

Annual Report

2023

CBHS
HEALTH
BELONG TO MORE





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Your CBHS

OUR VISION

MORE THAN GREAT HEALTH INSURANCE

Building healthier and happier communities

OUR PURPOSE

OUR MEMBER COMMUNITY IS

at the heart of everything we do

OUR VALUES

Customer first

Active

Respect

Excellence

MORE THAN
272,000

INSURED PERSONS
BELONG TO MORE
WITH CBHS GROUP



EXCLUSIVE
COMMONWEALTH
BANK CAN4CANCER
WELLBEING PARTNER



PHYSICAL
HEALTH HUBS



A Members
Health Fund



At CBHS, we pay respect to all Aboriginal and Torres Strait Islander Elders past, present and emerging. They are the cultural knowledge holders, trailblazers, nurturers, advocates, teachers, survivors, leaders and hard workers. For more than 60,000 years, our office home of Parramatta has been home to the Burramattagal people, clan of the Dharug Nation. We also acknowledge the present Aboriginal and Torres Strait Islander people who continue to reside in this area.

Message from the Chair

Peter MacCuspie
Chair

In my sixth year as Chair, I am pleased on behalf of the Board, to present the 2023 Annual Report.

The past period has been far from normal. We have lived through a global pandemic and in many states there were significant restrictions placed on the way we lived. The pressures and challenges of these years already feel a long time in the past, but the effects on the health system will play out for many years.

Many public hospitals have seen a significant turnover of frontline staff. At my local public hospital, the difficulty in finding trained nursing staff has seen shifts cut back, and on occasion, delays in patient treatment times. Waits through emergency have frequently passed eight hours. All these are reasons why I take out and prioritise my private health insurance. I choose my specialist and we have built a ten-year relationship. My glasses come from the same small independent local business I have supported for over twenty years. I have an independent podiatrist that I have seen for five years, and she has helped me with a range of treatments. There are public clinics. But they cannot hope to know me in the same way or provide the same level of care, insights or personal attention that I can get through having private health insurance.

Our members are likewise prioritising their healthcare needs - taking out private health insurance for shorter



waiting times, to provide greater certainty as to treatment costs, better quality private care, as well as being able to choose their own doctor. In addition, the younger demographics are seeking more accessible mental health options and affordable dental and optical treatment.

COVID support for our members now totals \$62m

As a not-for-profit health fund, our focus has been to ensure that any claims savings made during the pandemic are returned to our members and that's exactly what we are doing.

Earlier this year, we deferred the 1 April 2023 annual premium increase for six months, providing around \$12m in premium relief to members.

In June 2023, we announced a further \$15m cashback, which will be paid to eligible members towards the end of the year.

These measures bring our total COVID support package to \$62m.

Financial results

Our approach to putting our members at the heart of everything we do has ensured growth, including amongst our 18-29 year old members, who have traditionally waited longer before taking out health cover.

The CBHS Group insures more than 272,000 people, with a 12.7% increase in total memberships over the previous year. This sustained growth has delivered premium revenue of \$529m and is reflective of our loyal member base who advocate for CBHS, and the reopening of

international borders. Our CBHS International business has grown to over 31,000 members following a resurgence in overseas students and visitors coming to study and work in Australia.

Benefit payments increased by 14% to \$474m, resulting in a claims payout ratio of 89.6%*. That is almost 90 cents back for members for every dollar we receive in premiums.

Our capital position remains strong, with total assets of \$498m, no debt, and net assets of \$272m compared to \$230m in 2022.

Rounding out the year's results, our investment returns exceeded forecasts, and have returned to positive territory despite continued volatility in rising equity markets. Our investment portfolio stood at \$426m as of 30 June 2023, compared to \$365m as of 30 June 2022.

*Excluding COVID deferred claims liability movements

Progress on our strategic objectives

We continue to make progress on delivering upon our strategic objectives.

With our vision to be more than great health insurance, we are not only actively supporting the health and wellbeing of our members but strengthening our connection with our key stakeholder, CommBank.

Some of the most compelling ways we're doing this is through our interactive Health Hubs and supporting CommBank charity initiatives such as Tour de Cure's Can4Cancer and Thread Together.

Implementation of new capital framework

During the past financial year, the CBHS Group and the Board readied itself to adopt APRA's new capital framework which came into effect on 1 July 2023. These new capital standards require health funds to review the way in which they manage capital, and includes enhanced Board oversight, setting new capital targets and strengthening monitoring and reporting. Our prudent approach to capital has ensured the CBHS Group's capital position remains strong and appropriate for the scale, nature and complexity of our business and risk profile.

Looking forward

We continue to look for ways to deliver a positive member experience for our members every time they interact with us. This involves improving the efficiency of our Member Care operations resulting in shorter call and email waiting times, strengthening our cybersecurity environment to protect our members' personal information, and building on the capabilities of our people.

Influencing Government reform will also continue to be an important focus for CBHS Group and the industry. Prosthesis reform is a key driver in keeping health insurance affordable for Australians and one which the Board fully supports.

Thank you

CBHS operates exclusively for the benefit of our members. We remain focused on operating our business as efficiently and effectively as possible. This focus led to consolidating the director composition of the CBHS and CBHS Corporate Boards in May 2023. I want to thank Henry Capra, Claudia Bels, Marielle Latour, Hugh Podmore and Dario Molina for the wealth of strategic and operational experience they brought to the CBHS Corporate Board.

I also extend my thanks to my fellow directors and our Executive Leadership Team for their much-valued insight and continued dedication and support. On behalf of the Board, I also acknowledge our staff for their unwavering commitment to our members. Collectively, their skills, experience and passion have delivered an outstanding year for the CBHS Group and our member community. And of course, thank you to you - our members - for continuing to invest in your health, and choosing CBHS as your health partner.

Peter MacCuspie
Chair
1 September 2023

Message from the Group CEO

Helen Troup
Group Chief Executive Officer



The CBHS Vision and Purpose is centred on you, our members. As a not-for-profit, member-owned fund – our goal is to deliver MORE by providing great health insurance and wellbeing solutions. This financial year has been one of continued growth, strong business performance and extending more support to our members.

MORE support and value for our members

With a backdrop of increased cost-of-living, our focus was to implement initiatives to assist our members. This included deferring the start of premium increases and providing an additional \$15m cashback, which eligible members will receive towards the end of this year.

We also increased the age to which eligible dependants can remain on their family cover – until they turn 31. We know this age group sometimes questions the value of health insurance. This change is a cost-effective way for them to remain connected to this important safety net, while providing access to a broad range of wellness tools and tips to support them with healthy living.

— // —
More value also means having more choice over where and when you receive treatment.
— // —

An increasing number of members are benefiting from our Hospital Substitute Treatment (HST) and Better Living programs. Through HST, members can access services like chemotherapy and rehabilitation in the comfort and convenience of home, while our Better Living programs provide support and assistance for members living with a chronic health condition.

Thousands of our members are using their free subscription to SkinVision, an app that can help detect suspicious skin spots via your smartphone. As you will read in the member stories in this Annual Report, this app has resulted in the early detection of skin cancers including melanomas, and is truly saving lives.

Our team has been relentlessly pursuing a better service experience for you, improving our website design and enhancing how and when we communicate with you.

MORE information security

As your health fund, you've entrusted us with particularly sensitive health information, and external, high-profile cyber events have meant that information security is even more front-of-mind. We are not complacent; continuously testing our systems and being mindful of the experiences and learnings of others. We've invested in strengthening the protection of personal information you share with us. This includes an additional security layer (multifactor authentication) when you log into the Member Centre, and expanded cybersecurity threat monitoring.

One of the strongest defences is constant vigilance and awareness. For our people, this has meant increased training and testing – and a reminder to escalate anything

suspicious quickly. For our members, we encourage strong password protocols and to promptly report any unusual account activity to our Member Care team.

In addition to enhanced cybersecurity measures, we have implemented enhanced automatic claims monitoring to detect and prevent potential fraud or error.

MORE members across the CBHS Group

It was an outstanding year for our CBHS International business, with record levels of membership growth.

— // —
A key highlight was winning a 2023 Canstar award for outstanding value on one of our overseas student health cover products. This is a fantastic independent accreditation of the product and offering we provide to this growing segment.
— // —

Growth has also been positive for CBHS Health, which is complemented by our industry-leading member retention rates. This reflects the loyalty and advocacy of our members – your referrals are a strong source of our growth. We're motivated and inspired to continue to earn this and are grateful for the support and recommendations we receive from our members.

MORE connected to CommBank

Our branding connection to CommBank was enhanced this year with the introduction of, 'The health fund for the CommBank family' incorporated alongside our logo. This simple phrase speaks to our reason for being and the rich history we share with the Bank.

The relationship we have, and the support we provide to CommBank has never been stronger, evidenced by a record-breaking 153,000 personal interactions with the CBHS Health Hubs. It's incredibly powerful to consider that each and every one of those interactions is someone taking a step towards improving their health and wellbeing.

These are all tangible examples of our Vision being brought to life.

A highly engaged team, contributing to MORE success

Our member-centric culture and CARE Values are something we are very proud of. The CBHS team is engaged and thriving, in a truly flexible working environment where they feel connected and supported.

To our people, thank you for your amazing contributions and for the thoughtfulness you always show our members and each other. I'm grateful for all your efforts, commitment and dedication – and most importantly, the way you live our CARE Values. You are what makes CBHS a special place to work, setting us apart and ensuring our continued success.

To our member community – you are at the heart of everything we do. We thank you for your support and the trust you put in us to care for you and your family. Looking forward, we will relentlessly continue our pursuit of **more** care, **more** support, and **more** value for you.

Helen Troup
Group Chief Executive Officer
1 September 2023

More for our members. More for our people.



MORE VALUE FOR YOU

We announced measures that brought our COVID support for members to \$62 million, including

6 MONTH
PREMIUM INCREASE DEFERRAL

\$15M
CASHBACK
TO BE PAID TO ELIGIBLE MEMBERS BY DECEMBER 2023

WE COVERED
90.9%
OF MEMBERS' HOSPITAL STAYS, THAT'S ABOVE THE INDUSTRY AVERAGE**



272,738 ACROSS **140,297**
TOTAL INSURED PERSONS WHO BELONG TO MORE WITH US
TOTAL MEMBERSHIPS

= 12.7% MEMBERSHIP GROWTH

CLAIMS RATIO

We give back more in benefits from every dollar you pay in premiums*

84.2%

CBHS GROUP

82.3%

RESTRICTED HEALTH FUNDS

82.4%

INDUSTRY

*This includes the partial release of COVID-19 deferred claims liability. Excluding DCL release CBHS Group Claims ratio was **89.6%** (from a financial statement perspective). Claims ratio comparison relates only to APRA defined Health Insurance Business (HIB) which has been sourced from APRA Private Health Insurance Quarterly Statistical Report.

CBHS HEALTH

#2

OF ALL RESTRICTED HEALTH FUNDS IN 2022**

CBHS CORPORATE

#2

OF ALL OPEN HEALTH FUNDS IN 2022**

for benefits back to members as a percentage of premiums paid.

**Source: The Private Health Insurance Ombudsman State of the Health Funds Report 2022, pp 18-20.

MORE HEALTH AND WELLBEING SUPPORT FOR YOU

SkinVision's digital skin check app subscription:

- 52 total skin cancers clinically detected including 7 melanomas
- 9,000+ downloads



9,000+ Choice Network dental and optical providers reducing 'the gap'



More Extras benefits on chiro, podiatry and dental



8% more members connected with Hospital in the Home and Rehab in the Home programs



Member health and wellbeing programs: Sleptember, Mindful May, and 12 days of positivity



We increased the age that dependants can stay under their family's cover, from under 25 to under 31



FREE 4-MINUTE HEALTH CHECKS AT ALL HEALTH HUBS



OUR HEALTH HUBS

7

PHYSICAL HEALTH HUBS AND MOBILE HUB2U PROGRAM

THE HUB TEAM HOSTED

>1,800

GROUP SESSIONS WITHIN THE BANK

153,000

STAFF INTERACTIONS WITH THE HEALTH HUB - A NEW RECORD!

2,677

INDIVIDUAL HUB CONSULTS

7

HEALTH AND WELLBEING 'CHALLENGES'

99%

SATISFACTION SCORE

—||— When you're doing a Health Hub activity as part of the working day, you know it's important to your employer. The resources are amazing – I've done the exercises, the Pilates class, a couple of lunchtime sessions... I've also been inspired to add more value to the organisation. In fact, one of the reasons why I've persisted with the meditation is because I believe it makes me a better person at work. My problem-solving abilities have improved, as well as how I approach my colleagues. —||—

Tassa W

OUR CONNECTION AND RELATIONSHIP WITH COMMBANK HAS NEVER BEEN STRONGER

CBHS THE HEALTH FUND FOR THE COMMBANK FAMILY

A stronger branding connection with a new phrase to accompany our logo

Wellness Week, FebFest and Melanoma March health and wellbeing activations within CommBank



Now more than 600 Smart Health providers available for CBHS members to access nationally, expanding cardless claiming



Proud to contribute to CBA's Best Health and Wellbeing Program award at the prestigious Australian HR Awards. Our Health Hub team and the programs they offer are pivotal to enhancing CommBank staff health and wellbeing.



