



Education Benevolent Society Incorporated

2021 Annual and Performance Reports including Financial Statements

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The Education Benevolent Society Incorporated

Annual General Meeting – 22nd October 2021

The 32nd Annual General Meeting of the Education Benevolent Society Incorporated (EBS) trading as HealthCarePlus will be held via Zoom on Friday 22nd October 2021 at 2pm.

The business of the Annual General Meeting will be to:

- a. Confirm the minutes of the 2020 AGM
- b. Receive the Board Chair and Chief Executive's Report
- c. Receive and approve the 2021 Performance Report including Financial Statements.
- d. Appoint EBS's Auditors for the 2021- 2022 financial year.
- e. Confirm the Board for the 2021 – 2022 financial year.
 - Linda Sissons Independent Board Member and Board Chair will be stepping down from the Board at the 2021 AGM.
 - A new Independent Board Member will be appointed at the 2021 AGM.
- f. Conduct General Business

Full papers will be issued prior to commencement of the meeting.

OUR YEAR IN NUMBERS

01/07/2020 - 30/06/2021

HealthCare⁺
It's good to belong



23,488

HealthCarePlus
MEMBERS

23,114

Health insurance Members

374

Associate Members
(Started in May 21)

490

GoodForYou Members
(Started in May 21)

9 out of 10 Members said It's Good to Belong

92%

Claim Satisfaction Score

90%

Communication Satisfaction Score

43

Net Promotion Score
Any score over 30 is great



19,757

Claims
(including 2,202 online claims
Submitted from Jan 21 to Jun 21)



221,565

Emails Sent
(Newsletters, Direct Emails, Nurture,
Onboarding & Reminder emails..)



1,842

Survey Responses
Among them, 589 agreed for us to
use their quotes on our website

OUR YEAR IN NUMBERS

01/07/2020 - 30/06/2021

HealthCare 
It's good to belong



1,994

Leads generated
for HCP Reps

145,407

Website visits

1,548

Primary Care Plans
Online Quotes

603

Primary Care Members
through the online system

“
Although I don't have a big policy, the everyday help with things like glasses is great. Ordinary doctors' bills can become quite expensive if you or spouse have a run of poor health and getting some costs back is really helpful. The quick turnaround for claims is appreciated too.
”

*JH, Member since 2014
from Feilding*

“
So positive. It is my cheapest healthcare insurance and I claim so regularly. I am sure I receive in GP/Dental and pharmacy refunds more than my premiums are.
”

*TT, Member since 2015
from Auckland*

“
They are helpful in answering queries. Claims are repaid in a timely fashion. Information is given about how the money is reimbursed. Limitations of each plan (e.g. 6 months until a dental claim can be made) are stated clearly up front.
”

*KS, Member since 1995
from Auckland*

“
It's quick, easy and efficient - what a great team behind the scenes. Our family struggles with budgeting out of our pay packets, but with HealthCarePlus we don't hesitate in accessing health services when we need them as the claims process is so easy.
”

*DB, Member since 2018
from Dunedin*

Education Benevolent Society Incorporated

Statement of Corporate Governance

The Constitution is the foundation of the Society, which is registered, under the Incorporated Societies Act 1908 and with Charities Services. The Society adheres to frameworks, processes and policies designed to ensure good governance in all its operations, including, but not limited to, the provisions and requirements under the Incorporated Societies Act 1908, the Charities Act 2005, and consumer related regulations.

The Board - Appointment and Tenure

The Society is governed by a Board of six Directors all appointed by the Member Union owners. The Board consists of four Member Board Members appointed to represent the four largest Member Unions and two Independent Board Members. Board Members are appointed for a maximum term of three years and at the end of that term, they are eligible for re-election. The role of the Board as stated in the Constitution (s.9.1.) is the "governance and management of the Society."

Governance Framework

External

The Society continues to be an Incorporated Society and a registered charity with Charities Services. Registration with Charities Services has introduced the Society to new regulatory requirements and restrictions. The Society continues to be subject to a range of regulatory acts, government bodies and industry codes. These include the Incorporated Societies Act 1908, the Charities Act 2005, the Financial Reporting Act 2013, and the Privacy Act 2020.

During the year the regulators proposed changes to the Charities Act and a new Incorporated Society's Bill was introduced into parliament. These proposed changes have significant risk for the Society's business model. In conjunction with the Society's legal advisers, submissions were made and at this stage the feedback is that the problems raised regarding the Charities Act will no longer be enacted. At the time of writing no feedback is yet due from the Parliamentary Select Committee on the issues raised in relation to the Incorporated Societies Bill.

At the 2018 AGM upcoming regulatory changes to the Insurance industry were signalled, and in this has now become a reality. RBNZ and FMA have now extended their Code of Culture review to include health insurers and are RBNZ is currently reviewing solvency requirements. These reviews have identified some significant issues and are proving to be a challenge especially for small insurers. In March 2021 changes were introduced to the way financial advice is provided. This has increased the time and cost to deliver financial advice and continues to negatively impact advice-based sales.

Internal

The Society operationalises its governance via the "Risk Management Framework, Processes and Policies." The policies are reviewed on a scheduled basis to ensure that they are fit for purpose and, where required, amended, and updated via the appropriate governance processes.

Board Meetings

The Board meets every two months subject to requirements. Due to COVID the dates for Board meeting have been subject to change and the Board has used Zoom meeting when needed. The Board holds an annual planning meeting in February to agree on the strategic priorities and identify significant opportunities and threats in the short to medium term.

The Board's focus during this year was on the successful execution of the first round of charitable educational grants, and the transition from an insurance marketing business to the Union Owner's Physical, Mental and Financial 'Health and Wellbeing' partner.

Sub Committees of Board

The Board runs 3 Sub- Committees namely the Audit Risk and Investment Sub-Committee, the Remuneration Sub-Committee, and the newly formed Charitable Grants Sub-Committee.

Audit Risk and Investment Sub-Committee (ARIC)

The objectives of ARIC are to aid and advise to the Board on financial accounting and reporting, internal and external audit, the Society's risk control and compliance framework, and developing, monitoring, and reporting on the investment policy.

Remuneration Sub-Committee (Rem Committee)

The objectives of the Rem Sub-Committee are to assist the Board in fulfilling its responsibilities relating to employment conditions and remuneration issues; to establish and overview the Society's employment and industrial relations policy and direction, to ensure that the Society's policies related to salary or wage negotiations, are appropriate, and to ensure that the Society's organisational structure supports the provision of effective and efficient business outcomes. In addition, the Rem Sub-Committee has the role of providing oversight on the activities of the Grants Sub-Committee on behalf of the Board.

