



# ANNUAL REPORT

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PROFILE

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2013-2014

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We're here for you

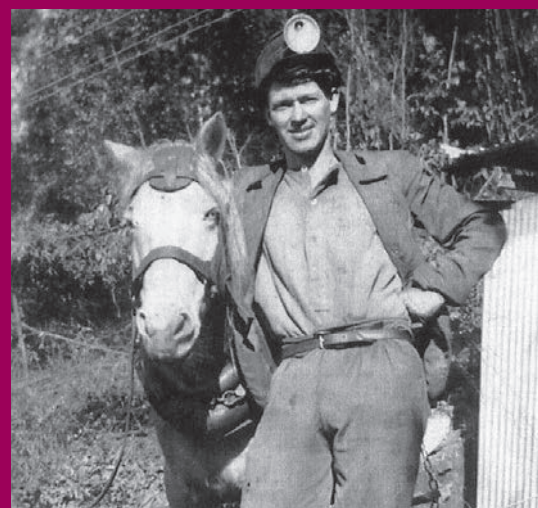
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# About Us

Westfund Health's humble beginnings date back to 1929. Today we look after members in all industries and across all states of Australia.



## Here for our members for 85 years

Westfund was born in 1929 in Lithgow - Australia's first industrial city. It is no coincidence that Westfund's humble beginnings came out of the hardship of the Great Depression. That adversity spawned the history, impact, traditions and culture of an organisation that has developed into one of Australia's most innovative and resourceful organisations, with its head office still faithfully located in Lithgow, where it all began.

## Our history

<b>1929</b>	NSW Premier Jack Lang mandated doctors and ambulances be available for mine workers. Western District Mine Workers Medical Fund was created and collected subscriptions from mine workers' pay to fund contracted doctors and ambulance services to members.
<b>1946</b>	An outpatient's service was established in Lithgow
<b>1953</b>	Western District Mine Workers' Medical Fund was registered under the National Health Act along with other health funds like MBF, HCF, and HBA.
<b>1966</b>	The Fund became Western District Medical Benefit Fund to reflect the change to a new fee-for-service system of medical cover for the Fund's 5,000 members.
<b>1984</b>	The Fund became registered as a Hospital fund and renamed Western District Health Fund to broaden markets and distinguish from the Medical Benefits Fund (MBF). The Fund had grown to 12,000 members. Our first Dental and Eye Care practices were opened making us the first health fund to provide these services in regional Australia.
<b>1987</b>	Name changed to Westfund to reflect a more modern approach.
<b>1996</b>	Westfund cemented its relationship with regional NSW by establishing outlets in the Central West and Wollongong and closing city outlets.
<b>1998</b>	Launch into regional QLD with a branch office opened in Emerald.
<b>2000</b>	The Howard Government introduced tax rebates for private health insurance, followed by Lifetime Health Cover and the Medicare Levy Surcharge. Westfund membership reaches 20,000 and then surges to 35,000.
<b>2012</b>	Westfund became the first fund to provide a member discount for our long-term members. We returned \$3.6m to members.
<b>2013</b>	A second dental practice was opened in Mackay, QLD. A second member discount returned \$3.6 million to members .
<b>2014</b>	Membership passes 45,000. A new QLD State Office was opened in Maroochydore, Sunshine Coast. A new concept kiosk Care Centre was opened in Bathurst, NSW. Long term members received a third member discount totalling \$3.5 million.

## Member owned

Westfund today is Australia's largest regionally based fund. Our heritage means we are uniquely aligned with the people of regional Australia, providing not only high quality, value for money health cover but a range of health services to under-served regions. We are part of the fabric of our regional communities, employing local residents and directly contributing over \$120 million pa. to local economies.

### The benefits of belonging to a Member Owned health fund

Our member owned status means our financial strength is used solely for the benefit of members. For example, when we have excess financial reserves we can reward member loyalty by distributing funds back to members as premium discounts. We think giving back to members is more beneficial than distributing profits to distant shareholders or investors.

### Values that reflect our community

Our organisational culture is humble, supportive, trustful, resolute and original. Our values reflect that we came from the country, and remain for the country. We treat people in that same vein, so our members can always expect person-to-person understanding and service, and decisions made locally.

Over more than 80 years, Westfund has consistently demonstrated its resilience, constantly adapting to change and using it to advantage.

