



Annual Report 2024-25

Helping our members
live healthy lives

We honour the Whadjuk people of the Nyungar Nation, the Traditional Custodians of this boodja, where we stand today and their continued connection to culture and community, now and as it has been over many thousands of years. We pay respect to Elders past and present and to all Aboriginal and Torres Strait Islander peoples and recognise that sovereignty was never ceded.

Contents

What if... we told you a little bit about HIF? 5

A word from our Chairman 6

A word from our CEO 8

Financial summary 10

The year in review12

Our HIF Leadership Team14

For our members15

Digital transformation23

Supporting our team24

Elevating our brand28

Material Business Risks..... 34

HIF Financial Report.....36

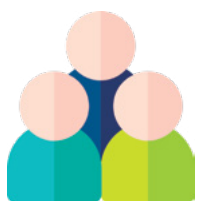
Our purpose:

to help members live healthy lives

Our vision:

to renew community confidence

Our values:



Community



Value and
Affordability



Integrity



Member
for Life



Accountability

Our strategy:

VALUE FOR MEMBERS

People-led seamless
experience
Technology that supports
our people and members
Proposition value



ONE TEAM

Break down silos
Clear communications
One operating rhythm

PROGRESSIVE

New ways of engaging
members
Emerging Therapies
Environment focussed
Choice and Access



TRUSTED

Cyber Security
Regulatory Compliance
Doing the right thing



Renewing Community Confidence



| What if... we told you a little bit about HIF?

For 70 years, HIF has been here for one reason,
to help our members live healthy lives.

We started out as the Western Australian Government Railways Employees Hospital and Medical Benefits Fund Inc. and in 2010 became HIF – the Health Insurance Fund of Australia. The name may have changed, but our focus hasn't. We're still a not-for-profit health fund putting our members at the heart of every decision.

But health insurance is only part of our story.

We believe in backing causes that matter to the health of all Australians. From sleep health to anti-vaping reforms to mental health – we are here to advocate, educate and support personalised care with choice and access to better health outcomes.

Building a workplace and community that champions our members' best interests provides true purpose for the HIF team.

We celebrate diversity and inclusion at HIF. As the first health fund in Australia to introduce a third gender option across all contact points, the HIF experience is more welcoming for trans and non-binary members. Our Reconciliation Action Plan (RAP) with Reconciliation WA continues to embed cultural awareness across everything we do.

We've embraced flexible work, with options like paid parental leave, a nine-day fortnight, and recognising our predominantly female workforce, reproductive leave. We've earned

'Inclusive Employer' status from the Diversity Council of Australia and we continue to focus on reducing our gender pay gap, which is significantly smaller than most other organisations. When it comes down to it – our people take care of our members, so we make sure to take care of them.

As a not-for-profit, we don't answer to shareholders. Surpluses are reinvested into the Fund to improve the experience for our members – lowering premiums, enhancing benefits, and creating new services, ultimately demonstrating the value of Private Health Insurance.

Thank you to our members for choosing HIF and being part of our journey now, and into the future.

**We're still a not-for-profit
health fund putting
our members at the
heart of every decision.**

A word from our Chairman

I'm incredibly proud to mark HIF's 70th year helping our members live healthy lives. It coincides with my 15th year on the Board and 10 years as Chairman of HIF.

This will be my last report as Chairman as I will retire from the Board at the end of October 2025.

It has been an absolute honour and privilege to serve on the Board of HIF. The Fund was founded in 1954 as the Western Australian Government Railways Employees Hospital and Medical Benefits Fund Inc. My father was a railway worker and an HIF member for life, together with my mother and brother, so in some respects I feel I was born into the Fund. I too will be an HIF member for life, as will my wife, two sons and daughter, and carry on the legacy, as HIF's purpose, vision and values align perfectly with my expectations of the ideal private health insurer in Australia. I am very proud of our Western Australian heritage and HIF continuing to service the needs of our members located here so well for over 70 years.

It is my pleasure to announce the appointment of Paul Hersey as Chairman, who has served on the Board since 2019, making this a seamless transition for Fund governance.

It's been quite a journey. HIF has grown and evolved to meet our members' changing healthcare needs, first in Western Australia and then across the country. As a Fund, we have navigated many headwinds, but always with a focus on supporting our members and Australia's world-class health system.

Above all, we are committed to demonstrating the value of Private Health Insurance to our members. We do this by reinvesting surpluses into lowering premiums, enhancing benefits and introducing new services. It is timely to recognise that everything we do is for

the benefit of the almost 100,000 lives who choose to trust their health with us. In the last year we processed almost 500,000 claims and paid out over \$144 million dollars in benefits to our members.

Australia's healthcare system is among the very best in the world, but it is not something we can take for granted or assume will continue without the critical support it needs. Private healthcare is subject to rigorous oversight by multiple regulatory bodies, ensuring consumer interests are prioritised. We want to see a productive and collaborative approach that ensures the sustainability of this world-class health system is based on fairness, cooperation and implementing solutions. Ensuring our health system is delivering more sustainable and affordable care without compromising on quality or safety is in the best interest of all Australians – and we are keen to play our part.

As a not-for-profit in this sector, we were incredibly proud to see our premium increase was the lowest in market this year. Affordability and cost of living pressures continue to be at the forefront of the 15 million Australians holding private health insurance. Giving our members access to high quality medical care where they want it and with their choice of health professional sits at the core of our strategy. We confirmed a new strategic roadmap in late-2024 with an emphasis on product reform, member experience, investment in technology and brand growth. We see a clear pathway ahead.



Investing in our people, systems and processes is critical to meet member experience expectations and foster trust in a highly sensitive process. In line with this, a thorough review of our core technology platform against the market was conducted and we have confirmed that our current solution is the best fit-for-purpose for our members and our people at this time.

We will continue to evolve our technology with our platform partner to meet our ever-changing member expectations and needs. Noting the increasing digitisation of information and the evolution of Artificial Intelligence, we recognise these represent both threats and opportunities; and we will invest accordingly. Concurrently, we are enhancing our risk and compliance maturity by embedding policies and processes to manage our regulatory obligations and workforce requirements.

The team at HIF are united by a common purpose, which is to help our members live healthier lives. This is demonstrated through our partnerships, community sponsorships and the everyday help our team provide members seeking to meet their healthcare needs. On that note, I would like to say thank you to our HIF employees and leadership team, stakeholders and Board, in particular Glenn Oellermann, who has stepped into the CEO role this year, providing continuity of our strong member-led culture at HIF. I wish to personally thank these loyal HIF people for their support of me as I retire. I will always remain keenly invested in the future success of the Fund and wish them the very best.

To our members, thank you for your loyalty and support. You are the reason our Fund continues to thrive, and I look forward to the next 70 years of HIF putting your health first.

Richard Homsany
Chairman



A word from our CEO

This year I was privileged to step into the Chief Executive Officer role at HIF, after serving as Chief Financial Officer for almost 15 years. I believe I've taken up the role at an exciting juncture in HIF's journey.

We proudly celebrated our 70th birthday in October 2024 and, shortly after in April 2025, we delivered the lowest average premium increase of all Private Health Funds across Australia. This is a clear signal to our members that we are doing all we can to ensure value in our pricing and services. We have delivered a strong financial result and remained well capitalised across the year. This all contributes to set us up as a proud member-first fund for the next 70 years and beyond.

For the almost 100,000 lives covered by HIF, I'm looking forward to the next chapter. Supporting our members to lead healthy lives is our core purpose and we will do our part in instilling confidence in our industry by always putting our members first. Claims processed and benefits paid, are important elements to demonstrate tangible value to our members. However, there is more work being done at the Fund to ensure our members consistently see the positive impact of Private Health Insurance on their lives.

With the resetting of our strategy in September 2024, we rallied our exceptional team around four key deliverables to ensure our members see value in their insurance. By empowering our people to do their best work, we create the foundations for exceptional member experiences, and this is reflected in our strong employee engagement, which reinforces the positive and connected culture we continue to build. I have absolute confidence that our team is structured to deliver on product and health services upgrades, optimisations of our member experience through investment in our technology and a keen focus on continuing to grow our brand.

Improving the health of our members through choice and access to treatment options continues to be our core purpose as a member-based health fund. It's pleasing to see this is resonating industry-wide, with the number of Australians holding Private Health Insurance sitting at record levels and government policy strongly supporting participation. To continue

**“We are proud to hold an important place
in the ecosystem of Australian health”**





to foster participation, we've introduced new products and increased benefits to some of our most claimed services. We launched two new packaged products, Basic Starter and Bronze Plus Simple Choice. These options are designed to be financially sustainable and affordable, giving members flexible, entry-level choices without compromising on essential care.

We expanded our health services offering, continuing to explore innovative ways to address our members' health needs. Our new partnership with Mindset Health digital hypnotherapy presents tangible value for our members via a digital-first, clinically validated, and patient-centric approach to modern healthcare. This echoes our historical investment in exploring emerging health trends for our members.

HIF was the first major Australian health fund to publicly declare support for access to medicinal cannabis treatments via our partnership with Little Green Pharma (LGP). Four years on, it's encouraging to see scientific evidence demonstrate the positive impact of medicinal cannabis on several debilitating health conditions. The Quality of Life Evaluation Study (QUEST), which HIF has supported in partnership with LGP, is one of the world's largest longitudinal clinical studies investigating the effect of medicinal cannabis on patient quality of life and chronic conditions. The study validated improvements to sleep disturbance and sleep disorders, which is of particular interest to us as we believe sleep to be one of the key pillars of health, alongside diet and exercise.

Everything we do for our members is driven by our team. I'd like to thank our employees, our Board and all our members for their investment and loyalty to HIF. To our retiring Chairman, Richard Homsany, I would like to express our deepest gratitude for his unwavering loyalty and dedicated service to HIF for the past fifteen years. His leadership and commitment have left an enduring legacy, and we are truly thankful for the invaluable contributions he has made.

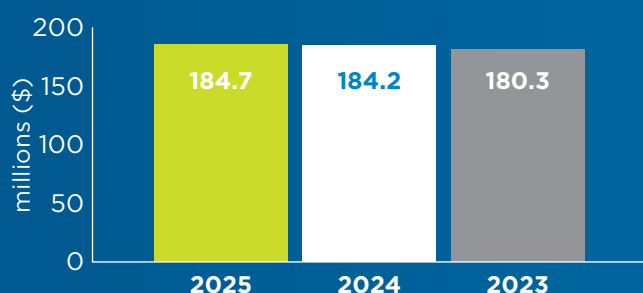
As our 70th year draws to a close, I'm excited for the journey ahead. We welcome Paul Hersey as our new Chairman, who brings a wealth of experience across the health, insurance, government, not-for-profit, and financial services sectors. His broad expertise and leadership will be instrumental as the Fund embraces this pivotal moment in time – where innovation in treatment and technology is offering unprecedented potential to improve health outcomes for our members and the wider community.

We are proud to hold an important place in the ecosystem of Australian health – one of the world's best healthcare systems. As a not-for-profit health fund, we will continue to return surpluses to our members through lower premiums and improved benefits, invest in the health of future generations and renew confidence in our sector.

Glenn Oellermann
CEO

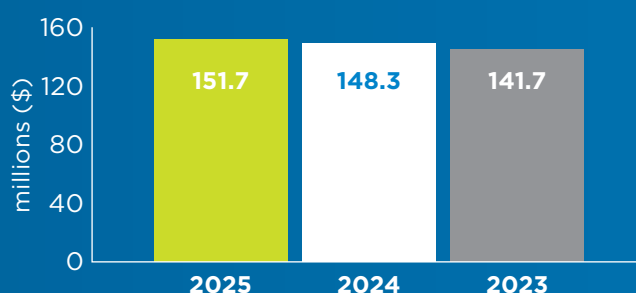
Financial summary

Revenue



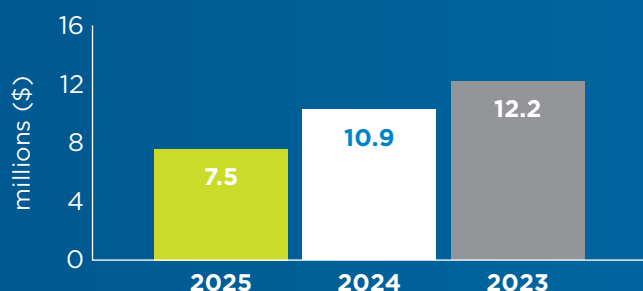
Premium revenue for the year was **\$184.7 million** against a budgeted **\$188.1 million**.

Net claims



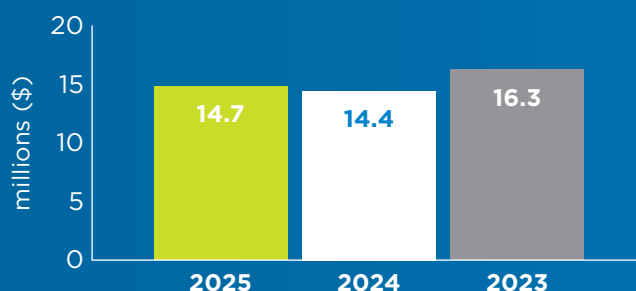
Net claims incurred in 2025 were **\$151.7 million** against a budgeted **\$156.8 million**.

Insurance service result



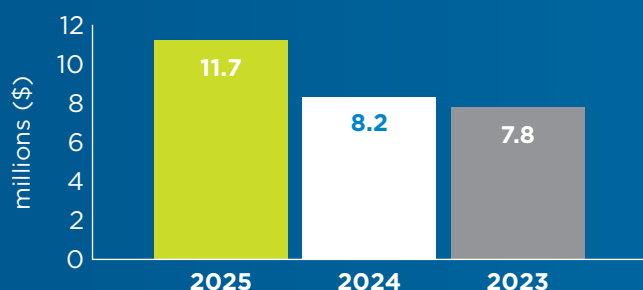
Insurance service result in 2025 was **\$7.5 million** against a budgeted **\$5.2 million**.

Consolidated surplus¹



Consolidated budget surplus in 2025 was **\$14.7 million** against a budgeted **\$7.2 million**.

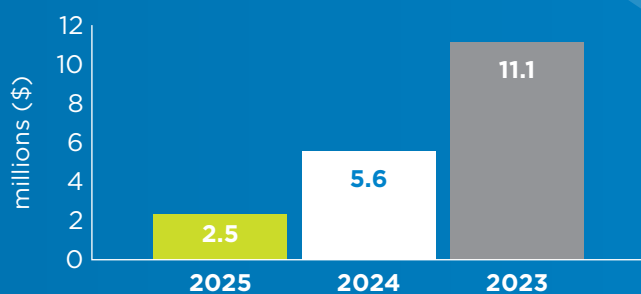
Investment results



Investment income and fair value gains in 2025 was **\$11.7 million** compared to a budgeted **\$6.6 million**.