Charitable Grants Sub-Committee (Grants Committee)

The objective of the Grants Sub-Committee is to apply and distribute the funds allocated for the advancement of the Society's educational purposes. The Grants Sub-Committee consists of 7 members, one appointed by each of the 6 Union owners, and the Board Chair. This committee has played a significant part in the successful launch and execution of the inaugural round of the 'GrantsForGood' program.

Board Member names, duties, representing and attendance

Financial Year Ended 30th June 2021

Name of Board Member	Title/ Duties	Union	Board Meetings	AGM	Board Planning Day	ARIC	Rem Committee	Grants Committee
Linda Sissons	Independent Board Member – Board Chair	n/a	6	1	1	3	2	2
Darrell Ward	Member Board Member - Deputy Chair Chair Rem Committee	NZEI	7	1	1	3	2	n/a
Erin Polaczuk	Member Board Member	PSA	7	1	1	3	n/a	n/a
Samantha Stephen	Member Board Member	TEU	7	1	1	n/a	2	n/a
Allan Vester	Member Board Member	PPTA	7	No	1	n/a	2	n/a
Daniel Mussett	Independent Board Member - Chair ARIC	n/a	7	1	1	3	n/a	n/a

Board Member Profiles

Linda Sissons – Board Chair - Independent Board Member, and Member of the Remuneration, Grants, and Audit Risk and Investment Sub-Committees



Linda joined the Board as an Independent Board Member in July 2019. Linda brings to the Board significant Governance experience and a large network within the Education sector.

Linda has been involved in management and governance roles with a learning flavour, for most of her career. Linda is the Chief Executive of UCOL, and previously was Chief Executive of the Primary ITO and the Wellington Institute of Technology.

Her Governance roles include currently being a Board member of Education New Zealand, and recent roles include being Chair of the Board of Governors of the Commonwealth of Learning, one of only two pan-Commonwealth organisations, dedicated to furthering economic and social development through technology-enabled education.

Darrell Ward – Member Board Member, Deputy Chair, Chair Remuneration Sub-Committee and Member of Audit Risk and Investment Sub-Committee - Representing NZEI Te Riu Roa



Darrell worked as a teacher and principal in various Southland schools from 1971 until 2002. He became an EBS subscriber as a trainee teacher in 1968. Darrell was an elected member of NZEI's National Executive

from 1990 until 2002. This included the role of National President and director of Education House Ltd. From 2002 until his retirement in 2012 he was employed by NZEI Te Riu Roa as Assistant Secretary at the National Office. In 2015 he was awarded Life Membership of NZEI Te Riu Roa.

Darrell has been a member of the Board since 2011. He brings to the board significant education union knowledge, leadership experience and a broad union network.

Samantha Stephen – Member Board Member – and member of the Remuneration Sub-Committee - Representing TEU



Samantha Stephen is Assistant National Secretary Operations and oversees the support operations of the Tertiary Education Union Te Hautu Kahurangi o Aotearoa, managing a team essential to the smooth running of the organisation.

After graduating with a Bachelor of Social Sciences from the University of Waikato,

Samantha spent several years working in a community-based role for a non-profit organisation that offered preventative and rehabilitative support to offenders and their whanāu.

Samantha went on to work in events management where for nine years she was part of a team responsible for organising an annual event attended by over 45,000 New Zealanders.

Samantha is an accomplished people manager and brings to the board a detail-oriented, problem-solving approach.

Erin Polaczuk –Member Board Member, and member of Audit, Risk and Investment Sub-Committee - Representing New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi



Erin is currently General Secretary and joined the PSA's secretariat in 2014 after working at the Post Primary Teachers' Association as Deputy General Secretary. Erin has held roles in organising and advocacy, policy, education, governance, and management within the union movement. Erin believes unions are the most effective vehicle for progressive change and social justice in society.

Erin is currently involved in progressing the PSA's strategic goals, including its campaign on pay and employment equity- 'Worth 100%' and her union has a particular focus on the health, community, and public sectors. The PSA now has over 80,000 members and 40% of recent recruits to the union are under the age of 35.

Erin is an experienced leader and brings to the Society a wealth of experience in using digital marketing and social media to attract new members.

Allan Vester – Member Board Member and member of the Remuneration Sub-Committee – Representing PPTA



Allan Vester recently retired as being Principal of Edgewater Colleague a role that he held for 23 years.

Allan continues to be a strong supporter of the PPTA and has been a member of EBS now

HealthCarePlus since 2000. Allan believes that HealthCarePlus provides the members of PPTA with a very valuable service.

By being on the Board, Allan sees the opportunity to contribute to ensuring that the work that HealthCarePlus does, and the benefit that work confers on members is maximised. The Board does this by ensuring effective corporate governance and by ensuring we operate in a professional yet cost effective way.

Daniel Mussett – Independent Board Member Chair of Audit Risk and Investment Sub-Committee



Daniel joined the Board in October 2019 as an Independent Board member. He brings significant local and international investment expertise that will be invaluable for the Society as a Charitable organisation.

I guide investors on their journey to meeting their objectives with specific reference to meeting obligations and managing risks. This involves ensuring that good governance structures and fit-for-purpose policies are in place.

I have served a very diverse range of investors in the private, public, and philanthropic sectors, including not-for-profit entities, Crown Financial Institutions, superannuation schemes and KiwiSaver providers. Partnering with you to achieve financial success is my passion.



HealthCarePlus's Values and Commitment

HealthCarePlus's culture and conduct are aligned with Union values including, Integrity, Fairness, Transparency, Solidarity, Equity, and Protecting the Environment.

Ko te kaupapa me te wairua o HealthCarePlus e haere tapatahi ana me ngā uara o te uniana arā, te Ngākau Piripono, te Matatika, te Tuwhera, te Piritahi, te Taurite, me te Tiaki i te Taiao.

HealthCarePlus is committed to working with Member Unions to improve the Physical, Mental and Financial Health and Wellbeing of their Members and Whānau.

E ū ana a HealthCarePlus kia mahitahi ai me ōna Mema Uniana kia piki ake te Oranga Tinana, te Oranga Wairua/Hinengaro me te Oranga Ahumoni, ā, me te Oranga Katoa o ō rātou Mema me ō rātou Whānau.

