities and unlisted real estate trusts. The Group holds its term deposits to maturity and does not trade these investments.

The Group is exposed to listed and unlisted equity securities price risk due to equity investments that are classified as fair value through profit and loss. The Group is indirectly exposed to commodity risk through its investments in listed equities.
The Group manages the price risk arising from investments in equity securities, through the diversification of its investment portfolios. Diversification of the portfolios is performed by the Group's investment advisor in accordance with the mandates set by the Group.

A 10% decrease in the price of listed and unlisted equities within the equity portfolio would result in a loss of $13.6m. A 10% increase in the price of listed equities within the equity portfolio would result in a gain of $13.6m. The unrealised gain or loss would be recognised as a fair value movement and disclosed in the statement of profit or loss and other comprehensive income.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to meet its contracting obligations and arises principally from the Group's receivables and investments. The carrying amount of financial assets represents the maximum exposure.

Credit risk in relation to trade receivables is considered low with the balance largely comprising the Federal Government rebate, accrued interest on strong credit-rated assets and with premiums earned having a history of low credit risk. Measurement is based on unbiased support and considering past experience. The Group minimises concentrations of credit risk by undertaking transactions with a large number of customers/contributors. The Group is not materially exposed to any individual customer, however, is exposed to credit risk through insurance, risk equalisation and investments.

Credit risk in respect of insurance and risk equalisation receivables is actively monitored through the risk management plan which includes analysis of claiming patterns. The Group developed and adopted an investment plan to manage the return of the investment portfolio within defined risk categories. The Group minimises concentrations of investment risk by undertaking direct investment transactions with a wide variety of suitably rated financial institutions, and through the appointment of a reputable and appropriate investment advisor.

The *Standard & Poor's (S&P's)* credit rating as at 30 June 2023 for the term deposits of $109.2m, bonds of $219.9m and cash of $22.1m, which represents its maximum credit exposure on these assets, is as follows:

Term deposits: S&P credit rating	% of portfolio	Bonds: S&P credit rating	% of portfolio	Cash: S&P credit rating	% of portfolio
AAA	-	AAA	4%	AAA	-
AA+	-	AA+	-	AA+	-
AA	-	AA	3%	AA	-
AA-	-	AA-	17%	AA-	-
A-1+	41%	A+	12%	A-1+	74%
A-1	-	A	2%	A-1	-
A-2	59%	A-	11%	A-2	-
		BBB+	37%		
		BBB	11%		
		BBB-	3%		
Unrated	-	Unrated	-	Unrated	26%

3.2 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

The table on the previous page details the percentage of the Group's term deposits, bonds and cash investment portfolio, based on the number of deposits held and the S&P credit rating as at 30 June 2023.

The fair value of the equity securities has been determined by reference to quoted stock exchanges. The Group has assessed whether any of the financial assets are impaired. Based on the risk management measures undertaken by the Group, there is no objective evidence that any financial assets are impaired below the fair market value as stated.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as required by the Liquidity Management Plan, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and holds a high percentage of highly liquid investments.

Financial liabilities comprise trade and other payables and a loan facility at the reporting date. The balance of trade and other payables of $16.15m (2022: $31.71m) is gross and undiscounted and has committed cash flows of 2 months or less and exclude the impact of netting agreements. Detail about the loan balance of $45.1m is outlined in note 2.6.

3.3 LEASE LIABILITIES

Accounting Policies

AASB 16 applies a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right- of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The Group recognises assets and liabilities for its operating leases of retail and office premises. The Group has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities. No onerous leases were identified at balance date.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at the date of lease commencement or modification. The weighted average rate applied is 3.18% (2022: 3.15%).

The following is a schedule by years of future minimum rental payments required under operating leases that have non-cancellable lease terms in excess of one year as at 30 June 2023.