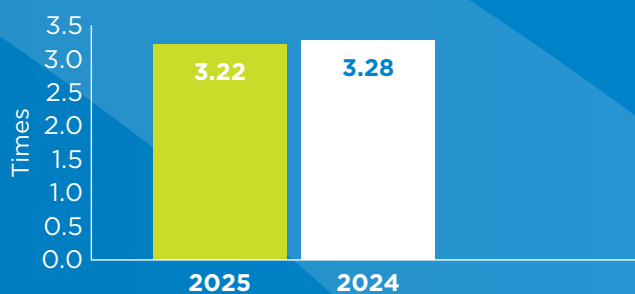
¹ 2023 restated due to the adoption of AASB 17 retrospectively.

Net margin



Net margin (operating surplus before investment income) was **\$2.5 million** in 2025 compared to a budgeted **\$0.2 million**.

Capital adequacy²



Capital is **3.22 times** APRA's prescribed capital requirement of **\$45.0 million**.

² APRA's current capital requirements came into effect for the 2024 year.

The year in review



95,855

Adults and their dependants
covered by HIF



48,033

Policies covered by HIF



\$62,975,064

Paid on overnight hospital
stays assisted by HIF

94,628

Domestic

47,271

Domestic

\$58,700,386

Private

1,227

Overseas

762

Overseas

\$4,274,678

Public



94.5%

Member
Satisfaction



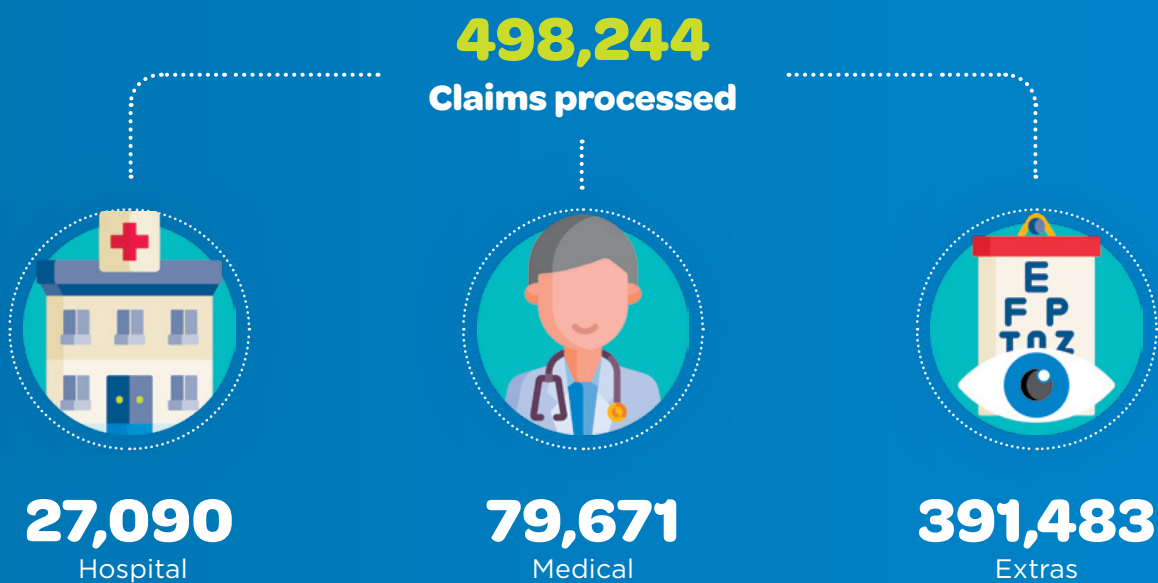
\$1,870,320

Paid out in
Ambulance cover



4,081

St John
Urgent Care visits



Dental:	\$26,274,876
Optical:	\$7,460,443
Physio:	\$2,893,788
Chiropractic:	\$1,906,325



Our HIF Leadership Team



Glenn Oellermann,
Chief Executive Leader



Andrew Fraser-Gillard,
Chief Financial Leader



Belinda Goosen,
Chief Risk Leader



Nikesh Hirani,
Chief Data and
Proposition Leader



Jennifer O'Brien,
Chief Member and
People Leader



Kristina Green,
Chief Marketing and
Growth Leader



Billy Martin,
Chief Information
Leader

For our members



64,530

calls were
received
from our
members



6,484

members
took the time
to complete
survey responses



We proactively
contacted

18,199

members to
discuss the
suitability of
their cover

Some Member Feedback:



It is so good to be able to talk to such a nice person that you can actually understand for a change. Very helpful.



Karen



Consistently the best private health insurance in Australia.



Annalise



I am so appreciative to HIF and their kind staff. It was such a relief to be able to put my membership on hold while I was in financial hardship and now I am in a position to pay again. Great service, will recommend HIF to my friends.



Linda



He was super professional and matched my tone and energy. He was informative and kind and I appreciated his help very much today.



Darcy

Delivering value for our members

Each year we strive to provide practical, accessible and innovative healthcare solutions across the spectrum of our members' health needs. This includes product enhancements to demonstrate value and the continued investment in wellbeing programs to support health issues having the greatest impact on our members.

Reviewing our premiums

We continue to focus on providing members with affordable, high-quality cover that meets their evolving needs to deliver greater value and more choice.

In the spirit of always putting our members' interests first, and as a proud not-for-profit, HIF delivered an average premium increase of 1.91% the lowest average increase of all Private Health Funds across Australia.

Introducing new affordable Package Cover options

On 1 April 2025, we launched two new Package Cover products – Basic Starter and Bronze Plus Simple Choice. These options are designed to be affordable and give members flexible, entry-level choices without compromising on essential care.

For new members, these products create a simple, accessible pathway into private health cover, offering peace of mind with essential protections while keeping premiums affordable.

For our existing members, the new products provide greater choice and flexibility, allowing members to move into simpler, lower-cost options without losing access to core benefits.

These products demonstrate the importance of offering cover that balances affordability whilst also providing value for members.

Improved Working Visa Cover

We expanded benefits on our Working Visa Health Covers to make healthcare more accessible, affordable, and reliable for members and their families living and working in Australia. The enhancements included higher benefits for outpatient services, access to private rooms and expanded pharmacy cover for essential medications.



Supporting Our Members' Health and Wellbeing

HIF has revisited and strengthened its health and wellbeing strategy, ensuring our investments align with the areas of greatest impact for eligible members. This renewed focus has seen the introduction of new partnerships, the expansion of existing programs and the continuation of proven initiatives.

These investments provide practical, accessible and innovative support across a wide spectrum of health needs. By combining digital innovation with established evidence-based programs, HIF continues to evolve its health and wellbeing partnerships, ensuring members have access to the right care, at the right time, in ways that are modern, flexible and member focused.

Access to these services is available to eligible HIF members and is subject to the level of cover held. Eligibility may vary depending on policy type and benefits. For further information on partnership eligibility criteria, please visit the HIF Health and Wellbeing page on our website.

St John Urgent Care Western Australia

Members continued to benefit from our partnership with St John Urgent Care, with HIF covering the full cost for walk ins across six centres for urgent, non-life-threatening injuries or illnesses. This means that members can be treated at no cost and without the lengthy wait times and stress of Emergency Department visits. Importantly, this partnership also takes pressure off the public hospital system in WA. Over the past 12 months, HIF covered the cost for over 340 members who utilised the service each month.

City Fertility

To support members facing fertility challenges, HIF partnered with City Fertility, one of Australia's leading providers of IVF and fertility services. Since 2003, City Fertility has supported thousands of families facing fertility difficulties. We've extended cover beyond traditional Hospital and Extras services, with our members receiving a 10% discount on a range of services to help make fertility treatment more accessible.

Little Green Pharma

Through its partnership with Little Green Pharma, HIF has continued to broaden access to medicinal cannabis for eligible members. While all medicinal cannabis benefits are claimable under Extras Pharmacy Limits, our partnership with Little Green Pharma adds an additional \$25 benefit per script.

Simultaneously, we continue to advance evidence around the efficacy of medicinal cannabis. Years of work were validated with the publication in PLOS One Medical Journal of the QUEST Initiative – one of the world’s largest longitudinal studies on medicinal cannabis and its impact on patients’ quality of life and chronic conditions. The Little Green Pharma and HIF backed study confirmed clinically meaningful improvements in key areas, including fatigue and sleep, as well as reductions in anxiety, pain, depression, and sleep disorders.

SleepSpace

SleepSpace is an advanced sleep improvement app which uses patented technology developed through National Institutes of Health funding to track and improve sleep through sound, light and vibration integration. HIF offers eligible members a subscription to the app, giving members a powerful tool to improve rest, reduce stress and ultimately support broader physical and mental health.

Nourish Baby - Sleep Eazzzy Baby Program

Sleep Eazzzy Baby is delivered in collaboration with Nourish Baby, the only accredited online provider of antenatal and early parenting education in Australia. The program delivers evidence-based learning for expecting parents and personalised telehealth coaching sessions on sleep and settling from qualified clinicians for eligible HIF members. The program aims to ease the transition into parenthood, build confidence and establish healthier routines for both baby and parents in those crucial early years.



Mental Health Navigator

With mental health pressures rising across Australia, offering rapid, expert guided pathways to support is invaluable. HIF's Mental Health Navigator, delivered by Teladoc Health, is available to all members aged 18 and over with active cover. The fully funded non-emergency service connects members via telehealth to a mental health nurse, psychologist or psychiatrist, offering guidance, assessment, and a tailored treatment plan within days of contact.

Second Opinion

Second Opinion, delivered by Teladoc Health, is designed to provide reassurance and clarity when facing a serious illness or chronic condition. The service offers members access to a world-class specialist review, connecting them with an international panel of medical experts to re-examine diagnoses, treatment and surgery options across a wide range of conditions, including cancer, joint and back pain, digestive issues, and other health concerns.

Mindset Health

As of March 2025, HIF partnered with Mindset Health to deliver evidence based digital hypnotherapy programs to members. These clinically validated app-based interventions address chronic conditions such as irritable bowel syndrome through Nerva, back pain through Relio, mental health through Claria, menopausal hot flushes through Evia, and smoking cessation through Finito. HIF continues to explore digital therapeutics as another avenue to empower our members with self-management health tools.



Kieser

Kieser operates a national network of physiotherapy, rehabilitation, and strength training clinics across Victoria, New South Wales, Queensland, Tasmania, South Australia, and the ACT. The key aim of Kieser's 12 to 18 week treatment plans is to help prevent or delay serious and painful surgeries through targeted therapy and strength building.

By supporting HIF members to access these programs, the partnership provides a proactive, evidence-based approach to managing and preventing conditions that could escalate into long term disability or the need for surgical intervention.

Healthy Weight for Life

Healthy Weight for Life, delivered by Prima Health Solutions, is a set of programs that support members to address weight related health conditions. These programs focus on three priority areas: heart health, osteoarthritis management, and type 2 diabetes. Each program runs for 18 weeks and can be completed from home, making it both accessible and sustainable.

Members are supported with self-monitoring tools, personalised meal and exercise plans, strengthening exercises, and education to better manage their condition – empowering them to make a lasting lifestyle change to improve quality of life and reduce more serious future complications.

Valion Cancer Support

Valion Health's Cancer Support Complete program aims to improve the quality of life for HIF members who have a cancer diagnosis. The program provides a tailored care plan over 12 weeks, which may include guidance and therapy from a cancer nurse, dietitian, exercise physiologist, psychologist and yoga therapist.

It is available at no additional cost to eligible members. By offering holistic support that addresses both physical and mental health needs, HIF ensures members are not facing their diagnosis alone.



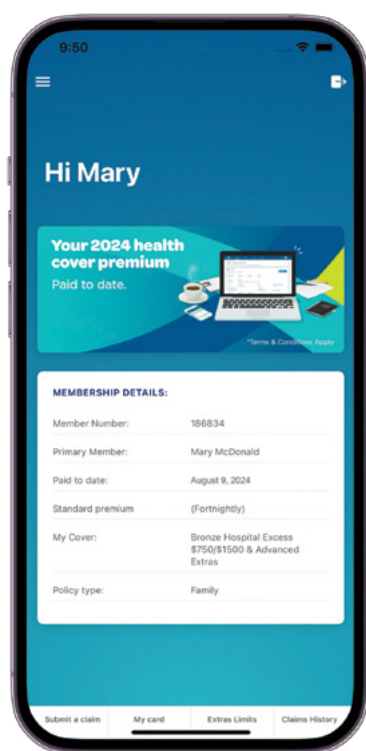


Digital transformation supporting a secure member experience

HIF has an ongoing commitment to deliver secure, intuitive, and value-driven experiences for our members. Technology is an enabler to enhance our member experience and is underscored by our continued investment to strengthen our cyber resilience.

Strengthening Secure Foundations

Protecting member data remains a top priority. In 2025, HIF achieved compliance with APRA's CPS 234 Information Security Standard, affirming our commitment to robust governance, proactive cyber risk management, and industry-leading data protection.



Enhancing the Digital Member Experience

Guided by member feedback, we invested to improve how new and existing members interact with their health cover.

A website refresh saw us redesign key pages to deliver improved navigation, accessibility, and clearer product information to create a more intuitive experience for both current and future members. A highlight piece of work was revisiting the quote process for our new members. Starting with over nine screens and multiple questions that took some online users 20 minutes to work through. Optimising the process to just five screens – we halved the time it takes to get a quote (now under 10 minutes)! Not only did the enhancements help improve website functionality, but visually it was much easier for online users to navigate through on their mobile phones. Just one more way HIF is looking to help enhance our digital brand experience.

Ongoing, we remain committed to investing in secure, scalable platforms and member-centric digital solutions across our communications channels, App, Online Member Centre and core insurance platform.

Supporting our team to support our members

By empowering our people to do their best work, we create the foundations for exceptional member experience. We design and deliver impactful people and learning initiatives that support development, engagement, and wellbeing for the HIF team.



30

new team members welcomed



18

Internal promotions celebrated



1,500

Employee recognition cards sent to one another



73%

Employee engagement score

This year, we welcomed

new team members, celebrated internal promotions and placed a strong focus on upskilling – particularly within our Member Experience teams, who interact directly with our members.

Recognition and engagement also remained at the heart of our culture.

Our employee recognition cards were a clear reflection of the gratitude and appreciation we share across HIF. We were proud to see our employee engagement score remain strong, reinforcing the positive and connected culture we continue to build.



Diversity and Inclusion

HIF is proud to maintain our accreditation as an Inclusive Employer, reflecting our ongoing commitment to diversity, equity, and belonging.

The FY24 results from the Workplace Gender Equality Agency (WGEA) highlighted meaningful progress at HIF. Our median gender pay gap decreased from 18.4% to 11.4% in just one year, outperforming the industry median of 18.4%. Women now hold 71% of key management positions at HIF, well above the industry average of 49%. We continue to strengthen family-friendly policies, flexible work arrangements, and inclusion initiatives to ensure a respectful and supportive workplace for all.