HealthCarePlus – It's Good to Belong

HealthCarePlus - He Mea Pai kia Honotahi

Report from the Chair and Chief Executive

Governance

The Year

This report covers the financial year to 30 June 2021 and refers to events up until this annual meeting.

On behalf of the Board, I would like to welcome the Union Delegates and other guests to this the 32nd AGM of the Education Benevolence Society Incorporated. This year has been a busy one for the Society as it distributed the first round of charitable education grants and evolved from an insurance marketing business into an organisation focused on providing products and services to support our Member's Physical, Mental, and Financial Health and Wellbeing.

The financial year started with considerable uncertainty as to what impact COVID would have on the financial services industry, the Union Owners, their Members, and the Society. The impact of COVID on global investment markets was significantly less than expected and this is evident in the financial results. In addition, as most of the Society's members are government employees, they have not suffered job losses to the same extent as in the private sector. However, as our members tend to be in traditionally lower paying professions, the significant rise in house prices and rentals will have significantly impacted on the Member's disposable income. Hospital insurance revenue showed a slight growth whereas travel restrictions stopped Travel Insurance sales, and they will only recover when international travel resumes.

COVID was a major distraction for our Union Owners as their marketing communications needed to prioritise to their member's needs, so many planned marketing activities were cancelled. This has impacted on sales and membership growth.

The financial year started with the Grants Committee deliberating over the first round of 'GrantsForGood' applications. The quality of the applicants was of a high standard and provided the Grants Committee a real challenge to identify the final recipients. The Unions need to be commended for the quality of the candidates that they nominated to the Committee. In addition, I would like to formally recognise the Grants Committee Members namely, Janet Quigley Committee Chair - PSA, Janice Shramka – NZEI Te Riu Roa, Bronwyn Cross - PPTA, Sharn Riggs - TEU, Shelley Weir - TIASA, and Matthew Fitzsimons – isea for the professional manner in which they executed their duties. The professional development and projects that are being funded are now well advanced, and it is very evident that the 'GrantsForGood' program is making a real difference to many New Zealander's lives. It was decided to run the 2021 round earlier in the year and I am pleased to announce that once again the second round of grants has been a great success and we have recently confirmed a total of 13 Grantees for the 2021-2022 round.

One major and in many cases lasting effect from COVID, is that a significant number of schools/worksites have stopped the HealthCarePlus Reps from gaining access to the staff. In response to this change, the Society introduced the educational and webinar series 'GoodToKnow' and pivoted to a 'Digital First' model. HealthCarePlus developed a new online application tool to enable potential members to execute the purchase of Primary Care plans total online. The marketing team has built an automated capability to nurture these new Primary Care members to

identify hospital and other insurance leads that are then passed onto the HealthCarePlus Reps to where appropriate, convert to sales.

I would like to commend UniMed on their response to COVID. They introduced a market leading response to support our mutual Members during times of financial and mental hardship, and they continue to monitor and provide financial support as and when needed. In addition, UniMed has recently introduced a new mental health benefit to support our members that are suffering with mental health challenges. With health insurance the moment of truth is when claims are submitted and 87% of HealthCarePlus members agree with the statement that with UniMed, 'Claims are resolved quickly'.

Mercer (N.Z.) Limited has now completed their first year as our Fund-of-Fund manager. The new Strategic Asset Allocation introduced early 2020 increased international exposures and this has enhanced the fund's returns. The actual returns were significantly in excess of that was budgeted for, however this year's returns should not be used as a predictor of future returns.

Over the last year the relationships with the Union Owners has continued to strengthen. We have seen successful campaigns, albeit somewhat restricted by COVID, with the PSA, NZEI and TEU. I would like to especially mention the TEU who have now included a special communication to new members where they specifically introduce HealthCarePlus as an important part of the Union's value proposition. This activity has made a considerable difference especially in enrolling new Associate Members. There continues to be differing levels of support across the Union Owners and this is starting to make an impact on the composition of EBS's Membership and union representation. This trend has the potential over time to impact on the proportionality of grants. It is very important to remember that the business model requires growth in insurance commission to fund both the cost of delivering our Member's 'Health and Wellbeing' products and services, and the administration of the charitable grants. And any surplus helps grow the fund that generates the charitable grants and increases the Society's ability over time to enhance the amount available for payment as charitable grants.

As a Union owned organisation you would expect that I would make a comment about the staff especially in a COVID era. There continues to be small and agile team of 3 staff plus a contractor that assists with the grants administration. The team identified how COVID was both changing the business environment as well as creating new opportunities and they were proactive in pivoting the business to a modern digital first organisation. I would like to take the opportunity to especially recognise our marketing team Alan and Dora as they continue to produce work at a level and quality that much larger teams would have difficulty in delivering. I would also like to thank Helen our contractor as the feedback from the Grants Committee is testament to the work she has done to streamline the grants assessment process.

This year was the first full year under the new business model, and I am pleased to confirm that the new marketing entity is now delivering your members with a new and improved range of products and services, and we have successfully executed the first round of 'GrantsForGood'.

Highlights for the year include:

- Successfully distributed the first round of 'GrantsForGood'.
- Changed the marketing focus from just an insurance marketing entity to an entity that delivers products and services under a digital first model to support our Union Owners' members' Mental, Physical and Financial Health and Wellbeing.
- Continued to strengthen our relationship with UniMed our health insurance partner
- Introduced a number of new initiatives including, a new membership category Associate Member, a new health and wellbeing program 'GoodForYou', and access to discounted wills and enduring powers of attorney from the Public Trust.
- Continued to deliver a strong surplus despite the disruptions of COVID world.
- Undertook a successful recruitment process to fill the vacancy of Independent Board Member.

Board Activities - Year Ended 30 June 2021

Over the year the Board undertook several activities that enhanced its governance experience and knowledge. The Member Board Member role can be complex, comes with some natural tensions, and is a challenging role. I would therefore encourage the Board to continue to work on developing a framework that can support all Board Members in the execution of their duties to the best of their endeavours, as I know that all Board members are committed to achieving the best outcomes for, the Society, our Members, and our Union Owners.

The Board invested considerable time and effort in the formation and articulation of the Society's values and purpose. They provide the guidance by which both the Board and Management will govern and manage the Society.

The Board reacted proactively to COVID by moving to mainly Zoom meeting and introduced ad-hoc meeting as needed.