Financial Disclosure	Note	2023 ($'000)	2022 ($'000)
Due:			
Not later than one year	2.8	903	472
Later than one year but not later than five years		6,073	4,178
		6,976	**4,650**
Right of use asset:			
Right of use asset balance at 1 July		3,823	4,591
Additions to right of use asset		2,782	475
Derecognition of right of use asset		-	(164)
Depreciation of ROU asset		(925)	(1,079)
Balance at 30 June 2023		**5,680**	**3,823**
Amounts recognised in profit or loss:			
Depreciation of ROU asset		925	1,079
Interest on Lease Liability		324	284
Total expense		**1,249**	**1,363**
Amounts recognised in the statement of cash flows:			
Lease payments made		1,171	1,231
Variable lease payments not included in the above calculation of lease liability		313	179
Total cash outflow		**1,484**	**1,410**

4 REMUNERATION OF OUR PEOPLE

This section contains important information about the remuneration of staff and Key Management Personnel (KMP). Disclosures are broken down into the following categories:

4.1 Key management personnel

4.2 Employee benefits

4.1 KEY MANAGEMENT PERSONNEL

Under AASB 124 "Related Party Disclosures" financial disclosures are required for the key management personnel. Under the standard Key Management Personnel are defined as:

"Those people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether (executive or otherwise) of that entity."

Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows:

Claire Higgins
Brian Benger
Denis Napthine
Mike Hirst
Vicky Papachristos
Marie Bismark
Sandy Morrison

Compensation of key management personnel – Directors

	2023 ($)	2022 ($)
Short term benefits	764,083	761,594

No long-term benefits or termination benefits were paid to Directors during the year.

Compensation of key management personnel – Management

	2023 ($)	2022 ($)
Short term benefits	2,640,309	2,885,972
Termination benefits	-	333,745
	2,640,309	**3,219,717**

Management includes the Chief Executive Officer and seven other Executive Managers.

4.2 EMPLOYEE BENEFITS

Accounting Policies

Salaries and wages and annual leave

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at the reporting date based on remuneration rates expected to apply when the obligation is settled, including on-costs, in respect of employees' services up to that date.

Long service leave

A liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Financial Disclosure	2023 ($'000)	2022 ($'000)
Current		
Employee annual leave	2,308	2,497
Employee long service leave	2,034	1,959
	4,342	**4,456**
Non-current		
Employee long service leave	429	463
	429	**463**

5 OTHER IMPORTANT INFORMATION

This section contains other important information relevant to the financial report, as required by accounting standards. Disclosures are broken up into the following sections:

- 5.1 Auditor's remuneration
- 5.2 New accounting standards
- 5.3 Company information
- 5.4 Controlled entities
- 5.5 Related parties
- 5.6 Parent entity disclosures
- 5.7 Subsequent events

5.1 AUDITOR'S REMUNERATION

Financial Disclosure	2023 ($)	2022 ($)
Audit and review of financial reports and other regulatory returns	223,221	213,221
	223,221	**213,221**

5.2 NEW ACCOUNTING STANDARDS

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application but have not been applied in preparing this financial report:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5.2 NEW ACCOUNTING STANDARDS

AASB amendment	Nature of change to accounting policy
AASB 17 Insurance Contracts (effective from 1 January 2023) AASB 9 Financial Instruments	Application date of standard: 1 January 2023 Application date for GMHBA: 1 July 2023 The Group is adopting AASB 17 – Insurance Contracts and AASB 9 – Financial Instruments, both effective 1 July 2023. AASB 17 introduces a new accounting framework for insurance contracts and replaces AASB 4 Insurance contracts, AASB 1023 General insurance contracts and AASB 1038 Life insurance contracts. While AASB 9 establishes principles for the recognition, measurement, and derecognition of financial instruments. In prior years, The Group has decided to adopt the AASB amendment which amends the effective date of AASB 9 to that of AASB 17 for those entities with predominantly insurance-based activities to ensure consistency and streamline the implementation of both standards. AASB17 introduces a new 'general measurement model' ('GMM") for the measurement and recognition of insurance contracts. For those qualifying entities AASB17 permits the use of a simplified measurement model, the Premium Allocation Approach (PAA). This provides a model that is similar to the current accounting for insurance contracts under AASB 1023. The Group has completed a detailed impact assessment of AASB17 and has determined that GMHBA will be eligible to apply the PAA for all its insurance contracts. The Group has chosen to apply the PAA as set out in AASB 17.53(b), as all contracts issued by the Group have a coverage period of one year or less. **Transition Approach** The Group will be applying the full retrospective approach as required by AASB 17, which will require restatement of comparatives in the 2024 financial statements. The Group has elected to apply the transitional relief provided by AASB 17, which allows for the assumption that no contracts are onerous upon the initial adoption of the standard. This relief simplifies the initial measurement of the liability for remaining coverage. The Group believes that this election is appropriate and consistent with the intent of the relief as it does not significantly impact the financial position or results of operations. The deferred claims liability of $46.72m does not meet the recognition requirements of AASB 17, and will therefore be de-recognised after adoption. Upon de-recognition, a corresponding increase will be recognised to retained earnings. Refer to note 2.7 for disclosures around the Deferred Claims Liability and future claim catch-up expectations. **Change in Accounting Policies** As part of the adoption of AASB 17, the Group has reviewed and revised its accounting policy regarding the treatment of upfront commission costs. Utilising options available under the PAA within AASB 17, the Group will expense all upfront commission costs as paid from 1 July 2023 onwards. This change is being applied prospectively from the date of adoption and has no impact on prior periods. The Deferred Acquisition Cost balance of $4.26m at 30 June will be de-recognised on 1 July 2023, with a corresponding increase adjustment to retained earnings. **Expected Impact on Balances** Other than those outlined above under Transition Approach, upon adoption of AASB 17, the Group anticipates that there will be no significant changes in the balances of its financial statements. This assessment is based on a thorough review of the insurance contracts and their related accounting treatment under the new standard. It is important to note that while there are no expected significant changes in balances, the impact on specific line items may vary depending on individual contract and instrument characteristics, and it is expected that the Statement of Profit or Loss and Other Comprehensive Income and the Balance Sheet will both appear marginally different under the new standard. The Group is already recognising financial instruments at fair value and therefore expects minimal changes to balances upon adoption of AASB 9. Changes are expected to be limited to disclosures in the notes to the financial statements.