These are the characteristics and values that underpin the value members derive from being part of Westfund.

## Some highlights of the last year

- We returned loyalty bonuses of over \$3.6 million to members in premium discounts as part of a three year program to distribute surplus reserves back to our members. Our total distribution equates to over \$11 million over 3 years.
- We continued to increase benefits paid for dental, optical, physiotherapy, chiropractic and other general treatment services.
- Westfund premium increases were in the bottom 3 of all funds for the second consecutive year.
- We opened a new Member Care Kiosk in Bathurst NSW that is open extended hours including Sundays.
- We embarked on an extensive investment program to refurbish all our branches into Care Centres with improved services and amenities.
- We continued to invest in dental services for members, expanding operations of the Lithgow and Mackay practices.
- We maintained high levels of member satisfaction regularly appearing among the top 5 health funds nationally in the Roy Morgan Customer Satisfaction Awards.
- We continued our investment in regional infrastructure including the redevelopment of Lithgow's former Commonwealth Bank branch for leasing to the State Government to provide improved community services through a 'one-stop-shop'.
- Employee wellbeing at work ratings average 7.25/10 across five key dimensions including recognition, achievement, working relationships and organisation ethics.
- State office opened in Maroochydore.





# Chairman's Report

It is pleasing to report a consolidated operating surplus of \$5.6 million for the period.

Whilst economic conditions have created challenges for consumers and our members, this represents a sound operating result for the fund.

We were able to distribute \$3.6 million to long term members in the form of a member loyalty discount and we increased benefit amounts in key areas of dental and optical as well as maintaining benefit arrangements with private hospitals to provide members with one of the largest networks of private hospitals to choose from.

Our membership grew by 5.2 % which was significantly stronger growth than the industry overall and this helped us to grow premium income by 9.2%, placing Westfund in a strong position going forward. Overall benefits paid out increased by 12.4% for Hospital and Medical and 11.2% for General Treatment. We also increased our investment in people, technology and systems to support future growth.

I am pleased to report that we are well positioned to manage any challenges that we may face in pursuing our aspirations.

The Federal Government changed the way that the private health insurance rebate is calculated, effectively lowering the rebate over time. There were also Industry changes to capital adequacy and solvency standards for all health funds and our strong capital position means that these had no adverse impacts on the fund.

We continue to promote sensible reform to health policy and encourage open debate at all levels of Government to drive sustainable health policy outcomes, particularly for regional Australia. We regularly engage with key Government and political leaders including the then Health Minister the Hon. Peter Dutton MP who officially opened our Queensland State Office in Maroochydore in February 2014.

Our Board has demonstrated sound governance of the organisation and our financial and strategic position remains strong. We'll continue our program of targeted strategies that add strength and value for the fund and its members. Our staff and management remain passionate and focussed on delivering our strategies.

Howard Fisher  
Chairman

12 January 2015

# CEO's Report

## Business conditions

### Economic Conditions

The economy, particularly in regional areas, has experienced a downturn as commodity prices have fallen and major mining projects have moved into production phase, or in the case of new projects, stalled altogether in many cases. This is coupled with extended drought in much of rural NSW and QLD. This means the outlook for regional economies is likely to be a period of higher unemployment and lower prosperity.

This will undoubtedly flow through to consumers' health insurance decisions, where lower levels of cover will be sought to mitigate other cost of living pressures. The other side of this coin is the need to maintain protection against unforeseen health costs which is even more vital when other financial aspects of peoples' lives are less secure.

### Market Conditions

The private health insurance industry has attracted significant publicity over the last year, often resulting from high profile health funds restricting or reducing services they would fund, this in turn reflecting in many cases their current or impending status as for-profit, listed entities. Similarly, we have seen several funds expanding their roles beyond financing to providing primary care services. This has certainly raised the interest of groups like the AMA which sees this as health funds interfering with the doctor-patient relationship and influencing health care delivery.