The newly formed Grants Committee executed their duties to a very high standard and need to be recognised for their efforts. I would like to acknowledge Janet Quigley the Committee Chair who executed her committee role whilst playing a leading role in New Zealand's COVID tracing activities.

Both the Rem Sub-Committee Chaired by Darrell Ward, and ARIC Chaired by Daniel Mussett once again have made a considerable contribution to the strong governance of EBS. The Rem Committee was charged by the Board to manage the recruitment process to identify a replacement for the Independent Board Member vacancy. The quality and quantity to high calibre candidates exceeded the Board's expectations. As a result of the rigorous recruitment process, the Rem Committee has managed to identify a candidate that the Board believes will make a significant contribution to the Society.

The Way Forward

The vision for HealthCarePlus is to source a range of products and services that meets the ever changing 'Health and Wellbeing' needs of our Union Owners members, from the day that they join their union, through their working life, and into retirement. The goal is for HealthCarePlus retain a lifelong relationship with the Members and they will have the option to opt in and out of our products and services as their needs change. The Society will continue to leverage our combined

purchasing power to access special terms and conditions for our Members, identify new sources of commission income to fund our activities, and thereby increase the funds available for distribution as charitable grants.

The Society decided to commence the 2021 round of 'GrantsForGood' in April 2021 to increase the time for the submission of applications for tertiary studies in 2022. The Board added a new category of Responding to Climate Change to 2021 themes. The 2021 round is now closed, and 13 grants have been approved including 3 group grants and 10 individual grants.

The combination of COVID, new financial advice regulations, the need to reduce our carbon footprint, and changed purchasing preferences, has permanently changed the primary model that we need to use to attract new Members. COVID has either totally removed or reduced the ability for our HealthCarePlus Reps to enter schools and workplaces. New financial advice regulations introduced in March 2021 have significantly increased both the cost and time to provide financial advice. Our HealthCarePlus Reps can no longer afford to drive over 10,000km per person per year creating a large carbon footprint to visit schools and worksite where there is very limited opportunity of generating any income. COVID has also changed buying behaviour and now almost 50% of the population's preferred method of purchasing basic financial services is online. A combination of these changes has increased the need to market HealthCarePlus's products and services via the Union's marketing communications, and to embrace technology to support client engagement, and where appropriate, the sales process.

The success of the Society will always be dependent on the relationships and support that the Society and the HealthCarePlus Representatives receives from the Union Owners, their field staff and Members. Customer satisfaction surveys consistently confirm that 90% of HealthCarePlus's Members agree with the tag line, *'It's Good to Belong.'* There is a real opportunity for the Union Owners to leverage this feedback, and to position HealthCarePlus as an integral part of their value proposition, and thereby the Society can help advance the benefits of Unionism.

The Future

As you are aware this is my last AGM with EBS as with regret, I will be stepping down from the Board today. I would like to share some of my observations, opportunities, and risk that I see for the Society.

New Zealand's regulatory environment is following global trends with ever changing legislation that aims to provide better customers experiences and outcomes. These changes will continue to provide the Society with both opportunities and challenges. The Society has a unique business model so needs to be cognisant of any proposed regulatory changes that may have unintentional and potentially adverse consequences. The proposed changes under the Incorporated Societies Bill are a good example of this type of issue

COVID continues to have an impact on New Zealanders lives and is also expected to continue to have impact on both the local and global economies. This volatility could well impact on the Fund's returns and the surplus. The Board is monitoring the Fund and the impact of market returns on the Distribution Policy for Granting. Changes to consumer buying behaviour needs to be embraced and the Society needs to continue to embrace and invest in technology to remain relevant and continue provide Members with a world class customer experience.

As the Union Owners continue to promote the 'GrantsForGood' program, the quality and number of applications will continue to grow. The processes and guidelines are in place to cope with an increased level of interest in our grants. The Society plans to actively promote the grantees and their projects to increase the profile of HealthCarePlus and our charitable grants activities. And they are well worth profiling nationally. Grant criteria include the invitation to think innovatively about new challenges to our education workforce and our akonga – climate change, the impact of Covid-19, the riches of Mātauranga Māori. Applicants in both initial rounds have risen to the occasion with their heads and their hearts.

I would like to applaud our Union Owners who have achieved significant increases in their membership over the last few years. Of concern is that this is not resulting in a commensurate increase in new younger HealthCarePlus Membership. I would encourage a conversation between the Union Owners, the Society, potentially led by the Member Board Members to establish a way that new recruits can become aware of the unique benefits that they can obtain via their Union, and by becoming a HealthCarePlus member.

The Board would like to acknowledge the support from the member Unions, their officials, and staff. The Board would like to also acknowledge the commitment and support received from the HealthCarePlus Representatives, the team at Monument and Crombie Lockwood and the team at UniMed our Health Insurance partner. In addition, the Board would like to acknowledge the support and guidance received from our professional advisers.

I acknowledge and thank the Board for their comradeship, leadership, dedication and resolve during this period of significant challenges and change.

Finally, I know the Board will join me in acknowledging our staff, and in particular our CE John Seed. John embodies that quality of a good leader – the ability to look around corners, to anticipate the future, and to take proactive steps to mitigate its harmful aspects. He lives our values and purpose and EBS has been fortunate to have him at the helm.

The Board and Management look forward to continuing to work with our Union Owners, as when we work together, we can achieve our purpose and make a real difference to the lives of our Members, their families, and Whānau, and support eligible New Zealanders with our charitable education grants.

Executive Commentary

The initial focus for this year was on the launch of the first round of 'GrantsForGood'. This was a new venture for the Society, and I am pleased to advise that the process from launch to managing of the grants has been successfully executed. As previously mentioned, during the year it was decided to launch the second round earlier in the year. The second round of grants applications has been completed, the Grants Sub-Committee has made their recommendations to the Board, the grants have been approved, contracts issued, and the grants will commence from late 2022 and into 2023.

The marketing team made significant advances to establish the Society as the Union's Physical, Mental and Financial Health and Wellbeing partner, using a 'Digital First' business model. Dora joined the team as a permanent employee in January 2020 and Alan joined as a permanent employee in July 2020. Both have made a significant contribution to the Society and via the use of technology, they are able to produce outputs that exceed their physical resources. The business now has introduced several new initiatives whilst retaining the core insurance products including Primary Care, Hospital Cover, Life, Disability, Trauma Cover and Travel insurance.

