THE PRIVATE PRACTICE
EQUITY PLAN
How to attract, retain and groom your practice successors

SET TO SELL
Tips for achieving an optimal sale price

BRANCHING OUT
One midwife’s journey to private practice

COOKING WITH FIRE
George Calombaris on the business of food

THE PRIVATE PRACTICE
EQUITY PLAN
How to attract, retain and groom your practice successors
## CONTENTS

Click on titles to go directly to each article

<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>The Editor’s Welcome</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Succession Planning</td>
<td>Devising a smart exit strategy</td>
</tr>
<tr>
<td>10</td>
<td>Finance</td>
<td>Financial management reporting made easy</td>
</tr>
<tr>
<td>14</td>
<td>Economics &amp; Markets</td>
<td>Chris Caton’s latest forecast</td>
</tr>
<tr>
<td>18</td>
<td>Marketing</td>
<td>Why word-of-mouth referrals are essential</td>
</tr>
<tr>
<td>20</td>
<td>Medical Records</td>
<td>The importance of taking good notes</td>
</tr>
<tr>
<td>22</td>
<td>Technology</td>
<td>Switching on to self-service technologies</td>
</tr>
<tr>
<td>26</td>
<td>Practice Valuation</td>
<td>Applying the right method to your practice</td>
</tr>
<tr>
<td>30</td>
<td>Journey to Private Practice</td>
<td>The expanding options open to midwives</td>
</tr>
<tr>
<td>34</td>
<td>Profile</td>
<td>MasterChef George Calombaris talks business</td>
</tr>
<tr>
<td>38</td>
<td>Technology</td>
<td>Making cloud computing work for you</td>
</tr>
<tr>
<td>40</td>
<td>Wellbeing</td>
<td>Keeping the perils of burnout at bay</td>
</tr>
<tr>
<td>42</td>
<td>Investment</td>
<td>Exciting opportunities in the Top End</td>
</tr>
<tr>
<td>48</td>
<td>Banking &amp; Finance</td>
<td>Smart products to boost your wealth</td>
</tr>
<tr>
<td>50</td>
<td>Protection</td>
<td>Being prepared for unexpected events</td>
</tr>
<tr>
<td>52</td>
<td>Insurance</td>
<td>Why Business Medical Indemnity matters</td>
</tr>
<tr>
<td>54</td>
<td>Postcards from Practice</td>
<td>How rising to new challenges brings rewards</td>
</tr>
<tr>
<td>58</td>
<td>Outlook</td>
<td>Tips for dying without regret</td>
</tr>
<tr>
<td>60</td>
<td>Accountancy</td>
<td>Getting set to sell your practice</td>
</tr>
<tr>
<td>62</td>
<td>Investment</td>
<td>The positive outlook for healthcare property</td>
</tr>
<tr>
<td>66</td>
<td>Property</td>
<td>Taking a good look at depreciation</td>
</tr>
<tr>
<td>68</td>
<td>Diary</td>
<td>Our Calendar of Events for 2012</td>
</tr>
</tbody>
</table>
Start with the end in mind

Spring has sprung and all around us are signs of renewal and invigoration. It’s the perfect season to consider the sale-readiness of your practice – your business.

Preparing for sale is extremely important, not only for those approaching retirement but for all practice principals and their management team, irrespective of their age or the maturity of their practice.

A sale-ready practice, by definition, has got its act together in terms of the four key business planning areas identified by the Harvard Business School:

- **Customer** – satisfying existing, and attracting the right type of, patients/customers
- **Internal Processes** – the business engine
- **Growth** – strategies for greater volume, greater profit, more time
- **Financial** – budgets, targets, checks and measures

A sale-ready practice is an entity functioning in its own right without heavy reliance on the principal(s) working as practitioners or clinicians. It has multiple revenue sources and successors identified and, preferably, already engaged.

The reality is that most medical practices are far from sale-ready. In fact, most medical practices in their current principal/practitioner-centric form have little, if any, sale value at all.

This accepted ‘norm’ need not be the case, however. It is perpetuated because of a lack of knowledge and understanding of the options and strategies that are available and in use by other small to medium professional businesses.

A medical practice that runs on sound business principles will have saleable value, attract and retain successors and significantly add to the principal’s retirement-planning goals.

It’s not all about money; it’s also about legacy. An effective succession plan will ensure continuity of patient, referrer and community relationships and care.

In this spring edition of *The Private Practice eZine*, many of the articles from our stellar network of education partners address this issue of sale-readiness and planning for practice exit and succession.

As Michael Gerber, author of *The E-Myth Physician*, so succinctly puts it: "Having an exit strategy is the ball game for any entrepreneur."

Enjoy!

Steven Macarounas, Editor
editor@theprivatepractice.com.au
The Private Practice has collaborated with industry leaders Succession Plus to design and deliver Medical Practice Succession Planning workshops on behalf of several medical colleges, societies and associations. These workshops have been extremely successful and have received great praise from delegates; as one put it:

“The content was relevant and exciting and challenges many medical practice ‘norms’... engaging presenters who excel in their fields and are passionate about empowering others with their knowledge and experience.”

The following article from Craig West at Succession Plus aims to convey the issues and possible solutions to the much-debated subject of practice value and succession, and is offered here as preparation for those considering attending the Private Practice Succession Planning Workshop.

Steven Macarounas – Course Director, The Private Practice
Succession planning is about taking a strategic approach to your business exit. Without it, the value in your practice will retire when you do.

Why is business succession planning such a big issue for many baby boomers approaching retirement age? Well, the average age of a family business owner in New South Wales is now over 58 years old, and 68% of them plan to exit their businesses in less than 10 years.

To use a real-estate analogy, most business owners are like property investors who expect an income or rent return while they own and an increase in capital value when they sell. Put simply, they go into business to build their equity value and hopefully sell for a substantial gain. Sadly, the reality is that most never achieve this goal.

At Succession Plus, our experience with many businesses has shown that a simple five-stage succession strategy solves the problem. It revolves largely around taking both a strategic approach and the time required to plan and manage the succession. In other words, don’t wait until you reach 64 years and nine months of age before you contact an advisor.

By taking our strategic approach to succession planning business owners find the process takes place over a minimum of five years, with the most successful plans occurring over 10 or even 15 years.

There are many exit options available to practice owners – the trick is to work out which one is most suitable for your practice.

In many cases owners can’t see the forest for the trees and miss the most obvious option: sell their practice to younger practitioners and practice managers. Many practice owners are susceptible to the risk of key people leaving, taking with them valuable patient lists and referrer and supplier relationships – all of which has a negative impact on the overall value of the practice.

OFFERING EQUITY

Many listed companies have employee share plans, option plans and other profit schemes designed to reward employees based on their contribution to profitability. Unfortunately, many of these don’t work in small businesses. Shares are often difficult to value and normally illiquid, and the legal and accounting complexities involved are cost-prohibitive for small-business owners.

We have had success in many businesses by introducing a custom-designed vehicle that is both an incentive plan in the form of a profit-share scheme and a mechanism for funding succession. In other words, the business owner is happy to contribute additional profits generated by key people into a fund used by them to purchase equity in the business.

As a part of the arrangement, key people sign agreements that deliver increased benefits the longer they stay with the company. The business owner has the comfort of knowing that his key people are unlikely to leave because they now own equity and share in the business profits.

EXPANDING OPTIONS

Medical practices face the same key issue as many business owners when they start to think about and prepare for an exit – they need to find a willing buyer with the necessary qualifications and/or experience that has a funding mechanism available to buy the business.
The Private Practice Equity Plan (PPEP) has been specifically designed with this issue in mind. Because it is funded by a profit-share plan based on improved performance, the funding should not be an issue for the buyer or buyers.

Generally the people we are looking for to succeed in our business will be younger – there is not much point really trying to sell the business to a 65-year-old who is approaching retirement as quickly as you are. And typically a younger person’s financial position may not allow them access to equity in their home or the borrowing capacity to fund an upfront purchase of your practice – the ability to fund the purchase over time through the profit-share plan allows access to equity to people who would never ordinarily be in a position to access it.

Coupled with the ownership thinking management plan and a timeframe that is reasonable enough to allow the funding to take place, the PPEP is a viable alternative to many medical practitioners who have little choice other than to close the practice, sell-off the equipment and hope to rent the rooms, which they probably by now own, to a third party.

The advantages to all those involved are obvious. Key people now have an equity stake (real ownership with tangible value) in the practice. They can increase the stake over time based on an increase in their performance and also have the ability to make extra contributions from external sources, salary sacrifice or even drawing down on their existing home loan.

The practice owner has a predetermined sales strategy with identified buyers and an agreed valuation formula to calculate the selling price. He or she is also able to maximise the sales price, because it constantly increases along with improvements in performance of the business.

The system is a win-win because a buyer entering into the system over time benefits from the increased value of the practice as performance improves. Key people now have a reason to think and act like business owners.

For the many succession plans that fail due to the inability of potential owners (often younger and less financially secure) to fund the purchase, the Private Practice Equity Plan represents a real alternative – it offers a practical solution as well as ensuring key people/purchasers have an incentive to maximise both their own performance and that of the practice.

SUCCESSION PLANNING WORKSHOPS

The Private Practice has collaborated with Succession Plus to convene a series of two-day workshops on Medical Practice Succession Planning. The next workshops will be held in Sydney from 27-28 October and in Perth from 3-4 November.

For workshop and registration details, please contact Steven Macarounas on (02) 9362 5050 or email steven.macarounas@fintuition.com.au

Or follow the link: Succession Planning
THE PROPERTY

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- Bedroom garden courtyard units with sunny decks and plunge pools
- Spacious, brand new Sub-Penthouses and Penthouses
- Chiropractic Clinic, Orthodontist and Convenience Store on the ground floor

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- Beautiful, spacious harbour view balconies
- Only 2 apartments per floor and 2 central lifts, permanently at your disposal

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- Third best population growth
- All the key economic drivers to a great investment
- Leading Capital City in the property market since 2004

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PHONE: (08) 8984 4592 EMAIL: sales@sunbuildinvest.com.au
Succession Planning Workshop, brought to you in collaboration with Succession Plus

Succession Planning: What, Why & How
The succession planning process is all about matching your wealth and retirement planning needs with the value that can be extracted from your business and personal assets within a set timeframe.

Here we cover what can happen to your medical practice if you don’t have an adequate succession plan in place, how far ahead you should start putting a succession plan into action and why you should take a progressive approach.

Stage 1: Identify Value
Most Private Practitioners simply wait until retirement is imminent and without adequate planning are forced to accept that their practice will have little if any sale value, and hence not significantly add towards retirement funding – the shortfall can cause ongoing financial problems.

The first stage in the planning process is to identify what is required in terms of retirement planning and financial needs going forward, as well as what exists currently in terms of business value and personal assets.

Stage 2: Protect Value
Regardless of your intentions and desires, sometimes things happen that are beyond our control. They happen to us and they happen to our businesses. Needlessly, many business owners leave themselves and their businesses widely exposed and suffer devastating consequences – an unplanned exit – when they are confronted with one of the many events that rattles their world.

You can be prepared to ensure that your personal interests and the value in your medical practice is protected.

Stage 3: Maximise Value
It’s time to take a fresh look at the business from the same perspective that a buyer might take and analyse the business risk in terms of documentation, compliance, legal, HR and other issues. There are plenty of ways to make your medical practice more valuable. When you have determined which direction to set your succession compass, you will have clarity and intent to enable you to focus on those areas of your medical practice that could do with some attention to boost the value of your business.

Stage 4: Extract Value
The right structure and value maximisation will ensure you extract maximum value. Depending upon the most appropriate exit strategy, this stage looks at transactional issues like legal advice, CGT and taxation and accounting to maximise the outcomes and ensure they are aligned with your retirement planning objectives.

Planning around your self-managed superannuation fund strategy is also important to ensure that, as you move into the wealth-management phase, the appropriate structures are used going forward, to assist with the transition from business owner to retirement.

Stage 5: Manage Value
This stage focuses on managing the wealth you have been able to extract (proceeds of sale, employee share plan, capital raising, merger, etc) to maximise the performance of passive income, minimise any risk areas, protect assets and utilise the taxation and retirement planning benefits of self-managed super funds.

Putting It All Together: Action Plan Going Forward
The results you get out of the time you invest in this workshop are only as good as the action you take after you leave. We will ensure that you have a clear plan of action to help you go forward in your succession planning.

Key Course Features
- Easily accessible, practical information you can use
- Two days of intensive, lecture-style and workshop presentations by leading experts with a medical focus
- Course workbook and resource library
- Morning tea, lunch and afternoon tea throughout
- Accommodation organised at discounted group rates
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- Conference coverage
- Drug news and updates
- News on clinical research and trials
- Specialty coverage

Content is sourced from Elsevier's global resource pool and selected by an experienced editorial team with input from opinion leaders across various specialties.
Operating a medical practice is a business and successful businesses require strong leadership and effective management. While it may be the management group – principals, manager, accountant, etcetera – who develop the Business Plan, it will be the practice manager who is largely responsible for the implementation and monitoring of that plan.

Knowing the business and how critical components, including practitioners, are performing will allow the management team to review current performance against previously agreed targets and make informed decisions on agreed strategies for business development.

One key area in monitoring business performance is Management Reporting. It’s important to recognise the difference between Financial Reporting (accountants, legislative) and Management Reporting. Management Reporting provides the required analysis that reflects practice performance against practice key performance indicators (KPIs) and budget forecasts. These are YOUR Internal KPIs, determined by YOUR practice to reflect YOUR practice’s performance.

SKILLING UP

Principals and managers must monitor and understand practice performance – managers must be able to prepare timely, relevant and accurate management reports, while principals must be able to easily comprehend and interpret the provided reports.

Despite the vast majority of practices using software that provides a multitude of management reports, I do not believe there is a vendor that currently provides a single comprehensive management report.

Principals and managers want a comprehensive yet concise report that shows their practice performance, and this is where the business/practice manager needs to
have the skills to develop a ‘Practice Specific Management Report’.

The Management Report format outlined here is a two-page report that contains high-level information presented in both tabular and graphical formats. The information is sourced from the practice’s billing (Pracsoft, Genie or Zedmed, for instance) and financial management software (MYOB, Attaché or Quick Books, etcetera). To complete the report some degree of manual input is also required.

Management Reports are prepared using Microsoft Excel and I would strongly encourage managers to become proficient in this program. Training is readily available and skills in this program can be used across a wide range of management tasks.

1. Income and Practitioner Analysis Report

Information is sourced from various reports available in billing/appointment software. KPIs included in this aspect of the report are:

- Medical Income:
  - Practice and per Doctor/Practitioner
- Other Income:
  - Hospital, Contract, Consumables, Practice Nurse, etc
- Total Patients Seen:
  - Practice and per Doctor/Practitioner
- Total Items Billed:
  - Practice and per Doctor/Practitioner
- Total Hours Available:
  - Practice and per Doctor/Practitioner
- Average Gross Billings/Hour:
  - Practice and per Doctor/Practitioner
- Average Fee/Patient:
  - Practice and per Doctor/Practitioner
- Average Patients/Hour:
  - Practice and per Doctor/Practitioner

The report contains information for the particular period selected and compares the ‘actual’ to both budget and previous year performance.

