



# Annual Report

## 2022/23

**Health Partners**

**Health Insurance. Done Right.**



# Contents.

A Year in Health	2
Chairperson's Report	4
Chief Executive Officer's Report	7
Community Support	9
Corporate Governance Statement	10
Health-related Business	16
Directors' Report	20
Lead Auditor's Independence Declaration	23
Directors' Profiles	24
Financial Statements	28
Directors' Declaration	57
Independent Auditor's Report	58
Health Partners Directory	60

## Health Partners Limited

ABN 43 128 282 904

A Registered Private Health Insurer under the  
*Private Health Insurance Act 2007*.

## Registered Office

Level 3, 101 Pirie Street  
Adelaide SA 5000

# A Year in Health. Done Right.

As a not-for-profit health fund, we're all about giving back. Here's how we supported our members for the past financial year.

For the year ending 30 June 2023

## The Health Fund



# \$166.3m

total benefits paid  
for members

# 96,298

total number of  
members



Voted

## most satisfied customers

five years running

## Services supporting members

# 38,729

hospital admissions

# 733,313

extras claims paid



# 2,652

members supported in their homes  
through our programs



# 110,858

member check-ins



# 8,071

free flu jabs



COVID-19 financial  
support

**\$9.0m**

invested in COVID-19  
financial support

(that's \$22.9m since the  
beginning of the pandemic)



### Returning more to members

**2,495**

hospital claims over \$10k

**\$172,275**

largest claim paid

**\$43.7m**

extras benefits paid

**\$122.6m**

hospital benefits paid



**81.9¢**

of every dollar returned to members

Consistently paying out more in member  
benefits than the industry average.

Average 2019-2023

Health Partners	<b>87.3¢</b>
Industry	<b>85¢</b>

### Quality care at Health Partners providers

**24,330**

pairs of eyes examined



**72,591**

dental appointments



**47,796**

claims paid at 55  
participating pharmacies



**80,413**

claims paid at 63  
participating physio practices

# Chairperson's Report.

We're proudly not-for-profit, so we're driven to perform solely for the benefit of our members. Health Partners has again delivered generous value to members for another year.

It is pleasing to share the achievements highlighted in this report as they deliver a strong business performance and financial result for our members over the past financial year. This is a tribute to the outstanding commitment and support by our teams to deliver members better customer service, value for money and more comprehensive health cover.

As we move out of the constraints of a pandemic, there is no doubt this financial year marked ongoing challenging conditions from the third year of its impact and demand for health services Australia-wide.

We have again delayed our annual premium increase in 2023 for the third consecutive year, offered premium reductions and a program to provide cash payments towards members' out-of-pocket hospital costs. These measures have seen Health Partners give back over \$22.9 million to our members over four years.

Deferral of the April 2023 premium increase for a period of six months resulted in an overall saving to members of \$3.05 million.

We hope this goes some way to easing the cost-of-living pressures which have been spurred on by inflation we know many members are experiencing.

Health Partners acknowledges affordability and out-of-pocket expenses remain an issue and we will continue to work closely with the government and health stakeholders to advocate for further reforms on behalf of our members.

## Strategic Goals

As we continue to invest in quality products, services and benefits, our strategic priorities remain focussed on maintaining affordable premiums, and minimising out-of-pocket expenses for our members, while ensuring strong regulatory compliance and sound financial management.

The Board and management continues to closely monitor its strategic focus, with priority given to continuing to invest in quality products, services and benefits.

Our strategic priorities remain focussed on maintaining affordable premiums, and minimising out-of-pocket expenses for our members, while ensuring strong regulatory compliance and sound financial management.

Health Partners core strategic objectives include:

- Positioning Health Partners for sustainable growth.
- Strengthening our health-related businesses – Health Partners Optical and Health Partners Dental.
- Assisting members to navigate the complexities of the healthcare system.
- Being personal and easy to deal with.

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## Member Services

We remain committed to investing in our own purpose-built member facilities to ensure members can access leading optical and dental services close to where they live and when they need them.

We proudly opened another Member Services Hub in Adelaide's western suburbs at Flinders Park in August 2022, and spent \$7.5 million on the development.

Health Partners has experienced significant membership growth across the western suburbs and this facility adds to our suite of specialist health hubs already in place in the CBD, Modbury and Morphett Vale.

## Better Value and Service

Health Partners delivery of award-winning customer service and great value health insurance continues to dominate the industry Australia-wide.

We have again been rated as the top insurer which offers value for money, more comprehensive cover, and better customer service for five consecutive years.

The Canstar 'Most Satisfied Customers' Award is voted by health insurance customers nationally.



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## Governance

The results achieved this year demonstrate the commitment and dedication from our leadership team and people to give members more choices in their health care, such as choosing from our extensive range of agreed hospital providers and having the ability to choose a medical specialist and preferred hospital.

This year, our leadership team has changed, with Jon Goodgame appointed as Chief Executive Officer in July 2023, following the retirement of Byron Gregory in June 2023. On behalf of the Board, I congratulate and thank Byron for his unwavering and outstanding contribution to Health Partners during his 19 years with us. The Board is looking forward to working with Jon as he and the leadership team continue to prioritise delivering generous value to members.

I wish to also acknowledge former Chairperson Jan McMahon who retired from the Board in June 2023. Jan's forward-thinking approach has positioned Health Partners for future success, steering the fund as Chair, and previously as a Director over her 32 years with us. Importantly, Jan's legacy as the first female Chair of any health fund in Australia will continue well beyond her retirement. It is an honour and a privilege as former Deputy Chair to follow in the footsteps of Jan and succeed her as Chair.

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## Thank You

On behalf of the Board, I would like to acknowledge the dedicated Executive Management team and employees of Health Partners for their strong financial, business and strategic execution. Our 313 permanent staff members are instrumental to Health Partners 2022/23 achievements.

I would also like to take this opportunity to thank my fellow Board members for their contribution, invaluable support and advice throughout the year.

The results achieved this year demonstrate our fund remains well placed to deliver on the health requirements of our members, both now and into the future.



A handwritten signature in black ink that reads "Erma Ranieri".

**Erma Ranieri**

Chairperson



# Chief Executive Officer's Report.

As a not-for-profit health fund we continue to deliver outstanding service, value for money and more comprehensive health cover Australia-wide.

I am honoured to be the new Chief Executive for Health Partners having commenced in the role in July 2023, and sincerely thank our people, our employees on the frontline, leadership teams, Executive Management, and the Board for a very warm welcome.

It is an incredibly exciting time to be joining South Australia's largest and oldest open membership health fund with a proud State heritage spanning over 80 years. I want to acknowledge and farewell our long-serving Chief Executive Officer, Byron Gregory, who retired in June 2023 after 19 years with the organisation. I am looking forward to continuing Byron's hard work and persistence in making Health Partners what it is today and embracing ongoing and future initiatives to deliver genuine and generous value for members. I also thank former Chairperson Jan McMahon who retired in June 2023. Jan's outstanding contribution of over three decades on the Board and her leadership, has made a significant contribution to the growth of the organisation over this time.

As a member-owned (mutual) health fund and unlike our major competitors, Health Partners does not pay shareholder dividends or transfer money overseas, which enables us to give more back to members while keeping costs to a minimum. We give back in a variety of ways such as generous benefits, better access to services and innovation for you, our members.

In our member-centric approach to health insurance, we remain focussed on improving the member experience and continue to partner with most of Australia's private hospitals and day surgeries to help members save. Health Partners has an active relationship with the hospitals to ensure that sustainable and quality care is delivered to our members.

Australia's healthcare system is under unprecedented pressure and Health Partners is continuing to look at high quality and well-coordinated flexible healthcare options to support out-of-hospital care to relieve the strain on the system, while offering members greater flexibility and value. Home care including virtual care models are accepted as best practice and can ensure people aren't staying in hospitals unnecessarily. Post-surgery rehabilitation including for joint replacements, chronic disease management and palliative care are examples of services that can be delivered out of hospital.

Health Partners is very excited to welcome Your Health Navigator (YHN) to the Health Partners family. We acquired the highly respected organisation in April this year after previously working in partnership with YHN and holding a 40% ownership to help our members navigate, influence, and improve their patient journey. Our aim is for our members to receive the highest quality care at the appropriate cost.

This move represents a significant upside for members as YHN continues to provide multidisciplinary, high-quality in-home healthcare with a concerted focus on increasing support for our members in their recovery after being discharged from hospital and providing access to home-based allied healthcare services.

We offer various support and recovery programs under Health Partners Hospital to Home program managed and delivered by registered nurses with the support of other health professionals such as physiotherapists. We recognise everybody's health situation is different and the program is available at no additional cost to members with Health Partners Hospital Cover.

We will continue to work closely with government and health stakeholders to advocate for further reforms on behalf of our members to raise greater awareness for out-of-hospital care as a future sustainable solution for Australia's healthcare system. This includes improving funding models to better align with the incentives of healthcare professionals.

## Financial Stability

Health Partners has been caring for members for more than 80 years and continues its unwavering commitment to the provision of affordable products with generous benefits and quality health services.

As a not-for-profit health fund, our sound financial performance enables us to keep giving back to our members, by reinvesting surplus earnings through improved services, facilities and technologies.

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## Profitability and Efficiency

With higher inflation pushing up the cost of delivering health and hospital care accompanied by affordability issues relating to cost-of-living pressures, Health Partners has delivered a sound financial performance and importantly kept premium adjustments to a minimum.

In April 2023, Health Partners announced an average premium adjustment of 2.9%, which was in line with the industry average. However, this was deferred by six months to 1 October 2023.

Premium revenue for 2022-23 was \$205,701,000. The net claims cost, including risk equalisation, was \$166,342,000 and management expenses totalled \$20,494,000 being 10% of premium revenue. This resulted in an underwriting profit of \$18,865,000. Our investment strategy saw us generate returns of \$10,244,000 resulting in an overall profit of \$29,865,000 for 2022-23.

Since the start of the pandemic, Health Partners has returned more than \$22.9 million to members through cashbacks and premium deferrals.

## Our Dental and Optical Services

Health Partners ongoing focus on enhancing member services continued throughout 2022/23 highlighted by the unveiling of our new state-of-the-art 'Health Hub' in Adelaide's western suburbs at Flinders Park.

Our members are looking to access high quality optical and dental health services, delivered by experienced health practitioners, close to where they live.

As detailed on page 17, our Dental and Optical businesses owned and operated by members performed well over the past financial year.

We provided 72,591 appointments in Dental and examined 24,330 pairs of eyes in the Optical business.

During FY2022/23, 2,652 members were supported by home care with Rehabilitation and Chemotherapy, Diabetes Support and Balance and Falls Management.

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## Looking Ahead

With more people working from home, we are looking to continue to expand our dental sites and services to ensure our members are able to access the services they want in a convenient location close to their home.

Health Partners also know that we have a role in preventing disease for our members and have been implementing a new model of care through our dental centres to prevent oral and chronic health conditions.

The acquisition of Your Health Navigator will help us to look at further preventative health services, keeping our members healthier for longer.

As a trusted health partner to our members, I would like to thank the Board of Directors, along with our Executive leadership team and more than 313 employees committed to caring for our members across our Insurance, Dental and Optical businesses.

Importantly, thank you to our members for your ongoing support and trusting us with your healthcare cover.



A stylized handwritten signature in black ink, appearing to read 'Jon Goodgame'.

**Jon Goodgame**  
Chief Executive Officer

# Community Support.

As South Australia's longest serving and largest not-for-profit health fund, we're all about giving back to our members as well as supporting our community.

We work alongside local community groups and organisations to deliver meaningful and sustainable programs that address the health concerns of thousands of South Australians.

Embodying our not-for-profit ethos, we are proud to support Foodbank and KickStart for Kids.

## Making a Difference

KickStart for Kids and Foodbank have been working to address schoolyard hunger for over 34 years.

The basic need for food is a foundational health requirement, which sadly is not met for 1.3 million children going hungry in Australia, living in severely food insecure households according to Foodbank's Hunger Report 2022.

## How We're Giving Back

1. We host an annual volunteering day where our staff work with Foodbank and KickStart for Kids to provide hands-on support, giving food relief to those in need.



*The Health Partners team run the KickStart for Kids Breakfast Club at Parafield Gardens Primary School providing breakfast each Monday morning of the school year.*



*Our people also work with Foodbank across the year to support a range of activities, including produce packing, warehouse support and in the Foodbank supermarkets and pop-up pantries that provide relief to those in need.*

2. As a member you are already helping. To thank you for choosing Health Partners for your health insurance we have donated breakfasts on your behalf. That means together Health Partners members are supporting the donation of over 150,000 breakfasts for school children every year!
3. We host a fundraising drive every year with our charity partners and invite members and staff to donate to KickStart for Kids. We then match member donations dollar for dollar.\*

## Supporting our Community

To thank new members for joining, an additional \$25 donation per member will be made to KickStart for Kids' Breakfast Club, which provides over 50,000 breakfasts every week at over 350 schools across the State. Under current modelling, the estimated cost of this initiative based on 2,500 new members per annum would equate to \$62,500 per annum.

Learn more about how you can support Foodbank and KickStart for Kids: <https://www.healthpartners.com.au/social-responsibility>

*\*Capped at \$25,000 per annum. Please note: the partnership commenced in November 2022 so this will not take place before the EOFY 2023.*





# Corporate Governance Statement.

**Health Partners has a framework for responsible and sustainable governance. In order to be responsible in all aspects of its operations and activities, Health Partners has developed a series of policies to guide the Board, management and staff in achieving this expectation.**

Health Partners is proud to be a mutual organisation owned by its members who are also its customers. It exists to serve the needs of members, primarily in their health-related interests and therefore has a strong customer service focus. Health Partners remains highly engaged with its members.

