Annual Report
2020/21

Latrobe
HEALTH SERVICES

Contents

Introduction

Latrobe Health Services (Latrobe Health) is an Australian-owned not-for-profit registered private health insurer with more than 87,000 members across Australia. We pride ourselves on providing quality cover for our members, and exceptional service when our members need us.

Founded in 1950, Latrobe Health was established by power industry workers to provide for the health care needs of residents in the Latrobe Valley, Victoria, and at the time focused on providing medical services such as hospitals and ambulances. Much has changed since 1950, with Latrobe Health now providing hospital and extras coverage for members Australia-wide. However, the spirit of our founders remains.

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

We're also proud to invest in our communities, which includes our ownership of Maryvale Private Hospital (MPH), Gippsland's only private acute medical and surgical hospital. This year, MPH proudly celebrated 30 years of caring for the community. The hospital is a key health hub contributing to education and clinical programs such as diabetic care, cancer services, palliative care, breast care and men's health.

Purpose

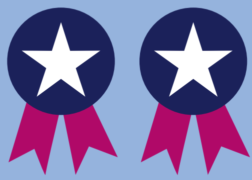
Like a friend, we guide and empower our members to take control of their health episodes now and in the future.


Latrobe
STAFF

Highlights and achievements

$3.3M* premium relief

We deferred our annual rate review from April to October, resulting in $3.3M* in premium relief for our members



Canstar awards Winner of two Victorian Outstanding Value Awards for hospital and combined hospital and extras

MARYVALE PRIVATE HOSPITAL 30TH BIRTHDAY

We celebrated the 30th anniversary of our wholly owned subsidiary, Maryvale Private Hospital – Gippsland's only acute medical and surgical private hospital

7.18% membership growth, more than double the industry average

12,000 mobile app users

Support for the community

850 visits to the East Bairnsdale Community Hub food pantry as a result of our community donations

Pilot Project running across three municipalities as a result of community donations

$25,000 donation to Gippsland Emergency Relief Fund to support storm recovery

11 young people supported to live independently through the Going Out and Living Successfully program

$179M premium revenue

$159M claims paid

46,000 hospital episodes covered – 417,306 separate hospital medical services

240,000 extras claims covered

$155K the highest claim we paid for a member's treatments

HYBRID WORKING:
Continued focus on employee wellbeing and engagement as we continue to adapt to working in a Covid environment

'We hope you never need us' branding campaign running across TV, radio, roadside billboards, in shopping centres and online

We hope you never need us

*Note, the FY21 impact is as reported in our financial report.

13 YEARS

Average length of membership

132,000 website visitors

TRANSFORMATION AWARD

Received a Human Synergistics Culture Transformation Award, one of only three awarded in 2021 across Australia and New Zealand

169,254 member engagements in our Gippsland call centre

86.7% members based in Victoria

44% members in regional areas, half of those in Gippsland

Uplift of extras benefits including optical and physiotherapy benefits

87,000 members

36,000 surgically implanted prosthetic devices paid for members

83.67% of our members say they trust Latrobe Health, an increase of 3.1% on the previous year (2020, Discovery Research)

Zero Compliance or regulatory breaches

94c**

For every dollar Latrobe received in premiums, 94c was used to pay our members claims

Branches in Moe, Morwell, Bairnsdale, and Traralgon

Introduced telehealth Extras services such as psychology, physiotherapy, dietetics, speech pathology, podiatry, counselling, occupational therapy, exercise physiology and osteopathy can now be accessed via telehealth

**Source: Private Health Insurance Ombudsman's 2020 State of the Health Funds Report

From the Chair and CEO

We are pleased to present the Latrobe Health Services Annual Report for 2020-21, a year of considerable change and achievement in which we forged ahead with organisational transformation while continuing to respond to the challenges posed by COVID-19.

The pandemic drove a greater focus on Australians' health, increasing uptake of private health cover resulting in a period of growth for the industry. Private health insurance membership across Australia grew by 3.14%. Outstripping the industry average, our fund grew 7.18%, our membership base surpassing 87,000 members. Diversification of our product offerings, an 'always on' marketing presence and stronger emphasis on the member experience contributed to Latrobe Health's growth.

The impacts of COVID-19 continued to challenge our members on both the health and financial fronts. We provided more than $4.4M* in support to our members, including deferring the 2020 rate review from April to October ($3.3M), providing hardship support for members impacted by the pandemic ($900K), premium reductions ($82K), hospital cover extending to all COVID-19 related conditions ($42K) and delivery of services via telehealth. We also rolled over unused extras benefits from 2020 into 2021.

We recognised the pandemic required us to quickly adapt to the changing expectations and behaviours of our members and community. Our focus on seamless member experiences, cloud based technology and digitalisation strengthened, and so too did our consideration of the composition of property we need to deliver services and critical business operations. While our commitment to physical service delivery in regional communities is unchanged, we will continue to review what our corporate property needs are that enable us to meet both the expectations of our members and the growing workforce working flexibly in the post-pandemic era.

A key objective of our investment strategy is to consider how we can make our capital work harder to support members. The strategy, implemented under the guidance of the new investment committee has achieved an overall portfolio return of 3.8% compared to a return of 0.29% on term deposits.

Throughout the year we doubled-down on supporting an agile workforce, who found themselves having to flex between home and office-based working depending on the level of restrictions impacting Victoria. As an organisation we responded by making health and connectedness a priority, offering access to our Employee Assistance Program, a daily all-staff wellbeing survey and activities such as RUOK? Day and trivia challenges. Supporting our people to work flexibly, the IT team introduced an online Service Desk to streamline the provision of technical support for all staff.

Organisational transformation was key to bringing greater efficiency and improved member experience. A restructure early in the year included the formation of dedicated Member Experience, Growth, and Insights and Innovations teams and brought to life our ambition for first-contact resolution. A new behavioural framework focused on needs-based selling guided our Customer Experience team's interactions with members.

**Note, the FY21 impact is reported in our financial report.*

"Organisational transformation was key to bringing greater efficiency and improved member experience."

The quest for improved member experience was supported with Information Technology upgrades and development and a focus on web user experience. Visibility of waiting periods in the online member services environment, improvements to claims, billing and eligibility checking processes, reduced claims leakage and an uplift in information security were among the achievements.

Our work to uplift organisational culture over the past three years was recognised with a Human Synergistics Culture Transformation Award in recognition of a transformative shift to constructive behaviours. We also introduced a capability framework and learning and development strategy to support our people's career development and aspirations.

We continued our focus on diversification of our range of covers and delivering increased value for members. Changes included the introduction of Bronze hospital cover, an increase in the amount of benefits paid under many of our extras policies and the addition of unlimited ambulance transports to all covers. Two Victorian Canstar awards, for Outstanding Value Hospital and Outstanding Value Hospital and Extras products, recognised our efforts to deliver value for members.

Our work in the community continued unabated, with Maryvale Private Hospital, a not-for-profit private hospital fully owned by Latrobe Health Services, celebrating its 30th birthday. Our community partners delivered significant outcomes for some of the most vulnerable members of the community – people impacted by family violence, mental illness and homelessness – by applying the $1M in donations made the previous year. We donated $25,000 to the Gippsland Emergency Relief Fund in response to a historical storm emergency, providing immediate relief for those impacted by flooding and wind, and supported Private Healthcare Australia's campaign for more affordable healthcare via prostheses reform. We reconnected with many of our corporate partners and developed relationships with new organisations as our work within the community extended our reach into new markets.

In all, it was a thoroughly challenging, at times exhilarating and often surprising year in which the fund's resilience and capacity to achieve were demonstrated in equal measure. We thank the Latrobe Health Board and the Executive Team for their energy, guidance and leadership through change and challenges alike, and for their focus on improving the member experience while supporting staff, member and community wellbeing. As well we appreciate the efforts of our staff who demonstrated care for our members and dedication to their roles all while dealing with the uncertainty of pandemic-related restrictions and new ways of working. Finally, we thank our loyal members for their continued trust - it has been our honour to serve you through these trying times. We wish you all good health for the coming year.