7th YEAR OF SUPPORT FOR CAN4CANCER



THE RIGHT TEAM IN PLACE TO BUILD A CULTURE OF CARE AND EXCELLENCE

Refreshed staff benefits

- 2x Life Days per year (extra leave for wellbeing)
- Expanded parental leave policy
- Purchased annual leave now available
- Increased private health cover subsidy

Overall engagement score of **85%**

- Australian norm is 75%
- Financial services norm is 80%

We walk the health talk with our Active Living program for staff

90% of our team are motivated to go above and beyond to help our members and make a difference

91% of our people are proud to work at CBHS



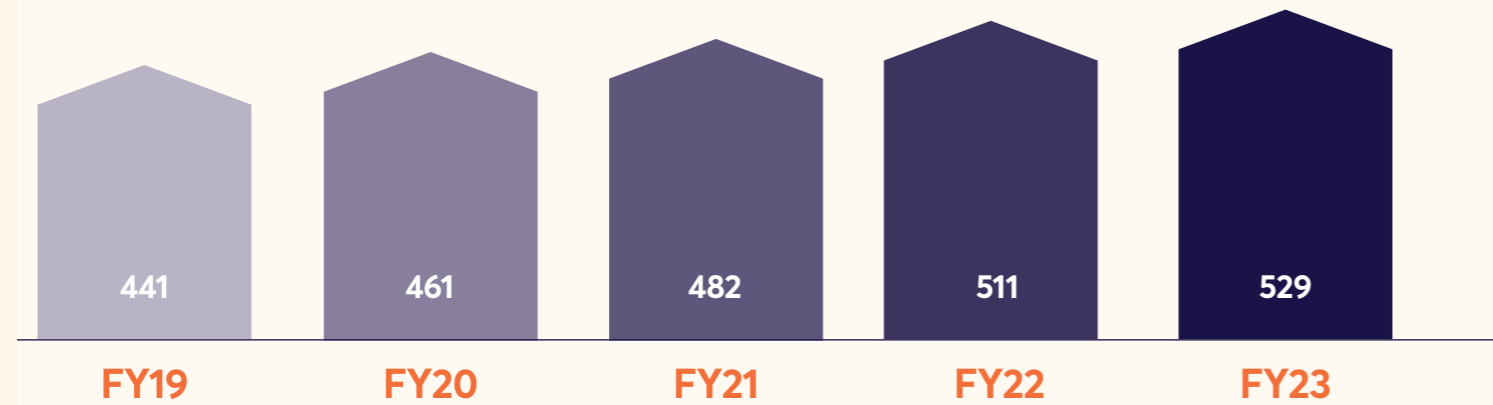
—||— I wake up every morning happy to go to work as I know that my work is making a difference to both staff and our members. —||—

CBHS team member

Financial performance snapshot

3.5% INCREASE IN PREMIUM REVENUE IN FY23

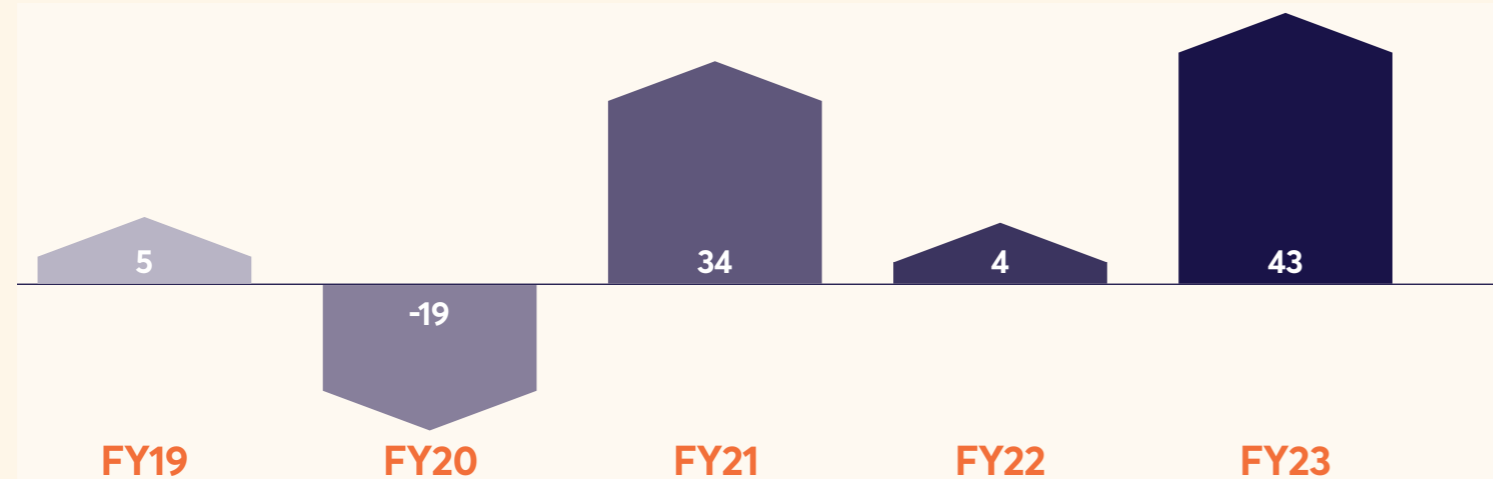
PREMIUM REVENUE (MILLIONS)



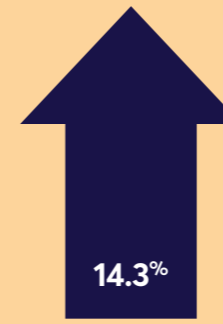
Increase in premium revenue is driven by membership growth and prior year premium increases. During the financial year, the 1 April 2023 premium increase was deferred to 1 October 2023 and an additional \$15m was provisioned in respect to our committed cashback to eligible members later this year.

PROFIT

SURPLUS (MILLIONS)



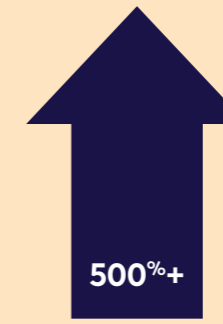
Profits have increased due to higher investment returns, which improved by \$20.3m compared to the prior financial year and lower net claims incurred driven by reversal of DCL reserves.



Claims increased by

\$59.2m

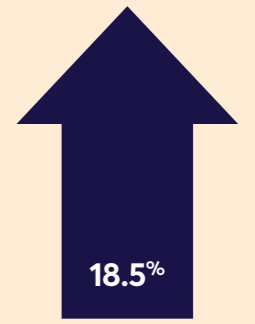
Increase in claims paid excludes movement in COVID-related Deferred Claims Liability (DCL).



Investment income increased by

\$20.3m

in FY23, investment income returned to positive levels, driven by equity markets and higher interest rates.



Net assets up

\$42.5m

mainly due to investment return growth.

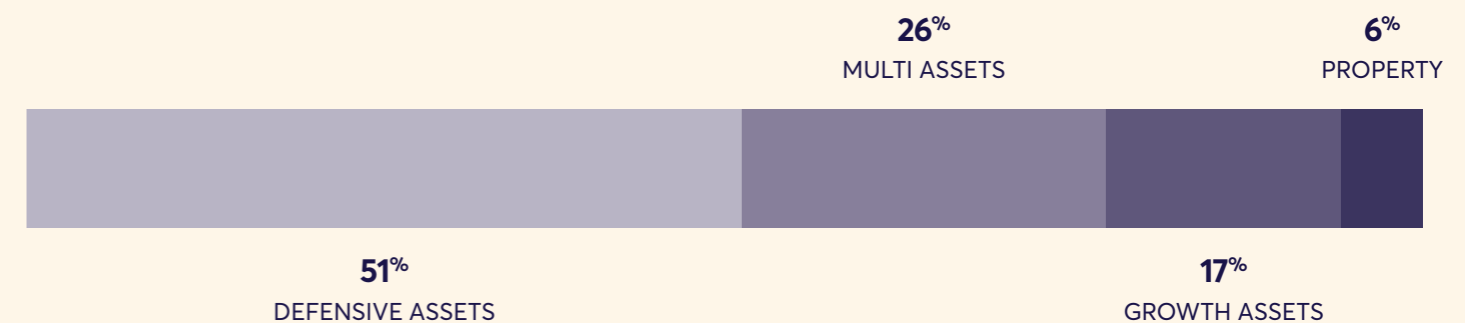
MANAGEMENT EXPENSE RATIO*



Management expense ratio tracked marginally above industry average impacted by investment activity, some one-off costs and the impact of COVID-related premium deferrals and cashbacks. CBHS Health Fund (excl CBHS Corporate) MER was 10.7%.

*Management expense ratio comparison relates only to APRA defined Health Insurance Business (HIB) which has been sourced from APRA Private Health Insurance Quarterly Statistical Report.

Our investment strategy balances investment returns and capital preservation.



Five year history

(IN \$'000 UNLESS OTHERWISE INDICATED)

	2023	2022	2021	2020	2019
Income statement					
Direct premium revenue	528,523	510,720	482,319	461,486	440,506
Net claims incurred (excl DCL)	(473,741)	(414,563)	(444,545)	(401,254)	(409,173)
Net movements in DCL	31,567	(34,650)	5,765	(29,565)	-
Net movement in unexpired risk liability	-	-	13,531	(10,820)	(2,711)
Underwriting and other expenses	(55,446)	(46,986)	(43,122)	(42,170)	(39,020)
Underwriting result	30,903	14,521	13,948	(22,323)	(10,398)
Investment income	16,512	(3,819)	23,271	5,909	15,594
Other income	1,274	641	664	648	1,392
Depreciation and amortisation	(6,134)	(7,264)	(3,799)	(3,460)	(1,660)
Finance costs	(241)	(62)	(88)	(128)	-
Profit/(loss) before tax	42,314	4,017	33,996	(19,354)	4,928
Income tax benefit/(expense)	198	61	(176)	67	(34)
Profit/(loss) after tax	42,512	4,078	33,820	(19,287)	4,894
Balance sheet					
Current assets	197,378	172,802	141,793	134,590	90,987
Non-current assets	301,041	264,049	232,015	202,502	224,653
Total assets	498,419	436,851	373,808	337,092	315,640
Current liabilities	215,878	197,086	144,440	141,814	102,166
Non-current liabilities	10,223	9,959	3,642	3,372	1,768
Total liabilities	226,101	207,045	148,082	145,186	103,934
Net assets	272,318	229,806	225,726	191,906	211,706
Reserves					
Retained earnings	272,318	229,806	225,726	191,906	211,706
Total reserves	272,318	229,806	225,726	191,906	211,706

Corporate governance statement

This statement outlines the key aspects of the corporate governance framework of CBHS Health Fund Limited for the year ended 30 June 2023. CBHS Group refers to CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate).

The Board has in place policies and practices which comply with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council as far as they are relevant and applicable to an unlisted, not-for-profit company limited by guarantee.

CBHS also complies with the CPS 510 Governance Standard issued by the Australian Prudential Regulation Authority (APRA). The Governance Standard was developed to ensure private health insurers have access to appropriate independent expertise and that the Board includes Directors who have suitable competencies and experience to understand the relevant business issues and risks they are likely to encounter.

As a registered private health insurer and separate corporate entity, CBHS Corporate has its own governance framework, which, as appropriate, replicates that of CBHS.

This corporate governance statement is current as of 1 September 2023 and has been approved by the Board.

Lay solid foundations for oversight of management

THE BOARD AND MANAGEMENT

The Board provides overall strategic guidance for CBHS. It is accountable to its members for the performance and governance of CBHS and effective oversight of management.

The Executive Leadership Team is responsible for implementing the Board approved strategy and performance objectives and for carrying out the day-to-day management of CBHS.

BOARD CHARTER

The roles and responsibilities of the Board are set out in the Board Charter.

The responsibilities of the Board include, but are not limited to:

- Monitoring the performance of the business against implementation of CBHS' strategy;
- Oversight of the Executive Leadership Team including regular monitoring and assessment of the Group CEO and Executive Leadership Team in achieving Board approved strategies, budgets and key performance indicators;
- Oversight of financial reporting requirements including regular monitoring of CBHS' financial results, condition and forecasts;
- The establishment of a Risk Management Framework which assesses, monitors and manages CBHS' key financial and non-financial risks; and
- Ensuring effective communication with members and other key stakeholders.

DELEGATION OF AUTHORITY

The Board has delegated to the Group CEO and in turn the Executive Leadership Team the responsibility for running the day-to-day business of CBHS. The Group CEO may authorise the Executive Leadership Team to further delegate to their direct reports in accordance with the Delegations of Authority Policy. The Group CEO remains accountable for all delegated authorities.

DIRECTOR AND EXECUTIVE LEADERSHIP TEAM FIT AND PROPER REVIEWS

CBHS has developed and implemented a Fit and Proper Policy to ensure CBHS complies with the requirements of Prudential Standard CPS 520 Fit and Proper (CPS 520). CPS 520 sets out the minimum requirements for determining the fitness and propriety of individuals to hold positions of responsibility, both prior to appointment and on an ongoing annual basis.

The full fit and proper checks include:

- A review of current qualifications, skills, knowledge and experience;
- An Australian Federal Police check;
- An Australian Securities & Investments Commission (ASIC) banned and disqualified persons check;
- APRA's Disqualifications Register check;
- APRA's Enforceable Undertakings Register check;
- ACCC's Undertakings Register check;
- ACCC's Infringement Notices Register;
- AUSTRAC's Enforceable Undertakings Register;
- AUSTRAC's Infringement Notices Register;
- AUSTRAC's Remedial Directions Register;
- AUSTRAC's Written Notices Register;
- General internet and social media searches; and
- A bankruptcy check.

DIRECTOR AND EXECUTIVE LEADERSHIP TEAM AGREEMENTS

Written agreements set out the terms of employment that are in place for each Director and the Executive Leadership Team.

COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All Directors have direct access to the advice and services of the Company Secretary on all governance matters.

Nicole Nott was appointed to the role of Company Secretary of CBHS Group on 23 August 2018. Ms Nott holds the dual role of Group General Counsel and Company Secretary and is a qualified lawyer with over 20 years' experience both in-house and in private practice. Ms Nott has been admitted to the Supreme Court of NSW and High Court of Australia and is responsible for managing the legal and governance functions across the CBHS Group. Ms Nott is a member of the Law Society of NSW and is a Fellow of the Governance Institute of Australia.

PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In accordance with the Governance Standard, a Board performance evaluation is conducted on an annual basis and provides for an assessment of individual Directors, Committees and the Board collectively against a pre-agreed set of objectives.

The Board also annually reviews the performance of existing Directors who, having retired and being eligible for re-election, submitted a nomination to the Board as part of the 2023 Board election process. The Company Secretary formally discusses the results of the performance review with the Chair which is then shared with the Board as a whole.

PERFORMANCE OF EXECUTIVE LEADERSHIP TEAM

The performance of the Executive Leadership Team is reviewed by the Group CEO. During the yearly review, the Group CEO presents the performance results of the Executive Leadership Team to the People and Remuneration Committee.

DEED OF ACCESS, INSURANCE AND INDEMNITY FOR DIRECTORS AND OFFICERS

The Deed of Access, Insurance and Indemnity provides indemnity for each Director and Officer and clarifies the rights and obligations of a Director and Officer with respect to access to documents and records, confidentiality, notification and conduct claims, advances of legal costs until the finalisation of a claim and insurance against claims.

