



HEALTHIER TOGETHER

ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021

 **GMHBa**



WE'RE AN AUSTRALIAN NOT FOR PROFIT HEALTH INSURANCE AND CARE COMPANY.

AS A NOT FOR PROFIT HEALTH INSURER, GMHBA EXISTS TO PROVIDE VALUE FOR OUR MEMBERS, NOT FOR SHAREHOLDERS.

We have served the community since 1934, and with 87 years' experience, we have become one of Australia's leading regionally based private health insurers.

Our approach is guided by our philosophy 'Healthier Together' and decisions are made with our members first and foremost in mind.

Today, we are proud to cover over 350,000 Australians through two distinct brands: GMHBA Health Insurance and Frank Health Insurance. We are committed to improving the health and wellbeing of our members, customers and the communities in which we operate.

Our roots are in health insurance, but today we are more than just a health insurer. Our growing portfolio now includes eye care, dental care, primary care and physiotherapy services, which means we play an even bigger role in the health journey of our members and customers.

We look after our members by offering specialised health care programs and AIA Vitality, a personalised, science-backed health and wellbeing program, so we can all be healthier together.



GMHBA WAY VALUES

**BE WORTHY OF TRUST
BE PEOPLE FOCUSED
BE PURPOSEFUL
BE REMARKABLE**



VISION

AUSTRALIA'S LEADING
REGIONALLY BASED HEALTH
FUND MOST RECOGNISED
BY OUR COMMUNITIES FOR
THE CONTRIBUTION THAT
WE MAKE.

PURPOSE

SUPPORT AND EMPOWER
OUR COMMUNITIES TO LIVE
HEALTHIER LIVES.

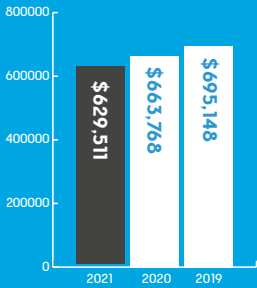


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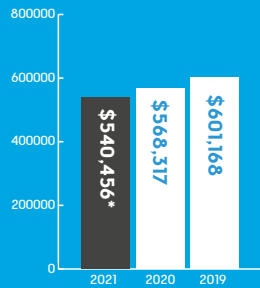
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WE HEREBY REPORT GMHBA'S HIGHLIGHTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021.

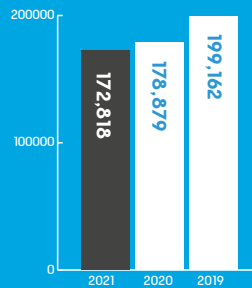
CONTRIBUTION
INCOME (\$'000)



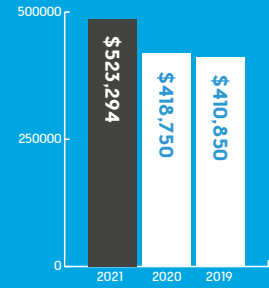
BENEFITS PAID
(\$'000)



MEMBERSHIPS



TOTAL ASSETS
(\$'000)



FINANCIAL HIGHLIGHTS

1.67M

CLAIMS MADE

\$540M*

BENEFITS PAID OUT TO MEMBERS

86%

OF PREMIUMS RETURNED TO MEMBERS AS BENEFITS

\$260,692

PAID OUT FOR TREATMENT OF A SERIOUS HEART CONDITION, THE HIGHEST CLAIM OF FY21

MEMBER HIGHLIGHTS

351,923

AUSTRALIANS COVERED

107,277

REPORTED HOSPITAL ADMISSIONS

49,698

SURGERIES CLAIMED

1,516

NEWBORNS WELCOMED INTO THE WORLD

GMHBA'S HEALTH BUSINESSES

47,292 occasions of care undertaken at **GMHBA Eye Care** Geelong + Waurin Ponds + Leopold + Ballarat

7,765 occasions of care undertaken at **GMHBA Dental Care** Geelong + Portland

46,131 occasions of care undertaken at **Primary Care** Belmont + Lara

10,813 occasions of care undertaken at **Physiotherapy** Geelong Physiotherapy

*Note: this includes a provision for claims we expect to be paid in future, due to COVID-19 restricting access to medical services.





AS A REGIONALLY BASED HEALTH FUND, BEING COMMUNITY MINDED IS INHERENT IN OUR CULTURE.

SUPPORTING OUR COMMUNITY'S HEALTH AND WELLBEING

117,797

occasions of care were provided by our health services

3,459

flu and 1,625 COVID vaccinations were delivered to the community

374

members accessed our Care Coordination Service

1,700

people listened to our Healthier Together podcasts

PROVIDING SUPPORT TO OUR MEMBERS DURING COVID

\$15.4 MILLION

support package that included 6-month premium increase deferral, as well as:

905

individual members accessed a telehealth claim

3,232

members received hardship suspensions during the year due to COVID

1,487

members accessed a 30% COVID hardship discount equating to approximately \$200,000



GMHBA IS COMMITTED TO SUPPORTING OUR LOCAL COMMUNITY AND HAS A RESPONSIBILITY TO OUR MEMBERS AND BROADER COMMUNITY, TO CONNECT IN POSITIVE AND MEANINGFUL WAYS.

STAFF VOLUNTEERING*

150

hours of staff (including executive) time volunteered with community partners despite the lockdowns

\$33,000

staff donations to Geelong Give Where You Live Foundation via Workplace Giving

COMMUNITY CONTRIBUTIONS*

\$431,593

contributed to the community to support:

- Active Geelong to improve the physical activity levels of our local community.
- Healthy Heroes Program to empower more than 3,700 students in over 40 primary schools across the G21 region to develop better health knowledge and habits.
- Local community organisations such as Read the Play, Give Where you Live, genU and Deakin University's Depression Assist initiative.

*Impacted by COVID restrictions

NEW BEGINNINGS

NEW HEAD OFFICE

In 2020/21, GMHBA's new headquarters at 60 Moorabool Street were completed. It is an A-grade office building, with a 5-star environmental rating, providing world-class workplace facilities, anticipated to deliver strong returns well above average investment market returns. The new office will enable GMHBA staff to collaborate and form stronger connections with each other.

GMHBA staff are looking forward to being together in one building after being split across multiple leased buildings for more than 15 years.

Our investment in this new head office represents a continuation of GMHBA's commitment to our local members and to the future of the region. GMHBA is a passionate contributor to our vibrant local economy and we have ensured that most of our new head office spend has stayed in the region, while also engaging over 370 local workers on the new head office building site.

The new office is a valuable investment for GMHBA members.



NEW CHAIR

In August 2020, GMHBA Ltd announced the appointment of Claire Higgins as its new Chair, following the retirement of Jim Walsh from the GMHBA Board after 15 years of service. Claire is the first female Chair in the private health insurer's 87-year history.

Claire lives locally in Ocean Grove and has extensive governance experience, drawn from over 20 years in positions as Board Chair, director and committee member for a range of private and public organisations including REI Superannuation, Ryman Healthcare Limited, Helen Macpherson Smith Trust, RT Health Fund, State Emergency Service, Country Fire Authority, Ambulance Victoria and Barwon Health.

NEW CEO

In February 2021, GMHBA Ltd announced the appointment of David Greig as its new CEO. David follows in the footsteps of Mark Valena who departed GMHBA after 13 years of dedicated and exemplary service.

David brings a wealth of relevant experience from the health insurance, finance and management consulting sectors including his most recent role as the General Manager of HBF Health on the East Coast. His experience of over 20 years, also includes time at Booz & Company (now Strategy &), Bankwest, Bank of Queensland and Medibank.

David and his family relocated to Geelong and are enjoying building their connections with the Geelong community. He took up his appointment as CEO of GMHBA from mid-May 2021.



GMHBA

SUPPORTING OUR MEMBERS

**WE ARE PROUD TO BE PART OF THE HEALTH JOURNEY
OF OUR MEMBERS AND CUSTOMERS, SUPPORTING THEM
TO LOOK AFTER AND MANAGE THEIR HEALTH.**

COVID MEMBER SUPPORT PACKAGE

During the lockdowns, GMHBA invested \$15.4 million to care for our members' health and wellbeing with the following additional support measures put in place:

- All members with hospital cover were covered for COVID-19 related hospitalisations, regardless of their level of cover
- Six month deferral of premium increase
- Telehealth ancillary benefits were available for a wide range of extras services to support continuity of care at home
- GMHBA partnered with Kieser to bring physiotherapy and strength training direct to our active members, with no out of pocket costs
- All GMHBA members had access to Kieser Konnect, an app which features strength and conditioning programs compiled by Kieser's physiotherapists.