This year we expanded our employee leave benefits by introducing Reproductive Leave, supporting a broader range of health needs.

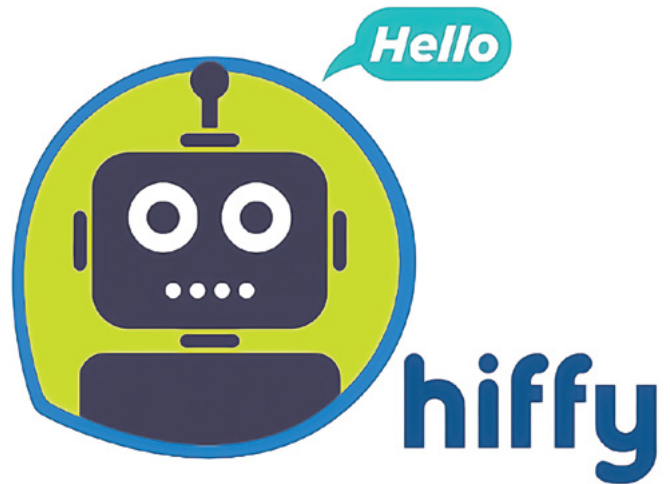
We were also proud to see reproductive health gain recognition as an important workplace issue nationally, and we remain committed to advocating for progress in this area for both our employees and members.

A unique initiative we introduced was our dedicated rest and recharge nap room at HQ. This space encourages employees to take a 20–30 minute power nap to recharge, helping them maintain wellbeing and performance, without guilt or stigma.

Embracing AI to assist our team, assist our Members

HIF introduced its first AI-driven Virtual Assistant, hiffy, designed to support our Member Experience teams. Integrated with our knowledge platform, Panviva, hiffy helps deliver quick, consistent, and accurate answers to member queries, enabling our teams to resolve enquiries more efficiently.

Our approach to AI is not about replacing the human touch but enhancing it, so our people can deliver even better member experiences. By handling the 'heavy lifting' of extracting accurate detail in the complex world of private health insurance, hiffy gives valuable time back to our teams, allowing them to focus on the empathy, care, and personal support our members value.



Reconciliation

We continued to progress our journey of Reconciliation, supporting both National Reconciliation Week and NAIDOC Week events through active participation and awareness-building across our teams.

In 2025, HIF proudly partnered with the Waalitj Foundation to support their Deadly Sista Girlz (DSG) Program. This culturally conscious initiative is designed to improve school attendance and educational outcomes for First Nations girls. Guided by strong First Nations women as role models, the program empowers participants to make informed choices about their health, education, and future pathways. The partnership has created fantastic opportunities for our employees to be involved — from attending the Wangening Bardip (Healing Stories) Art Exhibition during NAIDOC Week, to serving on the judging panel for the Art Expo, to presenting at the Deadly Futures Career Expo and taking part in volunteering activities.

We look forward to deepening our partnership with the Waalitj Foundation and working together on initiatives that promote positive health outcomes for First Nations people.

Elevating our brand in the community

HIF aims to stand out as a brand who is the people's champion of health insurance, a not-for-profit that delivers value, guided by our member-first values.

We truly are 'member champions' every day, rallying around Choice, Access and Ethics to drive meaningful change and deliver better health outcomes for our members.

Cost, complexity and confusion plague the private health insurance category, but HIF pushes boundaries to showcase the "hifference" as a true liberator of Health Insurance. We engage our members and the broader community to educate and advocate for the value of private health insurance.

This year, our standout opportunity was to showcase value through our lowest premium increase campaign, which we amplified across every channel – engaging our members first.

When HIF delivered the lowest average premium increase of all Private Health Funds across Australia at 1.91%, we turned a pricing milestone into a powerful, member first brand moment.

Investing in a campaign that saw external and internal channels mobilised to tell this powerful story, we've seen improvements across key brand and growth metrics including a significant uptick in new members, reduction in policy cancellations and uplifts across sales, website sessions, brand awareness and consideration.



HIF HIF Hooray It's our 70th Birthday!

October 2024 marked 70 years of helping our members in WA live healthier lives. One thing hasn't changed, our dedication to putting our members interests first.



Without our +48,000 members, HIF wouldn't still be around today, so we wanted to ensure that our 70th Birthday celebration was also a thank you to our valued members.

We welcomed one very special member Marian, who was also celebrating her 70th Birthday in 2024, for morning tea with our whole team to say thank you. HIF HIF Hooray!

Here's to the next 70 years.

HIF holds a number of brand partnerships that reflect our commitment to health and wellbeing, alongside our strong presence as a proudly local WA-based health fund.

Perth Wildcats

Proud partners of the Perth Wildcats since 2013, in August we announced a further three-year extension to our diamond sponsorship, taking us to a total of 15 years and the longest recognised partnership in the NBL. With the team now under the stewardship of new owner, and lifelong Wildcats fan Mark Arena, there was no doubt of an exciting season ahead.

2025 also marked our third year as the official game night partner of Wildcats' pride round in January with giveaways, a time-out activation and the return of our sponsored rainbow wave. HIF is a strong believer in equality and have shown this by becoming the first Private Health Insurer to support Australian Marriage Equality and offer third gender and Mx title options.

The pride game aims to support the LGBTQIA+ community and helping to improve barriers this community faces in sport, and we couldn't be prouder to be involved.

This long-standing partnership also provides HIF members in WA the opportunity be part of the action with ticket giveaways to Wildcats home games throughout the season.



West Perth Football Club

The West Perth Football Club (WPFC) is the oldest existing WAFL club in Western Australia. Founded in 1885, the club is now based in Joondalup and The Falcons now have both a WAFL and WAFLW team.

In April we announced a three-year partnership that saw West Perth's home ground crowned HIF Health Insurance Oval. This exciting new partnership will also feature activations, fan days, HIF sponsored games such as Pride game and the opportunity for HIF to provide sessions around health and wellbeing for WPFC players.

Our shared values on health, wellness and the importance of community are further highlighted by the importance of supporting grassroots football in Western Australia.



Binar and St John (First Aid)

In August we supported First Nations children at Moorditj Noongar Community College in Midland learning valuable first aid skills through our partnership with St John WA and with support from Binar Futures.

The college has a long-standing partnership with Binar Futures, who also run a popular weekly homework class supported by HIF. The classes were particularly meaningful, seeing two key community partnerships supported by HIF come together to teach skills in first aid and promote health equity and empower young people to knowledgeably act in an emergency.



Awareness and advocacy

We look for opportunities to advocate, educate and amplify the HIF story to demonstrate the importance of private health as a key ingredient in ensuring better health outcomes for all Australians. We've showcased our brand's support for West Australian's (and all-Australian's) health for the past 70 years, advocated for the importance of innovation in digital health and emerging therapies and educated on important seasonal topics related to private health, such as Tax Time or the resetting of Extras benefits annually.

Sleep has been a consistent theme, as we believe it to be as vital as exercise and nutrition – the third pillar of health. We continue to educate the community about the importance of sleep with educational resources on our website that are accessible for all Australians.

After our proprietary research into sleep revealed 54% of Australians admitted showing up to work exhausted and with nearly nine in ten said their productivity was suffering – we knew action needed to be taken.

In what our CEO described as a “defining moment” for HIF, we created a dedicated rest space at HQ, empowering staff to recharge and prioritise their wellbeing. Alongside this, we rolled out sleep education for our employees via sleep expert Amanda Slinger, helping embed a culture where restorative rest is recognised as essential, not optional. Through these efforts, HIF is leading the charge to reframe how Australians and workplaces value sleep as fundamental to good health.

SLEEP SURVEY



Bridging the gap – sleep health education matters

Lack of knowledge affecting health outcomes

Amanda Slinger
Sleep Education Specialist & Director SleepSpot

It's widely recognised that sleep is foundational to our physical health and mental wellbeing, yet as a nation we're not sleeping well.

Many of us experience intermittent sleep problems, finding it hard to fall or stay asleep, or squeezing the time we give to sleep. Sleep disorders such as obstructive sleep apnoea and chronic insomnia are highly prevalent, with one in five of us having a diagnosed sleep disorder – yet many more go undiagnosed.

According to HIF's 2024 Sleep Survey, more than half of working Australians have turned up to work exhausted in the last year, with the overwhelming majority saying it has impacted their performance at work.

And I'm sure that doctors, and doctors in training, would be well represented in these numbers.

Hectic schedules, mounting stress and everyday lifestyle choices are taking a heavy toll on our ability to sleep. The promising news is that Australians are increasingly curious about sleep. But, with so little exposure to sleep health education, many are left wondering where to start.

Lack of sleep health education

From a young age, we're taught the importance of nutrition and exercise – remember the food pyramid? But sleep education isn't given the same priority.

While sleep is a natural process, it can be disrupted by behavioural and environmental factors. Yet most people lack the knowledge to identify or address these 'sleep thieves'.

The critical gap

In the demanding world of medicine, where every decision can impact a life, doctors are trained to navigate complex health challenges. Yet sleep, a pillar of health and wellbeing that affects both doctors and their patients, remains a missing chapter in their training.

This oversight has left a significant gap in patient care, as sleep health is infrequently discussed despite its profound impact on health outcomes.

By incorporating sleep science into medical school curricula, we could empower future doctors to identify and address sleep-related challenges with confidence. It would also equip doctors to safeguard their own wellbeing, enabling them to deliver higher-quality care and avoid burnout.

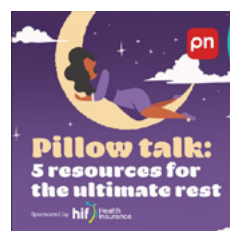
Integrating sleep health into medical education is an essential step to transforming healthcare.

Doctors leading the way

Doctors don't need to wait for systemic changes to deepen their understanding of sleep science. By engaging in continuing education, staying updated on emerging research, or collaborating with sleep specialists, doctors can develop the expertise needed to address sleep issues more effectively.

Simple actions, such as routinely asking, "How well are you sleeping?" can spark impactful conversations about sleep habits, hygiene and interventions. Early identification of sleep issues allows doctors to guide patients toward

Unfortunately, the lack of sleep health education isn't confined to schools – it's largely absent in undergraduate medical training.



Material Business Risks

As an organisation, we remain committed to upholding the highest standards of corporate governance and compliance. Over the past year, we have consistently met our regulatory obligations, with a strong focus on transparency, ethical behaviour, and responsible decision-making.

In line with this commitment, we positioned ourselves to meet the requirements of the Australian Prudential Regulation Authority's (APRA) new Prudential Standard CPS 230 *Operational Risk Management* (CPS 230), which came into effect on 1 July 2025. CPS 230 introduced enhanced requirements for operational risk management, business continuity, and third-party service provider arrangements, further strengthening our operational resilience.

We also successfully implemented the *Financial Accountability Regime* (FAR), which came into effect for our sector on 15 March 2025. FAR has established a strengthened framework of responsibility and accountability for directors and senior executives, reinforcing our governance practices and supporting a culture of clear accountability and ethical leadership.

In addition, we continued to strengthen our risk culture in line with APRA's expectations under *Prudential Standard CPS 220 Risk Management*. This included internal assessments against APRA's Risk Culture 10 Dimensions Framework, covering areas such as leadership, decision-making, communication, governance, and accountability. These initiatives continue to support an environment in which employees are empowered to speak up, challenge decisions, and contribute to sound risk management practices.

The Board has established a three-year rolling strategic plan that articulates our approach to achieving HIF's objectives. These objectives are structured around four strategic pillars:

Value for Members, Progressive, One Team and Trusted. Risk management is fully integrated within HIF's strategic planning cycle, enabling an annual review of objectives and a reassessment of how emerging risks may impact our risk profile.

In pursuing our strategic goals and our vision of renewing community confidence, the Board recognises that a degree of risk is inherent. However, only those material business risks that have been carefully evaluated and for which HIF is adequately prepared are accepted. This involves implementing effective controls to prevent undesirable risks, reducing their likelihood, and minimising their potential impact.

Our Risk Management Framework (RMF) defines the systems, structures, policies, and processes we use to identify, assess, monitor, report and mitigate the material risks that could affect our ability to meet our obligations to members. The RMF has been updated to align with CPS 230, including the identification of critical operations, setting tolerance levels for disruption, and enhancing vendor risk management practices.

The following table outlines HIF's material risks under each strategic pillar:

Strategic Pillar	Risk	Risk Description
Value for Members	Brand and Reputational Risk	The risk of potential losses in financial capital, community confidence and/or market share resulting from incidents due to quality of communication and service, claims denials, pricing and affordability, privacy, or public perception.
	Insurance Risk	The risk of an unexpected increase in claims, management expense ratio, changes in member and product mix and product competitiveness negatively impacting affordability, financial viability, and sustainability.
Progressive	Technology Risk	The risk of significant outages as a result of ineffective operational resilience, including improper planning and maintenance of technology and infrastructure, leading to non-compliance, negative member experience, and operational inefficiencies.
One Team	Conduct Risk	The risk that HIF does not conduct business activities ethically, safely and with integrity due to poor internal processes, control failures, or industrial non-compliance negatively impacting both member and employee outcomes.
Trusted	Cyber and Information Security Risk	The risk of a cyber/information security incident impacting HIF's IT infrastructure or information assets, which could result in operational disruptions, data breaches and significant financial and reputational damage.
	Data Governance Risk	The risk of ineffective/inadequate management of data assets resulting in operational inefficiencies, data quality issues and non-compliances which can impact HIF's ability to service members in line with regulatory and member expectations.
	Financial Risk	The risk that HIF cannot meet its financial commitments as and when they fall due, or fails to comply with regulatory capital requirements, due to but not limited to insufficient income, a loss in capital value and/or investment market factors such as equity prices, interest rates, currency and credit risks.
	Regulatory and Compliance Risk	The risk that HIF is unable to respond to changes in applicable regulations or obligations resulting in financial or reputational loss.

HIF Financial Report

Corporate information.....	37
Directors' report.....	38
Auditor's independence declaration.....	48
Consolidated statement of profit or loss and other comprehensive income.....	49
Consolidated statement of financial position ...	50
Consolidated statement of changes in equity	51
Consolidated statement of cash flows	52
Notes to the consolidated financial statements	53
Consolidated entity disclosure statement	91
Directors' declaration.....	92
Independent audit report.....	93

Corporate information

Directors

R. Homsany (Chairman)
S. V. Blake
K.L.J Garvey (Appointed 1 July 2025)
P. L. Hersey
K. B. Laufmann
T. W. Shackleton

Company secretary

K. L. J. Garvey

Registered office and principal place of business

100 Stirling Street, Perth
Western Australia

Solicitor

Lavan

Level 20, 1 William Street, Perth
Western Australia

Banker

National Australia Bank

Level 29, 395 Bourke Street, Melbourne
Victoria

External auditor

Deloitte Touche Tohmatsu

Quay Quarter Tower
Level 46, 50 Bridge Street, Sydney
New South Wales

Internal auditor

PricewaterhouseCoopers

Brookfield Place,
Level 15, 125 St Georges Terrace, Perth
Western Australia

Appointed actuary

J. Reid – Finity Consulting

Level 10, 68 Harrington Street, Sydney
New South Wales

Directors' report

30 June 2025

The board of directors (**Board**) of Health Insurance Fund of Australia Limited (**the Company**) submit herewith the Directors' report for the year ended 30 June 2025 in accordance with the *Corporations Act 2001* (Cth).