We have also seen the continued rise of lower priced 'exclusionary' health insurance products which exclude coverage from services such as cardiac surgery, major eye surgery, hip and knee replacements and the like, in exchange for a discounted premium. While these products have their place, the industry now sees almost 80% of new policies taken out being of this kind. Westfund has long held and represented the view that this is not good for consumers or the Government in the long run and in fact forces premiums up for comprehensive health cover. The majority of Westfund members hold comprehensive policies, and because of this, our premiums are lower. **For the top available cover in the NSW market, Westfund's premiums are 23% lower than the average of the four major health funds.**

### Financial strength

Our financial position remains strong with net assets strengthening to more than \$110 million. We substantially exceed the industry average for capital adequacy and our overall financial performance has been within our expectations. Revenue increased from \$130 million to \$142 million and benefit payments also increased from \$107 million last year to \$120 million in the reporting period. Overall we recorded an operating surplus of \$5.6 million, a result that builds on our excellent financial base.

### Investing for the future

Our strong financial position enabled us to continue our investment in the future. During the year we increased capacity of our dental practices in Lithgow and Mackay enabling us to treat more members. We also rolled out some great first time member services like a new Care Centre Kiosk in Bathurst NSW that is open during shopping hours 7 days per week including late on Thursdays. We established a new Easy Claim service that allows members claims to be paid straight into bank accounts just by swiping an EFTPOS card.



Our new Queensland state office in Maroochydhore was officially opened by the Health Minister Peter Dutton stating that

***"The fact that Westfund is here on the Sunshine coast I think will help increase the number of people we have insured in this country."***  
 Peter Dutton, Minister for Health

The Centre incorporates a member service and management hub and hosts a dedicated support team, a Member Care Centre and even a range of sunglasses on sale.

This was part of a broader investment program in rural and regional infrastructure that also involved acquiring the former RSL Club site in Lithgow and the refurbishment of the former Commonwealth Bank branch in Lithgow's Main Street and the refurbishment of our home office premises at Lithgow.

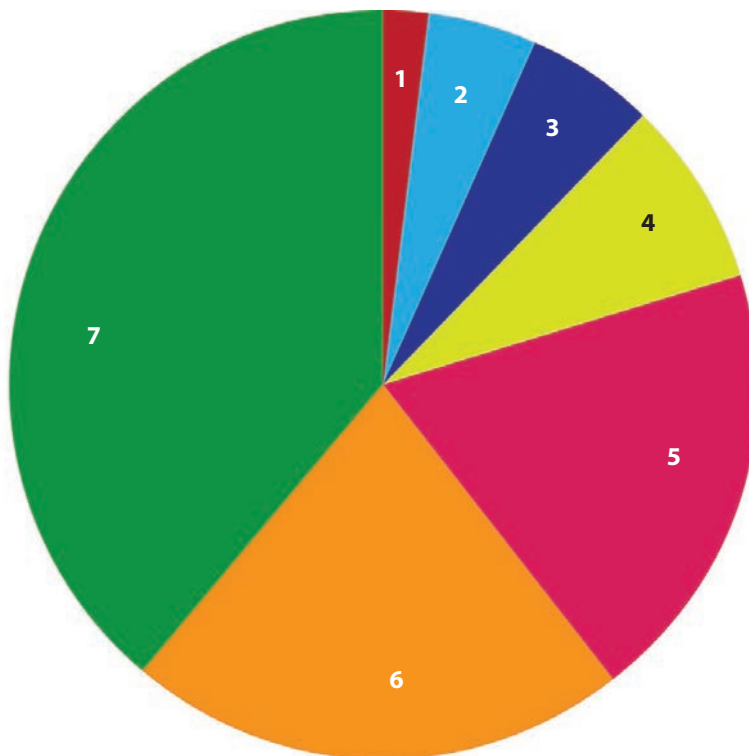
We also announced plans for the redevelopment of our existing branches into Care Centres that will provide improved services to members and their communities. These projects are good for our members and communities because they allow us to improve services for our members, provide infrastructure for other services and importantly provide investment income to support our long term financial strength.

As always, it is the people at Westfund that our success relies on. I thank the Board, executive and management teams and all staff for their diligence and support in 2013-14.

