

7 November 2019

## **CBHS HEALTH FUND LIMITED ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS 2019**

Good morning ladies and gentlemen. My name is Peter MacCuspie and as Chairman of CBHS Health Fund Limited, I'd like to welcome you to today's annual general meeting and thank you for your attendance.

As we have met our Constitutional requirement of at least 20 persons entitled to vote, I now declare the meeting open.

I would like to make special mention of several people here today, in particular:

- Varla Sisan on behalf of CBHS' Appointed Auditor, Renae Cooper, of Price Waterhouse Coopers. Varla is happy to answer any questions you may have with respect to PwC's conduct of the audit; and
- CBHS' Appointed Actuary, Bevan Damm of Ernst & Young

I would now like to call for apologies from the floor, noting that I have received apologies from:

- Adrian Hondros – Non-Executive Director; and
- Kevin Bourke - Former Director

### **DIRECTOR/MANAGEMENT INTRODUCTIONS**

I would now like to introduce my fellow Directors in attendance today:

- John Matthews - Deputy Chairman and Chairman of the People & Remuneration Committee;
- Marielle Latour - Chair of the Audit Committee and Chair of the Risk Committee;
- Fintan Thornton - Chairman of the Asset & Liability Committee;
- Jay MacGregor;
- Nicolette Rubinsztein; and
- Andrew Smith - Group CEO & Executive Director.

With me today from the Executive team is Nicole Nott, Group General Counsel & Company Secretary, as well as the respective Chairman and CEO of our subsidiary company CBHS Corporate Health, Henry Capra and Dario Molina, and acknowledge other Executives who are in the audience.

I take this opportunity to thank my fellow Directors for their support and commitment throughout a busy year and for their work on various Board Committees and on our subsidiary fund CBHS Corporate Health.

I also wish to specifically acknowledge our two new CBHS Corporate Health Directors, Jayne Drinkwater and Hugh Podmore. As well as acknowledge our tremendous employees who provide an invaluable contribution to deliver positive outcomes for all our members.

## OVERVIEW OF 2019 ACHIEVEMENTS AND HIGHLIGHTS

I would now like to move on to some of our achievements and highlights for 2019.

### Financial Results

As outlined in my Chairman's message in the Annual Report, I am pleased to report that the CBHS Group had a very solid year financially, with revenue up 5.6% to \$440.5 million. Our capital position remains strong, with total assets of almost \$315.6 million, no debt and net assets of \$211.7 million. The benefits CBHS paid on behalf of members was up 7.1 % to \$409.2 million.

The consolidated profit after tax of \$4.9 million is as a result of another year of good investment returns.

The CBHS Group is now providing peace of mind to 235,621 Australians through over 105,000 individual memberships. There has been a 4.6% increase in members over the past year, which is higher than the industry average of 0.68% and reflects the CBHS Group's compelling value proposition.

Our management expense ratio has increased by 0.9% to 9.2%. This is due mainly to responding to increasing governance obligations, the implementation of the Private Health Insurance Reforms, further investments in our people, core systems and digital platforms and building a presence in the overseas student market. We believe this investment is sound and will lead us to successfully deliver on our 2019-2024 Strategic Plan.

As many of you appreciate, our success is bolstered by our continued strategic engagement with our primary stakeholder, the Commonwealth Bank Group. We now have 8 permanent health hubs located in CBA Group offices across Australia and 2 mobile health hubs, including a state-of-the-art health hub located in CBA's brand new offices in the Axle Building in Sydney. With over 175,000 health hub interactions with CBA Group employees, since inception, our relationship with the CBA Group has continued to grow and strengthen as we collaborate on a shared objective of improving the health and wellbeing of CBA Group employees, their families and CBHS members.

I would now like to reflect on some of our achievements during the past year:

- Delivering low premium rate increases for the third year in a row;
- Being a market leader for benefits paid as a percentage of all premiums received at 93.1%;
- The exclusive health and wellbeing partner of the CBA Can4Cancer program raising over \$40,000 for Tour De Cure;
- Further investment and development in our people, digital platforms and technology to enhance member experience;
- Continued growth of CBHS Corporate Health following our successful expansion into Overseas Student Cover, in addition to continuing to grow our Overseas Visitors Cover portfolio;
- Growth of the CBHS Group Choice Network which provided over 150,000 CBHS members with access to low or no out of pocket expenses for preventative dental and optical services;
- Increased representation on lobbying groups and engagement across the health sector; and
- Successful implementation of the Private Health Insurance Reforms by 1 April 2019 including introducing:

- New tiers for Hospital Cover – now classified as Gold, Silver, Bronze and Basic which makes it simpler for members to select appropriate cover;
- Age-based discounts for members aged under 30; and
- Higher excess options on Bronze and Gold Hospital policies.

I would also like to mention the importance of our directors in overseeing the running of CBHS, particularly in our current environment, where we are rightly seeing increased demands from our members and the wider community to deliver affordability, value and accountability, amongst significant regulatory and political change and challenges.

I am confident that the Boards of the CBHS Group have effective processes in place to ensure that the Boards remain strong overseers of the business on behalf of our members and that we are rigorous in evaluating our performance and assessing the skills, diversity and experience required at a Board level.

## **BUSINESS OF THE MEETING**

I will now move onto the formal business of the meeting. The business of the meeting was set out in the Notice of Annual General Meeting which has been provided to members. Additionally, there are copies of the Notice of Annual General Meeting at the registration desk for members who wish to view this.

If there are no objections, I propose that the Notice of Annual General Meeting be taken as read.

