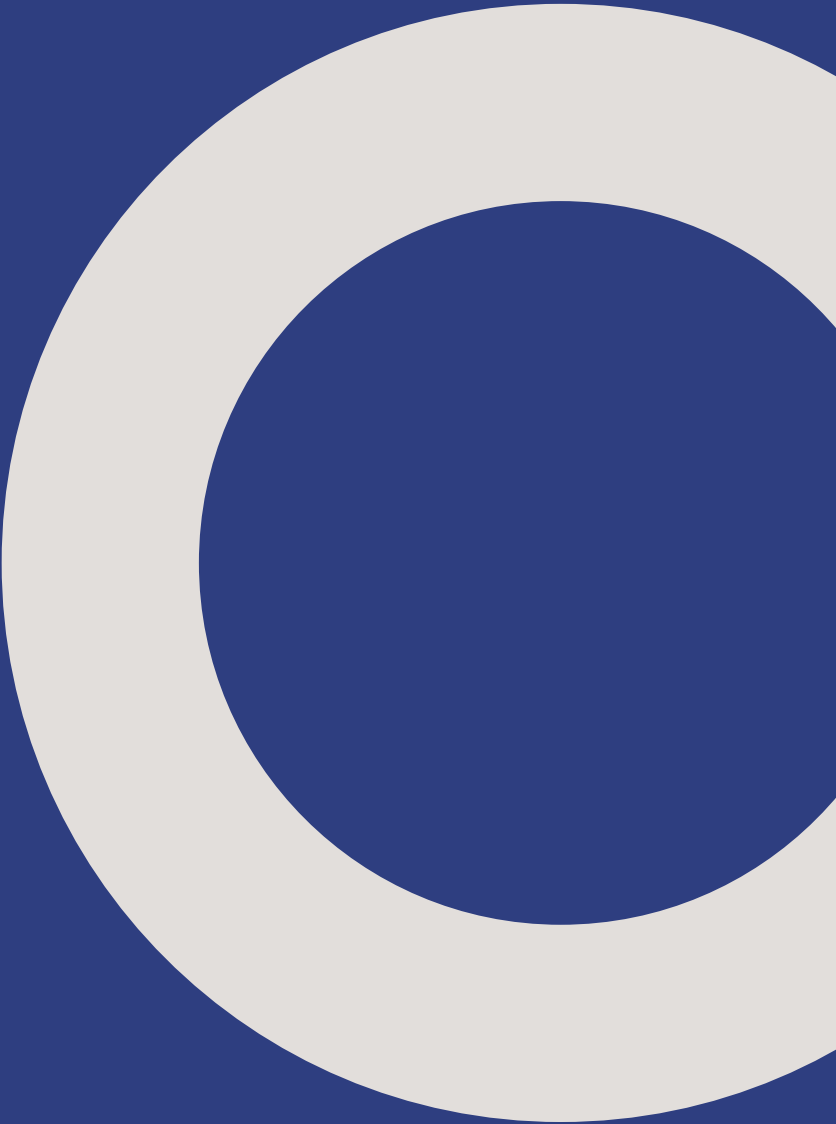


We're building a new kind
of healthcare for collective good.



Annual Report
2023-2024





I am pleased to present the Chair's Report for Westfund for the financial year ending 30 June 2024. It is with great pride that I share our organisation's accomplishments, milestones and ongoing commitment to providing exceptional healthcare services to our valued members.

Overview

The past year has seen a continuation of challenges faced within the health sector with timely access to GPs, elective surgery and allied health practitioners becoming problematic for many, and therefore leading to poorer health outcomes for Australians. While the majority of the responsibility for addressing these challenges sits with Federal and State Governments along with the health professions, we are also very focused on contributing to the solution. These contributions include ensuring we continue to provide affordable and valued insurance products, developing and making available early intervention and preventative health and support services and providing support to regional and remote communities that are experiencing a significant shortage of health services.

Our financial performance has remained strong allowing us to invest in enhancing the health outcomes of our members, and as a member-owned not-for-profit organisation, all of our efforts have always been and will continue to be focused on looking after our members' best interests. In addition to the "cash back" payments, our average premium increase of 2.8% was well below the industry average and significantly less than inflation.

Membership growth

Despite the financial stress many are facing as a result of the current economic conditions, our membership base has continued to grow, with an additional 6,720 individuals joining the Westfund family. We now care for over 138,000 individuals and continue to be one of the fastest-growing private health funds in the country.

Westfund named Western NSW Business of the Year

We were delighted and honoured to be awarded the 2024 "Western NSW Business of the Year" by Business NSW at the 2024 Western NSW Business Awards Gala event, in front of 230 business leaders. In addition, Westfund was also awarded the "Excellence in Large Business" category.

These prestigious awards represent a significant achievement for Westfund, highlighting our steadfast commitment to tackling healthcare challenges and delivering accessible health and wellbeing services. This recognition is also a testament

to the dedication and passion our staff exhibit in prioritising the best interests of our members and the communities we serve. With our regional heritage, we are uniquely positioned to understand the health needs and challenges faced by all segments of the community. We remain focused on bridging the gaps in access to essential health services.

Investing in members' health

- **Service enhancements:** We opened a new state-of-the-art Dental Centre in Lithgow, created the “Health Co-Op” online service platform that provides early intervention and preventative health services, launched our online sunglasses store that allows all members to access their sunglasses benefit no matter where they are located, and we were one of the first funds in Australia to add the Disability dependant cover as an option to our product range.
- **Community engagement:** We strengthened our support for local health initiatives and formed new partnerships with healthcare providers to enhance service delivery. This included partnering with Marathon Health to launch a program designed to assist members with chronic health conditions. We have also continued our engagement with a number of regionally-based private hospitals to identify areas where we can collaborate to provide better outcomes for patients.
- **Sustainability:** The Board has commenced developing a comprehensive ESG Strategy (Environmental, Social & Governance) which includes measuring our carbon footprint, identifying practical ways in which we can reduce our emissions, building upon our already significant social support initiatives, and enhancing governance practices to ensure they continue to represent community expectations.

Expanding wellbeing services

We have expanded our health and wellbeing offerings over the past twelve months to include Birth Beat, an online program to support members through their pregnancy, birth and early parenting journey; Motion Plus, a 12-week movement improvement program for members with hip and knee joint osteoarthritis who have surgery planned more than three months into the future; Your Heart and Mind, a program from Valion that addresses the mental health aspects of Acute Coronary Syndrome (ACS) and Cardiovascular Disease (CVD) with a focus on physical and

psychological support; This Way Up, which provides evidence-based mental health programs designed to help the management of stress, anxiety and depression; and My Mirror, registered general and clinical online psychologists that help members commence their mental health journey.

Community Grants Program

This year, we awarded over 30 grants totalling more than \$147,960 to community organisations, including two major grants of \$10,000 each. The major grant winners were:

- **Northwest Community Group:** Northwest Community Group supports individuals who are experiencing or at risk of homelessness in Brisbane through a variety of programs. They offer essential items such as clothing, shoes, blankets, food and toiletries at their outreach stands three times a week. Additionally, they distribute tents and bedding to those sleeping rough, ensuring that everyone has access to a safe place to sleep.
- **Jenny’s Place:** For nearly 50 years, Jenny’s Place has been dedicated to supporting women and children affected by domestic violence and homelessness. They operate two crisis refuges, 22 transitional homes, and an outreach program. Their mission is to break the cycle of domestic violence and homelessness by providing emotional and practical support to ensure a safe, healthy and violence-free future.

Corporate governance and compliance

As an APRA-regulated health services institution we are required to maintain the highest of standards in governance practices including risk management, compliance, financial performance, privacy and technology security. The Board oversees our governance responsibilities and has put in place measures to ensure we are meeting our obligations and the expectations of our members.



The year ahead

- **Innovation and technology:** The emergence of AI has become a very topical issue over the past twelve months and while it has been in existence for some time businesses and governments are now looking to develop use cases for this technology. As with all new technologies, we will assess how they may be utilised to enhance member service and provide operational efficiencies accurately, securely and reliably.
- **Service delivery:** As part of our expansion into assisting members access health services we will be assessing the opportunities to provide clinical services within the communities where our members work and live. In particular, we will be looking to partner with health service providers within a “Health Hub” type facility so that

members can access a range of services within one location. The excellent work our existing Dental and Eye Care teams undertake and the overwhelming positive feedback we receive from our members who utilise these services have encouraged us to investigate ways we can expand these offerings.

Gratitude

While much has changed over the past 71 years since we issued our first insurance policy, our commitment to caring and assisting our members is still at the centre of what we do every day. While many large for-profit organisations have come under significant criticism over recent years for their poor treatment of customers it is pleasing to be leading a member-owned, member-focused business that is trusted and supported by our membership base.



In closing, I extend my heartfelt gratitude to our members, our Executive team led by our Chief Executive Officer Mark Genovese, our wonderful staff, my fellow Directors and our partners for their continued support and dedication. Together, we have achieved remarkable success and I am confident that Westfund Health Insurance will continue to thrive in the years to come.

Photo: Joan, Westfund
Consultant for
over six years and
Brian the dog.

Graeme Osborne
Chair

The Directors present their report, together with the financial statements, on Westfund (referred to as 'Westfund' or the 'Fund') for the year ended 30 June 2024.

Directors

The following persons were Directors of Westfund during the whole of the financial year and up to the date of this report, unless otherwise stated:

Graeme Osborne
Brian Kelly
Bradley Williams
Geoffrey Wheeler
Jordan Tilse
Michael Serong
Phillip Burgett
Jennifer Dawn
Noeline Woof

Company objectives

Westfund is on a mission to build a new kind of health care for the collective good. We're focused on supporting members' long-term well-being through great-value health cover and expanding access to quality and affordable health care.

As a not-for-profit company, Westfund balances financial sustainability with providing long-term value for our members.

Westfund's short-term objectives are to:

- improve and promote the value of membership in the face of heightened price sensitivity, increased competition, reduced government incentive and challenging economic conditions;
- maintain industry-leading member retention;
- continue development of sales and service channels;
- grow membership while maintaining sustainable products;
- retain a strong capital base;
- enhance employee well-being at work and attract and retain quality employees;
- invest in making communities healthier;
- expand access to affordable healthcare for members; and
- we are committed to ensuring Westfund is a conscientious and sustainable business. As stakeholder expectations evolve, it is important to understand the Environmental, Social and Governance (ESG) opportunities and challenges we face. In FY24, we began developing a sustainability and ESG strategy, with work continuing into FY25. This strategy aims to protect and enhance long-term member value, building on our efforts in accessible healthcare, fostering an inclusive workforce and promoting vibrant, healthy communities.

Westfund's long-term objectives are to:

- support the health and well-being of its members and the communities in which it serves;
- maximise member value through high quality, value-for-money health insurance products and an integrated health service offering supported by highly personalised service;
- invest in better health outcomes to the benefit of members;
- maintain a profit-for-members focus, with surplus in excess of requirements used for the benefit of members; and
- provide regional employment and career opportunities.

Strategy for achieving the objectives

To achieve these objectives, Westfund has adopted the following strategies:

- increase Westfund's brand awareness;
- increase the value of membership by providing broader health services;
- modernise the way in which Westfund interacts with its members;
- provide staff with the required training and tools to excel in their job; and
- attract and retain quality staff to work for Westfund.

