

Teachers Health Group Annual Report 2022–2023

Nancy - Proud Kalkadoon and Mariam woman,
teacher and lifelong Teachers Health member.



Acknowledgement of Country

Teachers Health respectfully acknowledges the Traditional Custodians of this land. We also recognise that Aboriginal and Torres Strait Islander peoples were the first educators and healers and have held the knowledge of this land for many thousands of years. We pay respect to Elders past, present and future and extend that respect to all Aboriginal and Torres Strait Islander peoples and celebrate their enduring connections to and knowledge of the land, waterways and sky.



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Chairperson's Report | Maree O'Halloran, AM

I'm pleased to report another strong year for the Teachers Health Group as we continue to deliver on our guiding purpose – achieving the best outcomes for our members, who are at the HEART of everything we do.

We are Australia's largest industry-based health fund and proud to support those who dedicate their lives to helping others – Australia's teachers, educators, nurses, and midwives.

Here for members. For good.

As a profit-to-member health fund, we focus on what matters most – our members' health and wellbeing.

Reflecting both our values as a fund, and our commitment to putting members' needs first, our priority is providing quality products and services, as well as giving back through member support initiatives.

Over the last three years, our COVID-19 support package totalled over \$144 million, as we continued to deliver on our promise to return claims savings realised due to COVID back to members.

The COVID support package comprised initiatives such as a COVID savings give-back plan, which saw us return approximately \$55 million from COVID-19 claims savings to more than 174,000 eligible policyholders in August 2023 (and \$31 million in August 2022).

The package also included the deferral from April to October of the 2020, 2022 and 2023 premium increases which is expected to provide a further \$41 million savings for members. These measures were in addition to the rollover of the

“Over the last three years, our COVID-19 support package totalled over \$144 million.”

2021 unused Extras annual limits. In further supporting the Group's members at a time where the rising cost of living is impacting household budgets, we delivered one of the lowest average premium increases across the private health insurance industry in 2023 (2.50% compared to the industry average of 2.90%).

Premium relief was also offered to members directly impacted by flooding events across the country through our Disaster Relief Assistance package, with those eligible receiving three months free cover.

Sustainable and ethical business

The Teachers Health Group's focus on sustainability, climate change, and the importance of ethical and socially responsible business practices progressed during FY23.

Following a high-level climate risk assessment, we have commenced a more detailed base line assessment of our greenhouse gas emissions with a view to identifying steps towards climate action. It is important for us as an organisation, and we know it is important to our members and communities.

Our network of Teachers Health Centres across NSW, VIC and SA has focused on initiatives that support sustainability at each location. With an emphasis on waste minimisation and recycling, Health Centres have partnered with local community and organisations to facilitate recycling of dental and optical items.

We continue to mature our processes to support our commitment to the fair and humane treatment of those in our operations and supply chains, the details of which can be found in our publicly available Modern Slavery Statement.

These initiatives are an extension of our HEART values and genuine dedication to achieving positive change.

“A key part of our business philosophy and strategy is connecting with and supporting the education and nursing and midwifery communities through various conferences, events and reward and recognition initiatives.”

Together, we're stronger

Our relationships with partners and stakeholders from across the education, nursing and midwifery communities have always provided enormous strength, opportunities, and benefits – both for our members and for the organisation.

These relationships have been central to our membership growth, helping us acquire, retain, and support members, as well as give back to the communities we operate in. Strengthening these relationships is vital to our ongoing success.

A key part of our business philosophy and strategy is connecting with and supporting the education and nursing and midwifery communities through various conferences, events and reward and recognition initiatives.

After several years of disruptions, we welcomed the opportunity to engage with members and prospective members face-to-face with the resumption of workplace visits, conferences, and events across the country.

We look forward to building on these opportunities with our valued partners and stakeholders in future.

Thank you

On behalf of the Board, I would like to thank the staff of the Teachers Health Group for their contributions and overall dedication to supporting members, bringing our values to life.

I thank my fellow Directors for their continued commitment and support, including their work on Board committees. I would like to specifically thank those who retired from our Board during the year including Neale Dawson, Angelo Gavrielatos and David Wynne. Thank you for all your contributions to the Teachers Health Group.

I would also like to take the opportunity to welcome David Torrance, Mel Smith, Michael Sciffer and Brett Holmes who joined the Board this year.

A focus on the future

The Teachers Health Group has built a strong foundation for success for the future – we are financially strong, have a robust strategy, a sharp focus on resilience and sustainability and an enduring commitment to our members, who are at the HEART of everything we do.

Maree O'Halloran, AM

M O'Halloran, AM

Chairperson

“Teachers Health Group has built a strong foundation for success for the future.”



Chairperson, Maree O'Halloran, AM

I'm pleased to report another year of strong performance for the Teachers Health Group. With a culture of prudent governance, responsible management and a clearly defined purpose and strategy, we continue to deliver on our promise to members, who are at the HEART of all we do.

Strength in numbers

We continued our focus on supporting the needs of existing policyholder members and attracting new policyholder member growth. We welcomed over 5,000 new policyholder members to the Fund - a growth rate of 2.8% - while member retention remained high at over 96% for the year.

Strong financial performance is integral to ensuring we build a resilient and sustainable business. In FY23, the Teachers Health Group delivered a net surplus of \$74.4m (FY22: \$30.4 million) with total assets growing to \$825 million (FY22: \$759 million) by year's end.

As a profit-for-member health fund, we reinvest financial surpluses into areas that benefit members such as improving products and services, developing capabilities to enhance member experience, and maintaining prudent capital reserves to ensure the long-term sustainability of the Fund.

As outlined in the Chairperson's report, we also maintained our commitment to return to policyholder members claims savings realised due to COVID, with our COVID-19 support package now totalling over \$144 million.

More than insurance

At Teachers Health Group, our focus on providing the best value health insurance is matched by our commitment to supporting policyholder members to achieve better health outcomes.

Teachers Health Centres continued to offer access to important eyecare and dental services, with more than 17,000 eyecare and over 37,000 dental patient

“ We welcomed over 5,000 new policyholder members to the Fund - a growth rate of 2.8% - while member retention remained high at over 96% for the year. ”

consultations this year across our six locations.

More than 1,500 eligible policyholder members commenced services via Teachers Healthcare Services this year. Teachers Healthcare Services provides those eligible with access to quality, evidence-based health management through hospital substitute treatment and chronic disease management programs.

The Teachers Health Foundation continued to fund medical research into conditions affecting the education, nursing, and midwifery communities.

During FY23, notwithstanding the tail end disruption of COVID-19 and the impact of variable investment returns, the Foundation supported two PhD students to undertake research on optimising teacher food and nutrition-related health and wellbeing and to better understand Australian schoolteachers' health needs and prevention options.

Uplifting business capabilities

The Teachers Health Group is focused on delivering the best value and service possible to our members. To do this, we must invest in the right technology and infrastructure that will provide policyholder members with an enhanced experience.

This year we commenced a range of initiatives designed to uplift our business capabilities, with a focus on providing opportunities for growth and innovation, improving our competitive position, and ensuring long-term sustainability.

The cornerstone of our capability program is the move to a new cloud-based health insurance platform which commenced this year. This is one of the most significant technology investments in the history of the Fund. It will deliver more effective ways for policyholder members to access information, understand their health cover and manage their relationship with us, as well as create better efficiencies across our operations.

Working with HEART

As the Teachers Health Group continues to grow, so does our commitment to the growth and development of our people.

We maintained our focus on employee engagement through a range of initiatives aimed at developing skills internally – providing opportunities for education and training, internal promotions, as well as diversifying knowledge through special projects.

In reinforcing our dedication to building a diverse and inclusive workforce, the Teachers Health Group became a member of the Diversity Council of Australia. Subsequent education and awareness initiatives have also commenced.

Our hybrid working model is now embedded across the organisation for roles that can blend on-site and remote working. Providing greater flexibility and work-life balance supports our overall employee recruitment and retention goals.

Our commitment to reconciliation

As part of our ongoing commitment to progressing reconciliation, I'm pleased to report that the organisation successfully completed the Reflect stage of our Reconciliation Action Plan (RAP).

“ Our focus on providing the best value health insurance is matched by our commitment to supporting policyholder members to achieve better health outcomes. ”

Throughout the year, we focused on working collaboratively with members of Aboriginal and Torres Strait Islander communities, including employees, members, business suppliers and the communities we operate in.

Our RAP Working Group is taking care to gather valuable insights and perspectives on reconciliation from our stakeholders and thinking strategically about how we can continue to contribute and make a difference. These activities will not only enrich the plan but also contribute to building stronger connections.

Thank you

At Teachers Health Group, the key to our current and future success is quite simple – we put members at the HEART of all we do.

It's truly a team effort to deliver on this purpose and I thank the Board of Directors, executive team, and all of our employees for their dedication towards our strategic goals and achieving the best outcomes for our members.



B S Joyce
Group Chief Executive Officer



Group CEO, Brad Joyce

Performance Highlights

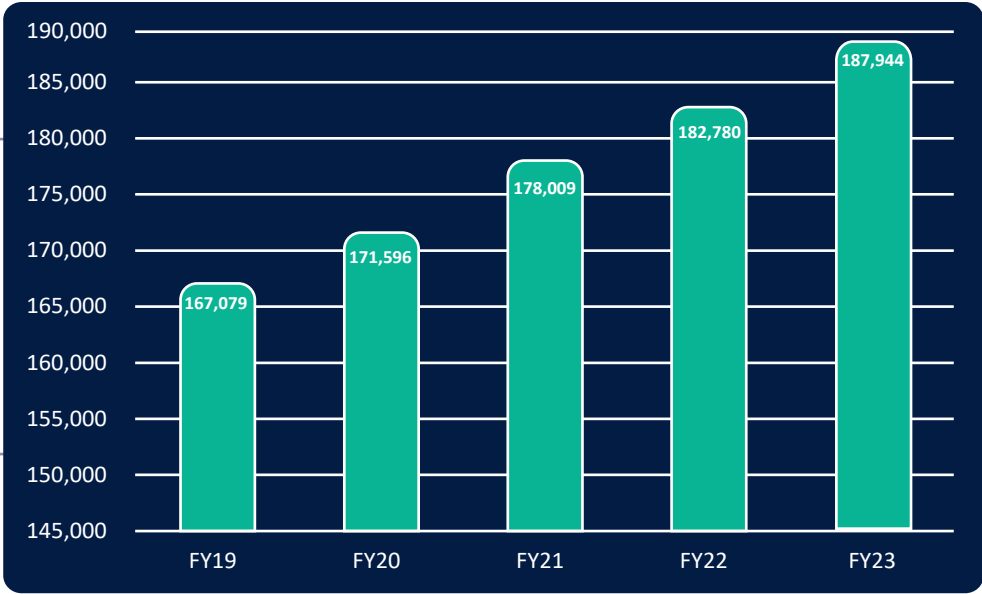
At Teachers Health Group, our promise is to make a real difference to the lives of our members – Australia’s teachers, educators, nurses, midwives and their families. Strong performance is vital in ensuring we deliver on this promise.

The Group – comprising Teachers Health, Nurses & Midwives Health and UniHealth – combines efforts and

resources to strengthen the long-term future of all brands and the fund as a whole.

These efforts allow us to focus on what matters most - the health and wellbeing of our members. As a profit-to-member health fund, this has always been at the heart of everything we do.

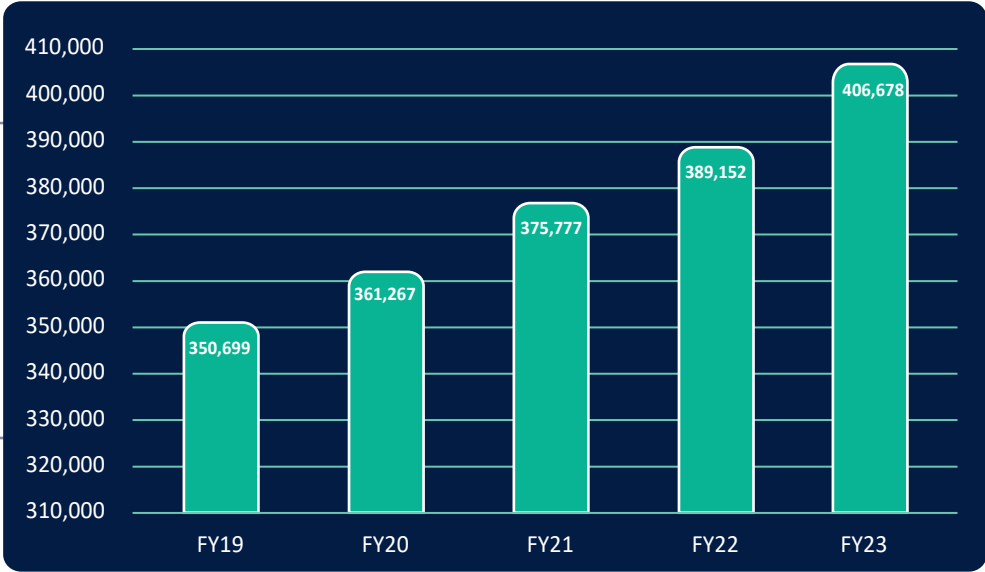
Members - Total



Members

Member numbers have continued to grow year-on-year, increasing by 2.8% in FY23.

Lives Covered - Total



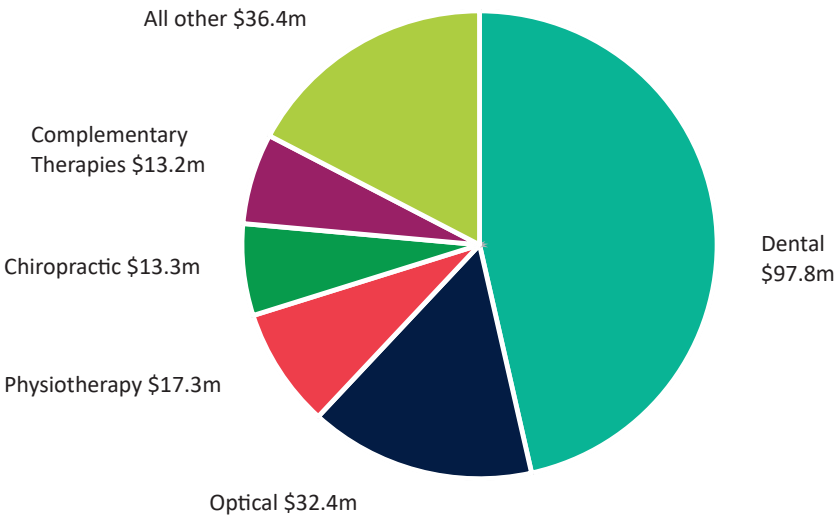
Lives Covered

Breaking down our membership growth into lives covered, we report an increase of 4.5%.

Ancillary Claims Paid (\$) by Category

FY23 - Ancillary Claims Paid (\$) by Category

Complementary Therapies was the fastest growing ancillary claims category, with paid claims increasing by over 23% relative to FY22.

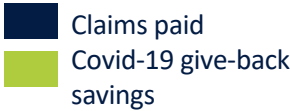


Approximately \$55 million in COVID-19 give-back savings was announced in June 2023, and returned to members in August 2023

Amount of Claims Paid

The amount of claims paid in FY23 (including the COVID-19 give-back savings) was 16.8% higher than FY22.

The amount of claims paid has increased by an average of 6.5% per annum since FY19.



These figures represent combined data from Teachers Health (including UniHealth) and Nurses & Midwives Health from FY18. Nurses & Midwives Health merged with Teachers Health on 1 January 2022.