HubSpot the CRM is working very effectively, and all communications and follow-ups are delivered via this system. The team developed a Chatbot capability that enables prospects to Book a Chat and provide some basic information in preparation for a meeting with a HealthCarePlus Rep. This is critical as it enables HealthCarePlus to manage and monitor the process from lead to sale. This Chatbot has proven to be very successful in reducing time between enquiry and first meeting with a HealthCarePlus Rep, so it will be rolled out to all HealthCarePlus Reps in the new financial year. The benefit of this new process is that by reducing the time between enquiry and first meeting, you increase the chance of making a sale and improving the customer experience.

The team actively supported the introduction of the 'GrantsForGood' program, and this included the enhancement of the website to host the portal, and a range of marketing assets that were provided to the Unions to promote the grants program.

One of the issues identified was that unless a Union Member had a HealthCarePlus Primary Care plan, HealthCarePlus had no way of communicating directly with them and introducing products and services that may be of interest. This resulted in the introduction of a new category of Member the 'Associate Member'. The objective is to create a lifelong relationship with a Union Member even if they did not have a primary care plan. Once joined we will use our marketing activity to educate them as to our range of products and services and they can opt in or out of these as their needs changed. Since the launch in March 2021, we have enrolled 460 Associate Members.

The 'GoodToKnow' educational services was launched in response to COVID and issues in obtaining access to workplaces, and our commitment to increasing financial literacy. This included the development of e-books to help demystify insurance products and services and remove the insurance jargon. In response to the lack of access to schools a new online quote and application was developed for Primary Care plans, and we held our first insurance Webinars. Webinars are planned to recommence when the HealthCarePlus Reps have the time as currently the changes to the advice regulations are a significant distraction. As part of 'GoodToKnow' a relationship with Public Trust was established as a means for Members to obtain online and discounted Wills and Enduring Powers of Attorney (EPA's).

The launch of 'GoodForYou' the Health & Wellbeing platform was significant as HealthCarePlus can now meet the Member's Health and Wellbeing needs and not only their financial needs. This

arrangement funded by UniMed, provides new content for HealthCarePlus's newsletters, blogs and social media. The program was launched in April 2021 and is free to all HealthCarePlus Members with either a HealthCarePlus Primary Care or Hospital Select plan. Associate Members can purchase this program directly from the provider and this will generate a new revenue stream for HealthCarePlus.

COVID tested the business continuity plans and the Society was able to operate remotely without any issues or disruptions. COVID has however continued to have a major impact on sales as access to the Union's communication has been limited and the HealthCarePlus's Reps access to schools and workplaces has reduced. This has resulted in a HealthCarePlus generated leads having to create the bulk of the sales opportunities and not school visits. This has further increased the need for increased joint marketing activity with the Unions. Customer satisfaction surveys continue to be very positive with 89% (PYR 82%) of Members agreeing or strongly agreeing with the HealthCarePlus slogan 'It's good to belong'.

Performance

Financial Position

This is the first performance report that excludes the insurance business and includes a full Statement of Service Performance that reflects our new charitable status, and the distribution of our first round of charitable education grants. From the feedback from the grantees, it is evident from the projects that the Society is funding is making a real difference to the lives of New Zealanders.

The 2021 accounts includes the first payment from UniMed under the profit-sharing arrangement that was part of the transfer agreement for the primary care portfolio. This is a new revenue stream and as this portfolio and its profitability grows, so will this revenue stream.

This year's surplus is \$397,273 and is after the payment of \$179,185 for the first round of grants, prior year surplus was \$702,987. The prior year included the refund of the IBNR from UniMed of \$652,902, or a surplus of \$50,085 net of the IBNR refund.

Contrary to early expectations, the impact of COVID on investment markets resulted in returns that significantly exceeded expectations and all underlying assumptions for the fund. This has resulted in annual surplus being positively impacted by the return on the fund of \$645,503.

In 2021 the surplus has again had a positive impact on our balance sheet. The Total Accumulated Funds of the Society is now \$9,852,481 and it is pleasing to see that this now exceeds all prior levels.

Investment Management

This is the first full financial year that Mercer (N.Z.) Limited has managed the fund. The new Strategic Asset Allocation (SAA) has provided the opportunity to benefit from increased international exposure, and this has enhanced the fund's returns. The significant growth in the fund resulted in the need to reweight the fund back to within the SAA ranges, and to move some of the growth in equities into fixed interest investments.

Although the new financial year has already seen some considerable growth in the fund, there continues to be considerable local and global market volatility that could have a significant impact on the 2021-2021 returns.

Sales Performance

As a result of previously mentioned challenges, the focus has been to transition from a school and workplace-based distribution model, to one that focuses on a digital first model that uses Union communications, supported by social media and automation to drive sales of primary care sales. The model is then to identify qualified leads for hospital and other insurance sales and then to pass them onto the HealthCarePlus Reps to deliver financial advice and generate sales.

Under this model membership growth relies on leveraging the Union's marketing activity that has been impacted on by COVID. The Society has an older membership profile so there is natural attrition as affordability, and or perceived need, decreases for some of the retirees. Importantly 60% of new Members since 2019 are in the target age band of under 45 years, and a further 32% under age 60. This is evidence that the new marketing activities and delivery model is delivering the appropriate profile of new Member.

Over the year 974 new members became new primary care members. As at the end August 2021 over, 1,000 or 8% of HealthCarePlus Members had already enrolled in the Health and Wellbeing platform and completed the Health Check. In addition, a total of 515 of our union's members have enrolled as HealthCarePlus Associate Members and thereby elected to receive regular updates on our products and services.

The Society has undertaken a review of the sales process for hospital sales with the objective of significantly increasing sales. The review has identified changes to streamline the sales process, and increase sales and customer satisfaction. This is the focus for the balance of the calendar year and a solution is planned to be introduced by calendar year end.

The Society continues to explore other revenue generating opportunities. The current focus is on other commission generating insurance products and services.

Thankyou

I would like to acknowledge and thank our business partners for their ongoing support and especially, the team at Pocock Tong Trass our Virtual CFO, the team at UniMed our Health Insurance partner, and our advice partner the team at Crombie Lockwood and their HealthCarePlus Representatives.

COVID is expected to continue to provide some challenges. However, there continues to be real opportunities for the Society deliver new and innovative products and services to support our Union Owner's members. With the continued support of, our Union Owners and their staff, HealthCarePlus's Board staff and contractors, we can make a real difference to the mental, physical, and financial health and wellbeing of our Members, and support New Zealanders via our charitable education grants.

