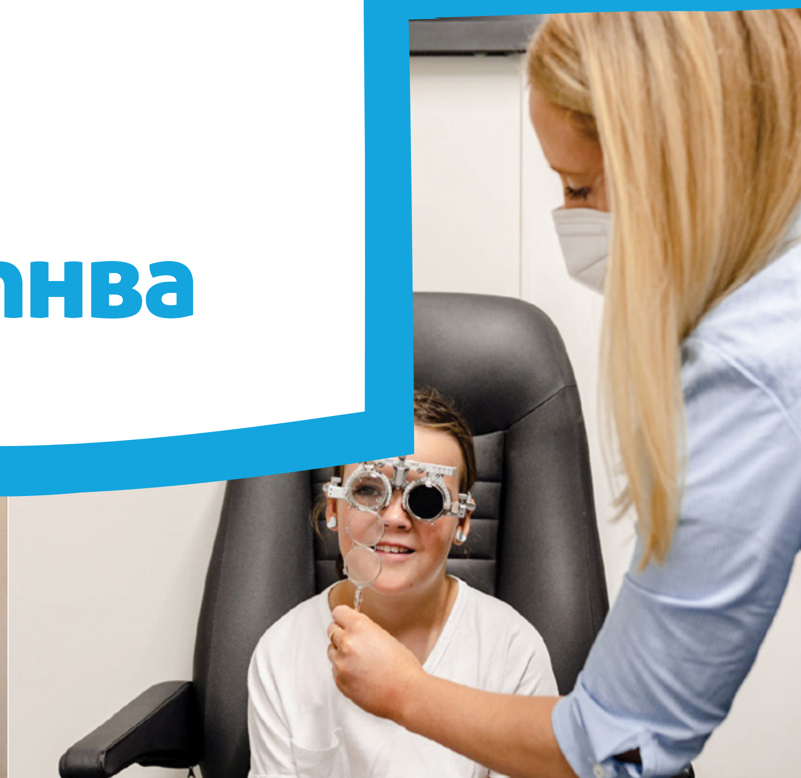
HEALTHIER TOGETHER

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022



GMHBA

GMHBA WAY

VALUES

BE PEOPLE FOCUSED
BE PURPOSEFUL
BE WORTHY OF TRUST
BE REMARKABLE

WE'RE AN AUSTRALIAN NOT FOR PROFIT HEALTH INSURANCE AND HEALTHCARE COMPANY COMMITTED TO PROVIDING VALUE FOR OUR MEMBERS.

WE HAVE SERVED THE COMMUNITY SINCE 1934, AND WITH 88 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 330,000 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.

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

We look after our members through specialised health care offerings and engage the broader community with support and a variety of health promoting programs, because we know health is hard when you go it alone, and we can be healthier together.

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.

CONTENTS

WE HEREBY REPORT GMHBA'S HIGHLIGHTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022.

FINANCIAL HIGHLIGHTS

$528 M*

ANNUAL BENEFITS PAID

84 CENTS

IN EVERY DOLLAR RECEIVED IN PREMIUMS WAS PAID TO MEMBERS

MEMBERS

334,430

AUSTRALIANS COVERED

166,422

MEMBERSHIPS

MEDICAL CLAIMS

102,001

REPORTED HOSPITAL ADMISSIONS

46,854

SURGERIES CLAIMED

$221,524

PAID OUT FOR TREATMENT OF A SERIOUS HEART CONDITION, THE HIGHEST CLAIM OF FY22

1,144

NEWBORNS WELCOMED INTO THE WORLD

HEALTH BUSINESSES

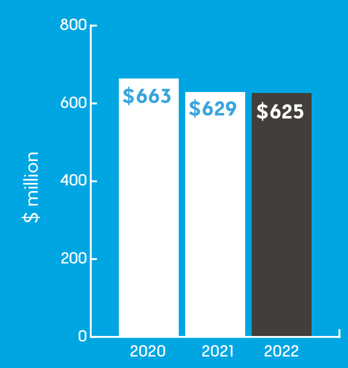
42,391 occasions of care undertaken at **GMHBA Eye Care** (Geelong + Waurn Ponds + Leopold + Ballarat)

8,071 occasions of care undertaken at **GMHBA Dental Care** (Geelong + Portland)

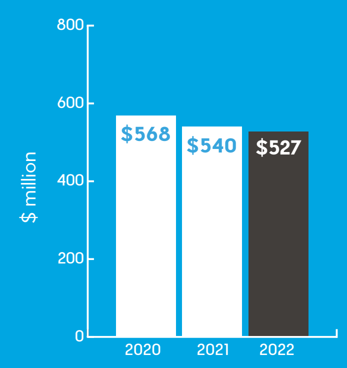
47,091 occasions of care undertaken at **Primary Care** (Belmont + Lara)

10,539 occasions of care undertaken at **Physiotherapy** (Geelong)

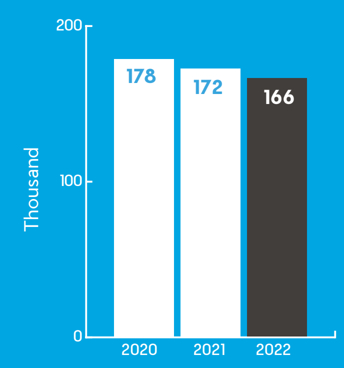
CONTRIBUTION INCOME^



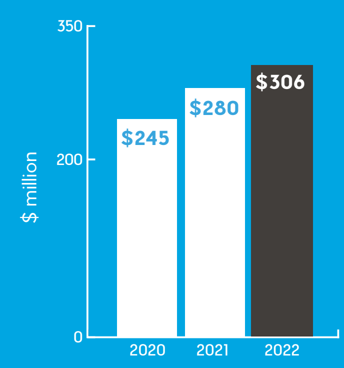
BENEFITS PAID*



MEMBERSHIPS



NET ASSETS



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

* *Due to the impact of COVID on claims in FY22, GMHBA holds a provision of $73m for claims we expect to be paid in future and a provision of $45m for a further return of surplus to GMHBA members*

^ *Includes impacts of deferring the April 2022 premium increase until October 2022*

AS A NOT FOR PROFIT HEALTH FUND, BEING COMMUNITY MINDED IS AT THE HEART OF EVERYTHING WE DO.

SUPPORTING OUR COMMUNITY'S HEALTH AND WELLBEING

108,092
occasions of care were provided by our health services

10,192
COVID and influenza vaccinations were delivered to the community

439
primary care in-home assessments for patients aged over 75 via our Care Coordination Service

837
people listened to our Healthier Together podcasts

18,636
telehealth consults in Primary Care

Flood relief provided to members affected by floods in Queensland and New South Wales.

1,600+
members offered elective surgery support

PROVIDING SUPPORT TO OUR MEMBERS DURING COVID

906
individual members accessed a telehealth claim

2,141
members received a premium holiday due to COVID

$26M
COVID support package

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 WORKPLACE GIVING AND VOLUNTEERING

Staff donated more than
$27,000
to Geelong Give Where You Live Foundation via Workplace Giving

68.5
hours of staff (including executive) time volunteered with community partners

78
lives saved due to staff donating blood to the Australian Red Cross

COMMUNITY CONTRIBUTIONS

$431,593
contributed to the community to support:

- Active Geelong to improve the physical activity levels of our local community.
- GMHBA 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 Give Where you Live, genU, Belmont Rotary Club, Bethany and OneCare

2021/22 WAS TRULY A YEAR TO BUILD CONNECTIONS

WITH MEMBERS, WITH THE COMMUNITY, AND WITH OUR PEOPLE. ACTIVATIONS AT THE GEELONG CATS HOME GAMES RESUMED, PATIENTS AND STAFF NAVIGATED 'COVID-NORMAL' HEALTH REGULATIONS AND STAFF RETURNED TO THE OFFICE, MANY ENTERING OUR NEW 60 MOORABOOL PREMISES FOR THE FIRST TIME.

WITH EASING RESTRICTIONS, STAFF RETURNED TO VOLUNTEERING, GIVING BACK TO THE COMMUNITY.

