Annual Report 2023-24

GMHBA

Celebrating 90 years 1934–2024

Acknowledgment

GMHBA acknowledges Wadawurrung, Dja Dja Wurrung and Gunditjmara as the Traditional Owners and Custodians of the Land on which we work. GMHBA is committed to creating a culture of belonging where our unique, remarkable community can thrive. We are at the beginning of our journey to deepen connections with local First Nations People, taking a thoughtful and deliberate approach focused on education and awareness.

GMHBA respectfully acknowledges Elders of the past, the present and those that will lead their collective future.

In NAIDOC Week, July 2023, GMHBA welcomed Wadawurrung Traditional Owner and Visual Artist Jenna Oldaker to complete a live painting at our head office on Moorabool Street, Geelong. Jenna is pictured with Chief People Officer Kate Barlow.

Contents

About GMHBA

GMHBA takes pride in being an Australian not-for-profit health insurance and healthcare company that truly values its members. For a rewarding 90 years, we've been dedicated to serving the community and as a result have become one of Australia's leading regionally based private health insurers.

We provide coverage to more than 320,000 Australians through our two distinct brands: GMHBA Health Insurance and Frank Health Insurance, as well as through our network of 13 healthcare locations. Our members are at the heart of every decision we make, ensuring their wellbeing is always our top priority.

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

At the core of our approach is a belief that health is a collaborative journey. In addition to our specialised healthcare offerings, we actively engage with the broader community through a range of health promotion programs and events. We know health can be challenging when faced alone, but together, we can achieve healthier and happier lives.

Vision

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

Our Purpose

Support and empower our communities to live healthier lives.

Our Values

Be People Focused
Be Purposeful
Be Worthy of Trust
Be Remarkable

Highlights

Highlights for the financial year ending 30 June 2024

Members

320,143 Australians covered

162,307 Total memberships

9.1/10 GMHBA customer satisfaction

8.5/10 Frank customer satisfaction

49 years Longest tenured member

109 years old Oldest Australian covered: Victorian resident, GMHBA member for 45 years

Medical Assistance

112,430 Occasions of care

91,874 Reported hospital admissions

61,782 Surgeries funded

$402 million Hospital and medical claims paid

$111 million Ancillary claims paid

$392,859 Largest episode of care funded

642 Babies born

Health Services

49,879 Eye care customer interactions

45,856 GP visits

9,102 Dental consultations

7,596 Physiotherapy consultations

Financial Highlights

$513 million Benefits paid

$147 million COVID 19 surplus, to be returned to members since the pandemic*

$507,092 Community investment

* Final return of $62 million to members announced in June 2024 to be paid in FY25

Awards

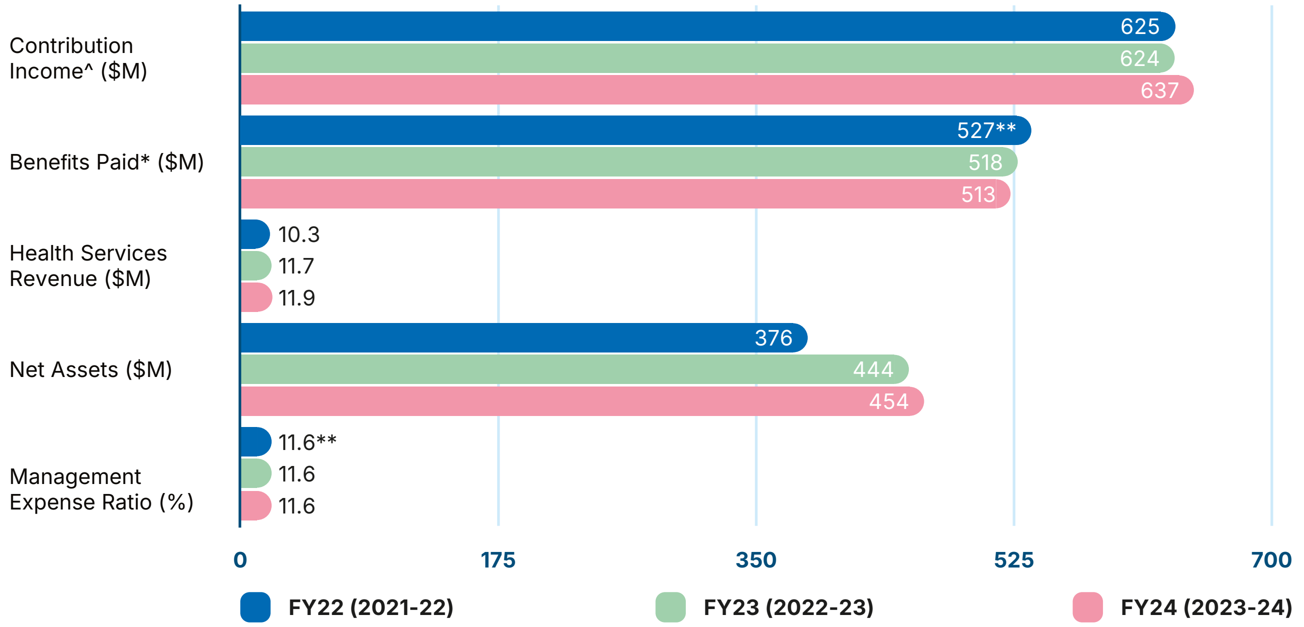
In November 2023, GMHBA received **three Five Star awards** in the annual Canstar Health Insurance Awards, recognising outstanding value to consumers seeking hospital insurance. It's the second year in a row GMHBA has won the Outstanding Value Hospital Cover for Victoria.

Outstanding Value Award: Hospital Insurance – VIC

Outstanding Value Award: Hospital Insurance – QLD

Outstanding Value Award: Hospital Insurance – NT

Finance



Note numbers quoted above have been restated under the new insurance standard AASB17 unless specifically identified with **

^ Includes impacts of deferring the April 2023 premium increase until October 2023

* Due to the impact of COVID on claims in prior years, GMHBA holds a provision of $67.7M for a further return of surplus to GMHBA members

**reported under the old standard AASB1023

Celebrating 90 years

In 2024 GMHBA celebrates its 90th anniversary.

Founded in 1934 as a health insurance scheme for workers at the Australian Cement Company in Geelong, we evolved to serve the broader public across Australia. The fund became known as the Geelong Medical and Hospital Benefits Association (GMHBA) in 1958 and later GMHBA Limited in 2000.

We maintain a proud presence in Geelong, with our head office located on Moorabool Street and our sponsorship of GMHBA Stadium, home of the Geelong Cats. We have a Health and Branch Network that spans western Victoria, with locations in Ballarat, Bendigo, Geelong, Leopold, Portland, Waurn Ponds and Warrnambool.

We also provide care to members and patients at our Belmont Hub, Lara Medical Centre and South Barwon Medical Centre. Construction is underway to open an additional Health Hub in central Geelong in October 2024.

On 13 August 2024, GMHBA will officially celebrate its 90th anniversary.

The 1930s

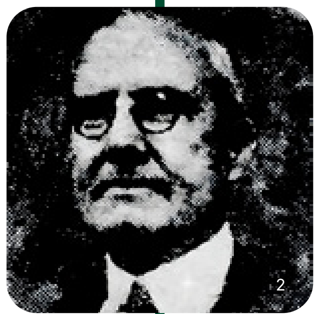
Key health issues in this decade included: benefits for home-care patients, outpatient services and midwifery.

1930s

Concerned about the rising costs of healthcare, a group of workers from the Australian Cement Company developed the Cement Workers Hospital Benefits Scheme – a health insurance scheme designed to protect families. By pooling their resources together, they could support each other and ensure they all enjoyed quality health care.

1930s

The demand for public access to this health benefits scheme grew and Geelong Mayor E A McDonald officially launches the Geelong and District Mutual Contributing Auxiliary (GDMCA) on 13 August 1934 at Geelong City Hall.



The 1940s

Key health issues in this decade included the polio epidemic, which the fund supported by paying a number of benefits.

1940

GMHBA reports 4,333 members. This year the fund returned a surplus, which was donated to the Geelong Hospital, following the newly opened Kardinia Wing.

1940

As the war continues, GDMCA makes benefits available to dependents of members on military service.

The 1950s

In Geelong the post-war baby explosion led to a suburban housing boom and the city's health services expanded to meet the unprecedented demand.

1950s

British and Dutch immigrants, arriving in their thousands, were entitled to join the fund without probationary periods so long as they joined within four weeks of arrival in Australia.

1952

The Menzies Government introduces a National Health Act, governing Australia's private health insurance industry and providing the framework for funds to operate.

1952

The Department of Health officially registers the GDMCA.

The 1960s

Key health issues in this decade included: gap payments, government rebates, doctor's fees, federal versus state funding, nurse to patient ratios and quality of patient care.

1964

77% of Australians hold health insurance, with visits to GPs doubling compared to the mid-1950s.

1960

GMHBA relocates its head office to 60-68 Moorabool Street, where it remains today.

1960

GMHBA membership reached 18,000.

1958

GDMCA changes its name to the Geelong Medical and Hospital Benefits Association (GMHBA) and is registered under the Companies Act.

1968
GMHBA pays out a record $1 million benefits.

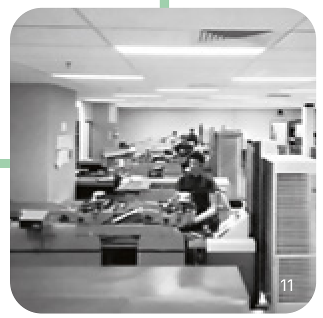
1969
The Dental and Pharmaceutical Fund launches, making GMHBA the first insurer in Australia to offer a dental package that allows members to choose their own dentist. 3000 members join before the end of the financial year.

The 1970s

GMHBA expands coverage to dental, physiotherapy, speech therapy, optometry, home nursery, chiropractic care, osteopathy, surgical prosthesis items and repeat prescriptions.

1975
GMHBA covers more than 100,000 people and retains 90% of members through efficient management and low contribution rates.

1975
Medibank launches, providing free treatment for private patients in public hospitals, meaning private health insurance funds have to shift their focus to ancillary benefits to retain members.



1976
GMHBA gets its first computer with the installation of an IBM system at Moorabool Street head office.

The 1980s

GMHBA sponsors a range of community and sporting initiatives, including Health Week and the School Leavers Kit to help students learn about careers, banking and health insurance.

1981
The GMHBA Health Club launches, encouraging members to adopt a healthy lifestyle.

1981
The Health Care Card launches, providing free health services to disadvantaged Australians, including migrants and refugees.

1983
The Health Legislation Amendment Act is introduced, which includes a remodelling of Medibank to be renamed Medicare. The new system removes the need for private funds to offer medical insurance, representing one of the biggest ever challenges to the industry.

1983
GMHBA launches the Dental Plus Plan, which was a trend-setting first for Australia and a leading offer that many funds quickly followed.

1984
GMHBA diversifies its insurance offerings to include house and contents, valuables, car, boat, and even freezer contents insurance.

GMHBA fends off talks of a merger after its Bendigo-based opposition HBA merges with South Australia's Community Mutual to create a Super Fund. Membership at GMHBA grew 2% compared to a 28.5% drop experienced by other Victorian funds.

The 2000s

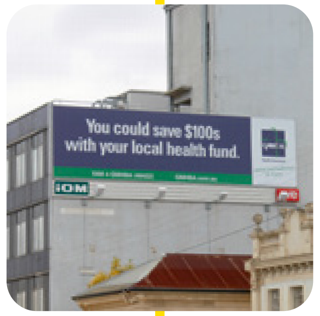
GMHBA begins the new millennium with a premium freeze, despite increasingly expensive medical technologies and members' preference to be treated in a private hospital.

2009

GMHBA launches Frank Health Insurance – Australia's first online health insurer.

2000

Australian Government introduces Lifetime Health Cover (LHC), a Government initiative designed to encourage people to take out hospital cover earlier in life and encourage them to maintain it.



2000

Fund changes its name to GMHBA Limited and announces a $1.8 million refurbishment of its Geelong Headquarters.

The 1990s

GMHBA sponsors the Geelong Football Club, including the Player of the Year Award providing health insurance cover for players.

1990

Membership at GMHBA stands at 46,150, covering 102,300 people. Benefits paid out have escalated to a record $3.1 million in May 1990.

1994

GMHBA joins the Australian Regional Health Group, which establishes a forum to discuss common matters and negotiate collectively on Hospital Purchases Provider Agreements.

1994

GMHBA launches Future Health, which allows members to pay their health insurance for up to six years in advance on a fixed rate.

The 2010s

GMHBA's Health and Branch network significantly grow and expand, with acquisitions and new locations in regional centres like Portland and Ballarat. The fund also acquires the South Barwon Medical Centre, Lara Medical Centre, Geelong Dental Care and Geelong Physiotherapy.