MEMBERS ARE AT THE HEART OF EVERYTHING WE DO



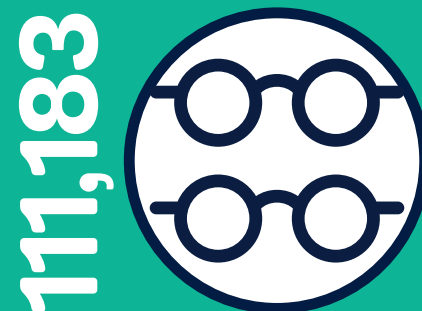
123,987
People moving better¹



154,565
Brighter smiles²



2,677
Parents supported with the
arrival of their new bundles³



111,183
Sets of eyes seeing
more clearly⁴

40,674



Podiatry consults to
keep people on their feet⁵



2,438
Hearts cared for⁶



9,527
Gym memberships
supported⁷



1,278
New knees⁸



72,986
Complementary
therapies⁹

Disclaimer: Based on July 2022 – June 2023 data for Teachers Health Group. Footnotes: ¹Physiotherapy including ante-post natal and physiotherapy device, Osteotherapy and Chiropractic services. ²Periodic oral examination. ³Pregnancy related claims less abortion. ⁴Optical frames, repairs & replacements, contact lens. ⁵Podiatry consultation. ⁶Hospital coronary care. ⁷Preventative health product – health management – gym membership. ⁸Total knee replacements. ⁹Complementary therapies. All the figures in the infographic relate to Teachers Health Group. Memberships refers to policyholders.

Corporate Social Responsibility

Teachers Health is committed to operating ethically and with sensitivity in relation to various social, cultural, and environmental issues, both for the good of members and the wider community. We have undertaken a variety of initiatives in FY23 that reaffirm this commitment.

Govern with ethics and values

Demonstrating responsible leadership and governance, the Teachers Health Code of Conduct provides a robust framework of transparency, integrity, and accountability within our organisation.

The Code supports ethical decision making by informing Directors, employees, contractors, and consultants to Teachers Health of their responsibility to act in accordance with our principles and in compliance with all relevant laws and regulations.

In addition, Teachers Health is a voluntary signatory to the Private Health Insurance Code of Conduct, supporting improved clarity and accountability across the industry.

Our Whistleblower Policy and process reinforces this commitment, facilitating the disclosure of misconduct and supporting eligible informers.

Recognising the importance of privacy and data protection, we operate within a comprehensive framework of policies and protocols to protect our members' personal and confidential information.

People focused

Teachers Health continues to recognise the contributions and value of our employees and the integral role they play in the future success of the organisation. Our efforts throughout the year centred on building a diverse and inclusive workplace and increasing capability and engagement for an equitable and sustainable future.

In FY23, our workforce activities included:

- Introducing a new leadership development program for frontline people leaders, focusing on bringing HEART values to life and enabling our leaders to truly recognise and celebrate those moments that matter.
- Continuing our commitment to embedding diversity and inclusion into our operations and culture with support from our membership with Diversity Council Australia. In addition, building greater awareness and understanding of what this means to support further organisational engagement and maturity.

- Creating a suite of leadership and management tools, courses, and resources for both existing and aspiring managers. This is part of our continued investment in the development and growth of our people.
- Supporting the re-design of induction training for our Membership Services contact centre, resulting in a higher rate of retention of staff and, importantly, better service for our members.

Our aim to support growth and development across the organisation saw a total of 352 people complete training in 123 courses during FY23. Our leaders continued to develop their skills with 80% of people leaders completing leadership development programs and 90% completing change management training.

Member centric

At Teachers Health, our members are at the heart of all we do. We're proud to be the health fund for Australia's education staff, nurses, midwives, and their families, covering over 400,000 lives.

As a profit-to-member fund, supporting the wellbeing of and providing care for our members is our number one priority and during FY23 we demonstrated this through the introduction of several measures:

- Delivering on our commitment to return claims savings realised due to COVID, eligible members received one-off payments as part of our COVID give-back initiative. Approximately \$55 million in total was returned to eligible members.
- Premium increases were deferred by six months, providing further support to members during a time of cost of living and affordability pressures. This is Teachers Health's third premium increase deferral since the start of the pandemic.
- Support for members affected by natural disasters continued, inviting members directly impacted by flooding events across the country to apply for three months free cover.
- Access to additional telehealth services was made permanent.
- A new member app was launched, designed to improve user experience and make it easier for members to manage their membership.

Environmental impact

Operating as a sustainable and eco-friendly organisation has become a distinct focus for Teachers Health and the broader healthcare industry. In FY23, we strengthened our efforts by:

- Appointing external specialist consultants to assist us in measuring the greenhouse gas (GHG) emissions across all operations of Teachers Health, as well as to identify steps to reduce our carbon footprint.
- Having transitioned our equity investments portfolio away from funds with substantial fossil fuel involvement.
- Continuing to reduce paper communications through our Go Green initiative, with a total of 84.7% of members opting for electronic communications.
- Continuing recycling measures for disposable plastics at our Health Centre locations and reducing waste across eyecare services.
- Fitting all Teachers Health Centres dental suction units with amalgam waste traps to stop metal particles from going into our waterways.
- Occupying a 5.5 rated office on the National Australian Built Environment Rating System (NABERS) for our head office.
- Expanding commercial relationships with Aboriginal and Torres Strait Islander businesses for the purchase of printing and collateral.

Community involvement

At Teachers Health Group, we're proud to support the education, nursing and midwifery communities through various conferences, events and initiatives. Our goal is to support the ongoing success and wellbeing of our members and to make a positive impact on the broader community.

In FY23, our sponsorships and support continued through several programs and projects and broad-focused community-based initiatives.

We continued to build our foundation for reconciliation at Teachers Health with the completion of our Reflect Reconciliation Action Plan. For more information on our RAP, and the next stage of our reconciliation journey, please see page 16.

Our commitment to Aboriginal and Torres Strait Islander education was reinforced with our continued sponsorship of the Annual Nanga Mai Awards. The awards recognise the outstanding achievements of students, staff and community members in Aboriginal and Torres Strait Islander education.

In June, we announced the continuation of our partnership with Australia for UNHCR, providing life-saving support and assistance to refugees and displaced persons around the globe. Since the partnership began, support from Teachers Health has helped to provide assistance to over



Jessica - Teacher and Teachers Health member



Teachers Health Centre

Corporate Social Responsibility

176,000 refugees worldwide, with a particular focus on supporting women and children in the Democratic Republic of Congo.

We continued our longstanding partnership with Stewart House, providing prescription glasses to the children who attend the service.

Following several years of disruptions due to COVID, we were pleased to resume in-person participation and engagement with our stakeholders and partners at conferences, events and workplace visits. These face-to-face interactions support the acquisition of new members and retention of current members.

In addition to education and nursing and midwifery events and conferences, the team also attended LGBTQIA+ community-based events, providing us with opportunities to celebrate and engage with our LGBTQIA+ members and the wider community.

Some of the major events and conferences we attended throughout the year include:

Education:

- NSWTF Annual Conference
- NSWTF Principals’ Conference
- NSWTF Women’s Conference

- NSWTF Aboriginal and Torres Strait Islander Members Conference
- NSWSDPA Deputy Principals Conference
- AEU Federal Conference
- AEU Diversity in Education Conference
- AEU New Educators Conference
- AEU VIC Women’s Conference
- VPA Principals Conference
- WAPPA Principals Conference
- Teach QLD Rural Careers Fairs
- AEU ACT Education Awards – Reconciliation Award
- NSW DoE Schools Spectacular
- NSW DoE Nanga Mai Awards
- SA DoE Education Awards
- Public Education Foundation Awards

Health:

- NSWNMA Delegates Conference

- ANMF VIC Delegates Conference
- ANMF VIC Health and Environmental Sustainability Conference
- ANF WA Legal Conference
- ANMF SA Delegates Conference
- ANMF TAS Delegates Conference
- ACN National Nursing Conference
- Public Education Foundation – Nursing Scholarship

Community:

- UNHCR – Sponsor
- International Working Women’s event – AEU, IEU, ANMF hosted by Teachers Health Group
- Midsumma LGBTQIA+ cultural festival – Melbourne
- Sydney Gay and Lesbian Mardi Gras Fair Day - Sydney
- Parramatta Pride Picnic
- Newcastle Pride Festival

Reconciliation Action Plan

We completed our Reflect Reconciliation Action Plan (RAP) during the year and, in the process, established a strong foundation for reconciliation for the organisation. Throughout the year we implemented initiatives including Acknowledgement of Country across our digital and physical presence, launching a new Reconciliation intranet page, and providing location guides and resources developed by our RAP Working Group. Input and representation from our Aboriginal and Torres Strait Islander staff and stakeholders has been an important part of our engagement approach. Other initiatives have included offering access to ‘yarning’ webinars run by an external specialist provider.

We continued our commitment to supporting Aboriginal/ Torres Strait Islander excellence in education through our sponsorship of the Nanga Mai Awards, and in our member stories showcasing Nancy, a proud Kalkadoon and Mariam woman and Teachers Health member. We look forward to building on our achievements from the Reflect RAP.

Modern Slavery Statement

In December 2022, we published our third Modern Slavery Statement. Building on incremental improvements and lessons learnt from previous years, we have amplified supply chain engagement by issuing remediation plans to identify suppliers and piloted a focused review of our single largest direct supplier based on supplier spend.

As part of our ongoing involvement with the private health insurance Community of Interest, we were involved in setting up a webinar to raise awareness of the pervasiveness of modern slavery across the industry. While initially aimed at shared industry suppliers, Teachers Health will continue to leverage a webinar recording to educate staff and suppliers.

For more information on our Corporate Social Responsibility initiatives, and to read the Modern Slavery Statement, please visit our website.

The Teachers Health Foundation

Teachers Health established the Teachers Health Foundation in 2014 to fund essential research into factors and conditions impacting the health and wellbeing of Australian educators. This research helps inform practical, evidence-based policies and programs to support the needs of the teaching community. Following Teachers Health’s merger with Nurses & Midwives Health in 2022, the purpose of the Foundation was extended to include research on conditions impacting the health and wellbeing of Australian nurses and midwives.

Despite the activities of the Foundation and its grantees being impacted by COVID-19, the Foundation continued its support of two PhD students (one through the Charles Perkins Centre at the University of Sydney and the other through the University of Newcastle) to research Australian schoolteachers’ health, wellbeing and nutritional requirements.



Supporting Our Communities

Supporting Australia’s next generation of teachers and nurses

Scholarships for students and educators

As a profit-to-member organisation, Teachers Health Group is committed to giving back to the communities that we proudly operate in - Australia’s education and nursing and midwifery communities.

The Group was one of the major sponsors of the Public Education Foundation’s 2023 Proudly Public Awards, offering scholarships to five recipients in three categories: Teachers Health Early Career Scholarship, Teachers Health Tertiary Scholarship and Nurses & Midwives Health Scholarship.

Scholarship spotlight

Jessica Burg, Teachers Health Early Career Scholarship

Tamworth school teacher Jessica Burg was selected as the 2023 recipient of the Public Education Foundation’s Teachers Health Early Career Scholarship.

The Teachers Health Early Career Scholarship supports public school teachers who are in the first three years of their teaching career, with Teachers Health providing \$10,000 for professional development activities.

Jessica began her teaching career in January 2021 and is teaching Human Society and its Environment (HSIE) at Oxley High School in Tamworth.

As well as working full time, Jessica is currently completing a course in Transformational Leadership in Education at the University of Newcastle. She plans to use the Teachers Health Scholarship to study a Master of Leadership and Management at the University of Newcastle.

“The financial support from Teachers Health will allow me to complete my Master of Leadership and Management in Education. My further studies will enable me to effectively manage people and projects. I will be provided the tools to confidently assume a higher leadership position within a school” Jessica said.

Anastasia Walsh, Nurses & Midwives Health Scholarship

Nyngan High School student Anastasia Walsh was awarded the inaugural Nurses & Midwives Health Scholarship for 2023 to assist her to study nursing at university.

The scholarship provides recipients with financial assistance of up to \$3,000 a year for each of three years of study.

Anastasia was selected as the recipient of the scholarship because of her participation as a Health Services Trainee during her senior years at Nyngan High School and the passion she has shown to take up a nursing career.

“It makes me very proud to think my achievements and hard work have been acknowledged and rewarded,” Anastasia said.

“It also recognises how valuable it was to complete a school-based traineeship to confirm and commit to my chosen career path of nursing.”

Anastasia will have to move away from the family farm outside Nyngan in order to undertake tertiary studies and the scholarship will assist with the cost of course fees, equipment, textbooks and a laptop computer.

Anastasia says she hopes to return to a rural community after completing her training and hopes to become a midwife, or work for the Royal Flying Doctor Service.



Jessica Burg - Teachers Health Early Career Scholarship



Anastasia Walsh - Nurses & Midwives Health Scholarship

Sustainability at Teachers Health Centres

Recycling eyecare and dental products

Teachers Health Group operates six Health Centres located across NSW, VIC, and SA, providing eyecare and dental services.

In supporting the Group’s Environmental, Social and Governance (ESG) strategy, the Health Centres have been focusing on initiatives that support sustainability at each location.

With over 17,000 dental and 37,000 eyecare services provided in FY23, the need for waste minimisation and recycling initiatives is imperative. Teachers Health Centres have partnered with local community and organisations to become drop-off points for donations. For example:

- Each Health Centre is a donation hub for the Lions Club Recycle for Sight Program. Lions Club distributes donated frames to developing countries as part of their international glasses’ charities. During FY23, patients and members donated over 2,400 frames.

- In 2022, Teachers Health Centres joined the Terracycle Oral Care Recycling Program. Each Health Centre has a recycling box for patients and members to bring in their empty toothpaste tubes, caps, manual toothbrushes, electric toothbrush heads, and toothbrush and floss containers.
- In FY23, 43kg of used oral care products were recycled. Members of the public also dropped in their items for recycling, with Health Centres listed as a public drop-off point on the Terracycle website.

For the financial year ahead, the focus will be on creating greater awareness of the recycling programs offered at the Health Centres via social media, email and website.



Teachers Health Centre



Recycling bins at Teachers Health Centre, Surry Hills

Supporting Our Communities

Meet our Teachers Health members

At Teachers Health Group, our members are at the heart of everything we do. We're proud to be the health fund for those in our community who dedicate their lives to helping others – Australia's teachers, educators, nurses and midwives.

This year we met with four members from Teachers Health and Nurses & Midwives Health to showcase their stories and highlight the vital contribution they make to our communities.



Jessica, Support Unit Classroom Teacher

With a Master of Special and Inclusive Education, Jessica teaches students from K to 6 in a primary multi-category support unit class at a school in Lake Macquarie, NSW.

Jessica says the impact her own teachers had in her life, and the opportunities they helped provide, inspired her to become a teacher herself. She believes that in today's world, the role teachers play is becoming even more important.

For Jessica, school days start with emotional check-ins, a mantra, singing and dancing. Lessons like maths, literacy, reading and writing are broken up with more singing, calm music, yoga, guided meditations and outdoor lessons and activities.

Every day is different for Jessica - some days are hard, other days are fun and full of laughter - but they all provide valuable lessons, both for the students and Jessica.

Jessica says, "being a teacher has instilled more compassion, empathy, and motivation for change in my heart, and influences the way I operate on a daily basis."

"Our members are the reason we're here. To be able to support such a caring and hardworking group of members makes our job worthwhile. We're delighted to give a glimpse into our members' multifaceted lives and passions".

Brad Joyce, Teachers Health Group CEO



Nancy, Primary School Teacher - Kalkadoon and Mariam Woman

Nancy is a fifth-generation public school teacher and lifelong Teachers Health member. She teaches at a public school in Sydney.

Nancy's family comes from Kalkadoon Country, near Mount Isa, as well as Erub – a tiny island of about four hundred people north of Cape York Peninsula, which is home to the Mariam people. As a proud Kalkadoon and Mariam woman, Nancy is passionate about Aboriginal and Torres Strait Islander education.