Principal activities

The principal continuing activities of Westfund during the financial year were to provide health insurance and healthcare services to members.

Review of operations

The operating surplus for Westfund after providing for income tax amounted to \$16,707,000 (30 June 2023 restated: \$3,153,000).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Westfund during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect Westfund's operations, the results of those operations, or Westfund's state of affairs in future financial years.

Contribution on winding up

Westfund is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that members undertake to contribute such amount as may be required not exceeding the sum of \$1 each towards meeting any outstanding obligations of the company. As at 30 June 2024 there were 66,384 (2023: 64,660) members and the maximum amount liable to be contributed was \$66,384 (2023: \$64,660).

Board of Directors

Director profiles



Graeme Osborne
GAICD
Chair

Graeme has been the Chair of the Board since 2018 and has been a non-executive Director since 1996. He has experience in private health insurance, industrial relations, superannuation and the mining and financial services industries. He is a Director of Coal Services Pty Limited, Coal Mines Insurance Pty Limited and NSW Mines Rescue Pty Limited. He is also a member of Coal Services Risk Management and Remuneration Committees. He has served as a Director of Auscoal Superannuation Pty Ltd where he was a member of the Audit, Risk and Compliance Committee. He was also a member of Mine Superannuation's Insurance Committee and Remuneration and Nomination Committee. He is currently District President of the Mining and Energy Union - South Western District.

Special responsibilities:
Chair of the Remuneration and Nomination Committee.



Phillip Burgett
BCOM, FCA, GAICD
Non-Executive Director

Phillip was appointed as a Director in 2012. He has extensive experience in providing independent audit, risk management and corporate governance services in health, local government, finance and insurance sectors. He has extensive recent experience as an independent chair and member of public sector (local government) audit and risk management committees. Phillip has previously been a partner of accounting and business advisory firm Morse Group.

Special responsibilities:
Member of the Audit Committee.



Jennifer Dawn
MBA, MPM, GAICD
Non-Executive Director

Jenny was appointed as a Director in 2021. She has enjoyed success in various C-Suite executive roles leveraging her leadership and experience in technology, innovation, cyber security, digital, risk management, corporate governance and strategy. She has significant board level experience having sat on the board of NSW Business Chambers, Talent International and Optus' strategic advisory board and currently sits as a non-executive Director, deputy chair and risk committee chair with Dispensaries Friendly Society Ltd (Pharmacy).

Special responsibilities:
Chair of the Risk and Compliance Committee.



Brian Kelly
GAICD
Deputy Chair

Brian was appointed as a Director in 2010. He has strong experience in the mining industry and held the position of Regional Manager at Western Mines Rescue Station for a number of years with expertise in work health and safety and emergency response. Prior to this he was Production Manager at mining company Centennial Coal. Brian is a member of the Mine Managers' Association of Australia.

Special responsibilities:
Member of the Risk and Compliance Committee.



Michael Serong
BA, LLB, GAICD
Non-Executive Director

Michael was appointed as a Director in 2014. He practised as an employment and labour lawyer with a background in business and corporate law, including finance, investment and insurance. He has particular expertise in Private Health Insurance law and regulation and has advised private health insurers over many years. He has held partnerships in a number of law firms during his career and was, until recently, a senior consultant with Norton Rose Fulbright based in Melbourne.

Special responsibilities:
Member of the Risk and Compliance Committee.



Jordan Tilse
BA, LLB, GAICD
Non-Executive Director

Jordan was appointed as a Director in 2017. She has a number of years' experience in top tier law firms as a solicitor advising on employment law matters and corporate governance across various industries including banking, finance and insurance. She has also acted as solicitor assisting the Royal Commission into Trade Union Governance and Corruption. Jordan is the founder and principal of Melbourne based law firm Sefton Davis which specialises in advising clients on employment matters including restructures, redundancies, workplace grievances and workplace training and investigations.

Special responsibilities:
Member of the Remuneration and Nomination Committee.



Geoffrey Wheeler
DIP. HRM, ASSOCIATE
DEGREE VET, C.MMA,
GAICD, JP
Non-Executive Director

Geoffrey was appointed as a Director in 2017. He has experience in mining, business and hospitality, human resources and club management. He is currently General Manager of the Lithgow Workmen's Club.

Special responsibilities:
Member of the Remuneration and Nomination Committee.



Bradley Williams
BBM, ASSOC DIP BUS,
MIML, GAICD
Non-Executive Director

Bradley was appointed as a Director in 2017. He has a strong background in finance, banking and business development. He has held various positions at Community First Credit Union and Westpac Bank and is a Director of Bradfin Pty Ltd, a mortgage broking company. He is currently Head of Industry Relationships at Unity Bank.

Special responsibilities:
Member of the Audit Committee.



Noeline Woof
BEC, FIAA, GAICD
Chair of Audit
Committee

Noeline was appointed as a Director in 2021. She has senior executive expertise in risk and financial management with regulated entities and is a qualified actuary with more than 25 years' experience. She has deep knowledge of general insurance, health insurance and accident compensation schemes gained through prior experience as Partner at PricewaterhouseCoopers, Chief Actuary and Chief Risk Officer at Allianz Australia, and Senior Policy Advisor at APRA. Noeline is also a Non-Executive Director of Hollard Insurance Limited and Pacific Life Re Australia.

Special responsibilities:
Chair of the Audit Committee.

Company Secretary

Deng Gichuru (Chief Risk Officer) has been Company Secretary since 2020. His qualifications and professional memberships include Grad Dip (Risk Management), MAICD, ANZIIF (Senior Associate CIP), AGIA (Associate) and RMIA (Member).

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Graeme Osborne	8	8	-	-
Phillip Burgett	8	8	4	4
Jennifer Dawn	7	8	-	-
Brian Kelly	8	8	-	-
Michael Serong	8	8	-	-
Jordan Tilse ¹	1	8	-	-
Geoffrey Wheeler	8	8	-	-
Bradley Williams	8	8	4	4
Noeline Woof	8	8	4	4

	Risk and Compliance Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
Graeme Osborne	-	-	7	7
Phillip Burgett	-	-	-	-
Jennifer Dawn	4	4	-	-
Brian Kelly	4	4	-	-
Michael Serong	4	4	-	-
Jordan Tilse	-	-	3	7
Geoffrey Wheeler	-	-	7	7
Bradley Williams	-	-	-	-
Noeline Woof	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

¹Jordan Tilse took a board approved 12 month leave of absence.

The following persons were members of the executive leadership team:



Mark Genovese
Chief Executive Officer



Liz Casmiri
Chief Health Care
Services Officer



Deng Gichuru
Chief Risk Officer and
Company Secretary



John Pallister²
Chief Information Officer



Chris Phillips
Chief Finance Officer



Bill Sheffield
Chief People Officer



Anna Maltabarow³
Chief Customer Officer



Magdalena Herceg
Chief Operations Officer

Positions held as at 30 June 2024.

²John Pallister concluded his tenure on 10 May 2024, and Richard Ferchow assumed the role on 27 May 2024.

³Anna Maltabarow commenced parental leave on 20 May 2024, and Dario Molina stepped in as acting CCO from 11 March 2024.

Year in review

The Westfund difference

6,720⁺

new members welcomed
to the Westfund community

10.8



the average length of membership
for hospital and combined cover
is 10.8 years

4.6



rated 4.6/5 on Product Review

77



excellent net promoter score

92.8%

member retention rate

50,760

members' total visits to a provider
from our Provider of Choice network

\$246.3m

hospital and extras benefits paid
to or on behalf of members



for every dollar received we paid
86 cents in benefits for members

587,090

dental, optical and ancillary visits

65,660

hospital admissions

16,370

members visited over 15,700 of
our medical specialist partners



89.7%

medical services covered in
hospital and had no known gap



82.6%

of members made an extras claim

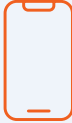


71,810

online claims paid

Year in review
The Westfund difference

Westfund Contact Centre

96,120 

calls and webchats taken by our Contact Centre team

7,320⁺

hours spent speaking with members

Westfund Eye Care Centre

6,480

Westfund Eye Care Centre visits

84.8

world-class net promoter score



Westfund Dental Care Centre

9,170

Westfund Dental Care Centre visits

90

world-class net promoter score



Our Transformation team has been dedicated to identifying gaps in access to healthcare services across our membership. In beginning to address the gap, we have launched several preventative health initiatives, programs, and various discounts.

530⁺

members participated in a preventative health initiative

245

members went to a skin screening appointment at a Westfund Care Centre

16



active Health and Wellbeing programs

515

members participated in a Health and Wellbeing program

13



defibrillators donated to community organisations across NSW and Queensland

40⁺



Aussie communities have benefited from the Westfund Community Grants Program

\$147,960

Community Grants and defibrillators awarded to inspiring local community organisations

Looking after our members

Depending on their level of cover, we paid for our members' planned and unexpected visits to hospital. We covered:



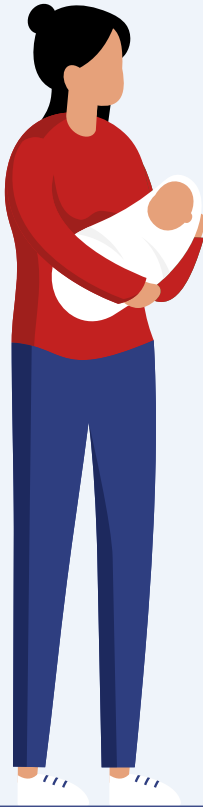
Benefit

\$186,400

For a 67-year-old with congestive heart failure.

Days in hospital

29



Benefit

\$96,000

For a low-weight premature baby needing breathing support.

Days in hospital

96



Benefit

\$125,600

For a 49-year-old who had a stem cell transplant.

Days in hospital

143

when they need us most



Benefit

\$171,900

For a 62-year-old with a wound infection following a procedure.

Days in hospital

90



Benefit

\$27,092

For a 27-year-old with leukaemia needing a transfusion.

Days in hospital

18



Benefit

\$12,470.53

For a 15-year-old with endometriosis, requiring laparoscopic surgery.

Days in hospital

3

Our communities in focus

In 2023/2024, Westfund remained committed to supporting the health and wellbeing of regional Australians. This year, significant progress has been made to improve access to healthcare services for members through the implementation of various preventative health initiatives designed to empower members to be in control of their health and wellbeing.

We're proud of our people

It's a privilege to celebrate the remarkable achievements of our dedicated team of over 200 employees, who consistently go above and beyond to support our members. This year, we've assisted many staff in their professional growth. Numerous team members have seized opportunities to learn new skills and enhance their expertise in fields such as General Insurance, Optical Dispensing, Dental Assisting, Financial Insurance and Accounting through TAFE and other tertiary education paths. We're delighted to share that in 2023/24, eighteen staff members in NSW and Queensland have successfully completed their respective studies. The enthusiasm and dedication of our staff continues to inspire us every day.