Ormond Pearson
Board Chairman

Ian Whitehead
Chief Executive Officer

Corporate Social Responsibility

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

Commitment to our members

Our commitment to our members is expressed in our purpose and demonstrated through our culture defined in The Latrobe Way.

In FY20-21 this commitment included $4.4M member hardship support to assist our members deal with the financial and health impacts of the COVID-19 pandemic. Initiatives included a six-month deferral of the premium increase, a rollover of extras benefits, the introduction of single-parent family pricing to make private health insurance affordable for single parents and an uplift of extras benefit limits – all of which provided additional value to members while ensuring the long-term sustainability of the fund.

Commitment to our community

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

In FY20-21 this commitment included our continuing support for Maryvale Private Hospital, a $25,000 donation to the Gippsland Emergency Relief Fund to support members of the community impacted by severe storms and support for the inaugural Moe Arts Festival.

Support for flood impacted communities

When wild storms lashed much of Victoria in June 2021, including in Latrobe Health Services' heartland, we knew there were people in our community that were hurting.

Within days, we responded with a $25,000 donation to the Gippsland Emergency Relief Fund (GERF) to assist with immediate financial support for Gippsland residents impacted by floods and storm activity.

The donation was used to support Gippslanders with immediate relief – such as food and temporary accommodation - while insurance and government claims were processed.

"Many within our community were forced to evacuate as a result of storm damage and flooding. While the extent of the damage is still being assessed, we are aware of people needing immediate support," GERF spokesperson Barry Whitehead said.

"It's so heartening to see the goodwill from organisations such as Latrobe Health Services, who are coming through for this community during a very trying time."

Commitment to our people and culture

The Latrobe Way builds on our culture of being an inclusive, supportive, safe and respectful work environment where learning and development is actively encouraged. We are focused on attracting the best people to service our members and providing opportunities for employees to develop their skills. We are proud of our efforts to provide employment opportunities for people in regional communities. In FY20-21 we onboarded 47 new employees, 30 from the Gippsland region.

We are committed to diversity, equal employment opportunities, a highly engaged and effective workforce, training, work health and safety, and health and wellbeing strategies. This year, it included the development and implementation of a capability framework and learning and development strategy, improved benefits for frontline staff and a continued focus on employee wellbeing and engagement as we maintained a hybrid model of in-office and at-home working in response to the pandemic.

Commitment to our environment

Latrobe Health is committed to the sustainable use of resources, and legal and regulatory compliance in all our activities, including obligations under environmental legislation. Four hybrid vehicles, purchased in the previous financial year, were rolled out, replacing our petrol-only fleet, reducing our carbon emissions. Where previously all waste was disposed of to landfill, we introduced dual recycling and waste bins. The paperless office was embedded as business as usual, saving 800 reams of paper and 120 ink cartridges over the course of the year.

Commitment to our Industry Code of Conduct

Latrobe Health is a signatory to the Private Health Insurance Code of Conduct.

The code is a commitment we have made to provide our members with a standard of customer service, accountability and transparency which goes beyond what is required by legislation.

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

As a signatory to the code, Latrobe Health undertakes and submits an annual self-audit to independent auditors who ensure we continue to adhere to the code. Thoughout the year, we introduced a new approach to how we audit our compliance with the code to ensure greater transparency and alignment with Private Healthcare Australia's revised Code of Conduct.

Commitment to corporate governance

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

Our members

- → **87,000** members
- → **8,090** new members
- → **108,918** inbound calls handled by our Customer Experience team
- → **54,036** outbound calls to members
- → **6,300** members served in our branches
- → **$4.4M** member hardship support

Latrobe Health Services is a not-for-profit private health fund that exists – as we have since our inception in 1950 - to support our members. At no time has that support been more important than during the past financial year.

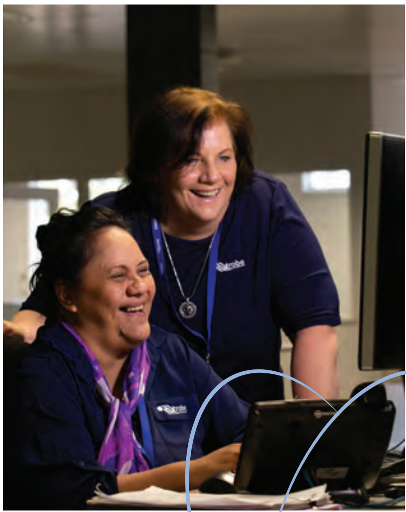
As the pandemic continued to impress the need to prioritise health – and the value of private health insurance - on all Australians, membership grew substantially, with 8,090 new members onboarded in FY20-21.

It was also a year in which the uncertainty and the continuing impacts of the COVID-19 pandemic, both health-related and financial, bit hard.

Additional support was also offered by providing extras services via telehealth – using video conferencing and telephone technology. Initially introduced in response to the pandemic, we adopted telehealth delivery as a standard service offering for extras such as psychology, dietetics, speech pathology, podiatry, counselling, occupational therapy, exercise physiology and osteopathy. Recognising that accessing extras was an additional difficulty for our members during 2020, we rolled over unused extras limits from 2020 to 2021, providing additional value on all extras memberships.

A strong focus on member experience transformed our approach to customer service. Dedicated Member Experience, Growth and Insights and Innovations teams were established, ensuring streamlined processes and an uplift in sales and retention capability and first contact-resolution. Cross skilling and the introduction of HEART, a soft skills behavioural framework for CX team members, also contributed to our ability to support and assist members on first contact, every contact.

Behind the scenes, work began on a new member experience hub in Warragul, an investment in regional infrastructure that further demonstrates our commitment and support to regional members. The new-look hub, due to open in 2021, sets the bar for how we interact with our members in branch: personal engagement, welcoming and ambient environment, strong brand imagery and a focus on service and acquisition of new members.



CASE STUDY

Streamlined processes for a smooth member experience

It may not be visible from the outside, but there's a whole team dedicated to identifying process improvements and innovating to streamline and provide a better member experience. In FY20-21, those improvements included reconfigured waiting periods allowing members to view waits in real time through the online member services portal, a focus on audit outcomes to ensure members claim and billing experiences are as error free as possible, and improvements to our eligibility checking system resulting in better information being available to hospitals prior to admission.

Our community

- **$25K donation**
  to Gippsland Emergency Relief Fund to support residents impacted by storms
- **$1,931 workplace giving**
  to Rural Aid, Morwell Neighbourhood House and Berry Street
- **30 years**
  Maryvale Private Hospital celebrated 30 years of caring for the community
  - 55,000 patients treated during that time
  - 151,000 bed days of care
- **850 meals and food packages**
  for vulnerable people

As 'the health fund with heart', FY20-21 was a year in which we delivered on our commitment to regional communities, with some significant outcomes for some of the most vulnerable in our community..

With rates of family violence, mental illness and homelessness spiking as the pandemic wore on, we worked with family support organisations Anglicare Victoria, Berry Street and Quantum Support Services to apply the $1M in donations which were pledged the previous financial year.

Over the course of the year, these donations funded:

- **A pilot project running across three municipalities** that seeks to change violent behaviour of teenagers with 20 weeks of intensive case management;
- **850 visits to the East Bairnsdale Community Hub food pantry** over the past financial year, providing meals, food packages and a gathering place for those impacted by bushfires and isolation;
- **Support for Berry Street's Going Out and Living Successfully (GOALS) Program**, which provides supported accommodation and assistance with study, employment, health care needs and independent living skills for 11 young people at two Latrobe Valley locations;

- **Employment of a Children's Practice Leader (CPL) for The Orange Door in Gippsland.** The CPL specialises in supporting young people impacted by family violence. The CPL model was so successful that the State Government-auspiced Family Safety Victoria is now replicating the role across six other The Orange Door sites.

A $25,000 donation to the Gippsland Emergency Relief Fund brought relief in the form of food, accommodation and immediate support to residents impacted by June's ferocious storms. Our support extended to sponsorship of the inaugural Moe Show Me Some Art Festival in March. The festival provided the opportunity to connect over art and raised funds for mental health support organisations Beyond Blue and Lifeline. Staff also contributed, donating almost $2,000 to Rural Aid, Morwell Neighbourhood House and Berry Street through workplace charitable giving.