During the lockdowns, we also continued to provide emergency and urgent eye care and dental care services but had to temporarily close our health insurance branches in Leopold, Waurin Ponds, Geelong, Warrnambool, Portland, Bendigo and Ballarat.

In order to ensure our members were supported during this time, we expanded our Care Coordination Service to provide additional support to our most vulnerable members through check in phone calls and hand delivered care packages. More than 370 GMHBA members were contacted as part of the program, with more than half of those members taking up the offer of ongoing support phone calls from the team.

HEALTHIER AT HOME

In response to the COVID-19 pandemic, GMHBA introduced Healthier at Home, a platform to provide tips, resources and articles for helping our members and community to keep healthy while staying home more often. The hub incorporated a wide range of well researched content with more than 100 health articles and podcasts. Telehealth and Kieser ancillary benefits were promoted to existing and prospective new members under the Healthier at Home banner through a targeted media campaign.

HEALTH SERVICES BOOST GMHBA LOCAL VALUE PROPOSITION

Our health services teams did an extraordinary job supporting the health of our members during multiple lockdowns and despite the operational challenges implemented several new initiatives to enhance member value:

- Return to Sport Campaign launched across Eye Care, Dental and Physiotherapy
- Healthier@ Home Program established to support our more vulnerable members based in Geelong, Ballarat, Bendigo and Southwest Victoria who were over 55 and had three hospitalisations in the past two years
- GMHBA Eye Care introduced online bookings
- GMHBA Dental focussed on GMHBA members getting 100% back on selected preventative dental.



OUR HEALTH SERVICES TEAMS DID AN EXTRAORDINARY JOB SUPPORTING THE HEALTH OF OUR MEMBERS DURING MULTIPLE LOCKDOWNS



DESPITE THE UNIQUE CHALLENGES PRESENTED BY THE PANDEMIC, GMHBA ADAPTED QUICKLY TO ENSURE THE RIGHT SUPPORTS WERE IN PLACE FOR OUR MEMBERS.



THE RESILIENCE OF OUR 428 PEOPLE DURING A PERIOD OF BOTH INTERNAL CHANGE AND A CHALLENGING EXTERNAL ENVIRONMENT IS TESTAMENT TO THEIR STRENGTH, ATTITUDE AND CHARACTER.

GEELONG CATS PARTNERSHIP

Our partnership with the Geelong Cats has adapted to COVID restrictions throughout the season with GMHBA Fan Portal Sessions held at home, this allowed our members exclusive access to Geelong Cats players. We also introduced player ambassadors for GMHBA Eyecare and GMHBA Dental Care who became the focus of our game day activations outside the ground and our major match day against West Coast earlier in the season. 2020/21 also saw the expansion of the GMHBA Healthy Heroes program to all primary school year levels across the region. The program delivered by the Cats empowers children to establish life-long healthy habits.

OUR PEOPLE SHINE

The resilience of our 428 people during a period of both internal change and a challenging external environment is testament to their strength, attitude and character. It is these attributes and commitment to our members and customers that is to be applauded, as is the ongoing support of each other.

Our health services team adapted to multiple COVID shutdowns with very little notice with some staff required to undertake alternative work duties. They enthusiastically took part in our expanded Care Coordination Service program, Healthier at Home, supporting or more vulnerable members through phone calls and hand delivered care packages.

Last financial year, we saw 322 Values Award nominations despite working remotely due to COVID. The Values Champion network and Recognition Committee have continued to do an excellent job in promoting and maintaining the enthusiasm across the business for the values. It's a great reflection of GMHBA's culture and what we stand for.



CHAIR AND CEO'S REPORT

WHEN THE 2020/21 FINANCIAL YEAR ENDED, GMHBA, LIKE MANY OTHER ORGANISATIONS, WAS STILL EXPERIENCING THE IMPACTS OF THE CORONAVIRUS (COVID-19) PANDEMIC. THE HEALTH CRISIS HAS PRESENTED ENORMOUS CHALLENGES FOR ALL MEMBERS OF THE COMMUNITY, INCLUDING OUR MEMBERS AND CUSTOMERS SEEKING TREATMENT AND CARE, THE BROADER HEALTH SYSTEM AND GMHBA ITSELF.

Our people have done a wonderful job fulfilling our purpose of supporting and empowering our communities to live healthier lives despite the challenges of the pandemic and multiple COVID lockdowns. Throughout this period, we have remained focused on delivering high-quality service to our members and have significantly enhanced our communication frequency with members requiring support.

Pleasingly, the pandemic has also reminded the community of the value of health insurance with an increase in the proportion of people having private health insurance that enables access to the right care they need, at the right time.

COVID MEMBER SUPPORT PACKAGE

During the lockdowns, GMHBA invested \$15.4 million into a range of support measures for our members. We expanded our Care Coordination Service to provide additional support to our most vulnerable members through check in phone calls and hand delivering care packages. More than 370 GMHBA members were contacted as part of the program, with more than half of those members taking up the offer of ongoing support phone calls from the team. In addition, during COVID we ensured our members were able to retain their policies with 1,670 policies suspended and 626 policies provided with a 30% COVID hardship discount. There were also 905 individual members who accessed a telehealth claim in 2020/21.

INCREASED FOCUS ON STAFF WELLBEING

The past year has also been incredibly challenging for our people with many required to work from home for extended periods of time due to Government directives. While there has been an extra hurdle for us to stay connected and engaged with our staff, GMHBA has introduced a number of initiatives to support our staff during these times including the creation of a pandemic policy which included the provision of pandemic leave, formalised lunch hours, meeting free Wednesday afternoons and regular staff wellbeing checks. These initiatives have helped our people stay energised and focused on delivering the best possible care and support for our members.

STRONG FINANCIAL RESULTS

Despite the external and internal challenges posed by the pandemic, GMHBA has achieved a solid net group profit result of \$34.9 million and represents a significant turnaround on the small loss reported in 2019/20. The main contributors to this result were:

- Underlying strong private health insurance result with a group net margin of \$9.2 million (1.5%). The main driver of this favourable variance was stronger member numbers against expectations.
- Our health services trading businesses recorded an operating profit of \$1.4 million. This was achieved despite a very challenging year for these businesses which had to contend with multiple lockdowns and changing restriction levels.
- Strong investment income of around \$18 million due to the markets rebounding strongly this financial year. Domestic and international equity performance drove the strong portfolio performance relative to target, despite defensive asset yields being low. In the prior year, investment income recorded a loss due to the COVID economic downturn.
- The disposal of shares in AIA Health for \$15 million. GMHBA sold the shares just prior to the end of the financial year thereby ending our joint venture and part ownership in the AIA Health Fund. GMHBA's relationship will however continue with AIA and Discovery through ongoing member and employee access to AIA Vitality.

NEW HEAD OFFICE INVESTMENT

GMHBA has owned our head office site in Moorabool Street Geelong since the 1960s. Due to significant growth of the fund, employees have been working across multiple buildings for over 15 years. This created a range of inefficiencies that are addressed by our investment in the development of a new, A-grade office building on the Moorabool Street site with Quintessential Equity.

This exciting project has been delivered on time and on budget and represents a valuable investment for the fund. Our investment represents a continuation of our commitment to our local members and to the future of the Geelong region. Partnering with Quintessential Equity and Kane Constructions on the build, the project has injected more than \$50 million into Geelong's local economy, engaging over 370 local workers on-site, with over 60 per cent of the new head office spend staying within the region.

CARING FOR OUR MEMBERS

As a member owned not for profit business, GMHBA's purpose is to support and empower our communities to live healthier lives. During the year to 30 June 2021, we paid or provided for total benefits of \$540 million* and supported 107,277 hospital admissions, 49,698 surgical procedures and more than 2.1 million ancillary service visits for our policyholders. Our health services businesses attended to 117,797 occasions of care. Our private health insurance business also returned approximately 86 cents of every dollar of premium in benefits to members.

GMHBA closely monitors customer experience and recorded 6,896 member responses to post interaction surveys in 2020/21. GMHBA members reported an average customer satisfaction score of 8.9/10 while Frank achieved an average customer satisfaction score of 8.1/10. This is a great reflection of the customer centricity that GMHBA holds dear and is a pleasing outcome in the difficult operating environment caused by the pandemic.

HEALTH.COM.AU JOINS FORCES WITH FRANK

In 2021 GMHBA Ltd successfully transitioned over 30,000 health.com.au customers across to its online health insurance brand, Frank. The integration aimed to reduce complexity, improve operational efficiency and optimise the balance sheet of GMHBA Ltd. It means that GMHBA now has a two-brand business model that has created the opportunity for significant efficiencies in operations, product, customer and management support, thereby achieving greater long-term value for our members. Health.com.au was a wholly owned subsidiary of GMHBA for five years.