Grahame Danaher  
 Chief Executive Officer

12 January 2015

## Common hospital procedures for Westfund members



Data based on Private Hospital admissions only for Westfund members during June 2014 financial year

- 1. TONSILLECTOMY**  
 202 Westfund members  
 Average benefit paid  
**\$2,407** per member
- 2. EYE SURGERY**  
 638 Westfund members  
 Average benefit paid  
**\$5,270** per member
- 3. NATURAL BIRTH**  
 219 Westfund members  
 Average benefit paid  
**\$6,528** per member
- 4. CAESAREAN DELIVERY**  
 162 Westfund members  
 Average benefit paid  
**\$8,974** per member
- 5. KNEE REPLACEMENTS**  
 255 Westfund members  
 Average benefit paid  
**\$22,000** per member
- 6. HIP REPLACEMENTS**  
 160 Westfund members  
 Average benefit paid  
**\$24,773** per member
- 7. CORONARY BYPASS**  
 46 Westfund members  
 Average benefit paid  
**\$44,319** per member

# Our Future

Our aspirations are squarely focussed on developing our role as a trusted advisor, advocate and facilitator of a diverse range of services that improve health outcomes for our members and communities. We aim to be a vital, active part of our communities.

Between now and 2023 we expect to advance our position as the pre-eminent regional health insurer with a network of 20 Care Centres servicing over 100,000 members.

## Member Value

Our priorities are to continuously enhance member value and financial strength through effective member driven processes and practices. Our overarching goal is to ensure the Westfund membership experience delivers benefits that are valuable and meaningful. Our key strategies to deliver this experience include:

## Enhancing member experience by:

- Transforming our branch network and dental and eye care practices into integrated service centres delivering seamless service and exposure across the full Westfund offering.
- Improving the service experience with enhanced care and advice and more community involvement.
- Becoming even easier to deal with by reducing forms and paperwork for members where we can.

- Treating every claim on its own merits and ensuring that we keep the human touch when dealing with member claims.

## Recognising loyalty by:

- Supplementing the existing Member Advantages program with additional loyalty measures.
- Developing new health cover options tailored to senior long term members.

## Providing new services like:

- Extending member access to dental and eyecare services.
- Adding new health services in our catchment areas by partnering with selected external providers.
- Improving health outcomes for members by introducing a range of new preventive health initiatives such as micronutrition.
- Sourcing or developing relevant financial products that add value to membership.

Of course a strong future also means remaining financially sound, a key part of our heritage that we will continue. Our strategies to further improve financial strength include improving claims cost management through careful provider and service management and the further development and enhancement of our capital management plan.

To grow the business we plan to seek out and identify opportunities to acquire new business streams through acquisition where it makes good business sense to do so and when it will be in the best interests of our members to do so.

In the future we plan to further build this relationship by establishing a Foundation that will help to further drive and co-ordinate corporate and community support programs. This will help us live up to the promise that we're here for you.

We're committed to building a strong, vibrant and prosperous future for all Westfund members and regional Australian communities. We believe the future is bright and remain dedicated to investing now for even brighter things to come.



# Key Personnel



**John Stack**  
**BBus, Mcom, CPA, AICD, ACIS**  
**General Manager/Company Secretary**

John Stack joined Westfund in 2001 as Chief Financial Officer. Since that time John has taken on the role of General Manager and Company Secretary. Prior to this John gained experience in local government, banking and finance.



**James Taylor**  
**BA, (Major in Accounting)**

James joined Westfund in June 2014 as Commercial Development Manager. The role includes oversight of Westfund's business & corporate development activities. Prior to joining Westfund, James gained experience in corporate taxation advice, corporate advisory, banking & finance.



**Phil Berner**  
**AFAIM, AICD**  
**Chief Operating Officer**

Phillip Berner joined Westfund in May 2012 as COO. He has more than 20 years' leadership experience in health insurance and related sectors with a strong track record in strategy, service, sales & marketing, business alignment and employee engagement.



**Amy Cockshutt**  
**BA, MBA, AIMM**  
**Health Services Manager**

Amy Cockshutt joined Westfund in September 2012 and has recently been appointed to a new role as Health Services Manager. Amy comes from a background in multi-site health services management with experience in dental, optical and general practice operations. Amy will develop our relationships with health care providers and introduce new evidence based health initiatives to benefit Westfund members.



**Grahame Danaher**  
**FAICD, FAIM, Harvard Business School Graduate**  
**Chief Executive Officer**

Grahame Danaher was appointed Westfund Chief Executive Officer in 1997. Prior to this Grahame gained extensive experience working in health insurance, local government and business.