Throughout 2023/2024, we have celebrated numerous achievements and recognitions, including:

Western NSW Regional Business Awards 2024

Winner

Western NSW Business of the Year
(Westfund Health Insurance)

Winner

Excellence in Large Business
(Westfund Health Insurance)

Category finalist

Excellence in Innovation
(Westfund Dental Care)

WeMoney Awards 2024

Winner

Best for Value
(Health Insurance)

Winner

Best for Silver Hospital Cover
(Health Insurance)

Winner

Best for Gold Hospital Cover
(Health Insurance)



**Energy Australia Black Rose
Excellence in Business Awards 2023**

Winner

Excellence in Large Business
(Westfund Health Insurance)

Winner

Excellence in Innovation Section
(Westfund Dental Care)

Finder Health Insurance Awards 2023

Winner

Health Insurance Core Extras category
(Westfund's Starter Extras product)

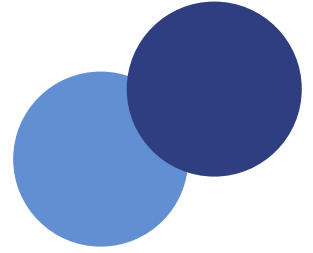
We look forward to another year of shared accomplishments and continued growth.

Our regional communities

For over a century, we have been dedicated to supporting the health and wellbeing of our members and the communities we serve. Our long-standing commitment reflects our focus on improving the lives of those we care for and the communities they cherish. In August 2023, our Lithgow Dental Centre relocated from 120 Main Street to 140 Main Street to a larger space to better support the needs of our growing member base. The new state-of-the-art Westfund Dental Care Centre is integrated with the latest dental technology available. We're always looking for ways to enhance services available to our members and our new dental centre is another example of this.

Supporting grassroots initiatives has always been a source of pride for us. This year is no exception, as we have been actively involved in regional events such as the Orange Running Festival, the Central West Rugby Union's Westfund Ferguson Cup, Westfund's Play like a Panther Clinic, and the Lithgow Show. Our commitment to the School Breakfast Program also remains strong, ensuring students in the Lithgow LGA start their day with a nutritious meal. By partnering with other local businesses, we're helping students concentrate on their education without worrying about their next meal. Additionally, our Community Grants Program continues to thrive, with strong applications year on year. We're thankful to be in a position where we can support a variety of initiatives through this program, examples of which we've highlighted later in the report.





Addressing healthcare disparities in regional Australia

We have taken a proactive stance in tackling healthcare disparities in regional Australia. Through comprehensive research and strategic initiatives, we continue to make significant progress in addressing the healthcare gap across our membership. Central to our efforts is the Westfund Regional Health Gap Report, which examined health risk distribution, access to care, and treatment costs across eight regional locations of our membership. Over 66,000 unique patients were analysed over seven years. The findings have guided us in initiating various programs aimed at improving healthcare accessibility and outcomes across regional Australia.

Expanding access to preventative healthcare

Recognising the challenge of ensuring access to quality healthcare in regional areas, we've trialled several preventative health services across our New South Wales and Queensland Care Centres over the past year:

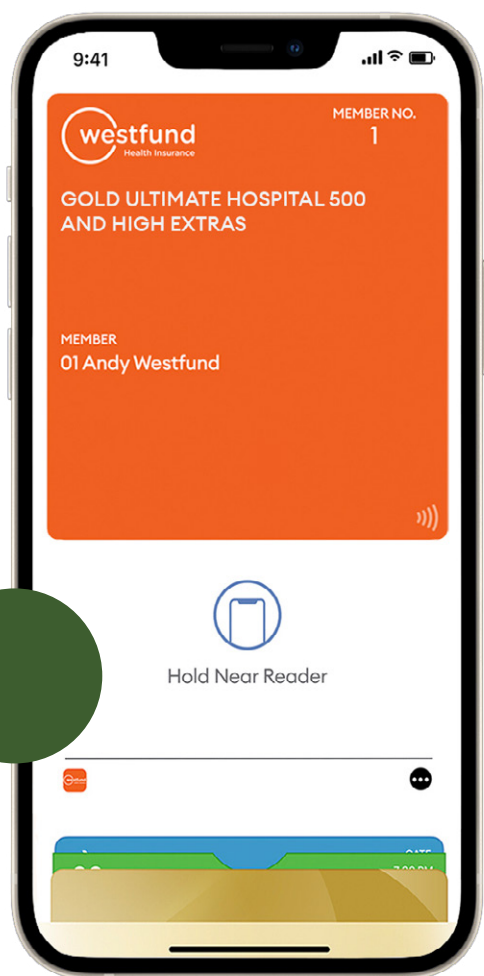
- **Skin cancer screenings with Spotscreen:** Partnering with Spotscreen, Australia's onsite skin cancer screening specialists, to provide affordable full-body skin cancer checks in locations with high skin cancer prevalence, as identified through Westfund's Regional Gap Report. Piloted in Lithgow, Maroochydore, and Moranbah, the trial was an instant success, booking out in minutes and requiring immediate expansion. Over 40% of members were referred to their GP due to detected risk factors. This service has now expanded to the Mackay Care Centre, with plans to continue rolling out to other Care Centres. The program has been implemented across half of the Care Centres within the last 12 months.
- **New Dental Care Centre in Lithgow:** In August 2023, we opened a state-of-the-art Dental Care Centre in Lithgow, featuring five treatment rooms, one of which is wheelchair accessible. The centre is equipped with cutting-edge dental technology, including 3D imaging machines, intra-oral cameras, and advanced diagnostic tools. This facility exemplifies our commitment to providing high-quality, affordable healthcare services to its members and the community.

Building healthier regional communities

- **Healthy Futures Scholarship Program:** Announced in early 2024 through a partnership with Charles Sturt University, this program supports the next generation of doctors and dentists in regional areas with two annual scholarships valued at \$10,000 each.
- **Bathurst Community Transport:** This year, we're proud to sponsor the Bathurst radiation bus, which transports residents undergoing cancer treatment to Orange Public Hospital. Operating a 12-seater bus, this service facilitates over 100 trips annually, operating five days a week. With three years of service, this vital initiative bridges the gap for locals accessing essential health services beyond their hometown.
- **Health Co-Op Initiative:** We've handpicked the leading, evidence-backed digital health programs available wherever you are. Where it can't be delivered digitally, we're finding some of the best local providers that share in our commitment to quality, convenient and affordable care.



Dental Care Centre Grand Opening – Dr. Mark Bennett, Dentist at Westfund Dental Care, Maree Statham, Mayor of City of Lithgow and Mark Genovese, Westfund's Chief Executive Officer.



Westfund Health Futures Scholarship – Liz Casmiri, Chief Health Care Services Officer and scholarship recipient Annabel.



Western NSW Business Awards – Paul Toole, Member of the New South Wales Legislative Assembly, Laura Pillans, Head of Brand, Marketing and Experience, Liz Casmiri, Chief Health Care Services Officer, Magdalena Herceg, Chief Operations Officer and Maree Statham, the Mayor of Lithgow.

Strengthening member experience and trust

In a significant year for digital advancements, we have introduced several key initiatives to enhance security and convenience for members. Among these, we introduced digital membership cards, positioning us as one of the first member-owned funds to offer digital cards for both Apple and Android devices. Members can now easily make extras claims by tapping their iPhone or Apple Watch at HICAPS terminals. Additionally, the integration of Apple Pay allows members to make payments seamlessly and conveniently.

In our ongoing commitment to data protection and secure digital experiences, we also integrated Multi-Factor Authentication (MFA) across our online services. This mandatory MFA adds an extra layer of security, requiring members to enter a unique one-time code sent via SMS or email when logging into Members Online and the Westfund app. This additional verification step enhances security by addressing the increasing sophistication of digital threats and safeguarding our members' information. This improvement reaffirms our commitment to the highest standards of data protection and a secure digital experience for our members.

Products to meet a changing market

Over the past year, we have prioritised adding benefits that emphasise preventative health and chronic disease management, while also broadening access to mental health services. Additionally, we've enhanced our coverage categories to include dependents with disabilities, making private health insurance more inclusive and accessible for families with diverse needs. These new categories allow dependents over 31 with an active National Disability Insurance Scheme (NDIS) plan to remain on their parents' or guardians' membership. In line with the Federal Government's updates to the maximum age for dependents in Private Health Insurance, we've integrated these changes into our product offerings. These enhancements aim to provide families with more affordable private health insurance while offering the convenience of managing one membership.

In addition, we welcome Bronze Hospital cover to our product range as an entry-level option designed for cost-conscious singles, couples, and families. This product provides reassurance and security, offering more individuals the chance to choose coverage that best fits their needs and budget.

We've been listening to our members' feedback and are excited to improve their experience with the nationwide launch of our online sunglasses catalogue. With The Collection, finding the perfect pair of sunglasses is more convenient than ever, with the added advantage of delivery. This allows members who don't live near a Westfund Eye Care Centre to enjoy their sunglasses benefit from the comfort of their home.

Feels good to give back



Pat Drummond, Musical Therapist for D-Caf
(previous Community Grants recipient).

It's been a challenging period for community organisations, facing increased competition for funding as well as a decline in volunteer numbers and the ongoing cost of living crisis. Despite these obstacles, many organisations have demonstrated remarkable resilience, a recurring theme in the applications we received through the Westfund Community Grants Program. It is a privilege for us to support these grassroots groups and their valuable contributions.

Throughout FY23/24, we awarded 34 grants and distributed 13 defibrillators, including two major grants. As we continue our support of regional communities, the Westfund Community Grants Program strives to foster a sense of collaboration and teamwork. Through this program, we have seen firsthand the incredible impact that can be achieved when people come together for a common cause.

This year, we noticed a significant increase in applications from domestic violence groups and organisations addressing homelessness, with numerous commendable applications from community groups and organisations

making significant strides in these areas, highlighting the critical societal issues we face today. Beyond these areas, we were fortunate to support many outstanding sporting groups, children's and pregnancy support groups, disability organisations, and regional groups dedicated to addressing mental health challenges.

We proudly awarded two Major Grants in Round 1 of 2024, demonstrating our dedication to fostering positive change. Applicants had the opportunity to apply for one of two \$10,000 grants and finalists were voted on by both the public and Westfund staff. The Major Grants were awarded to Jenny's Place and the Northwest Community Group. Jenny's Place is a domestic violence organisation in Newcastle offering much-needed crisis accommodation. The Northwest Community Group, based in Queensland, runs a wonderful program called "Next Step Connect," which helps people transition from homelessness into housing. This initiative underscores our commitment to addressing pressing societal issues.

We look forward to evolving and growing the Community Grants Program to best suit the needs of communities we serve in the coming years.



Family and Community

Our regional roots mean we understand the importance of community support and a sense of belonging; ideas at the heart of Westfund and part of our story. Healthy families mean healthy communities and we're committed to supporting both and enabling collective wellbeing. We support organisations and initiatives that care for families and meet a real need in their communities.



Health and Wellbeing

Health and wellbeing doesn't just mean ticking the box of 30 minutes on the treadmill each day. We're committed to a holistic view of health and wellbeing that incorporates good mental, physical and emotional health. We support organisations that share this commitment and initiatives that promote and encourage a healthy approach to life and general wellbeing.



Fit for Life

Being Fit for Life is about having the skills and tools to thrive. Aligned with our belief in holistic health and wellbeing, we support organisations and initiatives who join us in encouraging communities to increase and sustain healthy exercise, an increase in physical movement and getting active.