Nancy says "I became a teacher so that in addition to curriculum, I can provide cultural support and advocacy for Aboriginal and Torres Strait Islander children, families and communities."

Despite the demands of teaching, Nancy has also been active in her local community over the years. This includes working with the NSW Teachers Federation to support new teachers, working with the NSW AECG to advise schools on Aboriginal education, and helping NSW Police and NSW Health work better with Aboriginal communities. She also spent time teaching in Broken Hill, improving students' reading skills as a literacy interventionist.

In Nancy's words, "I really want everybody to be able to feel proud of who they are and where they come from... to give back what we can to better our community, and then better the outcomes for everybody."

Meet our Nurses & Midwives Health members



Robynne, Registered Nurse and Midwife

Registered Nurse and Midwife Robynne says being a good midwife is all about supporting the decisions of the women you're caring for, being an advocate and helping women navigate their birthing experience.

Robynne particularly loves being part of what she says is one of the most pivotal moments in people's lives – bringing a new baby into the world.

Robynne says "I wanted to do midwifery when I realised that it was working with younger families and being part of one of the most pivotal moments in their life, welcoming a baby into the world. Giving them the confidence to know that they can care for their baby is a really wonderful part of my job."

Now that she has three young children herself, Robynne has a different level of empathy for what women might be feeling. She loves sharing her knowledge with new parents to give them more confidence as they embark on life with their new babies.



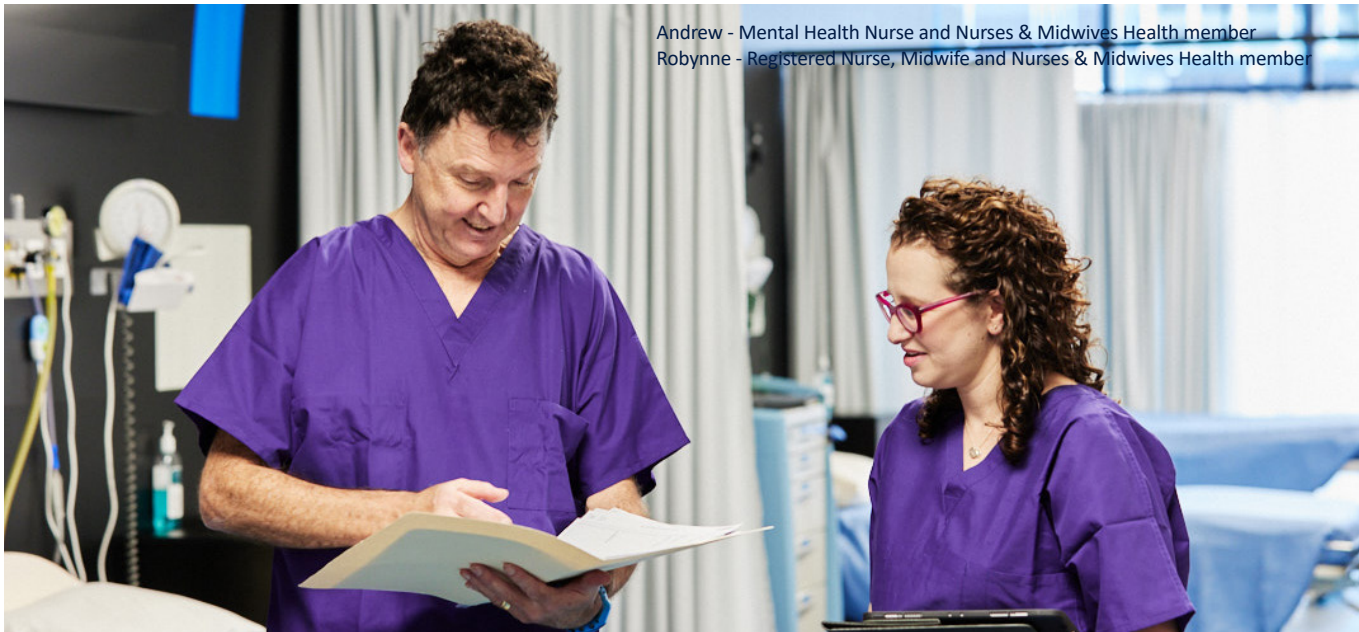
Andrew, Mental Health Nurse

For 35 years, Andrew has worked in mental health, where he says it's a privilege to support people in crisis.

Despite the demands, he finds his role incredibly rewarding – including taking the time to really understand what patients are going through and helping them work through the challenges they're facing.

Andrew says, "it's a privilege to provide help for people in crisis. Being able to understand or have a sense of what might be happening for someone, and helping them work through that issue, is what drives me."

As someone who must be constantly switched on to the needs of others – often during their darkest times – it's no surprise Andrew makes room for peace and quiet in his downtime. He finds balance and joy by doing things like bushwalking, being in nature and spending time with his wife and two young adult daughters.



Andrew - Mental Health Nurse and Nurses & Midwives Health member
Robynne - Registered Nurse, Midwife and Nurses & Midwives Health member



Jessica - Teacher and Teachers Health member

Corporate Governance Statement

Governance at Teachers Health

Teachers Federation Health Ltd (Teachers Health or the Company) is a company limited by guarantee subject to the Corporations Act 2001 (Cth). The Company is a registered private health insurer and conducts a health benefits fund (the Fund).

The Board of Directors of the Company (Board) places high importance on the governance practices of Teachers Health, which it believes is vital to the performance, reputation and sustainability of the Fund. Teachers Health has adopted a comprehensive framework of corporate governance policies that are reviewed typically every two years.

As at 30 June 2023, the Board's corporate governance practices reflect the ongoing focus of the Board in discharging its responsibilities at an appropriate level to meet the full expectations of company members, policyholders, regulatory authorities, the general community and other stakeholders.

The Company and the Fund are regulated by the Australian Prudential Regulation Authority (APRA). APRA issues prudential standards pertaining to governance in the private health insurance sector, and the Company provides regular reports to APRA.

Teachers Health's corporate governance policies and practices comply with APRA's Cross-industry Prudential Standard (CPS) 510 Governance. The Teachers Health corporate governance framework provides a solid foundation to enable ongoing compliance with APRA's prudential standards.

Board of Directors

Roles and responsibilities

The roles and responsibilities of the Board are set out in, and the Board operates in accordance with, the broad principles in its Board Charter. The Board Charter also details the membership and operation of the Board. The Board provides overall strategic guidance for Teachers Health and effective oversight of management. The Board ensures that the Company complies with its Constitution and all legal and regulatory requirements.

The Board has reserved to itself the following specific responsibilities:

- Strategy including, in conjunction with the CEO and senior executives, charting the direction, strategies and performance

objectives for Teachers Health and monitoring the implementation of those strategic and business plans and performance objectives;

- Oversight of management, including the regular monitoring and assessment of the CEO and other senior executives' performance in achieving Board-approved strategies, budgets and key performance indicators;
- Approving remuneration policies and practices of the organisation, including reviewing the performance and remuneration of the CEO;
- Strategic stakeholder management including ensuring effective communication with Company members, policyholders, other stakeholders and the broader community;
- Oversight of ethics, conduct and culture of the organisation, including actively promoting ethical and responsible decision making and establishing and maintaining a code of conduct to guide Directors, senior executives and all employees in the practices necessary to maintain confidence in Teachers Health's integrity;
- Oversight of financial and capital management, including establishing and overseeing Teachers Health's accounting and financial management systems, regular monitoring of Teachers Health's financial results, financial condition and forecasts, reviewing and approving the annual financial report and approving decisions affecting the investments and capital of Teachers Health; and
- Compliance and risk management, including establishing, overseeing and regularly reviewing systems of internal compliance, risk management and control, and systems of legal compliance (including but not limited to privacy, competition and consumer law and work health and safety) that govern the operations of Teachers Health, to ensure they are operating effectively.

The Board has delegated a number of its responsibilities to its committees. The responsibilities of these committees are set out in the following sections of this Corporate Governance Statement.

The Board has delegated to the CEO the

authority to manage and control the day-to-day affairs of Teachers Health other than those matters specifically reserved to itself in the Board Charter and the Delegation of Authorities Policy. The CEO is not a Director of the Company. Under the Company's Delegation of Authorities Policy, the CEO, executive management and other employees of Teachers Health are authorised, within limits, to make certain decisions necessary to perform the work assigned to their positions. These authorities are exercised within an extensive system of internal controls.

Board composition

The Board comprises ten Directors, each of whom is a non-executive Director. A majority are Independent directors. The Company's Constitution provides that the Board is made up of the following classes of Directors:

- Two ex-officio Directors, being the Branch President and the General Secretary of the Australian Education Union New South Wales Teachers Federation (NSWTF) Branch or their respective authorised nominees;
- Five independent specialist Directors;
- An independent specialist Chair; and
- Two Insured Persons elected Directors.

Teachers Health seeks to maintain an appropriate mix of skills, expertise, experience and diversity on the Board to ensure an understanding of and competence to deal with current and emerging issues relating to Teachers Health's business and to enhance its performance.

Details of each Director's qualifications, special responsibilities and attendance at meetings are set out in the Directors' report.

The Chairperson is an independent and non-executive Director appointed by the Board. The Chairperson's responsibilities include:

- Leading the Board in reviewing and discussing Board matters;
- Ensuring the efficient organisation and conduct of the Board's function;
- Promoting constructive relations between Board members and separately between the Board and management;
- Reviewing corporate governance matters with the CEO and reporting on those matters to the Board.

Corporate Governance Statement

Appointment and election of Directors

Teachers Health seeks to have a Board comprised of Directors that collectively have a range of skills, knowledge and experience to:

- Understand and manage the risks to the organisation;
- Understand and ensure compliance with the organisation’s legal prudential obligations;
- Effectively oversee the management of the organisation; and
- Effectively contribute to the Board’s deliberations and processes.

The private health insurance industry is heavily regulated and complex and, as such, Directors need to have qualifications or experience that enables them to work within this environment. APRA mandates governance and prudential standards that require ongoing compliance and all Directors must develop and maintain a sound understanding of these obligations.

All Directors must meet the Fit & Proper Policy requirements of the organisation. To this end, the Board has established a set of general criteria and skills that would ensure that all Directors of the Company would be able to carry out their responsibilities effectively.

Specific criteria may be developed for each appointment, having regard to:

- The immediate collective capacity of

the Board in terms of the mix of skills, experiences, functional orientation and personal qualities;

- The organisation’s current and future strategies;
- The Board’s renewal policy, succession plans and business development intentions; and
- Diversity, but only as a secondary dimension to skills, experience and personal qualities.

The Board has developed a role description for Directors that details the role and responsibilities of Directors as well as the professional qualifications and skills required.

Directors are appointed and/or elected to the Board in accordance with the Constitution, which places limits on the period for which a Director may hold office. An elected member Director must not hold office without re-election for more than two years. Specialist Directors are appointed for a term of up to three years. Retiring Directors are eligible for re-election. Directors appointed to the Board (other than the elected member Directors) must have their appointment confirmed by the Company Members at the next Annual General Meeting.

Director induction and education

Directors participate in a formal induction program upon appointment and, in addition, the Board has also established a program of continuing education. The People and

Remuneration Committee oversees and regularly reviews the induction procedures, continuing development and education program for Directors. This includes hosting sessions with experts in the particular fields relevant to Teachers Health operations and promoting attendance at relevant conferences and seminars. The training and education programs ensure that Directors keep up to date with developments in a dynamic and challenging industry. Directors are also encouraged to attend and actively participate in education sessions and courses offered by external organisations such as the Australian Institute of Company Directors and the Governance Institute of Australia.

Board meetings

The Board meets at least eight times during the year according to a schedule determined at the end of each calendar year. The scheduled meetings are supplemented by special purpose meetings where required. An extensive agenda is prepared for each meeting. The agenda enables Directors to be adequately informed about the operations of Teachers Health, to monitor management’s implementation of key strategic initiatives, financial performance and capital management, performance of the Risk Management Strategy and Framework and to consider the environment in which the Company operates. Matters of a strategic nature are given priority. In addition to the Board meetings, a structured Directors’ development and strategy review is the major focus of the Board workshop held at least annually.

Independence and management of conflicts of interest

Board composition is an issue regularly considered by the Board and its committees. The Board places high importance on independence of any interests of stakeholders, management and competing or conflicting business interests as a prerequisite to discharging its review and oversight role effectively. Teachers Health has a close relationship with the Australian Education Union New South Wales Teachers Federation (NSWTF) Branch, which provides two ex-officio Directors or their nominees.

With the introduction of APRA’s CPS 510, particular consideration has been given to strengthening the Board’s independence. A Director is considered independent if the Director is a non-executive Director who is not a member of management, not an ex-officio Director and is free of any business or other association that could materially interfere with the exercise of their unfettered and independent judgement.

A Director will not be independent who:

- Is employed, or has previously been employed in an executive capacity by Teachers Health, or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- Within the last three years, has been a principal of a material professional adviser or material consultant to Teachers Health or another Group member or an employee materially associated with the service provided;
- Is a material supplier or customer of Teachers Health or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- Has a material contractual relationship with Teachers Health or another Group member other than as a Director of Teachers Health.

A Director who has, or has had in the last 12 months, an association with the Australian Education Union New South Wales Teachers Federation (NSWTF) Branch such as the Branch President, the Branch Deputy President, the General Secretary, a member of the Branch Executive, an Assistant Secretary

or an Administrative Officer will not be considered independent.

All Directors, whether independent or not, must at all times bring an independent judgement to bear on all Board decisions.

Teachers Health has a Board Renewal Policy and succession planning arrangements which promote fresh ideas and independent thinking while retaining adequate expertise and business knowledge. Terms of tenure are staggered to support continuity and the appropriate transfer of knowledge and skills of Directors. In implementing the Board Renewal Policy, consideration is also given as to whether each Director has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with their independence or ability to act in the best interest of the Company.

Teachers Health’s Board is committed to ensuring a high standard of accountability and integrity in the way its business operates by demonstrating behaviour consistent with its values of member centricity, collaboration and teamwork, empowerment and accountability, continuous improvement and innovation, integrity and social responsibility.

Teachers Health has a Conflict of Interest Policy and Framework to assist it in managing conflicts of interest across the organisation by:

- Identifying and monitoring all actual and potential conflicts of interest;
- Avoiding conflicts of interest where possible;
- Managing a conflict of interest where it cannot be avoided; and
- Ensuring appropriate action is taken in the event of a conflict of interest arising.

Teachers Health actively promotes ethical and responsible decision making. Directors are required to disclose conflicts and material personal interests, whether actual or potential, to the Board. A register of Directors’ interests is maintained and regularly reviewed. The People and Remuneration Committee annually assesses the independence of each Director in light of the interests disclosed by them.

Where necessary, the Board will evaluate whether a Director should participate in the consideration of a matter by using the mechanism set out in the Constitution and



Andrew and his wife Linda – Nurses and Nurses & Midwives Health members

the Corporations Act 2001 (Cth). Directors regularly review their positions to assist in the avoidance of situations where the interests of the Directors might affect, or appear to affect, decision making by the Board.

Fit and proper

Teachers Health has developed and implemented a Fit and Proper Policy to assist in assessing the fitness and propriety of Teachers Health Directors and other nominated persons (Responsible Persons) in line with APRA’s CPS 520 Fit and Proper prudential standard. Responsible Persons



Guy and Allana – Teachers Health members

Corporate Governance Statement

must have the appropriate skills, experience and knowledge to perform that role (“competencies”) and must act with the requisite character, diligence, honesty, integrity and judgement (“character”).

