

Annual Report 2021/22



a local not-for-profit health
at for every dollar received
average of 90c out in claims
for members



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Introduction

Latrobe Health Services is an Australian-owned, not-for-profit, registered private health insurer with 90,000 members across Australia.

We pride ourselves on providing quality cover for our members, and exceptional service when our members need us.

Latrobe Health Services was founded in 1950 by power industry workers to provide for the health care needs of residents in the Latrobe Valley, Victoria. Then, the focus was on providing medical services such as hospitals and ambulances. Much has changed since 1950 and Latrobe Health Services now provides hospital and extras coverage for members across Australia. However, the spirit of our founders' purpose remains.

Latrobe Health Services is still a regionally focused, not-for-profit private health insurer that exists to benefit and support its members and the communities in which they live. As part of the Members Health Fund Alliance (MHFA), we are committed to delivering the best possible service and benefits to our members.

We're also proud to be active in our communities to support recovery from bushfire and floods and invest in health outcomes and access to services, including through our ownership of Maryvale Private Hospital (MPH), Gippsland's only private acute medical and surgical hospital. This year, we began a \$16m redevelopment of the hospital, improving Gippslanders' access to health services.

// Our Purpose

Like a friend, we guide and empower our members to take control of their health episodes, now and into the future.

// Our Values

Our purpose is supported by our corporate values

- ▶ **We display trust and respect always**
- ▶ **We focus on shared results**
- ▶ **We engage and empower**
- ▶ **We are accountable**
- ▶ **We create a positive work environment**



Delivering on our purpose

Like a friend

- Deliver excellent member service. We were named number eight in the top 10 contact centres in Australia[#]
- Gifted \$35k in community donations
- Our members say they rate us 8/10[^] for trust in Latrobe Health Services
- We supported the Australian Government's vaccination campaign, partnering with local businesses to encourage vaccination. The campaign included print, digital and television advertising

\$3.7m premium relief

We deferred our annual rate review from April to October, resulting in \$3.7m of premium relief for our members



90k Members

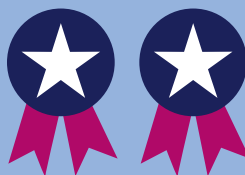
trust Latrobe with their private health insurance cover

Opened the Warragul Member Experience Hub, branches in Moe, Bairnsdale and Traralgon



We guide and empower members

- More than 90%[^] of Latrobe Health Services members are satisfied with their membership.
- \$193m Premium revenue received, \$164m Benefits paid to members
- 5,309 Members served in branches



Offer excellent products, we were awarded two Canstar Victorian Outstanding Value Health Insurance Awards for the second year running.

[#] GRIST's Top 10 Australian Sales Contact Centre 2022

[^] Discovery Research Member Satisfaction Survey 2021

* State of the Health Funds Report 2021

89c

For every dollar Latrobe received in premiums, 89c* was paid back in the form of benefits



47,730
hospital episodes
– benefits paid
\$163.6m

Our Purpose

Like a friend, we guide and empower our members to take control of their health episodes, now and into the future.

To take control of health episodes

- 334k Extras claims – benefits paid \$14.8m
- \$235K The highest claim we paid for a member's treatment
- Investing \$15.96m in the redevelopment of Maryvale Private Hospital to expand services and surgical capacity
- We paid \$19.3m for our members 402K hospital medical services
- 27,576 Surgically implanted prosthetic devices paid for members, benefits paid \$26m
- In the 2021 calendar year, we rolled over unused extras, providing an extra \$161k value to members



Supported the Gippsland Healthy Hearts study allowing 500 Gippslanders to access a free heart health check. As a result of these checks, one life was saved and 362 patients referred to their GP

Introduced paid parental leave for staff at Latrobe Health Services



85% Of members are based in Victoria



42.6% Of members are in regional areas, half of those in Gippsland

13 years

average length of membership



There were no compliance or regulatory breaches to report for the last 12 months



Winner of a Human Synergistics 2021 Culture Transformation Award



From the Chair and CEO

We are pleased to present to our members the Latrobe Health Services Annual Report for 2021-22. This year has again been one of considerable change as we continued to grow as a fund and an organisation, while also continuing to respond to the challenges presented by COVID-19.

There has been a significant focus on improving the experience of our members and growing member satisfaction. We have focused on delivering increased process automation, better use of systems and technology, and development of digital assets and functionality. This year, we had a number of legacy remediation programs that focused on simplifying, automating and modernising our processes. We worked with partners to provide independent assurance and root cause analysis that gives the Board confidence in the way we are managing process improvement and payment integrity. We also zeroed in on our customer-facing training and service delivery, which has unquestionably resulted in favourable growth for us this year. Growing more than three-times the industry average, we now have approximately 90,000 members who trust us with their health insurance.

At Latrobe Health Services, we believe our commitment to members and community sets us apart from other funds. This year, it quickly became obvious that more member and community support would be needed as the impacts of COVID-19 lockdowns continued. We have provided a total of \$9.7m in support to members throughout the pandemic. This was achieved by deferring the April 2022 rate review to October (\$3.7m), providing hardship support to members impacted by the pandemic (\$1.2m) and rolling over members' unused extras from 2021 into 2022 (\$161k). We have also set aside \$5.5m to give back to Latrobe Health Services members in 2022-23.

Research agency Canstar, Australia's biggest financial comparison site, awarded Latrobe Health Services two Victorian Outstanding Value Health Insurance Awards for the second year running. The 2021 awards are for Outstanding Value Hospital Cover and Outstanding Value Hospital and Extras Cover. Having won the same categories in 2020, this is solid recognition of the fund's efforts to expand its product range to meet members' needs at any stage of life and provide greater value. For more about our award-winning health insurance, go to page 17.

As the sole owner of Maryvale Private Hospital in Morwell, we were very proud to announce the \$16m redevelopment that began in January this year. For patients at Maryvale, this builds on the already exceptional reputation of the hospital for delivering a contemporary hospital setting in Gippsland's regional community. This major upgrade and expansion will double the hospital's surgical throughput, and includes two new operating theatres and an additional 19 beds. A post-acute care recovery unit, new admission and waiting areas, consulting suites expansion, surgical sterilisation upgrade and staff, patient and visitor amenities are also part of the upgrade. We're also looking forward to opening a new Latrobe Health Services Member Experience Hub in Morwell in September this year at Maryvale Private Hospital.

We threw our support behind the Gippsland Healthy Hearts Study. The Australian first-of-its-kind study was established by Australian Pharmaceuticals Industries (API) and Monash University, and aimed to test the cardiovascular health of 500 Gippsland participants. The goal was to increase understanding of the current health profile of the region. This was an opportunity to deliver on our commitment to the regional community and offer a free health service designed to create awareness of heart health and the importance of regular check-ups for prevention in vulnerable communities. The study enabled us, together with our partners, to consider ways to better support regions like



Gippsland with services and supports that can improve overall health outcomes. But we also saw benefits at an individual level. More than 350 participants were referred to their GP, and one participant was sent to hospital in an ambulance mid-screening and later underwent a triple bypass that saved his life. You can find out more about this study on page 13 of this report.

While supporting our members and community, we also doubled down on support for our staff who again found themselves having to flex between home and office-based work, depending on the restrictions in place. As an organisation, we responded by making health and connectedness a priority, offering access to our Employee Assistance Program, continuing a daily wellbeing survey, trivia challenges and reworking our office spaces to fit with our moving workforce needs. As we transitioned back into the office, we used a desk booking system, workplace bubbles and required double vaccination to ensure our team stayed well and continued to deliver exceptional service to our members.

A key piece of work that we are incredibly proud of is the introduction of paid parental leave for staff at Latrobe Health Services for the first time ever. In addition to the Australian Government's parental leave provision, Latrobe Health Services will provide the primary carer with 12 weeks paid leave and the secondary carer access to four weeks leave. Further support for our team has included becoming a member of the Corporate Mental Health Alliance Australia, launching a healthy body and mind hub (see page 15 for more information), remote events on RU OK Day and continuing to embed our Flexible Location and Options for Work (FLOW) model.

COVID-19 certainly prompted the review and rationalisation of properties we own and lease, and has changed the way we use buildings forever. We sold commercial properties in Morwell and Yallourn North, and transitioned

our head office to our Newborough location, bringing together our call centre and functional teams. We remain committed to a head office in Gippsland and will continue to use a range of distribution channels that meet the needs of our members, including support for physical locations that can provide our members with a face-to-face experience. We opened our new member experience hub in Warragul in October 2021. The flagship hub serves as a prototype for a refresh of our branches throughout Gippsland. The hub was designed after feedback from Latrobe Health Services members from Warragul, Drouin and surrounds. It demonstrates our commitment to regional, personalised service and care for members. We're also looking forward to opening a new Member Experience Hub in Morwell in September this year. The hub will be located at Maryvale Private Hospital.

Despite being another challenging year, we are extremely proud of our fund and our team's resilience and capacity to achieve great outcomes for our members. We thank the Latrobe Health Services Board and the Executive Team for their energy, guidance and leadership through change and challenges alike, and for their focus on improving the member experience while supporting staff, member and community wellbeing. Our team has been unwavering in their support and care for members, and we thank them for their dedication.

Finally, thank you to our loyal members. As a member-owned fund we exist to serve you. Thank you for your continued trust – however you choose to look after yourself, we're here for you.

Ormond Pearson
Board Chairman

Ian Whitehead
Chief Executive Officer



Corporate social responsibility

Latrobe Health Services is committed to operating as a socially responsible health fund. This is demonstrated through the following commitments.

Commitment to our members

Our commitment to members is expressed in our purpose and *The Latrobe Way* which informs how we work, inspiring us to deliver outstanding service to our members.

We continued to support our members through the COVID-19 pandemic, recognising that due to lockdowns and suspension of elective surgeries, many members struggled to gain the full benefits of their health insurance. We again deferred our premium increase for six months and rolled over our members' unused extras in 2021. Collectively, this is estimated to have saved Latrobe Health Services members \$3.7 million.

However, our commitment to members is about more than just financial support. This year we made improvements to enable us to serve our members better. These included the opening of our new member experience hub in Warragul, introducing online claims on our website and supporting other initiatives to improve the health and wellbeing of our members.

Commitment to our community

Latrobe Health Services has been a long-term contributor to its member communities, which is demonstrated through our support for GP clinics, operation of Maryvale Private Hospital, and charitable giving to priority areas of community health. Our contributions are made through good corporate citizenship, behaving ethically, and generating value within member economies where there is a direct health-related need.