Maryvale Private Hospital, wholly owned by Latrobe Health Services, celebrated its 30th anniversary and the occasion was an opportunity to thank the community partners, doctors and staff – some of whom have been with the hospital since its inception – for their support.

Leaning into our commitment to advocate for better access to health care for our members, we supported Private Healthcare Australia's campaign for prostheses pricing reform. With medical device prices the highest in the world, Australia pays 30% to 40% more than New Zealand, the UK or France. Reform to the sector, very much supported by our fund, is key to keeping private health insurance affordable.

CASE STUDY 1 – BERRY STREET

Supporting housing and hope

Lani* is 19 and lately she's taken a keen interest in cooking and has decided she wants "a decent job" that complements her interest in computers. Not so long ago, that would have been unthinkable.

Then, Lani was living in a group home for young people, using substances and isolating herself from the world. She basically lived in her bedroom.

Today, Lani has a place she can call home and goals that extend to study and saving for a car.

Lani is one of 11 young people living in supported accommodation units run by independent family service organisation Berry Street as part of its Going Out and Living Successfully (GOALS) program in the Latrobe Valley in Gippsland. Aside from having a roof over their heads and support when they need it, the young people taking part are encouraged to study, work, learn to drive, save and plan for their futures.

In the 12 months since it was established, the GOALS program has received 45 referrals as Berry Street, alongside other Latrobe Valley agencies, deals with the impacts of a family violence incident rate twice that of the state average.

GOALS is a program made possible through donations, including the $300,000 gifted to Berry Street by Latrobe Health Services.

Berry Street spokesperson, Courtney Pulis (pictured here with Assisting Director, Out Of Home Care, Sam Daley) says the financial support received from Latrobe Health not only helps to provide stable housing – all the more critical post-pandemic as regional real estate prices surge and rentals are harder to come by – but also hope.

"The young people have a two-year tenancy here and we support them to become independent. Some are studying, some are working full time and they are able to save. Since participating in the program, three of our young people have now been able to secure a traineeship," Courtney said.

"The tenants that have been here longer become role models for the others, they take them under their wings. It's beautiful."

Not her real name

CASE STUDY 2 – MARYVALE PRIVATE HOSPITAL

30 years of care for the community

Maryvale Private Hospital, Gippsland's only private acute medical and surgical hospital and a facility owned by Latrobe Health Services, reached a significant milestone in March, celebrating 30 years of service to the community.

The 53-bed hospital has cared for more than 55,000 patients over the three decades and provided more than 151,000 bed days of care. Its comprehensive services include weight-loss surgery, orthopaedic surgery, general surgery, ear, nose and throat surgery, gynaecological surgery, dental surgery and acute medical care.

The hospital also has specialist physicians who consult at the hospital and a quality palliative care service ensuring patients 'end-of-life' experience includes families and loved ones.

The growth of Maryvale's credentialled medical officers was a significant focus for the year, with 21 medical officers credentialled to replace retiring practitioners and support a growth in services. The hospital added specialty services including anterior-approach hip replacements,

intragastric balloons and cardiology services – providing increased options for Gippsland patients to be treated closer to home.

Ownership and ongoing support of the hospital is part of Latrobe Health's commitment to improving access to health services for regional communities in particular.

A significant employer for the region, the hospital has employed more than 800 staff and the services of more than 200 accredited medical practitioners since its inception.

Our people

- **96**
  members of staff
- **Hybrid working**
  Our workforce became adept at the work from home and office flex
- **Transformation award**
  Received a Human Synergistics Culture Transformation Award
- **New team**
  Set up a Growth team solely dedicated to sales and retention

It was yet another year of change for our employees. With COVID-19 ways of working now truly embedded, our ability to open and close branches at short notice, in line with the restrictions imposed throughout the state of Victoria, was paramount, as was the capacity of our staff to flex between home and office. New staff were recruited and onboarded in virtual environments and staff who'd been with the organisation for decades adapted to moving their office with them. When permitted to work in the office, social distancing, temperature checks and workplace 'bubbles' allowed us to manage the risk of COVID-19 impacting our team.

The Information Technology team's agility and service delivery was key to ensuring all staff were set up to do their jobs no matter where they found themselves working. The IT team resolved 1,719 service requests submitted via a new service request platform introduced on 1 January 2021 as we transitioned in and out of lockdown. The IT team also introduced a new project management system to support the coordination of our many large projects.

In 2018, we embarked on an ambitious plan to become the number one not-for-profit regional health fund by 2030. To have any chance of achieving this goal, we had to commit to a journey of culture transformation. It was a line-in-the-sand moment where the organisation recognised its culture was the key to realising its vision, and providing a place of energy, coaching, encouragement, and innovation for staff that would almost certainly translate to growth and retention of members. We were thrilled to learn that our efforts to transform the organisational culture over the past three years resulted in the fund receiving a Human Synergistics Culture Transformation Award, one of only three awarded across Australia and New Zealand in 2021. The award recognises the team's efforts to build positive behaviours and a supportive, high-achieving work environment. There was also an increased emphasis on our people's capability with the development and implementation of a capability framework and learning and development strategy.

Our response to the challenge of employee wellbeing and engagement included increased communications activities, the development of an intranet wellbeing hub, support for flu vaccinations, trivia challenges and access to the Employee Assistance Program.

CASE STUDY

Nicole's kicking goals, on and off the field

When she realised what was at stake, it was an easy decision for Latrobe Learning and Development Coordinator Nicole Krawczyk to put her hand up to be the president of the Yallourn North Junior Football Club.

"It's a small town, and we really struggled getting families involved in the club. The kids wanted to play, but the parents didn't want to be involved in the behind-the-scenes stuff of what really makes a club tick. Then last year with no games, the club was facing folding," Nicole said.

"Myself and three other mums stepped up – we thought if we don't do this, the club will not be here."

It was a clear example of a Latrobe Health staff member living up to the values of 'the health fund with heart' through her commitment to community.

While the kids never won a game, two junior teams ran onto the ground nearly every week of the season and there were also activities for the 'Baby Bombers'.

Financially, the club also came out in front.

Nicole said the role meant a commitment of between five and 20 hours a week – more work than she'd ever anticipated, with phone calls, league liaison, training and games, sorting out scorers, umpires, canteen staff and COVID-19 officials.

Then there are the jerseys to be sourced, drink bottles, socks and mouthguards to be supplied, and discounts on memberships for families doing it tough.

But at the end of the day, it was all about making sure her son Thomas, nine, and his mates got the chance to have a game of footy at a time when nothing else seemed normal.

And though there were many times when she thought "what am I doing?", she'll be back next year to have another crack: "We've put in too much hard work to let it go down the drain."

Her advice to anyone else thinking about volunteering: "Just do it!"

Our products

→ **'Outstanding value'**
We received two awards for outstanding value products from Research agency Canstar

→ **Bronze hospital**
New Bronze cover added to our range of hospital products

→ **Ambulance cover**
Our hospital and extras covers now include emergency ambulance

→ **Telehealth delivery**
We introduced cover for services delivered by telehealth

With product diversification, viability and value for money in mind, we realigned our product range over the course of the year. The introduction of Bronze hospital cover provided additional choice for those seeking cost-effective cover for the most common hospital treatments. At the same time, we embarked on a review of all our products.

Our hospital and extras covers were expanded to include unlimited emergency ambulance transports and benefits were increased for many extras services.

The impact of COVID-19 also stimulated the introduction of cover for extras services delivered by telehealth. Initially a temporary measure in response to the pandemic, telehealth is now accepted as a standard method of delivery for extras services including psychology, speech pathology and dietetics.

Two Canstar Victorian awards – for Outstanding Value Hospital Cover and Outstanding Value Hospital and Extras cover – were cause for celebration.

CASE STUDY

Outstanding value all the way

Research agency Canstar, Australia's biggest financial comparison site, awarded Latrobe Health Services two Victorian Outstanding Value Health Insurance Awards in 2020.

Latrobe Health's range of hospital and combined hospital and extras health insurance covers took out two of the three Victorian awards.

Latrobe is the winner of Canstar's 2020 Outstanding Value Hospital Cover and Canstar's 2020 Outstanding Value Hospital and Extras cover.