(Remember the above are samples and your report should contain your KPIs – e.g. hours at practice, hours operating, income from private health funds.)

The incorporation of graphical representation of data provides a powerful visual tool for quick review. Showing individual practitioner performance allows for review of any variance across the practice:

In this example it may be that the Practitioner 4 has a high bulk billing profile or may be underutilising the most appropriate item number. If this is evident across a number of practitioners, appropriate strategies can be implemented to ‘improve’ individual performance. One strategy may be to, in a practice meeting, include Practitioner A discussing their techniques for achieving a ‘higher’ average fee.

Where the average fee/patient or average fee/service can be increased, the overall income for the practice (and practitioner) will increase. Importantly, this income increase has been achieved without an increase in practice fees.

Similar reviews can be carried out for the other KPIs and, where performance improved, the combined effect on gross income can be significant.

---

**Figure 1: Sample Section – Income Analysis Report.**

<table>
<thead>
<tr>
<th>Fees</th>
<th>Services</th>
<th>Avg $ / Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fees</td>
<td>Services</td>
</tr>
<tr>
<td>Dr 1</td>
<td>$22,000</td>
<td>$28,000</td>
</tr>
<tr>
<td>Dr 2</td>
<td>$0</td>
<td>$4,000</td>
</tr>
<tr>
<td>Dr 3</td>
<td>$4,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Dr 4</td>
<td>$1,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>Dr 5</td>
<td>$15,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>Dr 6</td>
<td>$15,000</td>
<td>$13,000</td>
</tr>
<tr>
<td>Dr 7</td>
<td>$21,000</td>
<td></td>
</tr>
<tr>
<td>Dr A</td>
<td>$35,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Dr B</td>
<td>$40,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Comp 2</td>
<td>$1,200</td>
<td>$1,000</td>
</tr>
<tr>
<td>Comp 3</td>
<td>$1,200</td>
<td>$1,000</td>
</tr>
<tr>
<td>Misc</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$155,400</td>
<td>$118,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>$155,400</td>
<td>$118,900</td>
</tr>
<tr>
<td>BUDGET</td>
<td>$145,000</td>
<td></td>
</tr>
<tr>
<td>YTD</td>
<td>$145,000</td>
<td></td>
</tr>
</tbody>
</table>

In this example, the Practitioner 4 has a high bulk billing profile or may be underutilising the most appropriate item number. If this is evident across a number of practitioners, appropriate strategies can be implemented to ‘improve’ individual performance. One strategy may be to, in a practice meeting, include Practitioner A discussing their techniques for achieving a 'higher' average fee.

Where the average fee/patient or average fee/service can be increased, the overall income for the practice (and practitioner) will increase. Importantly, this income increase has been achieved without an increase in practice fees.

Similar reviews can be carried out for the other KPIs and, where performance improved, the combined effect on gross income can be significant.
Information is sourced from various reports available in Financial Reporting software such as MYOB. In order to make the report compilation process as efficient as possible, it is important that preliminary work has been undertaken.

This report relies on:

a. **Preparation of Budget**
   In order to review your performance you need to have created your financial targets (budget). To enhance the accuracy of your budget it is imperative that you build the budget from each expense item. The allocation of appropriate funds will be determined from a combination of historical and projected data.

b. **Budget Entered into Financial Software**
   Having created your budget, formulation of reports will be more efficient where the budget amounts have been entered into the financial software.

c. **‘Grouped’ Expense Categories**
   In keeping with philosophy to provide ‘high-level’ reports, the grouping of expenses and corresponding set-up in financial software will allow for ‘multi-level’ reports to be generated. Whilst principals are provided with “high-level” figures, as practice manager you would review ALL line item expenses.

e.g. **Groupings**

<table>
<thead>
<tr>
<th>Detailed</th>
<th>Admin Costs</th>
<th>Medical Supplies</th>
<th>Admin Costs</th>
<th>Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin Costs</td>
<td>$3,000</td>
<td>$2,500</td>
<td>$1,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>$1,500</td>
<td>$2,000</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$4,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>$1,000</td>
<td>$1,500</td>
<td>$2,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>Occupancy</td>
<td>$2,000</td>
<td>$3,000</td>
<td>$2,500</td>
<td>$3,000</td>
</tr>
<tr>
<td>Communication</td>
<td>$1,000</td>
<td>$1,500</td>
<td>$2,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>Wages</td>
<td>$2,500</td>
<td>$3,000</td>
<td>$2,000</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

**Figure 2: Sample Section – Expense Analysis Report**

<table>
<thead>
<tr>
<th>INCOME</th>
<th>Billings</th>
<th>Receipts</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Services</td>
<td>$1,100,000</td>
<td>$1,110,000</td>
<td>$950,000</td>
</tr>
<tr>
<td>Govt Grants*</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>Other - Misc</td>
<td>$21,000</td>
<td>$21,000</td>
<td>$19,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,169,000</strong></td>
<td><strong>$1,179,000</strong></td>
<td><strong>$1,014,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>% of Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Supplies</td>
<td>$45,300</td>
<td>3.9%</td>
</tr>
<tr>
<td>Admin Costs</td>
<td>$32,000</td>
<td>2.7%</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>$38,900</td>
<td>3.3%</td>
</tr>
<tr>
<td>Occupancy Costs *</td>
<td>$53,000</td>
<td>4.5%</td>
</tr>
<tr>
<td>Communication</td>
<td>$16,500</td>
<td>1.4%</td>
</tr>
<tr>
<td>Wages - Non Med</td>
<td>$185,000</td>
<td>15.8%</td>
</tr>
<tr>
<td>Wages – ‘other’</td>
<td>$10,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Other</td>
<td>$21,000</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$401,700</strong></td>
<td><strong>$402,000</strong></td>
</tr>
</tbody>
</table>

| Op Profit pre Dist’n | $767,300 | 65.64% | $612,000 |
| Wages - Medical | $265,000 | 22.7% | $250,000 |
| Ret Fees - Contractors | $54,000 | 4.6% | $50,000 |
| Principal 1 Dist’n | $200,000 | | $150,000 |
| Principal 2 Dist’n | $182,400 | | $140,000 |
| Other | $25,000 | | $25,000 |
| **subtotal** | **$701,400** | | **$590,000** |
| Profit Post Dist’n | $65,900 | 5.64% | $22,000 |
The important figure provided in this report is the 'Operating Profit pre Distribution'. Without establishing your expense cost, you are unable to confidently determine the 'Service Fee' required from Independent Practitioners (IPs).

In the example opposite and with IP Service fee at 40%:

<table>
<thead>
<tr>
<th>Profit pre distribution</th>
<th>65.64%</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP Fees Retained</td>
<td>60%</td>
</tr>
<tr>
<td>Expenses</td>
<td>34.36%</td>
</tr>
<tr>
<td>Service Fee Received</td>
<td>40%</td>
</tr>
<tr>
<td>'Profit'</td>
<td>5.64%</td>
</tr>
<tr>
<td>(Service Fee Received less Expenses)</td>
<td></td>
</tr>
</tbody>
</table>

If the service fee in this instance was 35%, the practice would be operating at break even point, with little profit retained in the business.

The second component of the report contains a Debtor's Reconciliation.

The reconciliation between your Aged Debtors and Billings/Receipts reports will ensure that you maintain an appropriate review of this area. Not only does this ensure that you 'balance the billings', it also provides you with a clear picture of your debtor ageing.

Failure to monitor debtors can lead to significant impact on cashflow associated with an increase in the number and amount of outstanding accounts.

The Aged Debtors information reflects the effectiveness of your practice's payment and debtors' policy; the ability to have patients 'pay on the day' and/or maintain any outstanding monies to a level that has been defined.

IT'S UP TO YOU

Management Reporting needs to reflect YOUR practice needs. You need to develop a reporting system that will provide accurate and timely information in a format that suits your practice. The key components will require you to:

- Establish KPIs specific and relevant to your business.
- Prepare a practice budget and monitor performance.
- Present the information in a concise and clear format.
- Establish formats for agreed reporting intervals – monthly, quarterly and annual.
- Use a combination of graphical and tabular format.

Once the reporting format has been established, the regular review of the information will allow for the analysis of YOUR practice performance and achievement of YOUR practice goals. You now have a valuable tool to support an informed management decision-making process!
August proved to be another reasonable month for the share market. By close of play on 24 August, the Australian share market showed a rise of 2.7% for the month to date, while the US share market, as measured by the S&P500 index, was up by 2.3%. For the calendar year to date, the two markets are up by 8.1% and 12.2% respectively.

One reason markets again did well was the absence of negative news from (most of) the rest of the world. In particular, nothing bad happened in Europe, and the Spanish and Italian long-bond rates continued to fall, by about half a percentage point over the course of the month to date, thus driving down the borrowing costs for those two beleaguered nations.

In Australia, on the other hand, there were some interesting developments. As I suggested at the end of July, the RBA passed up the chance to cut the cash rate further. One reason I gave for why this might happen was a belief that we may need further cuts more when the mining investment boom ends.

“The end of the boom” story gained a lot more currency over the month. BHP Billiton confirmed the mothballing of its Olympic Dam extension project; the Resources Minister, Martin Ferguson, pronounced the boom over (later backtracking from these remarks); and the Reserve Bank, in its Statement on Monetary Policy, suggested that mining investment would peak in 2013-14, a year that begins just nine months from now.

FOUR THINGS WE KNOW
Firstly, the earnings – both current and prospective – of the resource sector have fallen significantly, although digging stuff out of the ground remains very profitable. The decline in earnings primarily reflects falls in commodity prices, with the prices of iron ore and coking coal both off by about one-third from their peaks. These declines primarily reflect a plateauing in steel production in China, and speculation that production may fall in the future. Commodity prices remain high relative to historical levels, so mining remains profitable.

It should not be a surprise that commodity prices have fallen from their peak; it happens eventually in every boom. When commodity prices rise sharply, supply and demand both tend to respond, and users look for substitutes or alternative sources of supply. The real surprise on this occasion is that it has taken so long for this to happen. In past episodes, the decline in prices has been precipitous; far sharper than the consensus view on this occasion.

Mining investment is very strong and will get stronger. It constitutes about 4% of GDP, which is an all-time high share, and is higher than in any other developed country in the world. Almost no matter what, this share will continue to increase. There is a massive pipeline of projects, of varying degrees of commitment. Some of these would have been planned on the assumption of higher prices than now prevail, and hence are vulnerable to postponement or cancellation. But it is difficult to see this happening widely and quickly enough to prevent further substantial growth in capital spending for some time to come. There will, incidentally, be no single peak in mining investment; while spending associated with coal and iron ore projects could turn fairly quickly, spending on LNG projects will continue to grow for several years.

The slackening of the mining boom has several implications for Australia. First, as
I wrote two months ago, the increase in our terms of trade in recent years provided a handy offset to a decline in productivity growth. On a per capita basis, incomes in Australia were more than $6000 higher in 2011 than they would have been if the terms of trade had not risen in the previous decade. Going forward, we won’t have that bonus; rising living standards are going to require that we work harder or smarter!

Second, when mining investment does eventually stop going up, Australia will lose the source of more than a quarter of its growth. Either this will have to be replaced by something else (resource exports and investment elsewhere in the economy are the obvious candidates), or we will experience a significant slowdown.

Third, and least important, the wafer-thin Budget surplus projected for 2012/13 almost certainly won’t happen. The Budget is extremely sensitive to commodity prices, and not just because of the resource rent tax. Failure to deliver the surplus is of no economic consequence.

Fourth, the end of the resource boom almost certainly will take care of one of Australia’s other “problems” right now – the continued strong exchange rate. The currency has risen by 8 cents in recent weeks, standing at 1.043 US dollars at time of writing.

HOLDING STRONG

In early August, the Reserve Bank noted that the strong currency was probably having more effect on some areas of the economy than it thought likely earlier. Why is it so strong?

We keep coming up with reasons for the strong dollar, and the reasons keep faltering while the currency does not. We were told the currency was held up by strong commodity prices; they fell away but the currency did not. Then it was the fact that interest rates were so much higher in Australia than elsewhere, thus attracting capital. We cut rates and thus narrowed this differential but the currency remained robust.

The explanation du jour is continued foreign buying of Australian assets, particularly long-term Government bonds. With a long-term rate of 3.25%, Australian government bonds are the highest-returning AAA-rated securities in the world, so it’s no surprise they are attractive to foreigners. The share of Commonwealth government securities held by offshore interests has doubled in the past 10 years, and now stands close to 80%.

Sooner or later, this share will stop going up, and then a source of support for the Australian dollar will be removed. Everything points to a lower dollar eventually but, to be honest, I have had that view for more than two years and it is yet to pan out.

The question has been raised as to whether the Reserve Bank is likely to intervene to drive the currency down. It has intervened in the past on a few occasions, always to hold the currency up. That is, it has sold foreign currencies and bought the Australian dollar. Such intervention has usually been profitable, with the Reserve Bank subsequently replenishing its holding of foreign exchange at a lower price. Selling the Australian dollar to drive it down may work, but it’s not a one-way bet.

RISK PREVENTION

Right now, the Swiss monetary authorities are intervening to hold the Swiss franc down, with some success. Why can’t we follow their example?

There are some very good reasons not to do so. First, the Swiss can’t cut interest rates to weaken the currency since their cash rate is already zero. We can. Second, Switzerland is currently experiencing deflation, so a bit of inflation as a result of a lower-than-otherwise franc would actually be desirable. And third, the Swiss National Bank has massively expanded its balance sheet to accommodate its purchases of foreign exchange (including, ironically, the Australian dollar), to an extent that we simply wouldn’t (and shouldn’t) contemplate in Australia.

As Governor Stevens said in his semi-annual testimony to the House of Representatives Standing Committee on Economics, Switzerland’s foreign exchange reserves total about 70% of one year’s GDP. This figure is less than 4% in Australia. Undertaking intervention on anything approaching the scale used in Switzerland would expose the Australian taxpayer to massive risk.

If the Reserve Bank really does want a significantly lower dollar, then the first thing for it to do would be simply to cut interest rates further. The fact that it hasn’t done so in the past two months suggests that, while some sectors are clearly being hurt by the currency, the Bank judges the current level of rates to be “correct” for the state of the economy as a whole. This may, of course, change in the future.

Note: In early July I somewhat reluctantly cut my end-year forecast for the ASX200 from 4700 to 4500. There is no further change to my forecast at present.
Are you insured against blood-borne diseases?

As a healthcare professional, contracting a blood-borne disease is a risk you face during your everyday work.

Contracting a blood-borne disease might mean you’re still capable of working physically; however, restrictions may be imposed by regulatory/professional bodies.

Whether you can still do parts of your work, or can’t work at all, MLC offers insurance to help you keep your finances in order and maintain your lifestyle if your ability to work has been restricted.

For more information about how MLC can help protect you financially, please speak to The Private Practice endorsed Financial Adviser, details of which are below.