A person will be considered “fit and proper” if they are assessed to meet substantially the assessment criteria set out in this policy and, if appropriate, in the position description for their role. The assessment consists of an attestation by the individual, and the Company undertakes any necessary and relevant investigations to verify the information provided in the attestation including, where considered appropriate or desirable, referee checks, police checks and searches of appropriate registers. A person’s fitness and propriety will be assessed against the assessment criteria listed in the policy and any specific requirements set out in the position description for the Responsible Person role. In the case of Directors’ skills, knowledge and experience, the assessment criteria apply to the Directors collectively, rather than each individual Director necessarily meeting all of the criteria, such that the Board as a whole meets the criteria. The policy includes a process for dealing with and reporting breaches of the policy.

Access to information and independent professional advice

Managers responsible for critical areas of the business are regularly requested to brief the Board and its committees to assist Directors in maintaining a strong understanding of Teachers Health’s activities. These briefings contribute to the assessment made by the Board about the performance of management in running the business. External professionals and consultants also brief the Board and its committees where appropriate.

The Board has in place a procedure whereby Directors are entitled to seek independent professional advice, at the expense of Teachers Health, to assist them in carrying out their duties as Directors. The procedure provides that any such advice is generally made available to all Directors.

Remuneration of Directors and executive management

In accordance with clause 14.9 of the Company’s Constitution, Directors are paid in the aggregate up to the remuneration determined by resolution at a meeting of the

Company Members. This reflects industry practice and the increase in demands on Directors.

For the twelve months ended 30 June 2023, the total remuneration of key management personnel, which includes the Directors and executive management, is disclosed in the annual financial statements.

As required by legislation, superannuation is paid in respect of remuneration at the rate provided by the Superannuation Guarantee and Directors are entitled to receive a subsidy toward in-house health insurance on a pro-rata monthly basis up to the rate of \$1,333 p.a.

Directors are reimbursed for expenses to cover costs incurred when attending meetings, conferences, courses, etc. and for professional registration fees, for example, membership of Australian Institute of Company Directors. The Company provides Directors and Officers Insurance.

The Board, based on recommendations from the People and Remuneration Committee, determines the remuneration of the CEO as part of the incumbent’s terms and conditions of appointment. Teachers Health’s policy in respect of the CEO and executive management incorporates remuneration that is competitively set so the organisation can attract, motivate and retain high calibre executives to lead the Company. The People and Remuneration Committee reviews the remuneration of the CEO and executive management annually through a process that considers individual performance and relevant comparative market remuneration data from an independent third party. The outcomes of this process are reported to and discussed with the Board.

The CEO and executive management have individual, team and overall business key performance indicators set each year. The People and Remuneration Committee annually reviews the performance of the CEO in a structured process that includes performance against targets set. The outcome of this review is reported to the Board as a whole. The CEO annually reviews the performance of executive management in a structured process that includes performance against targets set. The outcome of this review is discussed with the People and Remuneration Committee and reported to the Board.

There are no short-term incentive, performance bonus or long-term incentive

payments (such as share options) made to any Director, the CEO or an executive manager of the Company.

Board performance

The Board has a policy of undertaking an annual assessment of its collective performance and the performance of individual Directors and of its committees to ensure its ongoing effectiveness. The People and Remuneration Committee has oversight of this process.

This assessment may be by way of self-assessment and is periodically supplemented by sessions facilitated by an external consultant inclusive of interviews with Directors. An external assessment was conducted during the reporting year. The Chairperson and/or a facilitator, if an external consultant is used, formally discusses the results of the performance review with individual Directors and the Board as a whole. The discussion also considers the overall effectiveness of the Board. Actionable recommendations are implemented as soon as practicable after the final Board performance evaluation is received.

Each of the Board’s committees also reviews its performance against the objectives of its respective charter annually.

Directors’ and officers’ insurance

Teachers Health maintains an insurance policy for the benefit of the Directors, the company secretary, officers and employees (as defined by the policy) insuring all insured persons against a liability (and not including any liabilities for which insurance is prohibited under s199B of the Corporations Act 2001 (Cth)).

In accordance with commercial practice, the insurance policy prohibits the disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premiums.

Board committees

The Board has established four committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The standing committees are:

- Audit and Finance Committee,
- People and Remuneration Committee,

- Risk and Governance Committee, and
- Strategy Committee.

Each committee has its own written charter setting out its responsibilities, composition, structure and the manner in which the committee is to operate.

Board committees have delegated authority within their charter of responsibilities and make recommendations to the Board. Activities of each committee are reported to the Board at the next full Board meeting. Where there are matters of relevance to more than one committee, a joint meeting of those committees may be held to discuss the matter, or the matter may be dealt with by one committee before being referred to the other committee.

Details about the membership of committees and the attendance of board members at committee meetings are set out in the Directors’ report. In addition to the four standing committees, the Board may from time-to-time hold joint committee meetings and create ad-hoc Board committees as required.

Audit and Finance Committee

The Audit and Finance Committee has been established to assist the Board to fulfil its statutory and regulatory responsibilities relating to the financial reports, the financial

condition of Teachers Health and matters concerning the appointed actuary, the external auditors and internal auditors.

The purpose of the Committee is to provide an objective, non-executive review of the effectiveness of Teachers Health’s financial reporting and risk assurance framework.

The Committee is comprised of a minimum of three (3), and up to a maximum of five (5) non-executive members of the Board, a majority of whom are independent, and each of whom has appropriate financial experience and understanding of the private health insurance industry.

The Board determines the Chairperson of the Committee who is an independent non-executive member of the Board and not the Chairperson of the Board.

The Committee’s responsibilities also include, within the scope of its authority, to oversee, review and make recommendations to the Board on:

- All APRA statutory reporting requirements;
- An objective non-executive review of the effectiveness of the financial reporting framework to ensure the balance, transparency and integrity of published financial information;

- The financial condition of Teachers Health and the health benefits fund conducted by Teachers Health;

- The appointment, role and performance of the Appointed Actuary;
- The effectiveness of Teachers Health’s internal control systems and internal audit function;

- The independent audit process including the appointment, independence, performance, remuneration and removal of the External Auditor;

- The investment activities of Teachers Health including investment policy, investment strategy, investment performance and appointment of investment advisors;

- The maintenance of an effective Whistleblower Policy and procedures, including how matters raised under the Whistleblower Policy are dealt with to ensure the appropriateness of action; and

- Undertaking any special projects delegated by the Board or deemed necessary by the Committee.

The Committee Charter provides that the Committee meet not less than three (3) times per year. The Committee met four (4) times



Nancy - Proud Kalkadoon and Mariam woman, teacher and lifelong Teachers Health member with her family.

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during the reporting year. The Committee has an opportunity to meet with the external auditor, including without management being present, at each Committee meeting.

People and Remuneration Committee

The People and Remuneration Committee has been established to assist the Board in fulfilling its statutory and regulatory responsibilities and to oversee, review and make recommendations to the Board relating to Board composition, renewal and performance, human resource matters and compliance with employment laws and regulations.

The Committee is comprised of a minimum of three (3), and up to a maximum of five (5) non-executive members of the Board, the majority of whom are independent.

The principal responsibilities of the Committee are to:

- Make recommendations to the Board on the necessary and desirable competencies of the Board, Board succession plans, the process of evaluation of the performance of the Board, its committees and Directors;
- Make recommendations to the Board on the appointment of new Board member candidates, having regard to their skills, experience and expertise;
- Develop and review induction procedures, continuing development and education programs for Board Directors;
- Establish and conduct the annual performance evaluation of the CEO and report to the Board the outcomes of this review;
- Review with the CEO the outcomes of the annual performance evaluation of direct reports to the CEO and other persons whose activities may, in the Committee’s opinion, affect the financial soundness of Teachers Health and any other person specified by APRA;
- Review the conditions of employment and annual remuneration of the CEO and report the outcomes of this review to the Board;
- Review and approve the recommendations of the CEO relating to the conditions of employment and annual remuneration of the direct reports of the CEO, other persons whose activities may, in the Committee’s opinion, affect the financial soundness

of Teachers Health and any other person specified by APRA;

- Periodically review with the CEO, the Teachers Health organisational capability and succession plan for employees, managers and executives; and
- Review people-related issues and policies generally.

The Committee Charter provides that the Committee meet not less than three (3) times per year. The Committee met four (4) times during the reporting year.

Risk and Governance Committee

The Risk and Governance Committee has been established to assist the Board to fulfil its statutory and regulatory responsibilities by providing objective, non-executive oversight and review of the effectiveness of the implementation and operation of Teachers Health’s risk management and compliance management frameworks.

The Committee is comprised of a minimum of three (3), and up to a maximum of five (5) non-executive members of the Board, a majority of whom are independent, with appropriate risk management and governance experience and understanding of the private health insurance industry. The Board determines the Chairperson of the Committee who is an independent non-executive member of the Board and not the Chairperson of the Board.

Within its scope of authority, the Committee reviews and makes recommendations to the Board on Teachers Health’s system of risk management and internal control, including:

- The effectiveness of Teachers Health’s Risk Management Strategy and Framework, having regard to the organisation’s risk management culture;
- The identification and assessment of the material risks facing Teachers Health considered against the organisation’s risk appetite;
- The organisation’s Business Continuity and Disaster Recovery Framework; and
- The appropriate level of reporting on the performance and application of the risk management and internal control system throughout Teachers Health.

The committee also reviews Teachers Health’s corporate governance policies and practices,

including:

- Teachers Health’s systems and procedures for compliance with laws, regulations, internal policies and industry standards;
- Corporate governance, regulatory and compliance issues including the Private Health Insurance Act 2007, Private Health Insurance (Prudential Supervision) Act 2015, APRA Rules, Prudential Standards and Reporting Standards, Ministerial Private Health Insurance Rules, the Corporations Act and ASIC requirements;
- Review of material changes and disclosure of corporate governance policies and information to ensure effective communication of Teachers Health corporate governance practices; and
- Best practice developments in corporate governance.

The Committee Charter provides that the Committee meet not less than three (3) times per year. The Committee met four (4) times during the reporting year. At the end of the financial year the committee’s name was changed to Risk & Compliance Committee.

Strategy Committee

The Strategy Committee was established to assist the Board in fulfilling its responsibilities relating to the development and implementation of corporate strategy for Teachers Health.

The Strategy Committee was decommissioned during the reporting year, with matters of strategy to be considered directly by the Board.

The Committee was comprised of a minimum of three (3) and up to a maximum of five (5) non-executive members of the Board.

The principal responsibilities of the Committee were to:

- Review strategy and recommend refinements, as necessary, to the Board to enhance the Company’s competitive position and long-term performance;
- Consider viable and likely opportunities and threats that are expected to be presented to the Company as further rationalisation and change occurs in the private health insurance industry;

- Inform the Board of any other strategic developments and make appropriate recommendations as required;
- Work with management on the development and articulation of any strategic plan or initiative for recommendation to the Board; and
- Assist management with recommendations regarding specific strategies such as new products or new markets.

The Committee Charter provided that the Committee meet not less than once (1 time) per year. The Committee met three (3) times during the reporting year.

Accountability and audit

External audit

The Group has appointed Ernst & Young (“External Auditor”) to audit the records and financial statements of the Group for the 2023 financial year and also to perform various regulatory and compliance audits. Ernst & Young was appointed External Auditor on 26 November 2018.

The Audit and Finance Committee meets with the External Auditor during the year to:

- Discuss the external audit, identify any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements;
- Review the results and findings of the auditor, the adequacy of accounting and financial controls, and monitor the implementation of any recommendations made; and
- Finalise annual reporting, review the preliminary financial report before sign-off and any significant adjustments as a result of the auditor’s findings.

The External Auditor reviews and tests the system of internal controls, to the extent necessary, to be able to issue an independent opinion on the financial statements at the end of the year. The External Auditor is invited to attend the Annual General Meeting and is available to answer questions from members of the Company on the conduct of the Company audit, the preparation and content of the audit report, the accounting

policies adopted by Teachers Health and the independence of the auditor in relation to the conduct of the audit.

Internal controls

The financial and operational performance of Teachers Health is monitored by the Board through regular management reporting of performance against budgets and other relevant key performance indicators. The Board is responsible for the overall internal control framework and for reviewing its effectiveness. Key features of the control environment include the Charters of the Board and each of its committees and a clear organisational structure with documented delegation of authority from the Board to executive management.

Internal audit

Internal audit operates under its own Charter. PwC Australia was appointed as the internal auditor from 1 January 2016. The internal audit function provides an independent and objective review of the management of Teachers Health’s risk management framework, the management of its material risks and the implementation of effective controls designed to manage these risks, and provides reasonable assurance against material loss by enabling the identification of matters that require the attention of management or the Board. These controls have been established by management and are reviewed periodically by internal audit through an internal audit plan agreed annually with the Audit and Finance Committee. Findings of reviews are reported to the Audit and Finance Committee and the Board.

Risk management

Teachers Health recognises effective risk management is good management practice, supports the achievement of organisational objectives and is an integral part of sound corporate governance. A detailed Risk Management Strategy and Framework based on ISO 31000:2018 has been developed and implemented by management and endorsed by the Board. This risk management framework is critical to the safety, reputation and sustainability of the operations of the business and to the ongoing viability of the health benefits fund operated by Teachers Health.

The various risk management practices are undertaken to provide a consistent approach to the identification, assessment,

management and reporting of risk and to support the overriding principle that business risk is everyone’s responsibility – all staff, managers and contractors, not just the CEO, share that responsibility in various ways. Embedding an effective risk culture is an ongoing focus of Teachers Health to facilitate this. Various activities, including internal audit, provide reasonable assurance to the Board of the effectiveness of the risk management framework.

Both the Board and the Risk and Governance Committee receive frequent updates about the management of risk. At each Board meeting, the CEO updates the Board on developments in relation to the material business risks facing Teachers Health. The Board reviews Teachers Health’s performance against its approved risk appetite on a quarterly basis.

Ethical standards

Code of Conduct

Teachers Health has adopted a Code of Conduct that applies to all Directors, officers, employees, contractors and consultants to Teachers Health. This Code sets out the ethical standards and rules of Teachers Health and provides a framework to guide compliance with legal and other obligations to stakeholders, including:

- The avoidance of conflicts of interest or disclosure of conflicts of interest if one occurs;
- Acting appropriately in relation to corporate opportunities and other benefits;
- Compliance with the Privacy Act 1988 (Cth);
- The integrity and security of confidential information;
- Dealing honestly and fairly with all parties; and
- Compliance with relevant laws and regulations.

Industry Code of Conduct

Teachers Health is a signatory to the Private Health Insurance Code of Conduct. The purpose of the Code is to promote informed relationships between Private Health Insurers (PHI), consumers and intermediaries, to

Corporate Governance Statement

enhance standards across the private health insurance industry.

Teachers Health is required to submit a certification or full self-audit each year attesting to, and for the full self-audit evidencing, compliance with the Code. Due to the release of a revised Code of Conduct in late 2021, the Code Compliance Committee did not require a certification or audit to be submitted by PHIs. Teachers Health submitted a full self-audit in December 2022. It was subsequently approved by the PHI Code of Conduct Compliance Committee.

Diversity and inclusion

Teachers Health values diversity and inclusion and seeks to maintain an appropriate mix of skills, expertise and experience within the organisation, including on the Board, to successfully navigate the increasingly complex and dynamic business environment, enabling strong business performance and outcomes for our members.

A voluntary target for the representation of women on the Board was set at 40%, and representation on the Board has remained above the target for more than five years and is at 60% in 2023.

In accordance with the requirements of the Workplace Gender Equality Act 2012, Teachers Health lodged its 2023 annual public report with the WGEA. A copy of the report can be accessed at wgea.gov.au.

The representation of women across the organisation as at 31 March 2023 WGEA reporting period was as follows:

Category	Number	Percentage of category
Women on the Board	6	60%
Women in senior executive positions	3	38%
Women in management positions	18	44%
Women employees in the whole organisation	253	66%

Fostering a culture of diversity and inclusion continues to be an ongoing objective for Teachers Health so that the organisation attracts and retains a diversity of talented people that are well equipped to support the individual needs of all of our members.