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

Canstar analysed 2,904 hospital policies, 2,900 extras policies and 8,062 packaged hospital and extras policies available in Australia. The policies were assessed based on cost and features.

Directors' Report

Directors

The Directors hereby present the annual financial report of Latrobe Health Services Limited (Latrobe) and the controlled entity as a Consolidated Group for the financial year ended 30 June 2021 in accordance with the Corporations Act 2001 and the Australian Accounting Standards. The Directors in office during the financial year, together with their qualifications, experience and Committee responsibilities are set out following this report. Details of meeting attendance is contained within this report and their remuneration is included in Note 4b.

Principal Activities

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

Financial Results

The consolidated profit for the year is $3,153,725 (2020: loss $14,676,183) and is not subject to income tax.

Review of Operations

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

Changes in the State of Affairs

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

Subsequent Events

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

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

Directors' Interests and Benefits

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

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

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

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

Proceedings on Behalf of Latrobe

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

Attendance of Directors' Meetings

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

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

Auditor's Indemnification

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

Auditor's Independence Declaration

The auditor's independence declaration is included in the Annual Report and forms part of the Director's report for the financial year ended 30 June 2021.

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

Nathan Voll
Director
15 September 2021

Board of Directors

Ormond Pearson

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

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

Craig Dunstan

BCOM, LLB, MBA, PGDip Applied Finance and Investment, FFINSIA, MAICD

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

Geoffrey Hocking

PGDip Bus Admin (Exec Ops), PGCert Bus (MGT), MIWA, MAICD

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

Kelly Humphreys

MMGT, GAICD, FAIM, Dip Fin Serv

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

Nathan Voll

BCOM, PGCert Bus MGT, MBA, FCPA, FAICD

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

Executive Team

For the year ended 30 June 2021, the Executive Officers of Latrobe at any time during or since the end of the financial year are:

Ian Whitehead

GAICD, Masters (Marketing), BBus (Bachelor of Business Marketing and Economics)

- Commenced as Chief Executive Officer on November 2018
- Director of Maryvale Private Hospital Pty Ltd
- Deputy chair of Australian Regional Health Group Ltd
- Member of the Gippsland Regional Executive Forum
- Completed executive education programs at INSEAD (France) and Harvard (USA)
- Experienced Chief Executive Officer with extensive expertise in business strategy, driving change, financial management and marketing across financial services, health and life insurance, property, retail and distribution and technology sectors.

Andrea Buckland

GAICD, FGIA, CPA, Masters (Accounting), BBUS (Information Systems)

- Chief Financial Officer since 2011
- Company Secretary since 2014
- Company Secretary of Maryvale Private Hospital Pty Ltd since 2014
- Experienced finance professional with expertise in financial management, reporting, analysis and planning, process change and management of critical business transitions over a variety of industries, including technology, manufacturing and professional services
- More than 10 years' experience in private health insurance.

Kamran Channa

Masters (Information Technology), BSc (Computer Sciences)

- Chief Information Officer since March 2019
- Premier Certificate (IT Risk) from Harvard university and a Mini MBA (Technology Executives) from Boston University
- Passionate and proven IT executive with over two decades experience in not-for-profit, financial services, workforce management, telco, and commercial real estate sectors
- Strategic leadership and certified skills that have helped organisations achieve strategic and operational objectives using technology as a catalyst
- Extensive technical background useful for validating technology solutions and working with business stakeholders and vendors.

Seona Conway

BEconomics & Commerce, PGDip Secondary Education, PGDip Human Resources

- Head of People and Culture since February 2020
- More than 25 years in leadership development, organisational culture, change and human resources as both as a consultant and as an executive leader.
- Expertise partnering with leaders at all levels and a focus on supporting individual and organisational development, growth and transformation.

Kylie Debono

BSCI (Biological) HONS (Microbiology)

- Chief Risk Officer since 2015
- Experience as an executive manager across a range of industries since 2005. Responsible for leading, influencing and driving strategic planning initiatives, design and monitoring of governance, risk, internal audit, quality assurance, organisational development and OH&S management frameworks.

Kate Jarvis

BA (Media Communications), ATCL, PGDip Graphic Design

- Chief Marketing Officer since April 2019
- Role expanded to Head of Marketing and Business Development February 2020
- A senior, experienced and innovative communication and engagement professional skilled in media management, public relations, sales and marketing, customer service, best practice engagement, communication, creative writing, design, and advertising.

Joanne Nixon

Exec. MBA (Dist.)

- Head of Operational Delivery since November 2019
- Experienced executive manager with a passion for leading customer-focused business transformations
- Expertise in business operations, service delivery, service design, change management and customer acquisition working across multiple industries including financial services, technology and professional services.

Hannah Vincent

BBus (Accounting, Banking and Finance), CPA

- Head of Product and Innovation since April 2020
- An experienced leader with a focus on continual improvement and delivering strategic outcomes
- Expertise in financial and product performance management, strategic planning, data analytics and reporting with experience across both public and private sector.

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Latrobe Health Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Latrobe Health Services Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Darren Scammell

Darren Scammell
Partner – Audit & Assurance

Melbourne, 15 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

		Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
	Notes	$	$	$	$
Revenue					
Operating activities	2	201,623,328	188,899,139	187,376,710	176,704,512
Total revenue		201,623,328	188,899,139	187,376,710	176,704,512
Expenses					
Fund benefits paid to policy holders	3	159,235,663	163,554,501	159,235,663	163,554,501
Management expenses	4	36,399,161	33,131,193	22,569,652	20,314,243
State levies		441,000	431,999	441,000	431,999
Net revaluation decrease		2,093,779	6,457,629	2,093,779	5,878,812
Total expenses		198,469,602	203,575,322	184,340,094	190,179,555
(Loss)/Profit before income tax		3,153,725	(14,676,183)	3,036,615	(13,475,043)
Income tax expense	1 (b)	-	-	-	-
(Loss)/Profit from operations		3,153,725	(14,676,183)	3,036,615	(13,475,043)
Other comprehensive income					
Revaluation of property, plant & equipment		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss)/ income for the year		3,153,725	(14,676,183)	3,036,615	(13,475,043)
Total comprehensive (loss)/ income attributable to the entity		3,153,725	(14,676,183)	3,036,615	(13,475,043)

The accompanying notes form part of these financial statements

Statement of Financial Position
As at 30 June 2021

		Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
	Notes	$	$	$	$
Current assets					
Cash and cash equivalents	6	52,454,563	205,204,702	49,717,950	200,556,655
Trade and other receivables	8	16,447,296	13,790,984	14,259,332	12,717,693
Assets held for sale	10	1,239,300	-	1,239,300	-
Other current assets	9	1,294,832	1,019,411	471,595	337,203
Total current assets		71,435,991	220,015,097	65,688,177	213,611,551
Non-current assets					
Other financial assets	7	160,458,204	-	160,458,204	-
Property, plant and equipment	11	8,755,855	9,763,688	8,400,693	9,763,688
Investment in subsidiary	12	-	-	2,500,000	2,500,000
Total non-current assets		169,214,059	9,763,688	171,358,897	12,263,688
Total assets		240,650,050	229,778,785	237,047,074	225,875,239
Current liabilities					
Trade and other payables	13	6,466,281	7,752,834	5,018,145	5,752,049
Provisions	14	39,985,413	33,009,564	38,149,861	31,289,442
Other liabilities	15	30,484,103	28,541,251	30,484,103	28,541,251
Total current liabilities		76,935,797	69,303,649	73,652,109	65,582,742
Non-current liabilities					
Trade and other payables	13	98,319	51,341	98,319	51,341
Provisions	14	250,654	212,240	42,224	23,349
Total non-current liabilities		348,973	263,581	140,543	74,690
Total liabilities		77,284,770	69,567,230	73,792,652	65,657,432
Net assets		163,365,280	160,211,555	163,254,422	160,217,807
Equity					
Retained earnings		163,365,280	160,211,555	163,254,422	160,217,807
Total equity		163,365,280	160,211,555	163,254,422	160,217,807