Performance Report

Education Benevolent Society Incorporated
For the year ended 30 June 2021

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Entity Information

Education Benevolent Society Incorporated For the year ended 30 June 2021

'Who are we?', 'Why do we exist?'

Legal Name of Entity

Education Benevolent Society Incorporated

Entity Type and Legal Basis

Incorporated Society and Registered Charity.

Incorporation Number

441954

Charities Registration Number

CC57027

Entity's Purpose or Mission

To provide eligible union members (and their families) access to a uniquely generous and affordable healthcare scheme and use accumulated funds to generate a surplus to distribute to eligible New Zealanders as charitable education grants and give back to the community of Aotearoa New Zealand.

Entity Structure

Education Benevolent Society is governed by six board members appointed by the six member Unions. There are four Member Board Members appointed by the Unions with the largest membership of the Society and two independent Board members.

The board members are as follows;

Linda Sissons - Chairperson, Independent Board Member

Darrell Ward - Deputy Chair, Member Board Member representing NZEI Te Riu Roa

Daniel Mussett - Independent Board Member

Samantha Stephen - Member Board Member representing Tertiary Education Union

Erin Polaczuk - Member Board Member representing NZ Public Services Association

Allan Vester - Member Board Member representing NZ Post Primary Teachers Association

Main Sources of Entity's Cash and Resources

Funding for Grants:

The Fund that generates the returns available for distribution under the 'Grants for Good' programme, was created from the reserves that the Society retained for RBNZ solvency requirements when it operated as a licensed insurer.

Funding for Operating Expenses:

The Society funds the bulk of the operating costs including the insurance marketing activities, and grants management, from the commission derived from Hospital insurance policies, and from investment returns.

Main Methods Used to Raise Funds

The Society funds its activities through its insurance marketing activities.

Entity's Reliance on Volunteers and Donated Goods or Services

The Society has no reliance on volunteers, or donated goods or services.

Registered Address

Level 5, 50 Manners Street
Te Aro
Wellington

Auditor

KPMG

Banker

BNZ

Solicitor

Duncan Cotterill

Fund Manager

Mercer (N.Z.) Limited

Approval of Financial Report

Education Benevolent Society Incorporated For the year ended 30 June 2021

The Board is pleased to present the approved financial report including the historical financial statements of the Education Benevolent Society Incorporated for the year ended 30 June 2021.

APPROVED



Chairperson

Date 1/10/21



Chief Executive

Date 1/10/21

Statement of Service Performance

Education Benevolent Society Incorporated

For the year ended 30 June 2021

Our Purpose

To support the advancement of education through the annual distribution of the Fund's surplus for the purposes of providing educational grants and scholarships, provision and facilitation of professional development and training, and the facilitation of conferences for all eligible New Zealanders.

Our Business Model

The Society has residual funds that were accumulated to meet regulatory capital requirements as required by RBNZ when the Society operated as a health insurer. The Society also has an income stream that is generated from the commission that is received from the sale of hospital insurance to our subscribers. Since the Society ceased being an Insurer and became a charitable entity, the Fund is no longer needed to meet capital requirements so is invested with the objective to generate ongoing returns that can be distributed as charitable education grants. The Society's fund-raising activity is the promotion of insurance products and services that generates commission income. This commission is used to fund the Society's operations and charitable grants administration. The Society is committed to growing the insurance commission as any surplus in income after operating expenses contributes to growing the Fund.

Objective of the Fund

The Society has a distribution policy that determines the basis upon which annual amounts available for distribution from the Fund are calculated. The Society engages external professional advisers to assist with the modelling of the sustainability and expected long term returns from the Fund. The intention of the Society is that the Fund will be able to deliver an inflation adjusted annual amount for distribution as charitable grants over all investment cycles. For the first 2 rounds of annual grants, an amount of \$200,000 per round has been agreed.

Our Grants – 10 Grants totalling \$179,195

Our grants programme is called 'Grants For Good' and in this inaugural round we provided 10 grants including 3 group grants and 7 grants to individuals

A. Group Grants- 3 Grants totalling \$134,435

Group Grant - Teacher and Student Wellbeing post COVID-19 lockdown - Massey University

"This project is very topical as it is a qualitative project and is collecting data from Years 4-8 teachers and students in 10 primary and intermediate schools primarily from Manawatū/Horowhenua, to understand teachers and their students' perspectives of their well-being during the COVID lockdown, at the time of returning to school after lockdown and the present time, which is still quite fluid and uncertain in terms of the pandemic.

We want to find out about what lockdown(s) and return to school was like for New Zealand teachers and students. We feel that understanding their experiences will highlight ways to support their wellbeing of this key workforce, and therefore our tamariki and whānau."

Group Grant - Wellbeing achievement challenge – 5 Kahui Ako in Whangarei and Northland

“We are holding hui for the wellbeing teams and principals of schools across the five Kahui Ako which will be facilitated by Denise Quinlan from NZIWR, Gayle Wellington from Ngati Wai iwi and Chris and Greg Jansen from the Leadership Lab. From each of these hui, school leadership will be assisted with change management tools and schools will be tasked with activities to implement effective structures and strategies for students and staff. Workshop groups across all the schools will be formed according to where each school sees their priorities. Success of this project will result in sustainable practices in all the schools which will then result in increased levels of wellbeing for students and staff. This will be measured by statistics such as improved student and staff attendance, increased levels of student engagement, reduced number of stand down and suspensions, less anxiety and increased resilience, improved mental health, increased whanau and community engagement.”

Group Grant - Using Data to Enhance Intentional Teaching of Communication, Oral Language, and the Mana Reo strand of Te Whariki – Hutt City Kindergarten Association

“The project aims to use new and innovative data tools to support quality teacher-child interactions and enhance children’s oral language and communication development. Data tools will be used to examine the quantity and quality of time that children are engaging in sustained interactions with teachers. This proposal is unique in that it will extend the repertoire of tools typically used in early childhood settings to strengthen and enhance teachers’ awareness of children’s oral language and communication and the practices they use to support children’s learning. We propose to work with four kindergarten teams through a process of teacher inquiry in which teams use a selection of new data tools, including structured observation and teacher reflection and discussion tools. The project is designed to strengthen teacher practice and enhance children’s oral language and communication, which are foundational for positive literacy, social interaction, and wellbeing outcomes later in life.”