**Melissa Donovan**  
**Eye Care Manager**

Melissa Donovan joined Westfund in November 2012 and has been responsible for leading our Mackay and North Queensland teams. With experience managing multi-site optical stores, Melissa is now responsible for our Westfund Eye Care practices.



**Dr Hendrik Lai**  
**BDS(Adel.), MS-Management, CM, FAIM, FCMI, FInstAM, FIIDM**  
**Chief Dental Officer**

Hendrik Lai joined Westfund in June 2014 as Chief Dental Officer. Prior to this Hendrik gained extensive experience in the areas of public health, military health and private dental practice working overseas and in some of Australia's most remote locations.



# Corporate Governance

“The system of rules, practices and processes by which a company is directed and controlled.”

## Corporate Governance Framework

Westfund is registered under the Corporations Act 2001 as a public company limited by guarantee. It is also a registered Private Health Insurer under the Private Health Insurance Act 2007 and its health insurance business is exempt from Income Tax under the Income Tax Assessment Act 1997.

Westfund operates on a not-for-profit basis with its Corporate Constitution prohibiting the distribution of any surplus or assets to the Members of the Company.

The Corporations Act and the Private Health Insurance Act impose obligations on the way in which Westfund operates. Westfund's Corporate Governance Framework references the requirements of this legislation, its Corporate Constitution, the ASX Corporate Governance Principles and recommendations of the Private Health Insurance Administration Council (PHIAC) Corporate Governance Standard for Private Health Insurers.

## Board of Directors

The Westfund Board comprised seven (7) non-executive and two (2) executive Directors through the year. Subsequent to year end, the two executive Directors resigned their Board positions to permit a Board restructure aimed at improving Board independence. The executive Directors continue in executive management positions.

The Board has a broad range of skills and expertise particularly in the health insurance industry. The composition of the Board and each Director's background is detailed in the Annual Report.

### Board Role and Responsibility

The Board's responsibilities are outlined in a formal Charter. The Charter is reviewed annually. The major roles of the Board include setting the goals and strategic direction of Westfund, determining all policies, appointment, remuneration and review of the CEO, monitoring the appointment and conditions of senior executives, approving plans, budgets and significant capital expenditure, and reviewing the performance of the organisation and the Board itself.

### Selection and Role of Chairman

The Chairman is an independent director and is responsible for providing effective leadership on formulating the Board's strategy, guiding the agenda and conduct of meetings, representing the views of the Board to the public, and reviewing the performance of non-executive Directors.

### Director Independence

All non-executive members of the Board are independent. Directors' independence has been determined using the ASX Corporate Governance Best Practice Recommendations, that is, that he or she is free from any business or other association with Westfund that could materially interfere with his or her independent judgement as a Director of Westfund.

### Conflict of Interest

Specific arrangements are in place for Directors to disclose any conflicts of interest, which include the requirement to disclose any conflicts and material personal interests to the Board. Where necessary, the Board will decide whether a Director should participate in the consideration of the matter by referencing the requirements of the Corporations Act 2001.

### **New Directors**

The Board issues formal letters of appointment of new Directors, setting out the key terms and conditions relative to their appointment and the expectations of the role of the Director. New Directors are provided with an induction program and access to regular training.

### **Director Education**

Directors receive regular detailed financial reports, business conditions reports and reports on matters that are significant to Westfund's operations. Each Director is able to access independent professional advice with prior approval of the Chairman, which cannot be unreasonably withheld. Directors and senior management are encouraged to broaden their knowledge of the Private Health Insurance Industry and Westfund by attending in-house education programs for directors as well as industry association seminars, relevant courses and government conferences. Training activities of the Board are coordinated through the Board's Training Committee.

### **Succession Planning**

The Board through its Nominations Committee is responsible for developing and implementing succession planning for non-executive Directors. Succession planning is reviewed regularly and at least annually at Committee meetings. The Board's tenure of Directors policy acknowledges that our geographical position, industry specialty, and our culture need to be well considered when composing the Board.

### **Review of Board and CEO's Performance**

The Chairman is responsible for monitoring the performance of individual Directors. In turn, individual Directors assess the performance of the Board and Chairman. The CEO has objectives that largely relate to our strategic and business plan goals, as well as being responsible for employee satisfaction, member satisfaction and our community

reputation. The Chairman initially, and then the Board, assess and monitor the performance of the CEO.