BUILDING CONNECTIONS

WE CONDUCTED OUR FIRST HYBRID TOWN HALL, WITH STAFF JOINING IN-PERSON OR FROM HOME.

WE HELPED MEMBERS AND PATIENTS CATCH UP ON THEIR HEALTH CHECKS

WITH CROWDS RETURNING TO AFL, EACH HOME GAME ATTRACTED OVER 20,000 TO GMHBA STADIUM AND A BROADER TV AND DIGITAL AUDIENCE OF OVER 1.5 MILLION

SUPPORTING OUR MEMBERS

GMHBA CONTINUED TO PLAY AN IMPORTANT ROLE IN THE HEALTH JOURNEY OF OUR MEMBERS AND CUSTOMERS, SUPPORTING THEM TO LOOK AFTER AND MANAGE THEIR HEALTH AS WE ADAPTED TO COVID-NORMAL CONDITIONS.

SUPPORTING THE HEALTH OF OUR MEMBERS

During the year to 30 June 2022, we paid total benefits of $528* million to over 1.4 million unique claims and supported 102,001 hospital admissions, 46,854 surgical procedures and more than 1.8 million ancillary services visits to our members. Our private health insurance business also returned approximately 84 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 2021/22. GMHBA achieved a customer service satisfaction score of 8.9/10 and Frank had a customer service satisfaction score of 7.7/10. These results reflect our commitment to customer experience and are pleasing in a difficult operating environment.

This past financial year also saw Frank voted the Best Basic Health Insurance in the Finder Insurance Awards. This is a great achievement and shows that Frank has been living up to its brand promise of being "Easy as".

COVID MEMBER SUPPORT PACKAGE CONTINUED

COVID-19 has been an uncertain time for all and GMHBA continued to do everything possible to support our members during the pandemic. As a not for profit health fund, we always put our members first and continue to provide assistance in a range of ways as part of our COVID-19 member support package valued at $26 million.

GMHBA has done everything we can to care for our member's health and wellbeing throughout the pandemic with the following additional support measures put in place:

- Premium increases on hold for 6 months in 2020 and 2022
- 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.

DEFERRED ELECTIVE SURGERY SUPPORT

With many people waiting longer than expected for elective surgery procedures, GMHBA provided additional support to eligible GMHBA and Frank members by proactively contacting over 1,600 members across Australia, to check in and offer support while they waited for elective surgery. Support included complimentary physiotherapy sessions with Kieser and access to MIND Australia for psychology consultations.

CARE COORDINATION SERVICE

Last financial year, our Care Coordination Services (CCS) provided care to 278 of our more vulnerable members aged over 75. Although participation numbers are lower than previous years, CCS cared for more members that were particularly unwell, often requiring extended hospital stays beyond the norm. The service continues to be highly regarded amongst our members with a strong net promoter score of 98.8 with 2,021 calls made and 1,066 referrals for care sent.

SUPPORTING THE COMMUNITY THROUGH THE EVER-CHANGING COVID-19 LANDSCAPE

By October 2021, after a year and half of constant 'pivoting' people's resilience was waning. GMHBA engaged psychologist Dr Michael Carr-Gregg to present a webinar to the community on the psychology of change and how we could support ourselves, and our loved ones as we navigated towards the new 'COVID-normal' world. Dr Carr-Gregg spoke about anxiety, avoiding 'what-ifs' and reframing intrusive thoughts to focus on what you can control. The webinar, recording and article have engaged thousands of our community members.

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

HEALTH SERVICES DELIVER ON THE FRONTLINE

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

- Belmont Health Hub concept and plans completed
- Delivered a new treatment room at South Barwon Medical Centre
- 18,636 telehealth consultations in primary care
- 2,327 physio home visits
- Fitted out a third optometry consulting room at GMHBA Eyecare Waurn Ponds

HARNESSING THE POWER OF THE GEELONG CATS

Our partnership with the Geelong Cats 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 Eye Care and GMHBA Dental Care who became the focus of our game day activations outside the ground and on our major match day against West Coast Eagles. Over the course of the season, GMHBA interacted with over 72,000 people at the home games.

2021/22 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 with healthy eating, physical activity, screen time and sleep. It was pleasing to see the program recognised in December 2021 at the VicHealth Health Promotion awards in the outstanding health promotion category. In 2021, 185 school visits were conducted with the support of 19 facilitators from GMHBA, Geelong Cats, AFLW players and Deakin Education students.

** Due to the impact of COVID on claims in FY22, GMHBA holds a provision of $73m for claims we expect to be paid in future and a provision of $45m for a further return of surplus to GMHBA members*

CHAIR AND CEO'S REPORT

THE LAST 12 MONTHS HAVE SEEN GMHBA CONTINUE TO SUPPORT THE HEALTH OF OUR MEMBERS AND PATIENTS DESPITE THE CONTINUING CHALLENGES POSED BY THE COVID PANDEMIC.

DURING THE YEAR TO 30 JUNE 2022, WE PAID TOTAL BENEFITS OF $528 MILLION TO OVER 1.4 MILLION UNIQUE CLAIMS AND PROVIDED OVER 123,000 EPISODES OF CARE TO 231,000 MEMBERS.

The pandemic has elevated the importance of timely healthcare with recent research from IPSOS showing that one of the main reasons people are deciding to have private health insurance is to avoid public hospital waiting lists. It has been well reported that patients in the public system are waiting up to two years for common elective surgery procedures, such as joint replacements, cataracts and knee reconstructions.

DEFERRED ELECTIVE SURGERY SUPPORT PROGRAM

With Australia's health system grappling with the effects of the COVID pandemic, GMHBA proactively responded by providing additional support to impacted GMHBA and Frank members with 6 complimentary physiotherapy sessions with Kieser that can be accessed in person, online and via telehealth, as well as access to MIND Australia for up to 10 psychology consultations.

Over 1,600 calls were made to impacted members to see if there was any assistance GMHBA could provide. Members were extremely appreciative of the care and support offered and health providers were similarly appreciative. The deferred elective surgery support program also included a mailout to over 6,000 members in the Geelong region aged over 60 so they were aware of the program. The program was a small but important way to show extra care for our members who were impacted by a health system recalibrating post the height of the pandemic.

COVID SURPLUS RETURNS

In 2021/22 COVID related lockdowns and restrictions continued to affect our members ability to access some health services and utilise their cover to its full potential. This has affected claim activity and has resulted in GMHBA generating unintended savings. In recognition of this, GMHBA announced in February 2022 a further premium increase deferral, taking the total value of our financial support to members during COVID to $26 million. This followed an announcement in December 2021 of the lowest premium increase in 20 years.

As at 30 June 2022 GMHBA holds a provision of $45 million for a return of surplus to members for past services they have been unable to access and a further $73 million for future claims catch up. We intend to return further benefits to members in the year ahead.

MEMBER FLOOD RELIEF

To further support our members in difficult times, we have implemented our disaster relief policy in response to the floods in Queensland and New South Wales. Our flood relief support includes the option of policy suspension for up to 6 months, suspension relief for an additional 18 months if receiving a disaster recovery payment from Centrelink, as well as access to our Care Coordination Service. GMHBA also made a donation to the Australian Red Cross to support efforts on the ground for those affected.

IMPROVED ORTHOPAEDIC CARE PATHWAYS

Orthopaedic procedures are one of the fastest growing surgical procedure categories and one of the highest value categories of services under hospital products for GMHBA. Hip and knee joint replacement surgery account for the largest proportion of these procedures. In March 2022, GMHBA commenced work with Kieser on an enhanced partnership that involves Kieser working with GPs and surgeons to deliver improved patient outcomes through early intervention.

CONTINUED FOCUS ON OUR PEOPLE

Our people expertly navigated work and home life during the global pandemic with COVID related lockdowns continuing to be a challenge in the first half of the year. We would particularly like to recognise the efforts of our health services, branch teams and contact centre staff who displayed resilience and adaptability to maintain our services to members and the community.