5.3 COMPANY INFORMATION

GMHBA Limited is a public company limited by guarantee. The constitution states that if the company is wound up each Company member or any person who has been a Company member within 12 months before winding up commenced is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company. At 30 June 2023 the number of Company members was 7.

5.4 CONTROLLED ENTITIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group's subsidiaries are outlined in the following table.

Name	Principal place of business	Ownership interest	
		2023	2022
health.com.au Pty Ltd	Victoria, Australia	100%	100%
GMHBA Services Pty Ltd	Victoria, Australia	100%	100%
GMHBA Armstrong Creek Unit Trust	Victoria, Australia	100%	100%
GMHBA Land Co Pty Ltd	Victoria, Australia	100%	100%
QE042 Trust	Victoria, Australia	81%	81%

5.5 RELATED PARTIES

The Group has dealings with a related party of the QE 042 Trust. Payments made to this entity for the year ended 30 June 2023 were:

- Trust management fees were $593k, with the amount included in Other underwriting expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Other property expenses were $354k with the amount included in Other underwriting expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Other property expenses remain outstanding of $5k and are included in Trade and Other Payables in the consolidated Statement of Financial Position.

The owners of QE042 Trust contributed a further $15,502k of equity during the year, including equity of $2,945k from outside the group. There were no other transactions with related parties of the Group during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5.6 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2022, the parent entity of the Group was GMHBA Limited. Parent entity financial results are as follows.

	2023 ($'000)	2022 ($'000)
Result of parent entity		
Net profit for the year	91,552	11,211
Total comprehensive income for the year	**91,552**	**11,211**
Financial position of parent entity at year end		
Current assets	167,454	162,540
Total assets	638,765	583,643
Current liabilities	205,371	243,066
Total liabilities	265,570	302,021
Total equity of parent entity comprising of:		
Retained earnings	398,668	307,116
Merger Reserve	(25,473)	(25,494)
Total equity	**373,195**	**281,622**

5.7 SUBSEQUENT EVENTS

The Group adopted AASB 17 and AASB 9 on 1 July 2023. The impact of these new standards is outlined in note 5.2.

No other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution of the Directors of GMHBA Limited, the Directors declare:

That the financial statements and notes set out on pages 25 to 53:

(a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(b) give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed for and on behalf of the Board.

Claire Higgins	**Mike Hirst**
Chair GMHBA Limited	Director GMHBA Limited

Geelong, 29 August 2023

KPMG

Independent Auditor's Report

To the members of GMHBA Limited

Opinion

We have audited the ***Financial Report*** of GMHBA Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *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 fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in GMHBA's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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.

KPMG

KPMG

Dean Waters

Partner

Melbourne

29 August 2023

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