This year we supported our communities in a variety of ways, including providing financial contributions to the Moe Arts Festival, the Gippsland Community Leadership Program and the Gippsland Business Awards. We also demonstrated our commitment to regional communities by supporting the government's COVID-19 vaccination campaign across regional Victoria, becoming a partner in the Gippsland Healthy Hearts Study and funding the \$16m redevelopment of Maryvale Private Hospital.

Commitment to corporate governance

Latrobe Health Services maintains a standard of corporate governance supported by a robust governance framework. The framework sets out clearly defined roles, responsibilities and processes that promote ethical decision making to ensure the ongoing sustainability of the fund. Our ongoing sustainability is a valuable contribution towards the social and economic success of the communities we interact with.



Commitment to our people and culture

The Latrobe Way defines our values and behaviours and supports our culture of being an inclusive, positive, constructive, safe and respectful work environment where learning and development is actively encouraged. We are focused on attracting the best people to serve our members and providing opportunities for employees to develop their skills and career pathways. We are proud of our efforts to provide employment opportunities for people in regional communities. This year we onboarded 48 new employees from regional and metropolitan areas.

Our people and culture strategy has a strong focus on diversity, equal employment opportunities, a highly engaged and effective workforce, training, work health and safety, and health and wellbeing strategies. We continue to support our people by investing in leadership and development training, providing secondment opportunities and competitive remuneration and employee benefits. One of our bigger pieces of work this year was to launch Latrobe Health Services first ever paid parental leave for primary and secondary carers – 12 weeks for the primary carer and four weeks for the secondary carer.

Commitment to our environment

Latrobe Health is committed to the sustainable use of resources, and legal and regulatory compliance in all our activities, including obligations under environmental legislation.

Our petrol-only fleet has been replaced with hybrid vehicles, reducing our carbon emissions. Staff have embraced our dual recycling and waste system, which is reducing the amount of waste being directed to landfill.

Commitment to our Industry Code of Conduct

Latrobe Health Services is a signatory to the Private Health Insurance Code of Conduct. The code is a commitment we have made to provide our members with a standard of customer service, accountability and transparency that goes beyond what is required by legislation.

The objective of the code is to maintain and enhance regulatory compliance and service standards across the private health insurance industry.

As a signatory to the code, Latrobe Health Services submitted a comprehensive, annual self-audit, collaborating with independent auditors who ensure we continue to adhere to the code. Throughout the year, we strengthened our approach to how we audit our compliance, to ensure greater transparency and alignment with Private Healthcare Australia's revised Code of Conduct.

Our members

- ▶ 90,000 members
- ▶ 6,971 new members this year
- ▶ 110,141 inbound calls
- ▶ 44,475 outbound calls
- ▶ 5,309 members served in branches

Latrobe Health Services is a not-for-profit private health fund that exists to support our members. This year, we welcomed 6,971 new members to Latrobe Health.

We again demonstrated our dedication to members and regional Victoria by opening a new member experience hub in Warragul. The new look hub sets the bar for how we interact with members in our branches: personal engagement, welcoming and ambient environment, strong brand imagery and a focus on service and acquisition of new members.

Our strong focus on member experience and understanding our members continued to be embedded in our approach to customer service. Listening to our members' feedback through regular surveys following engagement with our team has been invaluable to our understanding of what our members want, our staff training and improving the overall service we provide.

This was demonstrated through our entry into GRIST's Top 10 contact centres. A tactical consulting and behavioural analytics company, GRIST assesses the needs-based selling capability of 60+ contact centres across different industries, ranging from banking and insurance to utilities. The research investigates how consistent, engaging, and compelling sales teams are and identifies the Top 10 performers for the year. We ranked number eight.



Each year we ask 5,000 randomly selected members to participate in a trust survey. This year's results again showed high levels of trust in Latrobe Health Services compared to other brands.

In 2021-22 we continued to support our members through the COVID-19 pandemic. As a not-for-profit insurer, Latrobe Health Services has a strong commitment to not profit from the pandemic and to reinvest funds back into our members and community. Our support for members this year included deferring our April 2022 rate rise to October, rolling over unused extras at the end of the 2021 calendar year and extending our hardship offering.

Case study – Supporting members with rate deferrals and roll overs

In February 2022, we announced we would delay our annual premium increase for private health insurance premiums from 1 April to 1 October. The six-month deferral collectively saved Latrobe Health Services members \$3.7 million.

This was an acknowledgement that the pandemic continued to be a highly stressful time for many of our members. Lockdowns and restrictions in 2021 made it difficult to access elective surgery and other health services. Latrobe Health Services returned any savings made during this period directly to members through our rate deferral and rolling over unused extras.

Anyone who held Latrobe Health extras cover on 31 December 2021 had their unused benefits rolled over. On top of saving members money, it also supported our members to take control of their health and book appointments they had potentially skipped. At the best of times, few look forward to a visit to the dentist, which for most people is recommended at least once a year. COVID-19 provided many Australians another reason to bump a check-up down the to-do list.

A survey released by the Australian Dental Association revealed two-thirds of Australian adults hadn't been to see their dentist in the past two years. Of the 25,000 people surveyed at the end of 2021, one-third said they had postponed dental treatment since the beginning of the pandemic.

As a not-for-profit health insurer, an average of 89 cents from every dollar our fund earns is reinvested back into our members and communities. This rate deferral and our preparedness to roll over unused extras is just one example of our commitment to members.

Latrobe Health has supported its members right through the pandemic by enabling hardship support, covering all COVID related hospital admissions and investing \$1m into the community to assist with mental health, homelessness, and domestic violence issues.



Our community

- ▶ **Supporting 500 Gippslanders to access healthy heart checks**
- ▶ **Funding \$16m redevelopment of Maryvale Private Hospital**
- ▶ **Collecting gifts for Quantum's Christmas appeal**
- ▶ **Financial support for Moe Arts Festival**
- ▶ **Supporting the Federal Government's vaccination campaign**
- ▶ **Sponsoring a new scholarship for the Gippsland Community Leadership Program**

At Latrobe Health Services, we're passionate about good health in regional communities and improving access to health services for those who live outside metropolitan centres. This year we demonstrated this commitment in a variety of ways.

Our biggest investment in community is the \$16m redevelopment of Maryvale Private Hospital, Gippsland's only private acute medical and surgical hospital. This redevelopment will double the hospital's surgical throughput and is due for completion in April 2023. Each year, about 38,000 Gippslanders are admitted for treatment in private hospitals. This development will deliver more surgical options and less need to travel for those within the region needing to access specialist health care.

In the latter half of 2021, we supported the Federal Government's vaccination campaign across regional Victoria. We partnered with local businesses and ran television, print and out-of-home advertising that encouraged vaccination. Our support for this campaign was recognition that vaccination was part of our pathway out of the pandemic, and would allow businesses to reopen and local communities to bounce back.



We also partnered to deliver an Australian first-of-its-kind cardiovascular study in Gippsland. The aim was to help understand heart health in the region and how providers could support better health outcomes. Five hundred Gippslanders participated in the study, by accessing a 15-minute free heart health screening in May and June. The screenings were part of a collaborative project delivered by Australian Pharmaceuticals Industries (API), SiSu Health, Latrobe Health Services, Priceline Pharmacy and other key partners.

Our community support extended to grassroots initiatives including Moe's inaugural Show Me Some Art Festival in March. The festival provided opportunities to connect over art and raised funds for mental health support organisations Beyond Blue and Lifeline. Latrobe Health Services staff also participated in the Quantum Christmas appeal by collecting gifts from staff and the community for those in need.

Supporting businesses and future leaders in Gippsland was a focus for us this year and we continued to support the Gippsland Business Awards. We also sponsored the Gippsland Community Leadership Program's first Disability Scholarship.

Case study – Gippsland Healthy Hearts Study

In June 2022, Latrobe Health Services supported and promoted the Australian first-of-its-kind Gippsland Healthy Hearts Study, established by Australian Pharmaceutical Industries (API) and Monash University, and led by Dr Mark Boyes. The study aimed to test the cardiovascular health of 500 Gippslanders to understand the current health of the region and provide better health outcomes for the future.

This was an opportunity to deliver on our commitment to the regional community and offer a free health service designed to create awareness of the importance of heart health and regular check-ups for prevention in vulnerable communities. Gippsland was chosen as it was found that regional areas have the worst heart health outcomes in Australia, and Gippsland had the poorest outcomes overall.

During the screening, participants had some key-indicators of cardiovascular health checked, including blood pressure, heart rate, body composition, diabetes risk and non-fasting cholesterol levels. These results were met with discussions about lifestyle and sent home to be further discussed with GPs and trusted healthcare professionals where required.

There was an overwhelming response from our members and the public to participate in the health check, as access to this kind of testing had not been offered so freely before.

The response far exceeded expectations and the number of checks available and has shown a great demand for more health-related offerings to our members and the community.

Outcomes of study

There was a total of 500 participants in the study.

Below is a summary of the findings from the test data

- ▶ One sent to hospital in an ambulance, later underwent a triple bypass
- ▶ 362 GP referrals for high cholesterol
- ▶ 303 (68%) presented with high triglycerides, and were referred to see their GP
- ▶ There was a visible trend of the sampled patients getting healthier as the test sites got closer to Melbourne
- ▶ High rates of cholesterol presented in males aged 16-44, and in females aged 18-24.
- ▶ Smoking rates at 10.4%, which is above average, particularly in females
- ▶ High blood pressure in 60% of females over 55 and 66% of males over 35
- ▶ 66% males 18-24 presented with very high BMI

Based on the demand for the Gippsland Healthy Heart checks, Latrobe Health Services funded and ran an independent, free heart health check over three days at Maryvale Hospital. Demand was again high, and the patients' results were interpreted, discussed and referred onto GPs as appropriate.

Future activations of similar services will form part of Latrobe Health Services' ongoing commitment to regional Australia.



Our people

- ▶ **Launch of our paid parental leave for primary and secondary carers**
- ▶ **Launch of our Healthy Body & Mind hub**
- ▶ **Thirteen secondments, higher duties or internal recruitment opportunities provided to employees**
- ▶ **Increased investment in leadership development and employee training**
- ▶ **Strong and continued focus on culture transformation**
- ▶ **Defined the Latrobe Health Services employee value proposition**

It was yet another year of change for our employees. With new ways of working in a COVID-19 world now truly embedded, our ability to open and close branches at short notice, in line with the restrictions imposed throughout Victoria was paramount, as was our people's capacity to flex between home and office. Forty-eight new employees were recruited and onboarded, many in virtual environments. Our continued commitment to support our people through our FLOW working model (Flexible Locations & Options for Work) has positioned Latrobe Health as an employer of first choice.

Back in 2018, we embarked on an ambitious plan to become the number one not-for-profit regional health fund by 2030. To achieve this goal, we committed to a journey of culture transformation and were thrilled when our efforts resulted in the organisation receiving a Human Synergistics Culture Transformation Award, one of only three awarded across Australia and New Zealand in 2021. The award recognises the team's efforts to build positive behaviours and a supportive, high-achieving work environment.



Our People & Culture Strategy defines a three-year roadmap across the pillars of people, culture, capability and wellbeing.

We continue to support our people by investing in leadership and development training, providing secondment opportunities and reviewing remuneration benchmarked against industry and local competitors. One of our bigger pieces of work this year was to launch Latrobe Health's paid parental leave for primary and secondary carers – 12 weeks for the primary carer and four weeks for the secondary carer. This first for Latrobe Health supports our focus on attracting and retaining highly capable people.

There was also an increased emphasis on our people's capability with the development and implementation of a capability framework and learning and development strategy.

Case study – Supporting employee wellbeing, wherever they are

To support our people through the implementation of our FLOW working model Latrobe Health Services made changes from technology improvements right through to supporting our people's physical and mental wellbeing.

This year we focussed on a few key initiatives including:

- ▶ becoming a member of the Corporate Mental Health Alliance Australia, a business-led, expert-guided member organisation dedicated to providing mentally healthy workplaces for all Australians, and
- ▶ introducing the Healthy Body & Mind Hub, a dedicated health and wellbeing platform that provides employees with a great range of engaging, easy access, online resources to support them at any time and place.

As a member of the CMHA, we have access to expert led global leadership and engagement opportunities, we participate in training benchmarking and research into mental health issues (particularly from a workplace perspective), we collaborate with other member organisations and have the opportunity to support research, influence policy makers and lead workplace mental health initiatives.

Each month, the Health Body & Mind Hub magazine-style production is themed around a contemporary generalist topic. Employees journey through the month to become aware, educated and empowered to embrace lifestyle changes.

Latrobe Health Services employees have had access to different modules this year, including Good Food, Good Mood, Power of Longevity (CMHA), Financial Freedom and Living Resiliently. Included each month are a range of highly engaging resources to watch, read and do. This usually includes a live webinar, a personal behavioural change activity, live online classes (fitness, mindfulness and wellness), recipes and further reading.

We continued our focus on wellbeing by training another seven staff in mental health first aid in 2021-22. We now have a total of 18 mental health first aiders available to help their teams and colleagues.



Our products

- ▶ **\$164m in benefits paid to members**
- ▶ **334,000 extras claimed, \$14.8m paid in extras benefits.**
- ▶ **402,000 hospitalisations for medical services, \$19.3 million paid for these services**
- ▶ **Refreshed and updated product documentation, including fund rules**
- ▶ **Two Canstar Victorian Awards for Outstanding Value Hospital Cover and Outstanding Value Hospital and Extras Package Cover**

Being a member and service-focused organisation is important to our team, but having great value products that cover our members for what they need is a vital part of the Latrobe Health Services equation. After a year of product diversification to improve the range of products available to members and prospective members we spent this year consolidating our range, and conceptualising new opportunities for product design. We also introduced a dedicated product and innovation team to gain a better understanding of product performance and feedback from members.

An internal health innovation committee was formed to review member value opportunities and ensure feedback from members was filtered back to the product team. The committee recommended several member value opportunities for trial, including support for new parents and technology to support wellbeing.

Our fund rules were overhauled into a more user-friendly document for members, which is much shorter, easier to read and available on our website. We also updated our policy documents to a new format that matches the member guide and clearly outlines coverage, benefits and limits for each of our products. These are available to members through the online member services portal and the Latrobe Health Services app.



Case study – Award winning products

Research agency Canstar, Australia's biggest financial comparison site, awarded Latrobe Health Services two Victorian Outstanding Value Health Insurance Awards in 2021, for the second year running.

The awards are for Outstanding Value Hospital Cover and Outstanding Value Hospital and Extras Cover and are recognition of the fund's efforts to expand its product range to meet its members' needs at any stage of life, and provide greater value for members.

The pandemic has brought a lot of changes to the health insurance sector. It has raised the importance of looking after our health and having cover for when we need it, with the number of insured Australians increasing by 3.14% last financial year.

At the same time, Latrobe Health Services have been transforming our product offering. This has included adding bronze, bronze plus, silver and silver plus hospital products, increasing some of the benefits on our extras products and providing cover for COVID-19 related illness and extras services delivered by telehealth.

These changes and a strong focus on looking after our members have contributed to Latrobe Health Services growing at a rate well in excess of the industry average.



About the Awards

Three awards are presented in each state and territory for hospital cover, extras cover and combined hospital and extras cover. There are also three national awards.

Canstar analysed 2,735 hospital policies, 2,822 extras policies and 12,106 packaged hospital and extras policies available in Australia in judging the 2021 awards. The policies were assessed based on cost and features.

For price, Canstar looks at the policy premium (less any age-based discounts or government rebate applicable) plus any excess or out-of-pocket costs. The winners are chosen based on value for money for the member.





Director's report

Directors

The Directors hereby present the annual financial report of Latrobe Health Services Limited (Latrobe Health Services) and the controlled entity as a Consolidated Group for the financial year ended 30 June 2022 in accordance with the Corporations Act 2001 and the Australian Accounting Standards. The Directors in office during the financial year, together with their qualifications, experience and responsibilities are set out following this report. Details of meeting attendance is contained within this report and their remuneration is included in Note 4b.

Principal activities

The principal activities of Latrobe Health Services and its controlled entity during the financial year remain unchanged and were the provision of private health insurance within Australia and acute hospital services within the Gippsland region.

Objectives

At Latrobe,

1. We understand, attract, and retain members
2. We deliver exceptional products and services for our members
3. Our systems and processes are agile and adaptable
4. We build strong relationships and strategic partnerships
5. We connect with, and invest in, our community

We do all these by:

1. Having a highly engaged and adaptable team and culture
2. A strong and sustainable core

Performance Measures

We measure our performance by:

- Understanding our member base and delivering Member Value
- Member satisfaction
- Various financial and non-financial matrices
- Our internal culture and engagement

Financial results

The consolidated profit for the year is \$3,897,197 (2021: \$3,153,725) and is not subject to income tax.

Review of operations

A review of the operations and results of the Consolidated Group during the financial year are set out in the Chair and CEO Message which precedes this report.

Changes in the state of affairs

During the financial year there was no significant change in the state of affairs of the Consolidated Group.

Subsequent events

No matter or circumstance has arisen since the end of the previous financial year to the date of this report that has, or may, significantly affect the activities of the Consolidated Group, the results of those activities or the state of affairs of the Consolidated Group in the ensuing or any subsequent financial year.

Continuing members of the Board of Latrobe Health Services are Craig Dunstan, Geoffrey Hocking, Ormond Pearson, Kelly Humphreys, Kelly Johnston and Nathan Voll.



Directors' interests and benefits

Latrobe Health Services is a Consolidated Group limited by guarantee. As such, none of the Directors hold an interest but each, as a member of Latrobe, is liable to the extent of their undertaking under Latrobe Health Services' company.

During the financial year, Latrobe Health Services paid Directors' and Officers' liability insurance for all its Directors and Officers. 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.

The Constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or Officer of Latrobe Health Services. To the extent permitted by law, Latrobe Health Services indemnifies every person who is or has been a Director or Officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy. Latrobe holds executed Deeds of Indemnity with the Directors and Executive Officers.

No non-executive Director has received any benefit since the end of the previous financial year, by reason of any contract with Latrobe Health Services or a related body corporate with a firm of which he or she is a member or with a Consolidated Group in which the Director has a substantial interest, with the exception of health insurance benefits paid to them as a result of them being health insurance policy holders of the health fund which is conducted by Latrobe Health Services in the ordinary course of its business.

Proceedings on behalf of Latrobe Health Services

No person has applied for leave of Court to bring proceedings on behalf of Latrobe Health Services or intervene in any proceedings to which Latrobe Health Services is a party for the purpose of taking responsibility on behalf of Latrobe for all or any part of those proceedings. Latrobe Health Services was not a party to any such proceedings during the year.

Attendance of Directors' meetings

The number of Board and Committee meetings held and the number of meetings attended by each Director is as follows

Directors	Board of Directors		Audit Committee		Risk Committee		Investment Committee		People and Culture Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ormond Pearson	8	8	4	4	-	-	4	4	3	3
Nathan Voll	8	8	4	4	4	4	4	4	-	-
Kelly Humphreys	8	7	-	-	4	4	4	4	3	3
Geoffrey Hocking	8	8	4	4	4	4	4	4	-	-
Craig Dunstan	8	8	-	-	-	-	4	4	3	3
Kelly Johnston	4	4	3	3	3	3	2	2	-	-

Auditor's Indemnification

Latrobe Health Services has not, during or since the financial year, in respect of any person who is or has been an auditor of Latrobe Health Services or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Auditor's independence declaration

The auditor's independence declaration is included in the Annual Report and forms part of the Director's report for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the *Corporations Act 2001* on behalf of the Directors.



Nathan Voll
Director

14 September 2022

// We pride ourselves on providing quality cover for our members, and exceptional service when our members need us."





Board of Directors

Ormond Pearson – Board Chair

BHSC (MGT), FAICD, FIML, FIPA, AFCHSM

- Director since 2013 (Chair 2014 – current)
- Member of Audit Committee since 2014
- Member of People and Culture Committee since 2015
- Member of Investment Committee since 2020
- Director of Maryvale Private Hospital since 2015
- Over 30 years' experience as CEO of public hospitals and health services, including part-time consultancy.

Craig Dunstan

BCOM, LLB, MBA, Grad Dip Applied Finance and Investment, FFINSIA, MAICD

- Director since 2016
- Member of Risk Committee (2016 – 2017)
- Member of People and Culture Committee since 2017 (Chair 2017 – 2020)
- Member of Investment Committee since 2020 (Chair since 2020)
- Chair of Futurity Investment Group Limited
- Director of Federated Investors Australia Services Limited
- Independent Director of industry super fund REI Super
- Managing Director of Vasco Trustees Limited
- Over 30 years' experience in the financial services industry, including roles as General Manager Financial Services at Australian Unity Limited and Managing Director of former ASX listed Macarthur Cook Limited.

Geoffrey Hocking

Grad Dip Bus Admin (Exec Ops), Grad Cert Bus (MGT), MIWA, MAICD

- Director since 2013
- Member of Risk Committee since 2016 (Chair 2016 – current)
- Member of People and Culture Committee (2014 – 2016)
- Member of Audit Committee since 2015
- Member of Investment Committee since 2020
- Member of Gippsland Ports Board 2011 – 2020 (Chair 2014 – 2020)
- Deputy Chair of Victorian Environmental Water Holder Commission 2011 – 2020 (Chair of Risk and Audit Committees 2012 – 2016)
- Member of Gunaikurnai Traditional Owner Land Management Board (2012 – 2019)
- 20 years' experience in senior management/CEO roles in the water industry and ASIC
- 15 years' experience in middle management roles in the public sector.



Kelly Humphreys

MMGT, GAICD, FAIM, Dip Fin Serv

- Director since July 2017
- Member of Risk Committee since 2017
- Member of People & Culture Committee since 2019 (Chair since 2020)
- Member of Investment Committee since 2020
- Director of Raiz Invest Ltd (ASX:RZI) since 2020
- Director of the National Stock Exchange (ASX:NSX) since 2020
- Director of Accident Compensation Conciliation Service since 2017
- Commissioner of Victorian Building Authority since 2017
- An experienced non-executive director and Chair of Audit and Risk Committees with roles across financial services, building regulation and health.

Kelly Johnston

BCOM, CPA, GAICD

- Director Since 2021
- Member Audit Committee since 2021
- Member of Risk Committee since 2021
- Member of Investment Committee since 2021
- 20 years of experience in finance roles across public and private sector including Senior finance roles at Australia Post, ANZ & Deputy CFO and AHPRA.
- Previously a Director and Chair of the Finance Committee at the Queen Victoria Women's Centre.

Nathan Voll

BCOM, Grad Cert Bus MGT, MBA, FCPA, FAICD

- Director since 2011
- Member of Risk Committee since 2016
- Member of Audit Committee since 2011 (Chair 2011 – current)
- Member of Investment Committee since 2020
- Director of West Gippsland Health Care Group Ltd (2010 - 2016)
- Director of Latrobe Community Health Services since 2016 (Deputy Chair 2019 – current)
- General Manager Corporate Services, Gippsland Department of Justice and Regulation, Victoria (2010 – 2017)
- Independent Member, Audit Risk and Finance Committee, Gippsland Primary Health Network (2019)
- Regional Finance Manager, Department of Education and Training since 2017
- Various other finance and business management roles.

Andrea Buckland, Company Secretary

BBUS (INFORMATION SYSTEMS), MACC, CPA, FGIA, GAICD

- Company secretary since 2014
- Independent member, Audit Risk and Finance committee, Gippsland Primary Health Network
- Member, Audit and Risk Committee, West Gippsland Catchment Management Authority
- Latrobe Health Services Chief Financial Officer (2011 – 2021)
- Experienced in financial strategy and management, governance, risk management and compliance.



Executive team

Ian Whitehead, Chief Executive Officer

BBUS (MARKETING/ECONOMICS), POST GRAD, MASTERS, GAICD

Ian is an experienced chief executive officer with expertise in business strategy, change management, finance and marketing. He has worked in financial services, health and life insurance, property, retail and distribution and technology sectors. Ian is a director of Maryvale Private Hospital and Chair of the Australian Regional Health Group. He joined Latrobe Health Services in November 2018.

Kylie Debono, Chief Risk Officer

BSCI (BIOLOGICAL) HONS (MICROBIOLOGY), GAICD

Kylie is an experienced executive manager with expertise in leading, influencing and driving strategic planning activities, design and monitoring of governance, risk, organisational development, quality assurance and OH&S management frameworks. Kylie was appointed to the role of Chief Risk Officer in 2015.

Hannah Vincent, Chief Financial Officer

BBUS (ACCOUNTING/BANKING & FINANCE), CPA

Hannah is an experienced leader with expertise in financial management, strategic planning, data analytics and reporting. Hannah has developed her expertise working across both public and private sectors. Hannah was appointed to the role of Chief Financial Officer in 2021.

Seona Conway, Head of People and Culture

BCOM (ECONOMICS & COMMERCE), GRAD DIP ED, GRAD DIP HR, GAICD

Seona has more than 25 years in leadership development, organisational culture, change and human resources and has worked both as a consultant and as an executive leader. Seona partners with leaders at all levels and is focused on supporting individual and organisational development, growth and transformation.

Kate Jarvis, Head of Marketing and Business Development

BA (MEDIA COMMUNICATIONS), ATCL, DIP GRAPHIC DESIGN

Kate is an experienced communications and marketing professional who has built brands and customer engagement across health, media, retail, technology and construction industries. Kate joined Latrobe Health Services in April 2019.

Kamran Channa, Chief Information Officer

MASTERS (INFORMATION TECHNOLOGY), BSC (COMPUTER SCIENCES)

Kam is a passionate technologist and a strategic technology leader with demonstrated success in leading enterprise IT strategy, operations, architecture, and risk management. Kam has extensive experience in leading cross-functional teams in the design and integration of best-in-class technology solutions. Kam's expertise is in driving technology programs that streamline operations, support innovation, and advance business strategy. Kam was appointed to the role of Chief Information Officer in March 2019.

Todd Pemberton, Head of Customer Experience

CertHE (Mathematics)

Todd is an experienced leader in customer experience and operational transformation. An expert in business operations, strategy, human centred design, process improvement, outsourced operations, and process automation. Todd has been the Head of Customer Experience since January 2022.

Hadyn Bernau, Interim Chief Financial Officer

BEC, BActSt, MActSt, FIAA, MAICD

Hadyn is our Interim Chief Financial Officer, appointed in June 2022. He is a skilled Actuary with significant experience in private health insurance as an Appointed Actuary, consultant and regulator. He is also an expert in strategy, product and data analytics.



Latrobe

Latrobe
HEALTH SERVICES

39 Smith Street
Open 8-5pm
Monday-Friday
latrobehealth.com.au

Latrobe
HEALTH SERVICES

Award-winning hospital
and extras health insurance

Grant Thornton Audit Pty Ltd

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Melbourne VIC 3008
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Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Members of Latrobe Health Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Latrobe Health Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D M Scammell
Partner – Audit & Assurance

Melbourne, 14 September 2022

www.grantthornton.com.au
ACN-130 913 594

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue					
Operating activities	2	204,713,517	190,955,858	192,970,951	179,052,192
Other Income	2	(1,601,054)	10,667,470	(4,412,873)	8,324,518
Total revenue		203,112,463	201,623,328	188,558,078	187,376,710
Expenses					
Fund benefits paid to policy holders	3	153,548,539	159,235,664	153,548,539	159,235,664
Management expenses	4 (a)	43,581,882	36,699,160	28,680,352	22,569,652
State levies		484,845	441,000	484,845	441,000
Net revaluation decrease		1,600,000	2,093,779	1,600,000	2,093,779
Total expenses		199,215,266	198,469,603	184,313,736	184,340,095
Profit before income tax		3,897,197	3,153,725	4,244,342	3,036,615
Income tax expense	1 (b)	-	-	-	-
Profit from operations		3,897,197	3,153,725	4,244,342	3,036,615
Other comprehensive income					
Revaluation of building		821,236	-	821,236	-
Other comprehensive income for the year		821,236	-	821,236	-
Total comprehensive income for the year		4,718,433	3,153,725	5,065,578	3,036,615
Total comprehensive income attributable to the entity		4,718,433	3,153,725	5,065,578	3,036,615

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2022

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	6	46,185,864	52,454,563	44,157,039	49,717,950
Trade and other receivables	8	23,334,858	16,447,296	19,648,172	14,259,332
Assets held for sale	10	814,833	1,239,300	814,833	1,239,300
Other current assets	9	1,579,583	1,294,832	1,642,712	471,595
Total current assets		71,915,138	71,435,991	66,262,756	65,688,177
Non-current assets					
Other financial assets	7	162,944,495	160,458,204	162,944,495	160,458,204
Property, plant and equipment	11	10,869,832	8,755,855	10,254,834	8,400,693
Investment in subsidiary	12	-	-	2,500,000	2,500,000
Total non-current assets		173,814,327	169,214,059	175,699,329	171,358,897
Total assets		245,729,465	240,650,050	241,962,085	237,047,074
Current liabilities					
Trade and other payables	13	14,143,825	6,466,281	12,334,476	5,018,145
Provisions	14	31,502,892	39,985,413	29,564,187	38,149,861
Other liabilities	15	31,650,388	30,484,103	31,650,388	30,484,103
Total current liabilities		77,297,105	76,935,797	73,549,051	73,652,109
Non-current liabilities					
Trade and other payables	13	47,763	98,319	47,763	98,319
Provisions	14	300,884	250,654	45,271	42,224
Total non-current liabilities		348,647	348,973	93,034	140,543
Total liabilities		77,645,752	77,284,770	73,642,085	73,792,652
Net assets		168,083,713	163,365,280	168,320,000	163,254,422
Equity					
Retained earnings		167,262,477	163,365,280	167,498,764	163,254,422
Asset Revaluation Reserve		821,236	-	821,236	-
Total equity		168,083,713	163,365,280	168,320,000	163,254,422

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Retained Earnings	Total Equity
	\$	\$
Parent entity		
Balance at 1 July 2020	160,217,807	160,217,807
Profit attributable to members	3,036,615	3,036,615
Balance at 30 June 2021	163,254,422	163,254,422
Consolidated Entity		
Balance at 1 July 2020	160,211,555	160,211,555
Profit attributable to members	3,153,725	3,153,725
Balance at 30 June 2021	163,365,280	163,365,280
Parent entity		
Balance at 1 July 2021	163,254,422	163,254,422
Profit attributable to members	4,244,342	4,244,342
Revaluation of assets	821,236	821,236
Balance at 30 June 2022	168,320,000	168,320,000
Consolidated Entity		
Balance at 1 July 2021	163,365,280	163,365,280
Profit attributable to members	3,897,197	3,897,197
Revaluation of assets	821,236	821,236
Balance at 30 June 2022	168,083,713	168,083,713

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from operating activities		199,115,755	183,367,949	187,985,724	178,520,850
Payments to suppliers/employees		(197,992,009)	(184,529,308)	(183,491,122)	(175,081,689)
Interest received		107,728	1,592,041	98,502	1,580,328
Other income		4,049,356	3,247,446	1,018,356	164,148
Net cash provided by operating activities	17	5,280,830	3,678,128	5,611,460	5,183,637
Cash flows from investing activities					
Fixed asset purchases		(3,549,529)	(3,348,267)	(3,172,371)	(2,942,342)
Proceeds on sale of fixed assets		-	-	-	-
Investment purchases		(8,000,000)	(153,080,000)	(8,000,000)	(153,080,000)
Payment for investment in subsidiary		-	-	0	0
Net cash used in investing activities		(11,549,529)	(156,428,267)	(11,172,371)	(156,022,342)
Cash flows from financing activities					
Net cash provided by financing activities		-	-	-	-
Net decrease in cash held		(6,268,699)	(152,750,139)	(5,560,911)	(150,838,705)
Cash at beginning of year		52,454,563	205,204,702	49,717,950	200,556,655
Cash at end of year	17	46,185,864	52,454,563	44,157,039	49,717,950

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Summary of significant accounting policies

Basis of preparation

The financial statement covers Latrobe Health Services Limited and the controlled entity being Maryvale Private Hospital as the Consolidated Group.

The Consolidated Group is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. A description of the nature of the Consolidated Group's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

These general purpose financial statements of the Consolidated Group have been prepared in accordance with the Australian Accounting Standards- Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the requirements of the Corporations Act 2001, and other authoritative pronouncements of the Australian Accounting Standards Board.

These consolidated financial statements were authorised for issue in accordance with a resolution of Directors on 14 September 2022.

New or Amended Accounting Standards and Interpretations adopted

The Consolidated Group has adopted all new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and mandatory for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Consolidated Group are:

New Accounting Standards for application in future periods

AASB17 Insurance Contracts

AASB 17 Insurance Contracts applies to reporting periods beginning on or after 1 January 2023 and will replace AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. The Consolidated Group will apply AASB 17 for the annual period beginning 1 July 2023 and ending 30 June 2024. The 30 June 2024 annual report will include the 30 June 2023 positions presented using AASB 17.

The Consolidated Group plans to use the simplified premium allocation approach under AASB 17 for all insurance contracts, which is similar in effect to the Consolidated Group's current measurement basis under AASB 1023.

The Consolidated Group has had a Gap & Option report performed to assess the requirements of AASB 17. No material gaps or system issues were identified.

The Consolidated Group has had quantitative analysis of the impact of implementing AASB 17 performed. The study investigated the impacts if AASB 17 was applied to the 2019 or 2020 financial years under a range of scenarios.

In summary, the Consolidated Group expects that AASB 17 will reduce the balance sheet assets and liabilities, with the impact on net assets expected to be relatively small. AASB 17 will cause variations in individual years' profits, but due to the short-tailed nature of the Consolidated Group's insurance liabilities any changes will be quickly offset. The expected profit impact for any future year of converting to AASB 17 is 'no impact'. AASB 17 is not expected to change the underlying performance of the fund.

In addition to the changes in presentation of the financial statements, substantial changes to the disclosures are also expected.

Latrobe now has a board-endorsed accounting policy for items covered by AASB17, and is on track to implement AASB17 from 30 June 2023.

Accounting policies

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

a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Latrobe Health Services Limited at the end of the reporting period. Latrobe Health Services Limited controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and it has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Latrobe Health Services Limited. They are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b) Income tax

The Consolidated Group is exempt from income tax by virtue of Section 50-30 item 6.3 of the Income Tax Assessment Act.

c) Inventories

Inventories are measured at the lower of cost and net realisable value.

d) Property, plant, and equipment

Property, plant and equipment, with the exception of freehold land, are depreciated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to the Consolidated Group. Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Leasehold improvements are depreciated over the shorter of either their estimated useful life or the remaining term of the lease.

The useful lives are adjusted if appropriate at each reporting date. Estimated useful lives as at the reporting date are as follows:

- Buildings - 50 years
- Leasehold improvements - lesser of useful life or lease term
- Plant and equipment - 3 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on triennial valuations by external independent valuers.

Land and buildings are treated as two separate classes of assets. Increases and decreases in the carrying amount arising on revaluation of individual assets within the land and buildings class are offset against one another within that class. An increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, in which case it is credited to that Statement. A decrease is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Plant and equipment

The carrying values of all plant and equipment are reviewed annually by Management to ensure that they are not stated at amounts in excess of their recoverable amounts. Management have reviewed the assets and are of the opinion that there has been no impairment of the assets' current values within the asset classes.

Depreciation

The depreciable amount of all property, plant and equipment, excluding land, is depreciated on a straight-line basis over the assets' useful life to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	2022 %	2021 %
Freehold land	Nil	Nil
Freehold buildings	2	2
Leasehold improvements	25	25
Office furniture and equipment	10-15	10-15
Fixtures and fittings	10-15	10-15
Computers	20	20
Motor Vehicles	22.5	22.5

The depreciation rate for freehold buildings has been reviewed and is considered appropriate.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e) Trade and other receivables

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Consolidated Group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers, as negotiated with customers, are subject to an internal approval process which considers the credit rating scorecard. Credit risk is assessed and re-evaluated through regular reviews of ageing analysis, together with reviewing credit limits per customer.

Australian Government Private Health Insurance rebate

This is the amount claimed as a cash amount, from the Department of Human Services for the Australian Government Private Health Insurance Rebate.

Unclosed business premium

Unclosed business premium represents amounts owing by members at the end of the reporting period, up to and including the date of the next normal payment cycle for their individual policy. The unclosed business premium consists of two components:

- (i) Earned – representing contribution amounts owed by members up to and including 30 June (in arrears); and
- (ii) Unearned – representing contribution amounts owed by members from 30 June up to and including their next normal payment date.

f) Leases

At inception of a contract, the Consolidated Group assesses whether the contract is, or contains, a lease.

A contract is a lease, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Consolidated Group uses the definition of a lease in AASB 16.

Contracts may contain both lease and non-lease components. At the commencement or modification of a contract that contains a lease component, the Consolidated Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Consolidated Group recognises a lease asset and a lease liability at the lease commencement date. The lease asset is initially measured at cost comprising the amount of the initial measurement of lease liability; adjusted for any lease payments made at or before the commencement date less any lease incentives received; plus, any initial direct costs; and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, unless the lease transfers ownership of the underlying asset to the Consolidated Group at the end of the lease term or the Consolidated Group is reasonably certain to exercise a purchase option. In that case, the lease asset is depreciated over the underlying asset's useful life, which is determined on the same basis as those of property, plant, and equipment. In addition, the leased asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the Consolidated Group's incremental borrowing rate is used, being the rate that the Consolidated Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the lease asset in a similar economic environment with similar terms, security, and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the Consolidated Group under residual value guarantees.
- the exercise price of a purchase option if the Consolidated Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease unless the Consolidated Group is reasonably certain not to terminate the lease early.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is measured at amortised cost using the effective interest rate method. It is re-measured when:

- there is a change in future lease payments arising from a change in an index or rate.
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee.
- if there is a change in the Consolidated Group's assessment of whether it will exercise a purchase, extension, or termination option; or
- if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, unless the lease asset has been reduced to zero in which case the adjustment is recorded in profit or loss.

g) Impairment of non-financial assets

At the end of each reporting period, the Consolidated Group assesses whether there is any indication that a non-financial asset may be impaired. The assessment will include consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value, less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

h) Employee benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i) Provisions

Provisions are recognised when the Consolidated Group has a legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Group and the recognition can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Premium Income

Premium income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the attachment date 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.

Interest Income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Hospital Income

Hospital income is recognised when it is probable that the economic benefit will flow to the hospital and the revenue can be reliably measured.

Dividend Income

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Latrobe Health and controlled entities' investments in financial assets.

l) 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 unearned premium liabilities. Also, forecast premiums receivable from policy holders as at 30 June 2022 are recognised as unclosed business premiums.

m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Consolidated Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

o) Health benefits risk equalisation trust fund

Under the provisions of the Private Health Insurance Risk Equalisation Policy Rules 2007, hospital benefits are submitted to the risk equalisation trust fund and shared amongst all health benefit funds.

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 trust fund an amount equivalent to the shortfall. Conversely, where the direct payment is proportionally greater than the average, the difference is paid to the fund from the risk equalisation trust fund. Eligible claims are assessed on a quarterly basis.

p) Outstanding claims

Claims that have been incurred by policy holders, but not yet presented to the Consolidated Group for reimbursement, are estimated based on the claims experience in previous accounting periods. Outstanding claims are not discounted as they are usually settled within 6 months of the reporting date. The provision is calculated in accordance with the principles of the chain ladder method which can be used under the prudential regulations of the private health insurance industry.

q) Deferred claims liability

LHS estimated its deferred claims liability as at 30 June 2022 using the following methodology:

Determined “accrual months” where hospital and extras services were restricted due to COVID-19 – these were determined to be March 2020 to December 2020 and October 2021 to March 2022.

Estimated the shortfall in claims, or ‘missing claims’ during these months, by comparing actual claims to expected claims

Applied assumed ‘deferral percentages’ to the total missing claims, to determine an appropriate estimate of deferred claims, including an allowance for risk equalisation and risk margin.

For hospital, a deferral percentage of 55% was applied, based on claims analysis and benchmarking to APRA methods

For extras, a deferral percentage of 0% was applied, on the basis that LHS rolled over unused extras limits in both 2021 and 2022, and because claims data suggested that deferred claims had already been fully caught up by 30 June 2022.

r) Liability adequacy test (“LAT”)

Under AASB 1023 the Consolidated Group 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.

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.

The benefits applied to the LAT exclude benefits relating to the expected catch-up of claims deferred due to lockdown restrictions as a result of the COVID-19 pandemic, as these claims are allowed for in the deferred claims liability.

s) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group. The judgements estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The Consolidated Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefit provision

As discussed in note 1(h), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised, and measured, at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Outstanding claims

As discussed in note 1(p), the liability for outstanding claims is based on an actuarial assessment taking into account historical patterns of claims incidence and processing. 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 by the claims department and any part of the general administrative costs directly attributable to the claims function.

AASB 1023 requires a risk margin be applied to allow for the inherent uncertainty in the central estimate. The risk margin has been based on an analysis of the past experience of the Consolidated Group by the Appointed Actuary on the adequacy of the provision over the prior 3 years. 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 taking into account historical patterns of claim incidence and processing.

The impact of COVID-19 on the outstanding claims provision has been considered. Service levels have been estimated under COVID-19 relative to the operating environment prior to restrictions.

Deferred claims liability

As discussed in note 1 (q) the deferred claims liability has been calculated by the appointed actuary and is an estimate of claims delayed due to the impact of restrictions associated with COVID-19. A probability of 75% has been adopted for the purpose of determining the deferred claims liability for financial statements.

Liability adequacy test

As discussed in note 1(r), a liability adequacy test is performed. 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.

t) Impact of COVID-19

The impact of COVID-19 has been considered for the Consolidated Group.

The impact to hospital revenue due to elective surgery restrictions was offset by entering into the Private Hospital Funding Agreement (COVID-19) with the State of Victoria. The agreement offered viability for Maryvale Private Hospital during the COVID-19 pandemic and restrictions to elective surgery. The funding arrangements support maintenance of staff levels and the ability to assist in servicing public patients; it does not enable profit from the agreement. Total support received through the agreement for the financial year was \$2.656m (2021 \$2.025m).

Policyholder contributions were impacted by an estimated \$3.7m by the six-month deferral of the approved April 2022 increase to October 2022.

The impact to payment of benefits as a result of elective surgery restrictions and reduced access to general treatment providers has been allowed for in the provision of the deferred claims liability.

u) Contributions in Advance

Premiums received from members prior to 30 June 2022 relating to the period thereafter are recognised as contributions in advance.

2. Revenue

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating activities					
Premium income	5	192,970,951	179,052,192	192,970,951	179,052,192
Hospital income		11,742,566	11,903,666	-	-
Total revenue from operating activities		204,713,517	190,955,858	192,970,951	179,052,192
Other income					
Interest		117,876	795,721	108,651	784,008
Net (loss)/gain on financial assets at FVPL		(5,513,710)	7,378,204	(5,513,710)	7,378,204
Other income		1,393,070	469,967	1,018,356	164,149
COVID-19 Cost recovery		2,428,058	2,025,420	-	-
Loss on disposal of property, plant and equipment		(26,348)	(1,843)	(26,170)	(1,843)
Total other income		(1,601,054)	10,667,470	(4,412,873)	8,324,518
Total revenue		203,112,463	201,623,328	188,558,078	187,376,710

3. Underwriting Results

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Fund benefits paid to policy holders					
Fund benefits paid to policy holders		198,387,294	177,865,334	198,387,294	177,865,334
Amount receivable risk equalisation trust		(36,034,571)	(26,357,728)	(36,034,571)	(26,357,728)
Increase/(decrease) to outstanding claims provision		(2,344,000)	9,796,000	(2,344,000)	9,796,000
Increase/(decrease) to deferred claims provision		(2,385,557)	(522,443)	(2,385,557)	(522,443)
Increase/(decrease) to unexpired risk provision		(4,209,000)	(1,681,000)	(4,209,000)	(1,681,000)
Increase/(decrease) to loyalty bonus provision		134,373	135,500	134,373	135,500
Total fund benefits paid to members		153,548,539	159,235,663	153,548,539	159,235,663

4. a. Management expenses

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
	Notes	\$	\$	\$	\$
Employee benefits expense		19,579,091	17,193,637	10,325,282	8,522,705
Depreciation		598,175	987,066	480,853	936,304
Amortisation		58,613	35,956	58,613	35,956
Commissions Paid		5,930,287	5,235,244	5,930,287	5,235,244
Other management expenses		16,992,260	12,864,702	11,472,903	7,467,429
Financial charges and taxes		423,456	382,555	412,414	372,014
Total management expenses		43,581,882	36,699,160	28,680,352	22,569,652

4. b. Remuneration of key management personnel

Any person(s) 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 is considered key management personnel.

The totals of remuneration paid to key management personnel of the Consolidated Group during the year are as follows:

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
	Notes	\$	\$	\$	\$
Short term benefits		2,944,791	2,711,360	2,361,801	2,192,634
Post-employment benefits		197,107	816,310	197,107	816,310
Long term benefits		83,329	60,516	83,329	60,516
Total key management personnel compensation		3,225,227	3,588,186	2,642,237	3,069,460

5. Policy holder contributions

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
	Notes	\$	\$	\$	\$
Gross contributions received		204,930,084	185,786,921	204,930,084	185,786,921
(Increase) contributions in advance		(1,166,285)	(1,942,852)	(1,166,285)	(1,942,852)
Increase contributions in arrears		188,850	107,656	188,850	107,656
Discounts		(10,981,698)	(4,899,533)	(10,981,698)	(4,899,533)
Total contributions received		192,970,951	179,052,192	192,970,951	179,052,192

6. Cash and cash equivalents

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
	Notes	\$	\$	\$	\$
Bank - Trading Account		14,201,240	18,275,226	12,172,415	15,538,613
Deposits with banks		31,984,624	34,179,337	31,984,624	34,179,337
Total Cash and cash equivalents		46,185,864	52,454,563	44,157,039	49,717,950

7. Other Financial assets

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Managed Investments at fair value through profit or loss					
Australian Inflation Plus Fund		47,127,272	47,263,511	47,127,272	47,263,511
Australian Shares Fund		17,906,815	22,761,584	17,906,815	22,761,584
Australian Sovereign Bond Fund		20,956,067	21,264,850	20,956,067	21,264,850
Term Deposit Funds		42,620,769	29,587,067	42,620,769	29,587,067
Global Credit Fund		17,493,923	17,796,779	17,493,923	17,796,779
Hedged International Shares Fund		7,554,210	10,299,524	7,554,210	10,299,524
International Shares Fund		9,285,439	11,484,889	9,285,439	11,484,889
Total Non-Current Financial Assets		162,944,495	160,458,204	162,944,495	160,458,204

8. 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. A provision for doubtful debts is not maintained as any uncollectible amounts are considered immaterial.

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Australian Government Private Health Insurance Rebate		3,834,066	3,293,341	3,834,066	3,293,341
Unclosed Business Premium					
Contributions in arrears		517,599	328,749	517,599	328,749
Unearned contributions		491,107	585,841	491,107	585,841
Accrued revenue		1,562,589	1,281,050	17,567	2,474
Trade debtors		4,919,590	2,059,618	2,777,926	1,150,230
Health benefits risk equalisation trust		12,009,907	8,898,697	12,009,907	8,898,697
Total current receivables		23,334,858	16,447,296	19,648,172	14,259,332

9. Other Current Assets

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Prepayments		906,559	641,964	750,738	471,595
Loan to Maryvale Private Hospital *		-	-	891,974	-
Inventory		673,024	652,868	-	-
Total other current assets		1,579,583	1,294,832	1,642,712	471,595

*As at 30 June 2022, \$891,974 has been loaned to Maryvale Private Hospital. The short-term loan represents an interest-free funding agreement between Latrobe Health Services and the Hospital, for the payment of deposits on furniture, fixtures and equipment. This is to be repaid within 12 months and provided in instalments.

10. Assets Held for Sale

	Notes	Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		\$	\$	\$	\$
Assets held for sale		814,833	1,239,300	814,833	1,239,300

The following properties remain classified as assets held for sale:

- 30 McDonald St, Morwell
- 32-34 McDonald St, Morwell

These properties have been sold, with settlement due to occur early 2023.

11. Property, plant, and equipment

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Freehold land				
At valuation	1,715,000	1,715,000	1,715,000	1,715,000
At cost	-	-	-	-
	1,715,000	1,715,000	1,715,000	1,715,000
Freehold buildings				
At valuation	6,321,495	5,362,338	6,321,495	5,362,338
Less accumulated depreciation	1,454,371	1,376,537	1,454,371	1,376,537
	4,867,124	3,985,801	4,867,124	3,985,801
Office furniture and equipment				
At cost	4,902,056	4,663,503	71,744	37,956
Less accumulated depreciation	4,542,825	4,570,276	23,814	11,425
	359,231	93,227	47,930	26,531
Fixtures and fittings				
At cost	1,355,432	1,109,508	614,520	374,457
Less accumulated depreciation	852,465	843,455	117,268	108,404
	502,967	266,053	497,252	266,053
Computer equipment				
At cost	2,832,143	3,498,266	2,037,528	2,473,708
Less accumulated depreciation	1,277,248	1,227,672	780,615	491,580
	1,554,895	2,270,594	1,256,913	1,982,128
Works in progress	1,767,685	267,443	1,767,685	267,443
Right of Use Assets				
At cost	204,698	200,893	204,698	200,893
Less accumulated amortisation	101,768	43,156	101,768	43,156
	102,930	157,737	102,930	157,737
Total property, plant and equipment	10,869,832	8,755,855	10,254,834	8,400,693

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the 2022 financial year:

	Consolidated Entity 2022						WDV at End of Period
	WDV at Beginning of Period	Additions	Disposals	Net Revaluation increase	Depn/Amort	Transfers *	
Freehold land	1,715,000	-	-	-	-	-	1,715,000
Freehold buildings	3,985,801	165,686	-	821,236	(105,599)	-	4,867,124
Office furniture and equipment	93,226	314,023	(820)	-	(47,198)	-	359,231
Fixtures and fittings	266,053	341,800	(39,948)	-	(64,938)	-	502,967
Computer equipment	2,270,595	1,370,504	(13,721)	-	(380,441)	(1,692,042)	1,554,895
Works In Progress	267,443	1,500,242	-	-	-	-	1,767,685
Right of Use Assets	157,737	3,805	-	-	(58,612)	-	102,930
Total fixed assets	8,755,855	3,696,060	(54,489)	821,236	(656,788)	(1,692,042)	10,869,832

	Parent Entity 2022						WDV at End of Period
	WDV at Beginning of Period	Additions	Disposals	Net Revaluation increase	Depn/Amort	Transfers *	
Freehold land	1,715,000	-	-	-	-	-	1,715,000
Freehold buildings	3,985,801	165,686	-	821,236	(105,599)	-	4,867,124
Office furniture and equipment	26,530	35,970	(820)	-	(13,750)	-	47,930
Fixtures and fittings	266,053	335,939	(39,948)	-	(64,792)	-	497,252
Computer equipment	1,982,129	1,277,211	(13,672)	-	(296,713)	(1,692,042)	1,256,913
Works In Progress	267,443	1,500,242	-	-	-	-	1,767,685
Right of Use Assets	157,737	3,805	-	-	(58,612)	-	102,930
Total fixed assets	8,400,693	3,318,853	(54,440)	821,236	(539,466)	(1,692,042)	10,254,834

	Consolidated Entity 2021						WDV at End of Period
	WDV at Beginning of Period	Additions	Disposals	Net Revaluation movement	Depn/Amort	Transfers **	
Freehold land	2,236,000	-	-	499,000	0	(1,020,000)	1,715,000
Freehold buildings	5,575,270	694,181	-	(1,548,868)	(314,782)	(420,000)	3,985,801
Office furniture and equipment	257,236	96,100	(186,807)	-	(73,303)	-	93,226
Fixtures and fittings	168,099	193,415	(55,360)	-	(40,101)	-	266,053
Computer equipment	1,447,883	1,671,285	(289,693)	-	(558,880)	-	2,270,595
Works In Progress	-	267,443	-	-	-	-	267,443
Right of Use Assets	79,200	114,493	-	-	(35,956)	-	157,737
Total fixed assets	9,763,688	3,036,917	(531,860)	(1,049,868)	(1,023,022)	(1,440,000)	8,755,855

	Parent Entity 2021						WDV at End of Period
	WDV at Beginning of Period	Additions	Disposals	Net Revaluation movement	Depn/Amort	Transfers **	
Freehold land	2,236,000	-	-	499,000	-	(1,020,000)	1,715,000
Freehold buildings	5,575,270	694,181	-	(1,548,868)	(314,782)	(420,000)	3,985,801
Office furniture and equipment	257,236	23,568	(186,807)	-	(67,467)	-	26,530
Fixtures and fittings	168,099	193,415	(55,360)	-	(40,101)	-	266,053
Computer equipment	1,447,883	1,337,901	(289,701)	-	(513,954)	-	1,982,129
Works In Progress	-	267,443	-	-	0	-	267,443
Right of Use Assets	79,200	114,493	-	-	(35,956)	-	157,737
Total fixed assets	9,763,688	2,631,001	(531,868)	(1,049,868)	(972,260)	(1,440,000)	8,400,693

* Transfers (2022) relate to the derecognition of software assets where Latrobe does not control the source code.

** Transfers (2021) relate to the reclassification of land and buildings held for sale.

Revaluations

The revaluation of freehold land and buildings are based on the assessment of their current market value. The revaluations are made in accordance with a policy of revaluing land and buildings every 3 years on a rolling basis.

The Consolidated Group engaged JACX Property to perform the revaluations for the following property:

- Level 12, 343 Little Collins Street, Melbourne, valued at fair value of \$2,875,000

12. Investment in Subsidiary

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Investment in MPH	-	-	2,500,000	2,500,000
Total Investment in MPH	-	-	2,500,000	2,500,000

13. Trade and other payables

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Trade creditors	13,597,011	5,824,733	11,787,662	4,376,597
Unearned premium liability	491,107	585,841	491,107	585,841
Lease liability	55,707	55,707	55,707	55,707
Total current payables	14,143,825	6,466,281	12,334,476	5,018,145
Non Current				
Lease liability	47,763	98,319	47,763	98,319
Total non current payables	47,763	98,319	47,763	98,319

14. Provisions

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current				
Outstanding claims	17,985,000	20,743,000	17,985,000	20,743,000
Outstanding claims risk margin	1,176,000	762,000	1,176,000	762,000
Total outstanding claims	19,161,000	21,505,000	19,161,000	21,505,000
Loyalty Bonus	269,873	135,500	269,873	135,500
Deferred claims- hospital	8,562,000	10,692,362	8,562,000	10,692,362
Deferred claims- ancillary	0	255,195	0	255,195
Total deferred claims	8,562,000	10,947,557	8,562,000	10,947,557
Unexpired risk				
Contributions in advance	87,000	891,000	87,000	891,000
Unclosed business premium	0	7,000	0	7,000
Expected contract renewals	0	3,398,000	0	3,398,000
Total unexpired risk	87,000	4,296,000	87,000	4,296,000
Employee Benefits				
Annual leave	1,723,192	1,551,114	802,290	653,130
Long service leave	1,603,179	1,496,369	585,376	558,801
Employee Benefits	3,873	53,873	3,873	53,873
Paid Parental Leave	92,775	0	92,775	0
Total employee benefits	3,423,019	3,101,356	1,484,314	1,265,804
Total current provisions	31,502,892	39,985,413	29,564,187	38,149,861
Non-current				
Long service leave	300,884	250,654	45,271	42,224
Total non-current provisions	300,884	250,654	45,271	42,224

The Consolidated Group adopted a risk margin for Outstanding Claims of 6.8% (2021:6%) giving in excess of 75% probability of adequacy. The assumption for the claims handling expense is 2.4% (2021:1.50%) of the claims cost.

15. Other Liabilities

Premiums received from members prior to 30 June 2022 relating to the period thereafter are recognised as contributions in advance.

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Contributions in advance	31,650,388	30,484,103	31,650,388	30,484,103
Total other liabilities	31,650,388	30,484,103	31,650,388	30,484,103

It is expected that all contributions held in advance will be recognised as revenue over the next 12 months.

16. Capital commitments

A capital commitment has been made for changes to the hospital building at 286 Maryvale Road, including construction of a new central sterilising department (CSSD), expansion of the post anaesthetic care unit (PACU), alteration to establish a minor procedures room and purpose built day surgery unit, additional consulting suites and a new administration building, including additional equipment required for these areas. As at 30 June 2022 \$4.805M has been spent on the project and a commitment of \$11.129M has been made in the FY23 budget.

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Freehold land and buildings	8,426,538	11,557,435	8,426,538	11,557,435
Hospital equipment	2,702,450	2,702,450	2,702,450	2,702,450
Total capital commitments	11,128,988	14,259,885	11,128,988	14,259,885

17. Cash flow information

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$

(a) Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	14,201,240	18,275,226	12,172,415	15,538,613
Deposits with banks	31,984,624	34,179,337	31,984,624	34,179,337
Cash at end of year	46,185,864	52,454,563	44,157,039	49,717,950

(b) Reconciliation of cash flows from operations with surplus

Net Profit	3,897,197	3,153,725	4,244,342	3,036,615
Non-Cash Flows in Profit				
Depreciation & Amortisation	656,788	1,023,022	539,466	972,260
Net loss/(gains) on financial assets at FVPL	5,513,710	(7,378,204)	5,513,710	(7,378,204)
(Impairment)/revaluation gain on assets	1,600,000	2,093,779	1,600,000	2,093,779
Changes in assets and liabilities				
(Increase)/decrease in receivables	(6,727,690)	(2,788,187)	(6,135,491)	(1,676,032)
(Increase)/decrease in inventories	(20,156)	(143,548)	-	-
Increase/(decrease) in payables	7,626,987	(1,286,552)	7,265,775	(785,245)
Increase/(decrease) in provisions	(8,432,291)	7,061,241	(8,582,627)	6,977,612
Increase/(decrease) in other liabilities	1,166,285	1,942,852	1,166,285	1,942,852
Cash Flows from operations	5,280,830	3,678,128	5,611,460	5,183,637

18. Controlled entities

Controlled entities consolidated

Subsidiary of the Consolidated Group:	Maryvale Private Hospital Pty Ltd
Country of incorporation	Australia
Percentage owned (%)	100%

19. Related Parties

Throughout the year, Latrobe Health Services recharged certain costs to Maryvale Private Hospital for providing operational and administrative support to the Hospital. Total recharges were immaterial to the Group result and were at cost with no mark-up applied.

The related party transactions for the Consolidated Group comprise of the following:

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Company Secretary Oncharge	45,000	45,000	45,000	45,000
Properties and facilities charges	20,000	20,000	20,000	20,000

As at 30 June 2022, \$891,974 has been loaned to Maryvale Private Hospital. The short-term loan represents an interest-free funding agreement between Latrobe Health Services and the Hospital, for the payment of deposits on furniture, fixtures and equipment. This is to be repaid within 12 months and provided in instalments.

20. Capital management

The capital structure of the Consolidated Group consists of cash reserves and investments representing policy holder funds. Operating cash flows are used to maintain and increase the Consolidated Group's investments. The Consolidated Group's investments at reporting date mainly consist of term deposits, and managed funds overseen by the investment committee.

The Consolidated Group does not have any external borrowings.

The Consolidated Group manages its capital according to its Capital Management Policy to ensure it will be able to continue as a going concern and protect policy holder funds.

The Consolidated Group is subject to externally imposed capital requirements under the Private Health Insurance Act 2007 and aims to maintain capital reserves at a sufficient level to sustain the fund in the long term from the adverse effect of the risks that it is exposed to.

21. Financial Instruments

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
The following outlines the categories of financial assets and liabilities:				
(a) Categories of financial assets and liabilities				
Financial assets at amortised cost				
Trade and other receivables	23,334,858	16,447,296	19,648,172	14,259,332
Cash and cash equivalents	46,185,864	52,454,563	44,157,039	49,717,950
	69,520,722	68,901,859	63,805,211	63,977,282
Financial assets fair value through profit or loss - assets backing insurance liabilities				
Managed Investments	162,944,495	160,458,204	162,944,495	160,458,204
	162,944,495	160,458,204	162,944,495	160,458,204
Financial liabilities				
Trade and other payables	14,143,825	6,466,284	12,334,476	5,018,145

a) Financial risk management

The entity's financial instruments consist of deposits with bank, short term and long term investments, accounts receivables and accounts payable.

The main risks the entity is exposed to through its financial instruments are market risk, credit risk and liquidity risk.

(i) Market risk

Interest rate risk

The entity's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets. The entity manages this risk by adopting a defensive investment strategy.

At the balance date, the entity had the following financial assets exposed to Australian variable interest rate risk:

	Weighted average interest rate		Consolidated Entity		Parent Entity	
	2022	2021	2022	2021	2022	2021
Cash and cash equivalents	0.91%	0.59%	46,185,864	52,454,563	44,157,039	49,717,950
Fixed Interest Investments			128,198,031	115,912,207	128,198,031	115,912,207
			174,383,895	168,366,770	172,355,070	165,630,157

If interest rates had differed for the entire reporting period by 100 basis points, with all other variables remaining constant, the result after tax and equity would have been affected as follows:

Judgements of reasonably possible movements	2022	2021	2022	2021
	\$	\$	\$	\$
Cash and cash equivalents, term deposits and fixed interest investments				
+100 bps (2021: +10 bps)	1,743,839	168,367	1,723,551	165,630
-100 bps (2021: +10 bps)	-1,743,839	-168,367	-1,723,551	-165,630

Other market price risk

The entity is exposed to equity securities price risk. This arises from investments held by the company and classified on the statement of financial position as financial assets at fair value through other comprehensive income which consists of investments in fixed interest and managed investments. It is managed by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector, and market.

Total equity holdings for the consolidated group were \$34,746,464 at 30 June 2022 (2021 \$44,545,997).

The following sensitivity analysis is based on the equity price risk exposures in existence at balance date. Had the market prices moved, as illustrated in the table below, with all other variables held constant, the result after tax and equity would have been affected as follows:

Judgements of reasonably possible movements	2022	2021	2022	2021
	\$	\$	\$	\$
Investments in equities				
+100 bps (2021: +10 bps)	347,465	44,546	347,465	44,546
-100 bps (2021: +10 bps)	-347,465	-44,546	-347,465	-44,546

(ii) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any loss allowance, as disclosed in the financial statements. Due to the nature of the industry and value of individual policies, the Consolidated Group does not request any collateral nor is it the policy to secure its premiums in arrears and trade and other receivables. The Consolidated Group regularly monitors its premiums in arrears, with the result that exposure to bad debts is not significant. The credit risk in respect to premiums in arrears, incurred on non-payment of premiums, will only persist during the grace period of 90 days as specified in the Fund Rules when the policy may be terminated.

The Consolidated Group is not exposed to claims whilst a membership is in arrears. Trade and other receivables are monitored regularly and escalated when they fall outside of terms. There are no significant concentrations of premium credit risk within the entity.

The Consolidated Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

Debtors consist predominately of government bodies in relation to premium reductions, and banking institutions in relation to accrued interest receivables.

The Consolidated Group does not have any material credit risk exposure to any one party to financial instruments. The company has assessed the maximum amount of exposure and determined the credit quality of the financial instruments held at 30 June 2022 is sound.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

(iii) Strategic Asset Allocation

The investment policy only applies to the investment reserve managed by Latrobe Health.

The target allocation limit is:

Asset Classes	Interim SAA	Allowable Range	Actual SAA
Growth Assets	17%	10%-35%	21%
Australian Shares	8.00%	0%-15%	10.80%
International Shares Unhedged	4.50%	0%-8%	5.50%
International Shares Hedged	4.50%	0%-8%	4.90%
Defensive Assets	83%	65%-90%	79%
Australian Sovereign Bond Fund	10%	0%-20%	10.10%
Australian Inflation Plus Fund	20%	10%-30%	22.50%
International Fixed Income	9%	0%-15%	8.50%
Term Deposits	44%	35%-60%	37.80%

(iv) Liquidity risk

The Consolidated Group manages liquidity risk by monitoring forecast cash flows and ensuring adequate cash is available.

The table below reflects all contractually fixed pay-offs for settlement and interest resulting from recognised financial liabilities as at 30 June 2022, as well as the respective undiscounted cash flows for the respective upcoming fiscal years. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2022. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

Trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant and equipment and investments in working capital. These assets are considered by the entity in the overall liquidity risk. To monitor existing financial liabilities as well as to enable an effective overall controlling of future risks, the Consolidated Group has established comprehensive risk reporting that reflects expectations of management of expected settlement of financial liabilities. The remaining contractual maturities of the entity's financial liabilities and estimated timing of net cash outflows from claims liabilities are:

2022 \$	Under 6 months	6-12 months	Total contractual cash flows	Carrying amount
Trade and other payables	14,143,825	47,763	14,191,588	14,191,588
	14,143,825	47,763	14,191,588	14,191,588
2021 \$	Under 6 months	6-12 months	Total contractual cash flows	Carrying amount
Trade and other payables	6,466,282	98,319	6,564,601	6,564,601
	6,466,282	98,319	6,564,601	6,564,601

(iv) Insurance risk management

The Consolidated Group provides private health insurance across a range of services, including: hospital insurance for private patients, ancillary or extras cover. These services are written as two types of contracts: hospital and/or general treatment cover.

The table below provides an overview of the key variables upon which the cash flows of the insurance contracts are dependent.

Type of contract: Hospital cover	
Details of contract workings	Defined benefits paid for hospital treatment, including accommodation, medical and prostheses costs.
Nature of claims	Hospital benefits defined by the insurance contract or relevant deed.
Key variables that affect the timing and uncertainty of future cash flows	Claims incidence and claims inflation.
Type of contract: Ancillary cover	
Details of contract workings	Defined benefits paid for ancillary treatment, such as dental, optical and physiotherapy services.
Nature of claims	Ancillary benefits defined by the insurance contract or relevant deed.
Key variables that affect the timing and uncertainty of future cash flows	Claims incidence and claims inflation.

Insurance risks are managed through the use of claims management procedures, close monitoring of experience, the holding of capital in excess of prudential requirements, the ability to vary premium rates, and risk equalisation.

Claims management

Strict claims management ensures the timely and correct payment of claims in accordance with policy conditions and provider contracts. Claims are monitored on a monthly basis to track the experience of the products.

Experience monitoring

Monthly financial and operational results, including portfolio profitability and prudential capital requirements, are reported to management committees and the Board. Insurance risks and experience for the industry are also monitored by the regulator, APRA.

Prudential capital requirements

All private health insurers are required to comply with prudential capital requirements providing a buffer against certain levels of adverse experience. The Board has a target level of capital which exceeds the regulatory requirement.

Ability to vary premium rates

The Consolidated Group has the ability to vary future premium rates subject to the approval of the Federal Minister for Health.

Risk equalisation

The Private Health Insurance Act requires resident private health insurance contracts to meet community rating requirements, prohibiting health insurers from discriminating between people on the basis of their health status, gender, race, sexual orientation, religious belief, age (except as allowed under Lifetime Health Cover provisions), increased need for treatment or claims history. To support these restrictions, all private health insurers must participate in the Risk Equalisation Trust Fund under which all private health insurers share the cost of proportions of the eligible claims of all persons aged 55 years and over, and claims meeting the high cost claim criteria.

Concentration of health risk

The Consolidated Group has health insurance contracts covering several classes of health insurance business, including: hospital insurance for private patients, general treatment cover. This business does not result in significant exposure to concentrations of risk because contracts written cover a large volume of persons across all regional Victoria.

b) Capital management

Latrobe Health's health benefits fund is required to maintain sufficient capital to comply with APRA's solvency and capital adequacy standards. The solvency standard aims to ensure that the fund has 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. The capital adequacy standard aims to ensure that there is sufficient capital within a health benefits fund to enable the ongoing conduct of the business of the fund.

No additional requirements to capital have arisen with the advent of COVID19.

The standard consists of a requirement to hold a prescribed level of assets to be able to withstand adverse experience and mandates a capital management policy. The capital management policy includes target capital levels, capital trigger points and corrective action plans. The health benefits fund is required to comply with these standards on a continuous basis and report results to APRA on a quarterly basis. The fund has been in compliance with these standards throughout the year. The Board has in place a capital management policy for the health benefits fund. Capital is managed against this policy and performance is reported to the Board on a monthly basis.

c) Net Fair Values

The net fair value of assets and liabilities approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the financial statements.

22. Fair value hierarchy

The entity classifies the fair value measurement of its investments by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the entity's assets measured and recognised at fair value at 30 June 2022 on a recurring basis.

Consolidated Entity	2022	Level 1	Level 2	Level 3	Total
	\$				
Financial Assets					
- Managed Investments		-	162,944,495	-	162,944,495
Land and Buildings		-	-	6,582,124	6,582,124
Total		-	162,944,495	6,582,124	169,526,619

Consolidated Entity	2021	Level 1	Level 2	Level 3	Total
	\$				
Financial Assets					
- Managed Investments		-	160,458,204	-	160,458,204
Land and Buildings		-	-	5,700,801	5,700,801
Total		-	160,458,204	5,700,801	166,159,005

Parent Entity	2022	Level 1	Level 2	Level 3	Total
	\$				
Financial Assets					
- Managed Investments		-	162,944,495	-	162,944,495
Land and Buildings		-	-	6,582,124	6,582,124
Total		-	162,944,495	6,582,124	169,526,619

Parent Entity	2021	Level 1	Level 2	Level 3	Total
	\$				
Financial Assets					
- Managed Investments		-	160,458,204	-	160,458,204
Land and Buildings		-	-	5,700,801	5,700,801
Total		-	160,458,204	5,700,801	166,159,005

Valuation techniques

Level 1 The fair value of financial instruments traded in active markets (such as exchange traded equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Group is the current bid price. These instruments are included in level 1.

Level 2 The fair value of financial instruments that are not traded in an active market is determined using a variety of valuation techniques based on similar instruments, yield curve calculations using the mid yield, vendor or independent developed models.

Level 3 Land and buildings at fair value, where the valuation technique is based on significant unobservable inputs are included in level 3. Land and buildings are valued in accordance with the methodology outlined in Note 9. There were no changes made during the financial year to the valuation techniques applied as at 30 June 2022.

There were no significant transfers between the levels during the current or prior financial year.

23. Auditor's remuneration

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	\$	\$	\$	\$
Grant Thornton	122,850	117,000	104,850	100,000

Grant Thornton has been engaged to express an opinion of the financial statements, and the attached notes, as a whole.

24. Contingent Liabilities

There are no contingent liabilities as at 30 June 2022 (2021: Nil).

25. Subsequent Events

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

26. Consolidated group information

Consolidated Group Structure

The Consolidated Group is limited by guarantee. If the Consolidated Group is wound up, the Constitution states that each Consolidated Group Member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the Consolidated Group. As at 30 June 2022, the number of Consolidated Group Members was 9 (2021: 8).

Principal Registered Office

Latrobe Health Services Limited

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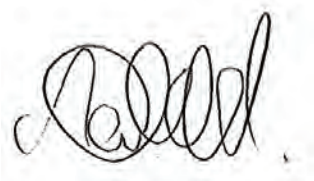
Website: latrobehealth.com.au

Director's Declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Australian Accounting Standards – Simplified Disclosure, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Group and Consolidated Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

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



Nathan Voll
Director

14 September 2022

Independent Auditor's Report

To the Members of Latrobe Health Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Latrobe Health Services Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

D M Scammell
Partner – Audit & Assurance

Melbourne, 14 September 2022

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