## **Board Committees**

To assist the Board in carrying out its responsibilities, the Board has the following committees of Directors:-

- **Audit & Risk Committee**
- **Remuneration Committee**
- **Nominations Committee**
- **Investment Committee**
- **Technology Committee**
- **Board Training Committee**
- **Strategy Committee**
- **Executive Committee**

Each committee has a Charter that outlines its responsibilities.

### **Audit & Risk Committee**

Responsible for oversight of the integrity of financial reporting, oversight of the external and internal audit functions and input into the development and monitoring of Westfund's Risk Management Plan and compliance processes.

### **Remuneration Committee**

Responsible for setting remuneration policies linked to performance and ensuring workplace agreements are fair and reasonable and responsible for the organization and staff.

### **Nominations Committee**

Responsible for identifying nominees for directorships and other key executive appointments, determining the composition of the Board and ensuring appropriate procedures exist to assess and review the performance of the Chair, non-executive Directors, senior executives, Board committees and the Board as a whole.

### **Investment Committee**

Responsible for making recommendations to the Board in regard to investment strategies, investment policies and investment opportunities aimed at optimising investment returns within an agreed investment risk framework.

### **Technology Committee**

Responsible for monitoring the information technology strategy, policies and performance, effectiveness, efficiency, risks and security of information technology.

### **Board Training Committee**

Responsible for setting professional development standards for and overseeing the training and professional development of Directors in respect of the business, industry, regulatory requirements and corporate governance.

### **Strategy Committee**

Responsible for assisting the Board in ensuring the strategic and business plans are appropriate for the organization and are effectively implemented, monitored and adjusted as circumstances change.

### **Executive Committee**

Responsible for exercising delegated powers of the Board between Board meetings.

## **Risk management**

Westfund carries a wide variety of risks in its operations. The Board is committed to managing these risks and does so through a comprehensive framework for risk management developed in compliance with the International Risk Management Standard ISO 31000:2009 and Enterprise Risk Management guidelines developed by our regulator PHIA. Westfund's Risk Management Plan details Westfund's Risk Management objectives, risk appetite, risk management responsibilities and internal control framework. Risks are classified as operational, financial and strategic. Internal audit reviews the effectiveness of the operation of the controls. Westfund has developed specific plans for Disaster Recovery and Business Continuity.

# Our Board of Directors



**Howard Fisher**  
Chairman

**Term:** Non-Executive Director since 1983.  
**Chairman:** Since 1987.  
**Independent:** Yes.  
**Committees:** Chairman of Nominations Committee.  
 Member of Remuneration Committee.  
 Member of Audit & Risk Committee.  
 Member of Investment Committee.  
 Chairman of Executive Committee.  
 Member of Board Technology Committee.  
 Member of Board Training Committee.  
**Positions:** Previous Lithgow Councillor, Deputy Mayor.  
 Previous Chairman Upper Macquarie Council.  
 Previous Miners Federation President.  
 Previous President of South Western District of the Miners Federation.  
 President of Lithgow Workmen's Club.  
**Experience:** Industrial Relations, Business Health Insurance, Local Government.



**Ross White**  
MAICD, CCM University of NSW

**Term:** Non-Executive Director since 1987.  
**Director:** Since 1987.  
**Independent:** Yes.  
**Committees:** Vice Chairman of the Board.  
 Chairman of Remuneration Committee.  
 Member of Nomination Committee.  
 Member of Board Technology Committee.  
 Member of Executive Committee.  
**Positions:** Previous financial duties with Morgan Insurance.  
 Previous Westfund Chairman.  
 Previously served on the Board of Lithgow District Hospital.  
**Experience:** Health Insurance and Mining.



**Phil Burgett**  
FCA Director

**Term:** Non-Executive Director since 2012.  
**Director:** Since 2012.  
**Independent:** Yes.  
**Committees:** Chairman Audit & Risk Committee.  
**Positions:** July 1999 – June 2010 Chief Executive responsible for the operational and strategic direction of Morse Group (formerly Alan Morse & Co and its ancillary businesses).  
**Experience:** Finance Industry, Health and Aged Care, Rural Local Government councils.