MORE AFFORDABLE HEALTH CAMPAIGN

GMHBA supports the efforts of the Private Healthcare Australia (PHA) with their more affordable health campaign that aims to lower private health insurance premiums by reforming medical device pricing. The cost of medical devices used in surgeries is a significant driver of health insurance premium increases.

As an example, the same hip replacement items cost \$4,000 in Australia and just \$1,800 in New Zealand and the UK. It is critical that such inequities are addresses in order to make health insurance more affordable, particularly for younger members who are harder to attract and retain.

STRATEGIC DIRECTION

The Board and Executive of GMHBA remain intent on delivering a compelling value proposition to members over their membership lifetime. This proposition includes high quality health cover at affordable prices and the provision of a variety of health services (eye care, dental, physio and primary care). The introduction of health care services over recent years has improved the value proposition to our members in Geelong and regional Victoria, while providing important earnings diversification for the benefit of all members.

We look forward to delivering against a strategy and business plan that supports this intent and sets out a roadmap for our business over the long term and addresses opportunities in the market, leverages our core business strengths and provides a sustainable financial profile that ensures we can support the health of our communities for generations to come.

GOVERNANCE

The Board and Executive are acutely aware of the need for high standards of organisational governance. Collectively we spend significant time and effort to meet the governance standards expected by our members and the community generally, as well as the prudential standards required by our regulators, ASIC and APRA. Our governance structures are outlined in more detail later in this report.

The GMHBA Board of Directors is diverse with significant experience across a range of relevant industries and professional skill sets. Regular Board renewal is an important feature of governance. In September 2020, Jim Walsh retired from the Board and in April 2021, Alexander (Sandy) Morrison joined the Board with strong experience in the health and community services sectors. We offer our heartfelt gratitude to Jim for his 15-year contribution to GMHBA both as a Director and Chair.

We also acknowledge Mark Valena for his 13-year contribution as CEO of GMHBA. Mark departed in May 2021 and can be credited for transforming GMHBA into a leading values-based health insurer and healthcare company that puts the needs of our members and communities first.

THANK YOU

We wish to acknowledge and thank our loyal members and customers for choosing GMHBA and its associated brands for their health insurance and health care needs. We would also like to thank the Board, Executive and all employees for their tireless efforts during an extremely challenging year with multiple lockdowns.

Despite the ongoing challenges of a pandemic, we will continue to be guided by our philosophy Healthier Together where supporting and empowering our communities to live healthier lives is first and foremost in mind.

Together, we are very proud to take on these significant roles on behalf of our members. We take this obligation seriously and we will work hard to safeguard their fund, and to work to deliver to our members valuable insurance products and quality health services.



Claire Higgins

Chair
GMHBA Limited



David Greig

Chief Executive Officer
GMHBA Limited

*This includes a provision for claims we expect to be paid in future, due to COVID-19 restricting access to medical services.



ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2021

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



JAMES WALSH

B.Com, MBA, FCA, GAICD.
(retired September 2020)

Director since August 2005
Former Board Chair
Chair People & Culture Committee
Member Risk & Compliance 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)
Board advisor – AG Coombs Group Pty Ltd
Director – Rathaney Pty Ltd
Chair – KM Property Funds Ltd (formerly Placer Property Ltd)
Director – Secos Group Limited



CLAIRE HIGGINS

B.Com, Accounting, Economics,
Comm Law, FCPA, FAICD

Director since September 2019
Board Chair
Appointed Board Chair September 2020
Chair People & Culture Committee
Member Audit Committee
Member Risk & Compliance 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)
Chair – REI Superannuation Pty Ltd
Director – Ryman Healthcare Limited
Director – Margin Clear Pty Ltd



SUE RENKIN

RN, MBA, FCDA,
GradDip Corp Gov, MAICD.

Director since July 2009
Member – People & Culture Committee
Director – health.com.au Pty Ltd
Director – GMHBA Services Pty Ltd
Managing Director – Intuitively Focussed Pty Ltd
Director – Eureka Group Holdings
Strategic Advisor to GJK Facility Services and McKenzie Aged Care Services
Director – National Imaging Facilities Governing Board
Chair – South East Melbourne Primary Health Network



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 – Mercer Financial Advice (Australia) Pty Ltd
Director – Enginsure Pty Ltd
Director – Shandora One Pty Ltd (Trustee for SMSF)
Director – National Vineyard Fund of Australia Limited
Director – Kayinga Vineyard Limited
Director – National Vineyard Fund of Australia (no.4) Pty Ltd



VICKY PAPACHRISTOS

BE, MBA, MAICD.

Director since November 2011
Chair Risk & Compliance Committee
Member Audit 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



MARIE BISMARK

MD, LLB, MBHL, MPH, FAFPHM, FAICD.

Director since March 2013
Member Investment 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

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



DENIS NAPHTHINE

BV Sc. MVS MBA, AO

Director since August 2016
Member Audit Committee
Director – health.com.au Pty Ltd
Director – GMHBA Services Pty Ltd
Patron – Solve Disability Solutions
State Premier of Victoria 2013 – 2014



MIKE HIRST

B.Com, SF Fin, MAICD.

Director since July 2018
Director – health.com.au Pty Ltd
Director – GMHBA Services Limited
Member Audit Committee
Member People & Culture Committee
Deputy Chairman, Racing Victoria Limited
Honorary Member, Business Council of Australia
Director – AMCIL Limited
Director – Butn Limited
Director – AMP Limited



SANDY MORRISON

BHA, MBA, Prof Cert in Health Systems Mgt

Director since April 2021
Member People & Culture Committee
Director – health.com.au Pty Ltd
Director – GMHBA Services Pty Ltd
Chief Executive – Barwon Child, Youth & Family

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 2021**

GMHBA STRIVES TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE AS A FOUNDATION FOR PRUDENT AND EFFECTIVE DECISION MAKING, TO SUPPORT THE BOARD IN FULFILLING ITS LEGAL AND REGULATORY OBLIGATIONS AND FOR GENERAL BEST PRACTICE.

Strong corporate governance frameworks and practices are fundamental to GMHBA’s culture and are consistent with our values. They act as a foundation for prudent and effective decision making, support the Board in fulfilling its legal and regulatory obligations, and give confidence to our members around business operations. Maintaining high governance standards has been particularly important during a year of leadership transition with the long-standing Board Chair and CEO both retiring, and the continuing uncertainty caused by COVID-19.

The Board is responsible for the overall strategic direction of the organisation, ensuring that it is undertaken in a way that protects members’ interests and has regard to the interests of other stakeholders including GMHBA employees, regulators, and the local community. The Board reviews, monitors and approves a range of matters including corporate strategy and plans, business performance, capital structure and planning, investment activities and risk management and compliance frameworks.

This Statement provides an overview of the main corporate governance structures and practices that were in place throughout the year. Changes included a revised Board program to closely match the business planning cycle, cessation of one Board Committee, appointment and induction of a new director, additional Board accountabilities with Modern Slavery and increased oversight of information security, a Constitutional amendment to permit a virtual Annual Meeting of Fund Members, and revised delegations to reflect a new organisational structure. Board representation continued on QE042 Pty Ltd, the investment entity for the new head office building, and ceased on the subsidiaries relevant to the AIA Heath disinvestment.

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 and 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 of the Group and its compliance with legislative and regulatory obligations. The Company Secretary is accountable to the Board, through the Chair, for all matters relating to the proper functioning of the Board.

INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2021 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.

All Responsible Persons undertook Fit and Proper checking during 2021 with no concerns raised.

BOARD COMPOSITION

As at 30 June 2021 there were eight directors on the Board with an average tenure of five years. Further details of each director are found on page 18 to 20 of this Annual Report. During 2021 James Walsh retired from the Board, having reached his maximum tenure, and Claire Higgins was appointed as Board Chair. In April 2021 Alexander (Sandy) Morrison was appointed as a director bringing substantial experience in strategy and healthcare as well as a strong local Geelong connection.

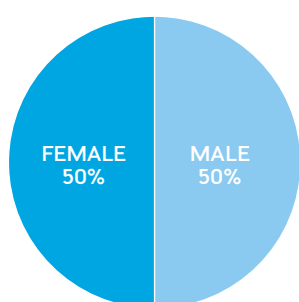
Directors have a range of expertise and experience which allows for a breadth of views and perspectives. They come from a range of backgrounds and contributing skills in the areas below. Continuing education is provided to directors through combination of internal and external presentations and workshops. Directors periodically consider the skills mix to ensure that it remains appropriate and enables the Board to continue to function at a high level, and particularly when considering candidates for new directors.