2010

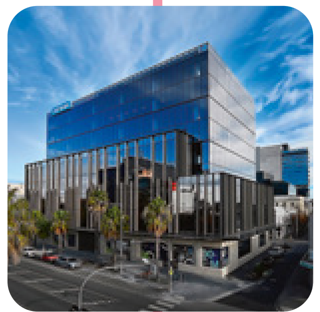
GMHBA launches FIT Health Insurance, developed with the AFL and Netball Australia, offering members more for playing sport or staying active.

2016

GMHBA launches the Care Co-ordination Service, offering care for people with complicated health problems, providing support, information and access to health services at no cost for GMHBA members who hold any level of hospital cover.

2018

Geelong Cats and GMHBA launch 10 year sponsorship deal, which includes naming rights of GMHBA stadium.



The 2020s

GMHBA faces into the global pandemic, supporting members during the unprecedented health crisis with care packages, access to vaccinations and health services and the return of surplus to members.

GMHBA solidifies its commitment to the region, with the opening of two multi-disciplinary hubs and a state-of-the-art headquarters. GMHBA Ltd covers 328,000 Australians.

2021

GMHBA's new head office, a nine-storey, state-of-the-art facility, opens on Moorabool Street.

2023

July: Belmont Hub opens, making it easier for patients to access connected health services in a single location.

July & November: GMHBA and Frank launch mobile apps enabling members to manage their health insurance on the go.

2024

February: GMHBA launches its partnership with The Resilience Project and the Geelong Football Club supporting students to build positive mental health.

Chair and CEO's Report

> In FY24, GMHBA has celebrated our heritage and delivered on our purpose to support and empower our communities to live healthier lives.

Ninety years is a significant milestone and a testament to the dedication, resilience and unwavering commitment of our members, employees and partners. We have enjoyed celebrating with our members and the community and look forward to marking our official anniversary on 13 August, 2024.

This financial year, we continued to focus our efforts on delivering the strategy endorsed in September 2021 which has delivered over three years improvement in policy net change, management expense ratio, risk management, customer satisfaction and employee engagement.

To ensure we can continue to meet the changing needs of our members, our team has worked hard and delivered a substantial program of strategic change.

Key projects completed in FY24 include the Member Experience Program, Lead Nurture Acceleration and Customer 360 Strategy, which are all based on our efforts to achieve private health insurance net growth. We have also completed our Data Uplift program, Information Security Uplift program and mobile apps for both our brands.

Significant progress has been made in enhancing risk management, including the implementation of a purpose-built risk and compliance system that enables proactive management and monitoring of risks. Operational risk management reforms will come into effect on 1 July 2025 through the release of Prudential Standard CPS 230 Operational Risk Management, with uplift to existing governance, compliance, contractual and incident response arrangements a key focus for compliance by July 2025. Privacy and data protection remains a priority, with proactive measures being taken to ensure ongoing compliance with current laws and regulations.

In our health services business, we have completed the health sites uplift, opened the Belmont Hub, commenced construction on the Geelong Hub and embarked on an ambitious Health Services Customer Value Proposition to improve the customer experience and drive member growth and value.

Modern Technology To Support Member Outcomes

At the start of 2024 we embarked on the single largest technology investment in GMHBA's 90-year history.

This program of work will implement leading edge technologies and processes, creating new ways to enhance customer value through greater collaboration, efficiency and functionality across the business.

The first major initiative will involve an upgrade to our telephony and Customer Relationship Management (CRM) systems to leading modern platforms, making it easier for our team to access customer information and thereby improving the customer experience.

Through a relentless focus on customer and the combination of great people and world-class technology, our goal is to lead the industry in anticipating our customers' needs and delivering best in class customer experience.

Membership And Customer Engagement

GMHBA's customer satisfaction has this year been at record highs and remains among the highest in the industry. We also saw Frank's Net Promoter Score (NPS) score increase by 10.5 to 25.1, with GMHBA achieving an NPS of 52.2.

We have continued to leverage GMHBA's sponsorship of the Geelong Football Club through a strong presence of advertising during Geelong games on Channel 7 and Foxtel. Through this partnership we gave away 360 tickets to home games to our members, with exclusive access to our fan portal. We also gave 100 kids the opportunity to attend a skills clinic with Cats stars Tom Hawkins, Tom Stewart and Mitch Duncan.

In FY24 we launched a new campaign for Frank Health Insurance to grow the brand outside Victoria with a major brand campaign highlighting Frank's cheeky personality, including fun and engaging content on TikTok.

Since launching last July, the GMHBA and Frank mobile apps continue to perform well, with 30% of Frank and 21% of GMHBA members downloading and using the app to check their cover and make claims.

Connected To Our Community

As a not-for-profit organisation we acknowledge that our members expect us to support community initiatives that make a meaningful difference and also align with our values.

Our refocused Community Engagement strategy ensures we target our investment in programs and partnerships that have a direct and measurable impact, particularly on mental health and wellbeing.

We were pleased to launch our partnership with The Resilience Project and the Geelong Football Club, with early reports showing a positive impact from the program in the five schools chosen to participate.

Our heightened effort to support all staff to participate in volunteering opportunities saw an almost 30% increase in volunteer hours during FY24, with staff offering valuable hands-on support and gaining a sense of purpose from the time spent in these activities.

Improving Access To Healthcare

In July we opened the Belmont Hub, which has provided additional medical, physiotherapy and dental services to the Belmont area. The integrated service approach has been well received by patients and created opportunities for cross-collaboration and referrals of services under the Hub roof.

We have been delighted to hear patients talk about the great experience of having quick access to additional services, such as a same-day appointment with a GP on site for a dental patient to address a medical issue identified during the dental examination.

Continuing cost of living pressures and consumer behaviour change through COVID have reduced overall demand for services across health services, however we've seen an increase in the occasions of care year-on-year, and monthly appointments are increasing across all modalities.

This integrated service model will expand with the opening of the Geelong Hub on Moorabool Street next financial year.

Continued Covid Surplus Return

As part of GMHBA's ongoing support for our members following the COVID pandemic, we announced in June 2024 that we will return a further $62 million to our members through seven weeks' premium relief in FY25. This will take the total value we've returned to members through COVID to $147 million and complete GMHBA's commitment to return any profits generated as a direct result of COVID to members.

In terms of value to members, the average estimated savings over seven weeks will be $264 for single policies and $556 for family policies.

Throughout the pandemic, GMHBA supported members by deferring premiums, supporting telehealth services, funding no out-of-pocket physiotherapy through Keiser, hosting wellbeing webinars for members and providing non-surgical relief for people who had their surgeries deferred due to lockdowns.

Governance

The Board and Executive continue to apply the highest standards of organisational governance to support effective decision making.

Board composition is an ongoing area of focus to ensure that the director group is the most appropriate and effective for strategic leadership of the organisation. The appointment of Michael Sammells in October has provided significant expertise in both the private health insurance sector and the hospital and health sector. A further planned retirement in FY25 will provide the opportunity for continuing renewal of the skills and experience of the Board to best match the development and needs of the business.

Chair and CEO's Report

Collectively we invest significant time and effort into meeting the governance standards expected by our members and the community generally, as well as the prudential standards and other requirements of our main regulators, ASIC and APRA.

Our governance structures and processes are outlined in more detail later in this report.

We have also commenced work on our Environmental, Social and Governance (ESG) Strategy, with more detail on page 23 of this report.

Looking Forward

The healthcare landscape is evolving rapidly, and GMHBA is committed to staying at the forefront of this transformation and championing the best service for our members.

We continue to see aggressive price discounting by our competitors and higher hospital indexation, and the way our members use their benefits is changing due to cost of living pressures.

Shortages in the health industry workforce are slowly recovering and we are having more success in recruiting exceptional practitioners to work in our healthcare practices. We look forward to continued health services growth as this part of our business continues to develop.

Next financial year, we plan to invest in a new suite of Extras products that will offer our members better value and more choice depending on their cover needs. We will also be launching Android and Apple digital wallets in our Frank mobile app, which will allow members to transact on HICAPS terminals without the need for a physical card. We look forward to opening our second Health Hub, located in central Geelong. We'll also be investing in our contact centre, to ensure we can support our members by ensuring they hold the most suitable cover.

Thank You

Thank you to our members for continuing to place your trust in GMHBA. We take great pride in our role as custodians of our members' money and it's a privilege to support them on their health journey.

We take great pride in looking back at what GMHBA has accomplished over the past 90 years. From the innovative health services and private health insurance we provide to the compassionate care we deliver to our members and patients, our wonderful team continues to play a role in shaping GMHBA into the highly respected organisation it is today.

Claire Higgins

Chair
GMHBA Limited

David Greig

Chief Executive Officer
GMHBA Limited

On Thursday 27 June, GMHBA celebrated its 90th birthday with dignitaries, members, stakeholders, community partners and staff at a formal dinner at GMHBA stadium.

Supporting Our Members, Patients And Community

As a regionally based health fund, we are deeply committed to being community minded. GMHBA embraces opportunities to connect with our members and the broader community in positive and meaningful ways.

In 2024 GMHBA launched a revised two-tiered Community Engagement Strategy (Community Investment and Community Belonging) that aligns our efforts, supports a long-term preventative health approach, responds to community needs and reflects what's important to our people.

Over $500, 000 was invested in our communities. Highlights included:

- **93** Employees contributed **$23,300** through Workplace Giving
- **643** Hours through Staff Volunteering Program
- **1,893** Students, 5 schools – The Resilience Project (January to June 2024)
- **1,970** Students, 55 schools – Healthy Heroes (July to December 2023)
- **1,773** young people participated in Read the Play programs, with training for 40 Player Wellbeing Officers funded by GMHBA
- **48** Donations to LifeBlood Australia by GMHBA staff, including **3** new donors
- **$70,151** Social procurement

Community Investment

To maximise our effectiveness in the community, we've narrowed our focus to a primary social impact area – mental health and wellbeing. This reflects how important mental health and wellbeing is to our members, our people and to the people in the communities where we operate.

In addition to our ongoing support for Read The Play, in February we launched an exciting new Community Partnership with The Resilience Project and the Geelong Football Club.

Community Belonging

GMHBA people love making a difference. Staff volunteer with a range of community organisations, including Bellarine Catchment Network, Common Ground Project, Our Village (formerly Geelong Mums), food relief centres and gen U. We continue to explore how we can offer additional meaningful ways for our people to give back, with more opportunities for regional staff to participate being introduced in FY25.

A quarter of GMHBA employees choose to contribute to Give Where You Live Foundation, through regular Workplace Giving, helping make a fairer Geelong. Following feedback from staff living and working outside Geelong, we have formed relationships with South West Community Foundation and the Ballarat Foundation, enabling staff in these areas to participate in Workplace Giving to support their own local initiatives.

Community Partnerships

GMHBA has partnered with The Resilience Project and The Geelong Football Club to provide five Geelong schools with invaluable access to The Resilience Project's School Wellbeing Program, providing practical, evidence-based mental health strategies to build resilience and happiness.

Almost 2,000 students from Newcomb Primary School, Whittington Primary School, Lara Primary School, Geelong East Primary School and Western Heights Secondary College will embark on a two-year program learning the principles of GEM (Gratitude, Empathy and Mindfulness) and Emotional Literacy.

Staff volunteering

In FY24, 129 of our people volunteered 643 hours, giving back to the local community.

This is an increase of 26% in our volunteering rate, and an increase of 18% in the hours we contributed.

In our post-volunteering survey, 100% of respondents said they experienced an increase in positive personal impact because of volunteering. This includes feeling more connected to local community, more connected to colleagues, improved job satisfaction, positive mental health and/or sense of pride as a GMHBA employee.

Our People

GMHBA's people and culture are at the core of our strategy and critical to our success.

Our annual staff survey showed employee engagement was 70%, which is an increase for the second consecutive year and places us above the median for comparable sized organisations in Australia. GMHBA uses the insights and feedback from our confidential and anonymous survey to respond and make positive changes to build an even greater workplace experience.

GMHBA continues to deliver upon the commitments outlined in our Diversity, Equity and Inclusion strategy. This strategy was developed in consultation with employees and external specialist partners.

Highlights included:

- **88%** of our people would recommend GMHBA as a great place to work
- **88%** of our people believe there is a genuine commitment to creating a diverse, equitable and inclusive environment at GMHBA
- **86%** of our people are proud to work for GMHBA

Key initiatives delivered, as part of this strategy include:

- 194 staff attended LGBTQIA+ training, delivered by Queer Town. The impact and engagement of these workshops have been significant, with staff reporting a deeper understanding and appreciation for inclusivity and mindful use of language.
- 140 staff participated in one of 10 Aboriginal Cultural Walks conducted by a local first nations guide.
- Launched gender affirmation guidelines, allowing for a clear and supportive framework for our people.
- Hosted a workshop aimed at educating our mid-level leaders on the strengths and challenges associated with neurodiversity in order to better support their teams.