Community Grants

Our successful applicants

Throughout FY23/24 we awarded 34 grants, including 2 major, and 13 defibrillators.

Round two 2023 Community Grants

- Hearts and Hands Community Development
- Walk With Us
- Australian Street Aid Project
- Woodberry Public School
- Healthy Kids Project Inc
- Food for Kids
- Riding for the Disabled Harvey
- Mackay Hospital Foundation
- Leeton Yanco Swimming Club
- Friends with Dignity
- New Hope Care
- Boys to the Bush Ltd
- Paradise Kids Australia
- Miracle Babies Foundation
- LIVEFREE Project
- 5mangers Social Care Organisation

Round two 2023 Defibrillators

- Beerwah Bulldogs RLFC
- Metella Road Out of School Hours Childcare
- Lithgow Area Women's Shed
- Mareeba and District Cricket Club
- Mackay Men's Shed Inc.
- Toogoom and District RSL Sub Branch
- Association of Australian Assistance Dogs (NQ) Inc
- Play Matters Australia

Round one 2024 Community Grants

- Escabags
- Survivors R Us Incorporated
- Fishers of Men
- Zoe's Place Pregnancy Support
- Jenny's Place Incorporated
- Southlakes Incorporated
- Northwest Community Group
- Charters Towers Isolated Childrens' Parents
- Eyes of Hope
- Need a Feed
- Central Queensland Hospital Foundation
- Central West Gymsports
- Bravery Buddies
- Moranbah Hawks
- hope4ufoundation limited
- Neuroblastoma Australia
- Helping Hearts Foundation
- Beerwah Bulldogs

Round one 2024 Defibrillators

- The Returned & Services League of Australia (Queensland Branch) Mt Larcom Sub-Branch Inc.
- Brisbane Metropolitan Touch Association
- Warrah Society
- Beaudesert and District Tennis
- Drought Angels

Round one 2024 Major Grants – \$10k each

- Jenny's Place Incorporated
- Northwest Community Group



Members from the Lithgow Men's Shed (previous Community Grants recipient).

Westfund Limited

Financial statements

30 June 2024

Contents

Directors' report	28
Auditor's independence declaration	29
Statement of profit or loss and other comprehensive income	30
Statement of financial position	31
Statement of changes in equity	32
Statement of cash flows	33
Notes to the financial statements	34
Consolidated entity disclosure statement	71
Directors' declaration	72
Independent auditor's report to the members of Westfund Limited	73

The financial statements cover Westfund Limited (ABN 55 002 080 864) as an individual entity. The financial statements are presented in Australian dollars, which is Westfund Limited's functional and presentation currency.

Westfund Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Westfund Limited
59 Read Avenue
Lithgow NSW 2790

A description of the nature of Westfund's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 September 2024. The Directors have the power to amend and reissue the financial statements.

Indemnification of Directors

During or since the financial year, Westfund has paid premiums in respect of contracts insuring any past, present or future Directors, Secretaries and other officers of Westfund against certain liabilities. In accordance with common commercial practices, the insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

Indemnification of auditor

To the extent permitted by law, Westfund has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year ended 30 June 2024.

Rounding of amounts

Westfund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Graeme Osborne
Chair



Noeline Woof
Director

25 September 2024
Lithgow



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Westfund Limited

As lead auditor for the audit of the financial report of Westfund Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Jason Bain'.

Jason Bain
Partner
25 September 2024

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000 restated ¹
Insurance revenue		287,294	274,010
Insurance service expense	6	(279,729)	(267,085)
Insurance service result		7,564	6,925
Other interest and similar income		8,502	7,310
Net fair value gains/(losses) on financial instruments at fair value through profit or loss		5,628	1,925
Net fair value gains/(losses) on investment instruments at fair value through profit or loss		(588)	(1,260)
Total investment income		13,541	7,975
Other income	7	7,047	4,070
Finance costs		(226)	(93)
Other expenses	6	(11,219)	(15,722)
Other income and expense		(4,398)	(11,746)
Surplus before tax		16,707	3,153
Income tax expense		-	-
Surplus for the year		16,707	3,153
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Loss on the revaluation of land and buildings through other comprehensive income, net of tax	20	-	(243)
Total other comprehensive income		-	(243)
Total comprehensive income		16,707	2,910

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

¹Amounts have been restated for the adoption of AASB 17 Insurance Contracts, refer to note 2.

Statement of financial position

As at 30 June 2024

31

	Note	2024 \$'000	2023 \$'000 restated ¹	01 July 2022 \$'000 restated ¹
Cash and cash equivalents		984	2,565	2,718
Financial as sets at fair value through profit or loss	8	197,579	175,144	167,313
Financial as sets at amortised cost	9	41,715	45,122	32,782
Inventories		246	206	182
Other assets	10	2,122	2,054	1,192
Property, plant and equipment	11	16,594	16,378	16,792
Investment properties	12	5,743	6,332	8,960
Right-of-use assets	13	6,896	4,942	3,870
Intangibles	14	699	952	1,248
Total assets		272,579	253,693	235,056
Insurance contract liabilities	18	56,704	51,891	42,410
Trade and other payables	15	2,267	1,401	1,935
Lease liabilities	16	7,349	5,195	3,981
Employee benefits		5,441	5,007	4,851
Provisions	17	101	6,190	780
Total liabilities		71,862	69,683	53,957
Net assets		200,717	184,010	181,100
Reserves	20	-	-	243
Retained surpluses		200,717	184,010	180,857
Total equity		200,717	184,010	181,100

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

¹Amounts have been restated for the adoption of AASB 17 Insurance Contracts, refer to note 2.

Statement of changes in equity

For the year ended 30 June 2024

	Note	Asset revaluation reserve \$'000	Retained surplus \$'000	Total equity \$'000
Balance at 30 June 2022, as previously reported		243	177,307	177,550
Impact of initial application of AASB 17	2	-	3,550	3,550
Restated ¹ balance as at 1 July 2022		243	180,857	181,100
Surplus for the year (restated)		-	3,153	3,153
Other comprehensive income for the year, net of tax		(243)	-	(243)
Total comprehensive income for the year (restated)		(243)	3,153	2,910
Restated ¹ balance at 30 June 2023		-	184,010	184,010
Surplus for the year		-	16,707	16,707
Other comprehensive loss for the year, net of tax		-	-	-
Total comprehensive income/ (loss) for the year		-	16,707	16,707
Balance at 30 June 2024		-	200,717	200,717

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

¹Amounts have been restated for the adoption of AASB 17 Insurance Contracts, refer to note 2.

Statement of cash flows

For the year ended 30 June 2024

33

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts of premiums		287,718	277,604
Claims and levies paid		(242,011)	(228,597)
Other receipts from customers		6,845	6,179
Payments to suppliers and employees		(45,700)	(40,701)
Finance costs paid		(226)	(93)
Net cash from operating activities	28	6,626	14,391
Cash flows from investing activities			
Investments in term deposits		(2,593)	(21,191)
Purchase of managed funds and other investments		(16,811)	(5,905)
Payments for property, plant and equipment	11	(3,591)	(3,271)
Payments for intangibles	14	(401)	(440)
Payments for security deposits		24	(24)
Proceeds from term deposits		6,000	8,851
Proceeds from disposal of property, plant and equipment		1,396	1,013
Interest received		8,433	7,061
Net cash used in investing activities		(7,543)	(13,906)
Cash flows from financing activities			
Repayment of lease liabilities		(664)	(638)
Net cash used in financing activities		(664)	(638)
Net (decrease)/increase in cash and cash equivalents		(1,582)	(153)
Cash and cash equivalents at the beginning of the financial year		2,565	2,718
Cash and cash equivalents at the end of the financial year		984	2,565

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

Notes to the financial statements

30 June 2024

Note 1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

These general purpose financial statements have been prepared on a going concern basis.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through profit or loss, investment properties and certain classes of property, plant and equipment.

Voluntary change in presentation

In the current financial year, Westfund presents the balance sheet on a liquidity basis, whereby assets and liabilities are presented in order of their liquidity. This change provides a more accurate reflection of Westfund's financial position and better aligns with industry practices. The Directors believe that this new method provides reliable and more relevant information to users of the financial statements, as it enhances the understanding of Westfund's liquidity and financial flexibility. The change in method has been applied retrospectively to the comparative period to ensure consistency and comparability across periods.

Note 2. Changes in accounting policies and disclosures

New or amended Accounting Standards and Interpretations adopted

In these financial statements, Westfund has applied AASB 17 – Insurance Contracts (AASB 17) for the first time using the full retrospective approach. Westfund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 17 Insurance Contracts

AASB 17 replaces AASB 4 Insurance Contracts and AASB 1023 General Insurance Contracts for annual periods on or after 1 January 2023.

Westfund has restated comparative information for 2023 and presented a third statement of financial position as at 1 July 2022. The nature of the changes in accounting policies can be summarised, as follows:

Changes to the classification and measurement

The adoption of AASB 17 did not change the classification of Westfund's insurance contracts.

Under AASB 17, Westfund's insurance contracts are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in AASB 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by Westfund under AASB 1023 in the following key areas:

- The liability for remaining coverage (LFRC) reflects premiums received less amounts recognised in revenue for insurance services provided;
- The liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart. However, given the short-term nature of Westfund's contracts, discounting is not applied to the LFRC;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component;
- The liability for incurred claims (LIC), which includes previously outstanding claims, is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. This liability also includes the Westfund's obligation to pay other incurred insurance expenses;
- A risk adjustment is included in the measurement of LIC to reflect the compensation required for bearing the uncertainty about the amount and timing of cash flows associated with non-financial risks.

Changes to presentation and disclosure

AASB 17 introduces significant changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the statement of financial position and statement of profit or loss and other comprehensive income and increased disclosure requirements compared with previous reporting requirements. Insurance contract line items on the balance sheet are replaced with insurance contract assets and liabilities.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, Westfund reported the following line items:

- Premium revenue;
- Net claims incurred;
- Underwriting expenses.

Instead, with AASB 17 it has been presented as:

- Insurance revenue;
- Insurance service expense.

Westfund provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts;
- Significant judgements, and changes in those judgements, when applying the standard.

Transition

On transition date, 1 July 2022, Westfund:

- Had identified, recognised and measured each group of insurance contracts as if AASB 17 had always applied;
- Derecognised any existing balances that would not exist had AASB 17 always applied;
- Recognised any resulting net difference in equity.

Westfund's net assets at transition on 1 July 2022 increased by \$3,550,000, primarily driven by de-recognition of Deferred Claims Liability (DCL) (\$9,941,000), removal of Deferred Acquisition Costs (DAC) (\$3,614,000), and Deferred commissions payable (\$287,000) and recognition of Onerous Contract (\$3,110,000). Deferred Claims Liability was derecognised from the statement of financial position because it cannot be recognised under AASB 17 due to the different definition of claims incurred.