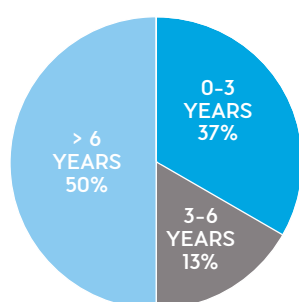
CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

DIVERSITY OF GENDER AND A VARIETY OF TENURE ARE CONSIDERED IMPORTANT FACTORS IN THE COMPOSITION OF THE BOARD AND ARE CURRENTLY DISTRIBUTED AS BELOW

GENDER DIVERSITY



DIRECTOR TENURE



BOARD PERFORMANCE

The Board conducts a regular assessment of its performance, and the performance of its Committees and individual directors. During 2021 an external review was conducted, and a detailed report provided indicating a pleasing level of performance. The Chairman held individual discussions with each director to consider their individual performance and obtain further input into improvement opportunities. The survey results and comments from directors were shared and discussed at each Committee meeting and with the Board. The overall finding was that the Board and its Committees continue to operate effectively in their present structure. Committee composition will be reviewed during 2022 following the retirement of Director Sue Renkin who will reach her maximum tenure.

RISK MANAGEMENT

The Audit Committee and the Risk & Compliance Committee support the Board in its oversight of risk management. They report on the status of risks to the Group through an integrated risk management framework which permits material business risks to be identified, assessed and appropriately managed. The risk management model is structured around the Three Lines of Defence which together permit effective risk management across the organisation. The framework complies with APRA Prudential Standard CPS220 – Risk Management.

GMHBA has a fully developed Business Continuity Policy (BCP) and Plan to be invoked in the case of a significant business disruption event. The BCP, including the Disaster Recovery Plan, have been updated to reflect the response to the COVID-19 pandemic. A comprehensive insurance program provides protection against residual risk exposures.

Risk Appetite Tolerance Statements have been regularly updated during 2021 and a revised suite developed to most effectively highlight the most material risks. The Board will make the required annual Risk Management Declaration to APRA.

COMPLIANCE

GMHBA has a proactive approach to compliance at all levels within the organisation. A framework of monitoring and reporting helps to satisfy legislative and regulatory obligations.

The Group Whistleblower Policy is widely available, and employees are encouraged to raise any concerns with the company's leaders, or through FairCall the independent operator of the whistleblower hotline service.

INTERNAL AUDIT

The internal audit service provided by Ernst & Young 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 to the Audit Committee. Risks or control weaknesses identified through audits are incorporated into the organisational risk management framework. The Audit Committee meets with the internal auditor on a regular basis without management presence.

GOVERNANCE

The external auditor KPMG has conducted a review under Prudential Standard HPS310 for assurance of compliance with all applicable Prudential Standards.

CODE OF CONDUCT

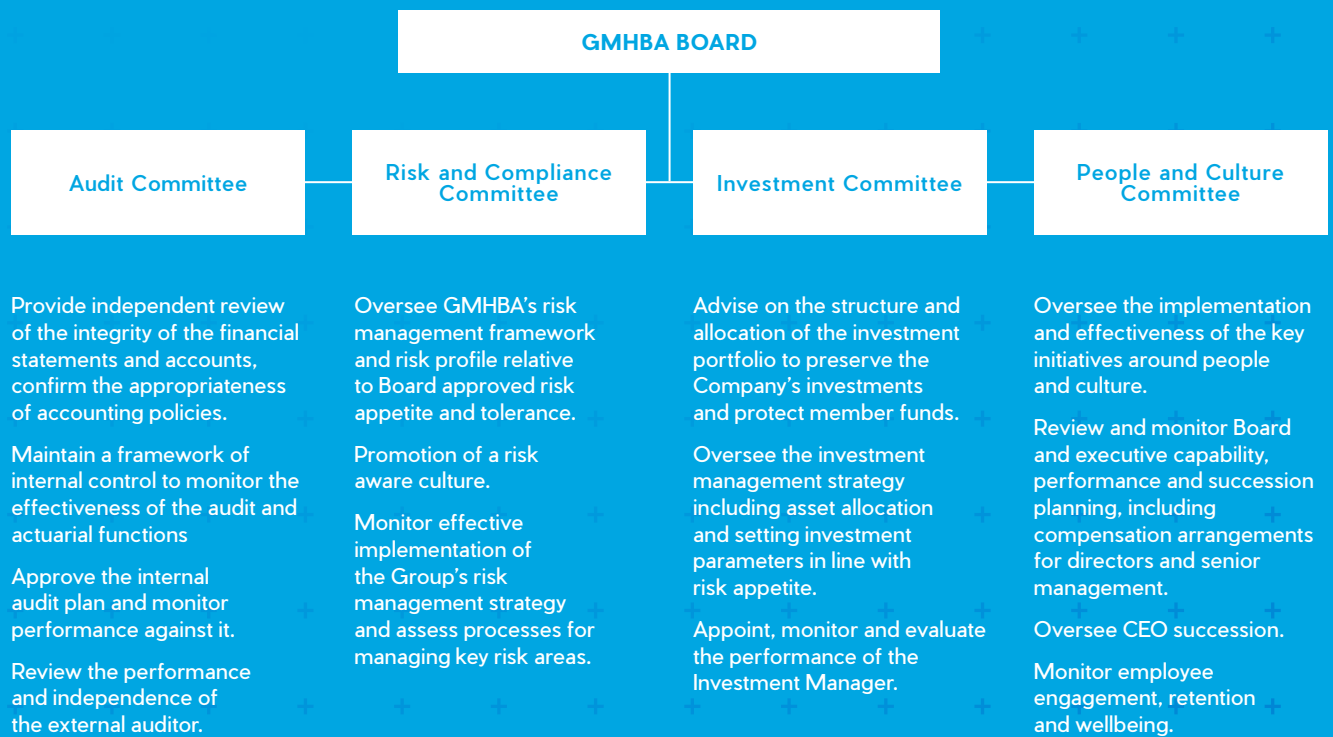
GMHBA's Code of Conduct sets out the high standard of ethical and professional conduct necessary to meet the expectations of Fund members and other stakeholders. The Code applies to all GMHBA directors, executive and other employees who are required to observe these standards.

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.

CORPORATE GOVERNANCE FRAMEWORK

In December 2020 the Health Services Committee ceased operation. Oversight of clinical governance is now undertaken by the Risk & Compliance Committee, supported by the management Quality and Control Committee. Marie Bismark joined the Risk & Compliance Committee to provide medical and clinical experience. In May 2021 the Remuneration & Capability Committee changed its name to the People & Culture Committee, to better reflect its renewed strategic focus and activities including development of a Remuneration Framework.

Details of the number of meetings of the Board and each Committee, and attendance at those meetings, during 2021 are set out in the Directors' Report.



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

The Company Secretary is accountable to the Board, through the Chair, for all matters relating to the proper functioning of the Board.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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:

James Walsh (retired September 2020)
Sue Renkin
Brian Bengler
Vicky Papachristos
Marie Bismark
Denis Napthine
Mike Hirst
Claire Higgins
Sandy Morrison (appointed April 2021)

The qualifications, expertise and special responsibilities of directors are set out on page 18 to 20 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.

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 \$34.790 million (2020: \$4.423 million loss).

REVIEW OF OPERATIONS

A review of the operations and results of the Group during the financial year are set out in the Chair's and CEO's report on pages 14 to 15.

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 impact of the COVID-19 pandemic is ongoing. It is not practical to estimate the potential impact after the reporting date. The situation continues to develop and is in part dependant on measures imposed by Governments in various jurisdictions in which the Group operates.

On 1 July 2021, all health insurance policies referable to Health.com.au Pty Ltd became referable to the ultimate parent entity, GMHBA Limited. GMHBA Limited assumed all related health insurance assets and liabilities of the Company on this date. The Directors of Health.com.au intend to wind up the Company within 12 months from signing these financial statements. In preparing the Group financial statements the going concern basis remains appropriate. The Directors have continued to apply the requirements of Australian Accounting Standards and the Corporations Act 2001, taking into account the Directors' intent to deregister the Health.com.au subsidiary. There has been no impact on the classification and measurement of the Health.com.au's assets and liabilities and no future costs have been accrued for in respect of deregistration of the Company.

On 2 July 2021, the Moorabool Street office development reached practical completion. As such, the construction work-in-progress (WIP) was reclassified to investment property. At the date of signing this report, valuations are still being finalised and as such the gain on revaluation cannot be accurately disclosed. The gain on revaluation will be reflected in the 2022 Statement of Profit or Loss of the Group.

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, and disclosures around matters subsequent to the end of the financial year, there are no likely developments in the operations of 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 2021 and the number of meetings attended by each Director. It should be noted that not all Directors are members of all Committees.

Directors	Number of Board meetings held	Number of Board meetings attended	Number of relevant Committee meetings held	Number of relevant Committee meetings attended
James Walsh*	5	5	3	3
Sue Renkin	13	11	6	6
Brian Bengier	13	13	8	8
Vicky Papachristos	13	13	9	9
Marie Bismark**	13	13	8	8
Denis Naphthine	13	13	7	7
Mike Hirst	13	11	9	9
Claire Higgins***	13	13	12	12
Sandy Morrison****	3	3	1	1

* James Walsh retired from the Board at the Annual Meeting of Fund Members held 29 September 2020.

** Marie Bismark joined the Risk & Culture Committee in January 2021.

*** Claire Higgins joined the Investment Committee in November 2020.

**** Sandy Morrison joined the Board on 1 April 2021 and joined the People & Culture Committee in May 2021.

Relevant Committee meetings refers to the number of Committee meetings held during the time period in which a Director was a member of a relevant Committee.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 27.

For and on behalf of the Board of Directors,

Claire Higgins



Chair GMHBA Limited

Geelong, 31 August 2021

Mike Hirst



Director GMHBA Limited

LEAD AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021



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 2021 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.

A stylized signature of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'Rachel Milum'.

Rachel Milum

Partner

Sydney

31 August 2021

**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 (\$'000)	2020 (\$'000)
Revenue			
Premium revenue		629,511	663,768
Total revenue from operating activities		629,511	663,768
Expenses			
Claims expense	2.7	(498,347)	(513,587)
Risk Equalisation Special Account levy		(42,109)	(54,730)
Total cost of fund benefits		(540,456)	(568,317)
Gross underwriting result		89,055	95,451
Underwriting expenses			
Employee benefits expenses		(35,180)	(33,228)
Marketing		(9,646)	(7,490)
Commission		(12,678)	(18,638)
Depreciation and amortisation		(4,017)	(13,452)
IT and communications		(8,147)	(7,074)
Professional fees		(3,514)	(2,819)
Other underwriting expenses		(7,526)	(8,860)
Total underwriting expenses		(80,708)	(91,561)
Net underwriting result		8,347	3,890
Health services and other revenue		10,855	9,624
Health services and other expenses		(12,007)	(12,276)
		(1,152)	(2,652)
Investment income and expenses			
Investment expenses		(578)	(553)
Interest income		2,789	4,011
Dividends		964	941
Unrealised investment (loss)/gains		16,658	(1,210)
Realised investment gains		14,245	1,741
Share of net loss of equity accounted investees	5.5	(7,201)	(11,828)
		26,877	(6,898)
(Loss)/profit before tax for the year		34,072	(5,660)
Income tax (benefit)	2.10	(249)	(1,232)
Net (loss)/profit after tax		34,321	(4,428)
Other comprehensive income			
		-	-
Total comprehensive income/(loss) for the year		34,321	(4,428)
Attributable to			
Members of the Company		34,301	(4,423)
Non-controlling interests		20	(5)
		34,321	(4,428)

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
AS AT 30 JUNE 2021

	Note	2021 (\$'000)	2020 (\$'000)
Current assets			
Cash and cash equivalents	3.1	85,642	57,720
Trade and other receivables	2.1	16,822	16,685
Financial assets	2.2	89,203	93,543
Other assets	2.3	7,059	16,363
Total current assets		198,726	184,311
Non-current assets			
Financial assets	2.2	207,053	151,940
Property, plant and equipment	2.4	80,940	32,873
Intangible assets and goodwill	2.4	25,374	27,596
Other assets	2.3	7,897	9,833
Investment in equity accounted investees	5.5	-	9,152
Deferred tax asset		3,304	3,045
Total non-current assets		324,568	234,439
Total assets		523,294	418,750
Current liabilities			
Trade and other payables	2.5	23,281	21,190
Employee benefits provisions	4.2	4,661	4,143
Other provisions	2.7	106,096	79,878
Other liabilities	2.8	64,352	62,578
Total current liabilities		198,390	167,789
Non-current liabilities			
Loans and borrowings	2.6	39,807	-
Lease liability	3.3	4,152	5,069
Employee benefits provisions	4.2	554	519
Total non-current liabilities		44,513	5,588
Total liabilities		242,903	173,377
Net assets		280,391	245,373
Equity			
Retained earnings		274,767	240,466
Asset revaluation reserve		-	-
Total equity attributable to members		274,767	240,466
Non-controlling interests		5,624	4,907
Total equity		280,391	245,373

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 2021

	Attributable to Members of the Company			Non-controlling interests (\$'000)	Total (\$'000)
	Retained earnings (\$'000)	Asset revaluation reserve (\$'000)	Total (\$'000)		
Balance at 1 July 2019	244,068	821	244,889	1,935	246,824
(Loss) for the year	(4,423)	-	(4,423)	(5)	(4,428)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	(4,423)	-	(4,423)	(5)	(4,428)
Transfer from Asset Revaluation Reserve to Retained earnings on disposal of Land and Buildings	821	(821)	-	-	-
Issue of ordinary units in subsidiary to Non-controlling interests	-	-	-	2,977	2,977
Balance at 30 June 2020	240,466	-	240,466	4,907	245,373
Balance at 1 July 2020	240,466	-	240,466	4,907	245,373
Profit for the year	34,301	-	34,301	20	34,321
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	34,301	-	34,301	20	34,321
Issue of ordinary units in subsidiary to Non-controlling interests	-	-	-	697	697
Balance at 30 June 2021	274,767	-	274,767	5,624	280,391

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 2021

	Note	2021 (\$'000)	2020 (\$'000)
Cash flows from operating activities			
Premium receipts		631,836	659,959
Benefits paid		(472,129)	(497,324)
Payments to suppliers and employees		(121,168)	(140,986)
Other income received		10,818	9,557
Net cash inflow from operating activities	3.1(a)	49,357	31,206
Cash flows from investing activities			
Purchase of financial assets		(188,388)	(166,232)
Purchase of property, plant and equipment and intangible assets		(50,193)	(11,189)
Acquisition of businesses, net of cash acquired		-	-
Dividends received		964	941
Interest received		3,002	4,203
Proceeds from sale of financial assets		157,653	138,163
Proceeds from sale of Joint Venture		15,000	-
Net cash (outflow) from investing activities		(61,962)	(34,114)
Cash flows from financing activities			
Proceeds from issue of units to non-controlling interest		721	2,977
Drawdown of borrowings		39,806	-
Net cash inflow from financing activities		40,527	2,977
Net increase in cash held		27,922	69
Cash and cash equivalents at beginning of the financial year		57,720	57,651
Cash and cash equivalents at end of the financial year	3.1(b)	85,642	57,720

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 2021

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 31st August 2021.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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. 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 intangible assets, see note 2.4
- Outstanding claims liability, see note 2.7
- Reward benefits, 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 2021 can be found in note 1.7.

1.5 COMPARATIVE INFORMATION

There have been no 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 ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated Financial Statements. The estimation uncertainty is associated with:

- The extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- 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 2022 financial year;
- The extent and duration of the any economic downturn, including declines in consumer discretionary spending; and
- The effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Consolidated Financial Statements which reflect expectations and assumptions as at 30 June 2021 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, deferred claims liability, fair value measurement, and recoverable amount assessments of non-financial assets such as goodwill. 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 Other 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 2021 consists of:

- (i) Unclosed premium earned – this represents premiums in arrears measured up to 30 June 2021; and
- (ii) Unclosed premium unearned – forecast premiums receivable from policyholders at 30 June 2021.

Federal government rebate receivable represents premiums receivable from Medicare 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

**2.1 TRADE AND OTHER RECEIVABLES
(CONTINUED)**

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	2021 (\$'000)	2020 (\$'000)
Unclosed premium earned	1,258	1,279
Unclosed premium unearned	646	939
	1,904	2,218
Accrued investment income	199	412
Other debtors	3,204	2,366
Federal government rebate receivable	11,515	11,689
	16,822	16,685

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 accruals 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	2021 (\$'000)	2020 (\$'000)
Current		
Term deposits	75,271	81,994
Bonds	13,932	11,549
At fair value	89,203	93,543
Non-current		
Equity securities	90,189	50,846
Bonds	116,864	101,094
At fair value	207,053	151,940

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.

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.

Financial Disclosure	Note	2021 (\$'000)	2020 (\$'000)
Current			
Prepayments		1,387	3,806
Deferred acquisition costs		4,498	10,457
Right of use asset	3.3	893	1,821
Inventory		281	279
		7,059	16,363
Non-current			
Right of use asset	3.3	3,696	4,599
Deferred acquisition costs		1,668	3,950
Prepayments		2,533	1,284
		7,897	9,833

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.

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. The useful life of the asset has been assessed as 13 years, and amortisation is calculated on a straight-line basis over this period and recognised through profit of 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 to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful life of software is between 3 and 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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

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

Below is a CGU level summary of the Group's goodwill balance and the key assumptions made in determining the recoverable amounts at 30 June 2021. Note that practices have been tested for impairment at an individual practice level, however goodwill attributable is shown at total Division level below.

<p>Growth rate – Frank: 1% Eye Care: 1.8% Primary Care: 3.2% Dental Care: 1.5% Physiotherapy: 2.7%</p>	<p>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.</p>
<p>Discount rate – Frank: 9.2% Eye Care: 10% Primary Care: 10% Dental Care: 10%</p>	<p>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.</p>
<p>Cash flows</p>	<p>Future cash flows have been estimated based on Forecast revenue and expenses of the CGU, including:</p> <ul style="list-style-type: none"> • 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.

Division	Goodwill allocation	
	2021 (\$'000)	2020 (\$'000)
Frank	9,895	9,895
Eye Care	1,375	1,375
Primary Care (GPs)	2,855	2,855
Dental Care	956	956
Physiotherapy	1,038	1,038
	16,119	16,119

As a result of the merger of health.com.au policies into GMHBA Limited on 1 July 2021, a reassessment was performed of the CGU to which the health.com.au goodwill is allocated. As a result, the goodwill on acquisition of health.com.au has been allocated to the Frank CGU for the purposes of testing for impairment at 30 June 2021.

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:

The impairment testing did not result in any impairment being recognised. There are no reasonably possible adverse movements in key assumptions that would result in an impairment. As indicated in Note 1.7, the calculation of recoverable amount in this current environment is subject to significant uncertainty. The impact of social restrictions and also elective surgery restrictions on impairment has been calculated based on the Entity's best estimate using information available. In the event the impacts are more or less severe and/or restrictions are extended, this is likely to have a corresponding impact on impairment. Where possible, the uncertainty has been reflected in the assumptions underpinning the impairment testing.

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:

	Land (\$'000)	Buildings (\$'000)	Furniture & fittings (\$'000)	Office equipment (\$'000)	Motor vehicles (\$'000)	Capital WIP & Development costs ³ (\$'000)	Total (\$'000)
Depreciation rate	0.0%	1.5%	10.0%	15.0 – 40.0%	22.5%	0.0%	
Cost (or valuation as applicable)	6,243	3,447	5,226	4,792	39	10,231	29,978
Accumulated depreciation	-	(147)	(2,189)	(3,416)	(17)	-	(5,769)
Carrying amount at 1 July 2019	6,243	3,300	3,037	1,376	22	10,231	24,209
Additions	-	-	-	-	-	16,262	16,262
Disposals ¹	(2,450)	(3,224)	(99)	(19)	-	1	(5,791)
Depreciation	-	(85)	(952)	(761)	(9)	-	(1,807)
Transfers	-	9	334	1,236	-	(1,579)	-
Cost	3,793	-	4,517	4,546	39	24,915	37,810
Accumulated depreciation	-	-	(2,197)	(2,714)	(26)	-	(4,937)
Carrying amount at 30 June 2020	3,793	-	2,320	1,832	13	24,915	32,873
Additions	-	-	18	175	-	49,943	50,136
Disposals ¹	-	-	-	-	-	-	-
Depreciation ²	-	-	(977)	(710)	(9)	-	(1,696)
Impairment Loss	-	-	(332)	(41)	-	-	(373)
Transfers	-	-	-	-	-	-	-
Cost	3,793	-	4,535	4,721	39	74,858	87,946
Accumulated depreciation	-	-	(3,506)	(3,465)	(35)	-	(7,006)
Carrying amount at 30 June 2021	3,793	-	1,029	1,256	4	74,858	80,940

1. Balances shown net of accumulated depreciation.

2. Includes depreciation attributable to health services and health prevention activities.

3. Development costs include capitalised costs for the development of commercial property within the QE042 Trust entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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

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%	7.7%	5.0%	10.0 – 30.0%	0.0%	0.0%	-
Carrying amount at 30 June 2019	24,890	9,699	1,717	2,237	271	32	38,846
Additions ¹	-	-	-	-	-	717	717
Disposals at written down value	-	-	-	(6)	-	(32)	(38)
Amortisation	-	(1,068)	(180)	(605)	-	-	(1,853)
Transfers	-	-	-	717	-	(717)	-
Write-offs	(8,771)	-	(1,305)	-	-	-	(10,076)
Cost	16,119	13,882	452	6,140	271	-	36,864
Accumulated amortisation	-	(5,251)	(220)	(3,797)	-	-	(9,268)
Carrying amount at 30 June 2020	16,119	8,631	232	2,343	271	-	27,596
Additions ¹	-	-	-	57	-	-	57
Disposals at written down value	-	-	-	-	-	-	-
Amortisation	-	(1,067)	(144)	(1,068)	-	-	(2,279)
Transfers	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Cost	16,119	13,882	452	6,197	271	-	36,921
Accumulated amortisation	-	(6,318)	(364)	(4,865)	-	-	(11,547)
Carrying amount at 30 June 2021	16,119	7,564	88	1,332	271	-	25,374

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	2021 (\$'000)	2020 (\$'000)
Health Benefits Risk Equalisation Special Account	9,796	10,417
Creditors and accruals	13,485	10,773
	23,281	21,190

2.6 LOANS AND BORROWINGS

Accounting Policies

Insurance contracts

The Group has a secured bank loan to finance construction of the Moorabool Street office building development. The loan had a carrying amount of \$39.81m at balance date, with a total facility limit of \$52.75m. The construction facility has an expiry date of 30 September 2021 and contains an option to convert the construction loan to an investment loan once the building is complete. The Group is in the process of converting the loan to an investment loan at the time of signing the financial statements, with a revised facility expiry of 3 years from conversion date. The construction loan has an interest rate of BBSY+1.40% plus a facility fee of 1.40% on the facility limit. There have been no breaches of covenant ratios.

Financial Disclosure	2021 (\$'000)	2020 (\$'000)
Secured bank loan – construction	39,807	-
	39,807	-

2.7 OTHER 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 which can be used under the prudential regulations of the Private Health Insurance Industry.

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% (2020: 5.5%) giving in excess of 75% probability of adequacy, whilst health.com.au adopted a risk margin of 12% (2020: 15%) in order to give a 75% probability of adequacy. The risk margins have been based on an analysis of the past experience of the respective health benefits funds by our Appointed Actuary on 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 2021 is 1.3% (2020: 1.3%) of the claim's liability for the GMHBA fund. For health.com.au Pty Ltd, the allowance is 1.5% (2020: 1.5%) for ancillary and 3.0% (2020: 3.0%) for hospital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

2.7 OTHER PROVISIONS (CONTINUED)

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 may 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 in line with the approach APRA prescribed in June 2020, calculating “missing claims” based on pre-COVID expectations compared to actual claims, net of risk equalisation. The DCL includes allowance for 100% of “missing” hospital treatment claims and 85% for general treatment claims. The adoption of this DCL is intended to provide at least 95% probability of adequacy for deferred claims.

Reward benefits

The Company operates a reward benefits entitlement program for certain eligible Fund members. Fund members receive an additional annual allocation of benefits as long as their eligible cover is maintained. In addition, the ‘Rewards’ product entitles eligible Fund members to accumulate annual allocations, which they can use to claim additional benefits. During the previous financial year, accumulation of additional rewards allocations under the GMHBA program ceased. Members are able to utilise their existing entitlement until December 2021 but will no longer accrue further entitlements. In the current year the Group communicated a plan to cease further reward allocations under the Frank program after April 2022, with a further 2 years beyond that point for members to utilise their entitlement.

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 2021 with due allowance for both expected timing 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. This allowance is reviewed periodically, and the provision is currently 18% (2020: 52%) of the Reward entitlement in respect of membership up to 30 June 2021 for the GMHBA program, and 30% (2020: 47%) for the Frank program.