Information about the Directors

The directors of the Company (**Directors**) during or since the end of the year ended 30 June 2025 are:

Mr R. Homsany

*LLB (Hons),
BCom, Grad Dip
App Fin & Inv*

Chairman

Mr Homsany was appointed to the Board in June 2010. Mr Homsany is Executive Vice President, Australia of Mega Uranium Ltd, a TSX listed company and is an experienced corporate lawyer having been admitted as a solicitor for over 20 years. Mr Homsany is also the principal of Cardinals Lawyers and Consultants. Previously he was Partner, Corporate and Commercial, of DLA Phillips Fox (now DLA Piper) and prior to that was a partner of Gadens Lawyers. Mr Homsany has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate. Mr Homsany is a Certified Practising Accountant (**CPA**) with CPA Australia, a fellow of the Financial Services Institute of Australasia (**FINSIA**) and a member of the Australian Institute of Company Directors. Mr Homsany has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA. Mr Homsany has significant board experience with public listed companies including as Chairman of ASX listed companies Galan Lithium Limited, Toro Energy Limited and Redstone Resources Ltd, and of TSX-V listed Central Iron Ore Limited, and as a Non-Executive Director of ASX Listed Brookside Energy Limited.

Mr Homsany is a member of the Audit Committee, Risk Committee and the Investment Committee; and Chairman of the Nomination and Remuneration Committee.

Ms S. V. Blake <i>MMkt, Grad Dip Comm, BComm Mkt & PR, GAICD</i> Non-executive Director	Ms Blake was appointed to the Board in September 2016. Ms Blake has significant experience as a consultant in building marketing strategies for clients, including in financial and professional services, utility, government, retail, hospitality, non-government and member-based organisations. Ms Blake has held senior marketing leadership positions in several organisations, involving national promotions and communications strategy and product development, and lectured in marketing and professional practice at Curtin University, and she is a former partner at strategy consulting firm Black House. Ms Blake is the former founding director of Glue Marketing Consulting, a firm specialising in marketing, brand and digital communication and channel strategy development. She was the Chief Marketing Officer for a global technology company, Tape Ark. Currently Ms Blake is a Director at IBM Consulting in Experience Strategy and Design for AI. Ms Blake is also a former Councillor of Scotch College and former Chairman of the College's Risk Committee. Ms Blake is a member of the Audit Committee and Chairman of the Risk Committee.
Ms K. L. J. Garvey <i>LLB, BA, MAICD</i> Non-executive Director	Ms Garvey was appointed to the Board on 1 July 2025. Ms Garvey is a corporate and commercial lawyer with significant experience advising public and private companies, particularly in the resources sector. Ms Garvey's expertise spans capital raisings, mergers and acquisitions, corporate governance, regulatory compliance, and drafting and negotiating commercial agreements, including joint ventures, farm-ins, and share sale agreements. Ms Garvey has held senior legal and governance roles across multiple organisations and is currently Legal Counsel and Company Secretary at Toro Energy Limited, Australian Legal Counsel for TSX-listed Mega Uranium Ltd, and a Director of Cardinals Lawyers and Consultants. Ms Garvey also serves as Company Secretary for several listed entities including Brookside Energy Limited, Mineral Commodities Limited, and Central Iron Ore Limited. Ms Garvey is also the Company Secretary.
Mr P. L. Hersey <i>BSc, MBA, MAICD</i> Non-executive Director	Mr Hersey was appointed to the Board in June 2019. Mr Hersey has extensive experience in the health, insurance, government, not for profit and financial services sectors as a senior executive and external consultant. Mr Hersey's early career involved working as a management consultant in London, primarily within the health and finance sector. Mr Hersey also has held senior roles in a number of markets including Project Director with Quality Healthcare Asia, Program Manager with Capio Healthcare (now Ramsay Healthcare UK) and Health Partnerships Manager at HBF. Mr Hersey has also completed numerous engagements as a member of PwC's Consulting Practice in Australia and has worked for clients in both federal and state Health, aged care, community and treasury, not-for-profit entities, private hospital groups and health insurers. Mr Hersey was Chief Executive Officer of 360 Health and Community, a not-for-profit primary healthcare organisation until 2017 and now serves as an Executive Director across a number of privately held companies including Compassionate Care WA, Reset Therapy and Mavuno Advisory. Mr Hersey has held board positions within both the not for profit and private sectors, including at Pat Thomas House, Moorditj Koort Aboriginal Health and Wellness Centre and Thorian Emery Energy. Mr Hersey is a member of the Investment Committee, the Nomination and Remuneration Committee and Chairman of the Audit Committee.

Mr K. B. Laufmann	Mr Laufmann was appointed to the Board in April 2020. Mr Laufmann is a Senior Investment Advisor at Shaw and Partners. Preceding his current role, Mr Laufmann was the Western Australian State Manager, Equity Partner and National Compliance Committee member of EL&C Baillieu Ltd, one of Australia's oldest share brokerage firms. Mr Laufmann has worked in financial markets for the past 25 years, holding positions with Salomon Smith Barney Inc., Citigroup Inc. and HSBC, focusing on capital raising, portfolio management and corporate advice. Throughout his career, Mr Laufmann has advised and funded several ASX resource companies from early-stage venture capital, through to IPO, and development. Previously Mr Laufmann was a non-executive director at Canadian listed company NxGold Ltd, which held assets in WA and North America and was a member of its Audit Committee. Mr Laufmann is a member of the Risk Committee and the Nomination and Remuneration Committee and is Chairman of the Investment Committee.
Mr T. W. Shackleton BSc, Grad Dip HSM, GAICD Non-executive Director	Mr Shackleton was appointed to the Board in June 2020. He has extensive experience as an executive and non-executive director in the public, private and non-government health sectors in WA. Prior to February 2025, Mr Shackleton was Chief Executive Officer (CEO) of Rural Health West, which is a non-government organisation dedicated to improving access to health care for people in rural and remote regions of WA. His other experience includes CEO of the Royal Flying Doctor Service WA, Regional Director for Health in the Pilbara, Gascoyne and Wheatbelt Regions, General Manager of the Murchison Health Service and Executive Director of the Asthma Foundation of WA. In 2011, Mr Shackleton also established health consultancy firm Virtual Health, which he operated successfully until joining Rural Health West in 2016. In addition to his executive experience, Mr Shackleton has a strong background in board directorship. Previous appointments include Chair of the Western Australian Regional Development Council, Chair of the Wheatbelt Development Commission and Chair of WA General Practice Education and Training Pty Ltd. In addition to his position on the Board of HIF, Mr Shackleton is currently Chair of the Western Australian Pastoral Lands Board and Non-Executive Director of the Royal Flying Doctor Service WA. Mr Shackleton has a bachelor's degree in Human Movement and a Post Graduate Diploma in Health Service Administration. Mr Shackleton is a member of the Audit Committee and the Investment Committee.

The Directors, except for Ms Garvey held office during the whole of the year ended 30 June 2025.



Company Secretary

Ms K. L. J. Garvey held the position of Company Secretary of the Company at 30 June 2025, following her initial appointment on 24 August 2016. Ms Garvey has been appointed to the Board as a Non-Executive Director, effective 1 July 2025, and will continue to serve as Company Secretary. Further details of Ms Garvey's qualifications and experience are provided in the "Information about the Directors" section of this Report.

Principal Activities

The principal activity of the Company is the provision, as an underwriter, of private health insurance in Australia by operating as a registered private health insurer in accordance with the *Private Health Insurance Act 2007* (Cth) (**Act**). Private health insurance provided by the Company includes coverage for Australian citizens and permanent residents who are entitled to Medicare benefits under Complying Health Insurance Products (**CHIP**) for:

- Hospital treatment – inpatient, day patient and in-the-home services.
- General treatment (**extras**) – ancillary health services (including dental, optical, physiotherapy and chiropractic).

Collectively, these categories of health insurance are health insurance business as this term is defined in the Act or in the rules referred to in the Act.

The Company provides, as an underwriter, non-CHIP private health insurance, including hospital treatment and/or general treatment, to overseas visitors who temporarily reside in Australia, including Temporary Skill Shortage visa holders (health related business). The Company also provides travel insurance under an agency agreement with a third-party underwriter.

The Company's principal activities include providing present and future contributors (as that term is defined in the Company's constitution) to the fund operated by the Company and their dependents (**Members**) access to a wide range of competitively priced healthcare treatments and services that are intended to be used to support healthy lives and lifestyles.

Objectives

The Company's purpose is to help present and future Members lead healthy lives by:

- Providing them choice and access to relevant and high-quality healthcare facilities, providers, treatments and services.
- Informing them about their health cover and relevant healthcare issues.
- Providing them attractive benefits and rebates.
- Keeping their premiums affordable and valuable.
- Providing them the highest standards of service.

The Company's objectives involve:

- Acquiring financial and non-financial benefits to increase value for Members.
- Gaining greater prominence, relevance and reputation amongst Members, consumers, government, regulators and other stakeholders in the community.
- Building confidence with Members to increase their loyalty.
- Growing long term relationships with key healthcare providers and other stakeholders.



The Company leverages its membership of stakeholder groups, including the Australian Health Services Alliance Ltd for purchasing medical services and access to 270 private hospitals, 247 private day surgeries and a limited number of general treatment benefits, and HAMB Systems Ltd for core insurance application services and related electronic and digital information, technology and communications solutions.

The Company's vision is to create lasting relationships with Members through confidence, by providing them value that matters to them.

To support its purpose and vision, the Company believes in its core values of Community, Member Value and Affordability, Integrity, Member for Life and Accountability.

Performance Measures

The Company measures its performance in many ways, including by measuring, monitoring and analysing:

- Size, distribution and composition of its Member base.
- Member loyalty, effort, experience and satisfaction.
- How motivated Members are to recommend the Company and its products and services.
- Member acquisition and retention and the related costs.
- Cost and effort to serve Members.
- Premium revenue, claim benefit outlays and out-of-pockets.
- Capital adequacy and solvency strength.
- Efficiency and effectiveness of financial and non-financial resources.
- Staff engagement, culture and risk culture.
- Income from investments and other activities.

Risk management

The Company also measures its performance by monitoring its governance and risk management frameworks and its ability, using capital and the gearing of its operational resources, to support the Company's strategy and key objectives for performance and development whilst building financial resilience and sustainability.

Financial Results

Profit

The consolidated profit for the year ended 30 June 2025 was \$14.7 million compared to \$14.4 million in 2024. Insurance revenue for the year was \$184.7 million compared to \$184.2 million in 2024, an increase of 0.3%.

The increase in profit for the year reflects an increase in investment income less a reduction in the insurance service result.

Comprehensive income

Total comprehensive income for the year was \$14.7 million compared to \$14.4 million in 2024. This year, the Directors of the Company adopted the Directors' estimate of fair value at 30 June 2025 of the carrying values of its commercial properties.

Claims incurred and underwriting

Net claims incurred was \$151.7 million compared to \$148.3 million in 2024, an increase of 2.3%. Underlying this year's net claims incurred, of which 69.7% is hospital treatment policies related, was a 4.3% decrease in the number of hospital claims assessed, and a 2.6% decrease in the number of medical claims assessed. The decrease in hospital and medical claims assessed was due to lower utilisation rates. Extras claims assessed in 2025 increased slightly by 0.7% compared to the prior year.

The Company spent 82.1% of this year's premium revenue on net claims incurred compared to 80.5% in 2024.

Investment income and fair value gains / (losses)

Investment income for the year in 2025 amounted to \$5.1 million compared to \$7.9 million in 2024, a decrease of 35.0%. This decrease is attributed to investment fund distributions totalling \$1.4 million and interest income of \$3.7 million. Interest income remained steady in 2025, underpinned by an average cash rate of 4.2%, marginally lower than 4.3% in 2024.

The fair value (unrealised) gains on financial assets (i.e. the investment portfolio) at fair value was \$6.5 million compared to a (unrealised) gain of \$0.3 million in 2024. Investment markets have performed well, particularly equities, with the Australian All Ordinaries Index increasing 9.5% during the year and similarly strong returns in global equity markets.

Overheads

Total overheads for the year were \$30.5 million (16.5% of premium revenue) compared to \$30.2million (16.4% of premium revenue) in 2024. The increase in overhead costs during the year was mainly attributable to a \$0.5 million increase in insurance service attributable expenses, partially offset by a \$0.2 million decrease in other operating expenses.

Insurance service attributable expenses increased from 13.6% of premium revenue in 2024 to 13.8% in 2025 mainly due to the allocation of increased information technology and marketing costs.

Other operating expenses for the year were \$5.0 million compared to \$5.2 million in 2024. The decrease includes a \$0.1 million reduction in employee benefits expense.

Capital management

The Company's capital management framework includes a capital management policy, an internal capital adequacy assessment process (**ICAAP**) summary statement and a pricing philosophy. Together they guide management's practices to ensure that the Company has enough capital to support the risks it undertakes and to meet its liabilities, including in the event of adverse circumstances.

The purpose of the ICAAP is to outline the processes the Company has in place to assess and manage its financial capital needs on an ongoing basis and to ensure an adequate level of capital is maintained to meet Member obligations, business needs and other requirements.

The pricing philosophy establishes target gross and net margins that must be considered when making decisions affecting the prices of policies. Consideration of the target net margins in pricing decisions helps the Company's management and Board fulfil the obligation to hold adequate economic capital.

The Company's investment policy contains investment rules and guidelines to ensure the appropriate investment of the Company's financial and non-financial assets and that investments align with the Board's risk appetite.

The Company's prudential capital is 3.2 times the Australian Prudential Regulation Authority's (**APRA**) minimum requirement.

Risk management

The Company's risk management capability is supported by the operation of a risk management framework that among other uses, allows the Board to monitor on an ongoing basis the Company's exposure to the key risks identified by the Board and the effectiveness of risk management processes and practices of management.



Review of Operations

Member growth

The Member base covered by CHIP's decreased by 1.4% compared to a decrease of 2.8% in 2024 and 2.2% net growth in the industry for 2025. Overseas visitor Members declined by 16.9% in 2025 compared to a decrease of 11.3% in 2024 reflecting the competitiveness of the overseas visitor market. The proportion of the total Member base from non-traditional markets (states/territories other than Western Australia) remained at 40% for 30 June 2025.