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For more information about how MLC can help protect you financially, please speak to The Private Practice endorsed Financial Adviser, details of which are below.
Speaking Volumes

If you want to generate patient loyalty and build up business, Jason Barody says the key is to encourage word-of-mouth referrals.

Referrals are the essential lifeblood of most healthcare practices. Word-of-mouth (WOM) marketing has taken over all forms of communication as the most persuasive influence on people’s attitudes and, more importantly, behaviour.

Perhaps you have found yourself or your colleagues saying, “The only marketing I need is word-of-mouth advertising”. Or maybe, “I’m really good at my profession, and word will get around”.

You hope that people speak well of the service your practice provides. When this happens, patients choose you because they feel what they have heard is all they need to know to believe you are the right healthcare provider for them.

Whether you call it Marketing & Public Relations, Business Development, Physician Relations or Practice Liaison, a successful system of continuing referral flows from a marketing plan with responsibilities, measurable goals, timelines and resources.
The fact is that WOM is the holy grail of marketing. It’s the most influential form of message communication due to the perfect combination of key message elements:

- **Right message**: The ‘talker’ will ensure that the message is engaging for the receiver by tailoring the message to their needs, increasing retention.
- **Trusted source**: 82% of people trust advice that comes from family and friends compared to only 14% of people trusting advertisers. When patients select a healthcare provider on the basis of WOM referrals, they are more likely to be satisfied because they know what to expect.
- **The right receiver**: Family and friends will only share a message if they are sure of the receiver’s interest, again increasing retention.
- **No distraction**: Unlike any other form of marketing communication, WOM forces consumers to listen to the message because they are engaged in a two-way conversation, thus increasing interest and minimising distraction and competition.

### POSITIVE REACTIONS

Studies conducted by the Keller Fay Group determined that Australians have an average of 68 conversations about products, services and brands per week. In 2010, 44% of Australians engaged in WOM when looking for a healthcare provider, with the majority of this advice coming from their inner circle, 29% partner/spouse, 25% friends, and 24% from family.

Burson-Marsteller research has discovered that a person will generally pass on a positive message to up to 13 people but pass on a negative message to 17 people. Positive WOM is extremely beneficial – a 7% increase in WOM activity can lead to a 1% jump in additional business growth.

Do you want to know how many of your patients, staff and referring GP’s are promoting your practice? The research tools and statistical methods to measure and influence your practice’s WOM effectiveness are now available.

How can your practice motivate your patients to positively discuss you to achieve growth? You can start by focusing on these three points:

1. **Profile your ‘talkers’**: Identify people who would be likely to pass on messages about your practice.
   - **Patients**: Studies have shown that a patient is most likely to tell others about you within the first 14 days after their appointment. Communicating with patients during this time increases the probability they will tell others about you.
   - **Your staff**: The most effective WOM is what your staff have to say about your practice. After all, staff members know the inside story. Make sure your staff know how important they are in creating a positive impression of the practice. Employees want to be proud of their workplace and if they have concerns, they will be reluctant to invite people to become patients.
   - **Trusted community members**: We’re surrounded by informal referral sources, such as realtors, lawyers, community leaders, police officers, other healthcare providers and church group leaders. These individuals often have larger scopes of influence than other people.

2. **Give them something to talk about**: Ensure your practice is always well presented and maintained (this should extend beyond your consulting rooms to include your branding and website), front office staff are knowledgeable and well trained in customer service, and the service you provide as a healthcare professional goes beyond patient expectations. Also keep in mind that providing ‘remarkable’ service is not always enough to get people talking – it is important to have a strategic WOM marketing plan targeted to encourage referrals from GPs, patients and other sources.

3. **Deliver**: Once you have people talking about your practice, make sure you provide value to each patient to encourage more positive WOM. ☺

### Note:

Vividus can provide the tools and expert advice to ensure your practice is achieving maximum return from word-of-mouth marketing. Vividus specialises in strategic marketing, design, web and print for healthcare practices. For details call 07 3283 2233 or visit www.vividus.com.au/healthcare.
Medical records can make for riveting reading but the opposite is also true. One doctor, obviously not given to expansive description, claimed an item number with the accompanying words “cabbage and beetroot” in his medical notes.

The Professional Services Review committee cited this example in its annual report to illustrate what is unacceptable for Medicare reporting requirements. While there may be a place for such laconic communication, the clinical recording of patient consultations is not one of them.

Another common, and equally unacceptable, example is the use of ISQ, or ‘in status quo’. Incredibly, there are doctors who have felt that these initials, along with + or – signs and “etc, etc, etc”, are sufficient to stand in for a record of consultation because that’s all that appears in their notes; nothing else.

MAINTAINING CLARITY

Given that Medicare foots much of the medical bill on behalf of taxpayers, it is entitled to expect a clear and comprehensive explanation of the services being provided.

Under the Health Insurance Act 1973, all Australian medical practitioners must provide adequate and contemporaneous records. Section 82 (3) of the Act says that whether or not a practitioner has kept adequate and contemporaneous records will be considered in determining “whether a practitioner’s conduct in connection with rendering or initiating services was inappropriate practice”.

When the term ‘adequate’ is defined for the purposes of a medical record, it must:
• Clearly identify the patient.
• Contain a separate entry for each attendance.
• Provide clinical information to explain the services rendered or initiated.
• Be sufficiently comprehensive so another practitioner can undertake ongoing care of the patient.

All these requirements seem reasonable and, indeed, practical. No-one can doubt that there will be times when a doctor, for whatever reason, is not available the next time their patient seeks subsequent assistance. The doctor who steps in has to be able to identify the records of the patient they now have to follow-up and clearly understand what symptoms they have presented with in the past and the courses of treatment they have received. Otherwise, it’s back to square one. Worse, in fact, because the new doctor may be revisiting unsuccessful treatments or exacerbating existing conditions.

While the definition refers to ‘another practitioner’, even if it is the very same doctor seeing their own patient, a review of the medical records will be needed to refresh their memory of the case. No matter how vivid you believe an exchange has been in your consulting rooms, just a few days later the details will have blurred. As memories
are not reliable, good record keeping is in the interest of all doctors so they can ensure the best patient care.

SATISFYING MEDICARE

Disgruntled doctors who complain about the Medicare record-keeping requirements might be surprised to learn that they are far less onerous than the requirements made of them under the various state and territory Acts and Regulations pertaining to medical practice.

The relevant NSW regulation – which can be viewed at http://www.austlii.edu.au/au/legis/nsw/consol_reg/hprswr2010580/sch2.html – devotes two pages to the records it requires doctors to keep for the privilege of practicing. So, doctors are obliged to provide much more detailed records than Medicare expects of them, every time they see a patient. If doctors are following the guidelines of their own professional regulatory body, they will well and truly be satisfying Medicare rules.

Of course the burden of keeping medical records is the time it takes to prepare them. In circumstances where a doctor is seeing a very complex patient, it might take half an hour or more to write up the notes, in which time he or she could have seen a couple more patients waiting at reception.

Because we speak on average seven times faster than we can write, and four to five times faster than we can type, the clever way to deal with medical records is to dictate them, even if they are simply quick clinical notes. These notes can be transcribed by someone else and then put back in the file – as long as they are dictated at the time of the consultation or shortly afterwards, the records will satisfy the requirement that they be contemporaneous.

ON THE RECORD

When it comes to record keeping, it is often GPs that come unstuck. Because specialists have their patients referred to them, the very nature of their work requires them to send a letter back to the referring doctor explaining what has transpired during their consultation and what course of treatment is being pursued. This letter forms part of the medical record and, in preparing it, the specialist is maintaining the requirement of adequate record keeping.

GPs, on the other hand, are non-referred and, as the medical notes appear to be only for their own purposes, it is easy to feel no obligation to complete them. However, GPs have more and more item numbers in the MBS that have specific record requirements attached to them and, as a result, it is no longer the exclusive domain of specialists to have their records transcribed.

More and more GPs are seeing the value of dictating their records, particularly in the context of the team-care arrangements and management-plan services they provide.

Apart from the clear value of accurate and adequate records for the treatment of individual patients, the records maintained across a practice allow the doctor to interrogate them in a way that captures the nature of patients seen, the incidence of illness, prescribing patterns and other valuable demographic information.

Well-maintained medical records are a significant asset to your practice. They support your daily work, help you form longer-term strategies in running your practice and allow potential partners to gain a snapshot of the practice – all this as well as ensuring you meet your Medicare obligations.
Rosemary Cooper is a Practice Management Consultant and Executive Director at Australian Medical Consulting Group.
Smart new technologies are enabling patients to manage their own appointment times, which Rosemary Cooper says brings multiple benefits to all concerned.

We have all been there. It’s Sunday afternoon and you remind yourself to make an appointment to see your GP tomorrow. The problem is you can’t do this until business hours on Monday morning, and by then you are caught up in the weekly routine of getting ready for work or school. By the time you remember again, your GP’s practice is flat out with the phone rush of others in the same boat. You finally get through only to be put on hold and eventually find out all the appointments for your GP are now gone until later in the week.

Imagine being able to make that appointment when you thought of it, irrespective of where you were. With no stress and a few simple clicks you were able to see all of the appointments available with your regular GP for the week and select the one most convenient for you. Thanks to self-service technologies (SSTs), this is possible.

SSTs are increasingly changing the way customers interact with businesses to create service outcomes. You only have to visit your local supermarket or local library to see how consumers are taking up new technologies that allow people to take control of their own service delivery. While the banking and airline industries have been utilising this technology on a large scale for a long time, professional services such as healthcare are just beginning to understand the benefits.
BUSINESS APPEAL

The increasing amount of research into SSTs being undertaken is providing evidence that consumer acceptance and use is increasing, and that well-designed SSTs offer consumers a high level of satisfaction in a number of areas, including saving time and being able to solve their need where they want and when they want.

According to a 2010 survey conducted by Buzzback Research, 79% of respondents said they would be more likely to select a healthcare provider that allows them to manage various healthcare interactions such as appointment scheduling and registration over the Internet, on a mobile device or at a self-service kiosk.

Cynics might say these technologies are simply a cost-cutting exercise by businesses to reduce staff and make the customers do more work for themselves. But in a world where businesses, particularly small businesses, need all the help they can get to stay sustainable, a recent article on self-service payoff, published by the Healthcare Financial Management Association, describes how implementing SSTs enables providers to improve interactions with patients, simplify workflow for staff and optimise revenue. Self-service technologies provide a proven, innovative vehicle for optimising revenue and increasing financial performance.

However, despite shifting consumer preferences, and the evidence of their effectiveness in increasing efficiencies, few healthcare providers are offering the level of self-service convenience that patients now desire.

So, how do those of us in healthcare adopt these technologies? One way growing in uptake is mobile and online appointment-management systems.

INTUIT YOUR OPTIONS

The current market comprises a mix of offerings, ranging from simple ‘search and find’ to those that are fully integrated with your appointment-management software and take your usual appointment-making ‘rules’ into account.

When selecting an appointment-management SST option, it’s important to ensure that by creating convenience for the patient, you are not creating inconvenience for your staff. Those options that simply create an email that your staff must read, action and respond to with a confirmation to the patient actually create more work for your staff. Likewise, those that require staff to manually block out selected appointment times ahead of time and then match this appointment with a patient in your database are not ideal.

The ideal system should have real-time integration with your current software and mimic all of the appointment making ‘rules’ you have trained your reception staff to apply each time they take a call.

Brisbane general practice owner Gordon Cooper spent a number of years researching.
the front end of his business before developing a product that allows seamless self-service access for patients to their regular healthcare provider. Aply called Appointuit® (intuitive appointments), this system allows patients to download a free App from iTunes to their iPhone or iPad so they can make appointments anywhere, anytime (an Android version is currently under development).

Patients also have the option of making appointments online via your website using a web widget. One of Gordon’s patients even utilised her spare time while waiting for a flight in a Japanese airport to plan her doctor, physiotherapy and dental appointments for her return.

To avoid patient-made appointment anarchy, the system allows practice managers to simply configure a rule set based on their normal appointment rules and healthcare provider’s preferences. For example, some doctors like the option of double appointments when performing pap smears and skin checks, while others do not. If a patient selects an appointment type “skin check” or “routine pap smear”, they will automatically only be shown the appropriate time slots available with the selected healthcare provider.

But will handing the reins over to patients cause increased no-shows and wasted appointment slots? On the contrary – research published in the Journal of the Academy of Marketing Science in 2010 showed that when consumers have perceived control over the transaction, they are more cognitively committed to seeing the transaction through.

Indeed, feedback from practice managers using the Appointuit® system is that appointments have a 100% attendance rate, unlike phone-made appointments. Ensuring patients are committed is further driven by the appointment confirmation and automated reminder options inclusive in the system.

**ALL-ROUND BENEFITS**

Self-service technologies provide a proven, cost-effective and innovative vehicle for optimising appointment management and business efficiencies. Beyond being patient friendly, the right SSTs for appointment management dramatically simplifies workflow for reception staff, while giving them more time to focus their attentions on other duties. In addition, patient portals and mobile applications empower patients to be more engaged in the care process, resulting in increased satisfaction and loyalty.

As technology continues to improve, we will continue to have to evaluate its use to improve our service and healthcare delivery.

Further articles on maximising your business with effective appointment management will be made available on [www.theprivatepractice.com.au](http://www.theprivatepractice.com.au), or you can join the conversation at [facebook.com/appointuit](http://facebook.com/appointuit) 😎

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GOODWILL HUNTING

Obtaining the valuation of any medical practice comes down to a number of factors and can depend on the method applied, explains Chris Babich.

Medical practice valuations are quite common and may be undertaken for a number of reasons, including:

- For Family Law Court purposes, where the medical practice becomes part of the joint assets of the husband and wife, which need to be divided between the parties.

- To confirm the asking price of the seller in a private sale. The buyer may be an outside doctor or perhaps an assistant already working within the practice.

- For stamp duty or capital gains tax purposes when restructuring the ownership of a medical practice.

All valuation reports should outline the purpose and date of the valuation, present at least two methods used in determining the practice value and be signed by the valuer. In each case, the total value of the practice includes the goodwill and the tangible assets, such as equipment, furniture, instruments, fixtures, fittings and stock (medical supplies).

The traditional valuation method of medical practice goodwill is based on a percentage of annual gross fees of the practice. Other methods can be used in conjunction with the traditional valuation when a broader approach is required.

Practice market value can be determined through capitalisation of EBIT (Earning Before Interest and Taxation), FME (Future Maintainable Earnings) or Super Profits (see page 28).

The scope, complexity and purpose of valuation will determine the methods used.

RISK ASSESSMENT

The multiples of pre or post-tax profits are reflective of expected market return on investment, considering the risks of buying the practice and maintaining the income and profits. The risk is assessed by the valuer through a comprehensive Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Generally speaking, the greater the risks the lower the multiple and lower market value.

It’s often believed that there is no value in the goodwill of a medical practice. Goodwill is a composition of personal and commercial goodwill, the latter component of which is transferrable and is therefore able to be quantified, thus having market value.

As the tangible assets are easily defined and listed, placing a realistic value on them is not too complicated. Generally, second-hand utility value, based on age, condition, usage and market sales expectation, is all that is required for valuation. Goodwill is not as easily valued, however, as it is so intangible and its perception is influenced by various market pressures and expectations.
It is quite possible that the goodwill value obtained for the same practice can be quite different, depending on the purpose of the valuation and the method applied.