We supported our people with pandemic leave plus vaccination leave for staff and their dependents, twice weekly online meditation sessions, meeting free lunch breaks and Wednesday afternoons and Employee Assistance Programs. Our customer facing staff were exemplary at providing continuity of quality care and service to our members and patients during this time.

Once restrictions lifted towards the end of February, we formally returned to our new head office. To help with this transition, a Return to Office Staff Activation Program ran throughout March and May to encourage connection and collaboration across teams.

In terms of our longer-term people focus, we launched GMHBA's Talent and Culture Strategy built around three goals of attracting great people, investing in our talent and creating a human centric culture. The strategy guides GMHBA's enterprise-wide approach to talent and culture and ensures it is contemporary, innovative and meets the specific needs of our people, organisation and community both now and into the future.

STRONG FINANCIAL RESULTS

Despite the external and internal challenges that continue to be posed by the pandemic and global economic conditions, GMHBA has achieved a strong total net financial result of $26 million. The main contributors to this result were:

- Healthy private health insurance result with a group net margin of $28.9 million (4.6%). This was ahead of the prior year due to strong gross margin performance of the health insurance book, coupled with an $11.5 million reduction in group underwriting expenses. This result includes allowance to follow through with GMHBA's commitment to return COVID generated surplus to members.
- The upward revaluation of our Geelong Head Office upon completion of the development in July 2021.
- Offsetting these factors was a decline in the market value of our traded investments as a result of challenging global investment market conditions. Market bond yields have increased significantly, leading to a decline in market value of existing bonds in our portfolio as well as compressed equity valuations.

REFORMS TO IMPROVE AFFORDABILITY

GMHBA continued to support the efforts of the Private Healthcare Association (PHA) with their more affordable health campaign that aims to lower private health insurance premiums by reforming medical device pricing.

On 17 March, the Morrison Government announced the terms of its prosthesis list reforms after much lobbying from the PHA, hospitals and the Medical Technology Association of Australia (MTAA). We support the PHA in urging the Albanese Government to examine the terms of this medical device pricing agreement and to consider further reforms to ensure the sustainability of Australia's mixed public/private health system including restoring the private health insurance rebate to 30%.

We will also continue to support the lobbying efforts of PHA as they urge the Albanese Government to adopt much needed and long-awaited health sector reforms to ease the financial pressures on Australian families in order to keep private health insurance affordable.

CLEAR STRATEGY ROADMAP FOR THE FUTURE

In October 2021, the Board and Executive of GMHBA approved a new business strategy with a robust implementation plan for how we will become Australia's leading regional health fund most recommended by our communities for the contribution to their health and wellbeing within 10 years.

The strategy focused our efforts on the four key drivers of our business and our customers: Compelling PHI, Connected Health, Remarkable People and Sustainable Core. The strategy has provided direction for our teams across the organisation who can more effectively prioritise their work efforts against strategic business initiatives that will enable us to achieve our 10 year vision.

There is a strong program of work currently underway including delivery of a new member experience program, initiatives to improve benefits management and hospital contracting, an innovative new model for care delivery in health hubs, significant investments in talent and culture, as well as a range of projects to manage risk and improve technology and operations.

GOVERNANCE

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

The GMHBA Board members have significant experience across a range of relevant industries and professional skill sets. Regular Board renewal is an important feature of governance. As at 30 June 2022 there were seven directors on the Board with an average tenure of five years.

THANK YOU

We wish to 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 sincerely thank all our employees and associates for their dedication and passion for looking after the health and wellbeing of our communities.

There is no doubt that the past three years have placed extraordinary pressure on our healthcare system but they have also provided us with an opportunity to demonstrate the broader value of private health insurance. We are proud of the values our people display every day in supporting and empowering our communities to live healthier lives.

We will continue to strive towards becoming Australia's leading regional health fund most recommended by our communities for the contribution we make to their health and wellbeing within 10 years.

Claire Higgins

Chair
GMHBA Limited

David Greig

Chief Executive Officer
GMHBA Limited

ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2022

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

CLAIRE HIGGINS

B.Com, CPA, FAICD, Fellow Institute of Public Administration

Director since September 2019

Chair People & Culture Committee

Member Audit Committee

Member Investment Committee

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

Director – GMHBA Land Co Pty Ltd

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

Director – Ryman Healthcare Limited

Chair – REI Superannuation Pty Ltd

Director – Margin Clear Pty Ltd

Trustee – Helen Macpherson Smith Trust

BRIAN BENGER

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

Director since February 2011

Chair Investment Committee

Member Risk & Compliance Committee

Director – GMHBA Land Co Pty Ltd

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

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

Chair of Mercer Financial

Advice (Australia) Pty Ltd

Director - Enginsure Pty Ltd

Director - Shandora One Pty Ltd (Trustee for SMSF)

Director – Kayinga Vineyard Limited

MARIE BISMARK

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

Director since March 2013

Member People & Culture Committee

Member Risk & Compliance Committee

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

Director – Summerset Group

Holdings Limited

Director - Royal Women's Hospital

MIKE HIRST

B.Com, SF Fin, MAICD

Director since July 2018

Director – health.com.au Pty Ltd

Director – GMHBA Services Limited

Chair Audit Committee

Member Investment Committee

Deputy Chair - Racing Victoria Limited

Honorary Member - Business Council of Australia

Director - AMCIL Limited

Director - Butn Limited

Director - AMP Limited

ALEXANDER (SANDY) MORRISON

BHA, MBA, Prof Cert in Health Systems Mgt

Director since April 2021

Member Audit Committee

Member Risk & Compliance Committee

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

Chief Executive – Barwon Child, Youth and Family

DENIS NAPTHINE

BV Sc. MVS MBA, MAICD, AO

Director since August 2016

Member Audit Committee

Member People & Culture Committee

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

Patron – Solve Disability Solutions

State Premier of Victoria 2013 - 2014

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

VICKY PAPACHRISTOS

BE, MBA, GAICD

Director since November 2011

Chair Risk & Compliance Committee

Member People & Culture Committee

Director – health.com.au Pty Ltd

Director – GMHBA Services Pty Ltd

Director – Currant Marketing Pty Ltd

Director – Big River Industries Limited

Director – Aussie Broadband Limited

Director – Scale Investors Pty Ltd

SUE RENKIN (RETIRED SEPTEMBER 2021)

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

National Imaging Facilities Governing Board

Chair – South East Melbourne Primary Health Network

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

GMHBA CONTINUES TO PLACE HIGH IMPORTANCE ON STRONG CORPORATE GOVERNANCE FRAMEWORKS AND PRACTICES WHICH ARE FUNDAMENTAL TO OUR CULTURE AND CONSISTENT WITH OUR VALUES. THEY PROVIDE A FOUNDATION FOR PRUDENT AND EFFECTIVE DECISION MAKING, SUPPORT THE BOARD IN FULFILLING ITS LEGAL AND REGULATORY OBLIGATIONS, AND GIVE CONFIDENCE TO MEMBERS, REGULATORS AND THE COMMUNITY.

Maintaining high governance standards has assisted with the executive leadership transition that took place during 2022 and provided guidance for decisions made in the context of the ongoing COVID-19 pandemic. This Statement provides an overview of the main corporate governance structures and practices that were in place throughout the year.

GMHBA is compliant with APRA's cross-industry Prudential Standard CPS510 – Governance. The external auditor KPMG has conducted a review for assurance of compliance with all applicable Prudential Standards.

BOARD ROLE AND RESPONSIBILITY

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

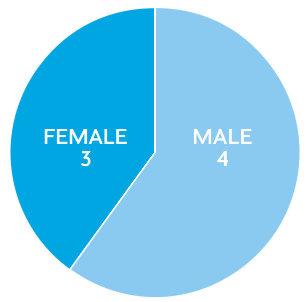
Board representation continues on Quintessential Equity 042 Pty Ltd the investment entity for the head office building at 60 Moorabool Street.