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Retained Earnings	Total Equity
	$	$
Parent entity		
Balance at 1 July 2019	173,692,850	173,692,850
Profit/(Loss) attributable to members	(13,475,043)	(13,475,043)
Balance at 30 June 2020	160,217,807	160,217,807
Consolidated Entity		
Balance at 1 July 2019	174,887,738	174,887,738
Profit/(Loss) attributable to members	(14,676,183)	(14,676,183)
Balance at 30 June 2020	160,211,555	160,211,555
Parent entity		
Balance at 1 July 2020	160,217,807	160,217,807
Profit/(Loss) attributable to members	3,036,615	3,036,615
Balance at 30 June 2021	163,254,422	163,254,422
Consolidated Entity		
Balance at 1 July 2020	160,211,555	160,211,555
Profit/(Loss) attributable to members	3,153,725	3,153,725
Balance at 30 June 2021	163,365,280	163,365,280

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
For the year ended 30 June 2021

		Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
	Notes	$	$	$	$
Cash flows from operating activities					
Receipts from operating activities		183,367,949	186,620,970	178,520,850	171,542,413
Payments to suppliers/ employees		(184,529,308)	(184,110,625)	(175,081,689)	(167,116,385)
Interest received		1,592,041	4,738,184	1,580,328	4,720,240
Other income		3,247,446	2,635,097	164,148	139,232
Net cash provided by operating activities	17	3,678,128	9,883,626	5,183,637	9,285,500
Cash flows from investing activities					
Fixed asset purchases		(3,348,267)	(2,595,929)	(2,942,342)	(2,234,467)
Proceeds on sale of fixed assets		-	20,000	-	20,000
Investment purchases		(153,080,000)	-	(153,080,000)	-
Payment for investment in subsidiary		-	-	-	(2,500,000)
Net cash used in investing activities		(156,428,267)	(2,575,929)	(156,022,342)	(4,714,467)
Cash flows from financing activities					
Net cash provided by financing activities		-	-	-	-
Net increase in cash held		(152,750,139)	7,307,697	(150,838,705)	4,571,033
Cash at beginning of year		205,204,702	197,897,005	200,556,655	195,985,622
Cash at end of year	**17**	**52,454,563**	**205,204,702**	**49,717,950**	**200,556,655**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2021

1. Summary of significant accounting policies

Basis of preparation

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

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

The general purpose financial statements of the Consolidated Group have been prepared in accordance with Australian Accounting Standards, the requirements of the Corporations Act 2001, and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were authorised for issue in accordance with a resolution of Directors on 15 September 2021.

New or Amended Accounting Standards and Interpretations adopted

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

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

AASB 9 Financial Instruments

AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

This Standard was first adopted by the Consolidated Group for the year ending 30 June 2021. The Consolidated Group had previously applied AASB 2020-5 'Amendments to Australian Accounting Standards – Insurance Contracts' to allow eligible insurers to continue to apply AASB 139 Financial Instruments.

Financial instruments forming part of these accounts are measured at fair value through profit or loss. Doing so eliminates, or significantly reduces, a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets and financial liabilities are recognised when the Consolidated Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either purchase or sell the asset.

Other financial assets (managed investments) are initially designated as at fair value through profit or loss. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Fair value movements are recognised in profit or loss.

Assets held at 30 June 2020 were all term deposits, their value is the same under both approaches and there is no impact upon initial application so no restatement is required.

New Accounting Standards for application in future periods

AASB 17 Insurance Contracts

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

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

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

The Consolidated Group has had quantitative analysis of the impact of implementing AASB 17 performed. The study investigated the impacts if AASB 17 was applied to the 2019 or 2020 financial years under a range of scenarios. The analysis indicates that there will be substantial changes in the presentation of the financial statements, with reductions in both the assets and liabilities of the fund. Assets reduced for the 2019 and 2020 years by around 5%; liabilities reduced by around 10-30%. The impact on net assets was a change of +/- 0-3% and varied by year and methodology adopted. Profits reduced for 2019 and increased for 2020.

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

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

Accounting policies

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

a) Principles of consolidation

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

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

b) Income tax

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

c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis except for theatre, where inventories are measured at charge out costs.

d) Property, plant, and equipment

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

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

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

- Buildings – 50 years
- Leasehold improvements – 4 years
- Plant and equipment – 3 to 10 years

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

Property

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

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

Plant and equipment

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

Depreciation

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

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

Class of Fixed Asset	2021 %	2020 %
Freehold land	Nil	Nil
Freehold buildings	2	2
Leasehold improvements	25	25
Office furniture and equipment	10-15	10-15
Fixtures and fittings	10-15	10-15
Computers	20	20
Motor Vehicles	22.5	22.5

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

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

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

e) Trade and other receivables

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

Australian Government Private Health Insurance rebate

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

Unclosed business premium

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

(i) Earned – representing contribution amounts owed by members up to and including 30 June (in arrears); and

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

f) Leases

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

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

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

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

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

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

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

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

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

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

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

g) Impairment of non-financial assets

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

h) Employee benefits

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

i) Provisions

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

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

j) Cash and cash equivalents

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

k) Revenue recognition

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

Premium Income

Premium income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the attachment date as soon as there is a basis on which it can be reliably measured. Revenue is recognised in accordance with the pattern of the incidence of risk expected over the term of the contract.

The proportion of premium received, or receivable not earned in the Consolidated Statement of Profit or Loss and Other Comprehensive Income at the reporting date is recognised in the Consolidated Statement of Financial Position as unearned premium liability.

Interest Income

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

Hospital Income

Hospital income is recognised as revenue at the time of patient admission once it can be reliably measured and is probable an invoice will be raised.

Dividend Income

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

l) Unearned premium liability

Premiums received or receivable up to the end of the financial year are recorded as revenue for the period from the date of the attachment of risk. Premiums received prior to 30 June 2021 relating to the period beyond 30 June 2021 are recognised as unearned premium liabilities. Also, forecast premiums receivable from policy holders as at 30 June 2021 are recognised as unclosed business premiums.

m) Trade and other payables

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

n) Goods and Services Tax (GST)

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

o) Health benefits risk equalisation trust fund

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

Where a fund has directly paid these benefits, which are proportionally less than the average of other funds in the State, it is required to pay to the risk equalisation trust fund an amount equivalent to the shortfall. Conversely, where the direct payment is proportionally greater than the average, the difference is paid to the fund from the risk equalisation trust fund. Eligible claims are assessed on a quarterly basis.

p) Outstanding claims

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

q) Deferred claims liability

LHS followed the APRA minimum assumptions for estimating the deferred claims liability (DCL) and at 30 June 2020 established a DCL of $11.47m in both the regulatory and statutory accounts. The methodology was applied through to December 2020 as required by APRA. The guidance was relaxed in March 2021 to allow insurers the option of applying a different approach to determine the value of their DCL. LHS elected to continue to apply the prescribed approach to DCL valuation for March 2021. The following table shows the LHS DCL balance at the end of each quarter since establishment.

	Jun 20	Sep 20	Dec 20	Mar 21
DCL provision	11.47m	16.58m	18.46m	18.28m

The approach, based on application of the assumptions developed, is:

- Release of net 25% DCL to profit in June 2021 for permanently avoided claims (comprising gross 31% hospital and 35% extras)
- Under this approach, the DCL release is $4,628,032 (including risk margin).
- Assumes that the remaining DCL provision for Extras will be unwound and/or released by the end of December 2021
- Assumes that at 30 June 2022, 20% of the current DCL will still be held to provide for deferred hospital and medical claims not yet received
- Assumes that at 30 June 2023 the remaining hospital and medical DCL will be unwound and / or released – and be zero

r) Liability adequacy test

Under AASB 1023 the Consolidated Group is required to perform a liability adequacy test to determine whether the carrying amount of insurance liabilities is adequate based on expected future cash flows. The test is carried out with the inclusion of a risk margin and is undertaken at the level of portfolio contracts that are subject to broadly similar risks and are managed together as a single portfolio. Any deficiency arising is recognised by writing down any related intangible assets, then the related deferred acquisition costs with any remaining balance being recognised as an unexpired risk liability.

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

If the present value of the expected future cash flows relating to future claims, plus the additional risk margin to reflect the inherent uncertainty in the central estimate, exceeds the unearned premium liability less related intangible assets and related deferred acquisition costs, then the unearned premium is deemed to be deficient.