The framework for responsible and sustainable governance articulates the Company's commitment to member engagement, governance, risk management, the environment, the community, human resources and to the financial affairs of the organisation.

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## Member Engagement

The aim of Health Partners is to maximise the benefits provided to members. Members are the ‘shareholders’ of Health Partners and therefore the dividend provided is in the form of a maximisation of benefits to members. This requires reinvestment of any surplus to improve products, benefits, services, pricing and the financial stability of the business. This is the mutual dividend we provide our members.

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## Roles and Responsibilities of the Board and Management

The Board Charter identifies the Board’s roles and responsibilities, its membership and operation and the responsibilities that may be delegated to committees and/or to management. The Board has established four standing committees to assist in performing its responsibilities, by examining in detail particular issues and making recommendations to the Board in relation to Audit, Risk Management, Remuneration and Corporate Governance. The Board also has an Investment Advisory Committee to provide advice in investment decisions.

The key areas of focus for the Board in FY2022/23 included:

- Representing the interests of the members of Health Partners in overseeing its operations.
- Setting and monitoring strategic directions for Health Partners.
- Ensuring continuing improvements in organisational performance.
- Focusing on Board strategy and policy, including its operational implementation by the Chief Executive Officer.
- Ensuring mechanisms are in place for the prudent management of the risks associated with the operations of Health Partners.
- Ensuring Health Partners’ compliance with the *Corporations Act 2001*, *Private Health Insurance Act 2007*, *Work Health and Safety Act 2012*, *Workplace Gender Equality Act 2012* and all other statutory requirements.

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## Structure and Composition of the Board

The Constitution of Health Partners allows for six elected Directors and two Board Appointed Directors.

The profiles of the Directors including their skills, experience and year of appointment are set out on page 25 of the Annual Report. Details of Director attendance at Board and committee meetings during the year ended 30 June 2023 appears on page 22.

The Chairperson of the Board until 30 June 2023, Ms Jan McMahon, was an independent Director and was elected to this role by the Directors at the first meeting of Directors that followed the 2021 Annual General Meeting.

Members of all Board committees are appointed by the Board of Directors at the first meeting of Directors each year following the Annual General Meeting.

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## Director Independence

Directors are expected to bring independent views and judgement to Board deliberations at all times.

‘Independent Director’ means a Director who is not an Executive Director and is free from any business or other association that could materially interfere with the exercise of his or her independent judgement or could reasonably be perceived to do so.

To be considered independent, a Director must meet the definition of independence stated above and generally be independent in character and judgement and free from material relationships or circumstances which are likely to affect or could appear to affect judgement.

The Board has in place a Director Independence Policy and all Directors have been determined by the Board to be independent.

Each Director provides monthly updates of their interests, positions, associations and relationships and the Board regularly assesses the independence of each Director in light of the interests disclosed.

*‘Independent Director’ means a director who is not an executive director and is free from any business or other association that could materially interfere with the exercise of their independent judgement or could reasonably be perceived to do so.*



## Board Skills Mix

The Company has in place a Board Skills Policy, Director Fit and Proper Policy and also a Director Core Competencies Policy.

In addition to base level competencies expected of all Directors, the Board recognises that there are a number of professional and industry-related specific skills that should be held collectively by the Board. Such skills are to be at greater levels than just a general understanding of the subject. These skills and experience requirements relate to finance, risk management, legal and governance, marketing and business development, the health industry, business strategy, information technology, and human resource management.

## Board Performance Evaluation

Health Partners has in place a Board Performance Review Policy. Each year the Chairperson assesses the performance of the Board, its committees and the Directors individually. The review is extensive and considers matters relating to the requirements of the Board Charter, setting of strategy and policy, interaction with management, monitoring business performance, compliance and risk management, Board composition and structure, conduct at Board meetings and group behaviours, and the timing and quality of information provided to Directors.

The individual Director Performance Review covers issues including preparation for meetings, attendance at meetings, and contribution to Board discussion and function.

In respect of the performance of the Chief Executive Officer, a comprehensive performance review against established key performance indicators linked to the Company's vision, values and strategy is undertaken annually by the Board.

## Committees of the Board

The Board of Directors has four standing committees which assist in the execution of its responsibilities. Each committee is governed by a Charter setting out the committee's role, responsibilities, membership and processes. The membership, role and responsibility of each committee is summarised in the table below.

### Committee membership as at 30 June 2023

Audit Committee	Key Roles and Responsibilities
Erma Ranieri (Chairperson) Josie Barbaro Jan McMahon	<ul style="list-style-type: none"><li>• Review and assessment of the appropriateness of accounting policies and principles that underpin the financial statements.</li><li>• Review of all statutory financial statements of Health Partners to ensure their accuracy and integrity and that they include all appropriate disclosures.</li><li>• Review of issues raised by the Risk Committee for potential inclusion in internal and/or external audit work programs.</li><li>• Recommend to the Board the appointment, reappointment, replacement and remuneration of the external Auditor.</li><li>• Review of the expertise of the external audit function and the external audit plan to ensure that it covers all financial reporting requirements.</li><li>• Internal and external processes.</li><li>• Internal control framework.</li><li>• Assessing Internal Auditor's and External Auditor's independence.</li></ul>
Corporate Governance Committee	Key Roles and Responsibilities
Jan McMahon (Chairperson) Josie Barbaro Simon Johnson	<ul style="list-style-type: none"><li>• Maintenance and review of governance-related matters.</li><li>• Oversight of the scope and depth of Board policy and delegations and consideration on the impact of and implementation of compliance with new legislation and prudential standards.</li><li>• Ensuring an appropriate Board and committee structure.</li><li>• Facilitating an effective process for the evaluation and performance of the Board, Board committees and individual Directors.</li><li>• Assessment of Directors' professional development plans and the review of professional development activities undertaken by Directors.</li></ul>

## Committee Membership as at 30 June 2023

Risk Committee	Key Roles and Responsibilities
Trudy Dickson (Chairperson) John Evans Jan McMahon	<ul style="list-style-type: none"><li>• Developing and recommending to the Board policies relevant to the management of risk, an appropriate risk appetite and risk management strategy.</li><li>• Review and assessment of the strategies, policies, frameworks, models and procedures to govern the understanding, identification, measurement, reporting and mitigation of material risks.</li><li>• Initiating a review of the appropriateness, effectiveness and adequacy of the risk management framework.</li><li>• Oversight of the compliance framework including the annual assessment of the performance and independence of the compliance functions.</li><li>• Ensuring a sound risk management culture is established and maintained.</li><li>• Responsibility for the oversight of the preparation and maintenance of the Business Continuity Plan of Health Partners.</li></ul>
Remuneration Committee	Key Roles and Responsibilities
Josie Barbaro (Chairperson) Jan McMahon Simon Johnson	<ul style="list-style-type: none"><li>• Ensuring good corporate governance in relation to remuneration and in particular the remuneration related requirements of APRA's Prudential Standard CPS 510–Governance.</li><li>• Conducting regular reviews of, and making recommendations to the Board on, the Remuneration Policy. This includes assessment of the Remuneration Policy's effectiveness and compliance with the requirements of CPS 510–Governance.</li><li>• Providing annual recommendations to the Board on the remuneration of the Chief Executive Officer, direct reports of the Chief Executive Officer, other persons whose activities may, in the Remuneration Committee's opinion, affect the financial soundness of the institution and any other person that may be specified by APRA.</li><li>• Providing recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration Policy.</li><li>• Coordinating with the Risk Committee to produce a properly integrated approach to remuneration.</li></ul>

## Internal Audit

Health Partners has an Internal Audit function. The Internal Audit Charter provides the Internal Auditor with unfettered access to all Health Partners' activities, records, property and personnel.

The primary objective of the Internal Audit function is to assist the Audit Committee, the Board and management in the effective discharge of their responsibilities including the adequacy and effectiveness of the financial reporting process, internal control and compliance and effectiveness of the risk management framework.

An annual Internal Audit Plan is approved by the Audit Committee and adopted by the Board.

## Risk Management

Health Partners has established a sound risk management framework and the Board is committed to ensuring that the principles set out in this framework are effectively implemented and that a strong risk management culture is maintained and further developed throughout the organisation.

The Board is assisted by its Risk Committee in development of and in monitoring the effectiveness of the risk management framework.

The Health Partners Risk Appetite Statement addresses critical risk-related issues such as company-wide risk appetite, capital requirements, profit variability and risk management capacity with a particular focus on material risks as well as the roles and responsibilities of the Board, management and the Fund's Appointed Actuary in relation to risk.

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## Risk Management (continued)

In 2022/23 the Board provided APRA with a Risk Declaration stating that Health Partners:

- Has in place systems for ensuring compliance with all prudential requirements.
- Has systems and resources for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks, and the risk management framework, is appropriate for Health Partners, having regard to the size, business mix and complexity of Health Partners.
- Has risk management and internal control systems that are operating effectively and are adequate, having regard to the risks of Health Partners, they are designed to control.
- Has a risk management strategy that complies with Prudential Standard CPS 220–Risk Management and that Health Partners has complied with each measure and control described in the risk management strategy.
- Is satisfied with the efficacy of the processes and systems surrounding the production of financial information.

As part of the process, Senior Management provided assurances to the Risk Management Committee and the Board that the Risk Management Framework of the Company was being adhered to.

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## Director Professional Development

Health Partners has a Professional Development Policy to ensure that all Directors collectively maintain the skills necessary to carry out the functions of the Board competently and effectively.

Directors are subject to ongoing professional development which includes reinforcement of the professional requirements covered in the Director's induction, maintaining the currency of skills or extending skills and new skill acquisition.

The Corporate Governance Committee ensures that Directors are informed of and participate in relevant forums and seminars in order to develop and enhance their knowledge in corporate governance, health or health insurance industry matters and the changing environment of business operations.

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## Standards of Ethical Behaviour

Under its Code of Ethics, the Board is required to act at all times in a manner that recognises the importance that Health Partners places on the values of honesty, integrity, quality and trust in accordance with the duties and obligations imposed upon Board members by the Health Partners' Constitution and by law.

This Code addresses a range of matters including a Director's fiduciary duty to Health Partners including:

- The requirement of a Director to at all times exercise a reasonable degree of care, skill and diligence in the performance of his or her duties.
- Ensuring that Directors do not make improper use of confidential information gained through their position in the conduct of their personal affairs.
- Ensuring that Directors recognise that conflicts of interest may arise from time to time to the extent that Directors adopt a cautious, prudent and conservative approach in considering whether a conflict exists and, when in doubt, will assume that there is a conflict and act accordingly.
- The requirements in relation to conduct at meetings and conduct outside of meetings.

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## Board Remuneration

Any change to the total aggregate sum of remuneration available to Directors is approved by members of Health Partners at the Annual General Meeting.

The aggregate sum required as remuneration for Directors takes into consideration a balance of:

- The mutual, not-for-profit status of Health Partners and the need to focus on appropriate containment of management costs of the Company.
- The requirement of appropriate skills and experience on the Board for effective governance and the benefit of members over the long term.
- The market level of Director fees required to attract appropriate candidates and the market level of Director fees for similar companies.

Director remuneration is allocated amongst Board members in accordance with a formula agreed by the Board. It is based on participation in Board meetings and also Board committees along with experience and qualifications of Directors appointed to positions as the Chair of the Board or Chair of a Board committee.

For the past four years, the Board has resolved to not seek an independent review due to the economic conditions caused by the COVID-19 pandemic and more recently the cost of living pressures faced by our members. Therefore there is no change to the aggregate sum of remuneration.

Further, throughout the reporting period, the Board resolved to not benefit from the premium reduction provided to members from 1 October 2022 to 31 March 2023.

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## The Environment

Health Partners endeavours to conduct its business activities in an environmentally sound and responsible manner and to comply with legislative requirements and national standards. Further, the Board requested Management to undertake an Environmental Risk Assessment to consider how environmental changes (specifically climate change) may impact our business objectives and material risks.

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## Community Responsibility

In addition to serving the needs of our members, Health Partners has identified a responsibility to the broader community through being a good corporate citizen and making socially responsible business decisions. In achieving this, Health Partners seeks to establish mutually beneficial partnerships and programs in relation to health education and social services for the broader community. Also, where appropriate, Health Partners may assist charities in the form of financial assistance, volunteering and promotional support at community events.

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## Commitment to Employees

Health Partners' employees are committed, loyal and passionate about the organisation and delivering excellent service to everyone with whom they interact.

There has been an ongoing commitment to full compliance with the Equal Employment Opportunity (EEO), Anti-discrimination/ Anti-harassment legislation, *Workplace Gender Equality Act 2012* and annual reporting to the government agency.

Health Partners also has in place a structure to ensure that it meets its legislative requirements in relation to the *Work Health and Safety Act 2012*.

The Board recognises the contribution of management and staff to the success of the Company and in the achievement of its strategies and business outcomes for members.

Both the Board and management are committed to ensuring that the Company is an exemplar in the health insurance industry as an employer of choice and that staff receive fair and reasonable remuneration and employment conditions.





**Health-related Business.**



## Health Partners Dental and Optical

Health Partners is an experienced owner and operator of health-related business modalities and has been providing Dental services to members since 1988 and Optical services since 1991.