Notes to the financial statements

30 June 2024

Note 2. Changes in accounting policies and disclosures (continued)

Reconciliation of Westfund's net assets 1 July 2022 under previous standard to new standard:

Consolidated – 1 July 2022	2022 \$'000 Published	\$'000 Derecognition	\$'000 Reclassification	\$'000 Recognition	01 July 2022 \$'000 Restated
Cash and cash equivalents	2,718	-	-	-	2,718
Financial as sets at fair value through profit or loss	200,095	-	-	-	200,095
Trade and other receivables	6,484	46 ⁴	(6,531)	-	-
Inventories	182	-	-	-	182
Deferred acquisition costs	3,614	(3,614) ¹	-	-	-
Other assets	2,002	-	(810)	-	1,192
Property, plant and equipment	16,792	-	-	-	16,792
Investment properties	8,960	-	-	-	8,960
Right-of-use assets	3,870	-	-	-	3,870
Intangibles	1,248	-	-	-	1,248
Total assets	245,965	(3,568)	(7,341)	-	235,057
Insurance contract liabilities	-	-	39,300	3,110 ²	42,410
Trade and other payables	1,935	-	-	-	1,935
Lease liabilities	3,981	-	-	-	3,981
Employee benefits	4,851	-	-	-	4,851
Provisions	28,929	(9,941) ²	(18,208)	-	780
Other liabilities	28,720	(287) ¹	(28,433)	-	-
Total liabilities	68,415	(10,228)	(7,341)	3,110	53,957
Total net assets restatement	177,550	6,660	-	(3,110)	181,100
Reserves	243	-	-	-	243
Retained surpluses	177,307	6,660	-	(3,110)	180,857
Total equity	177,550	6,660	-	(3,110)	181,100

¹Amount of \$3.3M relates to the derecognition of Deferred Acquisition Costs and Deferred commissions payable as it is being expensed in accordance with AASB 17.

²Amount \$3.1M is the recognition of the loss component.

³Amount of \$9.9M represents the removal of Deferred Claims Liability.

⁴Amount of \$0.05M relates to the derecognition of doubtful debts.

Insurance contract classification

Westfund issues health insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders by offering indemnification for specific expenses as a result of an insured event relating to illness, injury, pregnancy or preventative care. Westfund determines whether it has significant insurance risk if there is a possibility that it could suffer a loss caused by the insured event and pay significant additional amounts beyond what would be paid if the insured event had not occurred.

Westfund assesses its health insurance products to determine whether they contain distinct components which must be accounted for under another accounting standard other than AASB 17. After separating any distinct components, Westfund applies AASB 17 to all remaining components of the insurance contract. Currently, Westfund's health insurance products do not include any distinct components that require separation.

Level of aggregation

AASB 17 requires insurance contracts to be aggregated by portfolios that share similar risks and are managed together, grouped by profitability, and organized into annual cohorts. Westfund has determined that its health insurance contracts have similar 'health-related' risks and the Westfund manages its health insurance business together, resulting in one portfolio of health insurance contracts with one group of profitable contracts and one group of onerous contracts.

Westfund recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the Westfund is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

Contract boundary

Westfund includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract. The contract boundary is used to determine the start and end points of coverage in order to identify cash flows for inclusion in the measurement of an insurance contract under AASB 17. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with coverage or other services. Westfund has adopted the annual renewal date following the premium round process (generally 1 April) as an effective contract boundary.

Measurement models

Westfund applies the premium allocation approach (PAA) for the measurement for all its health insurance contracts as the majority of the Westfund's health insurance contracts automatically qualify because the coverage period of each contract is one year or less.

Westfund does not have a material amount of contracts with a coverage period in excess of one year.

Liability for incurred claims

The LIC represents the estimated liability arising from claims episodes, based on the present value of expected fulfilment cash flows relating to past service which have not yet given rise to claims paid, with an explicit risk adjustment for non-financial risk. A claims episode is an insured medical service that Westfund has an obligation to fund which includes consultation fees, diagnostic investigations, and hospitalisation or treatment costs. The liability includes an allowance for claims handling expenses and any unsettled directly attributable expenses. Westfund does not adjust the future cash flows for the time value of money and the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence.

Notes to the financial statements

30 June 2024

Note 2. Changes in accounting policies and disclosures (continued)

Liability for remaining coverage

On initial recognition of each group of insurance contracts, the carrying amount of the LFRC is measured at the premiums received. Westfund does not adjust the LFRC to reflect the time value of money and the effect of financial risk, as the time between providing each part of the services and the related premium due date does not exceed one year at the initial recognition of each group of contracts. On subsequent measurements, LFRC is amortised to recognise revenue on a passage of time basis over the coverage period.

Onerous contracts

Contracts that are measured using PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. Westfund has developed a framework for identifying relevant facts and circumstances that may indicate the existence of onerous contracts which includes management reports available to senior management for planning and performance management purposes as a source of evidence for facts and circumstances. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued under the General Measurement Model (GMM) by estimating the fulfilment cash flows and an assessment of the risk adjustment using a confidence level approach and included in the carrying amount of LFRC.

Risk adjustment

Under the PAA, a risk adjustment is recognised on all LFIC balances and on LFRC balances for onerous contracts issued. Westfund has taken the decision to use a confidence level technique to estimate the risk adjustment. The risk adjustment for non-financial risk is the compensation that Westfund requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. In determining the approaches in setting the LFIC and the onerous contracts'

loss component of LFRC risk adjustments for its health insurance business, the Westfund considers alignment to the profitability target in its Pricing Philosophy and its Capital Management Plan. While technical pricing/premium setting is based on a decision made at that particular time and driven by market forces and strategic business decisions, risk adjustment at each reporting date should be based on currently available information. The confidence levels of the LFIC and LFRC risk adjustments can differ, as they should be a reflection of the compensation that Westfund requires for bearing the uncertainty of the amount and timing of cash flows that arise from non-financial risk that is relevant to the different liabilities. Westfund has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile (2023: 75th percentile).

Risk equalisation

Under the provisions of the Private Health Insurance Act 2007, all eligible registered health insurers must participate in the Risk Equalisation Trust Fund (RETF). The quarterly risk equalisation scheme transfers risk between private health insurers within each Risk Equalisation jurisdiction (State or Territory). Private health insurers that have paid 'eligible benefits' at a rate per single equivalent unit (SEU) less than average, pay into the RETF for that jurisdiction, while private health insurers that have paid 'eligible benefits' at a rate per SEU more than the average paid in the Risk Equalisation jurisdiction receive from the RETF.

The amounts payable to and receivable from the RETF are determined by APRA after the end of each quarter. Estimated provisions for amounts payable and income receivable are provided for periods where determinations have not been made and are recognised in the Liabilities on Incurred Claims within Insurance Contract Liabilities on an accrual basis.

Medicare rebate

The Australian Government provides a rebate in respect of the premiums paid for private health insurance. The rebate is based on a sliding scale dependent on policyholders' age and income. When premiums received from policyholders are net of the rebate, registered health insurers receive the rebate directly from the Government. The rebate is recognised in profit or loss as premium revenue. Rebates due from the Government but not received at balance date are recognised as expected cash flows within the LFRC.

Note 3. Summary of material accounting policy information

Revenue recognition and measurement

Revenue is measured at the amount of consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Insurance revenue

Insurance revenue comprises the amount of expected premium receipts from policyholders, inclusive of the government rebate allocated to the period. Westfund allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Westfund: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Eye care centres revenue

Revenue from eye care centres is recognised over time, upon delivery of the services to customers, which generally occurs in a single optical visit. Revenue from the delivery of goods to customers is recognised at that point-in-time.

Dental centres revenue

Revenue from dental centres is recognised over time, upon the delivery of the services to customers, which generally occurs in a single dental visit.

Rental income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised at the point-in-time when it is received or when the right to receive payment is established.

Interest

Interest income from financial assets at fair value through profit or loss is accounted for on a contractual rate basis and recognised as interest income as it is earned in the statement of profit or loss and other comprehensive income.

Movement in insurance contract liabilities for incurred claims

Movement in insurance contract liabilities for incurred claims show changes in expected cash flows for insured events that have occurred and release of the risk adjustment.

Loss component

To identify potentially onerous contracts, Westfund has considered information reviewed by senior management in monitoring financial performance. Westfund assumes that no insurance contracts measured under the Premium Allocation Approach (PAA) are onerous at initial recognition. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed.

Westfund recognises losses on onerous contracts by establishing a loss component, valued as the excess of the estimated fulfilment cash flows that relate to the remaining coverage of the group of contracts over the carrying amount of the liability for remaining coverage (LFRC). In subsequent periods, the loss component is reassessed, and any movements are recognised within the statement of profit or loss and other comprehensive income.

Notes to the financial statements

30 June 2024

Note 3. Summary of material accounting policy information (continued)

Insurance acquisition expenses

Insurance acquisition expenses arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

For groups of contracts that are eligible to apply the simplified PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. For group of contracts with a coverage period of one year or less, acquisition costs are expensed as incurred.

Where insurance acquisition costs have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group. The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

Insurance services expenses

Westfund classifies the majority of expenses incurred within insurance service expenses, except for those not directly attributable to insurance contracts.

Income tax

Westfund is a private health insurer within the meaning of the Private Health Insurance Act 2007 and is exempt from income tax assessment under section 50-30 of the Income Tax Assessment Act 1997.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost, using the effective interest rate method, only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest. Gains or losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss. Assets are measured at fair value with gains or losses recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by Westfund. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly in profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Property, plant and equipment

Land, building structures and improvements are measured at fair value, based on valuations completed annually by external independent valuers, less subsequent depreciation and impairment. The valuations are undertaken more frequently if there is evidence of a material change in the fair value relative to the carrying amount. At the date of revaluation, accumulated depreciation is reversed such that 'cost' for the revalued asset is equal to its valuation.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Any revaluation decrements are initially recognised in other comprehensive income and accumulated in the asset revaluation reserve to the extent of any previous revaluation surplus of the same asset. Thereafter decrements are recognised in profit or loss, however any subsequent increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same class of asset previously recognised in profit or loss.

Plant and equipment and motor vehicles is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings structures and improvements	7-40 years
Leasehold improvements	over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter
Plant and equipment	3-7 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

Notes to the financial statements

30 June 2024

Note 3. Summary of material accounting policy information (continued)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Westfund expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Westfund has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Finite life intangible assets are measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Computer software

Significant costs associated with the purchase or internal development of computer software are deferred and amortized on a straight-line basis over their expected finite useful life of three years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not generate independent cash inflows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

At the commencement date of the lease, Westfund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Westfund and payments of penalties for terminating the lease, if the lease term reflects the Westfund exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Westfund uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Westfund applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Westfund's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. Westfund reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Provisions

Provisions are recognised when Westfund has a present (legal or constructive) obligation as a result of a past event, it is probable Westfund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Employee benefits provision

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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

30 June 2024

Note 3. Summary of material accounting policy information (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances, and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

For quoted investments, fair value is determined based on current bid price. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the relevant accounting policies. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

- 18 Insurance contract liabilities
- 17 Provisions
- 16 Lease liabilities
- 14 Intangibles
- 12 Investment properties
- 11 Property, plant and equipment

Note 5. New accounting standards not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by Westfund in this financial report. Among these is AASB 18 Presentation and Disclosure in Financial Statements (AASB 18), with the effective date of annual reporting periods on or after 1 January 2027. Management is still assessing the impact of AASB 18 on the financial report. Other than AASB 18, the new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial statements of Westfund.