TANGIBLE RESULTS

If the valuation is undertaken for Family Law Court purposes, where there is no intention to actually sell the practice, the value to the principal/practice owner is determined using the Super Profits method. This method is used to establish goodwill as a separate component of the total practice value and it actually calculates the goodwill value of the practice to the principal.

For example, let’s say a principal makes $350,000 per annum in the form of salary, superannuation, car-leasing payment to spouse and other benefits. This is generally referred to as the ‘operating profit’. As a locum or assistant, this principal could only achieve $220,000 per annum working the same hours. This is generally referred to as the ‘notional salary’. Clearly we can see that the principal is $130,000 better off in his own practice, and this is referred to as ‘super profit’. This amount, after being taxed at 46.5%, is referred to as the ‘after-tax super profit’ of the practice.

This super profit is then multiplied by a factor of between one and five, depending on the results of the SWOT analysis, with the resulting amount representing the total value of the practice. Goodwill value is then calculated by subtracting the value of the tangible assets.

EVIDENCE BASED

Goodwill valuations of solo businesses, associateships and partnerships are undertaken under the traditional method.

These are valued on what is referred to as a ‘walk-in/walk-out’ basis, whereby the principal walks out on completion of sale and the buyer walks in and takes over. This method is used in the valuations of private sales and ownership restructuring in smaller to medium-size practices.

Sales evidence and its interpretation form the whole basis of valuation, as it is the only real evidence of actual sales achieved. This evidence may be difficult to obtain and interpret, however, as every practice is quite distinct each valuation is specifically undertaken for a nominated purpose.

The super profit and any other method used and results obtained must be consistent with the market expectation and sales evidence. For example, an arithmetic calculation showing a specialist obstetric and gynaecology practice in the country as having a goodwill valuation of $560,000 is nonsense and would bear no reality to current market expectations and evidence.

It’s important to understand that a goodwill valuation may not always be indicative of the final price negotiated and paid. In the process of negotiation, quite often a larger proportion of the full price is attributed to the tangible assets and less to goodwill. For instance, if the practice price is $250,000 ($200,000 goodwill and $50,000 tangible assets), the final distribution may in fact be, for tax purposes, $125,000 goodwill plus $125,000 for tangible assets.

Medical practices are already grossly undervalued in terms of other businesses. On this basis alone, it is unfair to negotiate a seller down even further below an independent valuation from a reputable registered valuer who specialises in the medical market.
Keith Rutherford heads our technology consulting team and has over 25 years experience in developing technology solutions for business.
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MIDWIFERY

The Australian College of Midwives and midwife Melissa Maimann discuss the support provided to Australian midwives and the advantages that private practice brings.

The Australian College of Midwives (ACM) is a national, not-for-profit organisation that serves as the peak professional body for midwives in Australia. The college was founded nationally in 1984, when midwifery associations in a number of states and territories came together to create a national peak body for Australian midwives.

The college provides a unified voice for the midwifery profession, supports midwives to reach their full potential, and sets professional practice and education standards.

The ACM is committed to being the leading organisation shaping Australian maternity care, to ensure the best possible maternity outcomes for all Australian women. It is guided by research evidence that pregnant women and mothers benefit from having access to midwifery care throughout their childbearing experience.
The ACM advocates for midwives by:
- Actively promoting midwifery in the media and the community.
- Lobbying federal and state governments.
- Representing midwives’ interests on all major policy committees.
- Preparing submissions to relevant government inquiries.
- Collaborating with other health professionals.

The ACM supports the professional development of midwives by:
- Setting national education standards.
- Assisting midwives to plan for, participate in, document and reflect on relevant continuing professional development through enrolment in the MidPLUS program for midwives.
- Offering all midwives the opportunity to participate in supported peer review via the Midwifery Practice Review, a peer-review program.
- Organising national and state conferences where midwives can hear the latest research and network with colleagues.
- Facilitating local workshops and seminars.
- Providing professional practice tools and publications.

Across Australia, midwives can be found working in many different environments and in differing roles. Midwives work in hospitals and health services, both public and private sector. They work as midwifery clinicians, midwifery managers, midwifery educators, midwifery academics and researchers. Midwives work in teams with other midwives or maternity health professionals.

They can be found working with women in hospitals, health services, GP and specialist practices, in the community and in women’s homes.

Many midwives are employed by health services and non-government organisations, but an increasing number of midwives are now setting up in private practice. This is in part due to the increasing recognition of midwives as the most appropriate health professional to provide care for healthy women during childbearing, and also due to recent changes that have allowed some midwives access to the Medicare and Pharmaceutical Benefits schemes. This means women can now claim reimbursement for services provided by a midwife in pregnancy, birth and after birth in certain circumstances.
JOURNEY TO PRIVATE PRACTICE

One midwife who runs her own practice is Melissa Maimann, and this is her story.

I commenced my career as a midwife in 2001. When I entered the midwifery profession, there wasn’t a very big emphasis on continuity of care but somehow I always knew that one day this would be the direction of midwifery care, and it was the way I wanted to provide care.

Throughout my career as a hospital-employed midwife, I maintained my full midwifery skill set by rotating through the antenatal ward, antenatal clinic, delivery suite, postnatal ward, postnatal home visits, birth centre and special-care nursery.

Years of delivering fragmented and discontinuous care was frustrating as I usually felt I could not deliver the type of care that I wanted to, within the constraints of an eight-hour shift and a system that did not provide continuity models of care as the norm.

I met women for the first time in labour, anxious and fearful of what lay ahead. I worked with women postnatally who were not prepared for breastfeeding, and who consequently struggled with it. Intervention was widespread.

I knew there was a better way. When I registered, I explored the possibility of private practice, however at the time there was no insurance, and this concerned me. I consequently put the idea on the shelf for several years.

PRIVATE PRACTICE ESSENTIALS

After five years of working as a hospital-employed midwife, I took a break from midwifery practice and returned to university full-time to complete a Masters of Business Administration, with a view to starting my private practice. Business management is not taught in midwifery degrees, and I was keen to learn more before entering private practice.

My degree lasted 18 months and I commenced my private practice 12 months into the course, in 2006. A lot of what I learned was very applicable to running a private practice, with subjects such as economics, accounting, finance and marketing being very different to the types of subjects studied in a midwifery degree.

Over the next 18 months my business increased until it fully supported my living and business expenses. For the past six years I have run a successful private midwifery practice in Sydney – Essential Birth Consulting – and have not looked back.

What do I love about working in private practice? The ability to provide care that meets women’s needs for continuity, information and choices in birth; the ability to plan, implement, evaluate and celebrate successes; the vast skill set I have acquired in both midwifery and business management, which I get to practice on a daily basis; the birthday invitations and random parcels of photos and thank-you cards that arrive in my letterbox; and the ability to really make a quantifiable difference for women and babies.

I have always offered an all-risk model of care, as I was keen to ensure that women with higher risks received the benefits of midwifery care as much as those without complications. The main groups of women I like to work with are women who are having their first babies, women planning a vaginal birth after a previous caesarean and women with higher risks. This is because these groups of women stand to gain the most from private midwifery care in terms of birth outcomes and satisfaction with their experience.

In 2010, I became one of Australia’s first Medicare-eligible private midwife and founder of Essential Birth Consulting.
‘eligible midwives’. The pathway to becoming eligible was rigorous and took many months. Eligible midwives meet an additional registration standard that transfers to a notation on a midwife’s registration. As an eligible midwife, I am able to request pathology and diagnostic investigations for pregnancy, birth and postnatal care, and women in my care are able to claim Medicare benefits.

I am currently studying full-time to complete a Graduate Certificate in Midwifery. Once completed, I can apply for an endorsement on my registration to allow me to prescribe medications relating to pregnancy, birth, postnatal and neonatal care. This will increase my autonomy and allow me to provide enhanced care to women and babies.

CARE & CONSULTATION

My practice supports women without complications who have chosen to birth at home. I am able to care for women with high risks and women preferring to give birth in hospital via an arrangement through one of the large public hospitals in Sydney. Obstetric backup is also a feature of the care that I offer, so that each woman has care from one midwife she has chosen, with back up obstetric care available from a private obstetrician who is known to the woman as well. In this way, the service delivers complete continuity and greater certainty for women.

Women engage my care at the four to five-week stage of pregnancy. From there, I see women every four weeks until they reach 36 weeks of pregnancy, and then every week until their baby arrives. I consult from two locations and see a number of women who prefer home visits. Pregnancy appointments are one hour in duration, including the ordering of relevant pathology and ultrasounds, clinical assessment, care planning, birth preparation, childbirth education and birth planning.

Once the baby has arrived, I visit the mother and baby at home every day for the first week, after which they come to my consulting rooms twice in the second week and again at weeks three and four, followed by the final discharge six weeks after birth. In my experience women really love their postnatal care.

As well as private midwifery practice, I work with midwives who are entering private practice and midwives who are established in private practice in a consulting capacity to assist with business planning, marketing, practice options and business management. This, too, is very rewarding.

Midwifery is going through a rapid period of change, brought about by the maternity reforms, which have provided insurance, access to the Medical Benefits Scheme and access to the Pharmaceutical Benefits Scheme for midwives. Consequently, more midwives are leaving employed roles to enter private practice, however they feel uncertain as to how to start a business and ensure a successful practice. The consulting arm of my business assists these midwives.

I think private midwifery practice is definitely the way to go. It does require dedication, perseverance, problem solving and faith, but the rewards are very heart-warming as it’s such a special way to work with women during a unique and important time in their lives. ©

“I have always offered an all-risk model of care, as I was keen to ensure that women with higher risks received the benefits of midwifery care as much as those without complications.”
George Calombaris may be famous for his Greek-inspired cuisine and skills in the kitchen, but he is also a serious businessman who takes a long-term view. Steven Macarounas asks what keeps the passionate chef fired up.

On any given day, George Calombaris has a lot on his plate. As an award-winning chef who owns seven restaurants, has written several cookbooks, is one of Channel Ten’s popular MasterChef judges and has a young family and a baby on the way, it’s fair to say this is one busy man. And, as I discovered over lunch at The Press Club – George’s flagship Melbourne restaurant – that’s just the way the young entrepreneur likes it.
What are you most motivated by in business?
I don’t do anything to lose money and go broke, but first and foremost I want to create something that will one day leave a legacy. I want to be a role model to my own children and to people in general.

As a cook, someone that creates, I get to have instant gratification – I’m inspired by the produce and the plate is my canvas. I’m always asking how I can make people walk away with an experience that goes beyond the food on their plate.

Cooking is the most unglamorous job you can do. You’re in the kitchen, on your feet, your hands hurt and your body hurts. But when you love something, you enjoy the everyday challenges. In restaurants each day is new and you never know what’s going to happen – people might be early or late, or have allergies we have to work around. What I am always asking is what we can do to make our guests happy and take every single person on a little journey.

Do you agree that you can’t be successful without passion?
You have to be passionate but my father taught me not to expect other people to be the same. A good example is Pedros, one of my chefs. He has been with me for eight years and he loves it but he doesn’t want to be an entrepreneur, and why should I expect him to be?

My brother is a tiler and is very good at his job but when I ask if he wants a team, he says he just wants to work on his own. He’s happy.

On the other hand there’s Travis [McAuley], my business partner and Head Chef at Hellenic Republic – he has been inspired to get involved in the business side of the profession and he has run with it.

There are strong parallels between the relationship chefs and doctors have with their businesses. How do you manage being a chef, businessman and entrepreneur?
As someone at the top with 400 staff, it is my job to provide inspiration. With my team leaders, I need to inspire, direct and follow them up.

If I’m not good in an area I will get someone in to look after that aspect of the business. My weakness is that I’m terrible at accounting, so I have a bean counter as a business partner. He has absolutely no interest in whether red or white wine goes with a particular dish, he just wants to know about the money.

Many chefs go broke as they don’t look past their stovetop.

You have seven restaurants – what’s the importance of business partners in achieving that scale?
Having business partners can be a double-edged sword. There are strong parallels between chefs and doctors – it’s essential to look people in the eye and talk with them and you have to adjust to the fact that everyone is different. With my leaders and managers, they have to have the same ethics and top hospitality brain as me.

I have a great team with likeminded ideas and my job is to constantly inspire and drive them, and make them think about what we are all doing.

Does having to keep everything going weigh on you?
My father always taught me that you never say you can’t do it – you have to try. It doesn’t matter if you fail, you can get up again and have another go. Nothing is too hard. I’m very lucky with my family and my father is my biggest inspiration – he is 76 years old and has had cancer, and he’s still out there building me a fence at the back of my house.

From Dad I understand that you get one chance at life and you have to go for it, and there has to be a calculated plan to go with it, which is why I still regularly go back to my business plan for the Press Club.

I also tend to dream a lot during the day – I could be sitting just gazing out the window and I’m thinking away about ideas. I dreamed of the Press Club and Hellenic Republic in this way, and they both seemed to happen organically.
In each restaurant we have a ‘Think Tank’ – it’s a big board out the back of the kitchen and chefs have to write down ideas every week. From 10 things, one thing will be absolutely brilliant. From five things, two things will be a creation for something else.

At the Press Club our next big project is building a kitchen garden with special heirloom vegetables to be used in the restaurant. The plan is to also try and get unemployed people involved. It’s a massive plot of land and it’s a chance to create something new.

**Is it fair to say that your approach to business is innate?**

I’ve never read a business book or attended a seminar. It’s about spirit, dream, idea, feeling. Everything I do has to have meaning.

With my menus it’s about recreating a time, a place, a memory. It could be something simple, like sitting in a tavern in Mykonos eating a piece of fish and feeling the pebbles under my feet. I’ll start to think how I can bring that fantastic experience back to the Press Club, so I’ll come up with a way. On the menu I added a dish with five pieces of cured fish that give the taste of the sea and it’s served with pebbles on the side, so guests can touch the pebbles when they’re eating and experience what I did.

**How do you find the time to get into the kitchen and be creative?**

This comes back to my team – we are all working together and we are in the business of serving emotion. When you’re sick you want your Mum’s soup, and I try and use this emotion to connect with my patrons. I don’t want to copy, I want to create. All the top restaurants buy ingredients from the same suppliers, so I always look at how I can use the ingredients to cook in a way that is truly me.

**How has your fame and success affected your relationship with your family?**

My life has dramatically changed over the past few years. I can’t just walk up the road and have a drink with a few mates in a bar like I used to and I’m conscientious of being a role model for young kids. To me it’s important to be able to give people time – there have been plenty of situations where two minutes of my time have brightened someone’s day.

The thing that hasn’t changed is my relationship with my family. They were there for me six years ago when I was going through a divorce and lost pretty much everything, and they are there for me now that I am successful and engaged to Natalie [Tricarico] and have a son and another baby on the way.

**How does your Mum feel about you taking over the mantle as the recognised cook in the family?**

My Mum is a great cook but she didn’t teach me recipes, she taught me all about warmth, generosity and spirit, and how to serve people with good food. She gave me a love of hospitality.