Whistleblower Policy

Teachers Health is committed to the prevention and early identification of breaches of law, regulations, codes or standards relevant to the Company and its controlled entities. For this purpose, Teachers Health has developed and implemented a Whistleblower Policy. Teachers Health's whistleblower process facilitates the disclosure of misconduct and supports eligible whistleblowers.

The Whistleblower Policy encourages and provides a framework for all Teachers Health employees (and others) to report any corrupt or improper conduct or genuine matters or behaviours that they have reasonable grounds to believe contravene Teachers Health's policies or the law, including:

- Misconduct, or an improper state of affairs or circumstances;
- Contravention of any law administered by ASIC and/or APRA;
- Conduct that represents a danger to the public or the financial system; and
- An offence against any other law of the Commonwealth that is punishable by imprisonment for a period of 12 months or more.

Teachers Health allows for a number of avenues for reporting of disclosures. In addition to the prescribed categories of eligible recipients, Teachers Health has an anonymous whistleblowing tool available through accessing the Whistleblower Policy on our website. The tool empowers eligible whistleblowers to report anonymously and is accessible from outside the organisation. Reports made through the online tool are triaged before being escalated through the whistleblowing process or redirected internally.

Reporting under the Modern Slavery Act 2018 (Cth)

In December 2022, Teachers Health published its third Modern Slavery Statement under the Modern Slavery Act 2018 (Cth). The Modern Slavery Statement covers Teachers Health as well as its controlled entities in the Group and is available on the Teachers Health website.

The Modern Slavery Act 2018 (Cth) defines modern slavery as including eight types of serious exploitation: trafficking in persons;

slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.

Modern slavery can occur in every industry and sector and has severe consequences for victims.

Teachers Health is continually assessing and taking measures to address the Group's risk of modern slavery practices in its operations and supply chain by:

- Performing initial and ongoing exposure assessments on its direct suppliers (tier 1);
- Using a supply chain management platform to assess the Group's exposure to modern slavery practices on an ongoing basis;
- Contributing to a Private Health Insurance Modern Slavery Community of Interest to support an industry-wide approach;
- Including clauses to address modern slavery risks in new and renewing supplier contracts considered to be in high-risk categories, and
- Providing e-learning on modern slavery across the organisation with focused training to be delivered to relevant staff to increase rigour in the procurement process.

Teachers Health periodically reviews the effectiveness of steps taken to address the risks of modern slavery practices in its operations and supply chain. Teachers Health aims to continually monitor and, where necessary, improve any policies procedures and systems to address modern slavery.



Allana - Teachers Health member



Jess – Teacher and Teachers Health member



Andrew - Mental Health Nurse and Nurses & Midwives Health member.
Robynne - Registered Nurse, Midwife and Nurses & Midwives Health member.

Directors' Report

Your Directors present their report, together with the consolidated financial statements of the Group consisting of Teachers Federation Health Ltd (Teachers Health or the Company) and the entities it controlled (collectively referred to as the Group) at the end of or during the year ended 30 June 2023.

Directors

The names and details of the Directors of Teachers Health in office at any time during the financial year, including the period until the date of this report, were as follows:

M O'Halloran AM

B. A., Dip. Ed., B. Leg. S., GDLP, LL.M., GAICD
Non-executive Director
Appointed Director: March 2021

Special responsibilities:

Chairperson of the Board, Chairperson of the People and Remuneration Committee, member of the Audit and Finance Committee, Risk and Governance Committee and Strategy Committee

G M Ackroyd

Dip. Ed., B. Ed. (UOW), M. A. (UNSW), MAICD
Non-executive Director
Appointed Director: November 2019

Special responsibilities:

Deputy Chairperson of the Board, member of the People and Remuneration Committee, Audit and Finance Committee and Strategy Committee

N E Dawson

B.A. (MAQ), Dip. Ed. (UNE), M. Ed. LL. M. (USYD), B. Leg S (MAQ), Grad Cert Leg P (UTS), Dip. ACG (GIA), FCIS, Chartered Secretary & Chartered Governance Professional, MAICD, AGIA, FANZCN
Non-executive Director
Appointed Director: September 2010
Retired: March 2023

Special responsibilities:

Chairperson of the Risk and Governance Committee and member of the People and Remuneration Committee

A Gavrielatos OM

B.A., Dip. Ed.
Non-executive Director
Appointed Director: February 2020
Retired: April 2023

Special responsibilities:

None

B Holmes

Non-Practicing RN, Non-Practicing Midwife, Psychiatric Nursing Certificate, Graduate Harvard Trade Union Program, GAIST
Non-executive Director
Appointed Director: June 2023

Special responsibilities:

None

T J Mulroy

BA Dip Ed (NSW), MAICD
Non-executive Director
Appointed Director: November 2012

Special responsibilities:

Member of the Audit and Finance Committee and Strategy Committee

S Roberts

B Ec (Macq), FIAA
Non-executive Director
Appointed Director: August 2017

Special responsibilities:

Chairperson of the Audit and Finance Committee

M Rosicky

B.A. Visual Arts, Dip. Ed., MAICD
Non-executive Director
Appointed Director: November 2013

Special responsibilities:

Member of the Risk and Governance Committee and the People and Remuneration Committee

M Sciffer

B. IT. (CQU), GradDip. Ed. (UNE), GradDip. Soc. Sci. (UNE), PostGradDip. Psych. (UOW), PhD Candidate (MU)
Non-executive Director
Appointed Director: June 2023

Special responsibilities:

None

M L Sharkey

B. Soc. Sci. (Welfare), BVET
Non-executive Director
Appointed Director: May 2021

Special responsibilities:

None

M Smith

Tourism Management and International Studies (Mexico), Diploma of Education Secondary (HSIE)
Non-executive Director
Appointed Director: November 2022

Special responsibilities:

None

D Torrance

BA (Macq), Actuarial Studies, FIAA, GAICD
Non-executive Director
Appointed Director: October 2022

Special responsibilities:

Chairperson of the Risk and Governance Committee

D Wynne

Dip. Teach. (Goulburn CAE), B. Ed. (CSU), Ext. Courses Ind. Law (UTS), MAICD
Non-executive Director
Appointed Director: June 2001
Retired: November 2022

Special responsibilities:

Deputy Chairperson of the Board, Chairperson of the Strategy Committee and member of the Audit and Finance Committee, the People and Remuneration Committee and the Risk and Governance Committee

Company secretaries

The names of the Company Secretaries in office at the end of the year were:

B S Joyce

B. Comm. (University of Newcastle), FCPA, FAICD
Appointed Company Secretary in November 2010
Mr Joyce was appointed Chief Executive Officer of Teachers Health in 2006.

D N Lethbridge

LL. B., MBA, Grad. Dip. ACG, FGIA, FCG, GAICD
Appointed Company Secretary in April 2012
Mr Lethbridge was appointed Chief Operating Officer of Teachers Health in February 2012.

Objectives

Teachers Health's long-term objectives are:

- To continue to ensure that Teachers Health delivers the value propositions designed to attract and retain members by providing them with competitively priced products and services that meet their needs, and through a level of service that its members recognise as superior;
- To maintain the resilience and commercial sustainability of the business through a combination of initiatives designed to grow revenue, manage benefits, lift business capability and deliver business efficiencies; and
- To operate an efficient business which focuses on ongoing business improvement transformation and innovation designed to increase organisational capabilities and undertake activities that will ensure the attraction, retention, development and engagement of high-quality employees.

Directors' Report

Teachers Health’s objectives have been reflected in the current Business Plan (FY2024-26) which seek ways to improve and increase growth and retention (both in terms of revenue and members) and lift the capability of the business to support this growth.

Principal activities

The principal activities of the Group during the financial year were:

- The operation of its restricted access private health insurance business;
- The operation of Teachers Health Centres eyecare and dental businesses; and
- The operation of Teachers Healthcare Services care coordination for chronic disease management and hospital substitute programs.

The Group also provided general insurance, travel and life insurance under authorised representative agreements. These principal activities have contributed to Teachers Health’s objectives. The Company operates a successful restricted access health insurance business which continues to deliver value and excellent service to its members. The dental, eyecare, and health support services contribute to the value proposition that the Fund offers its members.

Strategy

The themes of sustainability and resilience are very much front and centre in the delivery of the Teachers Health business strategy. The annual Teachers Health Business Plan continues to evolve and adapt to ensure that the business can effectively respond to the challenges and risks in the private health insurance industry as well the opportunities to continue to successfully grow and have a sustainable and resilient business, thereby protecting and enhancing Teachers Health’s value proposition for members today and over the longer term.

A key focus underpinning the Teachers Health strategy is our endeavour to continue to strive to be an even “better business” over the life of the current plan. A key element and priority focus underpinning the “better business” is the planned migration to a new PHI platform while the ongoing delivery of improvements from our Operational Improvement Plan will assist Teachers Health in delivering an

improved member experience. Capability uplift will enhance the efficiency, effectiveness and overall capability of the business to deliver sustainability and resilience and support Teachers Health’s objectives.

Growth, to increase the size and scale of the private health insurance business, continues to be a key priority supporting Teachers Health’s focus on sustainability and resilience. An important part of this initiative is the potential to merge with a likeminded private health insurer to accelerate the achievement of necessary scale.

Teachers Health also recognises it must do more to create a sustainable business. While the activities underpinning this endeavour have been part of Teachers Health’s strategy and occurring within the business for some time, the current Business Plan specifically acknowledges these expectations and the focus, effort and investment that is required to ensure their successful delivery with this plan incorporating specific environmental, social and governance (ESG) goals and activities.

Finally, supporting the overall health and wellbeing of our members through the provision of integrated wellness, prevention and disease management services continues as a core business goal.

COVID-19 response

During 2023, disruptions to health care access and delivery eased but the Group continued to observe lower claims than would have been considered usual in pre-pandemic conditions.

As a profit-to-member organisation, Teachers Health always has the health and wellbeing of members at the heart of everything we do and we are committed to continuing to provide value-for-money health insurance. Teachers Health continued to pass on any permanent claims savings to members.

The Group has already implemented a range of initiatives to support members and return claims savings, including:

- Returning approximately \$86 million to eligible policyholders as direct payments (\$31 million in 2022 with a further \$55 million approved in FY23 and returned in August 2023);
- Delaying premium increases by six months for the third time since the start

- of the pandemic, with savings from all three deferrals totaling \$41.1 million;
- Extending financial hardship relief for members under financial stress due to COVID-19;
 - Extending cover for all COVID-19 related treatments on all levels of Hospital cover;
 - Rolling over 2021 calendar year unused Extras cover annual limits for use in 2022 by eligible policyholders;
 - A once-off influenza vaccination benefit for eligible policyholders;
 - Broadening eligibility criteria for the New Family Program to provide access to more members with Hospital cover;
 - Promoting availability of the Mental Wellness Program via Teachers Healthcare Services to eligible members with Hospital cover; and
 - Permanently extending access to a range of additional telehealth services for members with Extras cover.

For employees, a hybrid work model has been adopted, offering alternative ways of working and a more flexible work-life balance.

Measuring performance

Teachers Health uses a range of quantitative and qualitative metrics to set and monitor its performance against its overarching strategic objectives and to guide each annual business plan to maintain alignment with the strategic direction of the Group.

Key success factors and a range of operational key performance indicators are identified as part of the business planning process and reported against during the course of the financial year. The performance objectives of the CEO and executives of the organisation are aligned to these same metrics and indicators, and individual performance is measured against these annually.

Members’ guarantee

The Company is limited by guarantee and hence has no contributed equity.

If the Company is wound up, the Constitution states that all property (other than property forming part of a health benefits fund

Meetings of Directors

During the financial year, 26 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Name	Board Meetings		Committee meetings							
			Risk & Governance Committee ¹		Audit & Finance Committee		Strategy Committee ²		People & Remuneration Committee	
	E	A	E	A	E	A	E	A	E	A
G Ackroyd	9	8			4	4	1	1	6	6
N Dawson	7	7	3	3					4	3
A Gavrielatos	7	0								
B Holmes	1	1								
T Mulroy	9	9			4	4	3	3		
M O'Halloran	9	9	4	4	4	4	3	3	6	6
S Roberts	9	9			4	4				
M Rosicky	9	9	4	4					6	6
M Sciffer	1	1								
M Sharkey	9	5								
M Smith	5	5								
D Torrance	6	6	3	3						
D Wynne	4	4	1	1	1	1	2	2	3	3

Table key: **E** Number of meetings eligible to attend **A** Number of meetings attended
¹ Now called Risk and Compliance Committee with effect from 1 July 2023 ² Now decommissioned

conducted by the Company) that remains after payment of all of the debts and liabilities of the Company shall be paid to an entity or organisation selected by the Directors, or in default by the court, which prohibits the distribution of its assets and income to its members

If the Company is wound up and cannot meet its debts, the Constitution states that each Member of the Company is required to contribute a maximum of ten dollars (\$10) towards meeting any outstanding obligations of the Fund.

The total amount that Members of the Company were liable to contribute at 30 June 2023 if the Company was wound up was one hundred and eighty dollars (\$180).

Indemnification of Directors

During or since the financial year, the Company has paid premiums in respect of contracts insuring any past, present or future Directors, Secretaries and other officers of the Company 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, the Company 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 2023.

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 on page 36 and forms part of this Directors’ report.

Signed in accordance with a resolution of the Board of Directors.

M O’Halloran, AM
Director
Dated this 27th day of September 2023
Sydney, NSW

Auditor's Independence Declaration



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
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Auditor's independence declaration to the directors of Teachers Federation Health Ltd

As lead auditor for the audit of the financial report of Teachers Federation Health Ltd for the financial year ended 30 June 2023, 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.

This declaration is in respect of Teachers Federation Health Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

David Jewell

David Jewell
Partner
Sydney
27 September 2023

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation



Guy, Allana, Parker and Zave – Teachers Health members



Financial Statements

For the year ended 30 June 2023

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Directors' declaration

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023	2022
		\$'000	\$'000
Premium revenue	5	896,243	853,770
Claims expense		(770,917)	(733,489)
Risk Equalisation Special Account recovery / (expense)		16,972	11,919
State levies		(15,972)	(16,060)
Net claims incurred		(769,917)	(737,630)
Unexpired risk liability (increase) / decrease		-	2,390
Other underwriting expenses	6	(83,673)	(72,993)
Underwriting result		42,653	45,537
Other revenue	5	13,703	10,147
Other expenses	6	(13,354)	(10,669)
Investment revenue / (expense)	5	28,709	(14,369)
Finance costs	6	(861)	(230)
Profit before income tax for the year		70,850	30,416
Income tax expense	2d	-	-
Profit for the year		70,850	30,416
Other comprehensive income – Property revaluation that will not be reclassified subsequently to profit or loss	15	3,551	-
Total comprehensive income for the year		74,401	30,416

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of financial position

As at 30 June 2023

	Note	2023	2022
		\$'000	\$'000
Current assets			
Cash and cash equivalents	8	82,132	84,131
Trade and other receivables	12	48,745	37,489
Inventories	13	606	555
Financial assets	9	639,704	593,495
Other assets	14	1,159	2,052
Total current assets		772,346	717,722
Non-current assets			
Financial assets	9	10,000	-
Property, plant and equipment	15	22,178	17,892
Intangible assets	16	527	775
Right-of-use assets	17	20,380	23,098
Total non-current assets		53,085	41,765
Total assets		825,431	759,487
Current liabilities			
Trade and other payables	18	87,258	60,165
Unearned premium liabilities		77,409	54,832
Claims provisions	7	84,445	142,409
Lease liabilities	17	2,900	2,217
Other provisions	19	9,544	8,592
Total current liabilities		261,556	268,215
Non-current liabilities			
Lease liabilities	17	19,183	21,396
Other provisions	19	3,139	2,724
Total non-current liabilities		22,322	24,120
Total liabilities		283,878	292,335
Net assets		541,553	467,152
Equity			
Reserves	11	11,886	8,335
Retained earnings		529,667	458,817
Total equity		541,553	467,152

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2023

Note	Asset Revaluation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2021	8,335	428,401	436,736
Profit for the year	-	30,416	30,416
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	30,416	30,416
Balance at 30 June 2022	8,335	458,817	467,152
Profit for the year	-	70,850	70,850
Other comprehensive income	3,551	-	3,551
Total comprehensive income for the year	3,551	70,850	74,401
Balance at 30 June 2023	11,886	529,667	541,553

This statement should be read in conjunction with the notes to the financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

Note	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts of premiums	918,687	839,712
Claims and levies paid	(805,287)	(688,152)
Other receipts from customers	13,666	10,255
Payments to suppliers and employees	(88,089)	(72,784)
Interest and distributions received	16,350	9,579
Finance costs paid	(874)	(244)
Net cash inflow from operating activities	8a 54,453	98,366
Cash flows from investing activities		
Movement in investments		
Proceeds	75,500	88,000
Purchases	(125,814)	(186,922)
Payments for intangibles	(117)	(67)
Payments for acquisitions	-	(290)
Payments for property, plant and equipment	(3,608)	(2,429)
Proceeds from sale of property, plant and equipment	57	13
Net cash (outflow) from investing activities	(53,982)	(101,695)
Cash flows from financing activities		
Payments for lease liabilities (principal element)	(2,470)	(2,696)
Net cash (outflow) from financing activities	(2,470)	(2,696)
Net change in cash and cash equivalents held	(1,999)	(6,025)
Cash and cash equivalents at beginning of financial year	84,131	90,156
Cash and cash equivalents at end of financial year	8 82,132	84,131

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

For the year ended 30 June 2023

SECTION 1: BASIS OF PREPARATION

1 Entity information

The general purpose financial statements are for the consolidated entity consisting of Teachers Federation Health Ltd (“the Company”) and its controlled entities (together comprising “the Group”). The Company, trading as Teachers Health, is a company limited by guarantee, incorporated, and domiciled in Australia. The Company is a not-for-profit entity for the purpose of preparing financial statements.

The registered office and principal place of business of the Group is:

Teachers Federation Health Ltd
ABN 86 097 030 414
Level 4, Tower A
260 Elizabeth Street
SYDNEY NSW 2000

2 Basis of preparation

a) Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191.

Comparative information has been reclassified where required for consistency with the current year’s presentation.

b) Statement of compliance

The financial statements have been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements incorporate the published views from ASIC and APRA on the measurement and recognition of a deferred

claims liability in response to the unique circumstances arising from the COVID-19 pandemic. ASIC published an FAQ on “COVID-19 implications for financial reporting and audit” regarding the financial years ended 30 June 2020 and 30 June 2021, stating “Private health insurers should recognise a claims liability where an insured person who knows that they have a condition is likely to continue their cover until the surgical procedure has been performed”, in effect requiring a provision at each reporting date for the backlog of medical procedures that were expected to occur from March 2020 to 30 June 2022, but did not due to COVID-19.

APRA has published the “Application of the Capital Framework for COVID-19 Related Disruptions”, which endorsed the recognition of a deferred claims liability and further outlined guidance for its measurement. APRA issued measurement guidance to all private health insurers on 22 June 2020 specifying the treatment of the deferred claims liability for prudential reporting to APRA as at 30 June 2020. APRA’s most recent updated guidance prior to the reporting date was issued on 7 December 2022. APRA’s guidance was adopted by the Group for both prudential reporting to APRA and financial reporting from 30 June 2020. Further detail on the Group’s deferred claims liability is provided in note 7.

A statement of compliance with International Financial Reporting Standards cannot be made due to the Company applying not-for-profit sector specific requirements contained in Australian Accounting Standards.

The financial statements were authorised for issue by the Directors on 27th September 2023.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the Group. Further details of the Company’s subsidiaries and other entities are set out in Note 20.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a

reporting date of 30 June 2023.

All transactions and balances between Group companies are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

d) Income tax

The Company 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. Teachers Healthcare Services Pty Ltd had no taxable profits in the current and prior year.

e) Goods and services tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

f) Segment reporting

The Group operates predominantly in one operating segment, being the provision of private health insurance in Australia.

3 Adoption of new and revised accounting standards

The Group has adopted all new and amended Australian Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period. The amendments did not have a material impact on amounts recognised in the current or prior periods, and are not expected to significantly affect future periods.

4 Critical accounting estimates and judgement

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The key areas in which critical estimates are applied are as described below:

a) Fair value of directly-held properties

Directly-held property is measured at fair value at last valuation date less subsequent depreciation. The Group engages independent registered valuers to value each of its directly-held properties once every three years and reviews for indicators of impairment annually. Details of specific estimates and judgments used in deriving the valuation of property in use at balance date are detailed in Note 15.

b) Outstanding claims liability

Provision is made at balance date for the liability for outstanding claims which is measured as the central estimate of the expected payments against claims incurred but not settled at the reporting date under insurance contracts issued by the Company.

The expected future payments include those in relation to claims incurred but not yet reported, together with allowances for Risk Equalisation Special Account (RESA) consequences and claims handling expenses. This ‘central estimate’ of outstanding claims is an estimate which is intended to contain no intentional over or under estimation. For this reason, the inherent uncertainty in the central estimate must also be considered and a risk margin is added. Actual results could differ from the estimate.

Details of specific key estimates and judgments used in deriving the outstanding claims liability at balance date are detailed in Note 7a.

c) Deferred claims liability

Provision is made at balance date for the liability for claims that were expected to be incurred during the period impacted by the COVID-19 pandemic from March 2020 to June 2023, but were delayed due to restrictions and circumstances impacting on health services providers and persons insured.

The expected future payments reflected in this estimate include those which have been estimated as delayed, together with allowances for RESA consequences and claims handling expenses. Actual results could differ from the estimate.

Details of specific key estimates and judgments used in deriving the deferred claims liability at balance date are detailed in Note 7b.

SECTION 2: OPERATING PERFORMANCE

5 Revenue

	2023	2022
	\$’000	\$’000
Premium revenue	896,243	853,770
Other revenue	13,703	10,147
Distribution income	8,849	7,210
Interest income	13,599	2,321
Changes in the fair value of investment in unit trusts	6,261	(23,900)
Investment revenue / (expense)	28,709	(14,369)
Total revenue	938,655	849,548

Premium revenue

Premium revenue is recorded on an accruals basis, reflecting contributions received, adjusted for the opening and closing contributions in advance and in arrears. Contributions received in advance are recorded as a liability and contributions in arrears (to the extent recoverable) are recorded as an asset. Premiums on unclosed business are brought to account using estimates based on payment cycles nominated by the policyholder.

Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers. Other revenue is recognised as the performance obligations of contracts are satisfied.

Investment revenue

Investment revenue consists of distribution income, interest income and changes in the fair value of investments in unit trusts. Interest income is calculated using a contractual interest rate determined at the start of the contractual period and may be repriced depending on the investment. All cash and cash equivalents and term deposits are measured at fair value through profit and

loss (FVTPL). Distribution income is recognised when the right to receive the income is established. Changes in the fair value of investments in unit trusts are calculated as the difference between the fair value at sale, or balance date, and the fair value at the previous valuation point and are recognised in profit or loss.

All revenue is reported net of the amount of goods and services tax (GST).

Notes to the financial statements (continued)

For the year ended 30 June 2023

6 Expenses	2023	2022
	\$'000	\$'000
Employee expenses	(48,983)	(45,022)
Depreciation and amortisation	(6,459)	(6,668)
Consultancy and professional fees	(2,584)	(2,969)
Marketing and publicity costs	(8,038)	(6,978)
Information technology expenses	(16,502)	(9,248)
Commission costs	(1,710)	(1,694)
Occupancy costs	(2,505)	(1,857)
Cost of goods sold	(1,965)	(1,542)
Administration and other expenses	(8,217)	(7,667)
Finance costs	(925)	(247)
Total expenses (excluding claims and unexpired risk expenses)	(97,888)	(83,892)

7 Health insurance liabilities

Claims are recorded as an expense in the period in which the service has been provided to the member. The cost of claims represents the claims paid during the period adjusted for the movement in the outstanding claims liability and the deferred claims liability. Risk equalisation relates to amounts recoverable from or payable to the Risk Equalisation Special Account (RESA) which is administered by APRA. Risk equalisation is recognised in the statement of financial performance based on the amounts received or paid during the year and the amount receivable or payable at the end of each reporting period.

Claims provisions	2023	2022
	\$'000	\$'000
Outstanding claims liability	84,445	77,820
Deferred claims liability	-	64,589
Total claims provisions	84,445	142,409

(a) Outstanding claims liability	2023	2022
	\$'000	\$'000
Central estimate of the expected future payments for claims incurred	77,983	71,310
Claims handling costs	1,145	1,055
Expected recoveries to the RESA in relation to the central estimate	(1,656)	(970)
Risk margin	6,973	6,425
Total outstanding claims liability	84,445	77,820

Movements in the outstanding claims liability	2023	2022
	\$'000	\$'000
Outstanding claims liability at the beginning of the year	77,820	77,652
Change in claims incurred for the prior year	(2,358)	(6,702)
Claims incurred during the year	782,869	685,663
Claims paid during the year	(773,977)	(678,741)
Change in claims handling costs component	91	(52)
Outstanding claims liability at the end of the year	84,445	77,820

The liability for outstanding claims provides for claims received but not assessed and claims incurred but not received. The liability is based on an actuarial assessment taking into account historical patterns of claim incidence and processing. It is measured as the central estimate of the present value of expected future payments arising from claims incurred at the end of each reporting period.

Key assumptions and estimates

Expected future payments

The outstanding claims liability has been estimated based on historical experience and future expectations as to claims. The calculation was determined taking into account actual claims and membership as at the balance date.

The outstanding claims estimate is derived based on three valuation classes, namely Hospital, Medical and General Treatment services. Diversification benefits within a valuation class are implicitly allowed for through the model adopted. The determination of the risk margin has also implicitly allowed for diversification between valuation classes based on an analysis of past correlations in deviations from the adopted model.

The central estimate of outstanding claims is calculated gross of any estimated risk equalisation recoveries. A separate estimate is then made of the net amounts receivable from or payable to the RESA in relation to the central estimate and included in the outstanding claims liability.

Risk margin

The risk margin has been applied to reflect the inherent uncertainty of the central estimate. A risk margin of 9.0% (2022: 9.0%) has been applied to the underlying liability, which has been estimated to equate to a probability of adequacy of 75%.

The risk margin has been based on an analysis of past experience of the fund. This analysis examined the volatility of past payments that have 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.

Claims handling costs

The liability also allows for an estimate of the costs associated with achieving settlement of outstanding claims. The claims handling costs both directly and indirectly associated with individual claims and have been calculated with reference to the past experience of total claims handling costs as a percentage of past claims payments.

Notes to the financial statements (continued)

For the year ended 30 June 2023

(b) Deferred claims liability	2023	2022
	\$'000	\$'000
Central estimate of the expected future payments for deferred claims	-	64,471
Expected recoveries to the RESA in relation to the central estimate	-	(837)
Claims handling costs	-	955
Total deferred claims liability	-	64,589

Movements in the deferred claims liability:	2023	2022
	\$'000	\$'000
Deferred claims liability at the beginning of the year	64,589	40,222
Deferred claims recognised/(adjusted) during the year	(54,226)	36,432
Deferred claims paid	(10,246)	(11,239)
Change in claims handling costs component	(117)	(826)
Deferred claims liability at the end of the year	-	64,589

Provision is made at balance date for the liability for claims that were expected to be incurred during the period impacted by the COVID-19 pandemic from March 2020 to June 2023, but were delayed due to restrictions and circumstances impacting on health services providers and persons insured.

Key assumptions and estimates

The deferred claims liability reflects liabilities relating to treatments that were expected to be incurred during the period impacted by the COVID-19 pandemic from March 2020 to June 2023, but were delayed due to community lockdowns and restrictions on elective surgery and allied health provision.

APRA issued measurement guidance to all private health insurers on 22 June 2020 specifying the treatment of the deferred claims liability for prudential reporting to APRA as at 30 June 2020. APRA's most recent updated guidance prior to the reporting date was issued on 7 December 2022, which removed all guidance and placed greater reliance on insurers to calculate the deferred claims liability and manage the associated risks. APRA's guidance was adopted by the Group for both prudential reporting to APRA and financial reporting as at 30 June 2020, 30 June 2021 and 30 June 2022.

The Group's methodology for estimating the deferred claims liability has been reviewed over the course of the pandemic, taking into account the increasing internal and external information available for analysis. As a result, the methodology has been reviewed compared to the previous year.

In determining the deferred claims liability at 30 June 2023, the difference between expected and actual claims during the period of March 2020 to June 2023 has been analysed by service month. For each service month where expected claims exceed actual claims, an accrual portion is selected (separately for each claims modality) that determines the proportion of that month's experience that is recognised as COVID-related claims.

Deferral assumptions were set for each clinical category according to the likelihood that the treatments were deferred due to COVID-19. These are applied to the COVID-related claims

savings to calculate the deferred claims liability.

A time-weighted release of the deferred claims liability to reflect the consequences of the prolonged pandemic conditions, and the reducing probability that deferred claims can or will be caught up as time passes. Further, during the year where it was reasonable to attribute higher-than-usual claims to the realisation of COVID-19 deferred claims, a corresponding amount was then released from the deferred claims liability.

In 2023, a sunset date was introduced into the valuation methodology to acknowledge that, at a certain point, the likelihood of deferred claims being caught up reduces to zero. This date has been set to be 30 June 2023 and as such, the deferred claims liability at 30 June 2023 has been released in full.

(c) Unexpired risk liability	2023	2022
	\$'000	\$'000
Unearned premium	-	-
Unearned unclosed business	-	-
Constructive obligation	-	-
Total unexpired risk liability	-	-

At reporting date, the Group assesses the sufficiency of the unearned premium liability to cover all expected future cash flows relating to future claims against current health insurance contracts. This assessment is referred to as the Liability Adequacy Test ('LAT').

The LAT is performed to ensure that unearned premiums (unearned premium liabilities) and premiums expected to be received based on a current policyholder's option to renew their existing contract (constructive obligation) are adequate to cover the expected liabilities arising from the policyholders' existing rights and obligations. The expected liabilities include benefits, member servicing costs and a margin for risk. The period of the projections is up until

the next price review or change in contractual benefits.

If the present value of the expected future claims cash flows plus the additional risk margin exceeds the unearned premium liability, then the unearned premium liability is deemed to be deficient. The Group applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the outstanding claims liability.

Key assumptions and estimates

The unexpired risk liability is determined as the excess of claims, risk equalisation, state levies, and claims-related expenses plus a risk

margin over the premiums for the relevant period. Projected claims, risk equalisation, state levies and claims-related expenses were determined from projections, adjusted for recent experience and based on no membership growth.

The risk margin applied in performance of the liability adequacy test for the Group was 3.0% (2022: 3.0%), which was also estimated to equate to a probability of adequacy of 75%.