Notes to the financial statements

30 June 2024

Note 6. Expenses	Directly attributable expenses insurance	Non insurance expenses	Total
Expenses by nature 30 June 2024 (\$'000)			
Claims expense	243,657	-	243,657
State levies	3,396	-	3,396
Employee costs	21,477	-	21,477
Commissions paid	1,363	-	1,363
Other underwriting expenses	13,527	-	13,527
Losses on onerous contracts and reversals of those losses	5,812	-	5,812
Risk equalisation recoveries	(10,854)	-	(10,854)
Computer software	654	-	654
Depreciation on building structures and improvements (note 11)	225	253	478
Depreciation on leasehold improvements (note 11)	472	123	595
Depreciation on plant and equipment (note 11)	-	1,010	1,010
Depreciation on motor vehicles (note 11)	-	221	221
Depreciation on right-of-use-assets (note 11)	-	871	871
Cost of goods sold	-	2,909	2,909
Dental and eye care wages and other expenses	-	4,275	4,275
Fund administration expenses	-	1,558	1,558
Total expenses by nature	279,729	11,219	290,949
Expenses by nature 30 June 2023 (\$'000)			
Claims expense	238,784	-	238,784
State levies	3,218	-	3,218
Employee costs	18,755	-	18,755
Commissions paid	1,549	-	1,549
Other underwriting expenses	12,103	-	12,103
Losses on onerous contracts and reversals of those losses	1,025	-	1,025
Risk equalisation recoveries	(9,464)	-	(9,464)
Computer software	736	-	736
Member giveback	-	6,000	6,000
Depreciation on building structures and improvements (note 11)	226	231	457
Depreciation on leasehold improvements (note 11)	154	39	193
Depreciation on plant and equipment (note 11)	-	842	842
Depreciation on motor vehicles (note 11)	-	192	192
Depreciation on right-of-use-assets (note 11)	-	775	775
Cost of goods sold	-	2,697	2,697
Dental and eye care wages and other expenses	-	3,737	3,737
Fund administration expenses	-	1,208	1,208
Total expenses by nature	267,085	15,722	282,808

Note 7. Other income	2024 \$'000	2023 \$'000
Eye care centres revenue	3,244	2,939
Dental centres revenue	2,977	2,760
Rental Income	499	488
Reversal/(impairment) on land and buildings	327	(2,117)
Total other income	7,047	4,070

All revenue is recognised overtime and generated in Australia.

Note 8. Financial assets at fair value through profit or loss

	2024 \$'000	2023 \$'000
Managed funds	197,579	175,144
	197,579	175,144

Refer to note 22 for further information on financial instruments and insurance risks and note 23 for further information on fair value measurement.

Note 9. Financial assets at amortised costs

	2024 \$'000	2023 \$'000 restated
Bank deposits	41,715	45,122
	41,715	45,122

Refer to note 22 for further information on financial instruments and insurance risks.

Note 10. Other assets

	2024 \$'000	2023 \$'000
Accrued interest on term deposits	326	257
Prepayments	1,524	1,526
Security deposits	247	271
Other receivables	26	-
	2,122	2,054

Notes to the financial statements

30 June 2024

Note 11. Property, plant and equipment	2024 \$'000	2023 \$'000
Non-current assets		
Land, building structures and improvements	12,878	14,150
Less: Accumulated depreciation	(2,583)	(2,446)
	10,294	11,704
Leasehold improvement	5,708	3,508
Less: Accumulated depreciation	(2,851)	(2,255)
	2,857	1,253
Plant and equipment	7,730	6,768
Less: Accumulated depreciation	(5,642)	(4,712)
	2,088	2,056
Motor vehicles	1,474	1,036
Less: Accumulated depreciation	(543)	(392)
	931	645
Capital – work in progress – at cost	424	720
	16,594	16,378

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land, building structures and improvements \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Capital work in progress \$'000	Total \$'000
Balance at 1 July 2022	13,290	648	1,488	449	918	16,793
Additions	858	798	1,412	401	(198)	3,270
Disposals	(7)	-	(1)	(14)	-	(23)
Revaluation	(2,361)	-	-	-	-	(2,361)
Transfers	380	-	-	-	-	380
Depreciation expense	(457)	(192)	(842)	(192)	-	(1,683)
Balance at 30 June 2023	11,703	1,253	2,057	645	720	16,378
Additions	103	2,199	1,053	532	(297)	3,591
Disposals	(1,365)	-	(6)	(25)	-	(1,396)
Revaluation	327	-	-	-	-	327
Transfers	4	-	(4)	-	-	-
Depreciation expense	(478)	(595)	(1,010)	(221)	-	(2,304)
Balance at 30 June 2024	10,292	2,858	2,090	931	423	16,594

Note 12. Investment properties	2024	2023
	\$'000	\$'000

Non-current assets

Investment properties – fair value	5,743	6,332
------------------------------------	-------	-------

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2024	2023
	\$'000	\$'000
Opening fair value	6,332	8,960
Disposals	-	(988)
Revaluation/(decrements)	(589)	(1,260)
Transfer to property, plant and equipment (note 11)	-	(380)
Closing fair value	5,743	6,332

Valuations of investment properties

Refer to note 22 for details on the fair value of investment properties.

Rental income and expenses

Rental income amounts to \$499,000 (2023: \$488,000) included within other revenue, as detailed in note 7. Direct lessor property expenses of \$112,000 (2023: \$203,000) payable by the lessor were reported within other expenses, of which \$nil (2023: \$nil) was incurred on vacant properties that did not generate rental income.

Lessor entitlements

	2024	2023
	\$'000	\$'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	450	175
Between 1 and 2 years	1,230	-
	1,679	175

Notes to the financial statements

30 June 2024

Note 13. Right-of-use assets	2024 \$'000	2023 \$'000
Non-current assets		
Land and buildings – right-of-use	10,387	7,566
Less: Accumulated depreciation	(3,491)	(2,624)
	6,896	4,942

The company leases premises, for the operation of health care centres, under agreements of between one to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$'000
Balance at 1 July 2022	3,870
Additions	1,826
Depreciation expense	(755)
Balance at 30 June 2023	4,942
Additions	2,843
Remeasurement	(16)
Depreciation expense	(871)
Balance at 30 June 2024	6,896

For other lease related disclosures, refer to the following:

- note 16 for details of lease liabilities at the beginning and end of the reporting period;
- note 22 for the maturity analysis of lease liabilities; and
- statement of cash flows for repayment of lease liabilities.

Note 14. Intangibles	2024	2023
	\$'000	\$'000
Non-current assets		
Computer software – at cost	5,631	5,232
Less: Accumulated amortisation	(4,932)	(4,281)
	699	951

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer software
	\$'000
Balance at 30 June 2022	1,248
Additions	440
Disposals	-
Amortisation expense	(737)
Balance at 30 June 2023	951
Additions	401
Disposals	-
Amortisation expense	(654)
Balance at 30 June 2024	699

Note 15. Trade and other payables	2024	2023
	\$'000	\$'000
Trade payables	154	313
Accrued expenses	2,113	1,087
	2,267	1,401

Notes to the financial statements

30 June 2024

Note 16. Lease liabilities	2024 \$'000	2023 \$'000
Current liabilities		
Lease liability	670	709
Non-current liabilities		
Lease liability	6,679	4,486

Reconciliations

Reconciliations of the changes in liabilities arising from financing activities at the beginning and end of the current and previous financial year are set out below:

	Lease liabilities \$'000
Balance at 1 July 2023	5,195
Interest accretion	(897)
Interest payment	227
Adjustment	(19)
Acquisitions of leases (note 13)	2,843
Balance at 30 June 2024	7,349

Refer to note 22 for the maturity analysis of lease liabilities.

Note 17. Provisions	2024 \$'000	2023 \$'000
Lease make good	101	101
Member refunds	-	6,089
	101	6,190

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2024	Lease make good \$'000	Member refunds \$'000
Carrying amount at the start of the year	101	6,089
Amounts used	-	(6,000)
Amounts unused	-	(89)
Claims incurred	-	-
Claims paid	-	-
Carrying amount at the end of the year	101	-

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms.

Members refund

The \$6,000,000 ex-gratia payment provided for in June 2023 will be paid out in August 2023. The Lifetime Health Cover (LHC) loading provision reduced from \$679,000 (June 2022) to \$89,000 (June 2023) was written off.

Notes to the financial statements
30 June 2024

Note 18. Insurance contract liabilities

2024
\$'000

2023
\$'000
restated

Insurance contracts liabilities

Health insurance	56,704	51,891
Total insurance contracts liabilities	56,704	51,891

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Est of PV of future cash flows	Risk adjustment for non-financial risk	Total
2024	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance contract liabilities as at 1 July	25,544	4,135	19,750	2,462	51,891
Insurance revenue	(287,294)	-	-	-	(287,294)
Insurance service expenses					
Direct claim expenses	-	(4,135)	283,072	(357)	278,580
State ambulance levies	-	-	3,396	-	3,396
Health benefits risk equalisation special account levy	-	-	(10,854)	-	(10,854)
Changes to liabilities for incurred claims	-	-	(2,521)	(285)	(2,807)
Losses on onerous contracts and reversals to those losses	-	9,947	-	-	9,947
Other underwriting expenses	-	-	1,467	-	1,467
Insurance service result	(287,294)	5,812	274,561	(643)	(7,564)
Total changes in the statement of comprehensive income					
Cash flows					
Premiums received	287,718	-	-	-	287,718
Claims and levies paid	-	-	(242,011)	-	(242,011)
Other insurance service expenses	144	-	(33,472)	-	(33,329)
Total cash flows	287,861		(275,483)	-	12,378
Net insurance contract liabilities as at 30 June	26,111	9,947	18,827	1,819	56,704

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Est of PV of future cash flows	Risk adjustment for non-financial risk	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance contract liabilities as at 1 July	22,039	3,110	15,456	1,805	42,410
Insurance revenue	(274,010)	-	-	-	(274,010)
Insurance service expenses					
Direct claim expenses	-	(3,110)	263,450	502	260,842
State ambulance levies	-	-	3,218	-	3,218
Health benefits risk equalisation special account levy	-	-	(9,464)	-	(9,464)
Changes to liabilities for incurred claims	-	-	5,974	155	6,129
Losses on onerous contracts and reversals to those losses	-	4,135	-	-	4,135
Other underwriting expenses	-	-	2,225	-	2,225
Insurance service result	(274,010)	1,025	265,403	657	(6,925)
Total changes in the statement of comprehensive income					
Cash flows					
Premiums received	277,604	-	-	-	277,604
Claims and levies paid	-	-	(228,597)	-	(228,597)
Other insurance service expenses	(89)	-	(32,512)	-	(32,601)
Total cash flows	277,515		(261,110)		16,406
Net insurance contract liabilities as at 30 June	25,544	4,135	19,750	2,462	51,891

Note 19. Actuarial assumptions and methods

Liabilities for incurred claims

In calculating the provision for unpaid claims, two methods are used. For recent service months, the Bornhuetter-Ferguson method progressively blends payment experience and prior forecasts of incurred costs. For other months, a chain ladder method is used. This assumes that the notification pattern of the current claims will be consistent with historical experience.