B. Individual Grants – 7 Grants totalling \$44,760

Individual - Small Projects- The Aranui Bike Fix Up – Christchurch

“The Aranui Bike Fix Up is a project to help youth learn mechanic and engineering skills in a non-threatening environment, with a rewarding end-product- either their own bike get fixed and well maintained, or they "earn" a bike by participating and contributing to its fix up. The project will run weekly on a Thursday during term time from 3-6pm. There will be occasional workshops on a weekend.”

Individual - Hardship and Professional Development

The Society’s ‘Grants For Good’ programme also supported 6 individuals with grants towards their tertiary studies in: Te Reo Maori, Social Work, Music, Arts Therapy, Law, and Education.

Statement of Financial Performance

Education Benevolent Society Incorporated

For the year ended 30 June 2021

'How was it funded?' and 'What did it cost?'

	NOTES	2021	2020
Revenue			
Revenue from providing goods or services	1	789,652	756,692
Interest, dividends and other investment revenue	1	645,503	197,178
Other revenue	1	17,080	652,902
Total Revenue		1,452,235	1,606,772
Expenses			
Employee related costs	2	594,138	441,121
Costs related to providing goods or service	2	281,630	462,664
Grants and donations made	2	179,195	-
Total Expenses		1,054,962	903,785
Surplus/(Deficit) for the Year		397,273	702,987



Statement of Financial Position

Education Benevolent Society Incorporated

As at 30 June 2021

'What the entity owns?' and 'What the entity owes?'

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Bank accounts and cash	3	766,412	819,323
Debtors and prepayments	3	132,087	113,045
Other Current Assets	3	500,000	600,000
Total Current Assets		1,398,499	1,532,368
Non-Current Assets			
Property, Plant and Equipment	5	24,171	43,025
Investments	3	8,601,906	7,963,576
Total Non-Current Assets		8,626,076	8,006,600
Total Assets		10,024,575	9,538,968
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	146,201	67,489
Employee costs payable	4	25,894	16,271
Total Current Liabilities		172,094	83,760
Total Liabilities		172,094	83,760
Total Assets less Total Liabilities (Net Assets)		9,852,481	9,455,208
Accumulated Funds			
Accumulated surpluses	6	9,852,481	9,455,208
Total Accumulated Funds		9,852,481	9,455,208



Statement of Cash Flows

Education Benevolent Society Incorporated For the year ended 30 June 2021

'How the entity has received and used cash'

	2021	2020
Cash Flows from Operating Activities		
Receipts from providing goods or services	785,289	750,709
Payments to suppliers and employees	(859,505)	(1,086,311)
Donations or grants paid	(85,434)	-
Total Cash Flows from Operating Activities	(159,649)	(335,602)
Cash Flows from Investing and Financing Activities		
Interest, dividends and other investment receipts	8,819	38,841
Net (Purchases of)/Sales of investments	100,000	(3,168,267)
IBNR Provision (paid to)/received from UniMed	-	652,902
Payments to acquire property, plant and equipment	(2,080)	(49,640)
Total Cash Flows from Investing and Financing Activities	106,739	(2,526,164)
Net Increase/(Decrease) in Cash	(52,911)	(2,861,766)
Bank Accounts and Cash		
Opening cash	819,323	3,681,088
Closing cash	766,412	819,323
Net change in cash for period	(52,911)	(2,861,766)



Statement of Accounting Policies

Education Benevolent Society Incorporated For the year ended 30 June 2021

'How did we do our accounting?'

Basis of Preparation

The Society has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Society will continue to operate in the foreseeable future.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Goods and Services Tax (GST)

The Society is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

No taxation has been provided for as the Society is a charity and has been exempt from income tax since receiving charitable status 4 October 2019.

The Society was considered tax paying between 1 July 2019 to 3 October 2019 in the comparative period. The Society has undertaken a review of the income and expenditure during this period and ascertained that a tax loss has been incurred over this period so no tax provision is required to be provided for in the comparative period.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Society and revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

Revenue from Providing Goods and Services

Revenue from providing goods and services is recognised as revenue in the year in which it relates, when it is probable that the future economic benefits will flow to the Society and the fair value of the revenue can be reliably measured.

Interest, Dividends and Other Investment Revenue

Interest, dividend and investment revenue is recognised in the Statement of Financial Performance as it is earned, on an accruals basis.

Other investment revenue comprises the unrealised/realised gain on the investment portfolio.

Other Revenue

Other revenue consists of a profit share from UniMed due as at 30 June 2021. The profit share is calculated based on a Surplus Share Agreement put in place at the time the Society transferred the insurance business to UniMed.



Property, Plant and Equipment

Recognition and measurement

All property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Any gain or loss on disposal of an item of property, plant or equipment is recognised in surplus or deficit.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost of items of property, plant and equipment less their residual values using the published IRD rates over their useful lives, and is recognised in surplus or deficit.

The depreciation rates associated with major classes of assets have been estimated as follows:

20% - Furniture & Fittings

40% - Computer Equipment (including software)

Employee Costs

Employee entitlements are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not taken at balance date, and long service leave.

The Society recognises a liability and an expense for bonuses it is contractually obliged to pay, or where a past event has created a constructive obligation.

Grants Paid

The Society recognises grants in the period they are approved for distribution.

Tier 2 PBE Accounting Standards Applied

The Society has applied IPSAS 28: Financial Instruments: Presentation, IPSAS 29: Financial Instruments: Recognition and Measurement, and IPSAS 30: Financial Instruments: Disclosures for its investment balances. Investments are designated at fair value through surplus or deficit upon recognition. Directly attributable transaction costs are recognised in profit and loss as incurred. Financial assets at fair value through surplus or deficit are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.