# Our Board of Directors



**Brian Kelly**  
AICD Director

**Term:** Non-Executive Director since 2010.  
**Director:** Since 2010.  
**Independent:** Yes.  
**Committees:** Chair of the Board Training Committee.  
 Member of Audit & Risk Committee.  
 Member of Investment Committee.  
**Positions:** Regional Manager Western Mines Rescue  
 Station and Registered Training  
 Organisation Manager.  
 Previous Centennial Coal Production  
 Manager.  
**Experience:** Mining Industry.



**Wes Anderson**  
MAICD, FIPA, CTA, AFAIM Director

**Term:** Non-Executive Director since 2004.  
**Director:** Since 2004.  
**Independent:** Yes.  
**Committees:** Member of the Audit & Risk Committee.  
 Chairman of the Board of Technology  
 Committee.  
 Member of the Board Training Committee.  
 Member of the Investment Committee.  
**Positions:** Lithgow Community Broadcasters  
 Incorporated.  
 Previous Chief Executive Officer of  
 Family First Credit Union for 25 years.  
 Previous Deputy President of the  
 Credit Union Foundation of Australia.  
**Experience:** Banking and Finance.

# Our Board of Directors



**Edward Butcher**  
Director

Term: Non-Executive Director since 2008.  
 Director: Since 2008.  
 Independent: Yes.  
 Committees: Nil.  
 Positions: Previous Mineworker.  
 Previous Secretary of the Workers Industrial Union of Australia.  
 Previously Elected Secretary President in the Broken Hill area.  
 Previous Board Member WIU of A Investments, Consolidated Broken Hill Limited.  
 Previous President of the Barrier Industrial Council.  
 Previous Chairperson of the local newspaper.  
 Previous Member of the Mines Safety Advisory Committee.  
 Previous Returning Officer for the Broken Hill Rugby League Club.  
 Experience: Finance / Mining.



**Graeme Osborne**  
AAICD Director

Term: Non-Executive Director since 1996.  
 Director: Since 1996.  
 Independent: Yes.  
 Committees: Member of Nomination Committee.  
 Member of Remuneration Committee.  
 Chairman of Investment Committee.  
 Member of Audit & Risk Committee.  
 Member of Executive Committee.  
 Positions: CFMEU South West District Vice President.  
 Director Auscoal Services P/L.  
 Director Newcom Collieries Employees Credit Union.  
 Director Auscoal Superannuation Pty Ltd.  
 Previous Safety Training Co-ordinator.  
 Experience: Health Insurance, Mining and Financial Services.  
 Experience administering Morgan Insurances.

# Our Branch Network

## New South Wales

<b>Lithgow</b>	5 Railway Parade, Lithgow 2790 (Head Office)
<b>Lithgow</b>	120 Main St Lithgow 2790
<b>Bathurst</b>	Bathurst City Shopping Centre opposite Dick Smith Electrical
<b>Dubbo</b>	186B Macquarie St Dubbo, cnr of Macquarie St and Wingewarra St
<b>Mudgee</b>	130 Church St Mudgee 2850
<b>Orange</b>	179 Summer St Orange 2800
<b>Wollongong</b>	95 Crown St Wollongong 2500

## Queensland

<b>Maroochydore</b>	6-8 Plaza Parade Maroochydore QLD 4558 (State Office)
<b>Mackay</b>	Shop 2200B, Canelands Central Mangrove Rd Mackay 4740
<b>Mackay</b>	24 Sydney St Mackay 4740
<b>Moranbah</b>	Shop 8, Moranbah Shopping Centre, St Francis Drive, Moranbah 4744
<b>Rockhampton</b>	127 East St Rockhampton 4700
<b>Townsville</b>	72 Nathan St Vincent, Townsville, 4814
<b>Emerald</b>	Shop SP009, Emerald Village Shopping Centre, Hospital Road, 4720



# Statement of surplus or deficit and other comprehensive income

[A Company Limited by Guarantee]