Actuarial assumptions – LIC

The following assumptions have been made in determining the liabilities for incurred claims:

Variables	2024 Hospital %	2024 Medical %	2024 General treatment %	2023 Hospital %	2023 Medical %	2023 General treatment %
Assumed portion paid	89.11	89.83	97.63	87.41	89.26	97.27
Expense rate	1.25	1.25	1.25	1.25	1.25	1.25
Risk equalisation rate	(6.00)	(6.00)	(6.00)	(5.50)	(5.50)	(5.50)
Risk margin	9.00	9.00	9.00	11.00	11.00	11.00

The risk adjustment of 9% (2023: 11%) of the underlying liability has been estimated to equate to a probability of adequacy of approximately 75% (2023: 75%).

Notes to the financial statements

30 June 2024

Note 19. Actuarial assumptions and methods (continued)

Process used to determine assumptions – LIC

A description of the processes used to determine these assumptions is provided below:

Factor

Chain ladder development factors	Chain ladder development factors were selected based on observations of historical claim payment experience. Particular attention was given to the development of the most recent 12 months. An increase/decrease would lead to a higher/lower projection of the ultimate liability and a corresponding increase/decrease in claims expense respectively.
Bornhuetter-Ferguson unpaid factors	Bornhuetter-Ferguson unpaid factors were selected based on historical patterns of payment (by notification) to ultimate incurred claims. Essentially, the proportion of ultimate incurred claims to be paid by notification month is selected based on observations from the historical notification. The “unpaid proportion” is then multiplied by a prior forecast of incurred claims for each service month to determine the estimate. An increase/decrease would lead to a higher/lower projection of the ultimate liability and a corresponding increase/decrease in claims expense respectively.
Discount rate	As insurance claims for Westfund are generally settled within one year, no discounting of claims is usually applied as the difference between the undiscounted value of claims payments and the present value of claims payments is not likely to be material.
Expense rate	Claims handling expenses were calculated by reference to past experience of total claims handling costs as a percentage of total past payments. An increase/decrease in this expense rate would have a corresponding effect on the claims expense.
Risk equalisation allowance	Risk equalisation is a mechanism designed to help support community rating. Westfund has been a net recipient from the pool for the last five financial years. This allowance represents the expected receipt from the pool in respect of the outstanding claims.
Risk adjustment	The risk adjustment has been based on an analysis of the past experience of Westfund. This analysis examined the volatility of past payments that has not been explained by the model adopted to determine the central estimate. This past volatility has been assumed to be indicative of the future volatility and has been set at a level estimated to equate to a probability of adequacy of 75% (2023: 75%). An increase/decrease in the risk adjustment would have a corresponding effect on the claims expense.

Sensitivity analysis – insurance contracts

Westfund conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables as disclosed above. The movement in any key variable will impact the performance and equity of Westfund, as outlined in the table below:

Impact on key variables

Key variables	Movement in variable %	2024 Adjustments on surplus/ (deficit) and equity \$'000	2023 Adjustments on surplus/ (deficit) and equity \$'000
Chain ladder development factors	10.0% (10.0%)	(821) 832	(680) 690
Bornhuetter-Ferguson unpaid factors	10.0% (10.0%)	(2,064) 2,064	(1,843) 1,843
Expense rate	1.0% (1.0%)	(218) 218	(233) 233
Risk equalisation	1.0% (1.0%)	204 (204)	218 (218)
Risk margin	1.0% (1.0%)	(132) 132	(134) 134

Notes to the financial statements

30 June 2024

Note 20. Reserves

2024
\$'000

2023
\$'000

Gain on revaluation of land and buildings
through other comprehensive income reserve

- -

Assets revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

The asset revaluation reserve is used to recognise changes in the fair value of land and buildings, excluding investment properties. The revaluation decrement during the current year was recognised in other comprehensive income to the extent that it offsets any previous revaluation surplus of the same asset, resulting to \$nil asset revaluation reserve as at 30 June 2024 (2023: \$nil).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Revaluation
surplus
\$'000

Balance at 1 July 2022 243

Fair value gain during the year (243)

Balance at 30 June 2023 -

Fair value loss during the year -

Balance at 30 June 2024 -

Note 21. Capital management

Westfund operates in the private health insurance industry and is subject to prudential capital regulations determined in accordance with the capital adequacy standard which are set out by APRA.

APRA Prudential Standard HPS 110 'Capital Adequacy'

Each health benefits fund needs to satisfy APRA Prudential Standards HPS110 (Capital Adequacy) under the Private Health Insurance (Prudential Supervision) Act 2015, and in the interests of policyholders of the Fund. Westfund's compliance with the capital adequacy standard is an indication of its future strength as a going concern.

Each private health insurer must have, and comply with, a written, Board endorsed, ICAAP (Internal Capital Adequacy Assessment Process) summary statement, which as a key component must include a ICAAP plan. Westfund's ICAAP contains:

- a description of the Board's risk appetite as it relates to capital needs and the process used to determine that appetite;
- target capital levels which have regard to access to capital and the impact on premiums of holding more or less capital than the amount determined;
- details of how the capital target is calculated; and
- clearly defined capital trigger points and corrective actions for each of the trigger points which specifies the actions and timeframes for those actions that Westfund may utilise to return capital to the target levels.

The Board's policy is to maintain a strong capital base and to hold capital in accordance with the Westfund's ICAAP summary statement. At the end of the reporting period, Westfund had capital well in excess of the minimum statutory requirements and slightly above the target capital range endorsed by the Board in the ICAAP.

The Board reviews the ICAAP summary statement on an annual basis.

Solvency and capital standards

The intention of the capital standard is to ensure that each health benefits fund of a private health insurer has sufficient, appropriate assets available to be able to demonstrate that it will be able to meet future policyholder and creditor obligations under a range of adverse experience outcomes.

As part of liquidity management to manage its liquidity risk, Westfund holds cash amounts at levels defined in the Westfund Investment Policy.

In compliance with APRA HPS 110 Capital Adequacy requirements that became effective on 1 July 2023, in order to improve the understanding of its capital adequacy position, Westfund publishes the following information in regards to its health benefits fund as at 30 June 2024. Westfund does not have a general fund in relation to its private health insurance. Comparative information as at 30 June 2023 is not required.

Notes to the financial statements

30 June 2024

Note 21. Capital management (continued)

Health
Benefits
Fund
\$'000

Determination of capital base – table 1

Amount of Common Equity Tier 1 Capital	211,774
Aggregate amount of regulatory adjustments applied in the calculation of Common Equity	5,553
Amount of Additional Tier 1 Capital	-
Aggregate amount of regulatory adjustments applied in the calculation of Additional Tier 1	-
Amount of Tier 2 Capital	-
Aggregate amount of regulatory adjustments applied in the calculation of Tier 2 capital	-
Total capital base	211,774
Prescribed capital amount	63,702
Capital adequacy multiple	3.32

Determination of capital base – table 2

Amount of net assets, after applying any regulatory adjustments	211,774
Aggregate amount of regulatory adjustments applied to the fund's net assets	5,553
Amount of Tier 2 Capital held by the fund	-
Aggregate amount of regulatory adjustments applied in the calculation of the fund's Tier 2	-
Total capital base of the fund	211,774
Fund's prescribed capital amount	63,702
Capital adequacy multiple of the fund	3.32

Prescribed capital amount

Insurance Risk Charge	34,431
Asset Risk Charge	40,239
Asset Concentration Risk Charge	-
Operational Risk Charge	5,746
Aggregation benefit	16,714
Tax benefits	-
Prescribed capital amount	63,702

Westfund fully met both its capital and solvency requirements at all times over the past 12 months.

Note 22. Financial instruments and insurance risks

Financial risk management objectives

Westfund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk and insurance risk. Westfund's overall strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance.

The Audit Committee and Risk and Compliance Committee have been delegated responsibility by the Board for, amongst other issues, monitoring and managing financial risk exposures of Westfund. An investment policy has been developed by the Board and is subject to regular review.

Market risk

Price risk

The following table illustrates sensitivities of the Westfund's exposure to changes in equity prices. The table indicates the impact on how profit or loss and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Average price increase			Average price decrease		
	% change	Impact on net result for the year	Impact on equity	% change	Impact on net result for the year	Impact on equity
2024						
Price movement	5%	3,024	3,024	(5%)	(3,024)	(3,024)
2023						
Price movement	5%	2,733	2,733	(5%)	(2,733)	(2,733)

Interest rate risk

Westfund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose Westfund to volatility in fair value measurement. Westfund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. However, Westfund's insurance contracts do not carry significant interest rate risk.

At the reporting date, Westfund had the following financial assets with variable interest rates that are exposed to interest rate risk:

	2024 \$'000	2023 \$'000
Cash at bank	984	2,565
Financial assets at amortised cost (excluding term deposits)	33,602	21,122
Financial assets at fair value through profit or loss	197,579	175,144
Net exposure to interest rate risk	232,165	198,831

An official increase/decrease in interest rates of 50 (2023: 50) basis points would have a favourable/adverse effect on surplus before tax and retained surpluses of \$1,161,000 (2023: \$994,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Notes to the financial statements

30 June 2024

Note 22. Financial instruments and insurance risks (continued)

Investment asset

The target asset allocation for the investment portfolio is 25% +/- 5% (2023: 27.5% +/- 5%) growth assets, with the balance in defensive assets.

The target allocation:

Allocation type	Asset	Target allocation %	Minimum allocation %	Maximum allocation %
Defensive	Cash	5.00	3.00	30.00
	Fixed interest	70.00	65.00	75.00
Growth	Australian equities	13.00	6.25	18.00
	International equities	12.00	6.25	17.00

The investment allocation at the end of the reporting period was:

Allocation type	Asset	2024 \$'000	2024 %	2023 \$'000	2023 %
Defensive	Cash	-	-	-	-
	Fixed interest	137,100	70	120,480	69
Growth	Australian equities	28,321	14	27,135	15
	International equities	32,157	16	27,529	16
Total		197,579	100	175,144	100

Acceptable investments include:

Term deposits

Funds invested with a financial institution at a predetermined rate that applies to the duration of the deposit. The principal is held on deposit for a fixed term with interest payable at maturity. It is not a tradeable security and the investor is penalised when funds are prepaid.

Bank bills

Bank-accepted bills are bills of exchange drawn by a company or individual (borrower) usually for periods between 30 and 180 days. The bill is accepted by the bank, which in turn accepts the liability for payment at maturity. It is a short-term investment issued at a discount to the face value and is of a very high credit standing and consequently trades at the lowest yields of all commercially issued bills.

Negotiable Certificate of Deposit (NCD)

Short-term bearer securities issued by banks for up to 180 days. They are sold at a discount to face value and are highly liquid discount securities, representing the bank's debt and

therefore trade at similar yields to bank bills. Creditworthiness of the bank will determine where the bank's NCD trades, relative to the Bank Bill Swap Rate (BBSW).

Floating Rate Note (FRN)

The FRN is a longer-term security issued for a fixed period of time but has a variable (floating) coupon on a monthly or quarterly basis. The coupon reflects current interest rates, which is determined as a margin over the BBSW rate set. FRNs appeal to investors who are reluctant to commit funds to fixed interest investments for longer periods in times of fluctuating interest rates. Typical issuers are banks, corporations, financial institutions, and securitised vehicles.