Notes to the Performance Report

Education Benevolent Society Incorporated For the year ended 30 June 2021

	2021	2020
1. Analysis of Revenue		
Revenue from providing goods or services		
Commission on Hospital Cover	786,523	751,654
Commission on Travel Cover	214	1,022
Commission on Mortgages	2,916	4,016
Total Revenue from providing goods or services	789,652	756,692
Interest, dividends and other investment revenue		
Interest Received	7,173	39,884
Fair value gain on revaluation of investments	638,330	157,294
Total Interest, dividends and other investment revenue	645,503	197,178
Other revenue		
IBNR Provision Refunded	-	652,902
UniMed Profit Share	17,080	-
Total Other revenue	17,080	652,902
	2021	2020

2. Analysis of Expenses

Employee related costs		
Board Member Fees	140,625	141,250
Employee Related Costs	4,960	7,324
Salaries	448,553	292,547
Total Employee related costs	594,138	441,121
Costs related to providing goods or services		
Professional Expenses		
Accounting Fees	29,705	35,755
Actuarial Expenses	-	1,938
Audit Fees	20,475	23,500
Auditors Fees - Non Audit Work	-	4,298
Legal Services	12,844	18,393
Health Funds Association Membership	4,788	10,000
Insurance Ombudsman	-	1,418
Strategic Review and Implementation	-	157,740
Total Professional Expenses	67,812	253,041
Other Administration and overhead expenses		
Rent & Related Occupancy	29,880	34,374
Depreciation and Amortisation	18,854	14,135
Bank Charges	154	241
Computer Expenses	34,991	22,030
Office Administration	48,023	50,841



	2021	2020
Printing, stationery, advertising	81,916	88,002
Total Other Administration and overhead expenses	213,818	209,623
Total Costs related to providing goods or services	281,630	462,664
Grants and donations made		
Category 1 Grants Paid	44,760	-
Category 2 Grants Paid	134,435	-
Total Grants and donations made	179,195	-

	2021	2020
3. Analysis of Assets		
Bank accounts and cash		
BNZ Bank Accounts	766,412	819,214
Rabobank Account	-	88
Petty Cash	-	21
Total Bank accounts and cash	766,412	819,323
Debtors and prepayments		
Accounts Receivable	76,287	71,924
Prepayments	35,173	38,641
Interest Accrued	835	2,480
Sundry Debtors	19,792	-
Total Debtors and prepayments	132,087	113,045
Other current assets		
BNZ Term Deposits with maturity > 90 days	500,000	600,000
Total Other current assets	500,000	600,000
Investments		
Multi-Asset Fund	8,601,906	7,963,576
Total Investments	8,601,906	7,963,576
	2021	2020

4. Analysis of Liabilities

Creditors and accrued expenses		
Accounts Payable	63,037	35,265
BNZ Credit Card	738	1,631
GST	11,278	7,986
Accrued Expenses	71,147	22,607
Total Creditors and accrued expenses	146,201	67,489
Employee costs payable		
Accrued Wages	5,057	2,140
Accrued Holiday Pay	20,837	14,130
Total Employee costs payable	25,894	16,271



	2021	2020
5. Property, Plant and Equipment		
Furniture and Fittings		
Furniture and fittings owned	55,510	55,510
Accumulated depreciation - furniture and fittings owned	(43,392)	(37,299)
Total Furniture and Fittings	12,118	18,211
Computer Equipment		
Computer equipment owned	23,866	25,188
Accumulated depreciation - computer equipment owned	(21,835)	(19,588)
Total Computer Equipment	2,031	5,600
Computer Software		
Computer software owned	22,980	22,980
Accumulated depreciation - computer software owned	(12,958)	(3,766)
Total Computer Software	10,022	19,214
Total Property, Plant and Equipment	24,171	43,025
	2021	2020

6. Accumulated Funds

Accumulated Funds		
Opening Balance	9,455,208	8,752,221
Current year earnings	397,273	702,987
Total Accumulated Funds	9,852,481	9,455,208

7. Related party transactions

There were no related party transactions during the year not transacted at arms length. (2020: Nil)

8. Commitments

The Society entered into an agreement to lease new premises at Level 5, 50 Manners Street from 1 July 2019. The lease commitment is for three years, two months at \$24,675 per annum.

9. Grants for Good

During the prior financial year the Society resolved to earmark \$400,000 of funds to provide 'Grants for Good' for the 2021 and 2022 financial years. In the 2021 financial year the Society allocated \$179,195 (2020: Nil) to grant recipients.



10. Impact of Covid-19

On 30 January 2020, the spread of novel Corona virus (COVID-19) was declared a public health emergency by the World Health Organisation. New Zealand's government along with governments around the world have placed lockdown restrictions to various degrees impacting movement of people and business operations. These restrictions continue to impact the Society's activities.

The Board will continue to monitor the impact of COVID-19 on the Society.

The Board maintains the view that the Society has sufficient resources that it will continue to operate as a going concern.

11. Events after the reporting date

There were no events that have occurred after the reporting date that would have a material impact on the performance report.
(2020: No events).





Independent Auditor's Report

To the members of Education Benevolent Society Incorporated

Report on the audit of the performance report

Opinion

In our opinion, the accompanying performance report of Education Benevolent Society Incorporated (EBS) (the 'incorporated society') on pages 6 to 16:

- i. present fairly in all material respects the incorporated society's financial position as at 30 June 2021 and its financial performance and cash flows for the year ended on that date;
- ii. comply with PBE Simple Format Reporting Standard - Accrual (Not For Profit); and
- iii. suitably report the outcomes and outputs, and quantifies the outputs to the extent practicable, in the statement of service performance.

We have audited the accompanying performance report which comprise:

- the statement of financial position as at 30 June 2021;
- the statements of financial performance and cashflows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the statement of service performance and entity information on page 6 to 7.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the statement of service performance and entity information, in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the incorporated society in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) and ISAE (NZ) 3000 are further described in the auditor's responsibilities for the audit of the performance report section of our report.

Our firm has also provided other services to EBS in relation to tax advice during the period regarding the treatment of GST on grant payments. Subject to certain restrictions, partners and employees of our firm may also deal with the incorporated society on normal terms within the ordinary course of trading activities of the business of the incorporated society. These matters have not impaired our independence as auditor of the incorporated society. The firm has no other relationship with, or interest in, the incorporated society.



Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent



auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Board for the performance report

The Committee, on behalf of the incorporated society, are responsible for:

- the preparation and fair presentation of the performance report in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Not For Profit));
- implementing necessary internal control to enable the preparation of a performance report that is fairly presented and free from material misstatement, whether due to fraud or error;
- identifying outcomes and outputs that are relevant, reliable, comparable and understandable, and quantifying the outputs to the extent applicable, to report in the statement of service performance; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the performance report

Our objective is:

- to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error;
- perform procedures to obtain and evaluate evidence in regards to whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 performance report.

A further description of our responsibilities for the audit of this performance report is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-18/>

This description forms part of our independent auditor's report.

KPMG
Wellington

1 October 2021