The Board expects net industry growth to remain subdued, driven by ongoing affordability pressures for lower and middle income earners amid other cost of living pressures and the limited effectiveness of incentives aimed at encouraging young Australians to take up private health insurance.

The Board considers its growth prospects in the short to medium term will be slightly positive, reflecting its strategy to improve Member confidence and resulting retention and its resonance with consumers looking for choice and access with an ethical insurer.

Affordability

The Minister for Health and Aged Care approved, for deployment on 1 April 2025, a weighted average 1.91% increase to Members' premiums. This represents the lowest increase across all Australian private health insurers for the year. By comparison, the industry-wide average premium increase was 3.73%, marking the highest level since 2018. The Company's small increase reflects its ongoing commitment to delivering value to Members and maintaining affordability, while ensuring long-term financial sustainability.

The Board considers part of the solution to addressing affordability is for the government to address Prescribed List reforms and low value care, public hospitals charging patients with private health insurance and to restore the 30% rebate for low and middle income earners. Without a positive change in government policy towards funding arrangements for private health insurance, the rebate which is now below 25%, will continue to be eroded.

Choice and convenience

The Company's strong stance on choice aligns with the understood consumer preference for them to remain in control when it comes to choosing their health cover and their service provider. This means that Members retain the freedom to choose any level of hospital and/or extras cover from the Company's generous range of covers and go to their family health provider without being financially disadvantaged.

Personalised service and convenience

The Company's priority is to develop its culture, people and processes to ensure Members get access to service-delivery from friendly, qualified, skilled and experienced staff when and in the form they want it. The Company remains focussed on building a Member experience model that provides access to relevant and smart digital transaction processing and communication solutions, including self-service options. The Company believes that its Members will benefit from cost savings resulting in a higher allocation of available reserves for increased benefits and more affordable premiums.

Investments

Investments continued to perform well throughout the year. Returns from fixed interest funds and term deposits increased, despite two 25 basis point reductions to the official cash rate by the Reserve Bank in February and May 2025, ending the year at 3.85%. Income from investments of \$5.1 million in 2025 decreased by \$2.8 million from 2024, which included \$1.4 million in distributions from managed funds. The Company recorded a \$6.5 million fair value (unrealised) gain on financial assets at fair value in 2025, compared to an (unrealised) gain on financial assets at fair value of \$0.3 million in 2024.

The investment portfolio (excluding cash and cash equivalents) increased from \$136.8 million at 30 June 2024 to \$152.5 million at 30 June 2025, an increase of 11.5% for the year which included an increase in bank term deposits of \$7.7 million. The term deposit increase combined with an increase of \$1.0 million in Cash and cash equivalents, was drawn from operating surpluses.

Property

The Company leases out one floor of the Company's head office premises at 100 Stirling Street under a commercial tenancy. All other floors are occupied by the Company.

The Company owns an investment property at 60 - 62 Stirling Street, Perth to earn commercial property rent. This property was fully tenanted for the year ended 30 June 2025.

Other Developments

Digital and Technology

The Company has embarked on a Digital Strategy which includes enhancements to its foundational core infrastructure. The enhancements will aid in the delivery of member experiences that are intelligent, intuitive and value adding, and accelerate our data strategy. This has been done in line with ethical aspirations and in the spirit of simplicity and providing choice and access.

Products

Significant progress has been made in improving the product suite available to Members. These enhancements support simplification as well as increasing choice and access.

Code of conduct

The Company subscribes to the Australian private health insurance industry's peak representative body, Private Healthcare Australia (**PHA**). The Company subscribes to and complies with the PHA's Code of Conduct (**Code**) which is audited regularly. The Company remains compliant with the Code.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2025.

Significant Matters or Circumstances after 30 June 2025

No other matters or circumstances have arisen since 30 June 2025 which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

Environmental Regulations

The Company's operations are not subject to any environmental regulation under a law of the Commonwealth or of a State or Territory.

The Company is certified NoCO₂ by the Carbon Reduction Institute Pty Ltd. Certification confirms the Company's financial contribution, by purchasing carbon offsets, towards reducing carbon emissions.

Indemnification of Officers and Auditors

During the year ended 30 June 2025, the Company paid a premium in respect of a contract insuring the Directors, Secretary and all Executive Officers of the Company and of any related body corporate of the Company against a liability incurred as such by a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its Auditor, Deloitte Touche Tohmatsu (**Deloitte**), as part of the terms of its audit engagement agreement (**Engagement**) against certain claims by third parties arising from the audit work as that term is defined in the Engagement (for an unspecified amount). No payment has been made to indemnify Deloitte during or since the financial year ended 30 June 2025.

The Company has not, during or since the financial year ended 30 June 2025, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred by such an Officer or Auditor.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees established by the Directors) held during the year ended 30 June 2025 and the number of meetings attended by each Director (including committee meetings attended by them as committee members). During the year ended 30 June 2025, eleven Board meetings, two Audit Committee meetings, five Risk Committee meetings, five Nomination and Remuneration Committee meetings and four Investment Committee meetings were held.

Directors	Board of Directors		Audit Committee		Risk Committee		Nomination and Remuneration Committee		Investment Committee	
	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.
Ms S. V. Blake	11	10	2	2	5	5	-	-	-	-
Mr P. L. Hersey	11	11	2	2	-	-	5	5	4	3
Mr R. Homsany	11	11	2	2	5	4	5	5	4	4
Mr K. B. Laufmann	11	10	-	-	5	5	5	5	4	4
Mr T. W. Shackleton	11	11	2	1	-	-	-	-	3	2

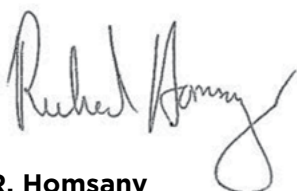
Ent. Att. – Entitled to attend.

Att. – Attended

Auditor's Independence Declaration to the Directors of Health Insurance Fund of Australia Limited

The Company has obtained an independence declaration from the Auditor, Deloitte, which is set out on the following page and forms part of this Directors' report for the year ended 30 June 2025.

Signed in accordance with a resolution of the Directors.



R. Homsany
Chairman

Perth, 24 September 2025

24 September 2025

The Board of Directors
Health Insurance Fund of Australia Limited
100 Stirling St
PERTH WA 6000

Dear Board Members

Auditor's Independence Declaration to Health Insurance Fund of Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Health Insurance Fund of Australia Limited.

As lead audit partner for the audit of the financial report of to Health Insurance Fund of Australia Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Gaudreault
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2025

		2025	2024
	Note	\$	\$
Insurance revenue	5	184,738,707	184,190,821
Insurance service expenses	9	(177,213,788)	(173,340,228)
Insurance service result		7,524,919	10,850,593
Investment income	6	5,117,405	7,870,528
Net income from financial instruments at FVTPL	7	6,543,097	326,809
Net investment income		11,660,502	8,197,337
Net insurance and investment result		19,185,421	19,047,930
Other income	8	554,885	522,536
Other operating expenses	10	(5,008,446)	(5,202,359)
Profit before income tax		14,731,860	14,368,107
Income tax expense	11	-	-
PROFIT AFTER INCOME TAX		14,731,860	14,368,107
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,731,860	14,368,107

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2025

	Note	2025	2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	12	19,700,730	18,750,388
Trade and other receivables	13	2,240,354	2,352,149
Other financial assets	14	65,810,105	58,094,453
		87,751,189	79,196,990
Non-current assets			
Other financial assets	14	86,695,641	78,727,162
Property, plant and equipment	15	12,894,546	13,102,499
Investment property	16	4,715,170	4,731,188
		104,305,357	96,560,849
Total assets		192,056,546	175,757,839
LIABILITIES			
Current liabilities			
Trade and other payables	17	2,366,427	1,942,495
Insurance contract liabilities	18	45,582,795	44,491,247
Provisions	19	1,938,262	1,808,440
		49,887,484	48,242,182
Non-current liabilities			
Provisions	19	266,394	344,849
		266,394	344,849
Total liabilities		50,153,878	48,587,031
Net assets		141,902,668	127,170,808
EQUITY			
Reserves attributable to the entity's members			
Reserves	20	1,384,969	1,384,969
Retained earnings		140,517,699	125,785,839
Total equity		141,902,668	127,170,808

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

Consolidated statement of changes in equity

For the year ended 30 June 2025

	Revaluation reserve	Retained earnings	Total
	\$	\$	\$
At 1 July 2023	1,384,969	111,417,732	112,802,701
Profit for the year	-	14,368,107	14,368,107
Total comprehensive income for the year	-	14,368,107	14,368,107
At 30 June 2024	1,384,969	125,785,839	127,170,808
Profit for the year	-	14,731,860	14,731,860
Total comprehensive income for the year	-	14,731,860	14,731,860
At 30 June 2025	1,384,969	140,517,699	141,902,668

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

Consolidated statement of cash flows

For the year ended 30 June 2025

	Note	2025	2024
		\$	\$
Cash flows from operating activities			
Premiums received		184,823,403	183,503,789
Interest and unit distributions received		4,985,285	7,853,173
Other income received		1,328,273	1,175,016
Rent received		523,519	499,932
Claims and other insurance service expenses paid		(177,080,745)	(176,232,596)
Interest and other finance payments		(404,582)	(405,492)
Other operating payments		(3,752,779)	(5,023,552)
<i>Net cash from operating activities</i>	21	10,422,374	11,370,270
Cash flows from investing activities			
Payments to acquire financial assets		(20,341,034)	(20,693,278)
Proceeds on sale of financial assets		11,200,000	15,996,823
Purchases of property, plant and equipment		(439,180)	(370,528)
Proceeds from disposal of property, plant and equipment		108,182	44,364
<i>Net cash used in investing activities</i>		(9,472,032)	(5,022,619)
<i>Net cash flows from financing activities</i>		-	-
Net increase in cash and cash equivalents		950,342	6,347,651
Cash and cash equivalents at beginning of year		18,750,388	12,402,737
Cash and cash equivalents at end of year	12	19,700,730	18,750,388

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

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies

a) General information

Health Insurance Fund of Australia Limited ('the Company') is a company limited by guarantee incorporated in Australia. The address of its registered office and principal place of business is disclosed in the corporate information on page 37. The principal activities of the Company and its subsidiary ('the Group') are described in the Directors' Report on page 41.

b) Application of new and revised Australian Accounting Standards

b.1) New and amended Accounting Standards that are effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and are effective for the current financial reporting period beginning 1 July 2024.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

The impact of the adoption of these Standards and Interpretations did not have a significant impact on the Group's financial statements.

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ending 30 June 2025. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Group:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026	30 June 2027
• AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026	30 June 2027
• AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	30 June 2028

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

b) Application of new and revised Australian Accounting Standards (continued)

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 Presentation and Disclosure in Financial Statements, which will replace AASB 101 Presentation of Financial Statements. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted.

AASB 18 focuses on improving the presentation of financial performance, particularly in the income statement, and introduces new disclosure requirements, including management-defined performance measures. It does not change the recognition or measurement of financial elements.

The Group has not early adopted AASB 18 and is assessing its impact. While the new standard is expected to change how financial performance is presented, it is not anticipated to materially affect the Group's net results or financial position. The Group will apply AASB 18 from its reporting period beginning 1 July 2027 (financial year ending 30 June 2028) and will ensure compliance with all presentation and disclosure requirements.

c) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* (Cth), Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a not-for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 24 September 2025.

d) Basis of preparation

The consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and requirements of the Australian Prudential Regulation Authority (APRA).

These financial statements have been prepared on a historical cost basis, except for land and buildings, investment property and financial assets at fair value through profit and loss, which have been measured at fair value, as explained in the accounting policies below.

All amounts are presented in Australian dollars, which is the Group's functional currency, unless otherwise noted.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

f) Insurance contracts

Insurance revenue

Insurance revenue is measured under the premium allocation approach (PAA). The PAA is applied because the coverage period of the contracts is one year or less.

(i) Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- the date when a group of contracts becomes onerous.

On initial recognition, the Group measures the liability for remaining coverage (LRC) at the amount of premiums received in cash. Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

For groups of contracts accounted for under the PAA and that have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group has applied this option.

(ii) Discount rates

The Group has determined that there is no significant financing component in the insurance contracts and therefore does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

f) Insurance contracts (continued)

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. However, the Group has reviewed all contracts and determined that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together. Each portfolio is sub-divided into groups of contracts being the level of aggregation to which the recognition and measurement requirements of AASB 17 are applied. At initial recognition, the Group segregates contracts based on when they were issued. A group contains all contracts that were issued within a 12-month period. Each group is then further disaggregated into three groups of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

(iv) Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows expected to arise within the boundary of each of the contracts in the group.

The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- the boundary assessment is performed at a portfolio rather than individual contract level, in which case there are two criteria that both need to be satisfied. The Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders and the Group's pricing must not take into account any risks beyond the next reassessment date.

(v) Onerous contracts

If a group of contracts is onerous, the Group recognises a loss on initial recognition, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

Subsequently, if facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

f) Insurance contracts (continued)

Insurance service expense

Insurance service expense arising from insurance contracts issued comprises:

- changes in the liability for incurred claims (LIC) related to claims and expenses incurred in the period excluding repayment of investment components;
- changes in the LIC related to claims and expenses incurred in prior periods; and
- other directly attributable expenses incurred in the period.

Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses.

g) Risk Equalisation Special Account levies / recoveries

Under the provisions of the *Private Health Insurance Act 2007* (Cth), all health insurers must participate in the Risk Equalisation Special Account (RESA). The RESA shares a proportion of the hospital claims of all persons aged 55 years and over and those persons with claims in excess of \$50,000 in the current and preceding three quarters, amongst all health insurers based upon the number of policy holders. Individual health insurers are required to pay in to the RESA or receive a payment from the RESA for the difference between their proportional share and their actual claims paid.

The amounts payable to and receivable from the Risk Equalisation Special Account are determined by APRA after the end of each quarter. Estimated provisions for amounts payable and income receivable are recognised on an accrual basis and included in the consolidated statement of financial position as part of insurance contract liabilities.

h) Other revenue

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Commission income

Commission income from referrals to third party pet and travel insurers is recognised when received.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

i) Financial assets at fair value through profit or loss

(i) Financial assets backing health insurance liabilities

Assets backing health insurance liabilities are segregated from other assets.

Financial assets are held to back health insurance liabilities on the basis that these assets are valued at fair value in the consolidated statement of financial position, and consist of liquid and high quality investments such as cash and fixed income securities.

The management of financial assets and health insurance liabilities are closely monitored to ensure that investments are appropriate, given the expected pattern of future cash flows arising from health insurance liabilities.

Financial assets backing health insurance liabilities are designated at fair value through profit or loss. Initial recognition is at cost and subsequent measurement is at fair value in the consolidated statement of financial position with any resultant unrealised profits and losses recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) Determination of fair value

Fair value for the various types of financial assets is determined as follows:

- (a) Cash and term deposits - at face value of the amounts deposited;
- (b) Unlisted securities - based on redemption value per unit as reported by the fund managers using valuation techniques.