BOARD COMPOSITION

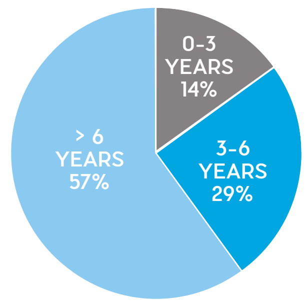
At 30 June 2022 there were seven directors on the Board with an average tenure of five years. Further details of each director are found on page 18 of this Annual Report.

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

DIRECTOR GENDER DIVERSITY

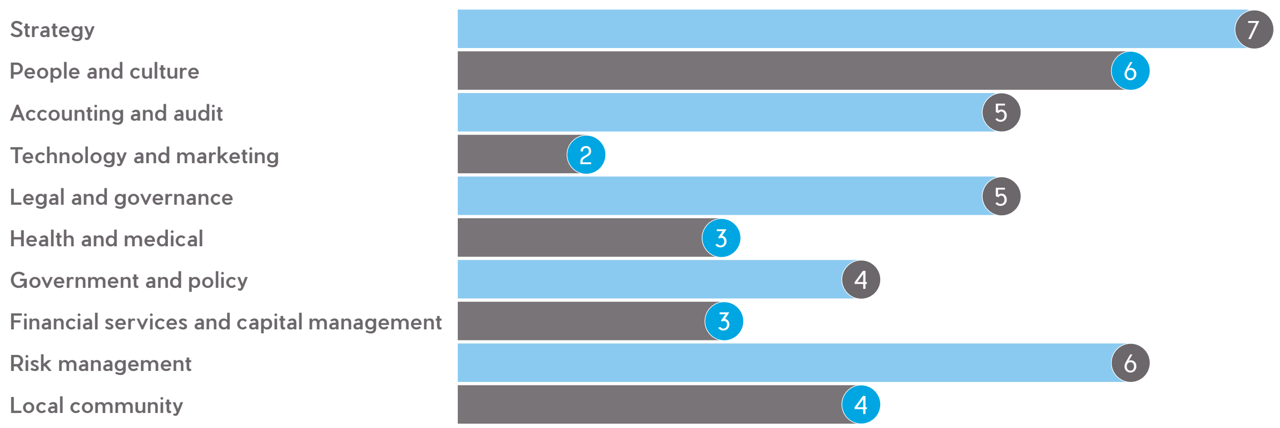


DIRECTOR TENURE



Directors have a range of expertise and experience which allows for a breadth of views and perspectives. The number of directors with identified skill categories are shown in the chart below. Directors periodically consider the overall skills mix, including familiarity with and level of connection to the local community, to ensure that it remains appropriate and enables the Board to continue to function at a high level. This is particularly important when considering candidates for new directors. It is likely that a new director will be appointed during 2023.

DIRECTOR SKILL CATEGORIES



BOARD PERFORMANCE

The Board conducts a regular assessment of its performance, and the performance of its Committees and of individual directors. During 2022, an internal review was conducted including a director self-assessment and with involvement of executives. The Chair held individual discussions with each director to consider their individual performance and obtain further input into improvement opportunities for the operations of the Board. The survey results and comments from directors were shared and discussed by each Committee and with the Board.

The overall assessment was that the Board and its Committees continue to operate effectively in their present structure. Particular consideration was given to the oversight of the clinical governance framework by the Risk & Compliance Committee, which was found to be effective.

Continuing education is provided to directors through combination of internal and external presentations and workshops. During FY22 this included attendance at industry conferences and summits, and guest speakers on relevant trends and reforms.

CORPORATE GOVERNANCE FRAMEWORK

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 framework and compliance with legislative and regulatory obligations.

GMHBA BOARD

Audit Committee

- Provide independent review of the integrity of the financial statements and accounts, confirm the appropriateness of accounting policies.
- Maintain a framework of internal control to monitor the effectiveness of the audit and actuarial functions.
- Oversee the development and execution of an effective annual internal audit plan.
- Review the performance, independence and remuneration of the external auditor.
- Review the performance of the Appointed Actuary.

Risk and Compliance Committee

- Oversee GMHBA's risk management framework and risk profile relative to Board approved risk appetite and tolerance.
- Promotion of a risk aware culture, particularly around clinical risk.
- Monitor implementation of the Risk Management Strategy and oversee management of key risk areas.
- Oversee the Business Continuity and Disaster Recovery Framework.

Investment Committee

- Advise on the structure and asset allocation within the investment portfolio to maximise investment returns within risk tolerances.
- Review the Investment Policy, Capital Management Policy and Liquidity Management Plan.
- Appoint, monitor and evaluate the performance of the Investment Manager.

People and Culture Committee

- Oversee the implementation and effectiveness of the People and Culture Strategy.
- Champion organisational culture, including through review of Alignment and Engagement Survey results and actions. Monitor employee wellbeing.
- Approve the Remuneration Framework- including the Remuneration Policy.
- Review and monitor Board and executive capability, performance and succession planning, including compensation arrangements for directors and senior management.
- Oversee the Enterprise Bargaining Agreement process.
- CEO succession.

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

In September 2021 there was a coordinated rotation of Committee membership to make best use of the skills and experience of current directors and as a professional development opportunity. The Chairs of all Committees remain the same but each one had at least one director rotate off and on. Committee composition at 30 June 2022 is as detailed on page 18 of this Annual Report and details of the number of meetings of the Board and each Committee, and attendance at those meetings, during 2022 are set out in the Directors' Report.

INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2022 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.

GMHBA maintains a Fit and Proper Policy to manage the fitness and propriety of its Responsible Persons as required by APRA Prudential Standard CPS510. All Responsible Persons undertook Fit and Proper checking during 2022 with no concerns raised.

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 and Plan to be invoked in the case of a significant business disruption event. The BCP, including the Disaster Recovery Plan, was updated in 2021 to reflect the response to the COVID-19 pandemic and reviewed again in 2022 in the same context. A comprehensive insurance program provides protection against residual risk exposures.

Risk Appetite Tolerance Statements are used to most effectively highlight the most material risks. The Board made the required annual Risk Management Declaration to APRA.

During 2022 GMHBA implemented an integrated risk management system which enables a co-ordinated approach to managing risk across all operational areas. Ongoing rollout of this system will support optimisation of risk management performance.

Risk culture is also an area of focus for the Board, with regular updates provided and risk Champions appointed within all business units. The Risk Culture survey conducted during 2022 indicated continuing improvement in risk culture through risk awareness, risk transparency, risk capability and risk alignment.

COMPLIANCE

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

CONDUCT AND ETHICS

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

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

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

GMHBA published a Modern Slavery Statement as required under the Modern Slavery Act, outlining the steps we take to identify, assess and address the risks that modern slavery may be occurring in our operations or supply chains. No material risk was identified in 2022.

INTERNAL AUDIT

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

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 2022 and the auditor's report thereon.

DIRECTORS

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

Claire Higgins
Brian Benger
Marie Bismark
Mike Hirst
Alexander (Sandy) Morrison
Denis Napthine
Vicky Papachristos
Sue Renkin (retired September 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 $22.626 million (2021: $34.301 million).

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1 July 2021, all health insurance policies referrable to Health.com.au Pty Ltd became referrable 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 intend to complete the deregistration of health.com.au Pty Ltd and GMHBA Services Pty Ltd during the 2023 financial year. 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 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. The property was revalued and the gain on revaluation reflected in the 2022 Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulation.

INFORMATION ON DIRECTORS

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

LIKELY DEVELOPMENTS

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 30 June 2022 and the number of meetings attended by each Director.

E = number of meetings eligible to attend

A = number of meetings attended

Directors	Board meetings		Audit Committee		Risk & Compliance Committee		Investment Committee		People & Culture Committee	
	E	A	E	A	E	A	E	A	E	A
Claire Higgins	12	12	4	4	guest	4	4	4	5	5
Brian Benger	12	12	–	–	4	4	4	4	–	–
Marie Bismark	12	12	–	–	4	4	1	1	3	3
Mike Hirst	12	11	4	4	–	–	3	3	2	2
Sandy Morrison	12	12	2	2	3	3	–	–	2	2
Denis Napthine	12	11	4	4	–	–	–	–	3	3
Vicky Papachristos	12	11	2	2	4	4	–	–	3	3
Sue Renkin	3	3	–	–	–	–	–	–	2	2

Sue Renkin retired from the Board following the Annual Meeting of Fund Members held 29 September 2021.