Financial Disclosure	2021 (\$'000)	2020 (\$'000)
Current provisions		
Outstanding claims (a)	41,822	42,505
Risk margin	2,168	(81)
	43,990	42,424
Deferred claims liability	58,945	30,318
Reward benefits (b)	3,161	7,136
	62,106	37,454
	106,096	79,878

(a) Outstanding claims including risk margin

Gross Claims - undiscounted

The reconciliation of the provisions are as follows:

	2021 (\$'000)	2020 (\$'000)
Balance at beginning of year	42,424	51,857
Add: claims incurred	469,239	483,044
Less: claims settled	(467,673)	(492,477)
Net outstanding claims liability	43,990	42,424

Benefits paid

	2021 (\$'000)	2020 (\$'000)
Gross Claims - undiscounted		
Current year	501,976	514,707
Prior year	(3,629)	(1,120)
Total benefits paid	498,347	513,587

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

	2021 (\$'000)	2020 (\$'000)
Balance at beginning of year	7,136	11,758
Add: Net benefits accrued after adjustment to provision factor	(847)	56
Less: Benefits utilised	(3,128)	(4,678)
	3,161	7,136

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 margins adopted are 3.3% for the GMHBA Limited fund and 3% for the health.com.au Pty Ltd fund; both of 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 in the GMHBA Limited or health.com.au Pty Ltd funds.

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 2021 relating to the period beyond 30 June 2021 are recognised as an unearned premium liability. Also, forecast premiums receivable from policyholders at 30 June 2021 are recognised as unclosed business premiums.

Financial Disclosure	Note	2021 (\$'000)	2020 (\$'000)
Unearned premium liability		62,849	59,919
Lease liabilities – current	3.3	857	1,720
Unclosed business premiums		646	939
		64,352	62,578

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

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

The Group uses Opteon (Victoria) Specialised Pty Ltd, a valuations and advisory services company which employs 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 a valuation having been performed at 30 June 2020 and the next valuation expecting to be performed no later than 30 June 2023. Increments/decrements from the revaluation of the Group's land and buildings are reflected in the asset revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

2.9 FAIR VALUE MEASUREMENT (CONTINUED)

Fair Value Hierarchy

The following table 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

	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
30 June 2021				
Cash and cash equivalents	85,642	-	-	85,642
Term deposits	75,271	-	-	75,271
Equity securities	90,189	-	-	90,189
Bonds	3,944	126,852	-	130,796
Land and buildings	-	-	3,793	3,793
Total	255,046	126,852	3,793	385,691

30 June 2020				
Cash and cash equivalents	57,720	-	-	57,720
Term deposits	81,994	-	-	81,994
Equity securities	50,846	-	-	50,846
Bonds	3,892	108,751	-	112,643
Land and buildings	-	-	3,793	3,793
Total	194,452	108,751	3,793	306,996

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 (Level 3)	<p><i>Income capitalisation method and market approach:</i> The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets</p> <p>Based on requirements in accordance with the International Valuations Standards 2011</p>	<ul style="list-style-type: none"> Recent sales of comparable land in a comparable geographical region General market and economic conditions 	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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.

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	2021	2020
Current tax expense	(\$'000)	(\$'000)
Current period	2,511	3,148
Deferred tax expense		
Origination and reversal of temporary differences	(2,760)	(4,380)
Total tax (benefit)	(249)	(1,232)

Reconciliation of effective tax rate	2021	2020
	(\$'000)	(\$'000)
Profit/(loss) for the year attributable to the Company	34,321	(4,428)
Total tax (benefit)	(249)	(1,232)
Profit/(loss) excluding tax	34,072	(5,660)
Tax using the Company's domestic tax rate of 30%	10,222	(1,698)
Tax effect of tax exempt profits of GMHBA Limited ¹	(7,417)	(3,047)
Tax effect of non-deductible Group share of joint venture loss, net of gain on disposal	2,160	3,548
Tax effect of gain on disposal of joint venture	(5,526)	-
Current year losses for which no deferred tax asset was recognised	-	(379)
Tax effect of other non-deductible expenses	312	344
	(249)	(1,232)

¹: GMHBA Limited is an income tax exempt entity and tax is payable only on 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

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.

	2021	2020
	(\$'000)	(\$'000)
(a) Reconciliation of net cash provided by operating activities to profit:		
Profit/(loss) for the year	34,321	(4,428)
Realised investment gains	(14,245)	(1,741)
Depreciation and amortisation	5,794	3,667
Impairments and loss on disposal of PPE and intangibles	373	10,113
Unrealised investment (gain)/loss	(16,658)	1,210
Interest and dividends received	(3,965)	(5,144)
Share of loss of Joint Venture and Associate	7,201	11,828
Income tax benefit	(249)	(1,232)
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	315	1,801
Decrease in other assets and investments	7,010	13,804
Increase/(decrease) in trade and other payables	2,091	(8,118)
Increase in provisions	26,218	16,263
Increase/(decrease) in other liabilities	857	(6,250)
Increase in employee benefits	553	665
(Increase) in current and deferred tax assets and liabilities	(259)	(1,232)
Net cash inflow from operating activities	49,357	31,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3.1. CASH FLOWS (CONTINUED)

(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:

	2021 (\$'000)	2020 (\$'000)
Cash on hand	66	186
Cash at bank	85,576	57,534
	85,642	57,720

The Group has no credit standby arrangements or loan facilities.

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 for the purpose of settling trades of international equities.

Exposure to currency risk

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

(\$'000 AUD)	30 June 2021					30 June 2020				
	Euro	USD	GBP	JPY	Other	Euro	USD	GBP	JPY	Other
Equities	8,509	42,243	-	2,132	2,212	5,110	25,966	-	1,502	1,491
Cash	-	54	109	-	8	-	161	106	4	9
Net statement of financial position exposure	8,509	42,297	109	2,132	2,220	5,110	26,127	106	1,506	1,500

As at 30 June 2021, 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:

	2021 (\$'000)		2020 (\$'000)	
	+10%	-10%	+10%	-10%
Euro to AUD	(774)	945	(465)	568
CHF to AUD	(1)	1	(1)	1
USD to AUD	(4,046)	4,945	(2,511)	3,069
GBP to AUD	(10)	12	(10)	12
JPY to AUD	(194)	237	(137)	167

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3.2 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

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

		Fixed interest maturing in:					
2021	Note	Variable interest rate (\$'000)	1 year or less (\$'000)	Over 1 to 5 years (\$'000)	Non-interest bearing (\$'000)	Total (\$'000)	
Financial assets							
Cash	3.1	85,434	-	-	208	85,642	
Receivables	2.1	-	-	-	16,822	16,822	
Term deposits	2.2	-	75,271	-	-	75,271	
Equity securities	2.2	-	-	-	90,189	90,189	
Bonds	2.2	130,796	-	-	-	130,796	
		216,230	75,271	-	107,219	398,720	
Weighted average interest rate %		0.83%	0.50%				
Financial liabilities							
Payables	2.5	-	-	-	23,281	23,281	
Loans and borrowings	2.6	39,807	-	-	-	39,807	
		39,807	-	-	23,281	63,088	
Net financial assets		176,423	75,271	-	83,938	335,632	

		Fixed interest maturing in:					
2020	Note	Variable interest rate (\$'000)	1 year or less (\$'000)	Over 1 to 5 years (\$'000)	Non-interest bearing (\$'000)	Total (\$'000)	
Financial assets							
Cash	3.1	56,436	-	-	1,284	57,720	
Receivables	2.1	-	-	-	16,685	16,685	
Term deposits	2.2	-	81,994	-	-	81,994	
Equity securities	2.2	-	-	-	50,846	50,846	
Bonds	2.2	112,643	-	-	-	112,643	
		169,079	81,994	-	68,815	319,888	
Weighted average interest rate %		1.09%	1.23%				
Financial liabilities							
Payables	2.5	-	-	-	21,190	21,190	
		-	-	-	21,190	21,190	
Net financial assets		169,079	81,994	-	47,625	298,698	

The following table illustrates the sensitivity on net profit for the year ended 30 June 2021 to a reasonably possible change in interest rates of +/-1% (2020: +/- 1%). 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.

	2021 (\$'000)		2020 (\$'000)	
	+1%	-1%	+1%	-1%
Net result				
Fair value risk				
<i>Fixed rate instruments</i>				
Term deposits	(233)	237	(322)	327
Bonds	(1,530)	1,530	(304)	304
Cash flow risk				
<i>Variable rate instruments</i>				
Cash	240	(835)	1,126	(1,126)
Bonds	1,288	(1,210)	1,118	(1,075)

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

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 2021 the Group investments are composed of term deposits, bonds and equities. The Group holds its term deposits to maturity and does not trade these investments.