A copy of the signed minutes of the 2018 AGM can also be viewed this morning.

These minutes are in hardcopy at the registration table. Alternatively, these minutes are available for inspection by members at any time by contacting the Company Secretary.

## **ORDINARY BUSINESS**

Under the formal business of the meeting there are three items:

1. to consider and note the Financial Report, Directors Report and Auditors Report for CBHS for the financial year ended 30 June 2019;
2. to note the two directors who have been elected; and
3. to consider, and if thought fit, pass an Ordinary Resolution regarding Director Remuneration.

### **1. Consideration of the Reports.**

Item 1 is the consideration of the Financial Report, Directors Report and Auditors Report for the financial year ending 30 June 2019.

Each of these reports are contained within the Annual Report and hard copies of the Annual Report are available at the registration desk if you would like to take a copy.

PwC are the Company's external auditors and were responsible for the audit of the Financial Report for 2019.

The Corporations Act requires CBHS to lay the accounts before the Annual General Meeting. The Directors have already approved the accounts and I now lay the accounts before the meeting for questions or comments.

Varla Sisan, in conjunction with Ms Renae Cooper, the Audit Partner from PwC was responsible for the audit. Varla is available to answer any questions relating to PwC's conduct of the audit.

There is no resolution for Item 1, however I would like to invite members who have any questions or would like to make any comments to do so now.

I note that there are no further questions so we will move on to the second item of business.

## **2. Appointment of Directors**

The second item of business relates to the election of Directors and I will hand this item over to the Returning Officer, Nicole Nott, to advise of the outcome of the director election.

### **Nicole Nott:**

The AGM Notice of Meeting for 2019 outlined the constitutional requirements with respect to the election of Directors. It also outlined that nominations for re-election were received from Adrian Hondros and Marielle Latour.

As a result of the number of nominations received being equal to the number of vacancies on the Board, I am now in a position, in accordance with clause 5.6(b) of the Constitution, to declare that Adrian Hondros and Marielle Latour duly re-elected to the Board of CBHS.

## **3. To consider an Ordinary Resolution regarding Director Remuneration**

I now move onto the third item of business.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That pursuant to clause 12.2(a) of the Constitution, the Company fixes the amount of \$500,000 as the maximum sum per annum that may be paid by the Company, in aggregate, to the Directors as reasonable remuneration for services rendered by the Directors to the Company (with the amount so fixed not to include remuneration that may be paid to a Director who is an employee of the Company, or in their capacity as a Director of a subsidiary company, or in their capacity as a Nominee Director on behalf of the Company).'*

Before I open this item up to questions from members, I would like to draw your attention to Item 3 of the Explanatory Notes to the Notice of Annual General Meeting which provides an explanation of the proposed resolution.

Before I put the proposed resolution to a vote, are there any questions?

There being no questions I now propose to put to the meeting item 3.

All those in favour, please raise your hand.

All those against, please raise your hand.

I declare the resolution as passed on a show of hands and confirm that the result is consistent with proxy votes received which are now being shown on the screen:

<b>For</b>	343
<b>Against</b>	101
<b>Abstain</b>	40
<b>Total</b>	<b>484</b>

I declare the resolution passed.

### **OTHER BUSINESS**

I now move on to Other Business and ask whether there is any other business to be brought forward by members.

### **CLOSING REMARKS**

I would now like to share my observations and a personal story as part of my closing remarks.

Our health outcomes are deeply personal and are related to the choices we make every day and for that matter those that we have been gifted by our biology. And it is true to say that as we get older, we consume more health services. But that's not to say that the young do not.

Let's start with a few multiple-choice questions.

1. Which ten-year age cohort most commonly appears in emergency rooms in Australia? A. 35-44 B. 45-54 C. 25-34 D. All the same
2. What proportion of all skin cancers are diagnosed in those under the age of 40?  
A. Negligible B. 1% C. 2% D. About 10%

So, let's start with emergency rooms. The most common consumers of emergency room visits are, yes you guessed it, the 25-34 age cohort with just over 1 million visits across 2017/8. And yes, the majority were to public hospitals, but many went to private facilities.

And why would people choose to do that? I suspect it's a combination of time to be seen, who they are seen by, and the speed in which they leave with acceptable follow up outcomes.

Finally, jumping to the chase, 10% of all skin cancers are diagnosed in those under 40.

So the best cure is always prevention. Looking at risk factors, knowing and reading about the facts and watching your own health. And this is most readily achieved by maintaining a consistent relationship with a GP or specialist. And again, this is where private health insurance comes in. And then despite all the risk factors and statistics, you can just be unlucky. Hospital admission data now shows 1/6<sup>th</sup> of hospital admissions are due to chronic kidney disease with dialysis accounting for

many of these hospitalisations. This also occurs most frequently with those aged over 60. For me, it happened at 19. I used my private health insurance to see a range of specialists that deferred dialysis until I was in my early thirties. I continue today to see the same set of specialists and dialyse overnight in a private facility, because the public system around me cannot provide that service.

So private health insurance is about choices, it's about personal outcomes and at the end of the day it is about peace of mind. And over 235,000 CBHS members afford that certainty for themselves and their families. As I have outlined above, young people now have extra incentives to join CBHS before the age of 30. These incentives were introduced earlier this year and I have every confidence they will increase the number of young people electing to join CBHS and take up cover.

As a user of the private system, and as the Chairman of CBHS, I am very glad we have the system we do. My trajectory, otherwise, could have been very different.

In closing, we look forward to delivering on our commitment to you and your health and happiness.

I now declare the meeting closed and thank you for your attendance.

**Close meeting**