At home my Dad never starts eating until Mum sits down, and no-one leaves the table until Dad does. It’s a sign of respect and of sharing something, and it’s a wonderful tradition. These are life skills that you can’t learn from anywhere but home.

**What does your Greek heritage mean to you and how does that translate into what you do and how you do it?**

I’m a born and bred Australian but my Greek heritage has given me a sense of identity and background. In my Hellenic book [*Greek Cookery from the Hellenic Heart*, New Holland Publishers], I talk about marinating the lamb before Easter as a child, and how Dad would put salt in my hand and have me rub the meat as he explained about the 40 days of fasting and how putting the salt on the meat would make it delicious. It was both a cultural experience and a lesson in food preparation, and these are the things that I bring to my cooking. 😊
WINTER GREEK SALAD
This delicious seasonal dish is on the menu at George’s Little Press & Cellar restaurant, in Melbourne. It serves 2 and is delicious with meat.

**Ingredients**
250g pumpkin

**Slow-cooked carrot ingredients**
4 whole scrubbed heirloom carrots
2 litres olive oil
½ bunch thyme
4 bay leaves
5 star anise
4 cloves garlic, bruised
2 tbsp cracked coriander seeds
1 tbsp cracked black peppercorns
2 cinnamon sticks

**Topping ingredients**
Puffed wild rice
Toasted cracked almonds
Toasted pumpkin seeds
Puffed quinoa
Toasted sunflower seeds

**Spiced Vinaigrette**
2 tbsp toasted ground cumin
1 tbsp toasted ground coriander
½ tsp cayenne
¼ tsp turmeric
Juice of 2 limes
150ml sherry vinegar
300ml extra virgin olive oil
200ml burned butter

**Serving ingredients**
Hung sheep’s milk yoghurt
Picked pea shoots, to garnish

**To prepare the pumpkin**
- Wash the skin and leave intact.
- Cut pumpkin into slices.
- Set oven to 180ºC. Cut into slices then rub with olive oil and sea salt.
- Roast until tender.

**To prepare the carrots**
- Warm the olive oil gently with all of the aromatic ingredients to infuse.
- Place the carrots in a deep soup pot and pour the olive oil over. Make sure they are submerged.
- Cover with paper and then a double film of tin foil.
- Set oven to 120ºC. Place pot in and cook for 2-3 hours. Cooking time may vary depending on the size of carrots. The skins should start to shrivel slightly and be very tender inside.
- Once cooked, allow carrots to cool to room temperature before removing from oil.

**To serve**
- Set oven to 160ºC. On a tray lined with greaseproof paper, season then warm the pumpkin and carrots in oven.
- On the serving dish, spread a thin layer of the sheep’s milk yoghurt.
- Carve carrots into halves lengthways then assemble carrots and pumpkin on the plate.
- Mix the toasted seeds, grains and nuts then sprinkle over.
- Mix all vinaigrette ingredients together. Dress the salad with the vinaigrette and garnish with pea shoots.
Are you considering cloud computing? Then Keith Rutherford advises getting to grips with all aspects of the technology to ensure your virtual solution is perfectly aligned with your business.

In essence, cloud computing places all resources, information and software into an Internet-based system that can be accessed on demand, making technology infrastructure virtual. While not all applications are cloud compatible, and some may never be, theoretically cloud computing gives businesses access from anywhere at any time while saving the direct cost of acquiring and running servers.

A recent IBM study on Chief Information Officers (CIOs) noted that 50% of midmarket CIOs plan to invest in cloud computing solutions over the next five years. Converts to cloud computing include everyone from big multinationals such as Coca Cola and inter-government agencies with global reach down to local business owners.

Keith Rutherford is a Director of Technology Services at Hood Sweeney.

VIRTUAL REALITIES

So, do you have a technology plan for your practice? And, if you are planning to join the cloud, have you considered all the factors? If so, be sure to do the following:

1. **Verify a sound connection**
Cloud computing can be very appealing for some businesses, from both a resourcing and financial perspective. However to make this advanced technology a productive choice requires the platform of a sound Internet connection. If you can’t rely on your connection, cloud computing becomes not only meaningless, but a risk.

2. **Know who owns the data**
Once your data is in the cloud, there is a certain loss of control that needs to be addressed as part of your risk-management strategy. When considering the host of your cloud-based data, consider issues such as who owns your data, what are the host’s service standards, who is the parent entity of the hosting company and where your data will actually be located, be it here in Australia or overseas.

   There have been several well-documented cases where hosting providers have fallen into financial difficulty and data networks...
have been shut down instantly with the result being that clients were unable to access their systems and data. This would be catastrophic to most businesses.

3. **Ensure platforms talk to each other**

   With the arrival of smart phones, tablets and dozens of business and productivity apps launching every day there is a challenge for individuals and businesses to connect knowledge and ensure that all systems talk to each other effectively.

   Focus needs to stay on which devices and applications will enhance the capability of a business, sync with current and future technology choices and, more importantly, ensure staff are skilled in how to use the applications. Otherwise, lack of connectivity and time wasted trying to make it work can outweigh the benefits of cloud applications.

   Your customers, including potential new customers, must also be a consideration in terms of how information is delivered to them, the platforms they use and the ease of access they have to the information they need to make decisions.

4. **Prepare for continuity**

   Most IT systems have a lifespan of about three years. After that, key components such as desktop and laptop computers will be out of warranty, which means if they fail, a business needs the financial resources on hand immediately to replace them.

   Notably, for an increasing number of organisations it is becoming more common to take two-year leases on computers to ensure maximum output and the ability to adapt to the ever-changing needs of the digital environment.

   Like IT systems, a server’s lifecycle has approximately three years in warranty, during which the main unit can be replaced if it fails. Servers can be rebuilt and memory added to keep them going but there’s a risk that they may still fail and, if they do, there’s potentially no warranty and no replacement parts to get them back working again. Hence the need for both capacity planning and business continuity planning.

5. **Manage bandwidth**

   Along with the hardware and server needs, bandwidth capacity needs to be considered. By 2014, Cisco Systems (a worldwide leader in networking) predicts that 91% of global network traffic will be video.

   Organisations need to ask themselves if they have the bandwidth to do this, both now and in the future. More importantly, businesses also need to ensure that critical business information and programs are prioritised over social media and video-browsing bandwidth usage. Setting in place a prioritisation program should also be considered.

6. **Plan for technology**

   Ultimately, the key objective should be to ensure that businesses have a robust technology system, is well managed and actively supports the organisation. Businesses need to be in the position to add new software.

For more information on Cloud Computing, contact Keith Rutherford on 1300 764 200 or keith.rutherford@hoodsweeney.com.au

Visit Hood Sweeney at www.hoodsweeney.com.au
Following on from last issue, **Dike Drummond** highlights the classic symptoms of burnout and the patterns typically followed by men and women.

Numerous studies have shown that an average of one in three practicing physicians worldwide is suffering from symptomatic burnout on any given office day, regardless of specialty.

The three classic signs and symptoms of burnout are measured by a standardised evaluation – the Maslach Burnout Inventory (MBI).
The classic symptoms are:

1. **Emotional Exhaustion**
   The doctor is tapped out after the office day, hospital rounds or being on call and is unable to recover with time off. Over time his or her energy level begins to follow a downward spiral.

2. **‘Depersonalisation’**
   This shows up as cynicism or a negative, callous, excessively detached response to their job duties. Often burned out doctors will begin to blame and complain about their patients and their problems.

3. **‘Reduced Accomplishment’**
   Here the doctor starts to question whether they are offering quality care and whether what they do really matters at all.

**BEHAVIOURAL PATTERNS**

As more female doctors move into the workforce, researchers are beginning to notice differences in the way burnout presents in men and women. If you think for a moment about the three scales of the MBI, you will probably be able to imagine the differences.

A groundbreaking study based on practicing physicians and published in 2011 revealed the following:

**The Female Pattern**
Women seem to follow the classic three-part pattern of the MBI, in the same order.

- **Stage One:** Burnout in female doctors starts with emotional exhaustion. Women traditionally support others in numerous areas of their lives, at home and at work. There is only so much energy and giving to go around.
- **Stage Two:** Depersonalisation and cynicism – this is a dysfunctional coping mechanism that feels somewhat better for an instant in time and yet does nothing to relieve the feeling of exhaustion. Cynicism is especially difficult for women to keep up for very long before stage three kicks in.
- **Stage Three:** Reduced accomplishment and doubting the quality of their practice and the difference their work makes in their patients' lives.

**The Male Pattern**

- **Stage One:** Men more commonly start with depersonalisation and cynicism, which serves as a coping mechanism for overwhelming stress. Again, this is a dysfunctional response to the inherent stress of being a doctor and only offers temporary relief. After all, the patients you may be feeling cynical about are the very people you have spent decades learning to serve.
- **Stage Two:** Emotional exhaustion follows. It worsens until they are no longer able to cope.
- **Stage Three:** By comparison to the female burnout pattern, stage three for men is remarkable by its absence. Male physicians are far less likely to feel that the symptoms of stages one and two affect the quality of the care they offer. This leads to a cynical, exhausted male physician who keeps going despite burnout because they feel they are still a “good doctor”. This lack of a phase three allows them to continue to practice in denial of their distress, despite the exhaustion and cynicism their co-workers and patients witness on the job.

**STAY ATTUNED**

If you are a practicing physician or a worker in any job you where you are feeling stressed, be sure to watch for the early warning signs of burnout:

- **Women:** Exhaustion and a feeling of not being able to recharge your batteries, followed by early signs of blaming your patients or clients.
- **Men:** Cynicism and blaming your patients or clients, followed by exhaustion and falling energy and engagement.

When you notice these signs, take a breath and a break. Recognise them for what they are – burnout. This is your cue to step back, take better care of your own personal needs and create some boundaries for a more balanced life. You, your staff, your patients and your family will be glad you did.

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**Note:** Dike Drummond provides burnout prevention and treatment services at www.thehappymd.com, and you can find an annotated bibliography of the research behind this story at: http://www.thehappymd.com/physician-burnout-bibliography/
As a vibrant and burgeoning city that offers easy access to Asia, Darwin has emerged as a hotspot for residential property development and investment. Jonathan McKenzie highlights the city’s potential for expanding personal wealth.

Darwin, our Northern Territory capital, is a dynamic and diverse city. Set on the impressive Darwin Harbour, which is twice the size of Sydney Harbour, the city’s relaxed tropical lifestyle has attracted residents from more than 60 countries to make up its multicultural population of 130,000 people – a figure expected to grow to more than 300,000 by 2021.

As well as being home to multiple tourist attractions and cultural riches such as Kakadu, Arnhem Land and Uluru, the Top End is Australia’s Gateway to South East Asia, with the port of Darwin serving as the main outlet for much of Australia’s export trade to our Asian neighbours. It’s also being quickly transformed into a thriving new business hub that offers substantial employment opportunities and presents exciting options for astute investors.
Boasting a wide range of industries headed up by mining, offshore oil and gas production, pastoral production, tropical horticulture and tourism, Darwin has gone from being a region renowned for its hard-working, hard-drinking ethos to a boomtown enriched by gas and bolstered by its location. The result is an unprecedented level of expansion.

At the heart of this transformation is Ichthys LNG – the $34 billion liquefied natural gas project undertaken by Japanese giant INPEX Corporation and French oil giant Total, which will fuel Japan for the next four decades.

The Ichthys LNG project, estimated to be worth double the size of the existing Northern Territory economy, has seen a plethora of new property development – along with the expansion of the Darwin International Airport and new port facilities, office towers, waterside apartments and shopping malls have been popping up. In addition, spending by households, businesses and the government grew at 26% in the 2011 December quarter.

Gas is not the only impetus in the region. Singapore Airlines’ Silk Air unit began flights in March 2012, delivering Asian tourists to the Territory, and the first group of US marines arrived in April to take up residence in Darwin, providing the local economy with new consumers. A total of 2500 additional military personnel will be stationed in the Northern Territory for six months a year.

LAYING FOUNDATIONS

Sunbuild, one of Darwin’s largest locally owned builders and developers, has been building in Darwin for over 20 years, growing steadily from constructing traditional commercial and industrial properties to delivering Evolution on Gardiner – Darwin’s tallest and most prestigious residential tower, which was constructed in 2009.

Recognised as Darwin’s finest inner-city high-rise apartment block, Evolution on Gardiner represents a level of design and quality never before seen in Darwin, and is seen as another milestone in the continuing evolution of this iconic Australian city.
Other significant Sunbuild projects completed in the city include the Rail Passenger Terminals, Bunnings Stores at Palmerston and in Darwin, as well as the United Foods cold storage facility. Sunbuild is also currently building a number of other residential projects, including Sunset Dreams and Seabreeze, two quality resort-style projects in Rosebery and Nightcliff – two of Darwin’s fastest-growing suburbs.

Neil Sunners, Sunbuild founder and owner, says of Darwin: “Sunbuild has been at the very forefront of the changing face of Darwin. We build for many of Darwin’s major business owners and other developers. We have recently been appointed to construct The Avenue in Parap, on the edge of the city centre – with an estimated value on completion of over $250 million, this is an outstanding achievement for the group. The Avenue project is an eco-friendly office, retail and residential complex that will provide a wonderful employment platform during 2013 to 2016 for Sunbuild and the city of Darwin.”

GROWTH POTENTIAL
As part of an increased exposure initiative, Sunbuild has commenced a partnership with Savills Australia, an international property services company that will assist in taking Sunbuild’s property and the Darwin property market to broader marketplaces within Australia. Savills has offices across Australia and New Zealand and is part of an international business, with over 500 offices worldwide.

As Divisional Director at Savills Australia, I am primarily involved in the Australian residential sector operated out of Savills head office in Sydney. Our Residential Projects Business has been tracking the Australian property sectors looking for markets that exhibit the sound factors of infrastructure spending and new business investment in resources, public-sector support initiatives and a resultant strong basis for population growth. Darwin is and has been a standout in this regard.

In spite of the continued hiccups in economic confidence post the GFC, Darwin looks like sustaining strong growth going forward. Savills Residential Invest has been conducting seminars and education evenings in various capital cities during 2012 and has been heartened by the strong response. It is apparent that a large number of property investors are utilising social media and the Internet, which offers a plethora of information, to make property investment a higher priority for their investment planning.

The Self Managed Super Fund marketplace is a growing phenomenon that is offering up compelling parameters for property investment, as are post-GFC government incentives, which have been very successful in stimulating certain market sectors. The National Rental Assistance Scheme, for instance, has resulted in very attractive investment offerings.

The mining and resources markets have established new prospects for investment and an analysis of the markets that have performed positively during the recent post-crisis years cites Darwin as a standout. Other market sectors reaping the benefit include Perth, Mackay, Gladstone and the Bowen Basin regions of Central Queensland.
MINIMUM PRODUCT INFORMATION

ACTEMRA® (tocilizumab) Indications: ACTEMRA is indicated for the treatment of moderate to severe active rheumatoid arthritis (RA) in adult patients in combination with methotrexate (MTX) or other non-biological disease-modifying anti-rheumatic drugs (DMARDs) in case of either an inadequate response or intolerance to previous therapy with one or more DMARDs; or as monotherapy in case of intolerance to MTX or where continued treatment with MTX is inappropriate.