GMHBA continues to work with its Employee Representative Groups (ERGs) to empower our people to take an active role in fostering an inclusive workplace culture for all. The ERGs include LGBTQIA+ and Neurodivergent thinkers.

Our annual Long Tenure Awards recognise and thank employees who have reached a significant tenure and this year we honoured 50 people, including two staff members who celebrated 20 years' service.

At GMHBA, we are committed to fostering the next generation of professionals. This year we welcomed three participants into our Remarkable Futures Graduate Program, which is designed to provide recent graduates with the opportunity to gain hands-on experience and contribute to meaningful projects that align with their career aspirations.

GMHBA is committed to supporting a fair and inclusive work environment as it fosters diverse perspectives, enhances creativity and decision-making. Over the past three years we have increased the representation of women in senior leadership roles from 22% to 57% and at the mid-level leadership level from 46% to 53%.

GMHBA provided the following health benefits to staff this financial year:

- 178 Flu Vaccinations Administered (30% increase on FY23)
- 54 Subsidised Skin Checks
- 62 Health Checks

Health And Branch Network

In July 2023 we established a new organisational structure in our Health and Branch Network designed to deliver remarkable outcomes for our members and patients. This structure emphasises our commitment to outstanding customer service, employee satisfaction and performance excellence.

One of the key enhancements includes the appointment of a Director of Clinical Care. This strategic move provides significant experience in clinical oversight, fosters innovation in patient care models and guarantees the highest level of professional support and patient outcomes.

We also appointed a Head of Clinical and Retail Operations, fostering mutual accountability to drive exceptional results for our customers and our business. A Head of Business Performance was appointed to lead the future the future strategic initiatives and projects which is key to the business's growth trajectory. This alignment ensures that our strategic initiatives are executed efficiently and effectively.

Importantly, the new structure is designed to enhance the experience of our employees, patients and members across the network, which now includes 13 locations.

Supporting members on their health journeys

We continued our focus on creating an integrated care model that we are confident will support members and patients on their health journeys, enabling us to connect them with specialist services and focus on preventive care.

In July we opened the Belmont Hub and we have commenced construction on the new Geelong Hub to open on Moorabool Street in FY25. This new facility will consolidate existing services provided by GMHBA Dental Care Geelong, Geelong Physiotherapy and the Geelong Westfield Health Insurance and Eye Care branch with the addition of medical services.

This approach will address the growing demand for primary and allied health services in the Geelong region and improve access to state-of-the-art modern facilities and high-quality care.

Sustainability

As an organisation dedicated to the health and wellbeing of employees, members and patients, GMHBA is already undertaking several initiatives that touch social, environmental and governance issues.

To formalise our approach, our ESG Strategy addresses the United Nations Sustainable Development Goals and Social Determinants of Health in areas in which GMHBA can deliver the most impact.

As a not-for-profit organisation, we understand the interest from the community and stakeholders, and we have taken the time to develop a strategy that has the greatest relevance to what we do and where we can take possible action to improve.

An example of environmental initiatives undertaken this financial year is our prevention of textiles and hardware from being sent to landfill by recycling old staff uniforms with textile recovery and waste recycling company, UPPAREL.

We intend to continue implementing the work we already have planned and establish a relevant model for testing the measures which will inform our approach to future reporting and material focus areas.

GMHBA has used the UN's Sustainable Development Goals to guide its ESG strategy. It will focus on the SDGs of greatest relevance to members, the social determinants of health, where we can have the greatest impact.

Reconciliation

GMHBA has taken a significant step towards fostering reconciliation by submitting our first Reconciliation Action Plan (RAP). This marks a meaningful commitment by GMHBA to acknowledge and honour the histories, cultures and contributions of Aboriginal and Torres Strait Islander peoples.

While our Head Office and much of our workforce is based in Wadawurrung Land (in Geelong and extending to Ballarat), we respectfully operate in Bendigo on Dja Dja Wurung land, and Warrnambool and Portland on Gunditjmara land.

As we embark on this journey, we are committed to:

- Communicating our commitment to reconciliation to all GMHBA employees to foster greater understanding and respect.
- Deepening our understanding of the local First Peoples as custodians of the lands in which we operate.
- Building a diverse and inclusive workforce that reflects the communities we serve; and
- Establishing meaningful partnerships with community organisations to drive positive change.

We continue to work with Reconciliation Australia to complete our RAP and look forward to launching it in the new Financial Year.

Give Where You Live Foundation: Conversations That Matter

In June, GMHBA sponsored and attended the Conversations That Matter event hosted by Give Where You Live Foundation. The event featured renowned journalist and Wiradjuri man, Stan Grant, who shared insights on bridging differences and fostering meaningful connections.

Our team was joined by Bonnie Chew, a proud Wadawurrung woman, whose guidance has been instrumental in shaping GMHBA's first Reconciliation Action Plan. GMHBA is grateful to be on this journey, learning more about this rich culture and understanding how our organisation can play a role in advancing reconciliation.

Corporate Information

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

Claire Higgins

B.Com, FCPA, FAICD

Appointed September 2019

Member Audit & Investment Committee

Member People & Culture Committee

Director – GMHBA Land Co Pty Ltd

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

Chair – REI Superannuation Pty Ltd

Director – Ryman Healthcare Limited

Director – Margin Clear Pty Ltd

Brian Benger†

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

Appointed February 2011

Director – GMHBA Land Co Pty Ltd

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

Chair – Mercer Financial Advice (Australia) Pty Ltd

Director – Enginsure Pty Ltd

Director – Shandora One Pty Ltd (Trustee for SMSF)

Director – Kayinga Vineyard Limited

Professor Marie Bismark

MD, LLB, MBHL, MPH, FAFPHM, FAICD, FRANZCP

Appointed March 2013

Member People & Culture Committee

Member Risk & Compliance Committee

Director – Summerset Group Holdings Limited

Director – Royal Women's Hospital

Council Member AICD, Victorian Branch

Victorian Department of Health Voluntary Assisted Dying Governance Committee

National Clinical Quality Committee, Health NZ

Mike Hirst

B.Com, SF Fin, MAICD

Appointed July 2018

Chair Audit & Investment Committee

Acting Chair - Racing Victoria Limited

Chair – AMP Limited

Director – Adelaide Airport

Director – AMCIL Limited

Chair – Villawood Foundation

Honorary Member – Business Council of Australia

† (retired September 2023)
For the period 1 July 2023 until their deregistration on 12 July 2023, all directors (except Michael Sammells who was appointed after the deregistrations) were also directors of GMHBA Services Pty Ltd and health.com.au Pty Ltd.

Chief Executive:
David Greig BSc (Hons), MBA (Melb)

Company Secretary:
Elizabeth Melville-Jones LLB, BA, MBA (Melb)

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

Bankers:
National Australia Bank Limited

Appointed Actuary:
Andrew Matthews, FIAA

Sandy Morrison

BHA, MBA, MAICD

Appointed April 2021

Chair Risk & Compliance Committee

Chair – Land Co Pty Ltd

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

Denis Napthine, AO

BV Sc. MVS, MBA, MAICD

Appointed August 2016

Chair People & Culture Committee

Member Audit & Investment Committee

Director – National Disability insurance Agency

Patron – Myeloma Australia

State Premier of Victoria 2013 - 2014

Vicky Papachristos

BE, MBA, GAICD

Appointed November 2011

Member Risk & Compliance Committee

Member People & Culture Committee

Director – Currant Marketing Pty Ltd

Director – Big River Industries Limited

Director – Aussie Broadband Limited

Michael Sammells

BBus, FCPA, GAICD

Appointed October 2023

Member Audit & Investment Committee

Member Risk & Compliance Committee

Chair – Sigma Healthcare Limited

Director – AMP Limited

Corporate Governance Statement

For the year ended 30 June 2024

> GMHBA continues its commitment to strong corporate governance frameworks and practices which are fundamental to our culture and consistent with our Values.

These frameworks and practices allow prudent and effective decision making, support the Board in fulfilling its legal and regulatory obligations and give confidence to members, regulators and the community.

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

Board Role and Responsibility

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

Initiatives during 2024

During 2024 there was continuing review and refinement of governance policies and frameworks including:

- Simplification of the corporate structure with the winding up and deregistration of GMHBA's two subsidiaries health.com.au Pty Ltd and GMHBA Services Pty Ltd.
- Review of the Board meeting program to align with business needs more closely.
- Ongoing maturity of the Risk Management Framework with increased control testing and attestations within the Integrated Risk Management System, allowing enhanced Board reporting.
- Ongoing cyber readiness work including an externally facilitated workshop and director involvement in cyber attack simulations.
- Preparation of GMHBA's ESG Strategy.
- Submission to Reconciliation Australia of GMHBA's draft Reconciliation Action Plan.
- Independent board performance review conducted by external consultant.

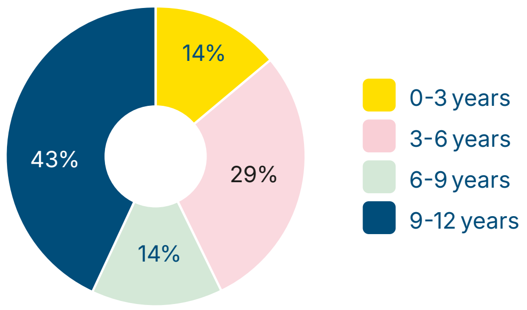
Focus areas for 2025 are expected to include a continuing awareness of cyber developments, as well as technology governance of major projects as GMHBA commences significant investment in this area.

Prudential Standards and regulatory interaction

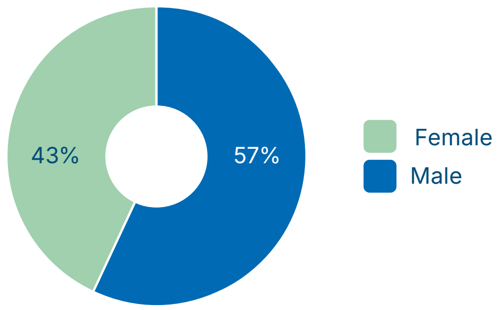
Preparations continue for the commencement of the new Standard CPS230 - Operational Risk Management on 1 July 2025. This significant new Standard requires entities to demonstrate resilience to operational risks and significant disruptions through effective internal controls, a credible business continuity plan and management and monitoring of external service providers. It is complex and requires a multi-year work program by most regulated entities.

As in previous years the external auditor KPMG completed a general review for assurance of compliance with all applicable Prudential Standards. EY also continued to provide support though the internal audit function with respect to regulatory compliance. The responsible partner at EY will rotate during 2025 to preserve independence.

Director Tenure



Director Gender Diversity



Corporate Governance Framework

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

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

To assist it in carrying out its duties the Board has established Committees which focus on specific areas as described on p. 30. The Charter for each Committee is available on GMHBA's website. Additional Committees may be formed from time to time as necessary. Committee Chairs report to the Board after each Committee meeting with a summary of the main items considered. A suite of internal policies further supports the governance framework and compliance with legislative and regulatory obligations.

Committee composition at 30 June is as detailed on p.25-26 of this Annual Report. Details of the number of meetings of the Board and each Committee and attendance at meetings during 2024 is set out in the Directors' Report.

Board and Committee composition and skills

Brian Benger retired from the Board at the conclusion of the 2023 Annual Meeting of Fund Members. In October 2023 Michael Sammells was appointed to the Board, bringing significant expertise in health insurance and hospital operations as well as being a highly experienced company director.

During 2024 a review of the Board's Committee structure and membership was undertaken and a merger of the Audit and Investment Committees occurred. There was rotation of Committee membership and Committee Chairs and a change of director representation on the boards of the LandCo Pty Ltd subsidiary and QE042 Pty Ltd, the investment entity for the head office building at 60 Moorabool Street.

At 30 June 2024 there were seven directors on the Board with an average tenure of six years. Further details of each director are found on p. 25-26 of this Annual Report.

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

A review and refresh of the director skills matrix was undertaken during 2024 to identify the current mix of skills and areas of future focus. The Board is committed to maintaining a level of skill, expertise and diversity that is aligned with the expectations of GMHBA's membership and best supports development of the Business Plan. The Board also has expectations of each director with respect to their behaviour and performance as set out in the established Governance Framework.

Vicky Papachristos will retire from the Board in August 2024. The People & Culture Committee are progressing the recruitment of a new director, using the refreshed skills matrix as the basis for selection.

Corporate Governance Statement

For the year ended 30 June 2024

The skill areas detailed below are currently well represented on the Board. Future director appointments will be focused on the areas identified (marked with *).