Both our Dental and Optical businesses are integral to providing affordable high quality services to all our members. These modalities account for over 45% of our total General Treatment claims each year.

Strengthening both businesses by way of expanding physical capacity and the range of services provided is a specific goal within the Health Partners Strategic Plan.

Health Partners members can choose to attend our owned and operated services or an external provider of their choice. The advantage of attending a Health Partners Dental and Optical Centre is not only experiencing the high standard of care and service, but also enjoying the very generous benefits that are paid to minimise out-of-pocket costs.

Our new health hub at Flinders Park has been welcomed wholeheartedly by our members, which has now been operational for just over a year.

### Health Partners Dental

Each location has innovative supporting technology such as Intra-Oral cameras, Airflow, OPG X-rays, digital scanners as well as CEREC technology, delivering same-day major dentistry.

Over the past 12 months we have continued our transition to a multidisciplinary team approach for the delivery of high-quality, preventive care. As a result, we now employ 43 Dentists, 13 Dental Hygienists, 3 Oral Health Therapists and 4 Specialist Dentists, across all four locations who work collaboratively to provide general preventive and some specialised services in our modern and well equipped surgeries.

Our Dental Centres continue to be fully accredited with the National Safety and Quality Health Service Standards (NSQHS) as part of Quality Innovation Performance's (QIP) Private Dental Practice Accreditation. This accreditation is recognised nationally and is tangible evidence of the high standard of care that is provided across all four Dental facilities. Further to this, our ongoing commitment to achieving Diagnostic Imaging Accreditation, ensures OPG radiographs are bulk billed under Medicare and are reported on by a highly experienced Radiologist with a specific interest in dental and craniofacial imaging.

Industry leading sterilisation and infection control standards continue to support the provision of high quality clinical care and ensure a safe working environment for all staff working within the clinical settings.

Health Partners Dental has a primary focus to ensure members attending our facilities receive more than standard dentistry. This is achieved through our comprehensive, evidence-based Oral Health Program which focuses on a holistic, preventive approach to diagnosing, managing and treating caries (decay), gum disease and helping to achieve the best oral health to suit individual needs.

Our dental practitioners have the expertise to provide education and care in a range of diverse areas including gum disease, dental erosion, and dental care for young and middle-aged adults as well as teens, oral care during pregnancy, dental implants, daily oral health care, denture hygiene, sleep apnoea, same-day major dentistry and sports mouthguards.

The engagement of Oral Health Therapists has allowed us to expand our service offerings for children and adolescents.

Key performance measurements for 2022/23 include:

	2022/23	2021/22
Total revenue of Health Partners Dental	\$21.20m	\$19.33m
Total benefits paid to Health Partners Dental on behalf of Members	\$15.72m	\$14.32m
Total operating costs	\$20.92m	\$18.84m
Total dental appointments	72,591	65,416

Our Dental Centres are located in four strategic locations across Adelaide's CBD and suburbs including:

101 Pirie Street,  
Adelaide  
18 surgeries

27 Smart Road,  
Modbury  
10 surgeries

118-120 Main South Road,  
Morphett Vale  
8 surgeries

288 Grange Road,  
Flinders Park  
6 surgeries

## Capital Expenditure

During 2022/23, capital expenditure of \$798,000 was approved by the Board to invest in and maintain high levels of equipment and services. This expenditure included:

Dental surgery fitout and upgrades	\$295,000
Airflow	\$102,000
Sterilisers and disinfectors	\$86,000
Suction system	\$92,000
Cerec machines	\$223,000
<b>Total</b>	<b>\$798,000</b>

## Member Satisfaction

Health Partners Dental scored a 84% satisfaction rating among members during 2022/23. The Net Promoter Score was +83.

## Dental Staff Education

Ongoing education and professional development is integral to the high standard of care that is provided at Health Partners Dental.

Learning continues to be a combination of face to face and on-line education. Topics have included:

- Changing oral health care needs of the Australian population.
- Delivery of evidence-based patient-centred oral health care.
- In-house tooth whitening.
- New endodontic system.
- Hypnosis in dentistry.
- Airflow for dental cleaning.
- Relative analgesia (happy gas).
- Cerec and digital scanning.
- Hand hygiene.

## Health Partners Optical

### Eye Health

The priority of Health Partners is to ensure that members attending our Optical Centres are offered more than standard optometric treatment. Our experienced optometrists provide expert eye care, emergency care, advice and information.

This is achieved through our comprehensive Eye Health Program which focuses on the signs, symptoms and early detection of eye health conditions such as Glaucoma, Macular Degeneration, Presbyopia and Cataracts. The identification and treatment of short-sightedness (myopia) earlier in young children was recently added to our suite of services provided to ensure whole of family eye care is catered for.

We use the latest technology in our eye tests and members have access to OCT imaging at all our stores which provides the most comprehensive image of the eye available today. Our experienced optometrists also guide members through the wearing of and caring for contact lenses, adapting to highly customised multifocal lenses and are able to recommend and prescribe appropriate pharmaceutical treatment to manage additional eye health conditions.

The opening of the new Flinders Park Health Hub in early FY22/23 represents the opportunity to offer this high-quality care to even more Health Partners members, and grow our team of experienced and friendly staff.

Our Optical Centres are located at five strategic locations across Adelaide's CBD and suburbs including:

101 Pirie Street,  
Adelaide

27 Smart Road,  
Modbury

118-120 Main South Road,  
Morphett Vale

92 King William Road,  
Goodwood

288 Grange Road,  
Flinders Park

## Eye Health (continued)

We employ 12 qualified and experienced optometrists across our locations and also 24 qualified optical dispensers. We have one of the most extensive range of frames in Adelaide to suit all budgets. The services and quality care provided at all locations are also highly regarded.

Each location provides general optometric services, retinal imaging and Optical Coherence Tomography (OCT) technology.

Key performance measurements for 2022/23 include:

	2022/23	2021/22
Total revenue of Health Partners Optical	\$12.29m	\$11.26m
Total benefits paid to Health Partners Optical on behalf of members	\$6.15m	\$5.69m
Total operating costs	\$10.44m	\$9.34m
Total optometrist appointments	24,330	23,875

## Capital Expenditure

During FY2022/23, the Board approved capital expenditure of \$388,000 to invest in and maintain high levels of equipment and services. This expenditure included:

Tomographer	\$226,000
Tonometers	\$48,000
Other optical equipment	\$114,000
<b>Total</b>	<b>\$388,000</b>

### Member Satisfaction

Health Partners Optical achieved an 84% satisfaction rating among members for 2022/23. The Net Promoter Score was +79.

## Optical Staff Education

Ongoing education and professional development is integral to the high standard of care that is provided at Health Partners Optical.

Throughout the year, the education program included:

- Elevating the customer experience through product knowledge.
- Continuing professional education in new diagnostic and laser technology in refractive surgery and referral.
- Myopia management strategies using a new generation of specialist lens technology.
- New advancement in lens technology using AI.
- Changes to therapeutic prescriptions for dry eye.

# Directors' Report.

The Directors present their report, together with the financial report of Health Partners Limited (the Company) and its controlled entity (the Group) for the year ended 30 June 2023.

## Objectives

The objective of Health Partners is to maintain its position as the largest not-for-profit health insurer in South Australia by:

- Operating a health insurance business.
- Operating a business which provides goods or services to manage or prevent diseases, injuries or conditions.
- Providing a financial service to assist people to meet costs associated with treatment and goods or services that are provided to manage or prevent diseases, injuries or conditions.
- Operating any business which a registered private health insurer may operate.
- Undertaking any activity incidental to any of these objectives.

## Strategy

To achieve these objectives, Health Partners has developed a Strategic Plan with a focus on sustainable membership growth, maintaining a strong health-related business, supporting members in the navigation of the healthcare system and to be personal and easy to deal with.

Health Partners reviews and monitors this strategy on a regular basis.

## Principal Activities

The principal activities of the Company were:

- Operating a registered private health insurance fund.
- Operating dental centres for members.
- Operating optical centres for members.
- Enhancing disease management and prevention benefits for members.

These activities have directly contributed to the Company meeting its objectives.

The operations of the health insurance fund and the associated health-related businesses have continued in a structured, strategic and efficient manner. This has enabled Health Partners to continue to provide members with ready access to Hospital and General Treatment services as and when required with minimal out-of-pocket expenses. These traditional services have been complemented with enhanced disease management and health prevention programs which assist in maintaining and improving the health status of our members.

## Directors

The following persons were Directors of Health Partners Limited during the financial year up to the date of this report:

Ms Jan McMahon (retired  
30 June 2023)

Ms Josie Barbaro

Ms Trudy Dickson

Mr John Evans

Mr Simon Johnson

Ms Erma Ranieri

Further information on each director is included in the Directors' Profiles.

## Directors who were previously partners of the audit firm

Mr John Evans was a Director of the Company during the financial year and was previously partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Company.

## Company Secretary

Mr Peter Sayers BBus, CPA was appointed to the position of Company Secretary in May 2014. Mr Sayers has held various positions within Health Partners since joining in 2000 and currently holds the role of Chief Financial Officer.

## Performance Measures

The Board has identified key performance indicators (KPIs) that are used to monitor performance. These KPIs are linked to the strategic performance objectives determined in the Strategy.

Senior Management monitor KPIs on a regular basis and report to the Board on a monthly basis.

## Results of Operations



Health Partners has achieved a consolidated profit of

**\$29,865,000**

for the financial year 2022/23.



The total consolidated comprehensive income is

**\$31,353,000**

for the financial year 2022/23.

### Events Subsequent to Reporting Date

There have been no material events or transactions of an unusual nature that have occurred between the end of the financial year and the date of signing this report that, in the opinion of the Directors, significantly affected or will affect the future operations of the Group.

### Membership

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. A member is a contributor who is primarily liable for a policy issued by Health Partners Limited. If the Company is wound up, each member must contribute up to \$0.10 to the Group.

### Environmental Regulation

The Group’s operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

## Code of Ethics

Directors abide by a Code of Ethics policy. The objectives of the policy are to:

- Ensure the Board acts in the best interests of the members of the Company and with regard for the interests of all stakeholders of the Company.
- Achieve high standards of ethics, integrity and conduct by the Board.
- Satisfy key stakeholders as to the corporate governance of the Company.
- Ensure Directors are explicitly aware of the standard of conduct expected of them.
- Promote the accountability of Directors.



## Indemnification of Directors and Officers

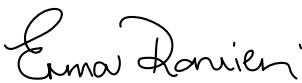
During or since the end of the previous financial year, the Company has paid premiums to insure current and former Directors and Officers of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty or an improper use of inside information or position to gain advantage.

The Directors have not included details of the nature of the liabilities covered, the limit of liability 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.

## Directors' Meetings

Director	Board of Directors		Audit Committee		Risk Committee		Corporate Governance Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jan McMahon	10	10	3	3	4	4	8	8	2	2
Josie Barbaro	10	10	3	3			8	8	2	2
Trudy Dickson	10	10			4	4				
John Evans	10	9			4	4				
Simon Johnson	10	9					8	7	2	2
Erma Ranieri	10	10	3	3						

Signed in accordance with a resolution of the directors.



**Erma Ranieri**  
Chairperson



**Josie Barbaro**  
Director

Dated at Adelaide this 12<sup>th</sup> day of September 2023.



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

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To the Directors of Health Partners Limited

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cenko  
Partner

Adelaide

12 September 2023

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# **Directors' Profiles.**



**Jan McMahon**  
(Independent Director)

**Jan retired from the Board on 30 June 2023.**

**Jan was elected as Health Partners' Chairperson in September 2004 and had a strong association with Health Partners having served as a Director and Deputy Chairperson for over 20 years.**

Jan had more than 20 years experience working in the public sector within South Australia, serving on various public and private sector boards, particularly in the areas of workplace safety and workers' rehabilitation and compensation.

In 2015, Jan retired as General Secretary of the Public Service Association of South Australia and as SA Branch Secretary of the Community and Public Sector Union, one of the largest unions in Australia. Her long commitment to South Australia's public sector employees includes roles as past President of the United Trades & Labor Council (UTLC, now SA Unions), Executive Member of the UTLC Council and a member of the Australian Council of Trade Unions.

As a leading advocate for a robust government sector and quality public sector services for the community, Jan has overseen the introduction of landmark wage equity within the public service in South Australia, the historic decision on 12 weeks paid maternity leave, and commitment by successive governments for a greater emphasis on youth recruitment. Jan holds a Bachelor of Arts (Honours) from Flinders University, majoring in Sociology, and is a Fellow of both the Australian Institute of Company Directors and the Australian Institute of Superannuation Trustees.

Jan was also the Chairperson of Health Partners' Corporate Governance Committee and a member of Health Partners' Remuneration Committee, Health Partners' Risk Committee and Health Partners' Audit Committee.



**Erma Ranieri**  
(Independent Director)

**Erma has been a Director of the Board since 2019.**

**Erma is passionate about driving contemporary and accessible services that meet the needs of a 21st century South Australian community.**

Appointed on 1 July 2014 as Commissioner for Public Sector Employment, Erma has worked for more than 30 years in both the private and public sectors to help optimise productivity and employee wellbeing.

As Commissioner, Erma leads sector-wide reform to ensure the public sector is strong, confident, responsive and diverse to serve the South Australian community well.

Erma was named a 2014 Telstra Business Woman of the Year as SA Winner of the Telstra Community and Government Award for her role in leading transformational change throughout the public sector.