ACTEMRA is also indicated for the treatment of active systemic juvenile idiopathic arthritis (sJIA) in patients ≥2 years of age and older. ACTEMRA can be given alone or in combination with methotrexate (MTX).

Dosage and Administration: Adult RA - 8 mg/kg given once every 4 weeks as an IV infusion over 1 hour. Once-daily dosing of ACTEMRA is not recommended.

Doses > 8 mg/kg given once every 4 weeks as an IV infusion over 1 hour are not recommended for individuals whose body weight ≥ 100 kg.

ACTEMRA should be stopped immediately and ACTEMRA should be permanently discontinued. Patients with a history of any reaction consistent with hypersensitivity to any component of the product must not be re-challenged with ACTEMRA.

Appropriate treatment should be available for immediate use in the event of an anaphylactic reaction during treatment with ACTEMRA. If an anaphylactic reaction or other serious hypersensitivity reaction occurs, administration of ACTEMRA should be stopped immediately and ACTEMRA should be permanently discontinued. Patients with a history of any reaction consistent with hypersensitivity to any component of the product must not be re-challenged with ACTEMRA.

Adverse Effects: The most common adverse reactions with ACTEMRA are similar in type to those seen in RA patients. Anaphylaxis, anaphylactoid reactions, and hypersensitivity reactions in patients under 18 years of age have been reported in the post-marketing setting. These events have occurred as early as the first infusion of ACTEMRA. Development of infections, history of recurring or chronic infections, Serious and sometimes fatal infections have been reported in patients receiving immunosuppressive agents including ACTEMRA. Underlying conditions e.g. diverticulitis, diabetes; live vaccines; infusions during an episode of active MAS.

ACTEMRA should be stopped immediately and ACTEMRA should be permanently discontinued. Patients with a history of any reaction consistent with hypersensitivity to any component of the product must not be re-challenged with ACTEMRA.

Development of infections, history of recurring or chronic infections; Serious and sometimes fatal infections have been reported in patients receiving immunosuppressive agents including ACTEMRA. Underlying conditions e.g. diverticulitis, diabetes; live vaccines; infusions during an episode of active MAS.

Pregnancy Category C - not to be used during pregnancy unless clearly necessary. Consider the benefits/risk of breast-feeding to the child compared to the benefits/risks of ACTEMRA therapy to the patient. ACTEMRA is not recommended for use with other biological agents. Suppression of CD4+ T cell activation is not recommended for use with other biological agents. Suppression of CD4+ T cell activation is not recommended for use with other biological agents. Suppression of CD4+ T cell activation is not recommended for use with other biological agents. Suppression of CD4+ T cell activation is not recommended for use with other biological agents.

ACTEMRA should not be used with other biological agents.

Please review the Product Information before prescribing, available on request from Roche Products.

Please note changes in Product Information.

Proudly presented at EULAR 2012: www.eular.org

PBS Information: This product is listed on the PBS as a Section 100 item for severe Rheumatoid Arthritis and systemic Juvenile Idiopathic Arthritis. Refer to the PBS Schedule for full authority information.

Please review the Product Information before prescribing, available on request from Roche Products.

MINIMUM PRODUCT INFORMATION

ACTEMRA® (tocilizumab) Indications: ACTEMRA is indicated for the treatment of moderate to severe active rheumatoid arthritis (RA) in adult patients in combination with methotrexate (MTX) or other non-biological disease-modifying anti-rheumatic drugs (DMARDs) in case of either an inadequate response or intolerance to previous therapy with one or more DMARDs; or as monotherapy in case of intolerance to MTX or where continued treatment with MTX is inappropriate. ACTEMRA has been shown to inhibit the progression of joint damage in adults, as measured by X-ray, when given in combination with methotrexate. ACTEMRA is indicated for the treatment of active systemic juvenile idiopathic arthritis in patients ≥2 years of age and older. ACTEMRA can be given alone or in combination with methotrexate (MTX).

Dosage and Administration: Adult RA - 8 mg/kg given once every 4 weeks as an IV infusion over 1 hour. Once-daily dosing of ACTEMRA is not recommended for individuals whose body weight ≥ 100 kg.

ACTEMRA should be stopped immediately and ACTEMRA should be permanently discontinued. Patients with a history of any reaction consistent with hypersensitivity to any component of the product must not be re-challenged with ACTEMRA.

Appropriate treatment should be available for immediate use in the event of an anaphylactic reaction during treatment with ACTEMRA. If an anaphylactic reaction or other serious hypersensitivity reaction occurs, administration of ACTEMRA should be stopped immediately and ACTEMRA should be permanently discontinued. Patients with a history of any reaction consistent with hypersensitivity to any component of the product must not be re-challenged with ACTEMRA.

Adverse Effects: The most common adverse reactions with ACTEMRA are similar in type to those seen in RA patients. Anaphylaxis, anaphylactoid reactions, and hypersensitivity reactions in patients under 18 years of age have been reported in the post-marketing setting. These events have occurred as early as the first infusion of ACTEMRA. Development of infections, history of recurring or chronic infections; Serious and sometimes fatal infections have been reported in patients receiving immunosuppressive agents including ACTEMRA. Underlying conditions e.g. diverticulitis, diabetes; live vaccines; infusions during an episode of active MAS.

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The media is already reporting that the RBA is under various pressures in respect to its October Board Meeting, and the decision regarding what they will do with rates is a lottery. The global picture and world economics still echo negative sentiments and, at best, the majority of forecasters are predicting a flat global outlook.

On a positive note, Australia continues to weather the post-crisis pain our European and American friends have endured and our own forecasters see signs of improvement during 2013, despite a noticeable slowdown in activity across most markets in the second half of 2012.

PROPERTY PROS
In residential property terms, the Darwin investment fundamentals have never been clearer:
• The city has led the residential property market since 2004 and this is expected to continue.
• Darwin median house rental grew 18% to $650 per week during the fiscal year 2012 and the median unit rent grew 11% to $500 per week – the highest in the country (Source: APM).
• The vacancy rate in Darwin is 0.5% and there is a looming severe shortage of rental accommodation.
• Darwin has No Land Tax, which is a significant advantage in property investment terms.
• An estimated 6000 additional workers will be required in the Territory over the next five years to meet demand from mining and gas companies.
• Continued under-supply of housing in nearly all states means there is a chronic housing shortage.
• Darwin enjoys consistent migration figures, supported by a strengthening movement of overseas students to Australia for education.
• Interest rates are at historically low levels – a cash rate at 3.5% and an even-money bet on rates reducing further in the next six months would not be unreasonable.
• Rental returns in many locations at historical highs, with common yields in excess of 8% per annum gross.

With these factors at play, now is a good time to be looking at getting into the property market, particularly with new, off-the-plan stock that will deliver investors all the components necessary to make their money work hard.

CLOSE ENCOUNTERS
Darwin is closer to Asia than any other Australian capital city and flying times from most South East Asian destinations are less than four hours. The Darwin International Airport is the Northern Territory’s main gateway for visitors and is well serviced by regular international, domestic and regional flights, including direct services from Singapore and Ho Chi Minh City. The airport is just 13 kilometres from the Darwin CBD and the major airlines operating there are Qantas, Jetstar and Virgin Blue. Air travel to and from Darwin now incorporates flights to Tokyo, Japan through Jetstar airlines.

ON THE MOVE
The World Tourism barometer UNWTO recently reported that a record 467 million tourists travelled in the first half of 2012, with firm predictions international tourism numbers will reach one billion by the end of this year. Despite concerns over the global economy, international tourism demand continues to show resilience, with numbers up for the corresponding period in 2011.

Taleb Rifai, Secretary General for UNWTO, said of the figures: “Amid the current economic uncertainty, tourism is one of the few economic sectors in the world growing strongly, driving economic progress in developing and developed countries alike and, most importantly, creating much needed jobs.”

This is great news for the Top End, which is already a popular tourism destination due to its wealth of natural attractions.

For more information on properties for sale in the Top End and around the country, please visit www.savills.com.au
At William Buck, we have one simple goal - to simplify, clarify and systemise your finances and take the stress out of your life.

We’re more than just a leading accounting and advisory firm. We become true partners with our clients and work hard to keep you one step ahead.
I’m often asked by doctors about new banking products that can potentially increase financial wealth and have features that are easy to comprehend. Self Managed Super Funds (SMSFs) are a growing trend but borrowing within these funds is an option that’s not widely understood.

The two most common reasons for borrowing within SMSFs are to acquire investment property, both commercial and residential, or to acquire publicly listed shares and managed funds. Lending to acquire property within your SMSF is becoming more common and there are many more lenders in this market than there were just two years ago. The increased competition has driven down interest rates and the costs to set up such loans. Lending policies have become a little more flexible and you can typically borrow up to 80% of the value for a residential property and 70% for a commercial property.

Remember, these loans are secured by investment properties that earn income for the SMSF and the lender primarily uses the rental income as the basis to establish the fund’s ability to service the loan. To a lesser extent the lender also relies on historical fund contributions. It is usual for personal guarantees to be provided, although the primary security is a registered first mortgage over the property being acquired. The property sits within a Property Trust and the Property Trustee grants the mortgage. There is no recourse against other assets in the SMSF, and this is an important consideration. In the event of loan default, the lender will pursue the mortgaged property only and the guarantor personally, but not other super fund assets.

Loan terms are typically up to 30 years, with repayments on a principal and interest basis or interest only. Interest only loans are normally restricted to a 10-15 year timeframe. Variable and fixed rates are available and the minimum loan size is $250,000.

The property investment criteria
are the same as if it were being purchased outside of a SMSF. The lender is looking for non-specialised commercial security with strong tenants and lengthy (3 to 5 year) leases, or in the case of doctors, their surgery is ideal. The same is true for residential property, which should be a well-located investment property capable of being rented easily.

SHARE OPTIONS

Less complicated and fairly new are loan products that allow you to acquire shares or managed funds within your SMSF. In this case, loans are provided to acquire shares listed in a pre-approved investment list. Most of Australia’s top 200 public companies are on the list.

A similar list is available for Managed Funds. Initially a credit limit is established, representing 50% of the SMSF value, and each purchase of shares or managed funds represents a sub-account of the line of credit. Each sub-account stands alone as security and no personal guarantees are required. That’s right – no personal guarantees are required!

Lenders will typically lend 40-55% of the value of the shares. The equity must be provided from within the SMSF. The minimum sub-account loan size is $20,000. For managed funds, the loan value is up to 60%.

The current interest rate for this type of lending is in the low to mid eights, similar to margin lending in the broader market.

One benefit of this product, in contrast to property loans within your SMSF, is the low entry cost – it is just $250 to establish your line of credit. Once established, you can draw down as and when you wish. Margin calls are triggered once your loan to value percentage increases 15% above the approved arrangement.

The loan application process is generally much simpler than acquiring property as there is no need to establish a Trust Structure, which is already catered for within the product’s features. With no personal guarantees required, the credit process is quick and easy.

Note: With both of these products there are the usual investment risks and it is highly recommended that you seek expert advice from your Financial Adviser and taxation advice from your accountant.
PROTECTION

There are a number of basic protection needs that typically apply to a business and its ability to succeed, all of which should be reviewed on a regular basis.

ASSET PROTECTION

When asked what their most important assets are, most business owners initially think of physical assets. While these are obviously valuable to every business, it’s the intellectual capital and personal effort provided by the key people, like you and your business associates, that typically makes these assets generate a business’s profits.

The continued contribution of key people is critical to the long-term success of any business. Material things can always be replaced or repaired but when a key person dies or is permanently disabled, their loss to the business can have an immediate financial impact.

Without the security provided by the key person, the business may be forced to sell assets to maintain cashflow if creditors press...
for payment. Both the assets of the business and the personal assets of the business owners securing business loans may be at risk.

REVENUE PROTECTION
Most businesses have at least one key person whose skill, knowledge, experience and leadership generate significant revenue.

In the case of your practice this may be you or one of your associates.

A key person in any business may generally be defined as one whose death, disablement or critical illness would have an adverse financial effect on the business. A drop in revenue is often inevitable when a key person is no longer there.

If there isn’t a suitable replacement within the business, it may take substantial time and money to find and train a successor, let alone restore any loss of revenue during a very stressful time.

OWNERSHIP PROTECTION
People don’t plan to fail, but they typically fail to plan. This age-old truth has particular relevance where the death or disability of an owner can result in the demise of an otherwise viable business simply because of the lack of business succession planning.

While the owners are alive they can at least negotiate a buyout among themselves – for example, on an owner’s retirement. But what if one of them dies? The continuing owners must now negotiate with the deceased owner’s legal personal representative, who may well be more concerned about the needs of the owner’s beneficiaries than the needs of your business.

Alternately, the continuing owners may find themselves in business with the beneficiaries of the deceased, who may have neither the skill nor desire to contribute to the success of the business, but expect to share in the profits.

Many business owners mistakenly believe that this contingency has been catered for in the business’s legal documentation. Often there is no buyout provision or, if there is, it might be ineffectually drawn up and inadequately funded. This could result in some loss of control of the business.

INCOME PROTECTION
Research into small businesses undertaken by the Financial Services Council back in 2006 highlighted the fact that almost 70% of small business owners do not have Income Protection insurance. It also showed that a mere 25% could maintain their lifestyle for more than six months if they suffered a serious illness or disablement. Imagine the resulting cost to your practice if this were to happen to you.

The same research reported that, “A major surprise was that 47% of the small business people surveyed were unaware that Income Protection insurance is tax deductible”.

Of those surveyed, 81% said loss of income would affect living expenses, with 25% stating they would be greatly affected; 60% said they would run into credit card expenses, which, with no income, can quickly get out of control. Fortunately this is one problem easily solved by taking out insurance for you and your practice.

In short, the key to good protection is the right amount of money for the right person at the right time. The question you therefore need to ask your financial adviser is how best to protect your investment and hard work.

DID YOU KNOW…
• Only 25% of people in small business could maintain their lifestyle or business for more than six months if they suffered a serious illness or disablement. Source: Financial Services Council.
• Only 10% of small business owners have a documented succession plan. Source: Cameron Research Group.
• 47% of people in small business weren’t aware that Income Protection insurance is tax deductible. Source: Financial Services Council.

For more information about how MLC Insurance can help protect you financially, speak to your nearest Private Practice endorsed financial adviser:
• New South Wales: Warren Skinner, Fintuition (02) 9362 5050.
• Victoria: Denis Durand, Durand Financial Services (03) 9909 7553.
• Queensland: Scott Moses, Lane Moses Private Wealth (07) 3720 1299.
• South Australia: Andy Murdock, Ora Financial Services (08) 8211 6611.
• Western Australia: Wayne Leggett, Paramount Wealth Management (08) 9474 3522.

The Private Practice Spring 2012
Many of my clients ask why Business Medical Indemnity (BMI), or practice insurance, is important and why it seems to have become such an issue in recent years.