The liability adequacy test performed as at 30 June 2023 resulted in no unexpired risk liability for the Group.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

8 Cash and cash equivalents	2023	2022
	\$'000	\$'000
Cash on hand	5	5
Cash at bank	82,127	84,126
Total cash and cash equivalents	82,132	84,131

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are held at fair value through profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2023

(a) Reconciliation of cash flows from operating activities:	2023	2022
	\$'000	\$'000
Profit for the year	70,850	30,416
- Depreciation and amortisation	6,459	6,668
- Net loss on disposal of property, plant and equipment	379	5
- Fair value losses / (gains) on investment trusts	(5,895)	24,222
Changes in operating assets and liabilities		
- Decrease / (increase) in trade and other receivables	(11,255)	(8,311)
- Decrease / (increase) in inventories	(54)	(11)
- Decrease / (increase) in other assets	895	98
- Increase / (decrease) in trade and other payables	27,093	33,298
- Increase / (decrease) in unearned premium liabilities and other provisions	23,946	(10,164)
- Increase / (decrease) in claims provision and unexpired risk liability	(57,965)	22,145
Net cash inflow from operating activities	54,453	98,366

9 Financial assets at fair value	2023	2022
	\$'000	\$'000
Term deposits, at fair value	380,638	360,138
Fixed income trusts, at fair value	144,840	143,794
Equity trusts, at fair value	81,694	70,605
Property and infrastructure trusts, at fair value	42,532	18,957
Total financial assets	649,704	593,495

Financial instruments

(a) Financial risk management

The Group's business and activities are affected by a variety of financial risks, including market risk, liquidity risk and credit risk. A comprehensive risk management system is in place to manage financial and non-financial risks.

The Board has overall responsibility for the establishment and oversight of the risk management framework and is supported by the Audit and Finance Committee, Risk and Governance Committee and management

in monitoring and managing the Group's financial risk exposures. The following policies have been established and are regularly reviewed to support effective financial risk management and to meet the Group's prudential regulatory obligations:

- Capital Management Plan;
- Pricing Philosophy;
- Liquidity Management Plan; and
- Investment Policy.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, investments in equity fixed income and property and infrastructure trusts, accounts receivable, payables and leases. The Group is not a direct party to any derivative instruments at 30 June 2023 (2022: nil).

The totals for each category of financial instrument, measured in accordance with AASB, are as follows:

Financial assets	2023	2022
	\$'000	\$'000
Cash and cash equivalents	82,132	84,131
Financial assets at fair value through profit or loss:		
- Equity trusts	81,694	70,605
- Fixed income trusts	144,840	143,794
- Property and infrastructure trusts	42,532	18,958
- Term deposits	380,638	360,138
Financial assets at amortised cost:		
-Trade and other receivables	48,745	37,554
Total financial assets	780,581	715,180

Financial liabilities	2023	2022
	\$'000	\$'000
Financial liabilities at amortised cost:		
- Trade and other payables	87,258	60,231
- Lease liabilities	22,083	23,613
Total financial liabilities	109,341	83,844

Classification

The Group classifies its financial assets into the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification depends on the nature of the financial assets and the contractual terms of the relevant cash flows.

Assets backing private health insurance liabilities

All financial assets backing private health insurance liabilities are classified as fair value through profit or loss. The Group has determined that cash and cash equivalents and financial assets are held to back private health insurance liabilities.

Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognised initially at fair value. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. All other financial assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, for financial assets measured at fair value through profit or loss, realised and unrealised gains or losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Fair value

Fair value is determined based on current bid prices for all quoted investments. 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.

Financial assets at amortised cost

Financial assets at amortised cost are measured using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts

estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2023

(b) Fair value measurement

Fair value hierarchy

The tables below separate assets and financial liabilities according to a hierarchy that reflects the significance of the inputs used in the determination of fair value. The fair value hierarchy has the following levels:

- Level 1
- Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group’s financial assets and liabilities as identified above have carrying amounts that are reasonable approximations for fair values.

2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets at fair value through profit or loss				
Term deposits	380,638	-	-	380,638
Equity trusts	-	81,694	-	81,694
Fixed income trusts	-	144,840	-	144,840
Property and infrastructure trusts	-	-	42,532	42,532
Total assets at fair value through profit or loss	380,638	226,534	42,532	649,704
Assets at fair value through other comprehensive income (OCI)				
Property in use	-	-	15,699	15,699
Total assets at fair value through OCI	-	-	15,699	15,699

2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets at fair value through profit or loss				
Term deposits	360,138	-	-	360,138
Equity trusts	-	70,605	-	70,605
Fixed income trusts	-	143,794	-	143,794
Property and infrastructure trusts	-	-	18,958	18,958
Total assets at fair value through profit or loss	360,138	214,399	18,958	593,495
Assets at fair value through other comprehensive income (OCI)				
Property in use	-	-	12,408	12,408
Total assets at fair value through OCI	-	-	12,408	12,408

Level 3 investments consist of investments in property and infrastructure trusts and property in use.

	Property in use	Property and infrastructure trusts
Change in level 3 assets	\$'000	\$'000
Balance as at 30 June 2021	12,667	-
Change in valuation of property in use for the period:		
- Additions	-	18,890
- Depreciation expenses	(259)	-
- Change in fair value of property and infrastructure trusts	-	67
Balance as at 30 June 2022	12,408	18,957
Change in valuation of property in use for the period:		
- Additions	-	21,630
- Depreciation expense	(259)	-
- Property in use valuation that will not be reclassified subsequently to profit and loss	3,551	-
- Change in fair value of property and infrastructure trusts	-	1,945
Balance as at 30 June 2023	15,700	42,532

The Group holds land and buildings at fair value of \$15.7 million classified as Level 3. The Level 3 fair value of land and buildings has been derived using the market value approach. The key inputs under this approach are the current observable prices in an active market for similar properties in the same location and condition, and the net market rental income as at valuation date, capitalised at an appropriate market yield.	The Group holds investments in real estate and infrastructure funds of \$42.5 million. The valuations of these trusts are based on unit prices provided by the fund administrator of the trusts and form the basis of fair value. The assets of the trusts are valued by the Fund Administrator and the NAVs of the trusts are calculated in accordance with the constitutions of the trusts. The fund administrator values the trust assets in	accordance with standard market practice and market prices are generally sourced from third parties. Where no independent pricing source is available to value an asset, the investment manager will liaise with the fund administrator to determine the value of the asset in accordance with acceptable industry standards.
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10 Financial risk management

(a) Capital management

The Group’s objectives when managing capital are to safeguard its ability to continue as a going concern, in order to continue to provide benefits for stakeholders, whilst maintaining an optimal capital structure.

The Group must satisfy APRA Prudential Standards HPS 100 (Solvency) and HPS 110 (Capital Adequacy) under the Private Health Insurance (Prudential Supervision) Act.

In brief, the intention of these standards is to ensure that the 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 circumstances.

The Group’s Board-endorsed financial risk management policies are designed to ensure compliance with Solvency and Capital Adequacy requirements and include internal targets and triggers to govern monitoring and management actions. The fund fully met its capital and solvency requirements at all times during the financial year.

(b) Market risks

The Group’s overall investment strategy seeks to assist it in meeting its financial targets, while minimising potential adverse effects on financial performance. During the current and

previous financial year, the Group’s financial assets were exposed to a range of market risks, most notably interest rate risk and equity price risk.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. No disclosure has been made below in relation to financial liabilities as the Group does not have material interest rate risk exposure on its financial liabilities as at 30 June 2023.

Notes to the financial statements (continued)

For the year ended 30 June 2023

	Weighted average effective interest rate	Maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing greater than 5 years	Total
2023	%	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	3.41%	82,132	-	-	82,132
Term deposits	4.35%	370,638	10,000	-	380,638
Fixed income trusts	5.09%	144,840	-	-	144,840
Total interest-bearing financial assets		597,610	10,000	-	607,610
2022					
Financial assets					
Cash and cash equivalents	0.98%	84,131	-	-	84,131
Term deposits	0.75%	360,138	-	-	360,138
Fixed income trusts	4.41%	143,794	-	-	143,794
Total interest-bearing financial assets		588,063	-	-	588,063

The following table illustrates sensitivities to the Group’s exposures to changes in interest rates. 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.

	2023		2022	
	+3.00%	-3.00%	+3.00%	-3.00%
	\$'000	\$'000	\$'000	\$'000
Interest rate movement				
Impact on net result for the year	6,809	(6,809)	6,838	(6,838)
Impact on equity	6,809	(6,809)	6,838	(6,838)

Equity price risk

The Group holds investments in equity trusts. These investments are held for long-term strategic purposes rather than trading. The following table illustrates sensitivities to the Group’s exposures 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.

	2023		2022	
	+5.00%	-5.00%	+5.00%	-5.00%
	\$'000	\$'000	\$'000	\$'000
Equity price movement				
Impact on net result for the year	4,085	(4,085)	3,530	(3,530)
Impact on equity	4,085	(4,085)	3,530	(3,530)

Property and infrastructure assets price risk

The Group holds investments in equity trusts. These investments are held for long-term strategic purposes rather than trading. The following table illustrates sensitivities to the Group’s exposures 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.

	2023		2022	
	+5.00%	-5.00%	+5.00%	-5.00%
	\$'000	\$'000	\$'000	\$'000
Real asset price movement				
Impact on net result for the year	2,127	(2,127)	948	(948)
Impact on equity	2,127	(2,127)	948	(948)

Insurance risk

The Group’s health insurance activities primarily include pricing, claims management and investment management.

Because of the specific requirements of health insurance community rating, risks must be accepted at a standard premium rate that is not individually risk rated. The Group is required to participate in an industry-wide arrangement to provide reinsurance support so the industry as a whole shares some of the hospital cost of high-risk groups (the Risk Equalisation Special Account). Risk equalisation provides some protection from high cost claims however it exposes the Company to a portion of the claims from other health insurers.

While the Group has the ability to determine premium rates and benefits payable at the product level, there is no ability to individually risk rate.

Other market risks

The Group has exposure to foreign currency risk through investments in unhedged global equities. This exposure is monitored against the investment policy. The Group has no material risk to foreign currency risk at balance date.

The Group has no material exposure to commodity price risk. This is where the Group’s financial performance will be adversely affected by fluctuations in the prices of commodities.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational,

- investing and financing activities;
- maintaining a reputable credit profile;
 - managing credit risk related to financial assets;
 - investing surplus cash solely with major financial institutions;
 - comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management’s expectations that financing facilities will be rolled forward.

The tables below reflect an undiscounted contractual maturity analysis for financial assets and liabilities.

Maturity analysis	Due < 1yr	Due 1 – 5yrs	No fixed date	Total
2023	\$'000	\$'000	\$'000	\$'000
Financial assets — cash flows realisable				
Cash and cash equivalents	82,132	-	-	82,132
Investment income receivable	7,669	-	-	7,669
Term deposits	370,638	10,000	-	380,638
Equity trusts	81,694	-	-	81,694
Fixed income trusts	144,840	-	-	144,840
Property and infrastructure trusts	-	42,532	-	42,532
Trade and other receivables	41,074	-	-	41,074
Total anticipated inflows	728,047	52,532	-	780,579
Financial liabilities — cash flows realisable				
Trade and other payables	87,334	-	-	87,334
Lease liabilities	2,900	19,183	-	22,083
Total anticipated outflows	90,234	19,183	-	109,417
Net inflow / (outflow) on financial instruments	637,813	33,349	-	671,162

Notes to the financial statements (continued)

For the year ended 30 June 2023

Maturity analysis	Due < 1yr	Due 1 – 5yrs	No fixed date	Total
2022	\$'000	\$'000	\$'000	\$'000
Financial assets — cash flows realisable				
Cash and cash equivalents	84,131	-	-	84,131
Investment income receivable	1,206	-	-	1,206
Term deposits	360,138	-	-	360,138
Equity trusts	70,605	-	-	70,605
Fixed income trusts	143,794	-	-	143,794
Property and infrastructure trusts	-	18,958	-	18,958
Trade and other receivables	36,349	-	-	36,349
Total anticipated inflows	696,223	18,958	-	715,181
Financial liabilities — cash flows realisable				
Trade and other payables	60,231	-	-	60,231
Lease liabilities	2,217	21,395	-	23,612
Total anticipated outflows	62,448	21,395	-	83,843
Net inflow / (outflow) on financial instruments	633,775	(2,437)	-	631,338

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Group.

Management monitors credit risk by actively assessing the rating quality and liquidity of counterparties. Standard & Poor's ratings of publicly rated assets are used and mapped to the corresponding grade for APRA reporting purposes. Below is an analysis of the credit risk profile of financial assets at balance date.

	APRA grading					Total
	1	2	3	4	Unrated	
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	82,127	-	-	-	5	82,132
Investment income receivable	5,582	2,087	-	-	-	7,669
Term deposits	245,638	135,000	-	-	-	380,638
Equity trusts	-	2,078	-	-	79,616	81,694
Fixed income trusts	62,958	62,289	14,905	753	3,935	144,840
Real assets trusts	769	457	-	-	41,306	42,532
Trade and other receivables	-	-	-	-	41,074	41,074
Total	397,074	201,911	14,905	753	165,936	780,579
% of total	50.87%	25.87%	1.91%	0.10%	21.26%	

	APRA grading					Total
	1	2	3	4	Unrated	
2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	84,126	-	-	-	5	84,131
Investment income receivable	823	383	-	-	-	1,206
Term deposits	235,138	125,000	-	-	-	360,138
Equity trusts	-	1,358	-	-	69,247	70,605
Fixed income trusts	58,352	66,667	13,150	725	4,900	143,794
Real assets trusts	9	1,445	-	-	17,503	18,957
Trade and other receivables	-	-	-	-	36,349	36,349
Total	378,448	194,853	13,150	725	128,004	715,180
% of total	52.92%	27.25%	1.84%	0.1%	17.90%	

11 Reserves

Asset revaluation reserve

The asset revaluation reserve records the cumulative revaluations of non-current assets. The current balance of this reserve has been recognised as a result of the revaluation of properties in use since acquisition.

Asset revaluation reserve movement

	\$'000
Balance at 30 June 2021	8,335
Revaluation of property in use	-
Balance at 30 June 2022	8,335
Revaluation of property in use	3,551
Balance at 30 June 2023	11,886

SECTION 4: OTHER ASSETS AND LIABILITIES

12 Trade and other receivables

	2023	2022
	\$'000	\$'000
Trade receivables	78	91
Premiums in arrears	1,440	1,627
Medicare rebate receivable	24,015	23,629
Investment income receivable	7,669	1,206
Amounts receivable from the Risk Equalisation Special Account	11,579	7,389
Other receivables	3,964	3,547
Total trade and other receivables	48,745	37,489

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. The Expected Credit Loss simplified approach under AASB 9 has been applied. Unless otherwise stated, all receivables are expected to be settled within 30-60 days.

The receivable for premiums in arrears is adjusted to take into account the probability of receiving the revenue, included in Trade and other receivables. The probability factors are the Group's best estimate of the probability of receiving the funds based on past experience. The premium in arrears considered to be impaired or non-collectable at balance date was not material.

Amounts receivable from the Risk Equalisation Special Account (RESA)

Risk equalisation relates to amounts recoverable from or payable to the RESA which is administered by APRA. The Group was in a net RESA recoverable position at the end of 2023 and 2022. The RESA amount is calculated and settled on a quarterly basis.

Notes to the financial statements (continued)

For the year ended 30 June 2023

13 Inventories

Inventories are measured at the lower of cost and net realisable value and relate to the Group’s health centre businesses. Cost is determined on the basis of full purchase price.

14 Other assets	2023	2022
	\$'000	\$'000
Prepayments	1,159	2,037
Other	-	15
Total other assets	1,159	2,052

15 Property, plant and equipment	Note	2023	2022
		\$'000	\$'000
Property in use			
At fair value	(a)	15,700	12,925
Accumulated depreciation		-	(517)
Total property in use		15,700	12,408
Leasehold improvements			
At cost		15,245	14,352
Accumulated depreciation		(10,672)	(10,576)
Total leasehold improvements		4,573	3,776
Plant & equipment			
At cost		9,840	9,099
Accumulated depreciation		(7,935)	(7,391)
Total plant & equipment		1,905	1,708
Total property, plant and equipment		22,178	17,892

(a) The fair value of property at balance date was estimated using observable data on recent transactions and rental yields for similar properties. Property in use was last revalued by the Directors as at 30 June 2023 using the results of independent valuations conducted in June 2023.