Vicky Papachristos retired from the Audit Committee and joined the People & Culture Committee in October 2021.

Marie Bismark retired from the Investment Committee and joined the People & Culture Committee in October 2021.

Denis Napthine joined the People & Culture Committee in October 2021.

Mike Hirst retired from the People & Culture Committee and joined the Investment Committee in October 2021.

Sandy Morrison joined the People and Culture Committee in July 2021 and retired from that Committee in September 2021. He joined the Audit and the Risk & Compliance Committees in October 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	**Mike Hirst**
Chair GMHBA Limited	Director GMHBA Limited
Geelong, 30 August 2022	

KPMG

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

To the Directors of GMHBA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GMHBA Limited for the financial year ended 30 June 2022 there have been:

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

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

KPMG	Dean Waters
	Partner
	Melbourne
	30 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 ($'000)	2021 ($'000)
Revenue			
Premium revenue		625,743	629,511
Total revenue from operating activities		625,743	629,511
Expenses			
Claims expense	2.7	(496,977)	(498,347)
Risk Equalisation Special Account levy		(30,578)	(42,109)
Total cost of fund benefits		(527,555)	(540,456)
Gross underwriting result		**98,188**	**89,055**
Underwriting expenses			
Employee benefits expenses		(30,406)	(35,180)
Marketing		(8,806)	(9,646)
Commission		(6,681)	(12,678)
Depreciation and amortisation		(3,566)	(4,017)
IT and communications		(7,525)	(8,147)
Professional fees		(3,763)	(3,514)
Other underwriting expenses		(8,520)	(7,526)
Total underwriting expenses		(69,267)	(80,708)
Net underwriting result		**28,921**	**8,347**
Health services and other revenue		10,322	10,855
Health services and other expenses		(12,809)	(12,007)
Net property expenses		(1,076)	-
		(3,563)	(1,152)
Investment income and expenses			
Investment expenses		(878)	(578)
Interest income		3,186	2,789
Dividends		2,110	964
Unrealised investment (loss)/gains		(8,282)	16,658
Realised investment gains		937	14,245
Share of net loss of equity accounted investees		-	(7,201)
		(2,927)	**26,877**
Profit before tax for the year		**22,431**	**34,072**
Income tax expense/(benefit)	2.10	3,304	(249)
Net profit after tax		**19,127**	**34,321**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of property, plant and equipment		6,877	-
Total comprehensive income for the year		**26,004**	**34,321**
Attributable to			
Members of the Company		22,626	34,301
Non-controlling interests		3,378	20
		26,004	**34,321**

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 2022

	Note	2022 ($'000)	2021 ($'000)
Current assets			
Cash and cash equivalents	3.1	21,613	85,642
Trade and other receivables	2.1	16,349	16,822
Financial assets	2.2	117,327	89,203
Other assets	2.3	5,245	6,165
Total current assets		**160,534**	**197,832**
Non-current assets			
Financial assets	2.2	308,796	207,053
Property, plant and equipment	2.4	51,778	80,940
Intangible assets and goodwill	2.4	24,385	25,374
Investment Property	2.4	62,500	-
Other assets	2.3	6,298	8,791
Deferred tax asset		-	3,304
Total non-current assets		**453,757**	**325,462**
Total assets		**614,291**	**523,294**
Current liabilities			
Trade and other payables	2.5	31,712	23,281
Employee benefits provisions	4.2	4,456	4,661
Insurance provisions	2.7	166,021	106,096
Other liabilities	2.8	58,066	64,352
Total current liabilities		**260,255**	**198,390**
Non-current liabilities			
Loans and borrowings	2.6	43,000	39,807
Lease liability	3.3	4,178	4,152
Employee benefits provisions	4.2	463	554
Total non-current liabilities		**47,641**	**44,513**
Total liabilities		**307,896**	**242,903**
Net assets		**306,395**	**280,391**
Equity			
Retained earnings		290,516	274,767
Asset revaluation reserve		6,877	-
Total equity attributable to members		**297,393**	**274,767**
Non-controlling interests		9,002	5,624
Total equity		**306,395**	**280,391**

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 2022

	Attributable to Members of the Company				
	Retained earnings ($'000)	Asset revaluation reserve ($'000)	Total ($'000)	Non-controlling interests ($'000)	Total ($'000)
Balance at 1 July 2020	240,466	-	240,466	4,907	245,373
Profit for the year	34,301	-	34,301	20	34,321
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**
Balance at 1 July 2021	274,767	-	274,767	5,624	280,391
Profit for the year	15,749	-	15,749	3,378	19,127
Other comprehensive income	-	6,877	6,877	-	6,877
Total comprehensive income for the year	15,749	6,877	22,626	3,378	26,004
Balance at 30 June 2022	**290,516**	**6,877**	**297,393**	**9,002**	**306,395**

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 2022

	Note	2022 ($'000)	2021 ($'000)
Cash flows from operating activities			
Premium receipts		620,055	631,836
Benefits paid		(437,053)	(472,129)
Payments to suppliers and employees		(116,607)	(121,168)
Other income received		10,636	10,818
Net cash inflow from operating activities	3.1(a)	**77,031**	**49,357**
Cash flows from investing activities			
Purchase of financial assets		(326,769)	(188,388)
Purchase of property, plant and equipment and intangible assets		(2,394)	(50,193)
Dividends received		2,110	964
Interest received		3,132	3,002
Proceeds from sale of financial assets		180,874	157,653
Proceeds from sale of Property, plant and equipment		17	-
Proceeds from sale of Joint Venture		-	15,000
Net cash (outflow) from investing activities		**(143,030)**	**(61,962)**
Cash flows from financing activities			
Drawdown of borrowings		1,970	39,806
Proceeds from issue of units to non-controlling interest		-	721
Net cash inflow from financing activities		**1,970**	**40,527**
Net (decrease)/increase in cash held		(64,029)	27,922
Cash and cash equivalents at beginning of the financial year		85,642	57,720
Cash and cash equivalents at end of the financial year	3.1(b)	**21,613**	**85,642**

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

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 30th August 2022.

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

1.3 BASIS OF MEASUREMENT

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

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

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

c. Rewards benefit provision carried at present value, and

d. Investment Property is recorded at fair value with movements in value taken through profit or loss

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

1.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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

It is possible that outcomes within the next financial year that are different from the assumptions above could require a material adjustment to the carrying amount of the assets or liabilities affected. Further information regarding estimation uncertainty for the year ended 30 June 2022 can be found in note 1.7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1.5 COMPARATIVE INFORMATION

There have been no material changes made to comparative information.

1.6 ROUNDING OF AMOUNTS

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

1.7 UNCERTAINTY DUE TO THE CORONAVIRUS PANDEMIC

The 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 2023 financial year;
- Inflationary impacts of higher demand and lower supply within the hospital setting
- The extent and duration of 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 2022 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 Insurance provisions

2.8 Other liabilities

2.9 Fair value measurement

2.10 Taxes

2.1 TRADE AND OTHER RECEIVABLES

Accounting Policies

Trade and other receivables

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

The premium receivable as at 30 June 2022 consists of:

(i) Unclosed premium earned – this represents premiums in arrears measured up to 30 June 2022; and

(ii) Unclosed premium unearned – forecast premiums receivable from policyholders at 30 June 2022.

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.