The need for this type of cover is not something new – other professionals have always had it. The key point here is that other professionals have always arranged their insurance cover in a different way to doctors – they tend to buy insurance under the one policy, which covers the company and all its employees, including all professionals working in the company.

Doctors have always arranged their cover on a personal and individual basis, as Federal Government legislation surrounding medical indemnity makes this more advantageous for doctors.
STRUCTURALLY SOUND

Over the past 10 years many things have changed for doctors and their practices but two key issues have focused attention on the need for BMI cover:

1. **Who is covered under a doctor’s policy**

   When the Federal legislation that supports doctors was introduced around eight years ago, it brought with it limits on who can be covered under a doctor’s insurance policy.

   The Premium Support Scheme, High Cost Claims Scheme, Exceptional Claims Scheme and ROCS are intended to support and give protection to doctors. They are not intended to cover companies, corporate entities or complex businesses and are not generally intended to cover claims that relate to the actions of people other than doctors.

   Doctors can only retain the right to the benefit of these schemes if they keep their own individual policy.

   At Avant Guard Medical Insurance, we have made our insurance policy as broad as possible in terms of who it covers, within the limits we must work to given the parameters of the Federal Government arrangements.

   The Federal Government arrangements provide enormous benefits to doctors, which we believe far outweigh any downside for practices having to arrange their own insurance to cover them for matters that may not be covered by their doctors’ insurance arrangements.

2. **The structure of medical practices**

   The other significant issue that has changed the need for companies or practices to have their own insurance is how medical practices are now being structured.

   Many years ago it was common to have relatively small or single-doctor practices, where the nurse and a receptionist were employed by the doctor (or his or her service company).

   We are now seeing more complex arrangements, including:

   - **Practices and companies owned by many doctors** (or a mix of doctors and non doctors), where the staff are employed by the company and the doctors are often insured with different insurers.

   - **Practices owned by corporate entities**, employing the doctors and a diverse range of professionals, including allied health workers.

   - **Practices essentially running as businesses**, providing services to other doctors and organisations, including the leasing of facilities.

   For the reasons outlined above, such structures cannot be covered effectively under an individual doctor policy, which means the company or practice must consider its own insurance.

ADDED PROTECTION

We cannot control how, when or why patients decide to bring a claim and often it is extremely difficult to clearly identify who may have caused or contributed to an adverse outcome in the event of a claim – often lawyers will commence an action against all potential defendants.

Our own doctor policy will cover the doctors to the extent they are liable – whatever the practice structure – but if the practice or company has its own insurance cover then it (and its employees) will also be covered, providing the practice with better overall protection.

While having individual cover may bring significant tax benefits, keep in mind that it also creates the need for practice insurance. Business Medical Indemnity is a very simple and cost-effective way of putting additional protection in place for a practice and its employees in addition to what can be covered under a doctor’s policy.
When her employers entrusted Debbie Evans with overseeing the development and refurbishment of a new practice site, she rose to the challenge and has been rewarded both personally and professionally.

I recently attended a Succession Planning Seminar with Steven Macarounas from The Private Practice, who asked if I might write about my journey and how it has allowed me to grow the general practice I now work in. I feel privileged to be given this opportunity and share it with others within this field.

Having had no previous experience in the medical industry, at the end of 2009 I was fortunate enough to secure a position as Practice Manager at Woonona Medical Practice, in the Illawarra region of New South Wales. I did have quite a lot of management experience, however, and was eager to learn as much as I could to improve myself.

A number of years ago I went through a divorce and did not know if I would be successful in obtaining a career that I felt proud of and was fulfilling. I had no formal qualifications or certificates to show potential employers to justify why they should hire me. I wanted to make a difference as well as show my children that if you worked hard you could achieve a lot with your life and be respected. I was worried that I would not be able to obtain a position that would provide me with a suitable wage as a single parent.

At that time I set about learning as much as I could and started to obtain some formal qualifications. With much perseverance I have been able to learn new skills that enhance my abilities and what I can offer employers. This has given me the skills necessary to manage the growth and expansion of Woonona Medical Practice.

I am proud to say that the owners of the practice have revealed that they were not expecting a Practice Manager that has been as resourceful as I have turned out to be. They have told me their stress levels have lowered considerably since I started my role, and the burden of managing the practice has lifted to some extent.
JOINING FORCES

Some time after I commenced at Woonona Medical Practice I was asked to see how we could expand our services and provide additional space for more doctors and allied health professionals. It soon became apparent that our current location was not going to be able to provide any such expansion.

We were renting and the only way was up with no space for additional car parking; there was also an asbestos issue to deal with. The owner of the property did not wish to sell. Our rent was about to double and it was not financially viable to put our funds into someone else’s property.

I set about researching other options and within a short period of time found a sizeable property that had potential to provide a significant health facility for the community, as well as provide the owners with income and future expansion. At the same time there was also an opportunity to apply for one of the Primary Care Infrastructure Grants, which would assist us in an expansion as well as cover some of the capital costs.

I asked the practice owners to come and view the new property to see if they could see the same potential that I saw. After viewing the site they asked me to put together a worst-case scenario so they could evaluate their options. Upon doing this I was able to show them that, even with the worst-case scenario, we would be better off than staying at our current premises.

Having completed numerous seminars in property development, I felt we could achieve much in purchasing the new site. I presented to the doctors with the concept of offering shares to all the staff to enable the purchase of the property. A total of eight doctors and staff took part in the offer and invested over $2 million to purchase the property. I sourced a suitable solicitor with experience in Self Managed Super Funds and Property Trusts, who was able to put together our Trust Deeds and other relevant documentation.

Most of the new owners set up individual Self Managed Superannuation Funds, which were the source of much of the funding. After purchasing the property we had nearly $400,000 left over to put towards renovating the property and obtained a loan of $450,000 to allow for a full refurbishment of the external and common areas.

The sale of the property was subject to us obtaining a Development Approval for a change of use to Health Consulting rooms. We were also required to prepare plans for the refurbishment. It was decided that the practice would secure a lease on 700m² of floor space on level one of the building, and the rest would be offered to other health-related businesses as separate tenancies.

The plan was to obtain maximum rentals to provide a Return on Investment in excess of 15% to the owners. This was going to be significantly more than would be obtained with our money in the bank or invested in shares.

PLANNING FOR SUCCESS

We had some discussion around who would prepare the plans and while the doctors’ preference was to secure an architect who had experience in medical practices, I felt I had enough knowledge of how our practice worked to allow me to develop the floor plan at minimal cost.

I then obtained the services of a draftsman to complete the documentation from my drawings. This proved to be significantly cheaper, having cost us approximately $50,000 compared to the $300,000 quoted by an architect. Once the plans were completed I set about finding a suitable builder to complete the renovation work.

Again the doctors were keen to secure a project manager to assist with the management work, however I was able to convince them that I would be able to do this on behalf of the owners. I had completed a qualification in project management following my divorce, as well as having accrued over 20 years of experience in the construction industry, so I felt as though I would be able to fulfil this role.

On a personal level, I was able to negotiate with the new Property Trust owners and obtain additional shares in the development for carrying out the refurbishment and securing other tenants in the remainder of the property. I was given milestones to complete and, once each milestone was achieved, a block of the shares was released into my name as payment for the work completed.

The doctors told me they did not wish to be too involved in the process so I took over and commenced the project while still focusing on my role as practice manager. During the initial period I also had to complete an application for a $500,000 Primary Care Infrastructure Grant, which
involved a considerable amount of work and time. The time spent on this proved worthwhile as in December last year we found out we were successful. The practice sourced a loan for $500,000 for the first stage of refurbishment for their tenancy area, with the grant funding allowing us to complete a further expansion to give us 21 clinical rooms in total, up from seven.

We settled on the sale of the property at the end of May 2011, with Council providing us with the approval for a change of use, however building work was not able to commence until October 2011 due to a modification to the development application.

We had some worrying times as we came closer to the end date of our lease but with two weeks to go were able to get the go-ahead for work to commence. During this period I had the builders working frantically to get us into some temporary rooms to allow us to continue seeing patients. I arranged to move the practice over a weekend at the end of October and, thanks to the efforts of our dedicated staff, we only lost two work days.

COUNTING THE BENEFITS

Once we had settled into our temporary space I was able to concentrate on the refurbishment, which commenced in November 2011. Since then we have completely refurbished 1600m² of floor space over two levels. This has taken nine months and has provided the practice, our patients and our other new tenants with a tremendous facility that will assist the community for many years to come.

Our practice now provides space for 10 GP consulting rooms, five nurses/treatment rooms and seven allied health consulting rooms. We have been joined by an osteopath, podiatrist, audiometrist, psychologists, nutritionists, massage therapists and IVF and other visiting specialists. We also have two training/conference rooms to assist in meetings and group discussions. These additional services have increased our room rentals from approximately $5000 to over $100,000 per annum, which goes directly into the Medical Practice accounts to assist in profit growth for the associates. The room rentals also have a potential income growth of over $230,000 per annum in additional income to the practice.

Along with the increase in clinical rooms now available to the doctors, I have been able to secure the following:

- **New tenants in the building**: Our tenants include Pathology, Radiology, Physiotherapy, a Skin Care Clinic and a Natural Health Clinic, which contribute to approximately $400,000 per annum in rent to the Property Trust owners. I have achieved the 15% return on investment to the owners that I set out to do.

- **Increased equity**: The new leases are with options that extend to 10-year terms and have also provided an increase in equity on the property – up from $1.6 million 12 months ago to over $4 million in value now.

- **Increased practice value**: The practice itself has increased its value significantly with the new office space, as well as having the $500,000 added from the grant funding to expand its services further.

- **Investment potential**: The allied health area has been set up in a manner that it could be sold off as a separate business in itself and would be valued at over $200,000, based on the current room rentals.

- **Increased superannuation**: Rent that was previously put into our landlord’s pockets now goes into our Self Managed Super Funds.

- **Opportunity for further development**: We still have the option of developing the property further, as we have over
1700m² of additional land that is currently being utilised for parking that could be built on.

- **Increased patient numbers:** Our numbers are now growing at a rate of over 100 new patients per month, providing added revenue to the doctors.

- **Room for growth:** We have increased the opportunities for the doctors to grow their business with the construction of the additional clinical rooms, and henceforth attract new GPs and other staff and services. The practice is now much more attractive to new doctors who can see the potential in joining us, as well as the possibility in becoming an owner in the future. It also has far better succession planning possibilities for the current owners and is much more valuable to them.

**HAVING BELIEF**

While we have met with some hurdles on the journey, it has definitely been a worthwhile one and has given us so many opportunities to provide a higher standard of care and better patient outcomes via the extensive range of services we have on offer under the one roof. I am excited about the future potential here and the opportunities available to us from this point forward.

Our patients have been congratulating us on our new offices as well as being thankful for the added services they can now receive, locally and at one site. On top of this we have provided employment by the attraction of new businesses to the area, with all new tenants, bar one, being new businesses.

I am grateful for the opportunity I’ve been given to develop this new facility and can now see what I have to offer and the value I have been able to bring to the practice and the property owners. I believe there are always ways to expand your services and provide areas of increased profitability.

One thing I would say to employees is to believe in your staff and those you seek advice from. You should trust that, as an owner, you may not have the necessary skills to carry out all of the roles within your business, however if you find the right staff and source those people who have expertise in the area you require assistance in, you will be successful.

On top of this, resources and procedures must be in place to ensure that new and improved models of business can be adopted, as change is constant. Businesses must learn to adapt to these changes and not be afraid of them.

As the owners of Woonona Medical Practice told me when I was first employed, they wanted someone to look outside the square, and this was something they were also prepared to do. My employers took a leap of faith in supporting my belief that I could do the job on their behalf and invested a substantial amount of money in this development, and in me. I feel I have been able to prove that their belief was justified. I’m looking forward to the future growth of the practice and expanded development of supported care for our patients, as well as continued personal growth and learning for myself.
REGRETS of the DYING

Having spoken to many people just prior to their deaths, Bronnie Ware says it’s important to consider what you really want to get out of life and to choose happiness.

For many years I worked in palliative care. My patients were those who had gone home to die. Some incredibly special times were shared. I was with them for the last three to 12 weeks of their lives.

People grow a lot when they are faced with their own mortality. I learnt never to underestimate someone’s capacity for growth. Some changes were phenomenal.

Each experienced a variety of emotions, as expected, denial, fear, anger, remorse, more denial and eventually acceptance. Every single patient found their peace before they departed though, every one of them.

When questioned about any regrets they had or anything they would do differently, common themes surfaced again and again. Here are the most common five:
1. I wish I’d had the courage to live a life true to myself, not the life others expected of me

This was the most common regret of all. When people realise that their life is almost over and look back clearly on it, it is easy to see how many dreams have gone unfulfilled. Most people had not honoured even a half of their dreams and had to die knowing that it was due to choices they had made, or not made.

It is very important to try and honour at least some of your dreams along the way. From the moment that you lose your health, it is too late. Health brings a freedom very few realise, until they no longer have it.

2. I wish I didn’t work so hard

This came from every male patient that I nursed. They missed their children’s youth and their partner’s companionship. Women also spoke of this regret. But as most were from an older generation, many of the female patients had not been breadwinners. All of the men I nursed deeply regretted spending so much of their lives on the treadmill of a work existence.

By simplifying your lifestyle and making conscious choices along the way, it is possible to not need the income that you think you do. And by creating more space in your life, you become happier and more open to new opportunities, ones more suited to your new lifestyle.

3. I wish I’d had the courage to express my feelings

Many people suppressed their feelings in order to keep peace with others. As a result, they settled for a mediocre existence and never became who they were truly capable of becoming.

Many developed illnesses relating to the bitterness and resentment they carried as a result.

We cannot control the reactions of others. However, although people may initially react when you change the way you are by speaking honestly, in the end it raises the relationship to a whole new and healthier level. Either that or it releases the unhealthy relationship from your life. Either way, you win.

4. I wish I had stayed in touch with my friends

Often they would not truly realise the full benefits of old friends until their dying weeks and it was not always possible to track them down. Many had become so caught up in their own lives that they had let golden friendships slip by over the years. There were many deep regrets about not giving friendships the time and effort that they deserved. Everyone misses their friends when they are dying.

It is common for anyone in a busy lifestyle to let friendships slip. But when you are faced with your approaching death, the physical details of life fall away. People do want to get their financial affairs in order if possible. But it is not money or status that holds the true importance for them. They want to get things in order more for the benefit of those they love. Usually though, they are too ill and weary to ever manage this task. It is all comes down to love and relationships in the end. That is all that remains in the final weeks, love and relationships.

5. I wish that I had let myself be happier

This is a surprisingly common one.

Many did not realise until the end that happiness is a choice. They had stayed stuck in old patterns and habits. The so-called ‘comfort’ of familiarity overflowed into their emotions, as well as their physical lives. Fear of change had them pretending to others, and to their selves, that they were content. When deep within, they longed to laugh properly and have silliness in their life again.

When you are on your deathbed, what others think of you is a long way from your mind. How wonderful to be able to let go and smile again, long before you are dying.

Life is a choice. It is YOUR life. Choose consciously, choose wisely, choose honestly. Choose happiness.