Such valuation techniques include the use of recent arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(iii) Recognition and de-recognition

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the Group commits to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership.

j) Impairment of financial assets

The Group assesses at each consolidated statement of financial position date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

k) Property, plant and equipment

Property, plant and equipment, excluding buildings and freehold land, are depreciated over their estimated useful lives using the reducing balance and straight line methods. Buildings are depreciated on a straight line basis to write off the net cost or revalued amount over their expected useful lives. Depreciation rates are as follows:

Freehold buildings	2.5%
Office furniture and equipment	5.0% - 33.3%
Motor vehicles	20.0%

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Buildings and freehold land are valued using the revaluation model whereby measurement subsequent to initial recognition is at fair value at the date of the latest revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

Every third year the valuations are based on external property valuation reports. In the intervening years, valuations are based on management estimates. All properties are valued simultaneously.

When a revaluation increases the carrying value of a property, the increase is credited directly to equity under the heading of revaluation reserve. However, an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of profit or loss and other comprehensive income.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the consolidated statement of profit or loss and other comprehensive income. However, any decrease is debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Any remaining balance on the revaluation reserve is credited to retained earnings when the corresponding property is de-recognised.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

l) Cash and cash equivalents

Cash and short term deposits comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

m) Receivables

Trade receivables, which generally have 15-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts or expected credit losses is made when there is objective evidence that the entity will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of doubtful debts. Bad debts are written off when identified.

n) Taxation

(i) Income tax

In accordance with Section 50 - 30 of the *Income Tax Assessment Act 1997* (Cth), the income of the Company is exempt from income tax. The profit of the controlled entity, which is included in the consolidated statements of the Group, has been determined after providing for taxation expense at 30% of the controlled entity's pre-tax operating profit, adjusted for exempt income and non-deductible expenses.

(ii) Deferred tax

Deferred tax is provided in full, using the statement of financial position approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes attributable to amounts recognised directly in equity are recognised in equity.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables and payables.

Cash flows are included in the statement of cash flows on a gross basis.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Any resultant write-down is recognised as an expense in the reporting period in which it occurs, unless the asset had previously been revalued, in which case the previous revaluation is written back with any excess being expensed.

The recoverable amount is the higher of an asset's fair value, less direct selling costs, and its value in use. In assessing the value-in-use of assets, the relevant cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or company of assets.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable operational cash flows (cash generating units).

p) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Payables generally have 15 - 30 day terms.

q) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave and they are measured at their nominal value, except the liability for long service leave which is measured as the present value of the expected payments to be made in respect of services provided by employees up to the reporting date.

Liabilities arising in respect of wages and salaries, annual leave, personal leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the consolidated financial statements

For the year ended 30 June 2025

1 Background information and material accounting policies (continued)

r) Leasing

(i) The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group has determined that it does not have any contracts where the Group is a lessee.

(ii) The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

s) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Level of aggregation

The Group applies judgment when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

Notes to the consolidated financial statements

For the year ended 30 June 2025

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

a) Critical judgements in applying the Group's accounting policies (continued)

Assessment of directly attributable cash flows

The Group applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates to the fulfilment cash flows, fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

Discount rates

The Group has adopted the PAA method where the contract boundary and related cashflows are expected to be one year or less. The Group's claims profile is short-tailed with claim payments in excess of 12 months being immaterial. Therefore, the Group has elected not to apply discounting.

b) Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Risk Adjustment for non-financial risk

The risk adjustment for the non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk and reflects the degree of the Group's risk aversion. The Group determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Group has set the risk adjustment equal to the bottom of the net margin target range set out in the Group's pricing philosophy of 1% (2024:1%).

Liability for incurred claims

Actuarial estimates are obtained after analysis of past claims experience. From these analyses, models of the claim payment process can be established and used to project future payments on claims outstanding at the balance date.

The estimates of outstanding claims obtained in this manner are estimates in the sense that there is a degree of uncertainty as to the difference which will ultimately arise between the estimates and the final result of the experience. This uncertainty arises from four sources:

- (i) the nature of the claims process is not fully understood, it might be that none of the valuation models used is an entirely accurate representation of reality;
- (ii) there are components of randomness in the claims process, it is not possible to estimate the parameters of that process with complete precision even if complete confidence were felt in the nature of the model;
- (iii) any erroneous data will similarly have introduced uncertainties into the estimates of those parameters;
- (iv) even if the parameters could be estimated with precision, it would not be possible to predict outstanding claims with the same precision because of the random component in future experience.

Notes to the consolidated financial statements

For the year ended 30 June 2025

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

Errors associated with (ii) and (iv) can be quantified in a formal way (estimation and statistical errors). However a large part of the uncertainty is associated with (i) (model specification error), and it is not possible to quantify this component.

The investigation and application of different models to the data is intended to reduce the model specification error, although the extent to which this is achieved is unknown.

The initial estimates obtained from the calculations are central estimates in the sense that they incorporate no deliberate bias towards over or under estimation. By definition, the estimates are intended to have about an even chance of ultimately turning out to be sufficient.

The nature of health insurance claims is such that the actual value of the liabilities is unknown because claims experience is subject to random fluctuations. The amount of the claim liability cannot be estimated with certainty. Also it is very difficult to determine the central estimate with a reasonable degree of precision. For this reason the inherent uncertainty in the central estimate must also be considered.

3 Underwriting risk

a) Actuarial methods and assumptions

Claims estimates for the health insurance classes are derived from an analysis of two different actuarial models. Ultimate number of claims incurred are projected based on changes in claimant behaviour over time and past reporting patterns. Payments experience is analysed based on trends in ultimate incurred by month and paid chain ladder. The resulting projected payments from these models are used to determine the final estimate of outstanding claims. The analysis and projection work is done for three valuation categories i.e. hospital, medical and general and consolidated into two health insurance classes, i.e. hospital including medical and general. The exposure period is month of service.

(i) Assumptions

	2025	2024
Weighted average expected term to settlement	Months	Months
Gross central estimate	1.57	1.65
Risk equalisation recoveries	1.51	1.58
Net central estimate	1.57	1.65
	Percent	Percent
Claims handling expense rate	2.00%	2.00%
Risk adjustment LIC	4.00%	4.00%

Notes to the consolidated financial statements

For the year ended 30 June 2025

3 Underwriting risk (continued)

(ii) Processes used to determine assumptions

Average weighted term to settlement

The average term to settlement is calculated separately by class of business based on historic payment patterns.

Future claim reports (IBNR)

Future claim reports are analysed using the ratio of late reported claims to reported claims over future development periods.

Expense rate

Claims handling expenses were calculated by analysis of the Group's actual expenses from profit or loss statements over the last 12 months.

Risk adjustment LIC

The risk adjustment recognised in relation to the LIC corresponds to a confidence level of 75% (2024: 75%).

Onerous Contracts

The risk adjustment for onerous contracts is equal to the bottom of the net margin target range set out in the Group's pricing philosophy which corresponds to a confidence level of at least 60%.

b) Contract boundary

A contract boundary of 90 days has been chosen which represents the expected response time the Group would require to make an operational change and provide notice to policyholders of the detrimental change.

c) Onerous contracts

Onerous contracts testing is done at the product level which is consistent with other reporting for management purposes.

d) Concentration risk

The Group underwrites one class of business being health insurance. Geographical concentrations are detailed in note 5.

e) Sensitivity analysis - insurance contracts

The Group conducts sensitivity analyses to quantify the exposure risk of changes in the key underlying variables and assumptions, as described above. The movement in any key variable will impact the performance and equity of the Group.

The following table details the impact of changes in key assumptions on the Group's profit and loss and equity both gross and net of risk equalisation. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

Notes to the consolidated financial statements

For the year ended 30 June 2025

3 Underwriting risk (continued)**e) Sensitivity analysis - insurance contracts (continued)**

Variable	Impact of movement in variable
Average weighted term to settlement	Does not directly affect the insurance liabilities.
Adopted reporting rates	Used to determine the level of claims IBNR. An increase or decrease in lodgements has a corresponding impact on claims expense.
Incurred cost in latest two service months	A change in the ultimate claims cost incurred for the most recent two service months will have a disproportionate impact on the outstanding claims amount due to the claim payments made to date.
Sufficiency margin	An increase or decrease in the coefficient of variation has a corresponding impact on the risk adjustment LIC and hence on the actuarial provision.
Claims handling expenses	An increase or decrease in the expense rate assumption has a corresponding impact on claims expense.

Impact of changes in key variables

		Increase / (decrease) in profit and equity (\$)			
		2025		2024	
Variable	Movement in variable	Gross of risk equalisation	Net of risk equalisation	Gross of risk equalisation	Net of risk equalisation
Adopted reporting rates	1% decrease	83,589	88,158	156,824	168,237
	1% increase	(83,443)	(88,003)	(156,322)	(167,696)
Incurred cost in latest two service months	1% decrease	269,025	280,148	255,819	269,809
	1% increase	(269,025)	(280,148)	(255,819)	(269,809)
Sufficiency margin	1% decrease	159,180	167,844	132,943	142,534
	1% increase	(159,180)	(167,844)	(132,943)	(142,534)
Claims handling expenses	1% decrease	162,301	162,301	135,549	135,549
	1% increase	(162,301)	(162,301)	(135,549)	(135,549)

Notes to the consolidated financial statements

For the year ended 30 June 2025

4 Risk management

The Company's financial condition and operating activities are affected by several key financial and non-financial risks. Financial risks include capital and liquidity risk, investment risk and insurance risk. Non-financial risks include strategic and operational risks. The Company's approach to managing these financial and non-financial risks are set out in this note.

a) Corporate governance framework

The Board of the Company is responsible for corporate governance. The Board determines the Company's overall risk appetite and approves the management strategies, policies and practices to ensure that material business risks, including compliance risks, are identified and managed within the context of this appetite.

Audit Committee

The Audit Committee is a sub-committee of the Board. The Audit Committee assists the Board in fulfilling its accounting, auditing and financial reporting responsibilities by providing an objective non-executive review of the effectiveness of the Company's internal control, financial reporting and risk management framework (RMF) and compliance with APRA's Prudential Standard HPS 310 Audit and Related Matters. The Audit Committee's responsibilities include: overseeing and reviewing the integrity of the Company's external financial reporting, professional accounting and financial statements and the overall policy direction of the audit function; overseeing the external audit, internal audit and appointed actuary functions including providing prior endorsement of and recommendations to the Board on the appointment and removal of the external auditor, Head of Internal Audit and Appointed Actuary; overseeing and reviewing systems to ensure effective management of financial and non-financial risks; and ensuring the Company maintains policies and procedures for employees to submit confidentially, information about accounting, internal controls, compliance and audit, and other matters employees are concerned about including ensuring that employees are aware of these policies and dealing with the matters raised by employees under these policies.

Risk Committee

The Risk Committee is a sub-committee of the Board. The Risk Committee assists the Board in fulfilling its responsibilities by providing an objective non-executive oversight of the implementation and operation of the Company's RMF, compliance with APRA's Prudential Standard CPS 220 Risk Management (CPS 220) and to ensure that financial and non-financial risks are clearly identified and well managed.

The Risk Committee is responsible for:

- (i) the overall policy direction of the Company's Risk and Compliance functions and the extent to which the risk culture supports the Company's ability to operate consistently within its risk appetite;
- (ii) overseeing the implementation and operation of the RMF and internal compliance and control systems to ensure effective management of financial and non-financial risks;
- (iii) advising the Board on the Company's overall current and future risk appetite and overseeing the Company's current and future risk position relative to its risk appetite and capital strength;
- (iv) advising the Board on the Company's overall current and future risk management strategy (RMS) and overseeing Executive Management's implementation of this strategy, including monitoring and managing the Company's risks, consistent with strategic objectives, risk appetite statement (RAS) and key policies;

Notes to the consolidated financial statements

For the year ended 30 June 2025

4 Risk management (continued)

a) Corporate governance framework (continued)

Risk Committee (continued)

- (v) evaluating the Company's exposure to fraud and reviewing reports on any major frauds;
- (vi) monitoring the appropriateness of the internal control framework and ensuring that where any major deficiencies or breakdown in controls or procedures are identified, appropriate and prompt action is taken by Executive Management; and
- (vii) monitoring the compliance framework including systems, policies and strategies, to ensure consistency with legal requirements and Company policies.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a sub-committee of the Board. The Nomination and Remuneration Committee assists the Board in fulfilling its corporate governance responsibilities by overseeing Board renewal, director nomination, independence, performance assessment and remuneration processes. The Nomination and Remuneration Committee is responsible for providing advice and making recommendations to the Board on the Board's corporate governance responsibilities and obligations in relation to and overseeing and administering the processes for director nomination, independence, performance, remuneration and benefits; the adequacy and collective capabilities of the Board, the CEO and the key executives to effectively and prudently govern, lead, manage and operate the Company's business; and the Committee's and each non-executive director's ability to properly fulfil their responsibilities and duties to the Board and the Company.

Investment Committee

The Investment Committee is a sub-committee of the Board. The Investment Committee's role is to assist and advise the Board in relation to the Company's capital and investment related matters including overseeing the implementation and monitoring of the effectiveness of the Company's Investment Policy and Investment Strategy; monitoring and reviewing on the Board's behalf the effectiveness of the investment policies and processes of the Company in achieving an optimum return relative to the Board's risk appetite; authorising investment decisions where those powers have been delegated by the Board; and monitoring legislative compliance and informing the Board in relation to the solvency and capital adequacy implications of investment decisions.

Board

The Board is responsible for the corporate governance of the Company and is responsible for overseeing the sound and prudent management of the Company, including the Company's strategy overseeing financial performance and ensuring business sustainability. The Board is ultimately responsible for the Company's RMF in accordance with CPS 220 and oversees the operation by management of the RMF. The Board sets the Company's risk appetite and approves the Company's RAS and RMS. In fulfilling its role, the Board seeks to, amongst other things:

- (i) approve the Company's business plan and strategic plan, and oversee management's execution and delivery of those plans;
- (ii) promote and sustain a culture that is aware of, and manages, risk effectively and consistently within its risk appetite; and
- (iii) set and uphold high ethical standards and values that align with the Company's Code of Conduct.

Notes to the consolidated financial statements

For the year ended 30 June 2025

4 Risk management (continued)

b) Financial risks

Financial risk

Capital comprises the total equity as reflected in the statement of financial position. The Company operates within the regulatory environment established by the *Private Health Insurance Act 2007* (Cth) (the "Act"). The regulatory body for the private health insurance industry is APRA. The Company is subject to the capital adequacy standards applied by the Act and regulated by APRA. The Company is required to submit quarterly returns to APRA as well as an annual audited return that is used to establish whether the Company complies with the standards. The Company has exceeded the required capital adequacy reserves throughout the year.