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

s) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Employee benefit provision

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

Outstanding claims

As discussed in note 1(p), the liability for outstanding claims is based on an actuarial assessment taking into account historical patterns of claims incidence and processing. The liability also allows for an estimate of claims handling costs which include internal and external costs incurred in connection with the negotiation and settlement by the claims department and any part of the general administrative costs directly attributable to the claims function.

AASB 1023 requires a risk margin be applied to allow for the inherent uncertainty in the central estimate. The risk margin has been based on an analysis of the past experience of the Consolidated Group by the Appointed Actuary on the adequacy of the provision over the prior 3 years. The liability for outstanding claims provides for claims received, but not assessed and claims incurred, but not received. The liability is based on an actuarial assessment taking into account historical patterns of claim incidence and processing.

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

Deferred claims liability

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

Liability adequacy test

As discussed in note 1(r), a liability adequacy test is performed. The test is carried out with the inclusion of a risk margin and is undertaken at the level of portfolio contracts that are subject to broadly similar risks and are managed together as a single portfolio. Any deficiency arising is recognised by writing down any related intangible assets, then the related deferred acquisition costs with any remaining balance being recognised as an unexpired risk liability.

t) Impact of COVID-19

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

The impact to hospital revenue due to elective surgery restrictions was offset by entering into the Private Hospital Funding Agreement (COVID-19) with the State of Victoria. The agreement offered viability for Maryvale Private Hospital during the COVID-19 pandemic and restrictions to elective surgery. The funding arrangements support maintenance of staff levels and the ability to assist in servicing public patients; it does not enable profit from the agreement. Total support received through the agreement for the financial year was $2.025m. The agreement ceased on 30 June 2021.

Policyholder contributions were impacted by an estimated $1.7m by the six-month deferral of the approved April 2021 increase to October 2021. The impact of COVID-19 hardship suspensions and temporary product downgrades on contributions is estimated at $603k. All unused extras limits from 2020 were rolled over to be used in 2021, the estimated impact of additional extras benefits paid is $30k.

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

Latrobe were eligible for the Victorian government's New Jobs Tax Credit to support small and medium Victorian businesses which fully extinguished the 2020-2021 payroll tax liability of $156k.

u) Contributions in Advance

Premiums received from members prior to 30 June 2021 relating to the period thereafter are recognised as contributions in advance.

2. Revenue

		Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
	Notes	$	$	$	$
Operating activities					
Policy holder contributions	5	179,052,192	173,005,805	179,052,192	173,005,805
Hospital income		11,903,666	10,500,032	-	-
Total revenue from operating activities		190,955,858	183,505,837	179,052,192	173,005,805
Other revenue					
Interest		795,721	3,576,896	784,008	3,558,952
Net gains on financial assets at FVPL		7,378,204	-	7,378,204	-
Other income		469,967	435,991	164,148	139,232
Operating grants from government		2,025,420	1,379,893	-	-
(Loss)/Gain on disposal of property, plant and equipment		(1,843)	523	(1,843)	523
Total other revenue		10,667,469	5,393,303	8,324,517	3,698,707
Total revenue		201,623,328	188,899,139	187,376,710	176,704,512

3. Underwriting Results

	Notes	Consolidated Entity 2021 $	2020 $	Parent Entity 2021 $	2020 $
Fund benefits paid to policy holders		177,865,334	175,740,905	177,865,334	175,740,905
Amount receivable risk equalisation trust		(26,357,728)	(26,238,404)	(26,357,728)	(26,238,404)
Increase / (decrease) to outstanding claims provision		9,796,000	(500,000)	9,796,000	(500,000)
Increase / (decrease) to deferred claims provision		(522,443)	11,470,000	(522,443)	11,470,000
Increase / (decrease) to unexpired risk provision		(1,681,000)	3,082,000	(1,681,000)	3,082,000
Increase / (decrease) to loyalty bonus provision		135,500	-	135,500	-
Total fund benefits paid to members		159,235,663	163,554,501	159,235,663	163,554,501

4a. Management expenses

	Notes	Consolidated Entity 2021 $	2020 $	Parent Entity 2021 $	2020 $
Employee benefits expense		17,193,637	16,098,898	8,522,705	7,798,363
Depreciation		987,066	1,003,359	936,304	801,297
Amortisation		35,956	45,917	35,956	45,917
Commissions Paid		5,235,244	4,651,759	5,235,244	4,651,759
Other management expenses		12,864,703	10,986,048	7,467,429	6,678,302
Financial charges and taxes		382,555	345,212	372,014	338,605
Total management expenses		36,699,161	33,131,193	22,569,652	20,314,243

4b. Remuneration of key management personnel

Any person(s) having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity is considered key management personnel.

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

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Short term benefits	2,711,360	2,610,271	2,192,634	1,967,566
Post-employment benefits	816,310	153,830	816,310	153,830
Long term benefits	-	-	-	-
	3,527,670	2,764,101	3,008,944	2,121,396

Key management personnel's health insurance contributions are on terms and conditions no more favourable than those to third parties.

5. Policy holder contributions

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Gross contributions received	185,786,921	177,654,362	185,786,921	177,654,362
(Increase) / decrease contributions in advance	(1,942,852)	(84,516)	(1,942,852)	(84,516)
(Increase) / decrease contributions in arrears	107,656	(26,658)	107,656	(26,658)
Discounts	(4,899,533)	(4,537,383)	(4,899,533)	(4,537,383)
Total contributions received	179,052,192	173,005,805	179,052,192	173,005,805

6. Cash and cash equivalents

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Cash on hand	-	6,815	-	5,980
Bank - National	18,275,226	17,392,113	15,538,613	12,744,901
Deposits with banks	34,179,337	187,805,774	34,179,337	187,805,774
Total Cash and cash equivalents	52,454,563	205,204,702	49,717,950	200,556,655

7. Other Financial assets

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Managed Investments at fair value through profit or loss				
Australian Inflation Plus Fund	47,263,511	-	47,263,511	-
Australian Shares Fund	22,761,584	-	22,761,584	-
Australian Sovereign Bond Fund	21,264,850	-	21,264,850	-
Term Deposit Funds	29,587,067	-	29,587,067	-
Global Credit Fund	17,796,779	-	17,796,779	-
Hedged International Shares Fund	10,299,524	-	10,299,524	-
International Shares Fund	11,484,889	-	11,484,889	-
Total Non-Current Financial Assets	160,458,204	-	160,458,204	-

8. Trade and Other Receivables

	Notes	Consolidated Entity 2021 $	2020 $	Parent Entity 2021 $	2020 $
Australian Government Private Health Insurance Rebate		3,293,341	3,148,895	3,293,341	3,148,895
Unclosed Business Premium					
Contributions in arrears		328,749	221,093	328,749	221,093
Unearned contributions		585,841	471,599	585,841	471,599
Accrued revenue		1,281,050	1,315,595	2,474	800,142
Trade debtors		2,059,618	1,384,884	1,150,230	827,046
Health benefits risk equalisation trust		8,898,697	7,248,918	8,898,697	7,248,918
Total current receivables		16,447,296	13,790,984	14,259,332	12,717,693

9. Other Current Assets

	Notes	Consolidated Entity 2021 $	2020 $	Parent Entity 2021 $	2020 $
Prepayments		641,964	510,091	471,595	337,203
Inventory		652,868	509,320	-	-
Total other current assets		**1,294,832**	**1,019,411**	**471,595**	**337,203**

10. Assets Held for Sale

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Assets held for sale	1,239,300	-	1,239,300	-

The Consolidated Group resolved that six properties agreed for divestment be reclassified as non-current assets Held for Sale as per AASB 5 – Non-current Assets Held for Sale and Discontinued Operations.

The following properties are included in the divestment strategy:

- 30 McDonald St, Morwell
- 32-34 McDonald St, Morwell
- 36 McDonald St, Morwell
- 38 Comans St, Morwell
- 6 & 9 Service Lane, Yallourn North

The board has determined that these buildings are no longer required for business purposes and will be sold within the next 6 months.