Commonwealth and Semi Government bonds

Securities issued by the Federal or State Governments that typically pay a fixed rate of interest (coupon) and mature at a fixed point in time. The interest (coupon) is paid at regular intervals (semi-annually, but can be paid monthly, quarterly, or annually). These securities are generally issued for a period of greater than one year.

Sector specific pooled managed funds

These funds invest in one particular asset sector. By way of example the Westfund's existing pooled managed fund, that being the UBS Australian Bond Fund, only invests in Australian fixed interest securities, with the aim of outperforming the Bloomberg AusBond Composite Bond Index over the medium term. The investment can be generally redeemed in T+5 business days. Another example is an Australian or international share focussed fund which has a longer term investment horizon bias due to its exposure to share assets. The investment can be generally redeemed in T+5 business days.

Diversified pooled managed funds

These funds invest in a pre-determined range of asset classes including cash, fixed interest, property, and Australian and international shares. The weighting among the various asset classes will differ depending upon the type of diversified fund chosen, for example conservative funds have a higher weighting in cash and fixed interest than balanced funds which have higher weightings in growth assets such as property and shares.

In addition to the investment reserve, Westfund also internally manages a portfolio of cash at call and term deposits. The value of this portfolio at the end of the reporting period was:

Asset	2024 \$'000	2023 \$'000
Financial asset at amortised cost – cash at call	33,602	21,122
Financial asset at amortised cost – term deposits	8,113	24,000
Total	41,715	45,122

Whilst these products aim to limit the amount of capital loss, they can also limit the amount of return that investors can obtain if the investments appreciate. This compromise is how the offering institutions can afford to guarantee the principal investment.

At the end of the reporting period the maximum amount held with one financial institution was \$26,086,000 (2023: \$19,931,000). Given the conservative nature of the portfolio, Westfund expects all counterparties to meet their obligations.

Capital Guaranteed Investments

A capital guaranteed investment is an investment product which includes a guarantee by a financial institution that an investor will receive a pre-agreed amount of capital back if the product is held to maturity.

Whilst these products aim to limit the amount of capital loss, they can also limit the amount of return that investors can obtain if the investments appreciate. This compromise is how the offering institutions can afford to guarantee the principal investment.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. Westfund is exposed to liquidity risk via daily calls on cash resources for benefit payments for claims. To mitigate liquidity risk, Westfund follows comprehensive policies and procedures. This includes a liquidity risk policy that outlines risk assessment, determination, and mitigation strategies.

Westfund maintains a level of cash in its trading account to manage liquidity. Liquidity risk is further controlled through investments in term deposits which are readily convertible to cash. Compliance is monitored closely, with any deviations promptly reported to the risk and compliance committee. Regular reviews ensure alignment with evolving risk landscapes. Additionally, Westfund continuously monitors actual and forecast cash flows and matches the maturity profiles of financial assets and liabilities.

Notes to the financial statements

30 June 2024

Note 22. Financial instruments and insurance risks (continued)

Remaining contractual maturities

The tables below illustrate the remaining contractual maturities for the Company's financial instrument liabilities and the estimated future cash outflows for insurance contract liabilities.

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
2024					
Non-derivatives					
Non-interest bearing					
Trade payables	154	-	-	-	154
Liabilities for incurred claims	20,646	-	-	-	20,646
Interest-bearing – fixed rate					
Lease liability	1,124	1,186	2,809	7,858	12,977
Total non-derivatives	21,924	1,186	2,809	7,858	33,777

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
2023					
Non-derivatives					
Non-interest bearing					
Trade payables	313	-	-	-	313
Liabilities for incurred claims	22,212	-	-	-	22,212
Interest-bearing – fixed rate					
Lease liability	1,050	1,066	2,444	6,118	10,679
Total non-derivatives	23,575	1,066	2,444	6,118	33,203

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Westfund also evaluates specific liquidity challenges associated with settling insurance obligations. This includes ensuring adherence to AASB 17 requirements, which involve robust disclosures regarding the maturity profiles of insurance contract liabilities. Westfund provides a detailed analysis of the maturity profile of liability for incurred claims in the table above. This analysis aids stakeholders in understanding the timing and magnitude of expected cash outflows related to insurance liabilities.

Insurance risk

Insurance risk is the risk of fluctuations in the timing, frequency and severity of claim settlements relative to expectations.

Westfund provides private health insurance products including hospital cover and extras cover, as standalone products or packaged products that combine the two. These services are categorised as two types of contracts: hospital and/or extra covers.

The table below sets out the key variables upon which the cash flows of the insurance contracts are dependent.

Type of cover	Details of cover	Nature of claims	Key variables affecting cash flows
Hospital cover	Defined benefits paid for hospital treatment, including accommodation, medical and prostheses costs.	Hospital benefits defined by the insurance contract.	Claims incidence and claims inflation.
Extras cover	Defined benefits paid for ancillary treatment, such as dental, optical, physiotherapy and chiropractic services.	Extras benefits defined by the insurance contract.	Claims incidence and claims inflation.

The provision of private health insurance in Australia is governed by the Private Health Insurance Act 2007 and shaped by a number of regulatory factors. These factors include:

- (a) the principle of community rating. This principle prevents private health insurers from discriminating between people on the basis of their health status, age, race, sex, sexuality, the frequency that a person needs treatment, or claims history;
- (b) risk equalisation which supports the principle of community rating. Private health insurance averages out the cost of hospital treatment across the industry. The risk equalisation scheme transfers money from private health insurers with younger healthier members with lower average claims payments to those insurers with an older and less healthy membership and which have higher average claims payments;
- (c) the Private Health Insurance Act 2007 limits the types of treatments that private health insurers are able to offer as part of their health insurance business; and
- (d) premiums for health insurance can only be changed with the approval of the Minister for Health.

Insurance risks are managed through the following:

Claims management – Strict claims management ensures the timely and correct payment of claims in accordance with policy conditions and provider contracts. Claims are regularly monitored and tracked.

Experience monitoring – Regular financial and operational results, including investment returns and capital requirements, are reported to the Audit Committee and the Risk and Compliance Committee, and the Board. Results are also monitored against industry for insurance risks and experience trends as published by APRA.

Ability to vary premium rates – Westfund can vary future premium rates subject to (d) above.

Risk equalisation – Private health insurance legislation requires private health insurance contracts to meet community rating requirements, as detailed in (a) above. To support these restrictions, all private health insurers must participate in the Risk Equalisation Trust Fund.

Notes to the financial statements

30 June 2024

Note 23. Fair value measurement

Fair value hierarchy

The following tables detail Westfund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2024				
Managed funds	-	197,579	-	197,579
Land and buildings	-	-	10,294	10,294
Investment properties	-	-	5,744	5,744
Total assets	-	197,579	16,038	213,617
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2023				
Managed funds	-	175,144	-	175,144
Land and buildings	-	-	11,704	11,704
Investment properties	-	-	6,332	6,332
Total assets	-	175,144	18,036	193,180

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables, financial assets and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3

1. All land and buildings including investment properties were independently valued by Herron Todd White Ltd and Blue Mountains-Lithgow-Oberon-Property Valuations in May 2024. The valuation was performed using the discounted cash flows (DCF) method.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Significant unobservable inputs	Range (weighted average)	Sensitivity
Land and buildings	Rental yield	7.5% (2023: 7.5%)	0.75% change would increase/(decrease) fair value by \$849,000/(\$695,000)
	Discount rate	6.25% (2023: 6.25%)	0.5% change would (decrease)/increase fair value by (\$695,000)/\$592,000
Investment properties	Rental yield	7.5% (2023: 7.5%)	0.75% change would increase/(decrease) fair value by \$474,000/(\$388,000)
	Discount rate	6.25% (2023: 6.25%)	0.5% change would (decrease)/increase fair value by (\$388,000)/\$330,000

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable

expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Notes to the financial statements

30 June 2024

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company, and unrelated firms:

	2024 \$	2023 \$
Audit services – Grant Thornton		
Audit or review of the financial statements	1,805	55,620
Total Grant Thornton	1,805	55,620
Audit services – Ernst & Young		
Audit or review of the financial statements	155,613	115,000
Other audit and review – Ernst & Young		
Audit of APRA returns	39,940	24,000
Other assurance related services	11,660	11,000
	51,600	35,000
Total Ernst & Young	207,213	150,000
Total remuneration of auditors	209,018	205,620

Note 25. Contingent liabilities and commitments

Westfund has given bank guarantees as at 30 June 2024 of \$282,000 (2023: \$265,000) to various landlords.

Westfund has no contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 27.

Transactions with related parties

Directors and key management personnel may hold insurance policies with Westfund.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 27. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the company is set out below:

	2024 \$	2023 \$
Short-term employee benefits	3,077,339	2,685,257
Superannuation	335,792	284,473
	3,413,131	2,969,730

Notes to the financial statements

30 June 2024

Note 28. Reconciliation of surplus after income tax to net cash from operating activities

	2024 \$'000	2022 \$'000
Surplus after income tax expense for the year	16,706	3,149
Adjustments for:		
Depreciation and amortisation	3,829	3,195
Impairment/(reversal of impairment) of property, plant and equipment	(327)	2,118
Net fair value loss/(gains) on investment properties	588	1,260
(Gain)/loss on the revaluation of financial instruments at fair value through profit or loss	(5,628)	(1,925)
Interest income	(8,502)	(7,310)
Change in operating assets and liabilities:		
Increase in other assets	(23)	(590)
Decrease/(increase) in inventories	(41)	(22)
Increase in insurance contract liabilities	4,813	9,481
Decrease in trade and other payables	865	(527)
Increase in employee benefits	434	156
Increase/(decrease) in other provisions	(6,089)	5,406
Net cash from operating activities	6,626	14,391

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect Westfund's operations, the results of those operations, or Westfund's state of affairs in future financial years.

Consolidated entity disclosure statement

30 June 2024

71

Disclosure of subsidiaries and their country of tax residency, as required by section 295(a) of the Corporations Act 2001, does not apply to Westfund as Westfund is not required by accounting standards to prepare consolidated financial statements.

Directors' declaration

30 June 2024

In the Directors' opinion:

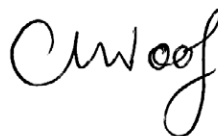
- the financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the financial statements and notes give a true and fair view of Westfund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that Westfund will be able to pay its debts as and when they become due and payable.
- the consolidated entity disclosure statement required by section 295 (3A) of the Corporations Act is true and correct.

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

On behalf of the Directors



Graeme Osborne
Chair



Noeline Woof
Director

25 September 2024
Lithgow



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Westfund Limited

Opinion

We have audited the financial report of Westfund Limited (the 'Company'), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

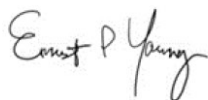
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

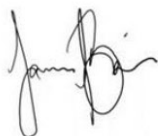
- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Company'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 Company'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 Company 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.

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.



Ernst & Young



Jason Bain
Partner
Sydney
25 September 2024

We're more than a health fund. We're a not-for-profit organisation building a new kind of healthcare for collective good.

● westfund.com.au

By investing in making communities healthier, by expanding access to affordable healthcare for members and by bringing out the best in our people, we're helping Australians to feel good while making a positive social impact.