Member focus	Understanding of operating within a member focussed organisation, and experience in establishing strategies that enhance member outcomes.
Leadership	Experience as a director, executive or senior leader of a large and complex business.
People and culture	• Understanding of the link between well-being, engagement and cultural alignment as drivers of organisational performance. • Understanding of remuneration frameworks, senior leadership development and succession planning. • Promotion of diversity and inclusion, regional familiarity and awareness.
Strategy and innovation	Experience in developing and overseeing the implementation of organisational strategy, including involvement in transformation, continuous improvement and innovative projects.
Risk and compliance management	Experience in assessing the effectiveness of risk and compliance management frameworks, identification and assessment of material risks, oversight of systems and procedures for compliance, and setting and monitoring risk appetite and risk culture.
Financial acumen and capital management	Proficiency in: • Accounting and reporting. • Corporate finance. • Audit and financial controls. • Investment governance and management. • Complex transactions and major projects.
Governance	• Demonstrated commitment to the highest level of governance standards. • Understanding of and experience in a regulated environment. • Understanding of legal and regulatory frameworks. • Expertise in clinical and health service governance.
Marketing, customer focus and brand	Experience and/or qualifications in retail, marketing, branding, distribution, customer management and retention strategies.
Industry experience	• Understanding of the private health insurance, general insurance or financial services industries. • Experience in the healthcare industry, a health-related field or health services management. • Clinical experience in the health sector, clinical governance*. • Experience in the use of population health data and information to inform initiatives and strategy.
Digital and emerging technologies	Proficiency in the areas of technology, data, cyber security and AI and experience in the use of technology including major technology investments to drive innovation and business growth*.

GMHBA Board

Audit and Investment Committee

Audit

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

Monitor the effectiveness of the internal control environment, including the audit and actuarial functions.

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

Review the performance, independence and remuneration of the external auditor and internal auditor.

Review the performance of the Appointed Actuary.

Investment

Structure and oversee asset allocation within the investment portfolio to achieve investment returns within risk tolerances.

Review the Investment Policy and Capital Management Policy.

Appoint, monitor and evaluate the performance of the Investment Manager.

Risk and Compliance Committee

Risk

Oversee GMHBA's Risk Management Framework and risk profile relative to Board approved risk appetite and tolerance.

Promotion of a risk aware culture, including information security risk and clinical risk.

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

Oversee the Business Continuity and Disaster Recovery Framework.

Compliance

Monitor the effectiveness of GMHBA's approach to achieving compliance with laws, regulations, industry codes and Group policies.

Review any significant changes to legislative or regulatory requirements that impact compliance frameworks or systems.

People and Culture Committee

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

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

Approve the Remuneration Framework including the Remuneration Policy. Oversee the application of the Remuneration Framework.

Review and monitor Board and executive capability, CEO performance and succession, including remuneration arrangements for the Board and CEO.

Oversee the Enterprise Bargaining Agreement process.

Notes:

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

Committee composition at 30 June is as detailed on p.34 of this Annual Report and details of the number of meetings of the Board and each Committee. Attendance at meetings during 2024 are set out in the Directors' Report.

Corporate Governance Statement

For the year ended 30 June 2024

> The Board conducts a regular assessment of its performance, the performance of its Committees and of individual directors.

During 2024 an external review was conducted including a survey and individual interviews by the consultant with each director, executive and several other company representatives including the Company Secretary. The Chair also held discussions with each director to consider their individual performance and obtain further insight into improvement opportunities for the operations of the Board. The report was delivered and discussed at a Board meeting and a response plan is being developed. The Chair will also discuss themes from the report with the executive team.

Continuing education is primarily a responsibility of directors. GMHBA also provided educative opportunities to directors through a combination of internal presentations and workshops on relevant issues and reforms. During 2024 this included attendance at the AICD Governance Summit.

Independence and management of conflicts of interest

During 2024 all directors were non-executive and were judged by the Board to be independent and free of relationships or material interests that might influence their ability to act in the best interests of the Group and its members. A Register of Directors' Interests is maintained and regularly reviewed, and an annual independence assessment is conducted to ensure this position remains current. The Board conducts its meetings and proceedings to manage any instances of actual or perceived conflict of interest.

Risk management

The Audit & Investment Committee and the Risk & Compliance Committee support the Board in its oversight of risk management. They oversee the status of material risks through the Risk Management Framework which allows material business risks to be identified, assessed and mitigations established.

The risk management model is structured around the Three Lines of Defence which together enable effective risk management across the organisation and support the annual Risk Management Declaration by the Board.

GMHBA has a fully developed Business Continuity Policy and Plan to be invoked in the case of a significant business disruption event. The Crisis Management Team convened twice during 2024 for simulation exercises and a summary of each was reported to the Risk & Compliance Committee. Cyber security remains a particular area of focus for the Board and management.

A comprehensive insurance program provides protection against residual risk exposures.

During 2024 GMHBA continued to implement its integrated risk management system which enables a co-ordinated approach to managing risk across all operational areas. Ongoing refinement and testing of controls within this system will support optimisation of risk management performance.

Risk culture continues to be an area of focus for the Board, with regular updates provided and Risk Champions appointed within all business units. The Risk Culture survey conducted during 2024 indicated continuing improvement in risk culture through risk awareness, risk transparency, risk capability and risk alignment.

Compliance and internal audit

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

The internal audit service provided by EY provides objective assurance and oversight of the Group's control framework. The Board is responsible for approving the program of internal audits to be

conducted each financial year and for the scope of the work to be performed. Internal Audit reports organisationally to the Company Secretary, and to the Audit & Investment Committee. Risks or control weaknesses identified through audits are incorporated into the organisational risk management framework. The Audit & Investment Committee Chair meets regularly with the internal auditor without management.

GMHBA maintains a Fit and Proper Policy to manage the fitness and propriety of its Responsible Persons as required by APRA Prudential Standard CPS510. All Responsible Persons undertook Fit and Proper checking during 2024 with no concerns raised.

Conduct and Ethics

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

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

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

GMHBA publishes a Modern Slavery Statement as required under the Modern Slavery Act, outlining the steps we take to identify, assess and address the risks that modern slavery may be occurring in our operations or supply chains. No material risk was identified in 2024. An uplift in procurement capability and activities has commenced as part of preparation for CPS230.

Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising GMHBA Limited (the Company) and its subsidiaries (the Group) for the financial year ended 30 June 2024 and the auditor's report thereon.

Directors

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

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

* Brian Benger retired as a director on 27 September 2023

**Michael Sammells appointed as a director 16 October 2023

The qualifications, expertise and special responsibilities of Directors are set out on pages 25 to 26 of the Annual Report.

Company members

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

Principal activities

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

The Company, being not for profit, does not earn taxable income and is therefore not subject to income taxation, however certain subsidiaries within the Group are taxable entities (Refer Note 2.10). Total comprehensive profit attributable to the members of the company for the year was $11.306 million (2023: $64.641 million profit- restated under AASB17).

Review of operations

A review of the operations and results of the Group during the financial year are set out in the Chair and CEO's report on pages 13 to 15.

Events subsequent to the end of the financial year

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

(a) The group's operations in future financial years;

(b) The results of those operations in future financial years; or

(c) The Group's state of affairs in future financial years.

Environmental regulations

The Group is not subject to any significant environmental regulation.

Information on Directors

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

Directors	Board		Audit Committee		Investment Committee		Audit and Investment Committee		Risk and Compliance Committee		People and Culture Committee	
	E	A	E	A	E	A	E	A	E	A	E	A
Claire Higgins	9	9	2	2	1	1	3	3	-	3 G	3	3
Brian Benger	1	1	-	-	1	1	-	-	1	-		
Marie Bismark	9	8	-	-	-	-	-	1 G	3	3	3	2
Mike Hirst	9	9	2	2	1	1	3	3	-	-	-	-
Sandy Morrison	9	9	2	2	-	-	-	1 G	3	3	-	-
Denis Napthine	9	9	2	2	-	-	3	3	-	-	3	3
Vicky Papachristos	9	9	-	-	-	-	-	-	3	3	3	2
Michael Sammells	6	5	-	-	-	-	3	2	2	2	-	-

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

* Brian Benger retired as a director on 27 September 2023
*Michael Sammells was appointed as a director on 16 October 2023
*In November 2023 the Audit and Investment Committees were merged to form the Audit & Investment Committee
*In November 2023 Sandy Morrison was appointed Chair of the Risk & Compliance Committee and Denis Napthine was appointed Chair of the People & Culture Committee.

Likely developments

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

Meetings of Directors

The table above sets out the number of meetings of the Company's Directors (including meetings of Committees of Directors) held during the year ended 30 June 2024 and the number of meetings attended by each Director.

Insurance of Officers

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

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

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

For and on behalf of the Board of Directors,

Claire Higgins
Director
GMHBA Limited

Mike Hirst
Director
GMHBA Limited
Chair Audit and Investment Committee

Geelong, 28 August 2024

Lead Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

KPMG

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

To the Directors of GMHBA Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GMHBA Limited for the financial year ended 30 June 2024 there have been:

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

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

28 August 2024

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 ($'000)	Restated 2023 ($'000)
Revenue			
Insurance Revenue	4(a)	637,339	623,545
Insurance services expenses	4(a)	(584,928)	(587,643)
Insurance service result		**52,411**	**35,902**
Other income	4(b)	14,255	12,428
Other expenses	4(d)	(87,046)	(16,426)
Net other expenses		**(72,791)**	**(3,998)**
Investment income			
Interest income		19,743	12,261
Dividends		2,446	2,225
Unrealised investment gains/ (loss)		9,296	20,990
Realised investment gains		5,801	1,249
Total Investment income		**37,286**	**36,725**
Finance and investment expenses	4(c)	(4,309)	(3,560)
Net finance and investment income		**32,977**	**33,165**
Net operating surplus for the year		**12,597**	**65,069**
Net Profit		**12,597**	**65,069**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of property, plant and equipment		(2,338)	(299)
Total comprehensive income for the year		**10,259**	**64,770**
Attributable to			
Members of the Company		11,306	64,899
Non-controlling interests		(1,047)	(129)
		10,259	**64,770**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. Comparatives have been restated as a result of adopting AASB 17

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 ($'000)	Restated 30 June 2023 ($'000)	Restated 1 July 2022 ($'000)
Current assets				
Cash and cash equivalents	3.1	42,530	22,028	21,501
Other receivables	2.1	6,960	6,316	6,219
Investments current	2.2	186,935	117,766	117,439
Other assets	2.3	456	476	365
Total current assets		**236,881**	**146,586**	**145,524**
Non-current assets				
Investments non current	2.2	342,816	347,364	308,796
Property, plant and equipment	2.4	51,812	53,409	51,778
Intangible assets and goodwill	2.4	5,459	21,211	24,385
Other receivables	2.1	578	925	44
Investment property	2.4	58,750	62,500	62,500
Other assets	2.3	3,642	3,252	671
Right of use assets	2.8	3,670	5,679	3,823
Total non-current assets		**466,727**	**494,340**	**451,997**
Total assets		**703,608**	**640,926**	**597,521**
Current liabilities				
Other payables	2.5	72,825	19,345	67,011
Insurance contract liabilities	2.7	120,039	120,577	101,526
Employee benefits provisions	2.11	4,814	4,342	4,456
Lease liability	2.8	894	904	472
Loans and borrowings	2.6	45,819	-	-
Total current liabilities		**244,391**	**145,168**	**173,465**
Non-current liabilities				
Loans and borrowings	2.6	-	45,126	43,000
Lease liability	2.8	4,365	6,073	4,178
Employee benefits provisions	2.11	463	429	463
Total non-current liabilities		**4,828**	**51,628**	**47,641**
Total liabilities		**249,219**	**196,796**	**221,106**
Net assets		**454,389**	**444,130**	**376,415**
Equity				
Retained earnings		439,378	425,734	360,536
Asset revaluation reserve		4,240	6,578	6,877
Total equity attributable to members		**443,618**	**432,312**	**367,413**
Non-controlling interests		10,771	11,818	9,002
Total equity		**454,389**	**444,130**	**376,415**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. Comparatives have been restated as a result of adopting AASB 17