The Group is exposed to 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 equities within the equity portfolio would result in a loss of \$5.1m. A 10% increase in the price of listed equities within the equity portfolio would result in a gain of \$5.1m. 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 2021 for the term deposits of \$75.3m, bonds of \$130.8m and cash of \$87.8m, which represents its maximum credit exposure on these assets, is as follows:

Term deposits		Bonds		Cash	
S&P credit rating	% of portfolio	S&P credit rating	% of portfolio	S&P credit rating	% of portfolio
AAA	-	AAA	6%	AAA	-
AA+	-	AA+	-	AA+	-
AA	-	AA	3%	AA	-
AA-	-	AA-	19%	AA-	-
A-1+	44%	A+	9%	A-1+	79%
A-1	-	A	4%	A-1	-
A-2	56%	A-	22%	A-2	-
		BBB+	27%		
		BBB	10%		
Unrated	-	Unrated	-	Unrated	21%

The above table 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 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3.2 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

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 \$21.95m (2020: \$21.19m) 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 \$39.81m is outlined in note 2.6.

(d) 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 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 funds are 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 funds have been in compliance with these standards throughout the year.

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. The weighted average rate applied is 4.19%

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 2021.

Financial Disclosure	2021 (\$'000)	2020 (\$'000)
Due:		
Not later than one year	857	1,721
Later than one year but not later than five years	4,152	5,069
	5,009	6,790
Right of use asset:		
Right of use asset balance at 1 July	6,420	7,888
Additions to right of use asset	123	1,463
Derecognition of right of use asset	(132)	(1,144)
Depreciation of ROU asset	(1,820)	(1,787)
Balance at 30 June	4,591	6,420
Amounts recognised in profit or loss:		
Depreciation of ROU asset	1,820	1,822
Interest on Lease Liability	261	315
Lease expenses for short term leases	20	63
Total expense	2,101	2,200
Amounts recognised in the statement of cashflows:		
Lease payments made	2,028	1,841
Variable lease payments not included in the above calculation of lease liability	276	262
Total cash outflow	2,305	2,103

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

James Walsh (retired September 2020)

Brian Bengier

Denis Napthine

Sue Renkin

Mike Hirst

Vicky Papachristos

Marie Bismark

Sandy Morrison (since April 2021)

Compensation of key management personnel - directors

	2021 (\$)	2020 (\$)
Short term benefits	792,643	858,039

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

Compensation of key management personnel - management

	2021 (\$)	2020 (\$)
Short term benefits	2,846,401	2,663,002
Termination benefits	-	118,069
	2,846,401	2,781,071

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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	2021 (\$'000)	2020 (\$'000)
Current		
Employee annual leave	2,857	2,519
Employee long service leave	1,804	1,624
	4,661	4,143
Non-current		
Employee long service leave	554	519
	554	519

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 Equity accounted investees
- 5.6 Related parties
- 5.7 Parent entity disclosures
- 5.8 Subsequent events

5.1 AUDITOR'S REMUNERATION

Financial Disclosure	2021 (\$)	2020 (\$)
Audit and review of financial reports and other regulatory returns	357,100	299,800
	357,100	299,800

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:

AASB amendment	Nature of change to accounting policy
AASB 17 Insurance Contracts (effective from 1 January 2022)	<p>Application date of standard: 1 January 2022</p> <p>Application date for GMHBA: 30 June 2023</p> <p>This standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. Based on a limited assessment, the adoption of this standard is primarily anticipated to impact the Group's results due to changes around the deferral of customer acquisition costs. Changes from this standard are not anticipated to impact the pattern of revenue recognition on private health insurance contracts due to their short-term nature. The impact has not been quantified at 30 June 2021.</p> <p>The AASB passed amendment AASB 2016-6, (and subsequently 2017-3) which amends the effective date of AASB 9 to that of AASB 17 for those entities with predominantly insurance-based activities. GMHBA intends to apply this exemption and will defer adoption of AASB 9 accordingly to coincide with the adoption of AASB 17. The adoption of the revised AASB 9 is expected to have an impact on the Group's financial assets, but not impact on the Group's financial liabilities. As the Group currently classifies its investments at fair value through profit or loss, the Group does not expect this to have a material impact.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

5.3 COMPANY INFORMATION

GMHBA Limited is a public company limited by guarantee. If the Company is wound up, the constitution states that each Company member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. At 30 June 2021 the number of Company members was 8 (2020: 8).

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	
		2021	2020
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 EQUITY ACCOUNTED INVESTEEES

Accounting policies

During the year, the Group's interest in equity-accounted investees comprised interests in an unlisted joint venture entity – MO Support Pty Ltd (holding company for the health fund trading as AIA Health Insurance). A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures and associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Joint control of MO Support Pty Ltd ceased for the Group on 28th June 2021 when the ownership interest was disposed of.

The following table summarises the financial information of MO Support Pty Ltd as included in their own financial statements, up until the date of disposal. The table also outlines the consideration received and gain on disposal.

Financial disclosure - MO Support Pty Ltd	2021 (\$'000)	2020 (\$'000)
Interest in joint venture	-	9,152
Percentage ownership interest	-	41.4%
Current assets	-	54,443
Non-current assets	-	2,178
Current liabilities	-	28,482
Net assets	-	28,139
Group's share of net assets	-	11,654
Carrying amount of investment in joint venture	-	9,152
Revenue	54,746	50,839
Expenses	77,093	77,639
Net (loss)	(22,347)	(26,800)
Group's share of net (loss) up until disposal date	(7,201)	(11,828)
Dividends received by the Group	-	-
Carrying amount at disposal date	1,951	
Consideration received	15,000	
Profit on disposal of interest in joint venture	13,049	

On 28th June 2021, the group's ownership in the MO Support Pty Ltd Joint Venture was sold for cash consideration of \$15m, paid on disposal date. The group's share of net loss up until disposal date was calculated considering the changes in ownership percentage throughout the period during which the loss was incurred. The carrying amount of the Group's interest in the Joint Venture on the date of sale was adjusted to reflect the current year share of Joint Venture loss up until that date. The profit on disposal of \$13m is recognised in realised investment gains in the Statement of Profit or Loss.

5.6 RELATED PARTIES

Throughout the year, GMHBA recharged certain costs to MO Support Pty Ltd for providing operational and administrative support to MO Support Pty Ltd. Total recharges were immaterial to the Group result and were at cost with no mark-up applied. There were no other transactions with related parties of the Group during the period.

5.7 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2021, the parent entity of the Group was GMHBA Limited. Parent entity financial results are as follows.

	2021 (\$'000)	2020 (\$'000)
Result of parent entity		
Net profit for the year	24,724	10,157
Total comprehensive income for the year	24,724	10,157
Financial position of parent entity at year end		
Current assets	170,810	153,881
Total assets	471,485	413,403
Current liabilities	166,540	136,754
Total liabilities	175,580	142,222
Total equity of parent entity comprising of:		
Retained earnings	295,905	271,181
Total equity	295,905	271,181

5.8 SUBSEQUENT EVENTS

The impact of the COVID-19 pandemic is ongoing. It is not practical to estimate the potential impact after the reporting date. The situation continues to develop and is in part dependant on measures imposed by Governments in various jurisdictions in which the Group operates.

On 1 July 2021, all health insurance policies referable to Health.com.au Pty Ltd became referable to the ultimate parent entity, GMHBA Limited. GMHBA Limited assumed all related health insurance assets and liabilities of the Company on this date. The Directors of Health.com.au intend to wind up the Company within 12 months from signing these financial statements. In preparing the Group financial statements the going concern basis remains appropriate. The Directors have continued to apply the requirements of Australian Accounting Standards and the Corporations Act 2001, taking into account the Directors' intent to deregister the Health.com.au subsidiary. There has been no impact on the classification and measurement of the Health.com.au's assets and liabilities and no future costs have been accrued for in respect of deregistration of the Company.

On 2 July 2021, the Moorabool Street office development reached practical completion. As such, the construction work-in-progress (WIP) was reclassified to investment property. At the date of signing this report, valuations are still being finalised and as such the gain on revaluation cannot be accurately disclosed. The gain on revaluation will be reflected in the 2022 Statement of Profit or Loss of the Group.

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 2021

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

That the financial statements and notes set out on pages 28 to 55:

- (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 2021 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



Chair GMHBA Limited

Geelong, 31st August 2021

Mike Hirst



Director GMHBA Limited



Independent Auditor's Report

To the members of GMHBA Limited

Opinion

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

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 2021 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 2021;
- 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; and
- 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in GMHBA Limited'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.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2021



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; and
- assessing the Group and Company's ability to continue as a going concern. 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

Rachel Milum
Partner

Sydney
31 August 2021

GMHBA LIMITED
ABN 98 004 417 092

GMHBA is a registered not
for profit private health insurer
GMHBA Limited is a public
company limited by guarantee
and incorporated in Australia

Registered office and
principal place of business:
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GMHBA LIMITED

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