Movements in carrying amounts	Property in use	Leasehold improvements	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 30 June 2021	12,667	3,421	1,472	17,560
Additions	-	1,416	1,089	2,505
Disposals	-	(9)	(16)	(25)
Depreciation expense	(259)	(1,054)	(835)	(2,148)
Carrying amount at 30 June 2022	12,408	3,775	1,708	17,892
Additions	-	2,426	1,182	3,608
Disposals	-	(337)	(41)	(378)
Depreciation expense	(259)	(1,290)	(946)	(2,495)
Revaluation	3,551	-	-	3,551
Carrying amount at 30 June 2023	15,700	4,573	1,905	22,178

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property
Property in use is shown at its fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction). Valuations are performed every three years or when it is likely there has been a material movement in the value of the assets.

Increases in the carrying amount arising on revaluation of properties in use are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of asset are charged against the related revaluation reserve directly in equity. All other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Leasehold improvements, plant and equipment
Leasehold improvements and plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

Depreciation
Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Group, commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets. The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

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

Class of fixed asset	Depreciation rate
Property	2%
Leasehold improvements	15-25%
Plant and equipment	20-33%

Impairment of non-financial assets

At each balance date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset’s carrying value over its recoverable amount is expensed to the profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2023

16 Intangible assets	2023	2022
	\$'000	\$'000
Computer software		
Cost	6,603	6,486
Accumulated amortisation	(6,387)	(6,113)
Net carrying value	216	373
Other intangibles		
Cost	455	455
Accumulated amortisation	(144)	(53)
Net carrying value	311	402
Total intangible assets	527	775

Movements in carrying amounts	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000
Carrying amount at 30 June 2021	2,029	-	2,029
Additions	67	455	522
Amortisation expense	(1,723)	(53)	(1,776)
Carrying amount at 30 June 2022	373	402	775
Additions	117	-	117
Amortisation expense	(274)	(91)	(365)
Carrying amount at 30 June 2023	216	311	527

Computer software

Computer software has a finite useful life and is carried at cost, less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis to allocate the cost of the software over its useful life, being three years. The remaining useful life of software assets is regularly reviewed.

Software as a Service (SaaS) arrangements are service contracts providing the Group with rights to access the cloud provider’s application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider’s application software, are generally

recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems or applications controlled by the Group and meets the recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Impairment of intangible assets

At each balance date, the Group reviews the carrying values of its intangible assets to determine whether there is any indication

that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset’s carrying value over its recoverable amount is expensed to the profit or loss.

17 Leases

This note provides information for leases where the Group is a lessee. The Group leases office and retail space under non-cancellable lease agreements. The leases have varying terms, and renewal rights. Set out below, are the carrying amounts of the Company’s right-of use assets and lease liabilities in the Consolidated statement of financial position and the movements during the period.

	2023	2022
	\$'000	\$'000
Right-of-use assets		
Property	20,380	23,098
Lease liabilities		
Current	2,900	2,217
Non-current	19,183	21,396
Total lease liabilities	22,083	23,613

Movements in carrying amounts	Right-of-use assets	Lease liabilities
	\$'000	\$'000
Carrying amount at 30 June 2021	9,470	9,936
Additions	16,372	16,372
Depreciation expense	(2,744)	-
Interest expense	-	248
Payments	-	(2,943)
Carrying amount at 30 June 2022	23,098	23,613
Additions	941	941
Depreciation expense	(3,659)	-
Interest expense	-	924
Payments	-	(3,395)
Carrying amount at 30 June 2023	20,380	22,083

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease

incentives received. The right-of-use asset is subsequently measured under the cost model and depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is reviewed for indicators of impairment and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the Group’s incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a lease

modification that is not accounted for as a separate lease, there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the financial statements (continued)

For the year ended 30 June 2023

18 Trade and other payables	2023	2022
	\$'000	\$'000
Member give-back payable	55,445	31,713
Claims payable	25,625	22,206
Trade and other payables	6,188	6,246
Total trade and other payables	87,258	60,165

Member give-back payable		
Since the outbreak of the COVID-19 pandemic, the Group has maintained that it will not profit from the pandemic. The Group extended its COVID-19 package of member support with the announcement in June 2023 of a direct payment to eligible policyholders, with payments to be made in August 2023. The payments will be funded from permanent claims savings the Group estimates have resulted from COVID-19 restrictions and disruption to health care services. The amount payable has been recognised as a liability at	reporting date and as a claims expense, with an allowance for the communication and administration of the payments recognised within other underwriting expenses.	payments in respect of the purchase of these goods and services. Trade and other payables and generally settled within three months, are unsecured and undiscounted.
	Trade creditors, claims payable and other payables	Claims payable relate to health insurance claims incurred, assessed and processed but not settled as at the reporting date. Due to the certainty of the amount payable, a risk margin is not applied. The estimated liability for claims incurred but not reported as at reporting date is recognised in the Claims Provisions (see note 7).
	Trade creditors, claims payable and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future	

19 Other provisions	2023	2022
	\$'000	\$'000
Current		
Employee benefits	9,544	8,592
Total current provisions	9,544	8,592
Non-current		
Employee benefits	2,050	1,631
Make good on leased premises	1,089	1,093
Total non-current provisions	3,139	2,724

Movements in other provisions	Employee benefits	Make good on leased premises	Total
	\$'000	\$'000	\$'000
Balance at 30 June 2021	8,977	848	9,825
Amounts used during the year	(4,290)	-	(4,290)
Amounts raised during the year	5,535	246	5,781
Balance at 30 June 2022	10,222	1,093	11,316
Amounts used during the year	(4,332)	(57)	(4,389)
Amounts raised during the year	5,703	53	5,756
Balance at 30 June 2023	11,593	1,090	12,683

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Make good on leased premises

In accordance with certain lease agreements, the Group is obligated to restore leased premises to their original condition at the end of the lease term. A provision has been made to provide for this. This provision is expected to be released against payments made to return premises to their original condition on termination of rental lease and vacation of premises.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages and salaries, non-monetary benefits, personal leave and annual leave. Short-term

employee benefits expected to be settled within twelve months are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits

Long-term employee benefits include obligations in respect of long service leave, which is the amount of future benefit that employees have earned in return for their services in the current and prior periods. The liability for long service leave is measured at the present value of the expected future payments to be made to employees.

The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any

re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if it does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefits plans

The Group provides post-employment benefits through employee superannuation plans.

Employee superannuation plans

The Group pays fixed contributions into independent entities in relation to superannuation and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

SECTION 5: OTHER DISCLOSURES

20 Group structure

The parent entity within the Group is Teachers Federation Health Ltd.

Name of entity	Country of incorporation and principal place of business	Principal activity	Group's proportionate share of ownership	
			2023	2022
Teachers Healthcare Services Pty Ltd	Australia	Broader health cover services of care coordination	100%	100%
Teachers Federation Health Foundation Pty Ltd ⁽¹⁾	Australia	Trustee for foundation, funding and promoting medical research	100%	100%
Teachers Dental (Surry Hills) ⁽²⁾	Australia	Dental services	100%	100%

1. This trustee entity did not actively trade during the year and hence no impact on the consolidated statement of profit or loss and other comprehensive income. The activities of Teachers Health Foundation do not form part of the consolidated Group.

2. Teachers Dental (Surry Hills) was an unincorporated joint venture entity that was not material to the Group's consolidated financial statements. Teachers Federation Health Ltd acquired the other joint venture partner's interest was 49% on 1 December 2021.

From that date the business is 100% owned by the Group and is conducted within the Teachers Federation Health Ltd entity. The acquisition was immaterial to the Group.

Notes to the financial statements (continued)

For the year ended 30 June 2023

Parent entity information

Information relating to Teachers Federation Health Ltd:

	2023	2022
	\$'000	\$'000
Statement of financial position		
Current assets	772,751	717,937
Total assets	825,831	759,701
Current liabilities	262,633	269,270
Total liabilities	283,811	292,224
Reserves	11,886	8,335
Retained earnings	530,134	459,142
Total equity	542,020	467,477
Statement of profit or loss or other comprehensive income		
Profit for the year	70,992	30,405
Other comprehensive income	3,551	-
Total comprehensive income	74,543	30,405

21 Related party transactions

The following table details transactions with related parties.

	Note	2023	2022
		\$	\$
Teachers Dental (Surry Hills) – Profit distribution	(a)	-	226,779
Teachers Dental (Surry Hills) – Management fees	(b)	-	536,663
		-	763,442

(a) The Group received profit distribution from Teachers Dental (Surry Hills).

(b) The Group charged Teachers Dental (Surry Hills) for premises rental, personnel and resources supplied.

Teachers Federation Health Ltd acquired Teachers Dental (Surry Hills) on 1 December 2021. From that date the business is 100% owned by the Group and is conducted within the Teachers Federation Health Ltd entity.

The key management personnel compensation included within employee expenses is:

	2023	2022
	\$	\$
Short-term employee benefits		
Salary and fees	4,120,594	4,225,140
Other benefits	345,882	280,592
	4,466,476	4,505,732
Post-employment benefits		
Superannuation	255,775	265,180
Total key management personnel compensation	4,722,251	4,770,912

Key management personnel are those who have the responsibility for planning, directing and controlling the activities of the Group and consist of the Directors, CEO and direct reports.

22 Auditor’s remuneration

	2023	2022
	\$	\$
Fees paid or payable to Ernst & Young as auditor of the Group:		
- Audit of annual financial reports	175,960	171,349
- Audit or review of other regulatory requirements	90,813	94,654
Total auditor’s remuneration	266,773	266,003

23 Commitments and contingent liabilities

The Group had contingent liabilities at 30 June 2023 in respect of bank guarantees backed by term deposits, issued in respect of premises leases of \$2,137,999 (2022: \$2,137,999).

24 Significant events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

25 New accounting standards for application in future periods

The Australian Accounting Standards Board (AASB) has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group does not anticipate early adoption of these standards.

These new accounting standards and interpretations issued but not yet effective are not expected to have a material impact on the financial statements of the Group, apart from AASB17 Insurance Contracts. The Group’s assessment of the impact of AASB17 is set out below.

AASB17 Insurance Contracts is applicable to reporting periods commencing on or after 01 January 2023 and will replace AASB 4 Insurance Contracts, AASB1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. The standard will change the accounting for insurance contracts by the Group.

Measurement

The standard introduces three new measurement approaches for accounting for insurance contracts. These include the General Measurement Model (GMM), which is the default model to be applied to contracts, the Premium Allocation Approach (PAA), which may be applied to short term contracts and the Variable Fee Approach, to be applied to direct participating products.

AASB17 permits the use of the simplified Premium Allocation Approach (PAA) where either:

- the contract boundary of each contract within the portfolio is one year or less; or
- the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM which involves estimating future cash flows and risks from existing policies and taking profit to account over the policy period, adjusting the profit over the life of the contract when actual experience varies from expected. The PAA operates in a manner similar to the way private health insurance contracts are accounted for under AASB1023 General Insurance Contracts.

Eligibility of contracts within the Group’s portfolio have been assessed as having a contract boundary within one year or less and the Group has chosen to adopt the simplified approach under the PAA in accordance with AASB17.53(b).

Level of Aggregation

Under AASB17, an entity shall identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and are managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together.

The Group has defined a single portfolio which covers all health insurance products in compliance with the requirements under AASB17.14.

Onerous Contracts

As per AASB17.18, given the Group is applying the Premium Allocation Approach, the Group will assume no health insurance contracts at initial recognition are onerous or have any significant possibility of becoming onerous, unless facts and circumstances indicate otherwise.

The Group has determined that ‘facts and circumstances’ that are relevant for onerous contract identification and testing are the information available in the Financial Condition Report, in conjunction with its underlying forecasts produced for Budget and presented to the Board of Directors. If facts and circumstances are identified that indicate onerous contracts may exist, then these will be tested, and if confirmed, the Group will account for the losses on onerous contracts and reversal of the losses as part of the insurance service expenses.

Risk Adjustments

AASB17 requires a risk adjustment to be used in the measurement of insurance contract liabilities. Under the PAA, a risk adjustment is recognised on all liability for incurred claims (LFIC) balances and liability for remaining coverage (LFRC) balances for onerous contracts issued. Having evaluated the pricing philosophy and historical practice of utilising a confidence level technique, the Company has determined that the use of a confidence level technique to estimate the risk adjustment is appropriate. We expect the impact of this will be materially in line with the risk margin under AASB1023, thus the financial implications are not anticipated to be material.

Insurance Acquisition Cashflows

For the contracts that apply the simplified approach and have a coverage period of one year or less, the Group has the option to expense directly attributable acquisition costs as incurred, as opposed to deferring and amortising directly attributable acquisition costs over the coverage period of the insurance. The Group will expense insurance acquisition cash flows in line with current practice under AASB1023.

Presentation and disclosure

AASB17 specifies minimum amounts of information that need to be presented on the face of the statement of financial position and statement of financial performance. These are supplemented by disclosures to explain the amounts recognised on the face of the primary financial statements. The standard requires separate presentation of amounts relating to insurance contracts issued in the primary statements.

Transition

The Group will apply AASB17 retrospectively on transition unless it is impracticable to do so. Given the short-term nature of the insurance contracts, the Group will adopt the full retrospective approach for its annual reporting periods beginning 1 July 2023 with the comparatives being restated.

Financial Impact

Based on the Group’s chosen approach in the adoption of AASB17, there will be an adjustment for DCL due to the adoption of AASB17 that results in an increase of net assets by \$60m - \$70m at 1 July 2022. This is driven by an increase to net assets arising from the derecognition of the deferred claims liability, which the Group has determined is not able to be recognised under AASB17.

Directors' Declaration

- The Directors of Teachers Federation Health Ltd declare that:
- 1. The consolidated financial statements and notes, as set out on pages 38 to 65, are in accordance with the Corporations Act 2001 and:
 - i. comply with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - ii. give a true and fair view of the Group's financial position as at 30 June 2023 and of the performance for the year ended on that date.
 - 2. In the Directors' opinion there are reasonable grounds to believe that Teachers Federation Health Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



M O'Halloran, AM
Director

Dated this 27th day of September 2023
Sydney, NSW

Independent Auditor's Report



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Independent Auditor's Report to the Members of Teachers Federation Health Ltd

Opinion

We have audited the financial report of Teachers Federation Health Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated 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 Group 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.

Emphasis of Matter - Private Health Insurance Basis of Accounting


We draw your attention to 'Note 1 Statement of Compliance' to the Financial Statements. This Note identifies the incorporation of the published views of the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) on the measurement and recognition of a previous deferred claims liability in response to the unique circumstances arising from the COVID-19 pandemic.

In our view, this matter is fundamental to the users' understanding of the Financial Report and the financial position and performance of the Company. Our Opinion is not modified with respect to this matter.

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Independent Auditor's Report

Independent Auditor's Report



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

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


Auditor's Responsibilities for the Audit of the Financial Report

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

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.

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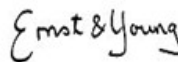


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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Ernst & Young



David Jewell
Partner
Sydney
27 September 2023

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“

I think for industries like teachers, nurses and midwives that it's really important that there are companies that really value your role in the community and your needs.

”

Robynne - Registered Nurse, Midwife and Nurses & Midwives Health member



“

The important thing about Nurses & Midwives Health is they have a great relationship with nurses and the other important thing is that they are not-for-profit.

”

Andrew - Mental health Nurse and Nurses & Midwives Health member