Consolidated statement of changes in equity

For the year ended 30 June 2024

($'000)	Attributable to members of the Company				
	Retained earnings	Asset revaluation reserve	Total	Non-controlling interests	Total
Balance at 30 June 2022 originally presented	290,516	6,877	297,393	9,002	306,395
Adjustment on adoption of AASB17	70,020	-	70,020	-	70,020
Balance at 1 July 2022 (restated)	**360,536**	**6,877**	**367,413**	**9,002**	**376,415**
Profit for the year (restated)	65,198	-	65,198	(129)	65,069
Other comprehensive income	-	(299)	(299)	-	(299)
Total comprehensive income for the year	65,198	(299)	64,899	(129)	64,770
Issue of ordinary units in subsidiary to Non-controlling interests	-	-	-	2,945	2,945
Balance at 30 June 2023 (restated)	**425,734**	**6,578**	**432,312**	**11,818**	**444,130**
Balance at 1 July 2023	**425,734**	**6,578**	**432,312**	**11,818**	**444,130**
Profit for the year	13,644	-	13,644	(1,047)	12,597
Other comprehensive income	-	(2,338)	(2,338)	-	(2,338)
Total comprehensive income for the year	13,644	(2,338)	11,306	(1,047)	10,259
Balance at 30 June 2024	**439,378**	**4,240**	**443,618**	**10,771**	**454,389**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Comparatives have been restated as a result of adopting AASB 17

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 ($'000)	Restated 2023 ($'000)
Cash flows from operating activities			
Insurance revenue		637,042	623,802
Incurred claims		(487,822)	(516,366)
Payments to suppliers and employees		(107,968)	(114,483)
Other income received		12,100	13,561
Net cash inflow from operating activities	**3.1(a)**	**53,352**	**6,514**
Cash flows from investing activities			
Purchase of investments		(240,304)	(198,742)
Purchase of property, plant and equipment and intangible assets		(3,183)	(3,568)
Dividends received		694	791
Interest received		18,837	10,991
Proceeds from sale of financial assets (net of investment fees)		193,181	181,591
Proceeds from sale of PPE		29	5
Net cash (outflow) from investing activities		**(30,746)**	**(8,932)**
Cash flows from financing activities			
Drawdown of borrowings		693	-
Proceeds from issue of units to non-controlling interest		-	2,945
Interest on loans and borrowings		(2,797)	-
Net cash inflow from financing activities		**(2,104)**	**2,945**
Net increase/(decrease) in cash held		20,502	527
Cash and cash equivalents at beginning of the financial year		22,028	21,501
Cash and cash equivalents at end of the financial year	**3.1(b)**	**42,530**	**22,028**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. Comparatives have been restated as a result of adopting AASB 17

Notes to the consolidated financial statements

For the year ended 30 June 2024

1. About this report

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

1.1 Company information
1.2 Basis of accounting
1.3 Basis of measurement
1.4 Use of estimates and judgements
1.5 Comparative information
1.6 Rounding of amounts

1.1 Company information

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

1.2 Basis of accounting

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

The financial statements were authorised for issue by the Board of Directors on 28 August 2024.

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

The directors have assessed the ability of the Group to continue as a going concern and believe that it is appropriate to prepare the financial statements on a going concern basis.

At balance date, the Group faces a net current asset deficiency primarily due to the expiry of the 60 Moorabool Street property debt facility within six months of balance date. The directors of Quintessential Equity 042 Pty Ltd are currently in the process of renegotiating this debt facility and are confident that it will be successfully extended.

1. **Debt Facility Renegotiation:** The directors have initiated discussions with the lender and expect to secure an extension of the debt facility before its expiry, as has been the case in previous years. Refer to note 2.6 for details of this debt facility.
2. **Significant Net Assets:** The Group possesses substantial net assets that provide a strong capital position, mitigating the risks associated with the current asset deficiency.
3. **Financial Instruments:** The Group holds financial instruments classified as non-current assets that can be liquidated if necessary, providing additional liquidity to meet short-term obligations.

Based on these considerations, the directors have a reasonable expectation that the Group has adequate resources to continue as a going concern and consequently, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of measurement

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

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

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

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

(d) Rewards benefit provision carried at present value.

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

1.4 Use of estimates and judgements

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

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

- Valuation of Land and Buildings, Investment Property, and Intangible assets, see note 2.4
- Insurance Contracts Assets and Liabilities and Reward benefit provisions, see note 2.7

It is possible that outcomes within the next financial year that are different from the assumptions above could require a material adjustment to the carrying amount of the assets or liabilities affected.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

1.5 Comparative information

New and amended standards adopted by the Group.

The Group has adopted the following new standards and amendments for the current reporting period commencing 1 July 2023. Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted. Except for those described below, there were no material changes to the financial statements upon adoption of these standards.

AASB 9 Fair value measurement has been adopted with no material changes to presentation or disclosures.

AASB 17 Insurance Contracts (AASB 17) establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, and brings material changes to insurance contract accounting. AASB 17 has been applied using the full retrospective approach, whereby the Group has restated comparative information for 2023 and presented an additional statement of financial position as at 1 July 2022. Material judgements applied by the Group on implementation of AASB 17 are set out below.

Classification

The adoption of AASB 17 did not change the classification of the Company's insurance contracts.

Insurance contracts measurement model

AASB 17 introduces a General Measurement Model (GMM) for the recognition and measurement of insurance contracts. The GMM involves estimating future cash flows and risks from existing policies and taking profit to account over the policy period, adjusting the profit over the life of the contract when actual experience varies from expected.

AASB 17 permits the use of the simplified Premium Allocation Approach (PAA) where either:

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

The Group has concluded that all contracts within the portfolio have a contract boundary of 90 days, and has therefore elected to apply the simplified PAA to all insurance contracts.

Risk Adjustments

Under the PAA, a risk adjustment is recognised on all liability balances for insurance contracts issued. The Group has taken the decision to use a confidence level approach to estimate the risk adjustment for the liability for incurred claims (LIC) that leads to values that are consistent with the margin of prudence previously applied under AASB 1023 (75% probability of adequacy).

For the liability for remaining coverage (LRC), the risk adjustment has been set consistent with the bottom of the target net margin range set out in the Group's Pricing Philosophy.

Insurance Portfolio

AASB 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. As the Group essentially sells one 'health insurance' product line, where cash flows are generally expected to respond similarly in direction and timing to changes in assumptions, and the Group manages the insurance business as one, the Group has determined the health insurance book forms one portfolio.

Onerous contract testing

Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. Further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are either onerous, no material possibility of being onerous and other. There is a presumption under the PAA that no contracts are onerous unless there are clear facts and circumstances that indicate otherwise.
In contemplating the facts and circumstances, the Group has considered information reported to the Board of Directors. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued using the estimated fulfilment cashflows for the group of insurance contracts, using the building blocks approach from the GMM, including allowing for the risk adjustment adopted for the liability for remaining coverage.

The Group has not identified any onerous contracts at 30 June 2024 or at any prior year-end.

Acquisition costs

The Group incurs costs to acquire and establish members. These costs include commission paid to intermediaries. With the adoption of AASB 17 the Group elected to expense all commission costs as incurred. Upon transition to the new standard, the deferred acquisition cost balance has been de-recognised with a corresponding adjustment to retained earnings. Comparatives have been re-stated accordingly.

1.6 Rounding of amounts

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

2. Member assets

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

2.1 Trade and other receivables
2.2 Investments
2.3 Other assets
2.4 Property, plant and equipment, and intangible assets
2.5 Other payables
2.6 Loans and borrowings
2.7 Insurance contract assets and liabilities
2.8 Right of use assets and lease liabilities
2.9 Fair value measurement
2.10 Taxes
2.11 Employee benefits provisions

2.1 Other receivables

Accounting Policies

Other receivables

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

Other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Accrued investment income	2,333	1,528
Prepayments	2,631	2,647
Other debtors	1,996	2,141
Total Other receivables - current	6,960	6,316
Prepayments – non-current	578	925
Total Other receivables	**7,538**	**7,241**

2.2 Investments

Accounting Policies

Investments comprise financial assets held to back insurance contract liabilities. All investments are managed, and performance is evaluated on a fair value basis for both external and internal reporting purposes in accordance with a documented investment management strategy. All carrying amounts for measurement categories reported under AASB 9 match carrying amounts under the previously adopted AASB 139.

All investments are recorded at fair value through profit or loss upon initial recognition under AASB 9, fair value being the cost of acquisition excluding transaction costs. They are subsequently remeasured to fair value at each reporting date. Changes in the fair value from the previous reporting date (or cost of acquisition excluding transaction costs if acquired during the financial period) are recognised as realised or unrealised investment gains or losses in profit or loss. Purchases and sales of investments are recognised on a trade date basis, being the date on which a commitment is made to purchase or sell the asset.

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

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

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Current		
Term deposits	140,886	108,325
Bonds	46,049	9,441
At fair value	**186,935**	**117,766**
Non-current		
Equity securities	116,956	103,840
Term Deposits	-	987
Bonds	192,486	210,503
Unlisted Funds	33,374	32,034
At fair value	**342,816**	**347,364**

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

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.3 Other assets

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Current		
Inventory	456	476
Non-current		
Lease Incentive Asset	3,642	3,252
Total Other assets	**4,098**	**3,728**

2.4 Property, plant and equipment, and intangible assets

Accounting Policies

Property, plant and equipment

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

Investment Property

The Group owns land and buildings at 60 Moorabool Street that are held for administrative purposes as well as income and capital growth. The proportion of the building used for administrative purposes has been classified as land and buildings within Property Plant & Equipment, with the remainder separately disclosed as Investment Property in the Consolidated Statement of Financial Position. Total underlying asset value at 30 June 2024 is $94m. External valuations were performed on this asset as at 30 June 2024 which resulted in a reduction to the carrying amount of $6m. The basis of measurement is consistent between the two classes (refer note 2.9). Revaluation gains/(losses) on the investment property component are shown in investment income within profit or loss, with revaluation gains/(losses) on the Land and Buildings component being shown in Other Comprehensive income.

Land held at Armstrong Creek is recorded at fair value. External valuations were performed on 30 June 2023 and are due to be performed again on 30 June 2026.

Recoverable amount of non-current assets

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

Depreciation

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

Intangible assets – health.com.au customer list

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

Amortisation is calculated on a straight line basis over the useful life of the asset and recognised through profit or loss.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful life of software is between 3 and 10 years.

Intangible assets – Goodwill

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

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

Goodwill

The Board has recently approved a comprehensive Health Services strategy, emphasizing several key pillars aimed at enhancing the performance of the division as a whole. As a result of this change in strategy, a review of the CGUs has been undertaken and the CGU has been updated to the total Division. Changing the CGU level to the total division is a strategic move that aligns our impairment testing with the updated Health Services strategy. It reflects the integrated nature of our operations and supports a unified approach to performance management and decision-making. By implementing this change, we enhance the accuracy and relevance of our financial reporting, providing a true representation of our business performance and supporting our long-term strategic goals. As a result of this change, existing goodwill has been tested for impairment and resulted in all goodwill being impaired.

In addition, the Frank goodwill has also been fully impaired due to the recoverable amount being assessed against the carrying value of the net assets. Below is a CGU level summary of the Group's goodwill balance and the key assumptions made in determining the recoverable amounts on 30 June 2024.

Division	Goodwill allocation ($'000) 2024	Restated 2023
Frank	-	9,895
Health Services Division	-	4,675
	-	**14,570**

Inputs and key assumptions used for recoverable amount calculations

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

Growth rate Frank: 1.0% Health Services Division: 2.0%	The growth rates represent the weighted average growth rate used to extrapolate cash flows beyond the budget period. The growth rates are determined by considering the past and expected future growth rates, as well as external sources of data. Growth rates do not exceed the long term average growth rate of the industries in which the CGU's operate.
Discount rate Frank: 10.0% Health Services Division: 2.0%	In performing the recoverable amount calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect specific risks relating to the relevant CGU.
Cash flows	Future cash flows have been estimated based on Forecast revenue and expenses of the CGU, including: • Estimated change in the number of customers and changes in future revenue; • Estimated gross margins and sales volumes; and • Forecast claims, cost of sales and operating expenses.

The impairment testing resulted in an impairment loss being recognised in the Health Services division of $4,675k (2023 $1,241).This charge is reflected in other expenses within profit or loss. Following the impairment losses recognised in this CGU, the recoverable amount was equal to the carrying amount and there is no further goodwill remaining.

An impairment loss was also recognised in the Frank division with respect to the goodwill on the purchase of health.com.au of $9,895k (2023 $Nil). This charge is reflected in other expenses within profit and loss. Following the impairment losses recognised in this CGU, the recoverable amount was equal to the carrying amount and there is no further goodwill remaining.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.4 Property, plant and equipment, and intangible assets (continued)

Financial disclosure

Reconciliation of carrying amount – Property, plant and equipment

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

	Investment property ($'000)	Land & buildings ($'000)	Furniture & fittings ($'000)	Office equipment ($'000)	Motor vehicles ($'000)	Capital WIP & development costs[3] ($'000)	Total ($'000)
Depreciation rate	0.0%	0.0% - 1.5%	10.0%	15.0-40.0%	22.5%	0.0%	
Cost (or valuation as applicable)	62,500	41,293	9,072	6,126	7	712	119,710
Accumulated depreciation	-	-	(2,223)	(3,202)	(7)	--	(5,432)
Carrying amount at 1 July 2022	**62,500**	**41,293**	**6,849**	**2,924**	**-**	**712**	**114,278**
Additions	187	112	582	521	24	2,126	3,552
Disposals[1]	-	-	-	(1)	(0)	-	(1)
Depreciation[2]	-	-	(624)	(995)	(2)	-	(1,621)
Revaluation	(187)	(112)	-	-	-	-	(299)
Transfers	-	-	-	21	-	(21)	(0)
Cost	62,500	41,293	9,654	6,667	24	2,817	122,955
Accumulated depreciation	-	-	(2,847)	(4,197)	(2)	-	(7,046)
Restated amount at 30 June 2023	**62,500**	**41,293**	**6,807**	**2,470**	**22**	**2,817**	**115,909**
Additions	146	88	346	674	-	1,743	2,997
Disposals[1]	-	-	-	(27)	-	-	(27)
Depreciation[2]	-	-	(773)	(1,284)	(3)	-	(2,060)
Revaluation	(3,896)	(2,338)	-	-	-	-	(6,234)
Transfers	-	-	1,177	754	-	(1,954)	(23)
Cost	58,750	39,043	11,177	7,807	24	2,606	119,407
Accumulated depreciation	-	-	(3,620)	(5,220)	(5)	-	(8,845)
Carrying amount at 30 June 2024	**58,750**	**39,043**	**7,557**	**2,587**	**19**	**2,606**	**110,562**

1. Balances shown net of accumulated depreciation.
2. Includes depreciation attributable to health services activities.
3. 2024 Development costs include capitalised costs for Geelong Health Hub fitout and other Health sites uplift in progress

Reconciliation of carrying amount – intangible assets

	Goodwill ($'000)	health.com.au customer list ($'000)	License fee ($'000)	Software ($'000)	Domain names ($'000)	Total ($'000)
Amortisation rate	0.0%	7.7%	5.0%	10.0 – 30.0%	0.0%	
Carrying amount at 30 June 2022	**15,811**	**6,304**	**70**	**1,929**	**271**	**24,385**
Additions	-	-	-	16	-	16
Disposals at written down value	-	-	-	-	-	-
Amortisation[1]	-	(1,260)	(18)	(671)	-	(1,949)
Transfers	-	-	-	-	-	-
Impairments	(1,241)	-	-	-	-	(1,241)
Cost	14,570	13,882	312	5,934	271	34,969
Accumulated Amortisation	-	(8,838)	(260)	(4,660)	-	(13,758)
Restated amount at 30 June 2023	**14,570**	**5,044**	**52**	**1,274**	**271**	**21,211**
Additions	-	-	-	186	-	186
Disposals at written down value	-	-	-	-	-	-
Amortisation[1]	-	(722)	(16)	(653)	-	(1,391)
Transfers	-	-	-	23	-	23
Impairments	(14,570)	-	-	-	-	(14,570)
Cost	-	13,882	312	6,143	271	20,608
Accumulated Amortisation	-	(9,560)	(276)	(5,313)	-	(15,149)
Carrying amount at 30 June 2024	**-**	**4,322**	**36**	**830**	**271**	**5,459**

1. Includes amortisation attributable to health services activities

2.5 Other payables

Accounting Policies

Other payables

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

Return to Members provision

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

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Creditors and accruals	5,126	4,456
Return to member provision	67,699	14,889
	72,825	**19,345**

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.6 Loans and borrowings

Accounting Policies

The Group has an investment loan secured against 60 Moorabool Street with a facility expiry on 29 November 2024 and a variable interest rate (6.11% at balance date). The loan had a carrying amount of $45.8m at balance date, with a total facility limit of $48.75m. There have been no breaches of covenant ratios. Directors of Quintessential Equity 042 Pty Ltd are currently negotiating a refinance of the bank loan and at balance date it is considered a current liability due to this process being ongoing.

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Secured bank loan	45,819	45,126
	45,819	**45,126**

2.7 Insurance contract assets and liabilities

Accounting Policies

Insurance contracts

Under AASB 17 Insurance Contracts (AASB 17), the Group has taken the option to apply the Premium Allocation Approach (PAA) to all insurance contracts on the basis that all of its insurance contacts meet the eligibility requirements.

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

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

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group that it expects to collect from premiums and pay out for claims, benefits and expenses. When determining the contract boundary, judgement is used to determine when the Group is capable of repricing the entire contract to reflect the reassessed risks and when the premiums reflect risks beyond the coverage period. After consideration, the Group has set the contract boundary at 90 days.

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

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

Insurance Risk Management

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

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

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

Liability for remaining coverage

The liability for remaining coverage (LRC) under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs deferred, plus the rewards liability. Subsequent to initial recognition, the LRC is amortised to recognise the revenue and insurance expenses (insurance acquisition cash flows) on a passage of time basis over the coverage period. For the contracts that apply the simplified approach and have a coverage period of one year or less, the Group has the option to expense directly attributable acquisition costs as incurred, as opposed to deferring and amortising directly attributable acquisition costs over the coverage period of the insurance contract. The Group has elected to expense directly attributable acquisition costs as incurred.

Insurance contract liabilities are not discounted as the effect of accounting for the time value of money on amounts expected to be paid or received one year or less from the date of claims being incurred is considered immaterial.

The risk adjustment on the LRC has been set consistent with the bottom of the target net margin range set out in the Group's Pricing Philosophy.

The premium receivable as at 30 June 2024 consists of:

(i) Unclosed premium earned – this represents premiums in arrears measured up to 30 June 2024; and

(ii) Unclosed premium unearned – forecast premiums receivable from policyholders at 30 June 2024.

Insurance revenue

Insurance revenue for the period comprises the amount of expected premium receipts (excluding any investment component) allocated over the coverage period of the group of insurance contracts based on the basis of the passage of time. Insurance revenue is recognised in the consolidated statement of profit or loss and other comprehensive income from the date of attachment of insurance risk, as soon as there is a basis on which it can be reliably measured. Revenue is recognised in accordance with the pattern of the incidence of risk expected over the term of the contract.

The proportion of premium received, or receivable not earned in the consolidated statement of profit or loss and other comprehensive income at the reporting date is recognised in the consolidated statement of financial position as unearned premium liability. Forecast premiums receivable from policyholders at 30 June 2024 are recognised as unclosed business premiums.

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

Liability for incurred claims

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

The risk adjustment in the LIC is an estimate of the compensation required for bearing the uncertainty about the amount and timing of the insurance contract cash flows arising from non-financial risk. The Group estimates the risk adjustment using a confidence level approach that leads to values consistent with the margin of prudence previously applied under AASB 1023 (i.e. a probability of adequacy of 75%). The level is set based on the historic accuracy of initial estimation to ultimate claims, in order to mitigate the degree of uncertainty attached to the underlying liability to an appropriate degree of confidence. The risk adjustment adopted is 5.5%, (2023: 5.5%).

Outstanding claims

The liability for outstanding claims provides for claims received but not assessed and claims incurred but not received. The liability is based on an actuarial assessment considering historical patterns of claim incidence and processing (chain ladder method). Changes in claims estimates are recognised in profit or loss in the reporting period in which the estimates are changed. Outstanding claims are not discounted as they are usually settled within six months of the reporting date.

The liability also allows for an estimate of claims handling costs which include internal and external costs incurred in connection with the negotiation and settlement of the claims and any part of the general administrative costs directly attributable to the claims function. The allowance for the claims handling cost at 30 June 2024 is 1.7% (2023: 1.3%) of the claim's liability.

Risk Equalisation Special Account

Under the provisions of the Private Health Insurance Act 2007, all eligible registered health insurers must participate in the RESA. The quarterly risk equalisation scheme transfers risk between private health insurers within each Risk Equalisation jurisdiction (State or Territory). Private health insurers that have paid 'eligible benefits' at a rate per single equivalent unit (SEU) less than average, pay into the RESA for that jurisdiction, while private health insurers that have paid 'eligible benefits at a rate per SEU more than the average paid in the Risk Equalisation jurisdiction receive from the RESA.

The amounts payable to and receivable from the RESA are determined by APRA after the end of each quarter. Estimated provisions for amounts payable and income receivable are recognised on an accruals basis. Historically, the Company has paid eligible benefits below the average and therefore had a RESA liability for an amount payable.

Reward benefits

The Company operated a reward benefits entitlement program for certain eligible Fund members. Fund members would receive an additional annual allocation of hospital benefits as long as their eligible cover is maintained. Further reward allocations ceased under the Frank program after 30 April 2022, with members able to utilise their entitlement until 31 October 2024.

Provision is made for the future liability for claims under the Rewards entitlements. The Group has provided for the total eligible benefit to combined Fund members as at 30 June 2024 with due allowance for expected timing and amounts of payments, and foregone benefit entitlements on the basis that it is likely that not all Fund members will use their full entitlement. The provision is reflective of the expected net cost to the Group, after Risk Equalisation. For the Frank program, the provision is currently $327,000 – 6% of the reward entitlement (2023: 13% of the reward entitlement) and this provision is expected to reduce to nil during FY25 given entitlements cannot be used after 31 October 2024.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.7 Insurance contract assets and liabilities (continued)

a) Insurance contracts balance sheet composition

Insurance contracts issued	**30-Jun-24 $m**	**Restated 30-Jun-23 $m**
Total Insurance contracts liabilities	120,039	120,577
Net Insurance contracts liabilities	120,039	120,577
Made up of:		
Insurance contracts liabilities		
-liability for remaining coverage (LRC)		
-unearned premium cashflows	41,754	42,239
-private health insurance premium reduction scheme receivable	4,040	3,600
-rewards liabilities	327	579
	46,121	**46,418**
-liability for incurred claims (LIC)		
- outstanding claims	65,886	62,611
- claims processed not yet paid and RESA payable	7,609	11,087
- ambulance levies payable	423	461
	73,918	**74,159**

b) Insurance contract reconciliation of the liability for remaining coverage and the liability for incurred claims

$m	**Liabilities for remaining coverage**	**Liability for incurred claims**	**Total**
	Excluding loss component	**Estimate of PV of future cash flows**	
Insurance contract liabilities at 1 July 2023	**46.4**	**74.2**	**120.6**
Insurance revenue	(637.3)	-	(637.3)
Incurred claims and other expenses	-	586.1	586.1
Changes that relate to past service	-	(1.2)	(1.2)
Insurance service result	**(637.3)**	**584.9**	**(52.4)**
Total amounts recognised in statement of P&L and OCI	**(637.3)**	**584.9**	**(52.4)**
Cash flows			
Premiums received	637.0		637.0
Claims and other expenses	-	(585.2)	(585.2)
Total cash flows	**637.0**	**(585.2)**	**51.8**
Insurance contract liabilities at 30 June 2024	**46.1**	**73.9**	**120.0**

$m	**Liabilities for remaining coverage**	**Liability for incurred claims**	**Total**
	Excluding loss component	**Estimate of PV of future cash flows**	
Insurance contract liabilities at 1 July 2022	**46.1**	**55.4**	**101.5**
Insurance revenue	(623.5)	-	(623.5)
Incurred claims and other expenses	-	588.1	588.1
Changes that relate to past service	-	(0.5)	(0.5)
Insurance service result	**(623.5)**	**587.6**	**(35.9)**
Total amounts recognised in statement of P&L and OCI	**(623.5)**	**587.6**	**(35.9)**
Cash flows			
Premiums received	623.8		623.8
Claims and other expenses	-	(568.8)	(568.8)
Total cash flows	**623.8**	**(546.4)**	**55.0**
Insurance contract liabilities at 30 June 2023	**46.4**	**74.2**	**120.6**

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.8 Right of use assets and lease liabilities

Accounting Policies

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

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at the date of lease commencement or modification. The weighted average rate applied is 5.46% (2023: 3.18%).

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
The following is a schedule by years of future minimum rental payments required under operating leases that have non-cancellable lease terms in excess of one year as at 30 June 2024.		
Due		
Not later than one year	894	904
Later than one year but not later than five years	4,365	6,073
	5,259	**6,977**
Right of use asset		
Right of use asset balance at 1 July	5,679	3,823
Additions to right of use asset	-	2,781
Derecognition of right of use asset	(1,006)	-
Depreciation of ROU asset	(1,003)	(925)
Balance at 30 June 2024	**3,670**	**5,679**
Amounts recognised in the profit of loss		
Depreciation of ROU asset	1,003	925
Interest on Lease Liability	312	324
Total expense	**1,315**	**1,249**
Amounts recognised in the statement of cash flows		
Lease payments made	**1,385**	**1,171**
Variable lease payments not included in the above calculation of lease liability	**313**	**313**
Total cash outflow	**1,698**	**1,484**

2.9 Fair value measurement

Accounting Policies

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

Term deposits

The fair value of term deposits is is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a market interest rate. These investments are held for a set term and rolled over at maturity.

Equity securities and unlisted securities

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

Bonds

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

Land and buildings and Investment property

The Group uses accredited independent valuers to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. A full valuation of land and buildings is performed at intervals not greater than three years, with valuations on the land at Armstrong Creek having been performed in 2023, and the building at 60 Moorabool street having been performed during the current year. A reduction in the carrying value of 60 Moorabool street of $6m to fair value was required. The next valuations are expected to be performed no later than 30 June 2026. Increments/decrements from the revaluation of the Group's land and buildings are reflected in the asset revaluation reserve. Increments/decrements from the revaluation of the Group's Investment Property are reflected in investment income within profit and loss.

Fair value hierarchy

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

Level 1 - quoted prices

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

Level 2 - other observable inputs

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

Level 3 - unobservable inputs

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

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.9 Fair value measurement (continued)

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
30 June 2024				
Cash and cash equivalents	42,530			42,530
Term deposits	140,886			140,886
Equity securities	116,956			116,956
Unlisted funds		33,374		33,374
Bonds		238,535		238,535
Land and buildings			39,043	39,043
Investment property			58,750	58,750
Total	**300,372**	**271,909**	**97,793**	**670,074**
30 June 2023 - Restated				
Cash and cash equivalents	22,028	-	-	22,028
Term deposits	109,312	-	-	109,312
Equity securities	103,840	-	-	103,840
Unlisted funds	-	32,034	-	32,034
Bonds	3,899	216,045	-	219,944
Land and buildings	-	-	41,293	41,293
Investment property	-	-	62,500	62,500
Total	**239,079**	**248,079**	**103,793**	**590,951**

Valuation technique and unobservable inputs for level 3

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

2.10 Taxes

Accounting Policies

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets have been recognised at 30 June 2024.

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

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

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

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Reconciliation of effective tax rate		
Profit for the year attributable to the Company	10,259	64,770
Total tax expense	-	-
Profit/(loss) excluding tax	**10,259**	**64,770**
Tax using the Company's domestic tax rate of 30%	3,078	19,431
Tax effect of tax exempt profits of GMHBA Limited[1]	(4,320)	(19,199)
Tax effect of Profits of QE 042 Trust, taxable in the hands of beneficiaries	1,654	204
Tax effect of intra group lease adjustments arising on consolidation	(426)	(450)
Current year losses for which no deferred tax asset was recognised	14	14
	-	**-**

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

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

2.11 Employee benefits provisions

Accounting Policies

Salaries and wages and annual leave

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

Long service leave

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

Financial Disclosure	2024 ($'000)	Restated 2023 ($'000)
Current		
Employee annual leave	2,567	2,308
Employee long service leave	2,247	2,034
	4,814	**4,342**
Non-current		
Employee long service leave	463	429
	463	**429**

3 Capital management

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

3.1 Cash flows
3.2 Management of financial risks
3.3 Management of insurance risks

Capital Management

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

The Group's objectives when managing capital are to safeguard our ability to continue as a going concern, so that we can continue to provide benefits for stakeholders by protecting members' funds.

The Group's health benefits fund will maintain sufficient capital to meet minimum capital requirements under stressed conditions with a low probability of having insufficient capital to act as a buffer against the financial impacts of a severe but plausible stress event. Capital is monitored against minimum capital requirements to comply with APRA's solvency and capital adequacy standards. The standard consists of a requirement to hold a prescribed level of cash and mandates a liquidity management plan. Private health insurers are required to have, and comply with, a Board endorsed Capital Management Policy and Liquidity Management Plan.

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

The Liquidity Management Plan sets minimum liquidity requirements of the health benefits fund and describe the actions the fund will perform in order to maintain liquidity.

The Capital Management Plan establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with the Board's attitude to and tolerance for risk. The internal capital target ensures GMHBA has a minimum level of capital given certain stressed capital scenarios.

The parent entity of the Group, and registesred private health insurer, is compliant with APRA's new capital framework for private health insurers that took effect from 1 July 2023. The surplus over prescribed capital amount for the APRA regulated parent entity based on current APRA capital standards at 30 June 2024 are as follows:

Currency: AUD '000	**2024**
Capital Base	
Accounting Net Assets (Note 5.6)	430,059
Regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	3,210
Common Equity Tier 1 Capital	**433,269**
Additional Tier 1 Capital	-
Regulatory adjustments applied in calculation of Add. Tier 1 Capital	-
Tier 2 Capital	-
Regulatory adjustments applied in calculation of Add. Tier 2 Capital	-
Total Capital Base	**433,269**
Prescribed Capital Amount	
Insurance Risk Charge	73,007
Asset Risk Charge	95,885
Asset Concentration Risk Charge	-
Operational Risk Charge	12,746
Less: Aggregation Benefit	(37,271)
Tax benefits	-
Total Prescribed Capital Amount	**144,367**
Capital Surplus (Total Capital Base minus Total Prescribed Capital Amount)	**288,902**
Capital Adequacy Multiple (Total Capital Base divided by Total Prescribed Capital Amount)	**3.00**

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

3.1 Cash flows

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

(a) Reconciliation of net cash provided by operating activities to profit:	**2024 ($'000)**	**Restated 2023 ($'000)**
Profit/(loss) for the year	10,259	64,770
Realised investment gains	(5,801)	(1,249)
Depreciation and amortisation	3,451	3,569
Impairments and loss on disposal of PPE and intangibles	14,541	1,236
Unrealised investment (gain)/loss	(9,296)	(20,990)
Interest and dividends received (net of investment fees)	(18,332)	(11,782)
Interest expense capitalised	-	2,206
Revaluation of Investment Property/PPE	2,338	299
Interest on loans and borrowings	2,797	-
(Increase)/decrease in operating assets		
Other receivables	508	-
Other assets and investments	(852)	(672)
Right of use assets	2,009	(4,437)
Increase/(decrease) in operating liabilities		
Other payables	53,480	(47,666)
Insurance contract liabilities	(538)	19,051
Employee benefits	506	(148)
Lease liabilities	(1,718)	2,327
Net cash inflow from operating activities	**53,352**	**6,514**

(b) Reconciliation of cash

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

	2024 ($'000)	**Restated 2023 ($'000)**
Cash on hand	2	2
Cash at bank	42,528	22,026
	42,530	**22,028**

3.2 Management of financial risks

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

(a) Market Risk

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

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

(i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to currency risk via its investments in international equities that are denominated in a currency other than the respective functional currency of the Group, the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are Euro, CHF, USD, and GBP with the investment carried at fair value with gains and losses through profit or loss. The Group carries a small amount of cash in foreign currency for the purpose of settling trades of international equities.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

3.2 Management of financial risks (continued)

(a) Market Risk

(i) Currency risk

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

	30 June 2024					Restated 30 June 2023				
($'000 AUD)	Euro	USD	GBP	JPY	Other	Euro	USD	GBP	JPY	Other
Equities	8,246	67,324	3,267	-	-	11,670	54,168	3,155	-	-
Cash	310	146	331	-	9	212	533	107	4	10
Net statement of financial position exposure	**8,556**	**67,470**	**3,598**	**-**	**9**	**11,882**	**54,701**	**3,262**	**4**	**10**

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

	2024 ($'000)		Restated 2023 ($'000)	
	+10%	-10%	+10%	-10%
Euro to AUD	(778)	951	(1,080)	1,320
CHF to AUD	(1)	1	(1)	1
USD to AUD	(6,134)	7,497	(4,973)	6,078
GBP to AUD	(327)	400	(297)	362

(ii) Interest Rate Risk

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

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

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

			Fixed interest maturing in:				
2024	**Note**	**Variable interest rate ($'000)**	**1 year or less ($'000)**	**Over 1-5 years ($'000)**	**Over 5 years ($'000)**	**Non-interest bearing ($'000)**	**Total ($'000)**
Financial assets							
Cash	3.1	41,426	-	-	-	1,104	42,530
Other receivables	2.1					7,538	7,538
Term deposits	2.2	-	140,886	-	-	-	140,886
Equity securities	2.2	-	-	-	-	116,956	116,956
Bonds	2.2	220,978	-	9,197	8,360	-	238,535
Unlisted funds	2.2	-	-	-	-	33,374	33,374
		262,404	**140,886**	**9,197**	**8,360**	**158,972**	**579,819**
Weighted average interest rate %		4.79%	4.92%				
Financial liabilities							
Other payables	2.5	-	-	-	-	72,825	72,825
Loans and borrowings	2.6	45,819	-	-	-	-	45,819
		45,819	-	-	-	72,825	118,644
Net financial assets		**216,585**	**140,886**	**9,197**	**8,360**	**86,147**	**461,175**

			Fixed interest maturing in:				
2023 - Restated	**Note**	**Variable interest rate ($'000)**	**1 year or less ($'000)**	**Over 1-5 years ($'000)**	**Over 5 years ($'000)**	**Non-interest bearing ($'000)**	**Total ($'000)**
Financial assets							
Cash	3.1	21,733	-	-	-	295	22,028
Other receivables	2.1	-	-	-	-	7,241	7,241
Term deposits	2.2	-	108,325	987	-	-	109,312
Equity securities	2.2	-	-	-	-	103,840	103,840
Bonds	2.2	203,218	-	8,820	7,906	-	219,944
Unlisted funds	2.2	-	-	-	-	32,034	32,034
		224,951	**108,325**	**9,807**	**7,906**	**143,410**	**494,399**
Weighted average interest rate %		4.66%	4.37%				
Financial liabilities							
Other payables	2.5	-	-	-	-	19,345	19,345
Loans and borrowings	2.6	45,126	-	-	-	-	45,126
		45,126	-	-	-	19,345	64,471
Net financial assets		**179,825**	**108,325**	**9,807**	**7,906**	**124,065**	**429,928**

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

3.2 Management of financial risks (continued)

(a) Market risk

(ii) Interest rate risk

The following table illustrates the sensitivity on net profit for the year ended 30 June 2024 to a reasonably possible change in interest rates of +/-2% (2023: +/- 2%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at balance sheet date, with all other variables held constant.

	2024 ($'000)		Restated 2023 ($'000)	
Net result	+2%	-2%	+2%	+2%
Fair value risk				
Fixed rate instruments				
Term deposits	(1,010)	1,041	(970)	1,002
Bonds	(1,399)	1,399	(1,472)	1,472
Cash flow risk				
Variable rate instruments				
Cash	4,771	(4,771)	4,399	(4,399)
Bonds	4,373	(4,373)	4,057	(4,057)
Bank Loan	(916)	916	(903)	903

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

(iii) Price Risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market. At 30 June 2024 the Group's investments are composed of term deposits, bonds, equities and unlisted real estate trusts. The Group holds its term deposits to maturity and does not trade these investments.

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

A 10% decrease in the price of listed and unlisted equities within the equity portfolio would result in a loss of $15.0m. A 10% increase in the price of listed and unlisted equities within the equity portfolio would result in a gain of $15.0m. The unrealised gain or loss would be recognised as a fair value movement and disclosed in the statement of profit or loss and other comprehensive income.

(b) Credit Risk

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

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

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

The *Standard & Poor's (S&P's)* credit rating as at 30 June 2024 for the term deposits of $140.9m, bonds of $238.5m and cash of $42.5m, which represents its maximum credit exposure on these assets, is as follows:

Term deposits		Bonds		Cash	
S&P credit rating	% of portfolio	S&P credit rating	% of portfolio	S&P credit rating	% of portfolio
AAA	-	AAA	3%	AAA	-
AA+	-	AA+	-	AA+	-
AA	-	AA	3%	AA	-
AA-	-	AA-	15%	AA-	-
A-1+	55%	A+	14%	A-1+	95%
A-1	-	A	4%	A-1	-
A-2	45%	A-	33%	A-2	-
		BBB+	25%		
		BBB	1%		
		BBB-	2%		
Unrated	-	Unrated	-	Unrated	5%

The table on the previous page details the percentage of the Group's term deposits, bonds and cash investment portfolio, based on the number of deposits held and the S&P credit rating as at 30 June 2024.

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

(c) Liquidity Risk

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

Financial liabilities comprise other payables and a loan facility at the reporting date. The balance of other payables of $72.83m (2023: $19.35m) is gross and undiscounted and has committed cash flows of 6 months or less and exclude the impact of netting agreements. Detail about the loan balance of $45.8m (2023 $45.1m) is outlined in note 2.6. Details about the lease liability of $0.9m (2023 $0.9m) is outlined in note 2.8.

3.3 Management of Insurance risks

Health insurance activities

The Group is predominantly involved in the underwriting of private health insurance risks and the management of related claims.

Concentration of health insurance risk

The Group writes individual health insurance contracts for two classes of health insurance businesses, hospital and ancillary. Whilst the Group has a higher concentration of policies in the Geelong region, the types of business written are not expected to create significant exposure or concentrations of risk because contracts written cover a large volume of policyholders across a number of states.

Risk management objectives and policies for mitigating insurance risk

The Group has an objective to manage insurance risk while ensuring that products are offered at an affordable price to its members and maintaining capital at appropriate levels. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, underwriting profits from a private health insurance business are significantly impacted by industry factors, in particular, the regulatory environment in which it operates.

Key aspects of the processes established to mitigate risks include:

- Monitoring monthly financial and operational results, including portfolio profitability and prudential capital requirements;
- Claims management, to ensure correct payment of claims in accordance with policy conditions and provider contracts;
- Actuarial models, using past experience and statistical methods to monitor claims patterns and to determine appropriate pricing for premiums; and
- Hospital claim cost management through commercial negotiations with hospital service providers, and claims cost management through monitoring and amending benefit structures.

Terms and conditions of insurance business

The Private Health Insurance (Prudential Supervision) Act 2015 (Cth) governs the regulations of private health insurance operations in Australia. The Act imposes many requirements which effectively limit the range of products that may be offered, define categories of membership and insurance coverage, waiting periods, price controls and ensure that all contracts issued by private health insurers are subject to the principles of community rating whereby health insurers must charge the same premium for everyone regardless of individual risk associated with age, gender, health status or claims history.

Insurance risk impact of changes in key variables

The key variables in the measurement of the liability for incurred claims include the claims central estimate (including risk equalisation), claims handling expenses and risk adjustment. A 10% increase/decrease in the claims central estimate would result in a $6.4 million decrease/increase to profit and equity (2023: $6.0 million). A 1% increase/decrease in the risk adjustment would result in a $0.4 million decrease/increase to profit and equity (2023: $0.4 million). A 1% movement in other key variables would result in an insignificant change to profit and equity.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

4 Profit and Loss analysis

4(a) Insurance service result

		2024 $'000	Restated 2023 $'000
Insurance revenue		637,339	623,545
Insurance service expenses			
Incurred claims		513,380	517,702
Other insurance service expenses	4(d)	71,548	69,941
Total insurance service expenses		**584,928**	**587,643**
Total insurance service result		**52,411**	**35,902**

4(b) Other income

	2024 $'000	Restated 2023 $'000
Commission on sale of insurance products	35	50
Health business operations	11,919	11,685
GMHBA share of controlled entity operations	2,301	693
Total other income	**14,255**	**12,428**

4(c) Finance and investment expenses

	2024 $'000	Restated 2023 $'000
Lease liability interest expense	312	324
Loan interest and other borrowing costs	2,797	2,206
Investment management fees	1,200	1,030
Total finance and investment expenses	**4,309**	**3,560**

4(d) Expenses by nature

30 June 2023 - Restated

Nature of expense	Directly attributable insurance expenses	Non-insurance operating expenses	Total
Cost of sales	-	5,400	5,400
Employee benefits	32,355	6,709	39,064
Depreciation	2,530	328	2,858
Amortisation	1,949	-	1,949
Impairment/Goodwill write-off	-	1,241	1,241
Property	-	758	758
Marketing	11,271	321	11,592
Professional fees	4,271	325	4,596
IT and communications	8,277	80	8,357
Commissions	4,957	-	4,957
Other expenses	4,331	1,264	5,595
Total expenses	**69,941**	**16,426**	**86,367**

30 June 2024

Nature of expense	Directly attributable insurance expenses	Non-insurance operating expenses	Total
Cost of sales	-	5,790	5,790
Employee benefits	34,941	8,459	43,400
Depreciation	1,482	578	2,060
Amortisation	1,387	4	1,391
Impairment/Goodwill write-off	-	14,570	14,570
Property	-	1,657	1,657
Marketing	10,505	390	10,895
Professional fees	4,690	901	5,591
IT and communications	8,723	108	8,831
Commissions	4,729	-	4,729
Other expenses*	5,091	54,589	59,680
Total expenses	**71,548**	**87,046**	**158,594**

*includes $52,812k expense for member give-back

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

4(e) Key management personnel remuneration

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

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

Directors

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

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

Compensation of key management personnel - Directors

	2024 ($)	Restated 2023 ($)
Short term benefits	793,015	764,083

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

Compensation of key management personnel - Management

	2024 ($)	Restated 2023 ($)
Short term benefits	2,893,127	2,640,309

Management includes the Chief Executive Officer and seven other Executive Managers. No long-term benefits or termination benefits were paid to Management during the year.

5 Other important information

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

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

5.1 Auditor's remuneration

Financial Disclosure	2024 ($)	Restated 2023 ($)
Audit and review of financial reports and other regulatory returns	320,821	227,221
	320,821	**227,221**

5.2 New accounting standards

There are no new or amended standards or interpretations that have been identified which may impact the Group in the period of initial application but have not been applied in preparing this financial report.

5.3 Company information

GMHBA Limited is a public company limited by guarantee. The constitution states that if the Company is wound up each Company member or any person who has been a Company member within 12 months before winding up commenced is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company. At 30 June 2024 the number of Company members was 7.

5.4 Controlled entities

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

Name	Principal place of business	Ownership interest	
		2024	Restated 2023
health.com.au Pty Ltd*	Victoria, Australia	-	100%
GMHBA Services Pty Ltd*	Victoria, Australia	-	100%
GMHBA Armstrong Creek Unit Trust	Victoria, Australia	100%	100%
GMHBA Land Co Pty Ltd	Victoria, Australia	100%	100%
QE042 Trust	Victoria, Australia	81%	81%

*wound up 12 July 2023

5.5 Related parties

The Group has dealings with a related party of the QE 042 Trust. Payments made to this entity for the year ended 30 June 2024 were:

- Trust management fees were $662k, with the amount included in Other expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Other property expenses were $112k with the amount included in Other expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Other property expenses remain outstanding of $25k and are included in Other Payables in the consolidated Statement of Financial Position.

There were no other transactions with related parties of the Group during the year.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

5.6 Parent entity disclosures

As at and throughout the financial year ended 30 June 2024, the parent entity of the Group was GMHBA Limited. Parent entity financial results are as follows.

	2024 ($'000)	Restated 2023 ($'000)
Result of parent entity		
Net profit for the year	14,401	63,995
Total comprehensive income for the year	**14,401**	**63,995**
Financial position of parent entity at year end		
Current assets	240,770	151,883
Total assets	**688,639**	**621,180**
Current liabilities	198,961	145,323
Total liabilities	258,580	205,522
Total equity of parent entity comprising of:		
Retained earnings	413,068	441,131
Reserves	16,991	(25,473)
Total equity	**430,059**	**415,658**

5.7 Subsequent events

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

5.8 Change in material accounting policies

AASB 17 Insurance Contracts

(a) Classification, recognition and measurement of insurance contracts

The liability for incurred claims (LIC) is consistent under the GMM and the PAA and due to the accounting policy choices made by the Company is materially unchanged from outstanding claims provision under AASB 1023. The LIC is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at the reporting date.

The liability for remaining coverage (LRC) under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs deferred. In subsequent periods, the LRC is amortised to recognise the revenue and insurance expenses (insurance acquisition cash flows) on a systematic basis over the coverage period. If certain acquisition cash flows paid on new contracts are allocated to future renewals, outside the boundary of the current contract, the deferred portion is recognised in the carrying amount of the related portfolio of the insurance contract issued. Revenue recognition for the majority of contracts is allocated to each period based on the passage of time. Revenue recognition is consistent with AASB 1023, however, the balance sheet presentation differs as insurance receivables are no longer shown as separate assets but are included within the LRC.

Under the PAA, a risk adjustment is recognised on all LIC balances and LRC balances for onerous contracts issued. The Group has taken the decision to use a confidence level technique to estimate the risk adjustment that leads to a value that is consistent with the margin of prudence under AASB 1023 of 95% for LIC balances and 75% for LRC balances.

All contracts are automatically eligible for the PAA measurement model due to having a coverage period of one year or less.

Discounting

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

Discounting has not been applied as all policies meet the conditions outlined above.

For groups of contracts where all contracts have a coverage period of one year or less, the Group has taken the policy decision available to expense insurance acquisition cash flows as incurred. No contracts within a group have a coverage period that is greater than one year.

The Group's measurement of insurance contracts under AASB 17 and accounting policies are detailed in Note 2.7 Insurance contracts

(b) Presentation and disclosure of insurance contracts

For presentation in the statement of financial position, the Group presents separately insurance contract portfolios that are in an asset position and portfolios that are in a liability position.

The insurance service result under AASB 17 comprises insurance revenue and insurance service expenses. The insurance service result comprises all revenue and expenses that can be directly attributed to a group of insurance contracts. Investment components are no longer included in insurance revenue and insurance service expenses. Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses.

(c) Transition

The standard introduces substantial changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the balance sheet and statement of comprehensive income and increased disclosure requirements compared with existing reporting requirements. AASB 17 was applied retrospectively to all of the Group's insurance contracts. The effects of adopting AASB 17 on the consolidated financial statements at 1 July 2022 are presented in the statement of changes in equity. The Group's Total Equity at transition on 1 July 2022 increased by $70.0 million.

The primary adjustments impacting Total Equity were the derecognition of both the provision for deferred claims liabilities and deferred acquisition costs assets. The concept of a deferred claims liability is not compatible with incurred claims under AASB 17 and the option available under AASB17 to expense directly attributable acquisition costs was taken up.

Notes to the consolidated financial statements

For the year ended 30 June 2024 (continued)

1 July 2022	As published $m	Reclassification $m	Measurement $m	Restated $m
Cash and cash equivalents	21,613	(112)	-	21,501
Trade and other receivables	16,349	(10,086)	-	6,263
Investments	426,123	112	-	426,235
Other assets	11,543	(7,043)	(3,464)	1,036
Lease Assets	-	3,823	-	3,823
Trade and other payables	(31,712)	(35,299)	-	(67,011)
Insurance provisions	(166,021)	92,537	73,484	-
Insurance contract liabilities	-	(101,526)	-	(101,526)
Other Liabilities	(58,066)	58,066	-	-
Lease Liability	(4,178)	(472)	-	(4,650)
Total net asset restatement			**70,020**	

Net Profit reconciliation 30 June 2023	$m
2023 Profit under AASB 1023	92,626
Additional claims expensed	(26,761)
Additional commission expensed	(796)
Profit after tax under AASB 17	**65,069**

30 June 2023	As published $m	Reclassification $m	Measurement $m	Restated $m
Cash and cash equivalents	22,140	(112)		22,028
Trade and other receivables	16,994	(9,753)		7,241
Investments	465,018	112		465,130
Other assets	17,239	(9,251)	(4,260)	3,728
Lease Assets	-	5,679		5,679
Trade and other payables	(16,149)	(3,196)		(19,345)
Insurance provisions	(124,802)	78,079	46,723	-
Insurance contract liabilities		(120,577)		(120,577)
Other Liabilities	(59,923)	59,923		-
Lease Liability	(6,073)	(904)		(6,977)
Total net asset restatement			**42,463**	

Consolidated entities disclosure statement

For the year ended 30 June 2024

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporations Act 2001 (s.295(3A)(a)).

Entity Name	Entity type	Body corporate country of incorporation	Ownership interest 2024	Ownership interest 2023	Country of tax residence
GMHBA Limited	Body Corporate	Australia	100%	100%	Australia
GMHBA Armstrong Creek Unit Trust	Trust	N/A	100%	100%	Australia
GMHBA Land Co Pty Ltd	Body corporate	100%	100%	100%	Australia
Quintessential Equity 042 Pty Ltd	Body corporate	Australia	81%	81%	Australia
QE042 Trust	Trust	N/A	81%	81%	Australia

Key assumptions and judgments

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependant and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- **Australian tax residency**

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- **Foreign tax residency**

  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary the consolidated entity has used independent tax advisors in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residency test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' declaration

For the year ended 30 June 2024 (continued)

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

That the financial statements and notes set out on pages 36 to 69:

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

(b) give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

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

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

(c) The consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act* is true and correct.

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

Signed for and on behalf of the Board.

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

Geelong, 28 August 2024

KPMG

Independent Auditor's Report

To the members of GMHBA Limited

Opinion

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

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- 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
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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KPMG

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

28 August 2024

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Appendix

References below refer to the images sourced for GMHBA's historic timeline, published on page 7 to 12. All images without numerical references were sourced from GMHBA archives.

1. Public Record Office Victoria. "Image of Record: 2C950B5D-CA25-11EE-BADD-912854B13138." Accessed June 17, 2024. https://prov.vic.gov.au/archive/2C950B5D-CA25-11EE-BADD-912854B13138/content?image=1
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