The Company makes use of the financial condition report (FCR) prepared by its Appointed Actuary to inform the Board about decisions on capital management issues. The FCR is a medium term projection of the overall financial position of the business under a variety of economic and operating scenarios, allowing for new business. The FCR considers a number of key performance indicators in addition to solvency and capital requirements. The FCR enables the Company to assess a range of risks to which the business is exposed, their evolution over time, and the impact of the mitigating actions that might be taken.

Other tools the Company utilises to manage its capital requirements are the annual premium submission to the Department of Health, Disability Ageing, forecasts, the annual budget and monthly management accounts. The annual premium submission considers the financial impact of the Company's plans over the next two years and the impact on capital adequacy and solvency. The annual premium submission, which is reviewed by the Company's Appointed Actuary, is approved by the Minister for Health and Ageing.

With regards to liquidity risk management and investment risk management, including market risk and interest rate risk, refer to note 25.

Insurance risk

The Company's insurance activities primarily involve the underwriting of risks and claim management. The Company employs a disciplined approach to underwriting and risk management that emphasises maximising member benefits rather than a premium, volume or market share oriented approach.

(i) Risk management objectives and policies for mitigating insurance risk

Risk management activities include prudent underwriting, pricing, claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the Company's overall health insurance operations.

The key policies in place to mitigate risks arising from writing health insurance contracts include the following:

- (a) the maintenance and use of management information systems that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time;
- (b) the use of actuarial models based on historical data to calculate premiums and monitor claims patterns;
- (c) the mix of assets invested in is matched to the term of the insurance liabilities to maximise investment performance; and
- (d) the diversification of business over two classes of insurance and a large number of uncorrelated individual risks seeks to reduce variability in loss experience.

Notes to the consolidated financial statements

For the year ended 30 June 2025

4 Risk management (continued)

b) Financial risks (continued)

Insurance risk (continued)

(ii) Terms and conditions of health insurance business

The terms and conditions attached to health insurance contracts affect the level of insurance risk accepted by the Company. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

(iii) Concentration of insurance risk

The Company's exposure is concentrated in Western Australia where 60% of its policyholders reside. This concentration risk will change as the Company expands its business in other States and Territories.

(iv) Claims management and claims provisioning risks

The Company's approach to determining the liability for incurred claims is set out in note 3. The Company's Appointed Actuary determines the Company's insurance contract liabilities, that are reported at balance date, using an approved actuarial methodology.

Investment risk

With regards to investment risk management, including market risk and interest rate risk, refer to note 25.

c) Non-financial risks

The Company's material non-financial risks comprise of both strategic and operational risks. Strategic risks include brand and reputational risk; conduct risk and regulatory and compliance risk. Operational risks include cyber and information security risk; data governance risk; and technology risk.

The Board accepts a certain amount of risk in pursuit of the Company's strategic objectives and in achieving its vision of renewing community confidence. The Board will however only accept material business risks that have been carefully assessed and for which it has geared itself to accept, including through operating effective controls to avoid unwelcome risk, mitigating the likelihood of this risk occurring, and reducing the resulting impact of this risk.

Notes to the consolidated financial statements

For the year ended 30 June 2025

5 Insurance revenue

	Hospital tables	General tables	Total
	\$	\$	\$
Insurance revenue has been determined after including:			
2025 Insurance revenue			
Premiums received including Federal Government rebates under the premium allocation approach	127,561,618	57,117,280	184,678,898
+/- premiums in arrears	30,138	13,801	43,939
+/- unearned premium liability	86,288	(21,001)	65,287
+/- amount receivable from the Federal Government Rebate Incentives Scheme	(34,170)	(15,247)	(49,417)
Total insurance revenue	127,643,874	57,094,833	184,738,707

2024 Insurance revenue

Premiums received including Federal Government rebates under the premium allocation approach	127,008,727	56,280,264	183,288,991
+/- premiums in arrears	(28,001)	(13,930)	(41,931)
+/- unearned premium liability	782,080	369,397	1,151,477
+/- amount receivable from the Federal Government Rebate Incentives Scheme	(144,093)	(63,623)	(207,716)
Total insurance revenue	127,618,713	56,572,108	184,190,821

The Group assessed the disaggregation of the revenue by geographical region and type of policies. This is information regularly reviewed by the Board to evaluate the financial performance of the Group. The Group's revenue from external customers by geographical location and type of policy are detailed below.

	2025	2024
Geographical region	\$	\$
Australian Capital Territory	1,294,941	1,254,935
New South Wales	17,632,405	17,800,570
Northern Territory	247,963	257,745
Queensland	16,203,415	16,465,303
South Australia	4,575,583	4,520,845
Tasmania	966,287	992,152
Victoria	27,185,903	27,679,796
Western Australia	116,632,210	115,219,475
	184,738,707	184,190,821

Notes to the consolidated financial statements

For the year ended 30 June 2025

5 Insurance revenue (continued)

	2025	2024
	\$	\$
Type of policy		
Complying health insurance products	183,266,515	182,403,774
Overseas visitor cover	1,472,192	1,787,047
	184,738,707	184,190,821

6 Investment income

	2025	2024
	\$	\$
Interest income	3,691,813	3,432,886
Distribution income from unit trust investments	1,425,592	4,437,642
	5,117,405	7,870,528

7 Net income from financial instruments at FVTPL

	2025	2024
	\$	\$
Unrealised fair value gain	6,543,097	326,809

Fair value gains represent movements on equity and fixed interest unit trust investments.

8 Other income

	2025	2024
	\$	\$
Profit from sale of property, plant and equipment	37,618	16,799
Rental revenue	475,926	454,483
Other revenue	41,341	51,254
	554,885	522,536

Notes to the consolidated financial statements

For the year ended 30 June 2025

9 Insurance service expenses

	Current year	Prior years	Total
	\$	\$	\$
2025			
Gross claims incurred	154,930,870	(8,274,417)	146,656,453
Ambulance levies	507,349	-	507,349
Onerous contract expense	359,003	-	359,003
Risk equalisation expense	2,621,565	1,584,475	4,206,040
Net claims incurred	158,418,787	(6,689,942)	151,728,845
Attributable expenses	25,484,943	-	25,484,943
Insurance service expenses	183,903,730	(6,689,942)	177,213,788
2024			
Gross claims incurred	152,107,831	(9,947,330)	142,160,501
Ambulance levies	521,969	-	521,969
Onerous contract expense	708,497	-	708,497
Risk equalisation expense	7,442,129	(2,492,391)	4,949,738
Net claims incurred	160,780,426	(12,439,721)	148,340,705
Attributable expenses	24,999,523	-	24,999,523
Insurance service expenses	185,779,949	(12,439,721)	173,340,228

10 Other operating expenses

	2025	2024
	\$	\$
Information technology	637,790	623,472
Depreciation	242,594	251,298
Post-employment benefits	248,053	258,476
Other employee benefits	2,561,431	2,666,774
Legal fees	64,425	8,907
Postage and telephone	10,960	11,047
Printing and stationery	5,196	3,207
Rental and property expenses	181,179	169,584
Financial charges and taxes	202,291	202,746
Other expenses	854,527	1,006,848
	5,008,446	5,202,359

Notes to the consolidated financial statements

For the year ended 30 June 2025

11 Income tax expense

	2025	2024
	\$	\$
Total tax expense charged to profit or loss	-	-
Reconciliation between net profit before tax and tax expense		
Profit before income tax expense	14,731,860	14,368,107
Tax at the Australian tax rate of 30% (2024: 30%)	4,419,558	4,310,432
Exempt income of parent entity	(4,419,558)	(4,310,432)
Tax expense for the year	-	-

12 Cash and cash equivalents

	2025	2024
	\$	\$
Cash on hand	477	500
Cash at bank and equivalents	19,700,253	18,749,888
	19,700,730	18,750,388

13 Trade and other receivables

	2025	2024
	\$	\$
Investment income receivable	837,437	705,317
Other amounts receivable	1,402,917	1,646,832
	2,240,354	2,352,149

14 Other financial assets

	2025	2024
	\$	\$
Current		
Term deposits	65,810,105	58,094,453
Non-current		
Investments in unit trusts	86,695,641	78,727,162

The Group holds investments in unit trusts carried at fair value through profit or loss (FVTPL).

Notes to the consolidated financial statements

For the year ended 30 June 2025

15 Property, plant and equipment

	2025	2024
	\$	\$
Land at fair value	3,300,000	3,300,000
Buildings at fair value	9,871,664	9,871,664
Less: accumulated depreciation	(1,102,749)	(837,207)
	12,068,915	12,334,457
Office furniture and equipment - at cost	5,015,540	4,707,938
Less: accumulated depreciation	(4,295,545)	(4,086,820)
	719,995	621,118
Motor vehicles - at cost	143,841	236,897
Less: accumulated depreciation	(38,205)	(89,973)
	105,636	146,924
Total property, plant and equipment	12,894,546	13,102,499

The basis of valuation for land and buildings is the fair value based on existing use. The Company's Board is of the opinion that this basis provides a reasonable estimate of the recoverable amount. There was a revaluation of the Company's freehold land and buildings in June 2023. The valuation was based on the fair market value of the property at that date by reference to several methodologies including capitalisation method and discounted cash flow approach and was conducted in accordance with independent valuation standards. The valuation was performed by Cameron Thomson of Knight Frank Australia Pty Ltd who is a Certified Practising Valuer (Licensed Valuer # 45149). The next independent valuation will be conducted in June 2026. The historic cost of the revalued land and buildings was \$2,068,152.

	Land & buildings	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Reconciliation of property, plant and equipment 2025				
Carrying amount at 1 July 2024	12,334,457	621,118	146,924	13,102,499
Additions	-	371,246	67,934	439,180
Disposals	-	-	(73,338)	(73,338)
Assets written off during the year	-	(7,355)	-	(7,355)
Depreciation expense	(265,542)	(265,014)	(35,884)	(566,440)
Carrying amount at 30 June 2025	12,068,915	719,995	105,636	12,894,546
Reconciliation of property, plant and equipment 2024				
Carrying amount at 1 July 2023	12,600,000	899,036	105,948	13,604,984
Additions	-	23,254	106,764	130,018
Disposals	-	-	(27,564)	(27,564)
Depreciation expense	(265,543)	(301,172)	(38,224)	(604,939)
Carrying amount at 30 June 2024	12,334,457	621,118	146,924	13,102,499

Notes to the consolidated financial statements

For the year ended 30 June 2025

16 Investment property

	2025	2024
	\$	\$
<i>Fair value</i>		
Investment property	4,715,170	4,731,188
Balance at beginning of year	4,731,188	4,500,000
Additions	-	240,510
Less: depreciation expense	(16,018)	(9,322)
Balance at end of year	4,715,170	4,731,188

All of the Group's investment property is held under freehold interests.

The fair value of the Group's investment property as at 30 June 2025 has been arrived at on the basis of a valuation carried out in June 2023 by Cameron Thomson of Knight Frank Australia Pty Ltd who is an independent valuer not related to the Group. Mr Cameron is a member of the Institute of Valuers of Australia, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation was based on the fair market value of the property at that date by reference to several methodologies including income capitalisation method and direct comparison approach and was conducted in accordance with independent valuation standards. In estimating the fair value of the properties, the highest and best use of the property is its current use. The next independent valuation will be conducted in June 2026.

17 Trade and other payables

	2025	2024
	\$	\$
Trade payables	1,178,184	573,435
Other creditors	1,188,243	1,369,060
	2,366,427	1,942,495

The average credit period on purchases is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice.

Notes to the consolidated financial statements

For the year ended 30 June 2025

18 Insurance contract liabilities

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
2025					
Insurance contract liabilities at 1 July	23,466,062	1,220,213	19,234,836	570,136	44,491,247
<i>Insurance revenue (a)</i>	(184,738,707)	-	-	-	(184,738,707)
Incurring claims and other attributable expenses	-	-	177,308,422	101,241	177,409,663
Losses and reversals of losses on onerous contracts that relate to future service	-	359,003	-	-	359,003
Changes that relate to past service - prior underwriting years	-	-	(554,878)	-	(554,878)
<i>Insurance service expenses (b)</i>	-	359,003	176,753,544	101,241	177,213,788
Insurance service result (a)+(b)	(184,738,707)	359,003	176,753,544	101,241	(7,524,919)
Statement of comprehensive income	(184,738,707)	359,003	176,753,544	101,241	(7,524,919)
Cash flows					
Premium received	184,823,403	-	-	-	184,823,403
Claims and other insurance service expense paid	-	-	(176,206,936)		(176,206,936)
Total cash flows	184,823,403	-	(176,206,936)	-	8,616,467
Other movements	-	-	-	-	-
Insurance contract liabilities at 30 June	23,550,758	1,579,216	19,781,444	671,377	45,582,795

Notes to the consolidated financial statements

For the year ended 30 June 2025

18 Insurance contract liabilities (continued)

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
2024					
Insurance contract liabilities at 1 July	24,370,806	511,716	22,678,186	641,042	48,201,750
<i>Insurance revenue (a)</i>	(184,190,821)	-	-	-	(184,190,821)
Incurred claims and other attributable expenses	-	-	174,270,578	(70,906)	174,199,672
Losses and reversals of losses on onerous contracts that relate to future service	-	708,497	-	-	708,497
Changes that relate to past service – prior underwriting years	-	-	(1,567,941)	-	(1,567,941)
<i>Insurance service expenses (b)</i>	-	708,497	172,702,637	(70,906)	173,340,228
Insurance service result (a)+(b)	(184,190,821)	708,497	172,702,637	(70,906)	(10,850,593)
Statement of comprehensive income	(184,190,821)	708,497	172,702,637	(70,906)	(10,850,593)
<i>Cash flows</i>					
Premium received	183,503,789	-	-	-	183,503,789
Claims and other insurance service expense paid	-	-	(176,232,596)	-	(176,232,596)
Total cash flows	183,503,789	-	(176,232,596)	-	7,271,193
Other movements	(217,712)	-	86,609	-	(131,103)
Insurance contract liabilities at 30 June	23,466,062	1,220,213	19,234,836	570,136	44,491,247

Notes to the consolidated financial statements

For the year ended 30 June 2025

19 Provisions

	2025	2024
	\$	\$
Current		
Annual leave	940,982	975,665
Long service leave	997,280	832,775
	1,938,262	1,808,440
Non-current		
Long service leave	266,394	344,849

20 Reserves

	2025	2024
	\$	\$
Reserves comprise revaluation of:		
Land and buildings	1,384,969	1,384,969

The land and buildings revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties' revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings. The land and building at 100 Stirling Street was revalued at 30 June 2023 resulting in an increase in value of \$896,889 against the reserve.