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	2022 ($'000)	2021 ($'000)
Unclosed premium earned	1,211	1,258
Unclosed premium unearned	799	646
	2,010	**1,904**
Accrued investment income	253	199
Other debtors	2,853	3,204
Federal government rebate receivable	11,233	11,515
	16,349	**16,822**

2.2 FINANCIAL ASSETS

Accounting Policies

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

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

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

Investment revenue, comprising interest and dividends is brought to account on an accrual's 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	2022 ($'000)	2021 ($'000)
Current		
Term deposits	108,070	75,271
Bonds	9,257	13,932
At fair value	**117,327**	**89,203**
Non-current		
Equity securities	82,176	90,189
Bonds	198,586	116,864
Unlisted Funds	28,034	-
At fair value	**308,796**	**207,053**

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	2022 ($'000)	2021 ($'000)
Current			
Prepayments		3,176	1,387
Deferred acquisition costs		1,704	4,498
Inventory		365	280
		5,245	**6,165**
Non-current			
Right of use asset	3.3	3,823	4,591
Deferred acquisition costs		1,760	1,668
Lease incentive asset		671	-
Prepayments		44	2,532
		6,298	**8,791**

2.4 PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Accounting Policies

Property, plant and equipment

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

Investment Property

The group owns land and buildings at 60 Moorabool Street that are held for administrative purposes as well as income and capital growth. The proportion of the building used for administrative purposes has been classified as land and buildings within Property Plant & Equipment, with the remainder separately disclosed as Investment Property in the Consolidated Statement of Financial Position. Total underlying asset value at 30 June 2022 is $100m. The basis of measurement is consistent between the two classes (refer note 2.9).

Revaluation gains/(losses) on the investment property component are shown in investment income within profit or loss, with revaluation gains/(losses) on the Land and Buildings component being shown in Other Comprehensive income. An external valuation was performed on the asset at 30 June 2022. The Group has elected to measure the carrying value of property at fair value.

Recoverable amount of non-current assets

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

Depreciation

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

Intangible assets – health.com.au customer list

Upon acquisition, an intangible asset was recognised attributable to the customer list of health.com.au at acquisition. This represents the present value (at acquisition date) of the expected future incremental cash flows from the acquired book of members and is measured at cost less accumulated amortisation and any accumulated impairment losses. 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.

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

Following is a CGU level summary of the Group's goodwill balance and the key assumptions made in determining the recoverable amounts on 30 June 2022. Note that practices have been tested for impairment at an individual practice level, however goodwill attributable is shown at total Division level below.

Division	Goodwill allocation	
	2022 ($'000)	2021 ($'000)
Frank (prior year health.com.au)	9,895	9,895
Eye Care	1,375	1,375
Primary Care (GPs)	2,668	2,855
Dental Care	835	956
Physiotherapy	1,038	1,038
	15,811	**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 on 30 June 2022.

Inputs and key assumptions used for recoverable amount calculations

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

Growth rate – Frank: 1% Eye Care: 0.8% Primary Care: 2.6% Dental Care: 1.1% Physiotherapy: 3.6%	The growth rates represent the weighted average growth rate used to extrapolate cash flows beyond the budget period. The growth rates are determined by considering the past and expected future growth rates, as well as external sources of data. Growth rates do not exceed to long term average growth rate of the industries in which the CGU's operate.
Discount rate – Frank: 10.5% Eye Care: 11.5% Primary Care: 11.5% Dental Care: 11.5%	In performing the recoverable amount calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect specific risks relating to the relevant CGU.
Cash flows	Future cash flows have been estimated based on Forecast revenue and expenses of the CGU, including: • Estimated change in the number of customers and changes in future revenue; • Estimated gross margins and sales volumes; and • Forecast claims, cost of sales and operating expenses.

The impairment testing resulted in an impairment loss being recognised in the Portland Dental CGU of $121k (2021: $0), and the South Barwon Medical CGU of $187k (2021: $0). This charge is reflected in depreciation and amortisation expenses within profit or loss. Following the impairment losses recognised in these CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. There are no reasonably possible changes in key assumptions that could have resulted in an impairment charge in the current financial year in the remaining CGUs.

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:

	Investment Property ($'000)	Land & Buildings ($'000)	Furniture & Fittings ($'000)	Office equipment ($'000)	Motor vehicles ($'000)	Capital WIP & Development costs[3] ($'000)	Total ($'000)
Depreciation rate	0.0%	0.0% - 1.5%	10.0%	15.0 – 40.0%	22.5%	0.0%	
Cost (or valuation as applicable)	–	3,793	4,517	4,546	39	24,915	37,810
Accumulated depreciation	–	0	(2,197)	(2,714)	(26)	–	(4,937)
Carrying amount at 1 July 2020	**-**	**3,793**	**2,320**	**1,832**	**13**	**24,915**	**32,873**
Additions	–	–	18	175	–	49,943	50,136
Depreciation[2]	–	–	(977)	(710)	(9)	–	(1,696)
Impairment Loss	–	–	(332)	(41)	–	–	(373)
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**
Additions	9,932	5,960	707	716	–	43	17,358
Disposals[1]	–	–	43	(3)	(2)	–	38
Depreciation[2]	–	–	(646)	(1,013)	(2)	–	(1,661)
Revaluation	11,463	6,877	–	–	–	–	18,340
Transfers	41,105	24,663	5,716	1,968	–	(74,189)	(737)
Cost	62,500	41,293	9,072	6,126	7	712	119,710
Accumulated depreciation	–	–	(2,223)	(3,202)	(7)	–	(5,432)
Carrying amount at 30 June 2022	**62,500**	**41,293**	**6,849**	**2,924**	**-**	**712**	**114,278**

1. Balances shown net of accumulated depreciation.

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

3. 2021 Development costs include capitalised costs for the development of commercial property within the QE042 Trust entity.

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 2020	**16,119**	**8,631**	**232**	**2,343**	**271**	**-**	**27,596**
Additions	-	-	-	57	-	-	57
Amortisation[1]	-	(1,067)	(144)	(1,068)	-	-	(2,279)
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**
Additions	-	-	-	537	-	-	537
Disposals at written down value	-	-	0	0	-	-	-
Amortisation[1]	-	(1,260)	(18)	(677)	-	-	(1,955)
Transfers	-	-	-	737	-	-	737
Impairments	(308)	-	-	-	-	-	(308)
Cost	15,811	13,882	312	5,918	271	-	36,194
Accumulated amortisation	-	(7,578)	(242)	(3,989)	-	-	(11,809)
Carrying amount at 30 June 2022	**15,811**	**6,304**	**70**	**1,929**	**271**	**-**	**24,385**

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	2022 ($'000)	2021 ($'000)
Health Benefits Risk Equalisation Special Account	8,129	9,796
Creditors and accruals	23,583	13,485
	31,712	**23,281**

2.6 LOANS AND BORROWINGS

Accounting Policies

The Group has a secured investment loan secured against 60 Moorabool Street with a facility expiry of 3 years from date of amendment (being 30 November 2021) and a variable interest rate (currently 4.17%). The loan had a carrying amount of $43.0m at balance date, with a total facility limit of $52.75m. There have been no breaches of covenant ratios.

Financial Disclosure	2022 ($'000)	2021 ($'000)
Secured bank loan	43,000	39,807
	43,000	**39,807**

2.7 INSURANCE PROVISIONS

Accounting Policies

Insurance contracts

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

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

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

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

Insurance Risk Management

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

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

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

Outstanding claims liability

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

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

AASB 1023 requires a risk margin be applied to allow for the inherent uncertainty in the central estimate. GMHBA adopted a risk margin of 5.5% (2021: 5.5%) targeting 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 2022 is 1.3% (2021: 1.3%) of the claim's liability.

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 by firstly calculating "missing claims" based on pre-COVID expectations compared to actual claims, net of risk equalisation. The DCL provision then allows for 69% of "missing" hospital treatment claims and 31% of "missing" general treatment claims to return in future. In adopting this approach, consideration has been given to the impact COVID-19 has had on different clinical groups and different states in Australia. The adoption of this DCL is intended to provide at least 90% probability of adequacy for deferred claims.

Return to Members provision

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

Reward benefits

The Company operates two reward benefits entitlement programs 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. Accumulation of additional rewards allocations under the GMHBA program was previously ceased and members were able to utilise their existing entitlement until 30 June 2022. During the previous financial year, the Group communicated a plan to cease further reward allocations under the Frank program after 30 April 2022, with members able to utilise their entitlement until 30 April 2024.

Provision is made for the future liability for claims under the Rewards entitlements. The Group has provided for the total eligible benefit to combined Fund members as at 30 June 2022 with due allowance for expected timing and amounts of payments, and foregone benefit entitlements on the basis that it is likely that not all Fund members will use their full entitlement. The provision is reflective of the expected net cost to the Group, after Risk Equalisation. With the cessation of the GMHBA rewards program as at 30 June 2022, an allowance of $244,000 is provisioned for claims incurred but not yet notified or processed (2021: 18% of the reward entitlement. For the Frank program, the provision is currently 23% (2021: 30%) of the reward entitlement and this allowance is reviewed periodically.

Financial Disclosure	2022 ($'000)	2021 ($'000)
Current provisions		
Outstanding claims (a)	43,835	41,822
Risk margin	1,857	2,168
	45,692	**43,990**
Deferred claims liability	73,484	58,945
Return to members provision	45,053	-
Reward benefits (b)	1,792	3,161
	120,329	**62,106**
	166,021	**106,096**

(a) Outstanding claims including risk margin

Gross Claims - undiscounted

The reconciliation of the provisions are as follows:

	2022 ($'000)	2021 ($'000)
Balance at beginning of year	43,990	42,424
Add: claims incurred	434,688	469,239
Less: claims settled	(432,986)	(467,673)
Net outstanding claims liability	**45,692**	**43,990**

Benefits paid

	2022 ($'000)	2021 ($'000)
Gross Claims - undiscounted		
Current year	495,948	501,976
Prior year	1,029	(3,629)
Total benefits paid	**496,977**	**498,347**

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

	2022 ($'000)	2021 ($'000)
Balance at beginning of year	3,161	7,136
Add: Net benefits accrued after adjustment to provision factor	1,092	(847)
Less: Benefits utilised	(2,461)	(3,128)
	1,792	**3,161**

2.8 OTHER LIABILITIES

Accounting Policies

Liability adequacy test

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

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

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

Unearned premium liability

Premiums received or receivable up to the end of the financial year are recorded as revenue for the period from the date of the attachment of risk. Premiums received prior to 30 June 2022 relating to the period beyond 30 June 2022 are recognised as an unearned premium liability. Forecast premiums receivable from policyholders at 30 June 2022 are recognised as unclosed business premiums.

Financial Disclosure	Note	2022 ($'000)	2021 ($'000)
Unearned premium liability		56,795	62,849
Lease liabilities – current	3.3	472	857
Unclosed business premiums		799	646
		58,066	**64,352**

2.9 FAIR VALUE MEASUREMENT

Accounting policies

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

Term Deposits

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

Equity securities and unlisted securities

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

Bonds

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

Land and buildings and Investment Property

The Group uses accredited independent valuers to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. A full valuation of land and buildings is performed at intervals not greater than three years, with a valuation having been performed at 30 June 2020 and the next valuation expecting to be performed no later than 30 June 2023 for the land at Armstrong Creek. 60 Moorabool Street has been revalued at 30 June 2022. Increments/decrements from the revaluation of the Group's land and buildings are reflected in the asset revaluation reserve.

2.9 FAIR VALUE MEASUREMENT (CONTINUED)

Fair Value Hierarchy

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

Level 1 – quoted prices

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

Level 2 – other observable inputs

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

Level 3 – unobservable inputs

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

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
30 June 2022				
Cash and cash equivalents	21,613	–	–	21,613
Term deposits	108,070	–	–	108,070
Equity securities	82,176	–	–	82,176
Unlisted Funds	–	28,034	–	28,034
Bonds	3,899	203,944	–	207,843
Land and buildings	–	–	41,293	41,293
Investment Property	–	–	62,500	62,500
Total	**215,758**	**231,978**	**103,793**	**551,529**
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**

Valuation technique and unobservable inputs for level 3

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land and buildings and investment property (Level 3)	*Income capitalisation method and market approach:* The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets Based on requirements in accordance with the International Valuations Standards 2011	• Recent sales of comparable land in a comparable geographical region • General market and economic conditions	The estimated fair value would increase / (decrease) if: • expected market rental growth were higher/(lower); • void periods were shorter/(longer); • the occupancy rate were higher/(lower); • the rent-free periods were shorter/(longer); or • the capitalisation rate were lower/(higher).

2.10 TAXES

Accounting Policies

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets have been recognised at 30 June 2022.

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

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

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

Financial Disclosure

Current income tax expense

Tax recognised in profit or loss **Current tax expense**	**2022 ($'000)**	**2021 ($'000)**
Current period	-	2,511
Deferred tax expense		
Origination and reversal of temporary differences	3,304	(2,760)
Total tax (benefit)	**3,304**	**(249)**

Reconciliation of effective tax rate	**2022 ($'000)**	**2021 ($'000)**
Profit/(loss) for the year attributable to the Company	26,004	34,321
Total tax (benefit)	3,304	(249)
Profit/(loss) excluding tax	**29,308**	**34,072**
Tax using the Company's domestic tax rate of 30%	8,792	10,222
Tax effect of tax exempt profits of GMHBA Limited[1]	(3,363)	(7,417)
Tax effect of Profits of QE 042 Trust, taxable in the hands of beneficiaries	(5,334)	-
Tax effect of intra group lease adjustments arising on consolidation	(475)	-
Current year losses for which no deferred tax asset was recognised	380	-
Deferred tax assets de-recognised	3,304	-
Tax effect of non-deductible Group share of joint venture loss	-	2,160
Tax effect of gain on disposal of joint venture	-	(5,526)
Tax effect of other non-deductible expenses	-	312
	3,304	**(249)**

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

3 CAPITAL MANAGEMENT

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

3.1 Cash flows

3.2 Management of financial risks

3.3 Lease liabilities

3.1. CASH FLOWS

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

(a) Reconciliation of net cash provided by operating activities to profit:	**2022 ($'000)**	**2021 ($'000)**
Profit/(loss) for the year	26,004	34,321
Realised investment gains	(937)	(14,245)
Depreciation and amortisation	3,617	5,794
Impairments and loss on disposal of PPE and intangibles	308	373
Unrealised investment loss/(gain)	19,744	(16,658)
Interest and dividends received	(5,242)	(3,965)
Interest expense capitalised	1,224	-
Share of loss of Joint Venture and Associate	-	7,201
Revaluation of Investment Property/PPE	(18,340)	-
Income tax expense/(benefit)	3,304	(249)
Changes in assets and liabilities		
(Increase)/ Decrease in trade and other receivables	(107)	315
(Increase)/Decrease in other assets and investments	(785)	7,010
(Decrease)/Increase in trade and other payables	(8,430)	2,091
Increase in Insurance Provisions	59,925	26,218
(Decrease)/Increase in employee benefits	(297)	553
(Decrease)/Increase in other liabilities	(6,261)	857
Decrease/(Increase) in current and deferred tax assets and liabilities	3,304	(259)
Net cash inflow from operating activities	**77,031**	**49,357**

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:

	2022 ($'000)	2021 ($'000)
Cash on hand	2	66
Cash at bank	21,611	85,576
	21,613	**85,642**

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.

	30 June 2022					30 June 2021				
($'000 AUD)	Euro	USD	GBP	JPY	Other	Euro	USD	GBP	JPY	Other
Equities	7,898	38,847	2,794	1,740	–	8,509	42,243	–	2,132	2,212
Cash	128	158	38	5	9	–	54	109	–	8
Net statement of financial position exposure	**8,026**	**39,005**	**2,832**	**1,745**	**9**	**8,509**	**42,243**	**109**	**2,132**	**2,220**

As at 30 June 2022, 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:

	2022 ($'000)		2021 ($'000)	
	+10%	-10%	+10%	-10%
Euro to AUD	(730)	892	(774)	945
CHF to AUD	(1)	1	(1)	1
USD to AUD	(3,546)	4,334	(4,046)	4,945
GBP to AUD	(257)	315	(10)	12
JPY to AUD	(159)	194	(194)	237

(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.

3.2 MANAGEMENT OF FINANCIAL RISKS (CONTINUED)

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

			Fixed interest maturing in:			
2022	**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	21,205	–	–	408	21,613
Receivables	2.1	–	–	–	16,349	16,349
Term deposits	2.2	–	108,070	–	–	108,070
Equity securities	2.2	–	–	–	82,176	82,176
Bonds	2.2	207,843	–	–	–	207,843
Unlisted Funds	2.2	–	–		28,034	28,034
		229,048	**108,070**	**-**	**126,967**	**464,085**
Weighted average interest rate %		2.13%	1.49%			
Financial liabilities						
Payables	2.5	–	–	–	31,712	31,712
Loans and borrowings	2.6	43,000	–	–	–	43,000
		43,000	–	–	31,712	74,712
Net financial assets		**186,048**	**108,070**	**-**	**95,255**	**389,373**

			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**

The following table illustrates the sensitivity on net profit for the year ended 30 June 2022 to a reasonably possible change in interest rates of +/-2% (2021: +/- 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.

	2022 ($'000)		2021 ($'000)	
Net result	+2%	-2%	+1%	-1%
Fair value risk				
Fixed rate instruments				
Term deposits	(810)	835	(233)	237
Bonds	(1,205)	1,205	(1,530)	1,530
Cash flow risk				
Variable rate instruments				
Cash	2,078	(2,078)	1,308	(1,308)
Bonds	2,129	(2,129)	1,288	(1,210)
Bank Loan	(860)	860	(398)	398

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 2022 the Group investments are composed of term deposits, bonds, equities and unlisted real estate trusts. The Group holds its term deposits to maturity and does not trade these investments.

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

A 10% decrease in the price of listed and unlisted equities within the equity portfolio would result in a loss of $11.0m. A 10% increase in the price of listed equities within the equity portfolio would result in a gain of $11.0m. 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 2022 for the term deposits of $108.0m, bonds of $207.8m and cash of $21.6m, 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	4%	AAA	–
AA+	–	AA+	–	AA+	–
AA	–	AA	4%	AA	–
AA-	–	AA-	18%	AA-	–
A-1+	39%	A+	11%	A-1+	71%
A-1	–	A	–	A-1	–
A-2	61%	A-	10%	A-2	–
		BBB+	41%		
		BBB	12%		
Unrated	–	Unrated	–	Unrated	29%

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 2022.

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 $31.71m (2021: $23.28m) 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 $43.0m 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, unlisted trusts and investments in the equity market. Management and the Investment Committee along with the Board continue to monitor market conditions.

The Group manages its capital to enable it to continue as a going concern and protect members' funds. The Group's health benefits fund 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 or modification. The weighted average rate applied is 3.15%.

The following is a schedule by years of future minimum rental payments required under operating leases that have non-cancellable lease terms in excess of one year as at 30 June 2022.

Financial Disclosure	Note	2022 ($'000)	2021 ($'000)
Due:			
Not later than one year	2.8	472	857
Later than one year but not later than five years		4,178	4,152
		4,650	**5,009**
Right of use asset:			
Right of use asset balance at 1 July		4,591	6,420
Additions to right of use asset		475	123
Derecognition of right of use asset		(164)	(132)
Depreciation of ROU asset		(1,079)	(1,820)
Balance at 30 June 2022		**3,823**	**4,591**
Amounts recognised in profit or loss:			
Depreciation of ROU asset		1,079	1,820
Interest on Lease Liability		284	261
Lease expenses for short term leases		-	20
Total expense		**1,363**	**2,101**

Financial Disclosure	2022 ($'000)	2021 ($'000)
Amounts recognised in the statement of cashflows:		
Lease payments made	1,231	2,028
Variable lease payments not included in the above calculation of lease liability	179	276
Total cash outflow	**1,410**	**2,305**

4 REMUNERATION OF OUR PEOPLE

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

4.1 Key management personnel

4.2 Employee benefits

4.1 KEY MANAGEMENT PERSONNEL

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

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

Directors

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

Claire Higgins

Brian Benger

Marie Bismark

Mike Hirst

Alexander (Sandy) Morrison

Denis Napthine

Vicky Papachristos

Sue Renkin (retired September 2021)

Compensation of key management personnel - Directors

	2022 ($)	2021 ($)
Short term benefits	761,594	792,643

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

Compensation of key management personnel - Management

	2022 ($)	2021 ($)
Short term benefits	2,885,972	2,846,401
Termination benefits	333,745	-
	3,219,717	**2,846,401**

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

4.2 EMPLOYEE BENEFITS

Accounting Policies

Salaries and wages and annual leave

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

Long service leave

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

Financial Disclosure	2022 ($'000)	2021 ($'000)
Current		
Employee annual leave	2,497	2,857
Employee long service leave	1,959	1,804
	4,456	**4,661**
Non-current		
Employee long service leave	463	554
	463	**554**

5 OTHER IMPORTANT INFORMATION

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

5.1 Auditor's remuneration

5.2 New accounting standards

5.3 Company information

5.4 Controlled entities

5.5 Related parties

5.6 Parent entity disclosures

5.7 Subsequent events

5.1 AUDITOR'S REMUNERATION

Financial Disclosure	2022 ($)	2021 ($)
Audit and review of financial reports and other regulatory returns	213,221	357,100
	213,221	**357,100**

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 2023)	Application date of standard: 1 January 2023 Application date for GMHBA: 30 June 2023 AASB 17 Insurance Contracts is effective for reporting periods beginning on or after 1 January 2023. The Group will apply AASB 17 for the annual period beginning 1 July 2023. The standard introduces a new general measurement model for accounting for insurance contracts. However, a simplified premium allocation approach, similar in nature to the Group's existing measurement basis is permitted in certain circumstances (such as for short-duration contracts). The Group is continuing to evaluate the impacts on its consolidated financial statements. The simplified premium allocation approach is expected to apply to all of the Group's insurance contracts and therefore the measurement basis is not expected to significantly change. The new standard does contain an accounting policy choice on the treatment of acquisition cash flows, which the Group is continuing to assess. Under AASB 17 it is expected that there will be substantial changes in presentation of the financial statements and disclosures. 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.

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 2022 the number of Company members was 7 (2021: 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	
		2022	2021
health.com.au Pty Ltd	Victoria, Australia	100%	100%
GMHBA Services Pty Ltd	Victoria, Australia	100%	100%
GMHBA Armstrong Creek Unit Trust	Victoria, Australia	100%	100%
GMHBA Land Co Pty Ltd	Victoria, Australia	100%	100%
QE042 Trust	Victoria, Australia	81%	81%

5.5 RELATED PARTIES

The Group pays Trust management fees to a related party of the QE 042 Trust. Total fees paid during the financial year ended 30 June 2022 were $717k, with the amount included in Other underwriting expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group has also recognised a provision for payment of a performance fee to another related party of the QE 042 Trust. The performance fee relates to completion of the 60 Moorabool Street asset, with $15,502k being included in Trade and Other Payables in the Consolidated Statement of Financial Position. There were no other transactions with related parties of the Group during the year.

5.6 PARENT ENTITY DISCLOSURES

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

	2022 ($'000)	2021 ($'000)
Result of parent entity		
Net profit for the year	11,211	24,724
Total comprehensive income for the year	**11,211**	**24,724**
Financial position of parent entity at year end		
Current assets	162,540	170,810
Total assets	**583,643**	**471,485**
Current liabilities	243,066	166,540
Total liabilities	**302,021**	**175,580**
Total equity of parent entity comprising of:		
Retained earnings	307,116	295,905
Merger Reserve	(25,494)	
Total equity	**281,622**	**295,905**

5.7 SUBSEQUENT EVENTS

No 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

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 2022 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, 30 August 2022

Mike Hirst

Director GMHBA Limited

KPMG

Independent Auditor's Report

To the members of GMHBA Limited

Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2022 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 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Other Information

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

KPMG

KPMG	Dean Waters *Partner* Melbourne 30 August 2022

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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

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principal place of business:
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