In the 2021 Australia Day Honours, Erma was awarded the Public Service Medal for outstanding contribution to public service.

She is a Fellow of the Australian Institute of Company Directors and is President of the Institute of Public Administration Australia South Australia (IPAA SA).

Erma advocates choice and accessible healthcare services to help South Australians proactively manage and balance their health and wellbeing.

Erma was Deputy Chairperson of the Health Partners' Board until 30 June 2023 and then Chairperson from 1 July 2023. Erma was also the Chairperson of Health Partners' Audit Committee until 30 June 2023.



**Josie Barbaro**  
(Independent Director)

**Josie has been a Director of the Board since 2020.**

**As a member for over 20 years, Josie understands first-hand that members have changing health needs throughout different life stages.**

Her career has involved extensive public sector and industrial relations experience, with a focus on robust governance and sound strategic policy, with a personal commitment to professionalism, integrity and values.

Josie's experience includes a long involvement with the Public Service Association of South Australia advocating for the wellbeing of members and the community. These themes of service and the wellbeing of others, continue to drive her. Having served on boards and governing councils, Josie understands the importance of transparency and accountability to members.

Josie holds a Bachelor of Arts (Honours) with a major in Politics, a Bachelor of Laws and is a Graduate of the Australian Institute of Company Directors.

Josie is currently a Director of Workforce Integrity, Strategy and Capability in the Office of the Commissioner for Public Sector Employment where she leads policy and programs on workforce integrity and employment.

Josie is the Chairperson of the Health Partners' Remuneration Committee and is also a member of the Health Partners' Corporate Governance Committee.



**Trudy Dickson**  
(Independent Director)

**Trudy has been a Director of the Board since 2020.**

**Trudy holds several Board and Executive Committee roles including the Adelaide Hills Tourism Board and Ambleside Distillers Board.**

Trudy has been a member of Health Partners for over 20 years and is committed to ensuring members' interests are represented and protected.

Over her 30-year corporate career, she has held Senior Executive positions within several large international companies and in 2009 she established her first business within the Human Resources sector with a focus on career coaching, recruitment, and professional development. Then in 2016 she co-founded Ambleside Distillers Pty Ltd and is currently a Director.

Her broad business experience, including working in health, insurance and human services sectors have enabled her to develop an understanding of the complex regulatory and operational environment within which Health Partners operates. Her experience encompasses financial management, policy development, human resources, risk management, governance and operational management.

Her studies in Human Resources, Audit and membership of the Australian Institute of Company Directors, coupled with her business and leadership experience brings a diverse perspective to the Board.

Trudy is the Chairperson of the Health Partners' Risk Committee.





**John Evans**  
(Independent Director)

**John has been a Director of the Board since 2020.**

**He is also a non-executive director on the Board of Beyond Bank Australia Limited and the Board of the Australian String Quartet (ASQ).**

He is Chairman of the Audit and Risk Committee of the South Australian Government Department for Health and Wellbeing, Chairman of the Audit and Risk Management Committee of the South Australian Public Trustee, Chairman of the Audit and Risk Committee of the ASQ and an appointed independent member of the University of South Australia, Finance, Audit and Risk Committee.

Prior to joining Health Partners, John was a partner with global accounting firm KPMG. He has over 40 years of Australian and international experience in business and finance, including accounting, assurance, risk management and corporate governance. In his work with KPMG, John specialised in financial services and worked extensively with boards and mutual organisations.

John also spent two and a half years with Australian agribusiness, Elders Limited, where he held the positions of Group Manager Risk Compliance and Audit and Secretary to the Board.

He holds a Bachelor of Accounting Science degree and is a member of the Institute of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.



**Simon Johnson**  
(Independent Director)

**Simon has been a Director of the Board since 2021.**

Since commencing his working career, Simon has always had and maintained private health insurance, and has a great appreciation of the need for services at different life stages. Simon understands the challenges that exist within the industry of affordability, cost effectiveness, industry reform and the living pressures impacting on people's choices.

Simon's expertise is in the areas of industrial relations and workplace reform, with extensive experience within both the public sector and previously with the trade union movement. A passion for advocating for the best interest of members is what drives Simon as a Health Partners Director.

Having worked within senior levels during his career, Simon's approach to his responsibilities as a Health Partners Director are based on the pillars of integrity, reasonableness and fairness.

Simon is currently the Director, Enterprise Bargaining, within the Attorney-General's Department, where he leads a team that manages industrial relations and negotiations in the public sector within government policies and provides technical advice on key broader industrial issues and challenges.



# Financial Statements.

For the year ended 30 June 2023

# Health Partners Limited

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Premium revenue		205,701	195,399
Claims expense		(171,340)	(169,727)
Net risk equalisation recovery		3,798	1,504
Other recoveries		1,200	1,119
<b>Net claims incurred</b>	<b>4</b>	<b>(166,342)</b>	<b>(167,104)</b>
Unexpired risk reserve		-	-
Management expenses	5	(20,494)	(18,332)
<b>Underwriting profit</b>		<b>18,865</b>	<b>9,963</b>
Other income	6	2,371	2,075
Other expenses	7	(1,574)	(1,143)
Net finance income/(cost)	8	10,244	(7,857)
<b>Profit before tax</b>		<b>29,906</b>	<b>3,038</b>
Income tax expense	11	(41)	-
<b>Profit for the year</b>		<b>29,865</b>	<b>3,038</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of land and buildings to fair value	19	1,488	413
<b>Total items that will not be reclassified to profit or loss</b>		<b>1,488</b>	<b>413</b>
<b>Total comprehensive income for the year</b>		<b>31,353</b>	<b>3,451</b>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Health Partners Limited

## Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	18,146	25,216
Trade and other receivables	14	10,925	8,329
Inventories	15	995	1,057
Financial assets at fair value through profit or loss	16	172,308	149,390
Loan receivable	17	-	30
<b>Total current assets</b>		<b>202,374</b>	<b>184,022</b>
<b>Non-current assets</b>			
Investment in associate	18	-	173
Property, plant and equipment	19	52,244	52,071
Intangible assets	20	694	586
Investment property	21	13,628	13,025
<b>Total non-current assets</b>		<b>66,566</b>	<b>65,855</b>
<b>Total assets</b>		<b>268,940</b>	<b>249,877</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	4,237	3,662
Outstanding claims liability	23	30,520	33,846
Other insurance liabilities	24	13,137	23,230
Employee benefits	25	6,388	5,766
<b>Total current liabilities</b>		<b>54,282</b>	<b>66,504</b>
<b>Non-current liabilities</b>			
Trade and other payables	22	1,189	1,354
Employee benefits	25	532	435
<b>Total non-current liabilities</b>		<b>1,721</b>	<b>1,789</b>
<b>Total liabilities</b>		<b>56,003</b>	<b>68,293</b>
<b>Net assets</b>		<b>212,937</b>	<b>181,584</b>
<b>Equity</b>			
Establishment equity		49,817	49,817
Retained earnings		143,138	113,273
Revaluation reserve		19,982	18,494
<b>Total equity</b>		<b>212,937</b>	<b>181,584</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Health Partners Limited

### Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Establishment equity \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Total \$'000
Balance as at 1 July 2022	49,817	113,273	18,494	181,584
<b>Total comprehensive income</b>				
Profit for the year	-	29,865	-	29,865
Revaluation of land and buildings to fair value	-	-	1,488	1,488
Total comprehensive income for the year	-	29,865	1,488	31,353
Balance as at 30 June 2023	49,817	143,138	19,982	212,937
Balance as at 1 July 2021	49,817	110,235	18,081	178,133
<b>Total comprehensive income</b>				
Profit for the year	-	3,038	-	3,038
Revaluation of land and buildings to fair value	-	-	413	413
Total comprehensive income for the year	-	3,038	413	3,451
Balance as at 30 June 2022	49,817	113,273	18,494	181,584

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Health Partners Limited

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Premiums received		195,163	201,959
Claims paid		(174,666)	(160,779)
Receipts from risk equalisation special account		3,233	2,311
Payments to risk equalisation special account		(360)	(554)
Other operating receipts		3,487	3,203
Payments to suppliers and employees		(17,819)	(16,217)
Income taxes paid		(41)	-
<b>Net cash from operating activities</b>	<b>30</b>	<b>8,997</b>	<b>29,923</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(2,043)	(4,942)
Acquisition of intangible assets		(396)	(102)
Acquisition of investment property		(271)	-
Acquisition of subsidiary, net of cash acquired		246	-
Proceeds from sale of assets		127	120
Loan repayments received		30	62
Interest and dividends received		4,425	4,276
Acquisition of financial assets including fees		(17,991)	(37,403)
<b>Net cash used in investing activities</b>		<b>(15,873)</b>	<b>(37,989)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(194)	(175)
<b>Net cash used in financing activities</b>		<b>(194)</b>	<b>(175)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,070)</b>	<b>(8,241)</b>
Cash and cash equivalents at beginning of year		25,216	33,457
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>18,146</b>	<b>25,216</b>

The Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1. Company information

Health Partners Limited (the “Fund”) is a not-for-profit public company limited by guarantee domiciled in South Australia. The address of the Fund’s registered office is Level 3, 101 Pirie Street Adelaide, SA 5000. The Fund is primarily involved in the underwriting of health insurance.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, *National Health Act 1953* (as amended), *Private Health Insurance Act 2007* and the Fund’s Constitution and Rules (as amended). The financial report of the Fund complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors (the Board) on 12 September 2023.

#### (b) Functional and presentation currency

The financial statements are presented in Australian Dollars, which is the Fund’s functional currency.

#### (c) Rounding off

The Fund is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with the Instrument, amounts in the financial statements and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### (d) Principles of consolidation

The general purpose consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Health Partners Limited) and all subsidiaries. Subsidiaries are entities the Parent controls. The Parent 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 assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Fund from the date on which control is obtained by the Fund. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Fund.

#### (e) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

#### (f) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- Land and buildings—see Note 3(d).
- Investment property—see Note 3(e).
- Financial assets at fair value through profit or loss—see Note 3(f).
- Provision for outstanding claims—see Note 3(j).

The methods used to measure fair values are discussed in Note 2(h).

#### (g) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Note 19	Valuation of land and buildings
Note 23	Estimate of outstanding claims and deferred claims
Note 24	Liability adequacy test

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 2. Basis of preparation (continued)

#### (h) Measurement of fair values

A number of the Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 16	Financial assets at fair value through profit or loss
Note 19	Property, plant and equipment—including land and buildings
Note 21	Investment property
Note 23	Outstanding claims liability
Note 27	Financial instruments—fair values and risk management

### 3. Significant accounting policies

The accounting policies set out below and in the following notes have been applied consistently to all periods presented in the financial statements.

#### (a) Insurance contracts

Contracts under which the Fund accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The Fund has determined that all current contracts with policyholders are insurance contracts.

#### (b) Revenue recognition

##### (i) Premium revenue

Premium revenues are recognised at fair value of the consideration received.

Premium revenues are exempt from goods and services tax (GST).

Premium revenues are inclusive of the Federal Government Rebate on Private Health Insurance. Premium revenue is recognised over the policy period and is based on time, which is considered to closely approximate the pattern of risks underwritten using the 365ths method.

Premium revenues received but not earned are recognised as unearned premiums in the Statement of Financial Position.

##### (ii) Revenue from contracts with customers

Revenue from contracts with customers is generated predominantly from the provision of dental, optical and hospital-substitute services to non-members. The net cost of providing these services to members are accounted for in the claims expense.

Revenue from services provided to non-members is recognised on a basis that reflects the transfer of promised goods or services to the customer at an amount that reflects the consideration the Fund expects to receive in exchange for those goods or services. For each contract with a customer, the Fund identifies the contract with the customer; identifies the performance obligations; determines the transaction price; allocates the transaction price to each performance obligation; and recognises revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations.

#### (c) Risk Equalisation payments and receipts

The *Private Health Insurance Act 2007* requires all private health insurers to participate in Risk Equalisation.

On a quarterly basis, each private health insurer is required to pay or receive an amount from the Australian Prudential Regulation Authority (APRA). This payment or receipt is calculated on a state-by-state basis and represents a redistribution of funds made by APRA to health funds to subsidise the inherent risk in claims costs.

Amounts paid to APRA are included in Risk Equalisation levies and amounts received from APRA are included in Risk Equalisation recoveries.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 3. Significant accounting policies (continued)

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Land and buildings are measured at fair value less accumulated depreciation. When a revaluation increases the carrying value of land and buildings, the increase is credited to the revaluation reserve in equity. To the extent the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in the profit or loss. When the carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. To the extent the decrease reverses an increase previously recognised in equity, the decrease is first recognised in other comprehensive income, and presented in equity.

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Assets under construction are measured at cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within profit or loss. When revalued land and buildings are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Fund and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment from the date they are available for use. Land is not depreciated.

The estimated useful lives are as follows:

- Building structure 66 years.
- Building works 40 years.
- Fixtures and fittings 10 years.
- Plant and equipment 5 years.
- Computer equipment 3 years.
- Depreciation methods, useful lives and residual values are reassessed at the reporting date.

##### (iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in profit or loss.

#### (e) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gains or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

#### (f) Financial assets at fair value through profit or loss

As part of its investment strategy, the Fund seeks to manage its investment portfolio to ensure that a portion of its investments mature in accordance with the expected pattern of future cash flows arising from insurance liabilities.