Bronnie Ware is a writer and songwriter from Australia who spent several years caring for dying people in their homes. She has recently released a full-length book titled The Top Five Regrets of the Dying - A Life Transformed by the Dearly Departing. It is a memoir of her own life and how it was transformed through the regrets of the dying people she cared for. For more information, please visit www.bronnieware.com.
If the thought of retirement is sitting at the back of your mind, you are not alone. With the aging of the baby boomer generation, the percentage of Australians set to retire in the next three years is on a dramatic increase that will continue until approximately 2034. We can assume, then, that an increasing number of medical practices will be offered up for sale. To ensure your practice is attractive to buyers and that you maximise your financial returns from this opportunity, you need to make sure the business side of your medical practice is cared for and professionally managed.

**PLAN AHEAD**

In our experience, doctors tend to neglect the financial and business aspects of their practice, which means they are not able to achieve an optimal sale price.

The ideal time to start planning your exit strategy is approximately four to five years before you want to retire. This is based on the following:

- Having at least two years (or ideally three) of financial results that show strong trading figures.
- Allowing one year to market the practice and find an appropriate buyer.
- Allowing one year working in the practice after the sale to transition patients.

While the timeframes on these three factors may vary slightly, one constant factor for all sales is that the potential purchaser will be considering their return on investment against the risks of ownership.

If you are approaching retirement age and are planning to sell your practice, **Julie Smith** suggests that you make sure everything is in order well in advance.

**SET TO SELL**

Notable: This article is intended to be general in nature and should not be relied upon by any person without seeking advice concerning their own circumstances.

Julie Smith is a Director at William Buck.
When you own a medical practice there are really two businesses involved:
1. The medical business, where you practice medicine and treat your patients.
2. The service entity or medical centre, which provides administration support and services to allow doctors to trade their medical business.

Although both businesses are interdependent, where the value lies when selling your medical practice will depend upon your area of speciality and the size of the practice. For example, in a GP practice, the saleable asset is usually the interest in the service entity. By comparison, for a sole practitioner specialist, any value would sit with your ability to fast-track the practice of an incoming specialist by providing access to the referral base in your medical business.

KNOW YOUR BUYER
It is worthwhile taking into account the generational characteristics of potential buyers and how they differ from your own when planning the sale of your practice. Understanding your buyer and their motivations can be a key ingredient for a successful sale.

Baby boomers generally have the following characteristics:
1. They are work-centric. Baby boomers are very hard working and are happy to work long hours to achieve financial and professional reward; they have worked hard to achieve their success and may be critical of the perceived lack of work ethic in the younger generation.
2. They are independent and self-reliant.
3. They are very goal orientated, to the point of being highly competitive.

The sale of baby boomers’ practices is likely to skip a generation and be bought by doctors categorised into Generation Y (those born anywhere from the late 1970s to the early 2000s). Gen Yers generally have the following characteristics:
1. They are unfazed by authority.
2. They want a work/life balance while being able to achieve their financial dreams.
3. They are proficient with technology.

Having dealt with many practice sales, and relating those experiences with the comments on generational attitudes, one factor I believe rates highest is the desire for Gen Y to have a work/life balance. They will consider the impact of any purchase on their home life and not just on financial considerations. For example, a smaller practice that may require substantial after-hours commitment from a doctor, both administratively and medically, may be far less attractive to a potential Gen Y doctor than a smaller investment in a larger practice that requires far less commitment outside of work hours.

MAKE A START
Commencing the process of preparing your practice for sale should be undertaken in a systematic way. Some ideas for getting started include:
• Reviewing the current trading results of your business by benchmarking the financial performance of your practice against other medical centres. This process can help to identify areas of weaker financial performance and work can be undertaken to address these issues.
• Developing a budget for the business over the next financial year, with the intention of renewing this for the second year.
• Undertaking quarterly reviews of the financial performance of the business.
• Implementing a marketing plan for the business.
• Reviewing existing agreements with doctors and formalising these agreements;

Importantly, as part of this process, ensure any advisors you engage are experienced in the medical industry so you can benefit from their experience.
Positive Outlook

With healthcare property performing stronger than other sectors, **Chris Smith** says it’s time to put any pessimism aside.

Despite the fundamentals of the Australian economy being much stronger than almost any other developed economy, it seems many people are still very concerned about the future, and in particular their financial situation and wellbeing.

One key indicator of this is the Australian Unity Wellbeing Index, which measures how satisfied Australians are with their lives, and life in Australia, through regular surveys. A survey in April this year showed that satisfaction with the national economic situation has declined since the previous survey, which took place in October 2011. Indeed, this indicator was only slightly above the levels recorded in 2008, at the height of the credit crunch and global financial crisis (GFC).

In many cases, such pessimism is largely undeserved, and the healthcare sector is a good example of this. Of course, perceptions of regulatory uncertainty continue to affect the industry but on the whole the fundamentals are very good.

The economic and social impact of the ageing population, combined with a baby boomer generation that is living much longer than any other generation in history, is well understood. And this demographic trend is already having an effect on the industry, as illustrated by the performance of healthcare property.

**SOLID PERFORMANCE**

The latest IPD Australia Healthcare Investment report, released in August 2012, shows that the healthcare property sector continues to perform better than the retail, office and industrial property sectors throughout the cycle. The healthcare property sector includes medical centres, private and public hospitals, and aged-care facilities.

**Chart A: Total Return, rolling annual % per annum**

Source: IPD
“Boasting the second fastest growing economy, second best jobs growth, and third best population growth, Darwin is the place to live and invest in.”

The Property

Located in Rosebery, winner of the Fastest Growing Suburbs award (2011)
120 (8 x 3-Bedroom and 112 x 2-Bedroom) units in 6 Low Rise (4 storey) residential blocks
Prices ranging from $389,000, with an avg. of $401,000
Rental Avg. $450/wk or 5.8%
80% Sold, as of May 2012

Why Sunset Dreams

The development is located only 20 minutes away from Darwin’s CBD.
It is centrally located to new industry expansion in Darwin and the surrounding regions.
Benefit from Sunbuild’s exclusive 12 month Sunbuild Defect Period. Unbeatable prices.

Darwin

Multiple, sustainable industries of growth - Mining, Gas, Defense, Tourism, Construction.
Defence recurrent expenditure of more than $1 billion per year in the Northern Territory.
12.7% growth rate p.a. over the last 10 years.
Capital gains outperforming the broader capital city average since 2004
Boasting the highest employment participation rate in the country.
Very low vacancy rates.

The Builder

Award-winning Sunbuild, is one of the Top End’s most successful and respected builders.
Winner of Master Builders Association awards for residential, commercial and community projects.

A MASTER BUILDERS ASSOCIATION
AWARD WINNER

As Chart A shows, healthcare property is still delivering better total returns than all other property sectors. Chart B, which shows capital returns, also illustrates how much more stable these returns from the healthcare property sector have been compared to other sectors, even during the GFC.

These steady returns are due to a number of factors. One is that the rapidly growing retiree demographic is increasing the demand for healthcare services around the country.

Indeed, we are seeing this within our own property portfolio, where demand for healthcare services has driven the expansion of four of the 22 properties within our Australian Unity Healthcare Property Trust – The Valley Private Hospital, Peninsula Private Hospital, Brunswick Private Hospital and Beleura Private Hospital. Other properties within the Trust, such as medical centres, which make up 40 per cent of the portfolio, have also seen expansion in recent years.

Another factor is the increasing demand for private healthcare services. The public healthcare system is already struggling to cope with demand, intensified by Australia’s ageing population, and as a result the private healthcare system will continue its growth as private operators help manage the increasing need for medical care. In addition, demand for quality facilities continues to grow, leading to rental growth in the sector, while supply remains tight.

At Australian Unity Investments, we believe the outlook for the healthcare property sector remains positive. In our view, returns from healthcare properties will remain stable, sustained by strong interest from both Australian and international investors.

AUI’s flagship property fund – the Australian Unity Healthcare Property Trust – opened in 1999 to capitalise on Australia’s ageing population and growing demands for healthcare services. Over the last 13 years the Trust has grown to become one of the largest healthcare property funds in Australia.

Currently, the Trust owns a quality portfolio of 22 healthcare-related properties across major Australian states, characterised by leases that are typically longer than most in the commercial property sector.

The Trust is issued by Australian Unity Funds Management Limited ABN 60 071 497 115 AFSL 234454.

Note: The information in this article is general information only and does not take into account the financial objectives, situation or needs of any particular investor. Investors should refer to the current Product Disclosure Statement if they wish to know more about the Trust, available at www.australianunityinvestments.com.au
ABOUT THE AUSTRALIAN ASSOCIATION OF PRACTICE MANAGERS

The Australian Association of Practice Managers (AAPM) represents Practice Managers and the profession of Practice Management. Founded in 1979, AAPM is a non-profit, national peak association recognised as the professional body dedicated to supporting effective Practice Management in the healthcare profession.

The Australian Association of Practice Managers:

• represents and unites practice managers and the profession of Practice Management throughout the healthcare industry

• promotes professional development and the code of ethics through leadership and education

• provides specialised services and networks to support quality Practice Management.

The AAPM has a National Board and State Branches across Australia. The National Board consists of representatives from State Branches. Its function is to manage the overall direction of AAPM including areas such as membership and accreditation, education, marketing, publications and regulations. State Branches conduct education programs, including courses, seminars and workshops.

AAPM provides an array of benefits for our members including providing advocacy, education, resources, networking, assistance and advice.

Concurrent presentations will include:

• Stress and time management

• Workplace OH&S

• Benchmarking

• Medicare

• Avant and MDA will address medico-legal issues

• Manual for specialist practice – ISO Group

• UNE Partnership’s Model

• Fair Work Australia

• Lasseter’s Reef

• AMAQ discussions on Industrial Relations

• e-Health workshop each day

SOCIAL FUNCTIONS

Tuesday 16 October
Welcome Reception and First Time Attendees Dinner

Wednesday 17 October
Happy Hour and UNE Partnerships Graduation and Awards

Thursday 18 October
Gala Dinner

There will be the opportunity to attend individual state breakfasts and an Allied Health breakfast.

AAPM Member, non-member but wanting to know more about Practice Management. Join us in Brisbane this year for the AAPM 2012 national conference.

To complement the invited speakers the committee have a fantastic program with a variety of concurrent sessions on offer where you will find it difficult to make a choice as to which one you should attend!
Investors who take a good look at depreciation could keep money in their pocket at tax time, writes John McGrath.

Many buyers of newly built investment properties cite the tax benefit of depreciation as one of the reasons for purchasing new. Personally, I don’t think it’s a reason to purchase new, but it’s definitely a major benefit. (Location and the potential for strong capital growth should be the major determining factors when selecting what type of property to buy and where.)

Depreciation can give a significant boost to your cashflow position. Obviously there is more depreciation to claim on brand new investment homes, but did you know you can also claim depreciation on renovated properties? Say, for instance, you buy a recently renovated house first built in 1930. While depreciation is not available on the original construction costs, it is available on the improvements made, such as a new kitchen and smaller items such as new carpet.

It’s also important to remember that construction costs are classified as ‘Capital Works Deductions’ by the Australian Taxation Office (ATO) and will reduce the cost base of the property. The amount of the Capital Works Deductions you have made during the investment period will reduce the overall cost base by the amount of depreciation you have claimed. Keep in mind that while you will be able to reduce your taxable income by the depreciation, this may impact the capital gain in the future.

Deductions for depreciation arise in two areas:

• Firstly, there is depreciation on the building. For residential property constructed after 15 September 1987, the ATO allows you to write-off 2.5% of the original cost of construction each year for 40 years. For properties built between 18 July 1985 and September 15 1987, there is a 4% write-off over 25 years – this makes 2012 the final year.

• Secondly, you can claim a depreciation allowance on capital improvements such as garages, new kitchens and extensions. You can also deduct depreciation on fittings and fixtures such as carpets, curtains, hot-water heaters and dishwashers. The amount you can claim each year depends on the ‘effective life’ of each item, as determined by the ATO. For example, if an item has an effective life of 10 years, you can depreciate 10% of the cost per year to make up 100%.

CONSTRUCTIVE ENQUIRIES

If you’re buying a newly built investment property, you’ll need a valuation of the building from a quantity surveyor who is registered and has ATO accreditation.

The developer should be able to provide this – make sure it’s included in your contract of sale.
For non-new properties, you’ll need to find out the build date to determine if you can claim depreciation on the original construction costs, and you’ll need a quantity surveyor to draw up a depreciation schedule of the fixtures and fittings. If the property has been recently renovated, perhaps the vendors can provide information on how much they spent. Otherwise, leave it to the quantity surveyor – they are like bloodhounds when it comes to finding items to depreciate.

The build date can be tough to confirm, especially on older properties. Your first port of call is your local council. If you have no luck, ask the local water and electricity companies how long they’ve been servicing the home – this won’t give you the build date, of course, but you’ll get a decent clue.

Your quantity surveyor will also be able to help – they’ll look at the design style and materials used to give you an estimate. Another idea is checking the hot water system, as it should have a tag with the installation date on it.

With apartments, you can also ask the strata manager or you can check when the block was registered as strata title, as this usually happens soon after construction is completed.

If you approach depreciation seriously and hire a professional quantity surveyor to help, you might discover thousands of dollars in tax deductions available on your investment. To find a quantity surveyor near you, visit www.aiqs.com.au
EVENTS

AAPM Private Practice Symposium Brisbane 27–29 July
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EVENTS

AAPM Private Practice Symposium Adelaide 24–26 August
Give your investments a healthy boost with our Healthcare Property Trust

As Australia’s population continues to age, there is an increasing demand for quality healthcare services. Healthcare expenditure is projected to increase from $121.4 billion in 2009-10 to $246 billion in 2033.1

The Australian Unity Healthcare Property Trust is uniquely positioned to capitalise on this spending (and provide solid returns) by investing in private healthcare-related property assets, such as hospitals, medical centres and aged care facilities.

Even at the height of the global financial crisis the Healthcare Property Trust remained liquid and delivered investors strong income returns.

In fact, the Healthcare Property Trust has had an outstanding performance track record, providing investors with consistent distributions for over a decade.

| Healthcare Property Trust - Wholesale returns (as at 31 July 2012) * |
|---|---|---|
| Since inception % p.a. (28 February 2002) | 8.34% * Distribution | 2.21% * Growth |
| Total return | 10.59% * |

*Past performance is not a reliable indicator of future performance. Returns are calculated after fees and expenses and assume the reinvestment of distributions.

To invest in the Healthcare Property Trust call 13 29 39 or visit australianunityinvestments.com.au/whpt

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EVENTS

AAPM Private Practice Symposium Sydney
31 August – 2 September
EVENTS

AAPM Private Practice Symposium Melbourne 7–9 September

Training the Trainers – The Private Practice Financial Adviser network undergoing estate and succession planning training at MLC.
EVENTS

GPCE Brisbane 14-16 September
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• Raises quality of care by enabling you to dictate, review and sign medical records in one step. This allows you to communicate clinical information more quickly to referring specialists and patients alike. Faster, more complete medical records lead to care plans being put into place more quickly.
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