Land and buildings were independently valued at $1,440,000. The Consolidated Group resolved to adopt an allowance of $200,700 for costs to sell for the divestment of the six properties.

The Board resolved to adopt the valuation assessment values for the six properties classified as non-current assets held for sale to account for the combined estimated loss on sale of $664,544.

11. Property, plant, and equipment

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Freehold land				
At valuation	1,715,000	2,236,000	1,715,000	2,236,000
At cost	-	-	-	-
	1,715,000	2,236,000	1,715,000	2,236,000
Freehold buildings				
At Cost	5,362,338	6,637,025	5,362,338	6,637,025
Less accumulated depreciation	1,376,537	1,061,755	1,376,537	1,061,755
	3,985,801	5,575,270	3,985,801	5,575,270
Leasehold Improvements				
At cost	-	302,405	-	-
Less accumulated depreciation	-	302,405	-	-
	-	-	-	-
Motor vehicles				
At cost	-	45,683	-	-
Less accumulated depreciation	-	45,683	-	-
	-	-	-	-
Office furniture and equipment				
At cost	4,663,503	5,834,806	37,956	818,012
Less accumulated depreciation	4,570,276	5,041,706	11,425	560,776
Net Revaluation decrease	-	535,864	-	-
	93,227	257,236	26,531	257,236
Fixtures and fittings				
At cost	1,109,508	941,173	374,457	487,468
Less accumulated depreciation	843,455	751,906	108,404	319,369
Net Revaluation decrease	-	21,168	-	-
	266,053	168,099	266,053	168,099
Computer equipment				
At cost	3,498,266	4,663,676	2,473,708	4,190,812
Less accumulated depreciation	1,227,672	3,194,008	491,580	2,742,929
Net Revaluation decrease		21,785	-	-
	2,270,594	1,447,883	1,982,128	1,447,883
Works in progress	267,443	-	267,443	-
Right of Use Assets				
At cost	200,893	86,400	200,893	86,400
Less accumulated amortisation	43156	7,200	43156	7,200
	157,737	79,200	157,737	79,200
Total property, plant and equipment	**8,755,855**	**9,763,688**	**8,400,693**	**9,763,688**

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the 2021 financial year:

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

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

	Consolidated Entity 2021						
	WDV at Beginning	Additions	Disposals	Net Revaluation decrease	Depn/ Amort	Transfers	WDV at End
Freehold land	2,286,000	-	-	(50,000)	-	-	2,236,000
Freehold buildings	10,053,909	1,083,046	-	(5,248,054)	(313,631)	-	5,575,270
Leasehold Improvements	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office furniture and equipment	589,536	440,124	(826)	(535,864)	(235,734)	-	257,236
Fixtures and fittings	212,675	27,007	-	(21,168)	(50,415)	-	168,099
Computer equipment	913,067	984,472	(24,292)	(21,785)	(403,579)	-	1,447,883
Leased asset	-	86,400	-	-	(7,200)	-	79,200
Total fixed assets	14,055,187	2,621,049	(25,118)	(5,876,871)	(1,010,559)	-	9,763,688

	Parent Entity 2020						
	WDV at Beginning	Additions	Disposals	Net Revaluation decrease	Depn/ Amort	Transfers	WDV at End
Freehold land	2,286,000	-	-	(50,000)	-	-	2,236,000
Freehold buildings	10,053,909	1,083,046	-	(5,248,054)	(313,631)	-	5,575,270
Leasehold Improvements	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office furniture and equipment	239,395	93,329	(826)	-	(74,662)	-	257,236
Fixtures and fittings	179,264	20,845	-	-	(32,010)	-	168,099
Computer equipment	877,202	975,974	(24,292)	-	(381,001)	-	1,447,883
Leased asset	-	86,400	-	-	(7,200)	-	79,200
Total fixed assets	13,635,770	2,259,594	(25,118)	(5,298,054)	(808,504)	-	9,763,688

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

The Consolidated Group engaged Lee Property Valuers & Advisors to perform the revaluations for the following properties:

- 9/80 Main St, Bairnsdale | Valued at fair value of $275,000
- 34-40 Darlimurla Ave, Newborough | Valued at fair value of $1,400,000

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

- 30 McDonald St, Morwell | Valued at fair value of $300,000
- 32 McDonald St, Morwell | Valued at fair value of $600,000
- 36 McDonald St, Morwell | Valued at fair value of $165,000
- 38 Comans St, Morwell | Valued at fair value of $200,000
- Reserve Rd, Yallourn North | Valued at fair value of $175,000

12. Investment in Subsidiary

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Investment in MPH	-	-	2,500,000	2,500,000
Total Investment in MPH	-	-	2,500,000	2,500,000

13. Trade and other payables

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Current				
Trade creditors	5,824,733	7,253,084	4,376,597	5,252,299
Unearned premium liability	585,841	471,599	585,841	471,599
Lease liability	55,707	28,151	55,707	28,151
Total current payables	6,466,281	7,752,834	5,018,145	5,752,049
Non Current				
Lease liability	98,319	51,341	98,319	51,341
Total non current payables	98,319	51,341	98,319	51,341

14. Provisions

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Current				
Outstanding claims	20,743,000	11,205,000	20,743,000	11,205,000
Outstanding claims risk margin	762,000	504,000	762,000	504,000
Total outstanding claims	21,505,000	11,709,000	21,505,000	11,709,000
Loyalty Bonus	135,500	-	135,500	-
Deferred claims- hospital	10,692,362	10,690,000	10,692,362	10,690,000
Deferred claims- ancillary	255,195	780,000	255,195	780,000
Total deferred claims	10,947,557	11,470,000	10,947,557	11,470,000
Unexpired risk				
Contributions in advance	891,000	1,432,000	891,000	1,432,000
Unclosed business premium	7,000	26,000	7,000	26,000
Expected contract renewals	3,398,000	4,519,000	3,398,000	4,519,000
Total unexpired risk	4,296,000	5,977,000	4,296,000	5,977,000
Employee Benefits				
Annual leave	1,551,114	1,425,333	653,130	672,530
Long service leave	1,496,369	1,990,514	558,801	1,023,195
Employee Benefits	53,873	437,717	53,873	437,717
Total employee benefits	3,101,356	3,853,564	1,265,804	2,133,442
Total current provisions	39,985,413	33,009,564	38,149,861	31,289,442
Non-current				
Long service leave	250,654	212,240	42,224	23,349
Total non-current provisions	250,654	212,240	42,224	23,349

The Consolidated Group adopted a risk margin for Outstanding Claims of 6% giving in excess of 75% probability of adequacy. The estimates for the claims handling cost is 1.50% of the claims

15. Other Liabilities

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Contributions in advance	30,484,103	28,541,251	30,484,103	28,541,251
Total other liabilities	30,484,103	28,541,251	30,484,103	28,541,251

16. Capital commitments

A capital commitment has been made for changes to the hospital building at 286 Maryvale Road, including construction of a new central sterilising department (CSSD), expansion of the post anaesthetic care unit (PACU), alteration to establish a minor procedures room and purpose built day surgery unit, additional consulting suites and a new administration building, including additional equipment required for these areas. As at 30 June 2021 $1.674M has been spent on project development and a commitment of $14.260M has been made in the FY22 budget. The tender process is currently underway but a building contract has not been signed.