Structure and composition of the Board

The CBHS Constitution provides that there must be a minimum of five directors and no more than seven directors, excluding the Group CEO, and currently permits a maximum of three Directors who are not members of CBHS.

The Board may appoint the Group CEO as an Executive Director either for a specified term (but not for life) or without specifying a term. An Executive Director is not counted for the purposes of determining the minimum or maximum number of directors under rule 5.1(a) or 5.1(b) of the CBHS Constitution. The Group CEO was appointed as an Executive Director on 3 September 2021. An Executive Director is not subject to the requirement to automatically retire nor are they required to retire and participate in a Director election at an Annual General Meeting.

In addition to the Group CEO as an Executive Director, the Board currently comprises seven Independent Non-Executive Directors. A Director is considered independent if they are a Non-Executive Director who is not a member of Management and are free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonably be perceived to do so.

The respective roles of the Chair and the Group CEO are not exercised by the same individual.

The Board meets at least six times during the year according to a schedule determined towards the end of each calendar year. The scheduled meetings consider, amongst other matters, business operations, the Executive Leadership Team's implementation of strategic initiatives, financial performance and capital management. These meetings are supplemented by special purpose meetings or education sessions where required.

Details of the number of times the Board and its Committees met including the individual attendances throughout FY23 are provided in the Directors' Meeting section on page 30. In addition to Board meetings, the Board held its annual Strategy Day in April 2023.

The Board has not established a Nominations Committee, preferring that this function be performed by the whole Board. The People and Remuneration Committee assists in the provision of nomination recommendations, advice and research as instructed by the Board.

TENURE AND RETIREMENT OF DIRECTORS

The CBHS Constitution specifies that a Director must retire from office at the third Annual General Meeting after the Director was elected or last re-elected. If no election of Directors is scheduled to occur at an Annual General Meeting, then at least two Directors must retire from office at the Annual General Meeting.

Details of the period of office held by each Director during FY23 and the year of their last election are as follows:

Director	Appointed	Last elected at an AGM
Peter MacCuspie	2015	2021
Fintan Thornton	2012	2021
Adrian Hondros	2017	2022
Jay MacGregor	2017	2020
Nicolette Rubinsztein	2018	2020
Helen Troup	2021	N/A
Stuart Rodger	2022	2022

The current Directors who nominated to be elected and re-elected at the 2023 Annual General Meeting are:

- Sarv Girn, having been first appointed as a Director on 11 August 2023;
- Jay MacGregor, having reached his maximum tenure of three years; and
- Nicolette Rubinsztein, having reached her maximum tenure of three years.

Having received no other nominations and given that the number of candidates for election was equal to the number of vacancies on the Board, the current Directors seeking election and re-election will be declared elected at the 2023 Annual General Meeting by the Returning Officer, Nicole Nott.

Each of the above Directors seeking election or re-election have the Board's endorsement.

BOARD SKILLS MATRIX

The Board has developed a Board skills matrix which sets out the collective skills and experience that the Board has identified as relevant to the performance of its role and the success of the organisation. The skills matrix is closely linked to the achievement of CBHS' long-term strategies.

The skills matrix is reviewed, and Directors assessed against it, every two years, with the next review scheduled in 2024. The skills matrix is used when reviewing the current mix of skills on the Board, and assessing new Director candidates, including those Directors who have retired and are eligible for re-election.

Information on the Directors' relevant qualifications and experience can be found on page 28-30.



DIRECTOR INDUCTION AND EDUCATION

Newly appointed Directors participate in an induction program which involves sessions with the Executive Leadership Team, external Appointed Actuary, external Appointed Auditor and key stakeholders to assist in understanding the business, strategy and operations of CBHS.

The Board participates in internal and external education sessions specific to the private health insurance industry and other topics which may affect CBHS and its members.

In addition, individual Directors are encouraged to complete training and professional development programs which are relevant to their role including maintaining a membership with the Australian Institute of Company Directors.

COMMITTEES

To assist the Board in carrying out its responsibilities, the Board has established four Committees, being the Audit Committee, Risk Committee, Asset and Liability Committee and People and Remuneration Committee.

Each Committee operates under a Charter, which was last reviewed and approved by the Board in February 2022. Each Charter sets out the Committee's role, responsibilities, membership and delegated authorities.

The Chair of each Committee provides a report to the Board at the following Board meeting and the minutes of the Committee meetings are provided to all Directors.

Details of the number of times the Committees met throughout the year and the individual attendances of the members at those meetings is contained on page 30.

AUDIT COMMITTEE

The purpose of the Audit Committee is to assist the Board in fulfilling its accounting, auditing and financial reporting responsibilities by providing an objective non-executive review of the effectiveness of CBHS' internal controls, financial reporting and risk management framework and compliance with APRA's Prudential Standard HPS 310 Audit and Related Matters.

The Audit Committee is made up of three Non-Executive Independent Directors who have accounting or financial expertise and a sufficient understanding of the health insurance industry.

The Chair of the Committee is not the Chair of the Board.

The Committee's members are:

Fintan Thornton, Chair
Jay MacGregor
Stuart Rodger

Internal Audit

CBHS has an in-house internal auditor.

The responsibility of the Head of Internal Audit is to provide the Board and Audit Committee with independent assurance on the performance of management achieving its operational objectives in line with organisational and legislative requirements and ensuring the highest standards of probity and accountability are met. In doing so, the Internal Audit function forms part of CBHS' governance framework – providing an integral contribution to governance, risk management and control within CBHS.

The Head of Internal Audit utilises co-sourcing arrangements for the provision of additional and specialised internal audit services.

The Head of Internal Audit reports to each Audit Committee meeting on progress against the Committee approved Internal Audit Plan, audit findings and recommendations and status of management actions. The Head of Internal Audit meets with Audit Committee members on a regular basis without any of the Executive Leadership Team being present.

External Audit

CBHS has appointed Rod Balding of PricewaterhouseCoopers (PwC) to audit the records and financial statements of CBHS in the current year and to perform various regulatory and compliance audits.

The external Appointed Auditor is invited to attend each Audit Committee meeting and meets with Audit Committee members on a regular basis without any of the Executive Leadership Team being present.

RISK COMMITTEE

The purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities by providing an objective non-executive oversight of the implementation and operation of CBHS' risk management framework, compliance with APRA's Prudential Standard CPS 220 Risk Management and to ensure that financial and non-financial risks are clearly identified and well managed.

The Risk Committee has three members who are Independent Non-Executive Directors.

The Chair of the Committee is not the Chair of the Board.

The Committee's members are:

Jay MacGregor, Chair
Fintan Thornton
Stuart Rodger

ASSET AND LIABILITY COMMITTEE

The purpose of the Asset and Liability Committee is to assist the Board by providing recommendations on management of capital, the development of investment objectives and the implementation of appropriate strategies for the investment of assets.

The Asset and Liability Committee has two members who are independent Non-Executive Directors and one Non-Director Committee member.

The Committee's members are:

Stuart Rodger, Chair
Jay MacGregor
Gerard Parlevliet, Non-Director Committee member

PEOPLE AND REMUNERATION COMMITTEE

The purpose of the People and Remuneration Committee is to assist the Board by making recommendations on remuneration strategy and policy, frameworks and practices, people and culture strategies and health, safety and wellbeing.

The People and Remuneration Committee has three members who are independent Non-Executive Directors.

The Committee's members are:

Nicolette Rubinsztein, Chair
Adrian Hondros
Peter MacCuspie

Act ethically and responsibly

CONFLICT OF INTERESTS

Directors are required to comply with the requirements of section 191 of the *Corporations Act 2001* concerning the disclosure and appropriate management of transactions which involve their interest.

To ensure compliance and continuous disclosure, Directors consider the Standing Notice of Interest Register at each Board meeting. Directors also consider if there is an interest to declare at the beginning of each Committee meeting.

Where necessary, the Board will evaluate whether a Director should participate in situations where the interests of the Directors might affect, or appear to affect, decision making by the Board.

To provide an opportunity for independent discussion, the Non-Executive Directors meet without management present at the commencement of each Board and Committee meeting.

DIVERSITY AND INCLUSION

CBHS has a Fair Workplace Policy, which states that CBHS is committed to ensuring that all employees receive equal employment opportunities.

During hiring and promotion processes, CBHS seeks to ensure equality, diversity and inclusion, including on the Board, to successfully navigate the increasingly complex and dynamic business environment and support the needs of members.

CBHS has completed the reporting of its gender equality indicators in its Workplace Gender Equality Agency (WGEA) report during the year. A copy of the Public WGEA Report 2023 is available on the CBHS website or can be accessed at wgea.gov.au

ETHICS POLICY

CBHS has an Ethics Policy which establishes a culture of openness, trust and integrity in business practices. This policy outlines acceptable principles to be applied to Directors, the Executive Leadership Team and all employees.

CBHS is committed to the prevention and early identification of breaches of law, regulations, codes or standards relevant to CBHS. For this purpose, CBHS has a Whistleblower Protection Policy which supports the operation of the Ethics Policy. The Whistleblower Protection Policy encourages and provides a framework for all CBHS employees (and others) to report any corrupt or improper conduct or genuine matters of behaviours that they have reasonable grounds to believe contravene CBHS policies or the law.

REPORTING UNDER THE MODERN SLAVERY ACT

In December 2022, the CBHS Group published its third Modern Slavery Statement (MSS) under the *Modern Slavery Act 2018* (Cth). A copy of the CBHS Group's MSS is available on the CBHS website or at modernslaveryregister.gov.au

The CBHS Group will periodically review the effectiveness of steps taken to address the risks of modern slavery practices in its own operations and supply chains and aims to continually monitor and where necessary, improve any policies, procedures and systems to address modern slavery.

Safeguard the integrity of corporate reports

ANNUAL FINANCIAL STATEMENTS

Prior to the financial statements being approved by the Board, the Executive Leadership Team provides certifications and representations regarding the internal control framework that ensures the accuracy of financial and operational reporting to the Board.

Additionally, the Board receives a joint declaration made by the Group CEO and Group Chief Financial Officer stating that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with required Accounting Standards and give a true and fair view of the financial position and performance of the entity. Further, that the opinion has been formed based on a sound system of risk management and internal controls which is operating effectively.

The external Appointed Auditor attends each Annual General Meeting and is available to answer questions from members in relation to the financial statements and the preparation and conduct of the audit.

Respect the rights of members

PRIVATE HEALTH INSURANCE CODE OF CONDUCT

CBHS is a signatory to the Private Health Insurance Code of Conduct (Code). The purpose of the Code is to help consumers by providing clear information and transparency. It applies to staff training, product information and documentation, notifications to members, dispute resolution processes, and privacy obligations.

The Code is based on a voluntary accreditation that is administered by Private Healthcare Australia (PHA). The Code forms the basis in which the employees of CBHS perform their work and operate its business in an open and honest manner with members, employees, providers, regulators and the health insurance industry.

Each year CBHS undertakes an internal review to ensure it remains compliant with the Code, and on a triennial basis conducts a more thorough internal self-audit process. The results are then presented to the Board for annual certification which is required to be completed by the Group CEO and the Chair and is then lodged with the PHA Code Compliance Committee.

Recognise and manage risk

RISK MANAGEMENT STRATEGY

CBHS maintains a risk management framework that not only protects the business from unnecessary risks or losses but also assists the Board to take appropriate levels of risk to achieve CBHS' objectives. CBHS also ensures that the Board and APRA are kept apprised as to the ongoing effectiveness of the risk management framework in accordance with Prudential Standard CPS 220 - Risk Management (CPS 220).

CBHS engaged an independent assurance practitioner to assess the design and operating effectiveness of its controls against objectives based on the requirements of APRA's Prudential Standard CPS 234 - Information Security (CPS 234). The report known as the Tripartite Review was delivered to APRA on 15 June 2023 and concluded that the Information Security at CBHS is appropriate and in accordance with the control objectives in CPS 234.

The purpose of the Risk Management Strategy (RMS) is to enable the Board and the Executive Leadership Team to manage risks relating to the operations of CBHS, in the interests of all members and to meet business objectives.

The RMS documents the structures, processes and systems to assist the Board and the Executive Leadership Team to manage the business and its risks and comply with the requirements in CPS 220.

The risk management framework is implemented through the three lines of defence model and its effectiveness is assessed by the internal audit function on an annual basis with a full comprehensive review on a three-yearly basis with these reports being provided to and reviewed by the Audit Committee.

Remunerate fairly and responsibly

PEOPLE AND REMUNERATION COMMITTEE

The People and Remuneration Committee supports the Board on all remuneration matters.

NON-EXECUTIVE DIRECTOR REMUNERATION

The aggregate remuneration of Independent Non-Executive Directors is determined by CBHS members at a general meeting, as specified in the Constitution. The Board's aim when recommending an aggregate amount to members, is to recommend an amount which provides CBHS with the necessary degree of flexibility to enable it to retain the services of appropriately experienced Directors.

Member approval was last received at the Annual General Meeting held on 10 November 2022, where members approved an aggregate remuneration of \$600,000 per annum. The aggregate sum is divided between the Directors as agreed by the Board.

Details of Directors' remuneration are set out in note 22.

GROUP CHIEF EXECUTIVE OFFICER REMUNERATION

The Board, pursuant to the Constitution, sets the remuneration of the Group CEO as part of the terms and conditions of appointment. Remuneration is reviewed on an annual basis by the Board. The Group CEO's remuneration includes an appropriate level of "at risk" remuneration in the form of a performance payment. The payment, where it is payable, relates to CBHS' performance across a range of key result areas and to the Group CEO's individual contribution with respect to a range of performance targets.

EXECUTIVE LEADERSHIP TEAM REMUNERATION

CBHS' policy in respect of the Executive Leadership Team incorporates remuneration that is competitively set so that CBHS can attract, motivate and retain high calibre executive leaders and promote a high-performance culture. The policy contains variable pay for performance elements which link reward with the strategic goals and performance of CBHS as well as individual performance.

The People and Remuneration Committee reviews remuneration annually through a process that also considers relevant comparative remuneration in the market.



Member stories

"The SkinVision app was promoted in CBA so I downloaded it..."

I used it over a month or so, particularly on my face, and the app flagged everything was fine except for a mark on the side of my face. The suggestion was, that I see a doctor and I did. They had concerns too so they referred me to a dermatologist, who removed the mole and sent it for biopsy. They told me it was pre-cancerous! I'm still using the app and now starting to 'chart' the rest of my body... I am very grateful that I found this in its 'pre' stage."

CBA staff member

"I have cancer and have recently had a 14-day stay in a private hospital..."

CBHS has made my stay more comfortable without having to worry about costs. I have been a member for a long time and would never change. I've had comments from hospital staff and others that CBHS is a very good health society. Staff have been very helpful, knowledgeable, and friendly when I have needed to call them. Thank you."

Judy C

"Thanks to our membership, my daughter Juliet has gone from shy and not wanting to smile or open her mouth, to a more confident young lady..."

She now, after just seven months (still a while to go yet), loves her smile and teeth and her braces. Thank you CBHS."

Debbie A

"It took my daughter a couple of years to convince me to change over to CBHS and I'm so pleased I finally took her advice..."

Wherever I present my CBHS card I always get the same reaction from providers: 'You're so lucky to be a member of this fund'.

I recently purchased two pairs of multi-focal spectacles and when the staff member finished her calculations, she couldn't believe that I would only be \$18 out-of-pocket (and neither could I). What a lovely surprise. I'm beyond excited and grateful."

Carol B

"I had been feeling unable to play cricket as I usually did..."

A few months later, someone listened to my heart and sent me for an ECG, which came back as abnormal. I was told to go to the closest hospital ASAP. I was admitted there for a few days while they did tests. They said my aorta valve needed to be replaced and I must go to Sydney. I was taken to Sydney by air ambulance where I had open heart surgery, and the aorta valve was replaced with a mechanical valve...

...I have always believed in having top cover with CBHS. While this was happening, I was confident my CBHS cover would drastically reduce any out-of-pocket expenses involved in this difficult hospitalisation and surgery.

And it did! I am very, very thankful that I had kept up my CBHS cover after I left the bank as medically retired. CBHS cover is something VERY IMPORTANT to me and I plan to continue it as long as I can."

Julie K

"I gave birth in December of 2019, during the bushfires..."

Nothing makes you simultaneously appreciate life and feel incredibly vulnerable as much as having a precious baby. Leaving the hospital via a smoke-hazy foyer, I was soon re-admitted with my son. I was grateful, he had the best care and we were able to take our beautiful baby home again. With the bushfires and pandemic, at times it felt that we were in a strange apocalyptic world, but being with CBHS and having a fantastic health system in our country gave me the peace of mind that we would be looked after."

Sarah A

Directors' report

The Directors submit their report, together with the consolidated financial statements of the CBHS Group consisting of CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate) for the year ended 30 June 2023. Throughout the report the consolidated entity is referred to as CBHS Group.

BOARD OF DIRECTORS

The following persons held office as Directors of CBHS during FY23 and up to the date of this report:

- Peter MacCuspie, Chair
- Fintan Thornton, Deputy Chair
- Adrian Hondros
- Jay MacGregor
- Nicolette Rubinsztein
- Helen Troup
- Stuart Rodger
- Sarv Girn (appointed 11 August 2023)

INFORMATION ON DIRECTORS

Peter MacCuspie

Peter MacCuspie was appointed to the Board in November 2015 and was elected as Board Chair on 22 March 2018. He is a member of the People and Remuneration Committee.

Mr MacCuspie is a professional Non-Executive Director. He has over 25 years of experience in a variety of roles. He was a Director of Big Sky Credit Union / Building Society for 12 years that saw the business through mergers and targeted growth and expanded member capital over 15 times, as well as an open-source business Strategic Data. He has experience in a wide range of governance settings including charities through the MedicAlert Foundation and Agribusiness, and with Dodgshun Medlin for over seven years. His most recent roles include former Chair of Club Assist and current Chair of CBHS Corporate.

Mr MacCuspie holds a Bachelor of Science (Hons), a Graduate Diploma of Management and is a Fellow of the Australian Institute of Company Directors.

Fintan Thornton

Fintan Thornton was appointed to the Board in November 2012 and was elected as Deputy Chair on 19 May 2022. He is the Chair of the Audit Committee and a member of the Risk Committee. He is also a Non-Executive Director of CBHS Corporate.

Mr Thornton has over 20 years financial services experience. Mr Thornton's current role is Head of Institutional Solutions at Allianz Retire Plus. Mr Thornton was previously Head of Superannuation and Head of Strategy & Implementation in Colonial First State's Distribution team and Head of Employee Superannuation at the Commonwealth Bank. Prior to joining the Commonwealth Bank, Mr Thornton worked as a consulting actuary for Willis Towers Watson and Russell Investments. Mr Thornton's consulting experience is predominantly in superannuation where he advised companies and superannuation funds on asset/liability matters, risk management, communications, governance and strategy development. Amongst other appointments, Mr Thornton was actuary to Qantas Airways, Reserve Bank of Australia and the NZ Government.

Mr Thornton holds a Bachelor of Actuarial Mathematics and Statistics degree, is a Fellow of the Australian Actuaries Institute and is a Graduate of the Australian Institute of Company Directors.

Adrian Hondros

Adrian Hondros was appointed to the Board in June 2017 and is a member of the People and Remuneration Committee.

Mr Hondros has over 30 years' experience in the financial services industry. Mr Hondros was previously the CEO of Porter Davis, Executive General Manager of Commonwealth Private Bank, CEO of St Andrew's Australia and Executive General Manager of NAB Private Bank.

Mr Hondros is also a Non-Executive Director of Count Financial, Affinia Financial Advisers Limited, Esfam Biotech and CBHS Corporate. He has been a Director of several financial services organisations, including a Director of Commonwealth Private Limited, Chairman of Commonwealth Private Limited, Trustee Director of Commonwealth Bank's Group Super Board and Chair of its Investment Committee.

Mr Hondros holds a Bachelor of Commerce, Graduate Diploma in Professional Accounting, Graduate Diploma in Applied Finance, Diploma in Life Insurance and is an alumnus of INSEAD's Advanced Management Program.

Jay MacGregor

Jay MacGregor was appointed to the Board in May 2017 and is Chair of the Risk Committee and a member of the Audit Committee and Asset and Liability Committee.

Mr MacGregor has over 25 years' experience in financial markets in Australia and London including as the former Managing Director, Institutional Equities for the Institutional Banking & Markets division of the Commonwealth Bank where he was responsible for the Bank's Equity Capital Markets, wholesale equities and equity trading activities. Prior to this, Mr MacGregor held senior roles at UBS Investment Bank and Citi Global Markets Australia. Mr MacGregor is currently a Director of Renew Power Group Pty Ltd, Renew Power Investments, Pirie Solar Farm Pty Limited, Peterborough Solar Farm Pty Limited and CBHS Corporate.

Mr MacGregor holds Bachelor Degrees in Law and Commerce and a Masters degree in Finance from the University of NSW.

Nicolette Rubinsztein

Nicolette Rubinsztein was appointed to the Board in March 2018 and is Chair of the People and Remuneration Committee.

Ms Rubinsztein is currently a Non-Executive Director at Zurich Insurance Group, UniSuper, Greenpeace Australia and CBHS Corporate. Ms Rubinsztein is Chair of the Greenpeace Australia Audit Committee and was President of the Actuaries Institute in 2019. She has previously held senior positions at Colonial First State, BT Funds Management and Towers Perrin.

Ms Rubinsztein is a UNSW Alumni Leader and a member of Macquarie University's Faculty of Business and Economics Industry Advisory Board.

Ms Rubinsztein is a qualified actuary and holds an executive MBA from the Australian Graduate School of Management and is a Graduate of the Australian Institute of Company Directors.

Helen Troup

Helen Troup was appointed to the role of Group CEO and Executive Director in September 2021. She is also an Executive Director of CBHS Corporate.

Ms Troup has been a successful CEO for over 15 years, leading businesses in the Australian and New Zealand financial services industries. She has over 25 years' experience in insurance, superannuation, and funds management.

Previously Ms Troup was the Managing Director of CommInsure, the life insurance and general insurance companies owned by the Commonwealth Bank. Prior to this, she was the Head of Life and Health (Australia and New Zealand) for global reinsurer Swiss Re and CEO of ING New Zealand, which was a market leading provider of insurance, funds management, asset management and property management solutions.

Ms Troup holds a Bachelor of Economics, majoring in Actuarial Studies from Macquarie University.

An active industry participant, Ms Troup is a member of Private Healthcare Australia's Audit Committee. She has previously served as a Director on the Insurance Council of Australia Board and as a member of the Financial Services Council Life Board Committee, both in Australia and New Zealand. She is a current member of Chief Executive Women.

Stuart Rodger

Stuart Rodger was appointed to the Board in May 2022 and is Chair of the Asset and Liability Committee and a member of the Audit Committee and Risk Committee.

Mr Rodger is an experienced Director, previously on the board of a UK life insurer for five years, the International Actuarial Association Health Section for eight years and is currently a Non-Executive Director of the San Foundation and CBHS Corporate Health.

Mr Rodger is deeply experienced in the health industry and earlier in his career, the financial services industry. He was a partner at Deloitte and prior to that was a senior executive in life insurance and investment companies. As a Deloitte partner, he regularly advised health industry boards on matters including risk, capital, product, strategy and M&A.

Mr Rodger holds a Bachelor of Arts (Actuarial Studies) from Macquarie University, is a Graduate (Order of Merit) of the Australian Institute of Company Directors, a Fellow of the Institute of Actuaries of Australia, a fellow of the UK actuarial body and an alumnus of INSEAD's Strategic Management Program.

Sarv Girn

Mr Sarv Girn was appointed to the Board in August 2023.

Mr Girn is a senior executive and Non-Executive Director with a career spanning more than 30 years in the financial services sector in Australia, the UK and Asia.

He is currently the Chief Information Officer at the I-MED Radiology Network, where he leads the technology platforms that enable a clinic network spanning metropolitan and regional Australia, and a growing footprint of international radiology services.

Previously, he was the Chief Information Officer of the Reserve Bank of Australia between 2012 and 2018; and has also undertaken senior strategic and transformational roles at Cuscal Payments, MLC Life Insurance, Westpac, and the Commonwealth Bank.

Mr Girn is currently a Non-Executive Director of the Can Too Foundation, where he is Chair of the Audit and Risk Committees. He is also a Non-Executive Director of Reserve Bank Health Society Board, where he is the Chair of the Audit Committee and a member of the Risk Committee.

Mr Girn holds a Bachelor of Computer Science (Hons) degree from the University of London and is a Fellow of the Australian Institute of Company Directors.

INFORMATION ON NON-DIRECTOR COMMITTEE MEMBERS

Gerard Parlevliet

Gerard Parlevliet was appointed to the Asset and Liability Committee in December 2015.

Mr Parlevliet was the Chief Investment Officer of Commonwealth Bank Group Super, the \$10 billion staff fund for employees of the Commonwealth Bank, before he retired in April 2017. He was also a Company Secretary of the Trustee Company for Group Super and a Responsible Officer for the purposes of the Trustee's AFS license and APRA license.

Mr Parlevliet has been involved in the Australian superannuation industry for over 28 years, including 23 years in senior executive management roles within Group Super. In 2013, Mr Parlevliet was awarded a National Achievement Award as Chief Investment Officer of the Year.

Since his retirement, Mr Parlevliet has become an Independent Director on the Board of Prime Super and La Trobe Financial respectively.

Mr Parlevliet holds a Bachelor of Business, Diploma of Superannuation Management and Diploma of Financial Planning and is a Certified Practising Accountant and a Trustee Fellow of the Association of Superannuation Funds of Australia (ASFA).

DIRECTORS MEETINGS

The number of CBHS Directors meetings (including Committee meetings) and the number of meetings attended by each of the CBHS Directors and Committee Members during the financial year were:

Directors/Committee members	Board		Audit Committee	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Peter MacCuspie	6	6	-	-
Fintan Thornton	6	6	4	4
Adrian Hondros	6	6	-	-
Jay MacGregor	6	6	4	4
Nicolette Rubinsztein	6	6	-	-
Helen Troup	6	6	-	4
Stuart Rodger	6	6	4	4

Directors/Committee members	People and Remuneration Committee		Asset and Liability Committee		Risk Committee	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Peter MacCuspie	4	3	-	-	-	-
Fintan Thornton	-	-	-	-	4	4
Adrian Hondros	4	4	-	-	-	-
Jay MacGregor	-	-	4	4	4	4
Nicolette Rubinsztein	4	4	-	-	-	-
Helen Troup	-	4	-	-	-	4
Stuart Rodger	-	-	4	4	4	4
Gerard Parlevliet	-	-	4	4	-	-

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial year, CBHS maintained an insurance policy for the benefit of past and present Directors, Company Secretaries and Executive Officers of the CBHS Group against any liability incurred as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premiums.

PRINCIPAL ACTIVITIES

The principal activities of the CBHS Group during the financial year were the provision of health insurance and related wellbeing services to its members.

DIVIDENDS

The Constitution of CBHS prohibits the payment of dividends.

REVIEW OF OPERATIONS

The profit after tax for the financial year was \$42.5m (2022: \$4.1m). CBHS is exempt under section 50-30 of the *Income Tax Assessment Act 1997* from paying income tax.

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

There have been no events after the financial year which have significantly affected or may significantly affect the CBHS Group, the results of its operations or the state of affairs of the CBHS Group.

ENVIRONMENTAL REGULATION

The CBHS Group has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

NON-AUDIT SERVICES

The CBHS Group may decide to employ the external appointed auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the CBHS Group, are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are provided in note 21 to the financial statements.

The Board has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independences as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32 of the Annual Report.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the CBHS Group in future financial years and the expected results of those operations would result in unreasonable prejudice to the CBHS Group. Accordingly, this information has not been disclosed in this report.

ROUNDING OF AMOUNTS

The CBHS Group is of a kind referred to in ASIC Corporations Instrument 2016/191, relating to rounding in financial/Directors' reports. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.



Peter MacCuspie
Chair



Helen Troup
Group CEO and Executive Director

Dated 1 September 2023



Auditor's Independence Declaration

As lead auditor for the audit of CBHS Health Fund Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of CBHS Health Fund Limited and the entities it controlled during the period.

R Balding
Partner
PricewaterhouseCoopers

Sydney
1 September 2023

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of comprehensive income

		2023	2022
	Notes	\$'000	\$'000
Revenue			
Direct premium revenue	(2)	528,523	510,720
Total revenue		528,523	510,720
Net claims and expenses			
Net claims incurred	(3)	(442,174)	(449,213)
Salaries and employee benefit expense	(4)	(33,960)	(30,063)
Other underwriting expenses	(4)	(21,486)	(16,923)
Total claims and expenses		(497,620)	(496,199)
Underwriting result		30,903	14,521
Other income and expenses			
Investment income	(2)	16,512	(3,819)
Other income	(2)	1,274	641
Depreciation and amortisation expense	(4)	(6,134)	(7,264)
Finance cost	(12c)	(241)	(62)
Profit before income tax		42,314	4,017
Income tax benefit/(expense)	(5)	198	61
Profit after income tax		42,512	4,078
Other comprehensive income		-	-
Profit for the period		42,512	4,078
Total comprehensive income for the year		42,512	4,078

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position



As at 30 June

		2023	2022
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents	(6)	23,756	26,760
Trade and other receivables	(7)	20,163	16,245
Deferred acquisition costs	(8)	2,520	1,097
Financial assets at fair value through profit or loss	(9)	150,939	128,700
Total current assets		197,378	172,802
Non-current assets			
Deferred acquisition costs	(8)	4,168	2,491
Financial assets at fair value through profit or loss	(9)	274,753	236,331
Fixture, fittings and equipment	(10)	3,690	4,266
Intangible assets	(11)	12,374	15,090
Right-of-use assets	(12a)	5,617	5,630
Deferred tax assets	(5)	439	241
Total non-current assets		301,041	264,049
Total assets		498,419	436,851
Current liabilities			
Trade and other payables	(13)	13,747	12,960
Claims liability	(15)	90,717	107,794
Unearned premium liability	(16)	85,966	64,875
Lease liabilities	(12b)	997	1,021
Provisions	(14)	24,451	10,436
Total current liabilities		215,878	197,086
Non-current liabilities			
Provisions	(14)	3,528	3,104
Lease liabilities	(12b)	6,695	6,855
Total non-current liabilities		10,223	9,959
Total liabilities		226,101	207,045
Net assets		272,318	229,806
Reserves			
Retained earnings		272,318	229,806
Total reserves	(18)	272,318	229,806

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the financial year ended 30 June		
	Notes	Retained earnings \$'000
Balance at 1 July 2021		225,726
Profit for the year		4,078
Balance at 30 June 2022	(18)	229,806
Balance at 1 July 2022		229,806
Profit for the year		42,512
Balance at 30 June 2023	(18)	272,318

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the financial year ended 30 June			
	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from members		547,920	526,421
Payments to members, employees and suppliers		(501,803)	(462,522)
Net cash inflow provided by operating activities	(6a)	46,117	63,899
Cash flows from investing activities			
Payments for fixture, fittings, equipment and intangibles		(2,127)	(6,058)
Interest and investment income received		2,964	2,322
Net payments for financial assets at fair value through profit or loss		(48,651)	(49,786)
Net cash outflow from investing activities		(47,814)	(53,522)
Cash flows from financing activities			
Principal elements of lease payments		(1,307)	(938)
Net cash outflow from financing activities		(1,307)	(938)
(Decrease) / increase in cash and cash equivalents		(3,004)	9,439
Cash and cash equivalents at the beginning of financial year		26,760	17,321
Cash and cash equivalents at the end of financial year	(6)	23,756	26,760

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

Notes to the financial statements

1. Summary of significant accounting policies

CBHS Health Fund Limited is a public company, limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activity of CBHS is to provide health insurance and related wellbeing services to current and former employees of the Commonwealth Bank of Australia Group, their partners, family members and employees of current and former CBA subsidiaries. CBHS Corporate Health Pty Ltd (CBHS Corporate), a wholly-owned subsidiary, is a private company, limited by shares, incorporated and domiciled in Australia. The nature of the operations and principal activity of CBHS Corporate is to provide health insurance and wellbeing services to corporate, retail, overseas working visa and overseas student customers.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The company is of a kind referred to in *ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the financial statements. Amounts have been rounded off in the financial report to the nearest thousand dollars or, in certain circumstances, to the nearest dollar in accordance with that instrument.

All amounts are presented in Australian Dollars being the functional and presentation currency.

The financial statements were authorised for issue by the Directors on 1 September 2023. The Directors have the power to amend and reissue the financial statements.

Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current year.

Statement of compliance

The financial statements of the CBHS Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Historical cost convention

The financial report has been prepared on the basis of historical cost, as modified by certain exceptions, the most significant of which is the measurement of financial assets at fair value and the measurement of the insurance liabilities (being claims liability, unearned premium liability and unexpired risk liability) at present value.

Going concern

As at 30 June 2023, the CBHS Group had a net current asset deficiency of \$18,500,000 (2022: \$24,284,000) and generated a net profit after tax of \$42,512,000 (2022: profit after tax \$4,078,000). The net current asset deficiency is primarily a result of the continued recognition of a deferred claims liability (\$26,883,000) as well as a cash-back provision of \$15,000,000 which will be refunded to eligible members in the next financial year.

The Directors are of the view the Group will be able to realise sufficient cash flows over the next 12 months and beyond to fund operations, particularly given the financial assets at fair value through profit or loss which are currently classified as non-current, are generally liquid and can be converted to cash on a timely basis if required to settle obligations. On that basis, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

New standards and interpretations not yet adopted by the CBHS Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been adopted early by the CBHS Group. The CBHS Group's assessment of the impact of these new standards and interpretations is set out below:

i. AASB 17 Insurance Contracts

AASB 17 *Insurance Contracts* (AASB 17) is effective for reporting periods beginning on or after 1 January 2023 and will replace AASB 4 *Insurance Contracts* (AASB 4), AASB 1023 *General Insurance Contracts* (AASB 1023) and AASB 1038 *Life Insurance Contracts* (AASB 1038). The Group will apply AASB 17 for the annual period beginning 1 July 2023.

Measurement models

The standard introduces a new general measurement model (GMM) for accounting for insurance contracts. The liability for remaining coverage (which represents insurance coverage to be provided after the balance date) under GMM is measured as the sum of:

- the present value of expected future cash flows and a risk adjustment (collectively referred to as the 'fulfilment cash flows'); and
- a contractual service margin (CSM), representing the unearned profit on insurance contracts.

A simplified premium allocation approach (PAA) is however permitted (which is similar to the current measurement basis under AASB 1023) if the liability for remaining coverage under the PAA approach is not expected to materially differ from that under GMM, or if the coverage period of the contract is not greater than one year.

The Group has reviewed the contract boundary of each type of insurance contract and noted that for the majority of insurance contracts, they have a coverage period of one year or less. As a result, the Group will apply PAA to these contracts. The Group does however offer overseas student health cover insurance contracts which have coverage periods greater than one year. For this group of contracts, which are not automatically eligible for PAA, the Group, as required under the standard, has performed eligibility testing to ensure there is no material difference in the measurement of the liability for remaining coverage between PAA and GMM. Testing confirmed that there was no material difference between the two measurement models and therefore the Group will apply PAA to these contracts.

Onerous contracts

Under AASB 17, an entity shall identify portfolios of insurance contracts, with a portfolio comprised of contracts subject to similar risks and managed together. Further segmentation into groups of contracts is then required to assess profitability and identify onerous contracts. There is a presumption that under PAA, no contracts are onerous unless there are facts and circumstances that indicate otherwise.

To identify potentially onerous contracts, the Group assesses expected product performance to determine if any products will be onerous. Where facts and circumstances are identified that may indicate an onerous product exists, detailed testing is performed. If onerous contracts are identified, the onerous loss is measured using the estimated fulfilment cash flows and recognised in the profit or loss. Testing indicates there may be higher losses recognised under AASB 17 than previously recognised under AASB 1023 given the onerous contracts assessment is now performed at a product level.

Risk adjustment

Under AASB 17, the measurement of insurance contract liabilities requires a risk adjustment to reflect the compensation that an entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk. This replaces the risk margin previously required under AASB 1023.

For the Group, the risk adjustment required on the liability for incurred claims equates to a confidence level of 75% which is consistent with the margin of prudence required by APRA in accordance with Prudential Standards. For the liability for remaining coverage, a risk adjustment is only required where contracts indicate that they may be onerous. In these instances, the risk adjustment is aligned with the long-term net margin target set out in each group members' Pricing Philosophy and is incorporated in the Board approved ICAAP (Internal Capital Adequacy Assessment Process).

Transition

On transition, AASB 17 should be applied retrospectively and the alternative approaches set out in the standard should only be used when retrospective application is impracticable. The Group will apply the fully retrospective approach for most insurance contracts given their short-term nature, except for those contracts related to overseas student health cover. These contracts will be measured using the modified retrospective approach given the availability of data.

Notes to the financial statements

Financial impacts

Based on the above and work performed to date, the following impacts will be noted on transition to AASB 17 and require an opening balance sheet adjustment as at 1 July 2022:

- The deferred claims liability is not a recognised concept under AASB 17 and will be reduced to nil. This results in an increase to retained earnings at 1 July 2022 and 30 June 2023 of \$58.5m and \$26.9m respectively.
- Higher onerous contracts losses than previously identified under AASB 1023 given the profitability assessment is now required to be completed at a lower level.
- For overseas student health cover insurance contracts, premium revenue will be recognised based on the portfolio claiming patterns, which will result in less revenue being recognised earlier in the coverage period.
- For all other insurance contracts, the recognition of premium revenue is not expected to change, however an adjustment will be required to unearned and earned premiums in relation to the deferral of premium increases from 1 April to 30 September 2023, reflecting different revenue recognition principles under AASB 17.
- For overseas student health cover insurance contracts, the relevant acquisition costs will be deferred and expensed in line with the premium revenue recognition pattern noted above. For all other insurance contracts, acquisition costs will continue to be expensed.

Substantial changes in the presentation of the financial statements and disclosures are also expected under AASB 17.

ii. AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) was issued during 2014 and replaces existing accounting requirements for financial instruments. Accounting standards currently permit deferral of adoption of AASB 9 to financial periods beginning on or after 1 January 2023. The CBHS Group has elected to apply this exemption as it meets the relevant criteria, including that the CBHS Group does not engage in any significant activity unconnected with insurance, and the carrying amount of the insurance liabilities within the scope of AASB 1023 exceeds 80% of the carrying amount of the CBHS Group's total liabilities.

AASB 9 will be adopted for the annual period beginning 1 July 2023. The following information is provided to assist users in comparing the CBHS Group's financial statements with entities which have adopted AASB 9.

Impact on financial assets

The CBHS Group's investments are currently designated as fair value through profit or loss on initial recognition and are subsequently remeasured to fair value at each reporting date. Adoption of AASB 9 does not result in any changes to accounting for these investments. Financial assets within the scope of AASB 1023, such as premiums receivable, are outside the scope of AASB 9 and are unaffected by the new requirements. Trade and other receivables also include other financial assets with a relatively small carrying value which are measured at amortised cost, the majority of which are receivable within 12 months. The application of AASB 9 is not expected to materially impact these balances.

Impact on financial liabilities

Financial liabilities within the scope of AASB 1023, such as claims liability and other insurance liabilities, are outside the scope of AASB 9 and are therefore unaffected by the new requirements. Trade and other payables also include other financial liabilities measured at amortised cost arising from the Group's activities, the accounting for which is materially unchanged by AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the CBHS Group in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CBHS Health Fund Limited ("parent entity") as at 30 June 2023 and the profit and loss of all subsidiaries for the year ended. CBHS Health Fund Limited and its subsidiaries together are referred to in this financial report as the CBHS Group. Subsidiaries are all entities over which the CBHS Group has control.

Intercompany transactions, balances and unrealised gains on transactions between CBHS Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the CBHS Group.

Material subsidiaries

The CBHS Group's principal subsidiaries as at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by CBHS, and the proportion of ownership interests held equals the voting rights held by CBHS. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by CBHS		Principal activities
		2023	2022	
CBHS Corporate Health Pty Ltd	Australia	100%	100%	Private health insurance

The following significant policies have been adopted in the preparation and presentation of the financial report.

Significant accounting policies

a. Insurance contracts

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

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

The CBHS Group has determined that all current contracts with members are insurance contracts.

b. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amounts of GST incurred are not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expenses; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows. Under the *Goods and Services Tax Act 1999* subsection 38-55, the majority of the CBHS Group income is GST free.

c. Critical accounting judgements and estimates

In the application of the CBHS Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are found in the following notes:

Note number	Description	Page number
14	Provisions	54
15	Claims liability	56
17	Unexpired risk liability	58
19	Carrying value of investment in subsidiary	59

d. Other accounting policies

Significant and other accounting policies that summarise the measurement bases used and that are relevant to an understanding of the financial statements are provided in the notes to the financial statements.

Notes to the financial statements

2. Revenue

	2023	2022
	\$'000	\$'000
Direct premium revenue (a)	528,523	510,720
Investment income		
Interest income:		
Cash and cash equivalents	640	5
Term deposits	2,940	905
Distributions	6,824	9,609
Net gain on disposal of financial assets	-	34
Net gain / (loss) on fair value movements in financial assets	6,108	(14,372)
Total investment income	16,512	(3,819)
Other income		
Other revenue	1,274	641
Total other income	1,274	641

a. Direct premium revenue is after \$15.0m (2022: \$7.3m) of COVID-19 related customer givebacks in the form of refunds. Refunds will be paid to members by December 2023.

RECOGNITION AND MEASUREMENT

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the CBHS Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

Premium revenue

Premium revenue comprises premiums from private health insurance contracts held by policy holders.

Premium revenue comprises contributions received from members, inclusive of the Australian Government Rebate on private health insurance. The rebate is recognised in the consolidated statement of comprehensive income as premium revenue. Rebates due from the Government but not received at balance date are recognised as receivables.

Premium revenue is recorded on an earned basis, reflecting contributions received adjusted for the opening and closing contributions in advance and arrears. Contributions received in advance are recorded as

a liability and contributions in arrears (to the extent recoverable) are recorded as an asset. Premium revenue relating to future financial periods is classified as unearned premium.

Investment income

Investment income consists of distribution income, interest income and changes in the fair value of investments in unit prices. Distribution income is recognised in the period when the right to receive payment is established. Interest income is recognised when cash is received or earned.

Other income

Other income consists of:

- Administration fees applied when a membership is terminated; and
- Cost recoveries in relation to the Health Hub programs.

These amounts are recognised when the right to receive payment is established.

3. Net claims incurred

	2023	2022
	\$'000	\$'000
Claims incurred	433,755	373,370
(Decrease) / increase deferred claims liability	(31,567)	34,650
Government levies	6,472	6,253
Health benefits risk equalisation trust fund	33,514	34,940
Total net claims incurred	442,174	449,213

Recognition and measurement

Insurance claims expenses consist of claims paid together with the movement in the claims liability. Claims are recognised in the statement of comprehensive income as the event giving rise to a loss that occurs under the terms of the policy.

4. Expenses

	2023	2022
	\$'000	\$'000
Salaries and employee benefit expenses		
Salaries, bonuses and other costs	31,326	27,579
Superannuation expense	2,634	2,484
Total salaries and employee benefit expenses	33,960	30,063



Notes to the financial statements

	2023	2022
	\$'000	\$'000
Other underwriting expenses		
Information technology	5,450	3,533
Consultant, actuarial, audit and legal fees	5,212	4,703
Other expenses	4,212	2,804
Aggregator commissions	1,987	937
Research, advertising and publicity	1,791	1,567
Subscriptions for industry and purchasing associations	1,397	1,378
Electronic claims processing fees	1,157	1,073
Property expense	280	928
Total other underwriting expenses	21,486	16,923

	2023	2022
	\$'000	\$'000
Depreciation and amortisation expenses		
Depreciation expense		
Fixtures, fittings and equipment	712	365
Right-of-use assets	762	736
Total depreciation expenses	1,474	1,101
Amortisation expense		
Software	4,660	6,163
Total amortisation expense	4,660	6,163
Total depreciation and amortisation expense	6,134	7,264

RECOGNITION AND MEASUREMENT

Employee benefit expense

The accounting policy for liabilities associated with employee benefits is set out in note 14.

Other underwriting expenses

With the exception of expenses related to salaries, employee benefits, depreciation and amortisation expenses, all other expenses are classified as underwriting expenses.

Acquisition cost for health insurance contracts

Refer to note 8 for details on deferred acquisition costs.

Depreciation and amortisation

Refer to note 10 for details on depreciation of fixtures, fittings and equipment, note 11 for details on intangible assets amortisation and note 12 for depreciation of right-of-use assets.

5. Income tax expense

	2023	2022
	\$'000	\$'000
(a) Income tax expense		
Current tax		
Current tax on profit / (loss) for the year	217	-
Utilisation of previously unrecognised tax losses	(217)	-
Total current tax expense	-	-
Deferred income tax		
Increase in deferred tax assets	198	61
Total deferred tax benefit	198	61
Income tax benefit	198	61

	2023	2022
	\$'000	\$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax	63	(1,500)
Tax at the Australian tax rate of 30% (2022: 30%)	(19)	450
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-temporary differences	-	-
Utilisation of previously unrecognised tax losses	217	-
Unrecognised tax losses	-	(389)
Income tax benefit	198	61

Notes to the financial statements

	2023	2022
	\$'000	\$'000
(c) Deferred tax balances		
The balance comprises temporary differences attributable to:		
Deferred acquisition costs	307	143
Indirect settlement costs	18	11
Accrued audit fees	19	14
Accrued expenses	86	53
Amortisation of software	9	19
	439	241
Movements		
		\$'000
Balance at 30 June 2022		241
- to profit or loss		198
Balance at 30 June 2023		439
(d) Unused tax losses which no deferred tax asset has been recognised		
		\$'000
- tax losses from prior year		4,353
- tax losses from current year		-
Cumulative unused tax losses		4,353

RECOGNITION AND MEASUREMENT

CBHS Health Fund Limited is a Private Health Insurer registered under the *Private Health Insurance Act 2007* and is exempt from income tax and capital gains tax under section 50-30 of the *Income Tax Assessment Act 1997*.

CBHS Corporate Health Pty Ltd is a tax paying entity and will be required to pay tax when it generates profits. The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and tax losses. Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise these temporary differences and losses. No deferred tax assets for unused tax losses have been recognised.

Judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. CBHS Corporate Health Pty Ltd estimates its tax liabilities based on its understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	21,155	9,881
Cash at call	2,600	16,878
Cash on hand	1	1
Total	23,756	26,760

A) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in the bank net of unpresented cheques and outstanding remittances from 30 June 2023. Cash and cash equivalents at the

end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2023	2022
	\$'000	\$'000
Operating profit	42,512	4,078
Investment income	(10,404)	(10,519)
Interest on lease payments	241	62
Depreciation and amortisation	6,134	7,264
Fair value (gains) / losses on financial assets	(6,107)	14,372
Property, plant and equipment write-off	181	72
Loss / (gain) on sale of assets	-	(34)
Increase in current receivables	(2,381)	(2,175)
Increase in deferred acquisition costs	(3,100)	(1,484)
Increase / (decrease) in amount payable for HBREE*	315	(971)
Increase in deferred tax asset	(198)	(61)
Increase in accounts payable and accruals	471	1,305
Increase in unearned premium liability	21,091	17,347
(Decrease) / increase in claims liability	(17,077)	30,181
Increase in provisions	14,439	4,462
Net cash flow from operating activities	46,117	63,899

* HBREE - Health Benefits Risk Equalisation Expense

RECOGNITION AND MEASUREMENT

Cash comprises cash on hand; cash in bank and "24 hour" money at call. Cash equivalents are short-term, highly

liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

Notes to the financial statements

7. Trade and other receivables

	2023	2022
	\$'000	\$'000
Premium receivable (a)	15,328	13,635
Investment income receivable	1,893	356
Prepayments	1,940	1,171
GST recoverable	331	272
Sundry debtors	671	811
Total	20,163	16,245

a. Premium receivable comprises two components, the Australian Government Rebate on private health insurance (rebate) \$12,895,000 (2022: \$12,633,000) and members who pay for their contributions in arrears or who are non-financial \$2,433,000 (2022: \$1,001,000).

- The rebate is accrued on a monthly basis and payment is received by the 15th day of the following month.
- The credit period for members who pay their contributions in arrears is 14 days. Members who fall into arrears by more than 14 days are not charged interest however they are classified as "non-financial" and no benefit will be paid.

Services Australia is the only significant counterparty as at reporting date. Services Australia is the arm of the Federal Government that manages the Australian Government Rebate on private health insurance scheme.

RECOGNITION AND MEASUREMENT

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. Such financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost (such as receivables), the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The loss is recognised in the consolidated statement of comprehensive income.

8. Deferred acquisition costs

	2023	2022
	\$'000	\$'000
Current	2,520	1,097
Non-current	4,168	2,491
Total current assets	6,688	3,588

Movements in deferred acquisition costs are as follows:

	2023	2022
	\$'000	\$'000
Opening balance	3,588	2,104
Acquisition costs deferred during the year	5,425	2,564
Amortisation expense	(2,325)	(1,080)
Balance at end of financial year	6,688	3,588

RECOGNITION AND MEASUREMENT

Commissions and merchant fees incurred in obtaining overseas students health insurance contracts are deferred as assets and recognised over the life of the contract where they can be reliably measured and where it is probable that they will give rise to premium revenue

that will be recognised in the consolidated statement of comprehensive income in subsequent reporting periods. The current average amortisation period of the life of the contract is 23.0 months (2022: 23.3 months). All other acquisition costs incurred in obtaining insurance contracts are expensed and not deferred.

9. Financial assets at fair value through profit or loss

	2023	2022
	\$'000	\$'000
Current assets	\$'000	\$'000
Term deposits (a)	121,100	128,700
Managed premium cash enhanced fund	29,839	-
Total current assets	150,939	128,700
Non-current assets		
Managed multi assets fund	114,248	100,628
Managed fixed interest funds	55,946	47,472
Managed share funds	76,559	60,597
Managed property funds	28,000	27,634
Total non-current assets	274,753	236,331
Total financial assets at fair value through profit or loss	425,692	365,031

- a. These term deposits have maturity dates ranging from 17 July 2023 to 19 June 2024. The weighted average interest rate on these term deposits is 4.44% (2022: 1.25%).
- b. In 2019 the CBHS Group acquired shares in Whitecoat Holdings Pty Ltd. In May 2021, the Group sold all of its ownership in Whitecoat Holdings Pty Ltd to CBA. The total amount of the sales proceeds was \$5,215,110 plus a maximum earnout payment of \$4,529,000 subject to revenue targets being achieved over a three-year period. As at June 2023, the revenue targets have not been met and no financial asset with respect to the earnout has been recognised.

CLASSIFICATION

The CBHS Group has classified its investments as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of comprehensive income in the period in which they arise.

Notes to the financial statements

RECOGNITION AND MEASUREMENT

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

In estimating the fair value of financial assets the CBHS Group has adopted the following approach:

- Where financial instruments are traded in active markets, valuations are determined with reference to unadjusted quoted prices for identical assets.
- Where financial instruments are traded in non-active

markets, the valuations are based on comparable instruments and other valuation techniques.

ASSETS BACKING GENERAL INSURANCE LIABILITIES

All investments held by the CBHS Group have been determined to be assets backing health insurance liabilities, and accordingly are designated as "at fair value through profit or loss".

10. Fixtures, fittings and equipment

	2023	2022
	\$'000	\$'000
At cost carrying amount		
Balance as at 1 July	7,429	5,338
Additions	183	4,143
Disposals	(541)	(2,052)
Balance as at 30 June	7,071	7,429
Accumulated depreciation		
Balance as at 1 July	3,163	4,779
Disposals	(494)	(1,981)
Depreciation expense	712	365
Balance as at 30 June	3,381	3,163
Net book value		
Balance as at 30 June	3,690	4,266

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 4 to the financial statements.

RECOGNITION AND MEASUREMENT

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on fixtures, fittings and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value being zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

Fixtures, fittings and equipment are assessed for indicators of impairment at each balance sheet date. Such assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the assets. Fixtures, fittings and equipment are carried at depreciated cost, the amount of the impairment is the difference between the asset's carrying amount and the current market value. The loss is recognised in the consolidated statement of comprehensive income.

The following estimated useful lives are used in the calculation of depreciation:

Description	Useful life
Computer equipment	3 years
Furniture and fittings	7 years
Office equipment	4 years

11. Intangible assets

	2023	2022
	\$'000	\$'000
Software		
At cost carrying amount		
Balance as at 1 July	25,355	21,317
Additions	1,944	4,038
Balance as at 30 June	27,299	25,355
Accumulated amortisation		
Balance as at 1 July	10,265	4,102
Amortisation and impairment expense	4,660	6,163
Balance as at 30 June	14,925	10,265
Net book value		
Closing balance as at 30 June	12,374	15,090

Notes to the financial statements

RECOGNITION AND MEASUREMENT

Costs incurred in developing products or systems that will contribute to future economic benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the projects.

Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in the accounting estimate being accounted for on a prospective basis.

Description	Useful life
Software	3-7 years

Intangible assets are assessed for indicators of impairment at each balance sheet date. Intangibles are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition the estimated future cash flows of the intangible assets have been impacted. For intangible assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying and the present value of estimated future cash flows, discounted at the original effective interest rate. The loss is recognised in the consolidated statement of comprehensive income.

12. Right-of-use assets and lease liabilities

a. Right-of-use assets

	2023			2022		
	Properties \$'000	Computer equipment \$'000	Total \$'000	Properties \$'000	Computer equipment \$'000	Total \$'000
Right-of-use asset	5,392	1,023	6,415	6,437	139	6,576
Accumulated depreciation	584	214	798	880	66	946
Balance as at 30 June	4,808	809	5,617	5,557	73	5,630

b. Lease liabilities

	2023	2022
	\$'000	\$'000
Current	997	1,021
Non-current	6,695	6,855
Total	7,692	7,876

c. Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts related to leases:

	NOTES	2023	2022
		\$'000	\$'000
Depreciation charge of right-of-use assets	4	762	736
Interest on lease liabilities		241	62

d. Accounting policy

The Group leases various offices and equipment and the rental contracts are for fixed periods of 1 to 5 years but may have extension options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees; and
- lease payments to be made under reasonable certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the CBHS Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate used is

between 3.2% and 4.0% (2022: 3.4%).

The CBHS Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

13. Trade and other payables

	2023	2022
	\$'000	\$'000
Amounts due to the Health Benefits Risk Equalisation Trust Fund (a)	8,968	8,652
Accruals (b)	2,005	1,531
Trade payables (b)	2,774	2,777
Total	13,747	12,960

- The credit period provided to the CBHS Group by APRA for amounts due to the Health Benefits Risk Equalisation Trust Fund is 14 days from the date of invoice. Thereafter, interest is charged at 15% on the outstanding balance. The Group has procedures in place to ensure this payment is made by the due date.
- For other payables balances, the credit period on purchases of goods and services can vary between 7 and 30 days. No interest is charged on late payments. The Group has procedures in place to ensure all payments are made by the due date.

RECOGNITION AND MEASUREMENT

Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Health Benefits Risk Equalisation Trust Fund

Under the provisions of the *Private Health Insurance Act 2007*, all health insurers must participate in the Risk Equalisation Trust Fund (RETF).

Notes to the financial statements

The RETF is an estimated provision calculated based on the proportion of hospital and medical claims of all persons aged 55 years and older as well as any person with high cost claims. The final amount payable to

the RETF is determined by APRA after the end of each calendar quarter. Estimated provisions for amounts payable are recognised on an accruals basis.

14. Provisions

	2023	2022
	\$'000	\$'000
Current provision		
Employee benefits	2,368	2,475
Employee performance payments	2,112	2,460
Remediation (a)	2,294	4,000
Premium giveback	15,000	-
Other	2,677	1,501
Total current provision	24,451	10,436
Non-current provision		
Employee benefits	1,920	1,706
Employee performance payments	1,608	1,398
Total non-current provision	3,528	3,104
Total provisions	27,979	13,540

a. A remediation provision has been recognised at 30 June 2023. In determining the remediation provision, management has applied significant judgement in estimating the provision. While management has based their estimate on all available information,

facts and circumstances, the nature of the provision is such, that as further information comes to light, the ultimate outcome could be significantly different to the number provided.

MOVEMENT IN CURRENT PROVISIONS

	Employee benefits	Performance payments	Remediation	Premium giveback	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2022	2,475	2,460	4,000	-	1,501	10,436
Used during the year	(2,168)	(2,293)	(1,206)	-	(835)	(6,502)
Unused amounts reversed	-	-	(500)	-	(281)	(781)
Additional provisions recognised	2,061	1,945	-	15,000	2,292	21,298
Balance at 30 June 2023	2,368	2,112	2,294	15,000	2,677	24,451

MOVEMENT IN NON-CURRENT PROVISIONS

	Long service leave	Performance payments	Total
	\$'000	\$'000	\$'000
Balance at 30 June 2022	1,706	1,398	3,104
Used during the year	(114)	(315)	(429)
Additional provisions recognised	328	525	853
Balance at 30 June 2023	1,920	1,608	3,528

RECOGNITION AND MEASUREMENT

Provision

Provisions are recognised when the CBHS Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits cover performance payments, annual leave and long service leave. Sick leave is non-vesting and is accounted for as incurred.

The liability for performance payments, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date, is calculated at current remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave entitlements represents the present value of the estimated future cash outflows to be made. In determining future cash outflows, consideration has been given to future increases in salary rates, and the probability that employees will remain with the Group for the period of time necessary to qualify for long service leave. The calculation includes related on-costs. In calculating the present value, the estimates of future cash outflows are discounted using the rates attaching to Government guaranteed securities which have terms to maturity approximating the terms of the related liability.

Employee entitlement expenses and contributions made to superannuation funds by the Group are recognised in the consolidated statement of comprehensive income when due.

Notes to the financial statements

15. Claims liability

a. Claims liability

	2023	2022
	\$'000	\$'000
Outstanding claims – central estimate of the expected future payments for claims incurred	51,998	40,181
Claims handling costs	1,486	1,171
Risk margin	3,231	2,477
Deferred claims liability	26,883	58,450
Risk equalisation	7,119	5,515
Total claims liability	90,717	107,794

b. Reconciliation of movement in claims liability

	2023	2022
	\$'000	\$'000
As at 1 July	107,794	77,613
Claims incurred during the year	433,755	373,370
Claims paid during the year	(425,280)	(373,954)
Amount under / (over) provided on central estimate	3,342	(2,031)
(Decrease) / increase in deferred claims liability	(31,567)	34,650
Increase / (decrease) in risk equalisation provision	1,604	(1,642)
Increase / (decrease) in risk margin	754	(140)
Increase / (decrease) in claims handling costs	315	(72)
As at 30 June	90,717	107,794

RECOGNITION AND MEASUREMENT

Outstanding claims liability

The outstanding claims liability is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under health insurance contracts issued by the Group, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported, anticipated claims handling costs and the expected payment to the Health Benefits Risk Equalisation Trust Fund. Claims handling costs include administration costs regarding the processing of these claims.

In assessing the outstanding claims liability, the CBHS Group seeks advice from its Appointed Actuary.

Provision is made during the year for the estimated cost of claims incurred but not settled at balance date, including the cost of claims incurred but not yet reported to the Group.

The estimated cost of claims includes direct expenses to be incurred in settling claims and any risk equalisation related to the hospital and medical portion of claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

The estimation of claims incurred but not paid is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the CBHS Group, where more information about the claim event is generally available. Claims incurred but not paid may often not be apparent to the CBHS Group until several months later. In calculating the estimated cost of unpaid claims the CBHS Group uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however for changes or uncertainties which may create distortions in the underlying assumptions or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in internal or external factors which might accelerate or slow down the payment of claims, compared with the information from previous periods;
- the effects of inflation;
- medical and technological developments;
- increase in membership;
- increase in utilisation; and
- seasonal changes in utilisation.

Given the uncertainty in establishing claims provisions, a risk margin is added to determine the liability balance. The risk margin is based on analysis of the volatility of historical claims experience. This past experience is assumed to be representative of future experience.

Details of specific assumptions used in deriving the outstanding claims liability during the year are detailed in note 25(a).

Risk margin

The outstanding claims risk margin was determined allowing for the relative uncertainty of the outstanding claims central estimates for health insurance contracts issued by the CBHS Group.

The overall provision is intended to have a 75% probability of adequacy.

	2023	2022
Risk margin (CBHS Health Fund)	5.0%	5.0%
Risk margin (CBHS Corporate)	13.0%	13.0%

Deferred claims liability

The liability for deferred claims is measured by estimating the proportion of claims that have not occurred during the financial year due to the delay of elective surgery and temporary closure of general providers as a result of COVID-19.

If cover remains in place, a responsibility exists to provide for these claims that have been deferred given members would have had used and therefore claimed on hospital, surgical and ancillary services had the pandemic not arisen. The provision is management's estimate of the percentage of claims which have not occurred since the commencement of COVID-19 and are anticipated to be deferred to next year.

The deferred claims liability is intended to have a 75% probability of adequacy.

16. Unearned premium liability

	2023	2022
	\$'000	\$'000
Unearned premium liability as at 1 July	64,875	47,528
New premiums written in the period	549,614	528,067
Premiums earned during the period	(528,523)	(510,720)
Unearned premium liability as at 30 June	85,966	64,875

Notes to the financial statements

17. Unexpired risk liability

The CBHS Group completed a liability adequacy test as at 30 June 2023 and it was determined that there was no deficiency to recognise (2022: nil).

RECOGNITION AND MEASUREMENT

Liability adequacy test and unexpired risk liability

The liability adequacy test 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. In estimating the unexpired risk liability, the CBHS Group uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience. Allowance is made, however for changes or uncertainties which may create distortions in the underlying assumptions, or which might cause the cost of future claims to increase or reduce in a similar manner with the outstanding claims liability.

The liability adequacy test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio.

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 insurance liability, then the insurance liability is deemed to be deficient. The CBHS Group applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of outstanding claims liability. The entire deficiency is recognised immediately in the consolidated statement of comprehensive income.

In assessing the unexpired risk liability, the CBHS Group seeks advice from its Appointed Actuary.

Details of specific assumptions used in deriving the unexpired risk liability during the year are detailed in note 25(b).

18. Total reserves

	2023	2022
	\$'000	\$'000
Retained earnings		
Balance at beginning of financial year	229,806	225,726
Operating profit	42,512	4,078
Total retained earnings end of financial year	272,318	229,806
Balance at end of financial year	272,318	229,806

19. Parent entity financial information

a. Summary financial information

The summarised financial data for the parent entity is shown below:

Balance sheet	2023	2022
	\$'000	\$'000
Assets		
Current assets	145,726	147,699
Total assets	473,589	429,626
Liabilities		
Current liabilities	175,508	172,168
Total liabilities	185,732	184,018
Net assets	287,857	245,608
Equity		
Retained profits	287,857	245,608
Total equity	287,857	245,608
Profit for the year	42,250	5,518
Total comprehensive income for the year	42,250	5,518

Notes to the financial statements

b. Guarantees entered into by the parent entity

The parent entity entered into guarantees of \$615,000 during the financial year (2022: \$1,261,000).

c. Contingent liabilities of parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 (2022: nil).

d. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2023, the parent entity did not have any commitments for the acquisition of property, plant or equipment (2022: nil).

e. Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries

Investments in subsidiaries are accounted for at historical cost less any impairment.

The investment is reviewed annually for indicators of impairment. Should the investment's carrying amount exceed its estimated recoverable amount, the carrying amount of the investment would be impaired down to its recoverable amount.

The recoverable amount of the investment is determined through measuring its value in use which is based on the following key assumptions:

- Cash flow forecasts based on the latest business plan. These forecasts are based on a combination of historical performance and management's expectations of future performance with consideration to anticipated market factors.
- Terminal value is calculated using a perpetuity growth formula based on the cash flow forecast for year five.
- Discount rates reflect a beta and market risk premium sourced from observable market information and a specific risk premium appropriate to reflect the nature of the business. The pre-tax discount rate is 20.3% (2022: 12.8%) and the post-tax discount rate is 15.0% (2022: 10.0%).

An impairment assessment has been performed at 30 June 2023, with the recoverable value of the investment in excess of the carrying amount. The valuation is, however, highly sensitive to a range of assumptions, in particular the cash flow forecasts and discount rate.

20. Related parties

During the year, ten Directors were members of CBHS Health Fund Limited. Membership was on terms and conditions no more favourable than those adopted when dealing with an unrelated individual in an arm's length transaction.

Related party transactions

During the financial year, CBHS Health Fund provided management services to CBHS Corporate as set out in a Managed Service Agreement. The value of services provided to CBHS Corporate for the financial year was \$3,725,759 (2022: \$679,826).

21. Remuneration of auditors

	2023	2022
	\$	\$
Audit of financial statements	282,291	296,396
Audit and review of regulatory returns	120,199	103,746
Total remuneration for audit and assurance services	402,490	400,142
Taxation services	23,562	23,562
Total remuneration for taxation services	23,562	23,562
Other audit services	24,562	-
Total remuneration for other services	24,562	-
Total remuneration of PricewaterhouseCoopers Australia	450,614	423,704

22. Remuneration of Directors and other key management personnel

Directors' remuneration	2023	2022
	\$	\$
Short-term employment benefits	418,091	436,755
Post-employment benefits (statutory superannuation guarantee) (2023: 10.5%; 2022: 10.0%)	43,900	43,715
Total Directors' remuneration	461,991	480,470
Other key management personnel remuneration	2023	2022
	\$	\$
Short-term employment benefits	3,247,803	3,711,531
Post-employment benefits (statutory superannuation guarantee) (2023: 10.5%; 2022: 10.0%)	187,367	205,444
Total key management personnel remuneration	3,435,170	3,916,975
Total Directors' and other key management personnel remuneration	3,897,161	4,397,445

Notes to the financial statements

23. Liability of members 24. Contingent liability

CBHS Health Fund Limited is a company limited by guarantee, incorporated and operating in Australia. The liability of the members is limited. Every voting member of CBHS undertakes to contribute to the assets of CBHS Health Fund Limited, in the event of the company being wound up while still a voting member, or within one year after ceasing to be a voting member, for payment of the debts and liabilities of the company (contracted before ceasing to be a voting member) and of the costs, charges and expenses of winding up for members, shall not exceed ten dollars (\$10.00)

The CBHS Group is exposed to contingent risks and liabilities arising from the conduct of its business. Any potential liability to the CBHS Group, in addition to the provisions already recognised in note 14, will be contingent upon investigations undertaken on possible risks. As at 30 June 2023, management was not aware of any material contingent liabilities that may affect the financial position of the CBHS Group (2022: nil).

25. Actuarial assumptions and methods

a. Claims liability

Outstanding claims liability

The following assumptions have been made in determining the outstanding claims liability for the CBHS Group.

	CBHS Health Fund		CBHS Corporate	
	Key variable 2023	Key variable 2022	Key variable 2023	Key variable 2022
Estimate of incurred claims for June (\$'000)	\$35,263	\$32,299	\$1,183	\$742
Claims handling expense – Hospital	2.5%	2.5%	2.5%	2.5%
Claims handling expense – Medical	5.0%	5.0%	2.5%	2.5%
Claims handling expense – Ancillary	5.0%	5.0%	5.0%	5.0%
Risk equalisation (outstanding claims component)	15.0%	15.0%	36.9%	42.2%
Risk margin	5.0%	5.0%	13.0%	13.0%

Process used to determine assumptions

Incurring claims cost for June

This is determined by projecting the total paid claims for each month incurred at the balance date using seasonal factors and historic reporting patterns.

Claims handling expense rate

Claims handling expenses were calculated by reference to past experience of claims handling costs as a percentage of past claims.

Impact of changes in key variables: CBHS Health Fund

	Key variable change	Changes in outstanding claims component*	Key variable change	Changes in outstanding claims component*
	2023	2023	2022	2022
	%	\$'000	%	\$'000
Incurring claims for June	+10	\$4,013	+10	3,672
	-10	(\$4,013)	-10	(3,672)
Claims handling expense	+10	\$143	+10	113
	-10	(\$143)	-10	(113)
Risk equalisation (outstanding claims component)	+10	\$698	+10	536
	-10	(\$698)	-10	(536)

*Excludes risk margin

Impact of changes in key variables: CBHS Corporate

	Key variable change	Changes in outstanding claims component*	Key variable change	Changes in outstanding claims component*
	2023	2023	2022	2022
	%	\$'000	%	\$'000
Incurring claims for June	+10	121	+10	76
	-10	(121)	-10	(76)
Expense rate	+10	6	+10	4
	-10	(6)	-10	(4)
Risk equalisation (outstanding claims component)	+10	14	+10	15
	-10	(14)	-10	(15)

*Excludes risk margin

Risk equalisation (outstanding claims component)

This is determined by applying the projected relationship between net risk equalisation claims and paid claims to the hospital and medical outstanding claims.

Sensitivity analysis

The Group conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed.

Notes to the financial statements

Deferred claims liability

The following details the changes in key estimate on the COVID-19 claims liability.

- A 4% increase/decrease in the expected claims level would result in the following (increase)/decrease to the profit/loss after income tax.

	2023	2022
Claims +4%	\$8.4m	\$18.2m
Claims -4%	(\$8.4m)	(\$18.2m)

- An increase/decrease of 10% in the adopted savings for COVID-19 Hospital claims would result in the following (increase)/decrease to the profit/loss after income tax.

	2023	2022
Hospital savings +10%	(\$7.2m)	(\$4.0m)
Hospital savings -10%	\$7.2m	\$4.0m

b. Unexpired risk liability

The following assumptions have been made in determining the unexpired risk liability. The table below is a combination of the unexpired risk liability from 1) unearned premium liability and 2) insurance contracts to be renewed before the next pricing review.

	CBHS Health Fund		CBHS Corporate	
	Key variable 2023	Key variable 2022	Key variable 2023	Key variable 2022
Estimate				
Estimate of incurred claims (\$'000)	\$347,081	\$355,111	\$11,490	\$2,772
Risk equalisation (relating to above estimated claim)	5.80%	8.70%	4.20%	20.90%
Risk margin (Health Insurance Business)	2.95%	2.95%	9.40%	9.40%
Risk margin (Health Related Business)	-	-	7.70%	8.50%

Process used to determine assumptions

Estimated incurred claims

This is determined by projecting the claims from (1) unearned premium liability and (2) renewable contracts to the next pricing review, based on historic reporting patterns.

Risk equalisation (relating to above estimated claim)

The proportion of claims for each product that are claimed under the risk equalisation arrangements is kept constant. The net deficit per single equivalent unit is projected based on using the CBHS Group experience of the average change from quarter to quarter.

Process for determining the risk margin

The risk margin was determined allowing for the relative uncertainty of the budget projection central estimates of benefits. The budget projection is used to determine the likely future claims experience of the unearned premiums and contractual obligations.

Uncertainty was analysed by comparing the nine-month rolling central estimates of budgeted benefits with those actually incurred. The relative differences between the central estimate of the budget forecasts and the actual benefits are then examined on an empirical basis, providing the basis for the selected risk margin.

The liability is intended to have a 75% probability of adequacy.

Sensitivity analysis

The CBHS Group conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed.

Impact of changes in key variables: CBHS Health Fund

	Key variable change	Changes in unexpired risk component*	Key variable change	Changes in unexpired risk component*
	2023	2023	2022	2022
	%	\$'000	%	\$'000
Estimated claims cost	+10	19,283	+10	20,533
	-10	-	-10	-
Risk equalisation (relating to above estimated claim)	+10	-	+10	-
	-10	-	-10	-
			-	
* Excludes risk margin				

Impact of changes in key variables: CBHS Corporate

	Key variable change	Changes in unexpired risk component*	Key variable change	Changes in unexpired risk component*
	2023	2023	2022	2022
	%	\$'000	%	\$'000
Estimated claims cost	+10	-	+10	-
	-10	-	-10	-
Risk equalisation (relating to above estimated claim)	+10	-	+10	-
	-10	-	-10	-
* Excludes risk margin				

Notes to the financial statements

26. Insurance contracts – risk management policies and procedures

The financial condition and operation of the CBHS Group is affected by a number of key risks including capital and solvency, compliance/governance, financial and liquidity, insurance, investment and credit, operational, people and culture and strategic.

The Board of Directors of the CBHS Group determines the entity's risk appetite and approves the risk management strategies, policies and practices to ensure that risks are identified and managed within the context of this appetite.

Some of the key features of the CBHS Group's risk management framework include:

- Audit Committee and the Risk Committee's responsibility to assist the Board to fulfil its statutory and fiduciary duties relating to the financial reports, the risk management framework, the independence of the auditors and regulatory compliance;
- Asset and Liability Committee's responsibility to monitor investment-related activities and capital management;
- Board annual endorsement of a) Risk Management Strategy and b) Risk Appetite Statement which sets out the ways in which the CBHS Group will mitigate strategic and operational risks;
- management of risk and compliance through the utilisation of risk management software;
- various internal policies and procedures designed to identify and manage risk;
- management's regular assessment and reporting on compliance and key risks to the Board and relevant Committees;
- Internal Audit function which provides management and the Board independent assurance of the internal control environment;
- Annual Management Certification and Representation Attestation provided to the Board to certify the accuracy of the representation of financial data and the effectiveness of internal controls;
- Annual Risk Management Declaration, attested by the Chief Risk Officer for the Chairs of the Risk Committee and Board; and
- monitoring and review of compliance with Solvency and Capital Adequacy standards as required by the *Private Health Insurance (Prudential Supervision) Act 2015*, and the strategic benchmarks set by the Board.

Insurance risk

The provision of private health insurance in Australia is governed by the *Private Health Insurance Act 2007*. The regulatory factors which impact the CBHS Group

insurance risk include:

- principle of community rating which precludes health insurers from discriminating against people based on factors which include medical condition, gender, race, religious belief or age;
- Risk Equalisation scheme which, in effect, re-allocates some of the risk of private health insurers which relates to the age profiles of their health funds; and
- review and approval by the Federal Minister for Health and Ageing of all health insurance premium increases.

Concentration risk

CBHS Health Fund Limited is a not-for-profit private health insurer, exclusively for current and former employees of the CBA, divested CBA businesses as well as their family members.

Credit risk

Credit risk is the potential of loss arising from failure of a debtor or counterparty (in relation to loans to counterparty), to meet their contractual obligations.

The CBHS Group is exposed to credit risk through the operation of its Private Health Insurance business and management of its financial assets (credit risk of financial assets is addressed in note 28(f)).

In terms of other financial assets, credit risk relates to the Services Australia rebate receivable (a Government organisation administering the Australian Government Rebate on private health insurance scheme) and premium receivable from policyholders. Premiums in arrears are continuously monitored. No claims are paid on policies whereby members fall into arrears, unless the policies fall under the Financial Assistance Package extended to members who experience financial hardship.

Interest rate risk

The CBHS Group's interest rate risk is limited to those of its financial assets in note 28(d).

All other receivables are non-interest bearing.

Compliance risk

In operating a health fund, the CBHS Group is required to comply with the requirements set out in the *Private Health Insurance Act 2007*.

The CBHS Group has established internal controls to ensure that it meets its compliance requirements under the Act. These measures include:

- external legal input in relation to the drafting of its health benefits fund rules;
- monitoring and management of compliance obligations through the utilisation of risk management software;
- implementation of a compliance framework including dedicated compliance reviews of operational practices to ensure the CBHS Group complies with all legislative and regulatory requirements and conduct.
- regular documented internal control reviews of changes to regulations.

- completion of the annual Management Certification and Representation process by senior managers; and
- internal audit assessments of compliance arrangements.

Other

Market Risk and Liquidity Risk are addressed at notes 28(d), 28(e) and 28(g).

27. Segment information

The CBHS Group operates in one business and geographical segment, which is providing private health insurance and related wellbeing services in Australia.

28. Financial instruments

a. Capital risk management

Capital adequacy and solvency standards are established by APRA and are an integral component of the regulatory reporting framework. APRA issues Solvency and Capital Adequacy Standards (Prudential Standard HPS 100 Solvency Standard (HPS 100) and Prudential Standard HPS 110 Capital Adequacy (HPS 110), which are designed to ensure that health funds adhere to prudent capital and investment policies.

Capital is managed in accordance with the CBHS Group's Capital Management Policy. It provides a framework for the management and monitoring of capital in line with the Board's risk appetite. This document is underpinned by;

- a Risk Appetite Statement which articulates the risk capacity of the CBHS Group as a whole, appetite for different types of risk and expresses the risk tolerance for each material risk;
- an Investment Policy Statement which defines the Board's investment beliefs, a strategic asset allocation and specific rules around investments; and
- a Liquidity Management Plan which defines targets and responsibilities of tasks in the management of liquid assets.

The Board can confirm that it was in full compliance with the requirements of the capital standards.

From 1 July 2023, CBHS Group has transitioned to the new Private Health Insurance Capital Standards, commonly referred to as ICAAP (Internal Capital Adequacy Assessment Process).

b. Significant accounting policies

Significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised in respect of each class of financial asset and liability are disclosed in notes to the financial statements.

c. Financial risk management objective

The CBHS Group's principal financial instruments comprise receivables, payables, and investments (term deposits and managed funds). The CBHS Group manages its exposure to key financial risks in accordance with the CBHS Group's risk management framework. The objective of the risk management framework is to protect the future financial assets of the Group.

The main risks arising from the CBHS Group's financial instruments are market risk (including interest rate and price risk), credit risk and liquidity risk. The CBHS Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risks and assessments of market forecasts for interest rates. Credit risk and liquidity risk is monitored through the development of rolling cash flow forecasts.

The primary responsibility for identification and control of financial risks rests with the Group Chief Executive Officer, Group Chief Risk Officer and Group Chief Financial Officer.

d. Interest rate risk management

The CBHS Group is exposed to interest rate risk on its investment portfolio and bank deposits. The investment portfolio comprises both fixed and variable interest rate investments. The risk is managed by maintaining a high proportion in fixed interest rate investments. As at 30 June 2023 the fair value of investments with a fixed interest rate was \$121,100,000 (2022: \$128,700,000).

The CBHS Group's exposures to interest rates on financial assets are detailed below:

	Weighted average effective interest rate	2023	2022
	%	\$'000	\$'000
Cash deposits	3.40	23,756	26,760
Term deposits designated at fair value through profit or loss	4.44	121,100	128,700
Managed premium cash enhanced fund designated at fair value through profit or loss	2.80	29,839	-

Notes to the financial statements

Interest rate sensitivity analysis

The sensitivity analyses below have been determined on the exposure to interest rate movements on the investment portfolio at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point (2022: 50 basis point) increase or decrease is

used when reporting interest risk internally and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit would have been affected as follows:

	2023	2022
	\$'000	\$'000
	at 50 basis points per annum	at 50 basis points per annum
Profit higher from increase in basis points	606	644
Profit lower from decrease in basis points	(606)	(644)

This is mainly attributable to the CBHS Group's exposure to variable interest rates on its term deposit investments.

e. Price risks

The CBHS Group is exposed to price risks arising from its investments in shares, fixed interest, multi asset and property managed funds. These investments are held for strategic, rather than trading purposes. The CBHS Group mitigates its price risk with an investment policy weighted to defensive assets.

Price risk sensitivity - managed funds

The sensitivity analyses below have been determined based on the exposure to unit price risks at the reporting date. If the unit prices of the managed funds had moved as illustrated in the table below, with all other variables held constant, net profit would have been affected as follows:

	2023	2022
	\$'000	\$'000
	at 10% per annum	at 10% per annum
Profit higher from increase in percentage	27,475	23,633
Profit lower from decrease in percentage	(27,475)	(23,633)

f. Credit risk management

Credit risk is the potential for loss arising from the failure of a debtor or counterparty (in relation to loans to that counterparty), to meet their contractual obligations.

The CBHS Group's investments are with Board approved financial institutions and managed investment schemes. For investments held directly, these instruments are subject to Board approved counterparty limits.

Credit exposure by credit rating:

	2023	2022
	\$'000	\$'000
Cash and cash equivalents		
A series rating*	23,756	26,760
	23,756	26,760
Financial assets at fair value through the profit or loss		
A series rating*	111,100	121,700
B series rating*	10,000	7,000
Unrated **	304,592	236,331
	425,692	365,031

* As defined by Standard & Poor's credit ratings.

** Note the funds invested are not rated however the fund invests in entities that may be rated. Other material financial assets include premium receivables \$15,328,000 which are unrated.

At reporting date, there are no significant concentrations of credit risk relating to financial instruments designated at fair value through profit or loss. The carrying amount reflected above represents the Group maximum exposure to credit risk.

g. Liquidity risk management

Liquidity risk arises from the possibility that the Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Group Chief Executive Officer and Group Chief Financial Officer. The CBHS Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The CBHS Group continues to review its Capital Management Plan to assist in managing the CBHS Group's medium and long-term funding and liquidity requirements.

The following table details the CBHS Group's remaining contractual maturity for its financial liabilities. The table outlines the undiscounted cash flows of financial liabilities based on the earliest date on which the CBHS Group can be required to pay.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Trade and other payables	2,774	8,968	2,005	-	-	13,747
Lease liabilities	104	312	824	4,941	2,665	8,846
2022						
Trade and other payables	2,777	8,652	1,531	-	-	12,960
Lease liabilities	156	247	618	4,478	3,480	8,979

h. Fair value control framework

Fair values are subject to a control framework designed to ensure that they are either determined, or validated, by a function independent of the risk taker. The ultimate responsibility for the determination of fair values lies with the Group Chief Financial Officer who establishes the accounting policies and procedures governing valuation

and is responsible for ensuring that these comply with relevant accounting standards. For fair values determined by reference to external quotation or evidenced pricing parameters, independent price determination or validation is utilised.

The fair value measurements have been classified using a fair value hierarchy that reflects the significance of the

Notes to the financial statements

inputs used in making the measurements. The fair value hierarchy has the following levels:

- i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

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

i. Fair value of financial instruments

As at 30 June 2023, the split of the financial assets at fair value through the profit and loss into the fair value hierarchy is as follows:

	Level 1:	Level 2:	Level 3:	Total
2023	\$'000	\$'000	\$'000	\$'000
Assets				
<i>Fair value through profit or loss</i>				
Term deposits	121,100	-	-	121,100
Managed premium cash enhanced fund	29,839	-	-	29,839
Managed multi asset fund	-	114,248	-	114,248
Managed share funds	-	76,559	-	76,559
Managed fixed interest funds	-	55,946	-	55,946
Managed property funds	-	-	28,000	28,000
Total	150,939	246,753	28,000	425,692

As at 30 June 2022, the split of the financial assets at fair value through the profit and loss into the fair value hierarchy is as follows:

	Level 1:	Level 2:	Level 3:	Total
2022	\$'000	\$'000	\$'000	\$'000
Assets				
<i>Fair value through profit or loss</i>				
Term deposits	128,700	-	-	128,700
Managed multi asset fund	-	100,628	-	100,628
Managed share funds	-	60,597	-	60,597
Managed fixed interest funds	-	47,472	-	47,472
Managed property funds	-	-	27,634	27,634
Total	128,700	208,697	27,634	365,031

29. Additional company information

The registered office and principal place of business of the CBHS Group is:

**Level 16, 6 Hassall Street
Parramatta NSW 2150
Tel: 1300 654 123**

Directors' declaration

In the Directors' opinion:

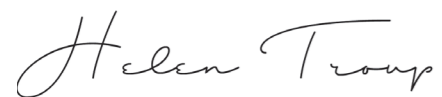
- a. the financial statements and notes set out between pages 33 and 71 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- 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.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Peter MacCuspie
Chair



Helen Troup
Group Chief Executive Officer & Executive Director

Dated 1 September 2023





Independent Auditor's Report

To the members of CBHS Health Fund Limited

Our opinion

In our opinion:

The accompanying financial report of CBHS Health Fund Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

This description forms part of our auditor's report.


PricewaterhouseCoopers


R Balding
Partner

Sydney
1 September 2023

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Ph: 1300 654 123
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