All financial investments including term deposits, listed equities and unlisted managed investments are determined to be assets backing insurance liabilities and are accordingly designated at fair value through profit or loss upon initial recognition. They are initially recorded at the cost of acquisition excluding transaction costs and are subsequently remeasured to fair value at each reporting date.

Directly attributable transaction costs are recognised in the profit or loss as incurred.

Changes in the fair value 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.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 3. Significant accounting policies (continued)

#### (g) Investment in associates

Associates are entities over which the Fund has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method. They are initially recognised at cost and are subsequently adjusted to recognise the Fund's share of post-acquisition profits or losses until the date on which significant influence ceases.

The Fund's share of losses are recognised only until the carrying amount of the equity interest is reduced to nil. The equity interest in an associate includes, for this purpose, the carrying amount of the investment under the equity method and other long-term interests that in substance form part of the Fund's net investment in the associate.

#### (h) Impairment

##### *Non-financial assets*

The carrying amounts of the Fund's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market conditions and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated across the assets in the unit (group of units) on a pro-rata basis.

An impairment loss recognised in prior periods is assessed at each reporting date for an indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (i) Unearned premium and unexpired risk liability

Premium revenue received but not earned is recognised as an unearned premium liability in the Statement of Financial Position. Unearned premium is brought into account in future periods as it is earned.

The Liability Adequacy Test (LAT) is required to be performed to determine whether the unearned premium liability is adequate to cover the present value of expected cash flows relating to future claims arising from rights and obligations under current insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate.

If the present value of the expected future cash flows relating to future claims, plus the additional risk margin to reflect the inherent uncertainty in the central estimate, exceeds the unearned premium liability, then it is deemed to be deficient and an unexpired risk liability is recognised.

#### (j) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### (i) Outstanding claims

A liability is recorded at the period end for outstanding claims, which is measured as the central estimate of expected future claims which are incurred but not settled at the reporting date, together with related claims handling costs and an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future claims include those in relation to claims reported but not yet paid and claims incurred but not reported (IBNR).

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct expenses of the claims department and any part of the general administrative costs directly attributable to claims function.

No discounting is applied to the provision given the generally short period (less than 12 months) between claim incidence and settlement.

##### (ii) Deferred claims

Private health insurers have experienced unusually low claim volumes due to the temporary cessation of elective surgeries and reduced access to general treatment services as a result of the COVID-19 pandemic. As directed by APRA and ASIC, a deferred claims liability is carried on the Statement of Financial Position as it is expected that policyholders will defer rather than forgo treatment. This liability captures the shortfall of claims, which under ordinary operating circumstances, would have been incurred in the reporting period.

Deferred claims have been included in the Outstanding Claims Liability (see Note 23).

##### (iii) Provision for premium reduction

COVID-19 impacted the ability of members to access hospital and general treatment services during previous reporting periods. As a result of this, the Fund returned premiums to members by temporarily reducing premiums by 5% for a six month period from 1 October 2022 to 31 March 2023. The premium return was only available for active members as at 30 June 2022 and therefore, a provision for premium reduction was recognised in the Statement of Financial Position at 30 June 2022. The premium reductions were given during the reporting period, and provision has been fully discharged as at 30 June 2023.



# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 3. Significant accounting policies (continued)

#### (k) Income tax

The Fund is exempt from paying income tax under section 50-30 of the *Income Tax Assessment Act 1997*.

The acquired subsidiary, J & J Health Services Pty Ltd is subject to income taxation where the income tax expense for the year comprises current income tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to the Australian Tax Office (ATO).

#### (l) Leases

##### *As a lessee*

When entering into a lease, the Fund recognises a right-of-use asset and a lease liability at the commencement date.

The right-of-use asset is initially measured at cost and is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is measured at the present value of the remaining lease payments over the term of the lease, discounted using the Fund's incremental borrowing rate.

##### *As a lessor*

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. The Fund recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

#### (m) New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations are effective from 1 July 2023, and have not been applied in preparing these financial statements. Those which are relevant to the Fund are set out below.

#### **AASB 17 Insurance Contracts**

AASB 17 Insurance Contracts will come into effect for reporting periods commencing after 1 January 2023, replacing the previous standard, AASB 1023 General Insurance Contracts. The Fund will apply the new standard retrospectively for the financial year commencing 1 July 2023, with any differences recognised against equity. Total financial impact is estimated to be a \$10.0m increase in equity at 1 July 2023.

##### (i) Measurement model

AASB 17 introduces a 'general measurement model' for accounting for insurance contracts. A simplified 'premium allocation approach', similar to the Fund's existing measurement basis under AASB 1023, is permitted for short-duration insurance contracts (i.e. 12 months or less). The simplified approach will be applied to all of the Fund's insurance contracts from 1 July 2023 and therefore the measurement basis is not expected to significantly change from current practice.

##### (ii) Contract boundary

Private Health Insurance contracts have no end date and are subject to community rating which means guaranteed renewability, automatic rollover and qualifying individuals cannot be denied cover. Due to this, there is no clearly defined contract boundary.

The Fund will adopt a contract boundary of the premium renewal date (1 April). This is consistent with current practice under AASB 1023.

##### (iii) Onerous contracts

AASB 17 requires identification of groups of onerous contracts at a more granular level of aggregation than the liability adequacy test under AASB 1023. This increases the likelihood of recognising onerous contracts and therefore a Loss Component (equivalent to the Unexpired Risk Liability) in the financial statements. Preliminary calculations show that a loss component of approximately \$4.0m will be recognised at 1 July 2023.

##### (iv) Deferred claims

The COVID-19 deferred claims liability does not meet the definition of an insurance liability and will therefore be derecognised on transition to AASB 17. The \$14.012m of deferred claims at 30 June 2023 will be transferred directly to equity on 1 July 2023.

##### (v) Risk adjustment

The measurement of insurance liabilities will include a risk adjustment to reflect the compensation the Fund requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. This replaces the risk margin as per AASB 1023. Risk adjustments will be made to the following:

- Liability for Incurred Claims: based on a 75% probability of adequacy which is consistent with the HPS 340 valuation of insurance liabilities; and
- Liability for Remaining Coverage: based on the Fund's net margin target, which specifically represents the compensation required by the Fund to take on the risk of the insurance contracts sold.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 3. Significant accounting policies (continued)

#### (m) New accounting standards and interpretations not yet adopted (continued)

##### (vi) Presentation and disclosure

AASB 17 introduces new line items on the Statement of Financial Position and Statement of Comprehensive Income as well as increased disclosure requirements. The main changes are as follows:

- Insurance Revenue replaces Premium Income.
- Insurance Service Expense replaces Net Claims Incurred and Management Expenses.
- Liability for Incurred Claims replaces Outstanding Claims Liability.
- Liability for Remaining Coverage replaces Unearned Premium Liability and Unexpired Risk Liability.

#### **AASB 9 Financial Instruments**

AASB 9 Financial Instruments modifies the classification, measurement and impairment of the Fund's financial assets. In October 2016, the AASB released an amendment allowing insurers to defer application of AASB 9 in line with the application of AASB 17 Insurance Contracts. The Fund will apply the new standard retrospectively for the financial year commencing 1 July 2023.

##### (i) Classification and measurement

Under AASB 9, financial assets are measured at either amortised cost, fair value through other comprehensive income (**FVOCI**) or fair value through profit or loss (**FVTPL**). The basis of classification depends on the business model and the contractual cash flow characteristics of the financial assets. The existing AASB 139 categories of held-to-maturity, loans and receivables and available-for-sale are removed.

On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Fund's financial investments, including term deposits, listed equities and unlisted managed investments will continue to be accounted for at FVTPL as the Fund will apply the fair value option. This is consistent with current practice under AASB 1023, where financial assets backing insurance liabilities are measured and classified at FVTPL. Therefore, the impact of AASB 9 is minimal.

Trade receivables will continue to be measured at amortised cost.

##### (ii) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' model. The new impairment model applies to the Fund's financial assets measured at amortised cost. Under the new standard, credit losses are recognised earlier than under AASB 139, which required a credit event to occur before recognising a loss.

The impairment requirements under the new standard do not apply to the financial assets at FVTPL.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 4. Net claims incurred

The gross claims expense in profit or loss comprises the claims paid and the change in the liability for outstanding claims, both reported and incurred but not reported, including the risk margin to reflect the uncertainty in the central estimate and claim handling expenses.

	Note	2023 \$'000	2022 \$'000
Claims paid		173,658	160,779
Changes in outstanding claims liability		(2,318)	8,948
<b>Claims expense</b>		<b>171,340</b>	<b>169,727</b>
Risk equalisation levies		360	554
Risk equalisation recoveries		(4,158)	(2,058)
<b>Net risk equalisation recovery</b>		<b>(3,798)</b>	<b>(1,504)</b>
Other recoveries		(1,200)	(1,119)
<b>Net claims incurred</b>		<b>166,342</b>	<b>167,104</b>

In the current period the Fund received \$9.369m (2022: \$8.643m) in co-payments toward the provision of optical and dental benefits from members. These co-payments are included as a reduction to gross claims expense.

### 5. Management expenses

Depreciation and amortisation	10	1,274	1,158
Directors' fees		519	568
Personnel expenses	9	10,466	9,444
Marketing expenses		2,273	2,012
Other expenses		5,962	5,150
		<b>20,494</b>	<b>18,332</b>

In the current period the Fund incurred management expenses of \$3.280m (2022: \$3.161m) in providing members with associated optical and dental benefits. These expenses are not included in the management expenses, as they have been accounted for in claims expenses.

### 6. Other income

Rental income		1,226	1,152
Change in fair value of investment property	21	(52)	-
Share of profit/(loss) from investment in associate	18	31	25
Other income		34	15
Revenue from contracts with customers		1,132	883
		<b>2,371</b>	<b>2,075</b>

### 7. Other expenses

Investment property expenses		498	375
Other expenses		1,088	830
Net (profit)/loss on disposal of assets		(12)	(62)
		<b>1,574</b>	<b>1,143</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 8. Net finance income/(cost)

Interest income is recognised as it is earned. Dividend and distribution income is recognised in profit or loss on the date the Fund's right to receive payment is established, which in the case of quoted securities, is the ex-dividend date.

	Note	2023 \$'000	2022 \$'000
<b>Finance income</b>			
Interest income		2,962	336
Dividends and distributions		2,392	3,950
Change in fair value of financial assets		5,328	(11,640)
		<b>10,682</b>	<b>(7,354)</b>
<b>Finance expense</b>			
Interest expense	26	(37)	(37)
Brokerage and management fees		(401)	(466)
		<b>(438)</b>	<b>(503)</b>
<b>Net finance income/(cost)</b>		<b>10,244</b>	<b>(7,857)</b>

### 9. Personnel expenses

Salaries and wages		24,782	21,897
Contributions to superannuation		2,727	2,286
Other associated personnel expenses		793	689
Annual leave and long service leave		3,012	2,437
		<b>31,314</b>	<b>27,309</b>
<i>Allocated as:</i>			
Management expenses	5	10,466	9,444
Claims expense		20,118	17,865
Other expenses		730	-
		<b>31,314</b>	<b>27,309</b>

### 10. Depreciation and amortisation

Depreciation	19	2,957	2,633
Amortisation	20	288	275
		<b>3,245</b>	<b>2,908</b>
<i>Allocated as:</i>			
Management expenses	5	1,274	1,158
Claims expense		1,918	1,750
Other expenses		53	-
		<b>3,245</b>	<b>2,908</b>

### 11. Income tax expense

Current tax		41	-
<b>Income tax expense</b>		<b>41</b>	<b>-</b>
<i>Reconciliation of income tax:</i>			
Profit before tax		<b>29,906</b>	<b>3,038</b>
Income tax at 25%		7,477	760
- Non-taxable income		(7,456)	(760)
- Non-deductible expenses		20	-
<b>Income tax expense</b>		<b>41</b>	<b>-</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 12. Auditor's remuneration

Auditor's remuneration for the provision of other regulatory audit services is for the audit of the HRF601 Quarterly Returns, HRF602 Annual Return, HPS310 compliance and the return associated with the Australian Government Rebate on Private Health Insurance.

	Note	2023 \$	2022 \$
<b>In dollars</b>			
<i>Auditors of the Fund – KPMG</i>			
Audit of financial reports		115,185	90,500
Other regulatory audit services		71,123	66,400
Other services – tax advice		37,260	5,589
Whistle-blower hotline		7,825	7,375
		<b>231,393</b>	<b>169,864</b>

### 13. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date and are used by the Fund in the management of short-term commitments.

		\$'000	\$'000
Cash at bank	27(d)	18,146	25,216
		<b>18,146</b>	<b>25,216</b>

### 14. Trade and other receivables

Trade and other receivables are stated at amounts to be received in the future, less any impairment losses. The recoverability of receivables is assessed on an ongoing basis and provision for impairment is made based on objective evidence having regard to past default experience. The impairment charge is recognised in the profit or loss. Receivables which are known to be uncollectable are written off.

Premium debtors	383	366
Other debtors and prepayments	3,249	2,952
Risk equalisation receivable	1,988	1,063
Australian Government Rebate receivable	4,229	3,801
Interest receivable	1,076	147
	<b>10,925</b>	<b>8,329</b>

Premium debtors are shown net of impairment losses amounting to \$0.096m (2022: \$0.198m) arising from the likely termination of memberships due to non-payment of amounts in arrears as at balance date.