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Freehold land and buildings	11,557,435	8,375,323	11,557,435	7,408,892
Hospital equipment	2,702,450	1,624,677	2,702,450	-
	14,259,885	10,000,000	14,259,885	7,408,892

17. Cash flow information

	Consolidated Entity 2021	2020	Parent Entity 2021	2020
	$	$	$	$
(a) Reconciliation of cash and cash equivalents				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:-				
Cash and cash equivalents	18,275,226	17,398,928	15,538,613	12,750,881
Deposits with banks	34,179,337	187,805,774	34,179,337	187,805,774
Cash at end of year	52,454,563	205,204,702	49,717,950	200,556,655
(b) Reconciliation of cash flows from operations with surplus				
Net Profit/(Loss)	3,153,725	(14,676,183)	3,036,615	(13,475,043)
Non-Cash Flows in Profit				
Depreciation & Amortisation	1,023,022	1,049,276	972,260	847,215
(Profit)/loss on sale of assets	-	(20,000)	-	(20,000)
Net gains on financial assets at FVPL	(7,378,204)	-	(7,378,204)	-
(Impairment)/revaluation gain on assets	2,093,779	6,457,629	2,093,779	5,878,814
Changes in assets and liabilities				
(Increase)/decrease in receivables	(2,788,187)	2,254,186	(1,676,032)	2,167,342
(Increase)/decrease in inventories	(143,548)	(42,432)	-	-
Increase/(decrease) in payables	(1,286,552)	735,904	(785,245)	(206,114)
Increase/(decrease) in provisions	7,061,241	14,040,731	6,977,612	14,008,770
Increase/(decrease) in other liabilities	1,942,852	84,516	1,942,852	84,516
Cash Flows from operations	**3,678,128**	**9,883,626**	**5,183,637**	**9,285,500**

18. Controlled entities

Controlled entities consolidated

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

19. Related Parties

Related party transactions for the Consolidated Group comprise of the following:

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
Company Secretary Cost	45,000	-	45,000	-
Properties and facilities charges	20,000	-	20,000	-

20. Capital management

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

The Consolidated Group does not have any external borrowings.

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

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

21. Financial Instruments

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	$	$	$	$
The following outlines the categories of financial assets and labilities;				
(a) Categories of financial assets and liabilities				
Financial assets at amortised cost				
Trade and other receivables	16,447,296	13,790,984	14,259,332	12,717,693
Cash and cash equivalents	52,454,563	205,204,702	49,717,950	200,556,655
	68,901,859	218,995,686	63,977,282	213,274,348
Financial assets fair value through profit or loss - assets backing insurance liabilities				
Managed Investments	160,458,204	-	160,458,204	-
	160,458,204	-	160,458,204	-
Financial liabilities				
Trade and other payables	6,466,284	7,752,834	5,018,145	5,752,049

a) Financial risk management

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

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

(i) Market risk

Interest rate risk

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

At the balance date, the entity had the following financial assets exposed to Australian variable interest rate risk that are not designated in a hedging relationship:

	Weighted average interest rate		Consolidated Entity		Parent Entity	
	2021	2020	2021	2020	2021	2020
Cash and cash equivalents	0.59%	1.87%	52,454,563	205,204,702	49,717,950	200,556,655
			52,454,563	205,204,702	49,717,950	200,556,655

If interest rates had differed for the entire reporting period by the amounts illustrated in the table below, with all other variables remaining constant, the result after tax and equity would have been affected as follows:

Judgements of reasonably possible movements	2021 $	2020 $	2021 $	2020 $
Managed investments				
+10 bps (2020: +10 bps)	212,913	205,205	212,913	205,205
-10 bps (2020: +10 bps)	-212,913	-205,205	-212,913	-205,205

The sensitivity analysis has been conducted using assumptions from published economic data.

Other market price risk

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

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

Judgements of reasonably possible movements	2021 $	2020 $	2021 $	2020 $
Managed investments				
+10 bps (2020: +10 bps)	212,913	205,205	212,913	205,205
-10 bps (2020: +10 bps)	-212,913	-205,205	-212,913	-205,205

(ii) Credit risk

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

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

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

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

The Consolidated Group does not have any material credit risk exposure to any one party to financial instruments. The company has assessed the maximum amount of exposure and determined the credit quality of the financial instruments held at 30 June 2021 is sound.

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

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

The target allocation limit is:

Asset Classes	Interim SAA	Allowable Range	Actual SAA
Growth Assets	**17%**	**10%-35%**	**21%**
Australian Shares	8.0%	0%-15%	10.8%
International Shares Unhedged	4.5%	0%-8%	5.5%
International Shares Hedged	4.5%	0%-8%	4.9%
Defensive Assets	**83%**	**65%-90%**	**79%**
Australian Sovereign Bond Fund	10%	0%-20%	10.10%
Australian Inflation Plus Fund	20%	10%-30%	22.50%
International Fixed Income	9%	0%-15%	8.50%
Term Deposits	44%	35%-60%	37.80%

(iii) Liquidity risk

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

The table below reflects all contractually fixed pay-offs for settlement and interest resulting from recognised financial liabilities as at 30 June 2021, as well as the respective undiscounted cash flows for the respective upcoming fiscal years. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

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

2021 $	Under 6 months	6-12 months	Total contractual cash flows	Carrying amount
Trade and other payables	6,466,282	98,319	6,564,601	6,564,601
	6,466,282	**98,319**	**6,564,601**	**6,564,601**

2020 $	Under 6 months	6-12 months	Total contractual cash flows	Carrying amount
Trade and other payables	7,752,834	51,341	7,804,175	7,804,175
	7,752,834	**51,341**	**7,804,175**	**7,804,175**

(iv) Insurance risk management

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

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

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

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

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

Claims management

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

Experience monitoring

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

Prudential capital requirements

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

Ability to vary premium rates

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

Risk equalisation

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

Concentration of health risk

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

b) Capital management

Latrobe Health's health benefits fund is required to maintain sufficient capital to comply with APRA's solvency and capital adequacy standards. The solvency standard aims to ensure that the fund has enough cash or liquid assets to meet all its liabilities as they become due, even if the cash flow is 'stressed'. The standard consists of a requirement to hold a prescribed level of cash and mandates a liquidity management plan. The capital adequacy standard aims to ensure that there is sufficient capital within a health benefits fund to enable the ongoing conduct of the business of the fund.

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

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

The Board has in place a capital management policy for the health benefits fund. Capital is managed against this policy and performance is reported to the Board on a monthly basis.

c) Net Fair Values

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

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

22. Fair value hierarchy

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

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

The following table presents the entity's assets measured and recognised at fair value at 30 June 2021 on a recurring basis.

Consolidated Entity					
	2021 $	Level 1	Level 2	Level 3	Total
Financial Assets					
- Managed Investments		-	160,458,204		160,458,204
		-	160,458,204	-	160,458,204

Consolidated Entity					
	2020 $	Level 1	Level 2	Level 3	Total
Financial Assets					
- Managed Investments		-	-	-	-
		-	-	-	-

Parent Entity					
	2021 $	Level 1	Level 2	Level 3	Total
Financial Assets					
- Managed Investments		-	160,458,204		160,458,204
		-	160,458,204	-	160,458,204

Parent Entity					
	2020 $	Level 1	Level 2	Level 3	Total
Financial Assets					
- Managed Investments		-	-	-	-
		-	-	-	-

Valuation techniques

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

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

Level 3 Land and buildings at fair value, where the valuation technique is based on significant unobservable inputs are included in level 3. Land and buildings are valued in accordance with the methodology outlined in Note 9. There were no changes made during the financial year to the valuation techniques applied as at 30 June 2020.

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

23. Auditor's remuneration

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
Notes	$	$	$	$
Grant Thornton	117,000	-	100,000	-
Crowe Horwath	-	50,650	-	37,150

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

24. Contingent Liabilities

There are no contingent liabilities as at 30 June 2021 (2020: Nil).

25. Subsequent Events

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

26. Consolidated group information

Consolidated Group Structure

The Consolidated Group is limited by guarantee. If the Consolidated Group is wound up, the Constitution states that each Consolidated Group Member is required to contribute a maximum of $100 towards meeting any outstanding obligations of the Consolidated Group. As at 30 June 2021, the number of Consolidated Group Members was 8 (2020: 8).

Principal Registered Office

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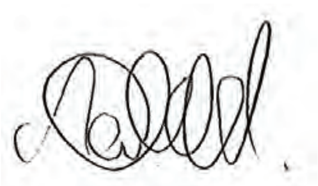
Website:	latrobehealth.com.au

Directors’ Declaration

In the Directors’ opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Group and Consolidated Group’s financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Consolidated Group will be able to pay its debts as and when they become due and payable.

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



Nathan Voll
Director

15 September 2021

Grant Thornton

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Independent Auditor's Report

To the Members of Latrobe Health Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Latrobe Health Services Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Darren Scammell

Darren Scammell
Partner – Audit & Assurance

Melbourne, 15 September 2021

Award-winning health Insurance

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