ABN 55 002 080 864

For the year ended 30 June 2014

	Note	2014	2013
		\$	\$
Premium revenue		145,175,606	133,350,267
Members loyalty discount		(3,479,087)	(3,556,440)
Net premium revenue received	3	141,696,519	129,793,827
Claims expense		(120,497,713)	(108,048,203)
Risk equalisation trust fund income/(expense)		384,253	(774,976)
State levies		(1,712,195)	(1,581,439)
Net claims incurred		(121,825,655)	(110,404,618)
Claims handling expenses		(9,862,299)	(8,263,834)
Other underwriting expenses		(6,154,619)	(5,555,154)
Underwriting expenses		(16,016,918)	(13,818,988)
Underwriting result		3,853,946	5,570,221
Investment revenue	3	5,116,997	6,153,294
Other revenues 3		5,986,558	5,087,296
Fair value gain/losses on investment		142,263	(331,563)
Impairment expense	4	(950,206)	-
Cost of goods sold		(2,349,911)	(2,440,920)
Fund administration expenses		(6,210,796)	(4,032,875)
Surplus before income tax		5,588,851	10,005,453
Income tax expense	1a	-	-
Surplus for the year after income tax	4	5,588,851	10,005,453
Other comprehensive income for the year, net of income tax			
- Items that will not be subsequently reclassified to surplus or deficit:			
- Revaluation of property, plant and equipment, net of income tax		-	(129,444)
Total comprehensive income for the year		5,588,851	9,876,009

\* Information gathered from Westfund's Audited Financial Statements



# Statement of financial position

[A Company Limited by Guarantee]

ABN 55 002 080 864

As at 30 June 2014

	Note	2014	2013
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	7	446,479	499,774
Trade and other receivables	8	6,488,426	6,674,838
Inventories	9	374,926	375,961
Financial assets	10	114,189,446	98,110,152
Other current assets	11	685,296	632,791
Total current assets		<u>122,184,573</u>	<u>106,293,516</u>
<b>Non-current assets</b>			
Financial assets	10	17,978,399	26,178,970
Property, plant and equipment	12	12,735,350	10,212,928
Intangible assets	13	1,109,029	875,754
Total non-current assets		<u>31,822,778</u>	<u>37,267,652</u>
Total assets		<u>154,007,351</u>	<u>143,561,168</u>
<b>Current liabilities</b>			
Trade and other payables	14	1,262,985	829,710
Provisions	16	18,718,853	17,568,434
Other current liabilities	15	22,481,333	19,237,080
Total current liabilities		<u>42,463,171</u>	<u>37,635,224</u>
<b>Non-current liabilities</b>			
Provisions	16	504,483	475,098
Total non-current liabilities		<u>504,483</u>	<u>475,098</u>
Total liabilities		<u>42,967,654</u>	<u>38,110,322</u>
<b>Net assets</b>		<u>111,039,697</u>	<u>105,450,846</u>
<b>Equity</b>			
Reserves	17	349,194	349,194
Retained earnings		110,690,503	105,101,652
Total equity		<u>111,039,697</u>	<u>105,450,846</u>

\* Information gathered from Westfund's Audited Financial Statements

# Statement of changes in equity

[A Company Limited by Guarantee]

ABN 55 002 080 864

For year ended 30 June 2014

	Asset Revaluation Reserve	Retained earnings	Total
	\$	\$	\$
Balance at 1 July 2012	478,638	95,096,199	95,574,837
Total comprehensive income for the year	-	10,005,453	10,005,453
Decrease in valuation of property in use	(129,444)	-	(129,444)
Balance at 30 June 2013	349,194	105,101,652	105,450,846
Total comprehensive income for the year	-	5,588,851	5,588,851
Balance at 30 June 2014	349,194	110,690,503	111,039,697

\* Information gathered from Westfund's Audited Financial Statements

# Statement of cash flows

[A Company Limited by Guarantee]

ABN 55 002 080 864

For year ended 30 June 2014

	Note	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from members' premiums and customers		164,984,017	136,930,927
Benefits paid to members and payments to suppliers		(157,494,340)	(136,136,015)
Interest received		5,601,251	6,046,169
Finance costs		-	-
Net cash provided by operating activities	19a	13,090,928	6,841,081
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		35,662	38,776
Purchase of intangibles		(1,594,728)	(222,658)
Purchase of property, plant and equipment		(3,848,690)	(3,108,449)
Net change in investments		(7,736,467)	(8,526,040)
Net cash used in investing activities		(13,144,223)	(11,818,371)
Net change in cash and cash equivalents held		(53,295)	(4,977,290)
Cash and cash equivalents at beginning of financial year		499,774	5,477,064
Cash and cash equivalents at end of financial year	7	446,479	499,774

\* Information gathered from Westfund's Audited Financial Statements