No impairment losses have been booked for other debtors arising from the non-payment of amounts in arrears as at balance date.

### 15. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Finished goods	995	1,057
	<b>995</b>	<b>1,057</b>

In the year ended 30 June 2023 the Fund recorded cost of goods sold of \$3.432m (2022: \$3.120m).



# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 16. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss is comprised of investments in term deposits, listed securities and managed investments. As outlined in Note 3(f), these assets are held to back insurance liabilities and are therefore measured at fair value. All investments are measured using Level 1 valuation techniques, with the exception of managed investments which use Level 2 valuation techniques. Managed investments includes debt securities held in unlisted managed funds, which are valued at the redemption price as established by the Fund Manager.

	Note	2023 \$'000	2022 \$'000
Term deposits	27(d)	77,658	61,856
Listed securities	27(d)	46,376	40,913
Managed investments	27(d)	47,657	45,867
Other investments	27(d)	617	754
		<b>172,308</b>	<b>149,390</b>

### 17. Loan receivable

Current	-	30
	-	<b>30</b>

An interest free loan of \$0.200m was issued to J & J Health Services Pty Ltd on 10 November 2017, which was repaid in full over a five year term in accordance with the loan agreement.

### 18. Investment in J & J Health Services Pty Ltd

Health Partners acquired 4 shares in J & J Health Services Pty Ltd, operating as Your Health Navigator (YHN) on 9 November 2017 for \$2 per share, which constitutes 40% of the issued shares in the company. From this date, the Fund's interest in YHN has been accounted for as an associate using the equity method.

The following table summarises the financial information of YHN as included in its own financial statements and reconciles the summarised financial information to the carrying amount of the Fund's interest in YHN. The information for 2023 presented in the table below includes the results of YHN only for the period from 1 July 2022 to 3 April 2023, because YHN became a subsidiary on 3 April 2023.

Percentage of ownership		40%	40%
Current assets		-	668
Non-current assets		-	74
Current liabilities		-	(132)
Non-current liabilities		-	(177)
<b>Net assets of J &amp; J Health Services Pty Ltd</b>		<b>-</b>	<b>433</b>
<b>Carrying amount of investment in associate</b>		<b>-</b>	<b>173</b>
Profit for the year		78	62
<b>Share of profit from associate recognised in the year</b>	<b>6</b>	<b>31</b>	<b>25</b>

#### Acquisition of subsidiary

On 3 April 2023, the Fund obtained full control of YHN by acquiring the remaining 60% of equity in the company for a cash consideration of \$0.400m. As a result, the Fund's interest in YHN increased from 40% to 100%. From this date, the Fund's interest in YHN has been accounted for as a subsidiary and is fully consolidated into the financial statements of the Fund.

Taking control of YHN will enable the Fund to enhance member support through hospital-substitute services, prevention and chronic disease management programs.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 18. Investment in J & J Health Services Pty Ltd (continued)

<i>Assets acquired and liabilities assumed at the date of acquisition</i>	<b>3 Apr 2023 \$'000</b>
Cash and cash equivalents	646
Trade and other receivables	98
Other assets	94
Property, plant and equipment	85
Trade and other payables	(153)
Employee benefits	(166)
<b>Total identifiable net assets at fair value</b>	<b>604</b>
Cash consideration for remaining 60% share	400
Carrying amount of investment in associate on date of acquisition	204
<b>Goodwill</b>	<b>-</b>

There were no contingencies or contractual commitments as at the date of acquisition.

### 19. Property, plant and equipment

	<b>Freehold land at fair value \$'000</b>	<b>Buildings at fair value \$'000</b>	<b>Plant and equipment at cost \$'000</b>	<b>Right of use assets \$'000</b>	<b>Work in progress \$'000</b>	<b>Total \$'000</b>
<b>Cost/Fair value</b>						
Balance 1 July 2021	13,800	27,677	18,448	1,933	415	62,273
Acquisitions	150	-	856	5	3,936	4,947
Revaluation	(150)	-	-	-	-	(150)
Reclassification to/(from) WIP	-	-	84	-	(84)	-
Disposals	-	-	(473)	-	-	(473)
<b>Balance 30 June 2022</b>	<b>13,800</b>	<b>27,677</b>	<b>18,915</b>	<b>1,938</b>	<b>4,267</b>	<b>66,597</b>
Balance 1 July 2022	13,800	27,677	18,915	1,938	4,267	66,597
Acquisitions through business combinations	-	-	85	-	-	85
Transfer to investment property	-	(384)	-	-	-	(384)
Acquisitions	-	419	1,624	13	-	2,056
Revaluation	1,450	(548)	-	-	-	902
Reclassification to/(from) WIP	-	1,580	2,687	-	(4,267)	-
Disposals	-	-	(652)	-	-	(652)
<b>Balance 30 June 2023</b>	<b>15,250</b>	<b>28,744</b>	<b>22,659</b>	<b>1,951</b>	<b>-</b>	<b>68,604</b>
<b>Depreciation and impairment losses</b>						
Balance 1 July 2021	-	-	12,504	367	-	12,871
Depreciation for the period	-	563	1,885	185	-	2,633
Revaluation offset	-	(563)	-	-	-	(563)
Disposals	-	-	(415)	-	-	(415)
<b>Balance 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>13,974</b>	<b>552</b>	<b>-</b>	<b>14,526</b>
Balance 1 July 2022	-	-	13,974	552	-	14,526
Depreciation for the period	-	586	2,183	188	-	2,957
Revaluation offset	-	(586)	-	-	-	(586)
Disposals	-	-	(537)	-	-	(537)
<b>Balance 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>15,620</b>	<b>740</b>	<b>-</b>	<b>16,360</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 19. Property, plant and equipment (continued)

	Freehold land at fair value \$'000	Buildings at fair value \$'000	Plant and equipment at cost \$'000	Right of use assets \$'000	Work in progress \$'000	Total \$'000
<b>Carrying amounts</b>						
As 1 July 2021	13,800	27,677	5,944	1,566	415	49,402
At 30 June 2022	13,800	27,677	4,941	1,386	4,267	52,071
As 1 July 2022	13,800	27,677	4,941	1,386	4,267	52,071
At 30 June 2023	15,250	28,744	7,039	1,211	-	52,244

#### Valuation of land and buildings

Freehold land and buildings are measured at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, having regard to the highest and best use of the asset for which the other parties would be willing to pay.

An external, independent valuer (m3property), having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, values the Fund's land and buildings at least every three years. In the intervening years they are valued by the Board based on the most recent independent valuation combined with current market information.

For the year ended 30 June 2023, the Board has adopted an independent valuation conducted by m3property. The valuations were performed and completed in June 2023 and were determined on the basis of open market values for highest and best use.

The following valuation approaches adopted by m3property in deriving the market value of each property are listed below:

- **Capitalisation approach**

Capitalisation approach has regard to the rental value of the property and required that four essential factors be considered: market rental income, outgoing expenditure, rate of capitalisation, and any other capital adjustments that might be required in order to account for any shortfall in rental income or capital expenditure required.

The estimated fair value would increase if:

- o Expected rental income per square metre increased.
- o Outgoing expenditure payable decreased.
- o The capitalisation rate decreased.

The estimated fair value would decrease if the converse to the above outlined input changes applied.

- **Discount cash flows approach**

Discounted cash flows approach involves formulating a projection of net income over a specified time period, typically 10 years. A discount rate is then applied to the estimated future cash flows to derive a market value for the property.

The estimated fair value would increase if:

- o Average CPI forecast increased.
- o Average projected growth rates increased.
- o Capital expenditure allowance increased.
- o Acquisition and disposal costs decreased.
- o Terminal capitalisation rate decreased.
- o Discount rate decreased.

The estimated fair value would decrease if the converse to the above outlined input changes applied.

- **Direct comparison approach**

Direct comparison approach has regard to sales of other properties in similar locations and adjustments made for small points of difference.

The estimated fair value would increase/(decrease) if:

- o Observed sales prices for similar properties were higher/(lower).

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 19. Property, plant and equipment (continued)

The following table outlines the valuation technique and significant unobservable inputs used in measuring the Level 3 fair value of land and buildings.

Valuation technique	Significant unobservable inputs
<b>Property: 101 Pirie Street, Adelaide, South Australia</b>	
Capitalisation approach	<ul style="list-style-type: none"> <li>Gross rental income of \$448 per square metre</li> <li>Outgoings expenditure of \$105 per square metre</li> <li>Capitalisation rate of 6%</li> <li>Capital adjustments include capital expenditure, vacancies and lease incentives.</li> </ul>
Discount cash flows approach	<ul style="list-style-type: none"> <li>Average CPI forecast of 2.68% over the 10 year projected period</li> <li>Average projected growth rates of between 2% to 4.23%</li> <li>Lease incentives of 40%</li> <li>Occupancy rate of 94.2% to 100% over the forecast period</li> <li>Capital expenditure allowance of \$241 per square metre over forecast period</li> <li>Terminal capitalisation rate of 7%</li> <li>Discount rate of 6.25%.</li> </ul>
<b>Property: Lot 2, 27 Smart Road, Modbury, South Australia</b>	
Capitalisation approach	<ul style="list-style-type: none"> <li>Net rental income of \$399 per square metre</li> <li>Capitalisation rate of 5.75%</li> <li>No capital adjustments.</li> </ul>
Direct comparison approach	<ul style="list-style-type: none"> <li>Sale price of \$5,103 to \$8,518 per square metre</li> <li>Supports capitalisation approach (\$6,993 per square metre).</li> </ul>
<b>Property: 118-120 Main South Road, Morphett Vale, South Australia</b>	
Capitalisation approach	<ul style="list-style-type: none"> <li>Gross rental income of \$487 per square metre</li> <li>Outgoings expenditure of \$90 per square metre</li> <li>Capitalisation rate of 5.75%</li> <li>Capital adjustments include capital expenditure, vacancies and lease incentives.</li> </ul>
Direct comparison approach	<ul style="list-style-type: none"> <li>Sale price of \$5,103 to \$8,518 per square metre</li> <li>Supports capitalisation approach (\$6,951 per square metre).</li> </ul>
<b>Property: 284-288 Grange Road, Flinders Park, South Australia</b>	
Capitalisation approach	<ul style="list-style-type: none"> <li>Net rental income of \$414 per square metre</li> <li>Capitalisation rate of 5.25%</li> <li>No capital adjustments.</li> </ul>
Direct comparison approach	<ul style="list-style-type: none"> <li>Sale price of \$5,103 to \$8,518 per square metre</li> <li>Supports capitalisation approach (\$7,872 per square metre).</li> </ul>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 20. Intangible assets

Computer software acquired by the Fund is deemed to have a useful life of three years. All computer software is amortised using the straight-line method. Amortisation of intangible assets is included in 'Management expenses' in the Statement of Comprehensive Income.

	Software \$'000
<b>Cost</b>	
Balance 1 July 2021	2,880
Acquisitions	102
Disposals	-
<b>Balance 30 June 2022</b>	<b>2,982</b>
Balance 1 July 2022	2,982
Acquisitions	396
Disposals	-
<b>Balance 30 June 2023</b>	<b>3,378</b>
<b>Amortisation and impairment losses</b>	
Balance 1 July 2021	2,121
Amortisation for the period	275
Disposals	-
<b>Balance 30 June 2022</b>	<b>2,396</b>
Balance 1 July 2022	2,396
Amortisation for the period	288
Disposals	-
<b>Balance 30 June 2023</b>	<b>2,684</b>
<b>Carrying amounts</b>	
As 1 July 2021	759
<b>At 30 June 2022</b>	<b>586</b>
As 1 July 2022	586
<b>At 30 June 2023</b>	<b>694</b>

### 21. Investment property

Investment property comprises premises which are surplus to current operating requirements and are leased to third parties. This includes Levels 5-7 of the Adelaide property and a portion of the Morphett Vale property which are currently being leased (see Note 26).

<i>Reconciliation of carrying amount</i>	\$'000
Balance 1 July 2021	13,025
Acquisitions	-
Changes in fair value (unrealised)	-
<b>Balance at 30 June 2022</b>	<b>13,025</b>
Balance 1 July 2022	13,025
Transfer from property, plant and equipment	384
Acquisitions	271
Changes in fair value (unrealised)	(52)
<b>Balance at 30 June 2023</b>	<b>13,628</b>

#### Measurement of fair value

The fair value of investment property is determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued. For the year ended 30 June 2023, the Board has adopted an independent valuation conducted by m3property in June 2023.

The fair value measurement for investment property of \$13.628m (2022: \$13.025m) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Changes in fair value are recognised as gains in profit or loss and included in other income (see Note 6). All gains are unrealised.



# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 22. Trade and other payables

	2023 \$'000	2022 \$'000
<b>Current</b>		
Trade creditors	761	446
Sundry payables and accruals	3,300	3,061
Lease liabilities	176	155
	<b>4,237</b>	<b>3,662</b>
<b>Non-current</b>		
Lease liabilities	<b>1,189</b>	<b>1,354</b>
<b>Total</b>	<b>5,426</b>	<b>5,016</b>

Trade and other payables are stated at their cost. Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Lease liabilities are measured at the present value of remaining lease payments over the term of the lease, discounted using the Fund's incremental borrowing rate of 2.5% (2022: 2.5%). As at 30 June 2023, total lease liabilities under AASB 16 are \$1.365m (2022: \$1.509m).

### 23. Outstanding claims liability

Central estimate of claims incurred but not settled	15,384	12,747
Risk margin	934	774
Claims handling costs	190	155
Deferred claims	14,012	20,170
	<b>30,520</b>	<b>33,846</b>
<i>Changes to the gross outstanding claims liability can be analysed as follows:</i>		
Balance at beginning of the period	33,846	24,898
Claims incurred during the period	171,340	173,577
Claims settled during the period	(174,666)	(160,779)
Change in estimate of deferred claims	-	(3,850)
<b>Balance at end of period</b>	<b>30,520</b>	<b>33,846</b>

#### Central estimate of claims incurred but not settled

A liability is recorded at the end of the year for the estimated cost of claims incurred but not settled at the reporting date under private health insurance contracts issued by the Fund. The estimated cost of claims includes the following key elements:

- Direct expenses to settle claims reported but not paid and IBNR claims, including claims handling costs; and
- Allowance for recoveries from risk equalisation.

The Fund takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of IBNR claims is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Fund, where more information about the claim event is available. IBNR claims may not be reported until some months after the events giving rise to the claims have happened. Longer tail classes of business will typically display greater variations between initial estimates and final outcomes because there is a greater degree of difficulty in determining case estimated claim reserves. Shorter tail claims are typically reported soon after the claim event, and hence will tend to display lower levels of volatility. The claims made upon the Fund are normally of the shorter tail class of business.

In calculating the estimated cost of unpaid claims, the Fund uses a variety of estimation techniques, generally based upon statistical analysis of historical Fund experience that assumes the development pattern of the current claims will be consistent with past Fund experience. Allowance is made, however, for changes or uncertainties that might create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims.

The outstanding claims liability has been estimated based on historical experience and future expectations of claims to be received. The calculation was determined taking into account one month of actual post-balance date claims. Based on historical evidence, approximately 60% of outstanding claims are received within one month of balance date, and accordingly 40% of the outstanding claims provision requires estimation. Reasonable changes in assumptions would not have a material impact on the outstanding claims balance.

#### Risk margin

The risk margin has been determined based on an analysis of the past claims experience of the Fund. Past volatility has been assumed to be indicative of the future volatility. The claims development process adopted by the Fund has regard to this volatility, however, uncertainty regarding the timing and amount of claim payments is typically resolved within six months.

The assumptions regarding uncertainty were applied to the central estimate in order to provide a 75% (2022: 75%) probability of adequacy for the outstanding claims provision. The risk margin of 6% (2022: 6%) has been applied over the total central estimate of unpaid claims, including claims handling costs.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 23. Outstanding claims (continued)

#### Deferred claims

Private health insurers have experienced unusually low claim volumes due to the temporary cessation of elective surgeries and reduced access to general treatment services as a result of the COVID-19 pandemic. As directed by APRA and ASIC, a deferred claims liability is carried on the Statement of Financial Position as it is expected that policyholders will defer rather than forgo treatment. This liability captures the shortfall of claims, which under ordinary operating circumstances, would have been incurred in the reporting period impacted by restrictions.

A deferred claims liability of \$14.012m has been recorded as at 30 June 2023, with a probability of adequacy of 98% (2022: 98%). The value of the deferred claims liability has been calculated to reflect the difference between the pattern of claims in prior periods compared to the pattern of claims in the period impacted by restrictions. The central estimate comprises the value of these claims that did not occur (i.e. missing claims), including the impact of risk equalisation. The percentage of missing claims which has been allowed for in this central estimate is as follows:

% of missing claims assumed to be deferred	Hospital Treatment		General Treatment	
	Claims deferred within 12 months of balance date	Claims deferred more than 12 months ago	Claims deferred within the current benefit year	Claims deferred in the prior benefit years
2023	90%	60%	80%	20%-60%
2022	90%	60%	80%	20%-60%

#### Change in accounting estimate

APRA published guidance on the calculation of the deferred claims liability on 21 March 2022, which allows private health insurers discretion over calculating the deferred claims liability. Simplified guidance was also provided on the calculation of the prudent liability position held for capital purposes. For the period ending 30 June 2022, the Fund decided to align the deferred claim liability with the prudential requirement, resulting in an increase in the probability of adequacy from 75% to 98%. There were no changes in accounting estimates for the period ending 30 June 2023.

The impact of changes to the accounting estimate on the deferred claims liability can be summarised as:

	2023 \$'000	2022 \$'000
Change in probability of adequacy	-	3,154
Change in % of claims used in the central estimate	-	(7,004)
<b>Total impact of change in accounting estimate</b>	<b>-</b>	<b>(3,850)</b>

#### Sensitivity analysis

The Fund conducts sensitivity analysis to quantify the risk exposure to changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as described above. The movement in any key variable will impact the profit or loss and equity of the Fund. The table below describes how a change in each assumption will affect the insurance liabilities and shows an analysis of the sensitivity of the profit/(loss) to changes in the assumptions, excluding risk equalisation payments and recoveries.

Average claim size	Historical claim size information is used in determining the outstanding claims liability. An increase or decrease in the average claim size would have a corresponding increase or decrease on claims expense.
Average claim history	Claims frequencies are used in determining the level of claims incurred but not reported. An increase or decrease in the assumed average frequency levels would have a corresponding impact on claims expense.

Variable	Movement in variable	Change in profit/(loss) \$'000
Average claim size	+5%	(1,526)
	-5%	1,526
Average claim frequency	+10%	(3,052)
	-10%	3,052

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 24. Other insurance liabilities

	2023 \$'000	2022 \$'000
Unearned premium liability	13,137	18,055
Unexpired risk liability	-	-
Provision for premium reduction	-	5,175
	<b>13,137</b>	<b>23,230</b>

#### Unearned premiums

The unearned premium liability reflects premiums paid in advance by members as at the reporting date.

#### Liability adequacy test

At each reporting date, the Fund is required to perform the Liability Adequacy Test (**LAT**) in order to determine whether the unearned premium liability is adequate to cover the expected cash flows from future claims arising from the rights and obligations under current insurance contracts plus an additional risk margin of 4% (2022: 4%) to reflect the inherent uncertainty in the central estimate. The LAT is also extended beyond recognised unearned premium liability to include premiums renewable until the next repricing review, usually 1 April each year.

No deficiency was identified as at 30 June 2023, therefore no unexpired risk liability has been recognised.

#### Provision for premium reduction

COVID-19 impacted the ability of members to access hospital and general treatment services during previous reporting periods. As a result of this, the Fund returned premiums to members by temporarily reducing premiums by 5% for a six month period from 1 October 2022 to 31 March 2023. The premium return was only available for active members as at 30 June 2022 and therefore, a provision for premium reduction was recognised in the Statement of Financial Position at 30 June 2022. The premium reductions were given during the reporting period, and provision has been fully discharged as at 30 June 2023.

### 25. Employee benefits

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Fund has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Long-term employee benefits

The Fund's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service with the Fund plus related on-costs. The benefit is discounted to determine its present value. The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Fund's obligations.

#### Post-employment benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. The Fund makes contributions to several defined contribution superannuation plans. The amount recognised as an expense was \$2.727m (2022: \$2.286m) for the period ended 30 June 2023.

	2023 \$'000	2022 \$'000
<b>Current</b>		
Accrued salaries and wages	754	565
Liability for annual leave	2,516	2,246
Liability for long service leave	3,118	2,955
	<b>6,388</b>	<b>5,766</b>
<b>Non-current</b>		
Liability for long service leave	532	435
<b>Total</b>	<b>6,920</b>	<b>6,201</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 26. Leases

The Fund leases property in Goodwood and Modbury for operation of its Dental and Optical centres. These leases typically run for a period of 10 years, with an option to renew the lease after that date.

#### (a) Leases as lessee

	Note	2023 \$'000	2022 \$'000
<b>Right of use assets</b>			
Balance at beginning of the period		1,386	1,566
New leases and modifications		13	5
Depreciation charge for the year		(188)	(185)
<b>Balance at end of period</b>	<b>19</b>	<b>1,211</b>	<b>1,386</b>
<b>Lease liabilities</b>			
Balance at beginning of the period		1,509	1,642
New leases and modifications		13	5
Lease payments for the year		(194)	(175)
Interest expense		37	37
<b>Balance at end of period</b>	<b>22</b>	<b>1,365</b>	<b>1,509</b>

The amounts recognised in profit or loss under AASB 16 for the year ending 30 June 2023 are depreciation on the right-of-use asset of \$0.188m (2022: \$0.185m) and interest on the lease liability of \$0.037m (2022: \$0.037m).

#### (b) Leases as lessor

Payments received under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives paid are recognised in profit or loss as an integral part of the total lease income, over the term of the lease.

The Fund leases out its investment property (see Note 21), which includes property in Adelaide and Morphett Vale. The future minimum lease payments under non-cancellable leases are receivable as follows:

Less than one year	1,112	880
One to two years	936	859
Two to three years	933	742
Three to four years	420	764
Four to five years	184	370
More than five years	-	166
	<b>3,585</b>	<b>3,781</b>

The operating lease rental income for the period ended 30 June 2023 was \$1.226m (2022: \$1.152m).

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 27. Financial instruments – fair values and risk management

#### (a) Risk management framework

The Fund has exposure to the following financial risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee and Risk Committee, which reports to the Board regularly on its activities.

Risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities. The Fund, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Committee recommends to the Board strategies, policies and procedures relevant to the management of risk. This also includes reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund as well as the Fund's risk appetite. The Audit Committee oversees how management monitors compliance within the Fund's risk management policies and procedures. The Audit Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's receivables from members, for both premium revenue and health related business.

##### (i) Cash and cash equivalents

The Fund held cash and cash equivalents of \$18.146m at 30 June 2023 (2022: \$25.216m), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Authorised Deposit-taking Institutions (ADIs), which are rated AA- based on rating agency Standard & Poor's ratings.

##### (ii) Trade and other receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each member. Individual amounts are insignificant and there is no concentration of credit risk.

#### **Premium debtors**

The Board has established Fund rules which limit premium debtors to three months in payment arrears. Debtors greater than three months in arrears are subject to payment plans or their memberships are terminated under Fund rules. There are no significant individual amounts and there is no significant concentration of credit risk. In accordance with fund rules, members are prevented from claiming benefits while their premiums are in arrears. An allowance for impairment has been established which represents the Fund's estimate of incurred losses in respect of premium debtors.

#### **Australian Government Private Health Insurance Rebate receivable**

The Federal Government Rebate contributes approximately 25% of the Fund's premium revenue. The *Private Health Insurance Act 2007 (Act)* details the obligations of Services Australia to assess and grant payments under the scheme. Payment is made by Services Australia within 14 days.

#### **Risk equalisation receivable**

The Act and The Private Health Insurance (Risk Equalisation Policy) Rules 2007 detail the compulsory participation of the Fund in the risk equalisation arrangements. Payment is made by APRA from the Risk Equalisation Special Account under the obligations of the Risk Equalisation Policy.

##### (iii) Financial assets at fair value through profit and loss

The Board has established an investment policy that sets out principles for management of the Fund's financial investments. The policy sets out the Fund's investment objectives, asset allocation limits and asset concentration limits.

The Fund held term deposits of \$77.658m as at 30 June 2023 (2022: \$61.856m), which represents its maximum credit exposure on these assets. Term deposits are held with ADIs, which are rated AA- to BBB-, based on rating agency Standard & Poor's ratings. The Fund's unrated asset limit or credit exposure with a particular entity is 10% of the value of total investments of the Fund for any individual investment, up to a maximum of 20% for all unrated ADIs.

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 27. Financial instruments – Fair values and risk management (continued)

#### (b) Credit risk (continued)

##### Exposure to credit risk

The carrying amount of the Fund's financial assets represents the maximum credit exposure. The Fund's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 30 June 2023 \$'000	Carrying amount 30 June 2022 \$'000
Cash and cash equivalents	13	18,146	25,216
Trade and other receivables	14	10,925	8,329
Financial assets at fair value through profit or loss	16	172,308	149,390
Loan receivable	17	-	30
		<b>201,379</b>	<b>182,965</b>

##### Impairment losses

The ageing of the Fund's trade and other receivables at the reporting date was:

	Gross 30 June 2023 \$'000	Impairment 30 June 2023 \$'000	Gross 30 June 2022 \$'000	Impairment 30 June 2022 \$'000
0-30 days	10,677	-	8,128	-
31-60 days	146	-	143	-
61-90 days	81	-	58	-
More than 90 days	117	(96)	198	(198)
	<b>11,021</b>	<b>(96)</b>	<b>8,527</b>	<b>(198)</b>

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

Typically the Fund ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 60 days, including the servicing of financial obligations but excluding the potential impact of extreme circumstances that cannot be reasonably predicted. At 30 June 2023, the Fund maintained \$77.658m (2022: \$61.856m) in term deposits that can be drawn down to meet short to medium-term financing needs.

It is a requirement for all private health insurers to meet the solvency obligations of the Solvency Standard issued by APRA. The Solvency Standard determines a reserve based on a run-off view of the Fund in order to ensure that the Fund will be able to meet its liabilities in the event the Fund is terminated.

The Solvency Standard is established under the *Private Health Insurance (Health Benefits Fund Administration) Rules 2007* and is an integral component of the prudential reporting and management regime for registered health benefits organisations.

At 30 June 2023 the Fund satisfied the solvency requirements and reported a solvency reserve of \$11.054m (2022: \$18.469m).



# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 27. Financial instruments – Fair values and risk management (continued)

#### (c) Liquidity risk

##### Exposure to liquidity risk

The following are the contractual maturities of financial liabilities:

##### Contractual cash flows as at 30 June 2023

	0-6 months \$'000	6-12 months \$'000	1-2 years \$'000	>2 years \$'000	Total \$'000
Trade and other payables	4,164	105	214	1,083	5,566
Outstanding claims	30,195	325	-	-	30,520
	<b>34,359</b>	<b>430</b>	<b>214</b>	<b>1,083</b>	<b>36,086</b>

##### Contractual cash flows as at 30 June 2022

	0-6 months \$'000	6-12 months \$'000	1-2 years \$'000	>2 years \$'000	Total \$'000
Trade and other payables	3,598	100	204	1,290	5,192
Outstanding claims	23,506	10,340	-	-	33,846
	<b>27,104</b>	<b>10,440</b>	<b>204</b>	<b>1,290</b>	<b>39,038</b>

#### (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Fund's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Fund has no direct exposure to currency or foreign exchange risks. The Board has implemented an investment policy to minimise market risks on investments. The policy outlines the asset allocation of investments between growth assets (equities and property) and defensive assets (fixed interest and cash).

##### Exposure to market risk–Interest rate risk

At the reporting date the interest rate sensitivity of the Fund's interest-bearing financial instruments to interest rate fluctuations was:

	Note	30 June 2023 \$'000			30 June 2022 \$'000		
<b>Interest rate risk</b>		<b>Exposure</b>	<b>+2%</b>	<b>-2%</b>	<b>Exposure</b>	<b>+2%</b>	<b>-2%</b>
Cash and cash equivalents	13	18,146	363	(363)	25,216	504	(504)
Term deposits	16	77,658	1,553	(1,553)	61,856	1,237	(1,237)
Other investments	16	617	12	(12)	754	15	(15)
<b>Net profit sensitivity</b>		<b>96,421</b>	<b>1,928</b>	<b>(1,928)</b>	<b>87,826</b>	<b>1,756</b>	<b>(1,756)</b>

##### Exposure to market risk–Price risk

The Fund is exposed to price risk, which arises from financial investments. For such investments, a 10% increase/(decrease) in the market price at the reporting date will increase/(decrease) equity and profit or loss by the amount shown below:

	Note	30 June 2023 \$'000			30 June 2022 \$'000		
<b>Price risk</b>		<b>Exposure</b>	<b>+10%</b>	<b>-10%</b>	<b>Exposure</b>	<b>+10%</b>	<b>-10%</b>
Listed securities	16	46,376	4,638	(4,638)	40,913	4,091	(4,091)
Managed investments	16	47,657	4,766	(4,766)	45,867	4,587	(4,587)
<b>Net profit sensitivity</b>		<b>94,033</b>	<b>9,404</b>	<b>(9,404)</b>	<b>86,780</b>	<b>8,678</b>	<b>(8,678)</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 27. Financial instruments – Fair values and risk management (continued)

#### (e) Capital management

It is a requirement of all private health insurers to meet the capital adequacy obligations of the Capital Adequacy Standard issued by APRA. The Capital Adequacy Standard assesses the financial strength of the Fund as an ongoing operation; in particular, the ability to remain solvent for at least the next three years. The Capital Adequacy ratio is reported to the Board each month. The Fund is required to report to APRA on a quarterly basis with details on how the Fund is meeting the capital adequacy obligations of the Capital Adequacy Standard.

The Board's policy is to maintain a strong capital base to meet regulatory requirements, maintain member confidence and to sustain future development of the business. The Board has adopted a Capital Management Plan, which outlines capital target levels (Capital Ratio) required to be held by the Fund. The Capital Ratio is reported monthly to the Board.

#### (f) Fair values

##### *Fair values versus carrying amounts*

The fair values of financial assets and liabilities are represented by the carrying amounts shown in the Statement of Financial Position. The basis for determining fair values is disclosed in Note 2(h).

### 28. Insurance contracts – Risk management policies and procedures

The financial condition and operation of the Fund are affected by a number of key risks including insurance risk, financial risk, compliance risk and operational risk. The Fund's policies and procedures in respect of managing these risks are set out below.

#### **Objectives in managing risks arising from insurance contracts and policies to mitigate those risks**

The Fund has an objective to control insurance risk and thereby reduce the volatility of operating profits. The Fund's risk management framework is the principal means by which insurance risk, and all other identified risks, are managed.

The Fund has developed a risk management policy that outlines the risk management framework. This policy is in accordance with APRA requirements and has been approved by the Board. The policy incorporates the measuring and reporting of KPIs, developed to minimise risk, to the Board on a quarterly basis.

Risks arising from entering into insurance contracts are specifically addressed as part of the Fund's risk management framework. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted in order to manage the Fund's exposure to risk.

Key aspects of the process established in the risk management framework to mitigate risk include:

- The maintenance and use of management information systems, which provide up-to-date, reliable data on the risks to which the business is exposed.
- Models, using information from management information systems, are used to calculate premiums and monitor claims patterns. Past experience, relevant industry benchmarks and statistical methods are used as part of the process.
- Risk Equalisation is used to limit the Fund's exposure to claims. The Fund is required by Government legislation to participate in the risk equalisation arrangements administered by APRA.
- The mix of assets in which the Fund invests is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match the maturity dates of assets with the expected pattern of claims.
- The diversification of business over large numbers of uncorrelated individuals reduces variability in loss experience.

Underwriting risk is the risk that the Fund does not charge premiums appropriate for the risk profile it insures. The risk on any policy will vary according to many factors. Underwriting risk is partially managed by the Fund issuing contracts for each policy which include the terms and conditions associated with the policy.

The Fund must comply with community rating as detailed in the Act. Community rating states that a fund must not improperly discriminate against any person, including discrimination based on medical condition, age, race, gender and where a person lives. All persons covered by the same policy pay the same premium, regardless of their risk profile.

Any proposed changes to premiums must comply with the requirements of the Act and the Department of Health. Any submission to change premiums must be substantiated and supported by the Fund's Appointed Actuary. The submission is made annually in November to the Department of Health. Any submission must be approved by the Minister. Approved premium changes are effective from no earlier than 1 April in the year following the submission.

### 29. Capital and other commitments

	30 June 2023 \$'000	30 June 2022 \$'000
Contracted but not provided for and payable:	-	1,439
	-	1,439

The balance of capital commitments for periods greater than 12 months as at 30 June 2023 is \$nil (2022: \$nil).

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 30. Reconciliation of cash flows from operating activities

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		29,865	3,038
<i>Adjustments for:</i>			
Share of profit from investment in associate	6	(31)	(25)
Net (profit)/loss on the disposal of assets	7	(12)	(62)
Change in fair value of financial assets	8	(5,328)	11,640
Net investment income (realised)		(4,953)	(3,820)
Depreciation	10	2,957	2,633
Amortisation of intangible assets	10	288	275
Change in fair value of investment property	21	52	-
Interest on lease liabilities	26	37	37
		<b>22,875</b>	<b>13,716</b>
<i>Changes in:</i>			
Trade and other receivables		(1,475)	654
Inventories		62	(275)
Trade and other payables		401	639
Outstanding claims liability		(3,326)	8,948
Other Insurance liabilities		(10,093)	6,193
Employee benefits		553	48
<b>Cash generated from operating activities</b>		<b>8,997</b>	<b>29,923</b>

### 31. Parent information

#### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2023 \$'000	2022 \$'000
<i>Statement of financial position</i>		
<b>Assets</b>		
Current assets	201,576	184,022
Non current assets	66,987	65,855
<b>Total assets</b>	<b>268,563</b>	<b>249,877</b>
<b>Liabilities</b>		
Current liabilities	53,872	66,504
Non current liabilities	1,721	1,789
<b>Total liabilities</b>	<b>55,593</b>	<b>68,293</b>
<b>Equity</b>		
Establishment equity	49,817	49,817
Retained earnings	143,171	113,273
Revaluation reserve	19,982	18,494
<b>Total equity</b>	<b>212,970</b>	<b>181,584</b>
<i>Statement of profit or loss and other comprehensive income</i>		
Profit for the year	29,898	3,038
Other comprehensive income	1,488	413
<b>Total comprehensive income</b>	<b>31,386</b>	<b>3,451</b>

# Health Partners Limited

## Notes to the Financial Statements

For the year ended 30 June 2023

### 31. Parent information (continued)

#### (b) Guarantees

The parent entity did not provide any guarantees to third parties during the reporting period ended 30 June 2023.

#### (c) Contingent liabilities and contractual commitments

The parent entity did not have any contingencies or contractual commitments at 30 June 2023.

### 32. Related parties

#### (a) Key management personnel

##### *Transactions with key management personnel*

In addition to their salaries, the Fund also provides non-cash benefits to key management personnel, and contributes to defined contribution superannuation funds on their behalf.

##### *Key management personnel compensation*

The key management personnel compensation included in Personnel Expenses (see Note 9) is as follows:

	2023 \$	2022 \$
<b>In dollars</b>		
Salaries and non-cash benefits	2,541,432	2,312,921
Annual leave and long service leave	160,523	171,717
Contributions to superannuation	225,760	214,322
<b>Total</b>	<b>2,927,715</b>	<b>2,698,960</b>

#### (b) Director Remuneration

Directors' fees, including superannuation were as follows:

	2023 \$	2022 \$
<b>In dollars</b>		
Barbaro, Josephine	85,293	75,456
Dickson, Trudy	85,293	75,456
Evans, John	75,452	65,604
Johnson, Simon	75,452	65,604
McMahon, Jan—retired 30 June 2023	113,417	113,412
Prior, Deane—retired 30 June 2022	-	85,284
Ranieri, Erma	85,293	85,284
	<b>520,200</b>	<b>566,100</b>

Directors are also eligible to receive a reduction in their private health insurance premiums with Health Partners.

#### (c) Related party transactions

The Fund paid \$2.535m to J & J Health Services Pty Ltd (operating as 'Your Health Navigator') for in-home hospital services provided to members for the year ending 30 June 2023 (2022: \$2.608m). These payments have been accounted for as claims expenses in the profit or loss for the period 1 July 2022 to 2 April 2023. Since acquisition of YHN on 3 April 2023, these payments have been eliminated on consolidation.

### 33. Subsequent events

There have been no material events or transactions of an unusual nature that have occurred between the end of the financial year and the date of signing this report that, in the opinion of the Directors, significantly affected or will affect the future operations of the Fund.

# Directors' Declaration.

## Directors' Declaration

For the year ended 30 June 2023.

### Health Partners Limited

1. In the opinion of the Directors of Health Partners Limited:
  - (a) the financial statements and accompanying notes are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Company as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulation 2001*.
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



**Erma Ranieri**  
Director



**Josie Barbaro**  
Director

Dated at Adelaide this 12<sup>th</sup> day of September 2023.

# Independent Auditor's Report.



## Independent Auditor's Report

To the members of Health Partners Limited

### Opinion

We have audited the **Financial Report** of Health Partners Limited (the Fund).

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

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

The **Financial Report** comprises:

- Consolidated Statement of Financial Position as at 30 June 2023;
- Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.
- The **Group** consists of Health Partners Limited (the Fund) 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 the Code.

### Other Information

Other Information is financial and non-financial information in Health Partners 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.

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### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf).

This description forms part of our Auditor's Report.



  
Paul Cenko  
Partner

Adelaide

12 September 2023

# Health Partners Directory.

## Health Partners Administration

### *Registered office*

#### Adelaide

Level 3, 101 Pirie Street, Adelaide SA 5000

**Phone** 1300 113 113

**Fax** (08) 8113 2259

**Web** [healthpartners.com.au](http://healthpartners.com.au)

## Health Partners Member Care

#### Adelaide

101 Pirie Street, Adelaide SA 5000

#### Modbury

27 Smart Road, Modbury SA 5092

#### Morphett Vale

118-120 Main South Road, Morphett Vale SA 5162

#### Flinders Park

288 Grange Road, Flinders Park SA 5025

**Phone** 1300 113 113 **Fax** (08) 8113 2259

**Email** [ask@healthpartners.com.au](mailto:ask@healthpartners.com.au)

**Web** [healthpartners.com.au](http://healthpartners.com.au)

## Health Partners Optical

#### Adelaide

101 Pirie Street, Adelaide SA 5000  
Phone 1300 115 115

#### Goodwood

92 King William Road, Goodwood SA 5034  
Phone 1300 116 116

#### Modbury

27 Smart Road, Modbury SA 5092  
Phone 1300 127 127

#### Morphett Vale

118-120 Main South Road, Morphett Vale SA 5162  
Phone 1300 191 191

#### Flinders Park

288 Grange Road, Flinders Park SA 5025  
Phone 1300 115 115

## Health Partners Dental

#### Adelaide

Level 1, 101 Pirie Street, Adelaide SA 5000  
Phone 1300 114 114

#### Modbury

Level 1, 27 Smart Road, Modbury SA 5092  
Phone 1300 114 114

#### Morphett Vale

118-120 Main South Road, Morphett Vale SA 5162  
Phone 1300 114 114

#### Gawler Dental Clinic

177 Murray Road, Gawler SA 5188  
Phone (08) 8522 1223

#### Flinders Park

288 Grange Road, Flinders Park SA 5025  
Phone 1300 114 114



**1300 113 113** (SA)  
**1800 182 322** (regional or interstate)

Visit [healthpartners.com.au](https://healthpartners.com.au)

Health Partners Ltd ABN 43 128 282 904

**Health Partners**