21 Reconciliation of profit for the year to net cash flows from operating activities

	2025	2024
	\$	\$
Net profit from ordinary activities after tax	14,731,860	14,368,107
Adjustments for:		
Depreciation of property, plant and equipment	582,458	614,261
Profit on sale of property, plant and equipment	(34,844)	(16,799)
Net loss on write-down of property, plant and equipment	7,355	-
Fair value gains on financial assets	(6,543,097)	(326,809)
Operating cash flows before movements in working capital	8,743,732	14,638,760
Increase/ (decrease) in insurance contract liabilities	1,091,548	(3,710,504)
Increase in employee entitlements	51,367	199,536
Decrease in other assets	243,915	50,556
Increase in creditors	423,932	209,277
Increase in interest receivable	(132,120)	(17,355)
Net cash generated by operating activities	10,422,374	11,370,270

As the Group does not have any debt, there is no changes in the Group's liabilities arising from financing activities.

Notes to the consolidated financial statements

For the year ended 30 June 2025

22 Related party disclosures

The names of each person holding the position of director of the Company during the financial year are:

S. V. Blake, P. L. Hersey, R. Homsany, K.B Laufmann, and T .W. Shackleton.

K.L.J Garvey has been appointed to the Board and will commence as a Non-executive Director effective from the commencement of the new financial year on 1 July 2025.

Directors of the Company are entitled to receive Company health benefits at subsidised rates applicable to all employees.

Transactions with related entities

There were no transactions with related entities in the current financial year.

Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

	2025	2024
	\$	\$
Short-term employee benefits	3,189,915	3,018,735
Post-employment benefits	304,325	288,583
	3,494,240	3,307,318

23 Subsidiary entity information

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

Health Insurance Fund of Australia Ltd has a 100% owned subsidiary, Health Insurance Australia Pty Ltd (HIA). HIA has no ongoing trading activities. HIA's assets consist of an intercompany loan to the parent entity of \$30,758 (2024: \$30,758).

24 Remuneration of auditors

	2025	2024
	\$	\$
Deloitte and related network firms		
- Audit or review of financial reports for Group and subsidiaries	211,549	313,138
- Other Services	-	-
PricewaterhouseCoopers and their related network firms		
- Internal audit services	162,000	208,800
Grant Thornton and related network firms		
- Other Services	33,600	57,733
	407,149	579,671

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments**a) Financial risk**

The Group is exposed to a number of forms of financial risk, the most significant being market risk. This section provides an explanation of the other aspects in which the Group is affected by financial risks.

(i) Market risk

The Group takes on exposure to market risks including fair value risk, interest risk and price risk. Market risks arise from open positions in interest rates and equity products, all of which are exposed to general and specific market movements. The market risks that the Group primarily faces are equity risk and interest rate risk, due to the nature of its investments and liabilities.

Investment activity for the Group is undertaken in accordance with an investment policy established by the Board. The policy stipulates cash flow requirements, liquidity management, authorised investments and maximums, composition of portfolio, performance benchmarks and credit structure.

At 30 June, the Group had the following mix of financial assets exposed to equities price risk:

	2025	2024
	\$	\$
Financial assets		
Investment in unit trusts	86,695,641	78,727,162

The unit trusts invest in companies listed on Australian and international stock exchanges.

At 30 June, if the S&P/ASX 300 Index had moved, as illustrated in the table below, with all other variables held constant, post tax profit/equity would have been affected as follows:

	Post tax profit / equity higher / (lower)	
	2025	2024
	\$	\$
+ 10% S&P/ASX 300 Index	3,935,830	3,397,713
- 10% S&P/ASX 300 Index	(3,935,830)	(3,397,713)

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments**a) Financial risk (continued)****(ii) Interest rate risk**

The Group manages its exposure to interest rate risk through a diversified portfolio of investments including property and equity investments in addition to interest bearing assets. The interest bearing assets are further diversified in type and duration.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2025	2024
	\$	\$
Financial assets		
Cash and cash equivalents	19,700,730	18,750,388
Term deposits	65,810,105	58,094,453
	85,510,835	76,844,841

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and hence equity would have been affected as follows:

	Post tax profit / equity higher / (lower)	
	2025	2024
	\$	\$
+ 1.0% (100 basis points)	1,328,482	1,215,949
- 0.5% (50 basis points)	(664,241)	(607,974)

The movements in profit / equity are due to higher / lower interest income from variable rate cash and term deposit balances.

(iii) Liquidity risk

The Group is exposed to daily calls on its available cash resources from policy claims. Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. The Company's Board sets limits on the minimum proportion of maturing funds available to meet such calls and to cover claims at unexpected levels of demand.

The following table reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and insurance contract liabilities at 30 June 2025. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and insurance contract liabilities without fixed amount or timing are based on the conditions existing at 30 June 2025.

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**a) Financial risk (continued)****Maturity analysis of financial assets and liabilities**

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Payables and liability for incurred claims mainly originate from the ongoing operations of the Group such as overhead expenses and investments in working capital. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its various business units that reflects expectations of management of expected settlement of financial assets and liabilities. The financial assets at fair value through profit and loss categorised as maturing in less than or equal to 3 months have been categorised as such because there is no maturity date, however, they are disclosed as non current assets on the consolidation statement of financial position as it is the intention to hold these investments for greater than 12 months.

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	19,700,730	-	-	-	-	19,700,730
Term deposits	26,923,542	24,743,898	14,980,102	-	-	66,647,542
Receivables	1,402,917	-	-	-	-	1,402,917
Financial assets at fair value through profit or loss	86,695,641	-	-	-	-	86,695,641
	134,722,830	24,743,898	14,980,102	-	-	174,446,830
Financial liabilities						
Payables	(2,366,427)	-	-	-	-	(2,366,427)
Liability for incurred claims	(19,731,107)	(598,394)	(123,320)	-	-	(20,452,821)
	(22,097,534)	(598,394)	(123,320)	-	-	(22,819,248)
Net maturity	112,625,296	24,145,504	14,856,782	-	-	151,627,582

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)

a) Financial risk (continued)

Maturity analysis of financial assets and liabilities (continued)

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	18,750,388	-	-	-	-	18,750,388
Term deposits	9,749,351	34,424,589	14,625,830	-	-	58,799,770
Receivables	1,646,832	-	-	-	-	1,646,832
Financial assets at fair value through profit or loss	78,727,162	-	-	-	-	78,727,162
	108,873,733	34,424,589	14,625,830	-	-	157,924,152
Financial liabilities						
Payables	(1,942,495)	-	-	-	-	(1,942,495)
Liability for incurred claims	(18,683,389)	(965,434)	(156,149)	-	-	(19,804,972)
	(20,625,884)	(965,434)	(156,149)	-	-	(21,747,467)
Net maturity	88,247,849	33,459,155	14,469,681	-	-	136,176,685

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**a) Financial risk (continued)****Liquidity and interest risk tables**

	Note	Floating interest rate	Fixed interest maturing in:		Non interest bearing	Total
			1 year or less	1 to 5 years		
		\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	12	19,700,253	-	-	477	19,700,730
Term deposits	14	-	65,810,105	-	-	65,810,105
Other receivables	13	-	-	-	1,402,917	1,402,917
Investment income receivable	13	-	-	-	837,437	837,437
Financial assets at fair value through profit and loss	14	-	-	-	86,695,641	86,695,641
		19,700,253	65,810,105	-	88,936,472	174,446,830
Weighted average interest rate		4.14%	4.99%			
Financial liabilities						
Payables	17	-	-	-	(2,366,427)	(2,366,427)
Net financial assets		19,700,253	65,810,105	-	86,570,045	172,080,403

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**a) Financial risk (continued)****Liquidity and interest risk tables (continued)**

	Note	Floating interest rate	Fixed interest maturing in:		Non interest bearing	Total
			1 year or less	1 to 5 years		
		\$	\$	\$	\$	\$
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	12	18,749,888	-	-	500	18,750,388
Term deposits	14	-	58,094,453	-	-	58,094,453
Other receivables	13	-	-	-	1,646,832	1,646,832
Investment income receivable	13	-	-	-	705,317	705,317
Financial assets at fair value through profit and loss	14	-	-	-	78,727,162	78,727,162
		18,749,888	58,094,453	-	81,079,811	157,924,152
Weighted average interest rate		4.09%	5.23%			
Financial liabilities						
Payables	17	-	-	-	(1,942,495)	(1,942,495)
Net financial assets		18,749,888	58,094,453	-	79,137,316	155,981,657

b) Credit risk

The credit risk on financial assets of the Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk is mitigated by close management review of outstanding amounts which are regularly followed up and collected.

The table below provides information regarding the credit risk exposure of the Group at 30 June 2025 by classifying assets according to the Standard and Poor's credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

The Group manages credit risk by setting investment limits based on counterparty credit ratings and the duration of investments. The compliance with these limits is reported to the Group's Board on a monthly basis.

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**b) Credit risk (continued)**

	AAA	AA	A	BBB	Not rated	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	-	19,700,253	-	-	477	19,700,730
Term deposits	-	65,810,105	-	-	-	65,810,105
Receivables	-	837,437	-	-	1,402,917	2,240,354
Financial assets at fair value through profit or loss	-	-	-	-	86,695,641	86,695,641
Total	-	86,347,795	-	-	88,099,035	174,446,830

	AAA	AA	A	BBB	Not rated	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2024						
Financial assets						
Cash and cash equivalents	-	18,749,888	-	-	500	18,750,388
Term deposits	-	58,094,453	-	-	-	58,094,453
Receivables	-	705,317	-	-	1,646,832	2,352,149
Financial assets at fair value through profit or loss	-	-	-	-	78,727,162	78,727,162
Total	-	77,549,658	-	-	80,374,494	157,924,152

The Group's policy does not permit investment in any security rated below Standard and Poor's long-term A rating.

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**Reconciliation of net financial assets to net assets**

	Note	2025	2024
		\$	\$
Net financial assets	25a)	172,080,403	155,981,657
Property, plant and equipment	15	12,894,546	13,102,499
Investment property	16	4,715,170	4,731,188
Current liabilities	18,19	(47,521,057)	(46,299,687)
Non-current liabilities	19	(266,394)	(344,849)
Net assets per the consolidated statement of financial position		141,902,668	127,170,808

Net fair value of financial assets and liabilities per the consolidated statement of financial position

The net fair value of financial assets and liabilities approximate their carrying value.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2025				
Financial assets at fair value through profit or loss	-	86,695,641	-	86,695,641
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2024				
Financial assets at fair value through profit or loss	-	78,727,162	-	78,727,162

Notes to the consolidated financial statements

For the year ended 30 June 2025

25 Financial instruments (continued)**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2025	30 June 2024				
	\$	\$				
Investment property	4,715,170	4,731,188	Level 3	Capitalisation Method, Discounted Cash Flow and Comparable Sales Method	N/A	N/A
Other financial assets - unit trusts	86,695,641	78,727,162	Level 2	Stated at the redemption price quoted by the trust managers as at the reporting date.	N/A	N/A

There were no transfers between Levels 1, 2 and 3 during the period.

The change in fair value of the investment property is attributable to depreciation of the building recognised during the financial year.

26 Lease arrangements

The Group owns two properties located at 60-62 Stirling Street and at 100 Stirling Street, Perth. Lease receivables relates to both properties owned by the Group.

60-62 Stirling Street, Perth, has two tenancies. One tenant with a lease term of 3 years, which ends on 31 March 2026 and another tenant with a lease term of five years which ends on the 30 April 2028. The tenants do not have an option to purchase the property at the expiry of the lease period.

The tenancy on level one of 100 Stirling Street, Perth, has a lease term of 5 years, with an end date of 21 January 2026. The tenant has an option to renew for a further 5 years to 2031. The remainder of the property is occupied by the Group.

The property rental income earned by the Group from its properties, which are leased out under operating leases, amounted to \$475,926 (2024:\$454,483). Direct operating expenses arising on the investment properties in the period amounted to \$301,356 (2024:\$299,120).

Notes to the consolidated financial statements

For the year ended 30 June 2025

26 Lease arrangements (continued)**Non-cancellable lease receivables**

	2025	2024
	\$	\$
Not later than 1 year	420,881	471,856
Later than 1 year and not longer than 5 years	532,928	932,309
	953,809	1,404,165

27 Capital

The Board is responsible for ensuring the Group has sufficient capital resources to meet APRA's minimum prudential requirements. Health Insurance Fund of Australia Limited's capital adequacy position is as follows.

	2025	2024
	\$	\$
Common equity tier 1 capital	141,871,909	127,140,049
Regulatory adjustments applied to common equity tier 1 capital	3,026,076	3,479,225
Additional tier 1 capital	-	-
Regulatory adjustments applied in the calculation of additional tier 1 capital	-	-
Tier 2 capital	-	-
Regulatory adjustments applied in the calculation of tier 2 capital	-	-
Total capital base	144,897,985	130,619,274
Insurance risk charge	31,339,767	27,869,238
Asset risk charge	21,431,939	18,053,108
Asset concentration risk charge	-	-
Operational risk charge	3,694,774	3,683,816
Aggregation benefit	(11,417,410)	(9,813,349)
Tax benefits	-	-
Prescribed capital amount	45,049,070	39,792,813
Capital adequacy multiple	3.22	3.28

28 Subsequent events

There has not arisen in the interval between 30 June 2025 and the date of this report, any other item, transaction or event, of a material and unusual nature likely, in the opinion of the Board of Directors of the Company, to effect significantly the operations of the Group, the results of its operation, or the state of affairs of the Group in future years, other than the matters disclosed in this report.

Consolidated entity disclosure statement

For the year ended 30 June 2025

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

There are no trusts, partnerships or joint ventures within the consolidated entity. Accordingly the above entity was not a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Basis for Preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Health Insurance Fund of Australia Ltd and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

The percentage of share capital disclosed in the statement represents the economic interest controlled by Health Insurance Fund of Australia Ltd directly.

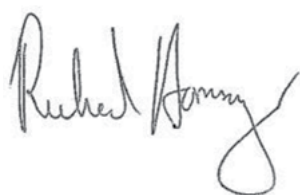
HEALTH INSURANCE FUND OF AUSTRALIA LIMITED DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the group;
- (c) the consolidated entity disclosure statement is true and correct;
- (d) the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 (c).

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

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Richard Homsany', is positioned above the printed name.

R. Homsany

Director

25 September 2025

Independent Auditor's Report to the Members of Health Insurance Fund of Australia Limited

Opinion

We have audited the financial report of Health Insurance Fund of Australia Limited (the "Company") and its subsidiary (the "Group") which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

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 2025, 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 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 Group are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



David Gaudreault
Partner
Chartered Accountants

Sydney, 24 September 2025





Freedom to choose

Call, email or visit us online.

 hif.com.au

 1300 134 060

 hello@hif.com.au

 Whadjuk Country
GPO Box X2221
Perth WA 6847

Find us on:

