The quarterly management magazine for health care professionals

Spring 2014

ATO Targeting Service Trusts
are you safe?

Business Planning
a cure for procrastination

Vietnam
the hypnotic swirl of
Ho Chi Minh City

THE AUSTRALIAN
DOCTORS SPOUSE
NETWORK
IT'S ALL ABOUT FAMILY
EDITOR’S MESSAGE

It’s all about family…

Whilst our endeavours in life are motivated by a variety of aims, surely at the heart of all our hard work, and struggle is family!

Regular readers would know that one of my favourite sources of inspiration is the acclaimed small business author and commentator Michael E Gerber and his E Myth series of books.

In the E Myth Physician, Gerber suggests that one of the characteristics of success is “…a rich and rewarding family life”.

Yet most doctors, and other healthcare professionals, are so busy working hard that they often can’t see the forest for the trees.

What is the purpose of all this hard work, long hours and sacrifice if you don’t enjoy it, if it doesn’t empower your family life and enhance your relationships.

A younger generation of doctors is starting to ponder this more than ever before and making career decisions that have work/life balance at the core.

I suspect the doctors’ spouse will be pivotal to any change in priorities and a more family centric view on life and, as this is a major theme underlying all of our education work, we are grateful for the input provided by Amanda and Kenna that has helped shape the content of a Doctors Spouse education program inclusive of workshops focussing on such subjects as Budgeting and Household Finance Management, Personal Insurance and Risk Management, School Funding Strategy, Understanding Investments, Frequent Flyer Point Management and other related themes. We will also work to develop a ‘spouse as practice manager’ program that will address the challenging topics of Leadership and Team Building, Marketing, Building and Working to Business Plans and other management issues.

Also central to our collaboration with the ‘Network’ will be the hosting of regular family days and offshore family holidays doubling as study tours – a long held aim of ours.

To read more on the Australian Doctors Spouse Network follow this link to the article in this edition of our magazine.

If interested in participating in the education and social initiatives mentioned above, please send me an email at steven.macarounas@fintuition.com.au

Thanks again for your support, we are so happy to be making a difference in your business, financial and personal lives’ and look forward to your ongoing interaction and participation in our work.

Steven Macarounas, Editor
editor@theprivatepractice.com.au

As a doctor, you devote a great deal of time to understanding your patients.

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In fact, after nearly 20 years of working closely with doctors, you’ll find we speak your language fluently (but please, no handwritten notes).

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EVENTS

GPCE – 27 July, Perth

The Private Practice Comprehensive – 22-24 August, Sydney

Australian Faculty of Rehabilitation Private Practice & Lifestyle Symposium – 9 September, Adelaide
EVENTS

Australian Chinese Medical Association Annual Scientific Meeting – 4-5 October, Gold Coast

The Private Practice Marketing Workshop – 24 October, Sydney
The Fall and Fall of the $A

As mentioned, the currency fell precipitously in September. There are several reasons, including the fall in the iron ore price, the fact that our dollar was simply too high (but there was nothing new about this) and the fact that my wife and I were overseas for much of the month (always a surefire predictor). But the explanation that seems to have received less attention than it should was this: more than half of the decline in the $A was because the $US has strengthened.

The “big buck” has risen in value against the aggregate currencies of its major trading partners in each of the past 11 weeks; something that apparently hasn’t happened for some 43 years. And presumably the rising US dollar reflects the increased focus on eventually-higher interest rates in that economy.

The fall in the currency is one more reason or the weakness of the share market. When it drops, overseas investors become wary that it will fall further and thus are more likely to sell.

**MEANWHILE BACK IN OZ**

The two most important pieces of domestic economic news were an update on GDP growth, for Q2, and the labour-market news. The Australian economy grew by just 0.5% in Q2, as some of the strength in exports earlier in the year unwound. This left year-to-growth at an “OK but no better” 3.1%, which figure is more likely to fall rather than rise in the second half of the year.

The labour-market data could justifiably be described as perplexing. We are expected to believe that the unemployment rate went from 6.1% in June to 6.4% in July and then back to 6.1% in August. Even stranger, after employment gains of just 47,000 in the previous five months, jobs increased by 121,000 – the largest monthly gain on record.

The labour-market data could be more reason or the weakness of the share market. When it drops, overseas investors become wary that it will fall further and thus are more likely to sell.

**THE OUTLOOK FOR US MONETARY POLICY**

In the United States, we are now within a month of the end of QE (quantitative easing). This is of both direct and indirect concern to investors. First, the previous two pauses in QE, in 2010 and 2011-12, were accompanied by declines in the US share market of more than 15%. Second, the end of QE increases the focus on what will happen next; that is, when will interest rates be increased and how quickly?

On this occasion, there seems no reason to fear the end of QE per se. Unlike the previous two pauses, the economic data was better than anticipated for some time, boding well for the “taper tantrum” in 1.

When markets are absolutely certain that interest rates will be increased, the end of QE should already be called a “non-event.” That said, it will lead to the “next step,” the Federal Reserve meetings. It’s almost a laydown that the Federal Reserve will announce that it will begin tapering at each of the next 17 successive meetings. The published forecasts of the Fed suggest that the pace will be slower on this occasion, with the median expectation of Fed members being that the first rate increase will be close to 3.75% by end-2017.

A rate above 2% is a surefire predictor. But the explanation that seems to have received less attention than it should was this: more than half of the decline in the $A was because the $US has strengthened.

Chris Caton takes a good look at major economic indicators, domestically and abroad, as well as the resultant volatility in markets and weakness of the share market.

Investors will be glad to see the back of September. The Australian share market, as measured by the ASX200, fell by 5.9%, the worst result since the 7.2% fall in May 2012, at the height of the European debt crisis. For the first quarter of the new financial year, the share market fell by 1.9%, the first quarterly decline since the June quarter last year. And the ASX200 now sits 1.1% below its start-of-year level. The last time it ended September below its 1 January opening was in 2008.

The US share market did better, with the S&P index falling by just 1.5%. For the quarter it rose by 0.6%, while for the year to date it has increased by 6.7%.

Of course, the share market wasn’t the only story. The Australian dollar, after several months of remarkable stability, declined from 93.4 to 87.5 US cents. This did at least one story. The Australian dollar, after several months of stability, fell by 6.7%.

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Hi Jo, can you tell me about your journey from graduation to joining CMG.

It seems like a life time ago! I graduated from University of Sydney back in 2004. I had completed my final two years of my medical degree in Canberra. That was back when Canberra was the rural allocation for Sydeny University. I loved Canberra and the group of doctors I trained with so I completed my internship and residency there as well. During this time I had my first child and decided that General Practice would enable me the flexibility to raise my family. I joined what was then Coast City Country training and did most of my training at Gordon Medical Clinic in Tuggeranong Valley. During this time I had my second child. We needed a bigger home and as part of the training I was required to do my 6 month rural component. We decided to combine these two things and moved to the Albury/ Wodonga region where my family had relocated. It was there that I joined Central Medical Group and finished off my training under Bogong GP training.

What challenges did you face going into business with 4 other well established associates.

The fact that Central Medical Group was a well-established practice in the community for over 20 years with a core group of long term associates was actually what drew me to joining the practice. The ability of four associates to work in conjunction for so many years and to have successfully expanded into a large, busy clinic is really a testament the individual doctors. I was really accepted into this role as the fifth associate from day one although I felt it took a little time to identify my own niche within the team.

Where did you initially seek knowledge on the business of running a medical practice?

I found this really difficult initially. There is so much information out there and it is really hard to know how to extend this into your own practice. Fortuitously, back in 2011 one of our registrars had been awarded attendance at the next Private Practice Seminar. I attended this seminar with her and things really took off from there. Attending my first Private Practice seminar run by Steve Macarounas really assisted in developing my plans and goals for the clinic and enabled me to bring new suggestions back to the existing associate group.

So what was the other associates response to the Private Practice Seminar?

The other associates were very receptive to the new ideas. Central Medical Group had always been successful for its reputation for quality medical care. With the changing medical environment within our region we all identified the need to be more business savvy to allow our clinic to continue to develop into the future. The seminar really helped us to identify that working with a business consultant was an essential one.

How did you go about finding a business consultant that had the knowledge to assist you in your medical practice?

This really fell into place for us after I attended the Private Practice seminar. It was at this seminar that I was introduced to Hanya Oversby from Specialist Consulting. I was drawn to Hanya’s style and experience and felt that she would be a real asset to help us develop and build our practice.

Did this process work well?

Absolutely! Initially, the concept to utilise an external Melbourne based consultant raised concerns about whether they would support our vision to maintain our family based medical care model and whether they would identify and understand some of the complexities of practice management in a regional township. Hanya worked well with our Practice Manager from the outset and did so much research prior to our first Strategic Planning day. From our first meeting it was evident that Hanya had developed a knowledge for each individual associate, the associate group as a whole, our practice, its reputation and the medical structure of our town.

What were some of the key changes that came from working with the business consultant?

We got homework! Seriously. Hanya really motivated and challenged each and everyone of us as a business owner. She helped to identify our weaknesses but also our strengths that would help us to over come these. Hanya enabled us to identify our long term vision and ethos of the practice and then looked at rebranding and marketing, assessing risks and opportunities, consolidating our governance processes and clarifying the roles and expectations of all of the associates.

“Attending my first Private Practice seminar really assisted in developing my plans and goals for the clinic and enabled me to bring new suggestions back to the existing associate group.”
The ability to draw the associate group into a cohesive unit with a common goal was invaluable.

Did working with a business consultant and attending the Private Practice seminars assist you with being the newest associate within the group?

Absolutely. This whole process really helped me to identify my own niche within the group. From our first meeting I developed a passion for developing our new branding concept, social media development and web site design and maintenance. Part of my marketing plan involved working towards the recognition of our practice and the services that we offer. This lead to a submission for the RACGP general Practice of the Year Award.

Yes I saw that you were awarded the RACGP Victorian Practice of the Year for 2013-2014. This is an amazing achievement. How did you achieve this prestigious award?

This application required documented evidence of our provision of accessible, quality and comprehensive medical care to our patients. We were commended on our range of medical services, our on-line booking system, the utilisation of a range of resources for patient education including the use of social media and also on our commitment to medical education. Over the last 15 years Central Medical Group has assisted in the training of more than 40 registrars many of whom are choosing to stay within the region.

What is winning this award meant to your practice?

Winning the RACGP award has had an impact at so many levels within our practice. Firstly, for the Associates it has been the recognition of all the behind the scenes work that we do. It also has provided an acknowledgement of our team’s commitment to the ongoing provision of quality medical health for our community. For our employee doctors and nurses it recognises the exemplary care that they provide. This also extends to our Practice Manager and reception staff who are a pivotal aspect in allowing our practice to run smoothly and effectively. For our patients it has really provided a sense of pride, appreciation and a sense of community spirit.

What is your vision moving forward as a practice?

Our vision remains unchanged. To continue to provide top quality and comprehensive medical care. That vision will never change. We are now looking at new and exciting ways to do this.

Are you seeking to expand or have other associates join you?

We are always looking at recruiting new staff into our practice. With new staff come new ideas and thoughts. This has been part of our succession planning and we welcome the concept of recruiting new associates from within our team to extend Central Medical Group into the future.

What is the best thing about working at CMG?

The sense of teamwork and support and the ability to not take ourselves too seriously at times!

If you were to have the opportunity to speak to Dr Joanne Mountford recent graduate - what advise would you give yourself?

That everything works out. That you can have a beautiful family and a successful career and that you will meet so many interesting and influential people along the way that will help to steer your journey. Oh and that you still don’t get enough sleep so give up on that idea!
KEEPING IT

Chris Balalovski explains how to protect your assets from litigation by using sophisticated and legally permissible techniques.

It’s the sort of thing that can keep you up at night especially for high risk business and practice owners – how do you appropriately protect your assets against creditors or litigants if something goes wrong?

There are, of course, many things that can go wrong. The climate for business insolvencies is rising, a sudden change in demand can leave your practice with large debts and revenue problems, or a project or business relationship may not proceed as expected, leaving one or both parties financially exposed and open to litigation.

There are several ways you can ring-fence your home from your business and professional risks, but there are also some common misperceptions about the right way to protect this important asset.

It’s generally true that establishing a business or practice in a company or trust structure gives the proprietor the protection of the corporate veil, and that their creditors only have access to the company’s or trust’s assets. But if the structure has a deficit of assets to pay its debts, its creditors may be able to access the personal assets of the director or trustee to make up the difference.

There are three main ways to protect the family home in these circumstances. The first is to give majority ownership of the home to a person who is not at-risk from any bankruptcy or litigation challenge, typically a spouse. This does not usually result in any capital gains tax (CGT) liabilities and there may also be stamp duty exemptions and concessions. Further, the practitioner is likely to still be entitled to any proceeds from the sale of the home in a property settlement.

An alternate strategy to signing over the family home to their unexposed spouse shouldn’t worry about getting their fair share of the value of the asset if their relationship breaks down. This is because the Family Court doesn’t care whose name the house is in, meaning that the practitioner’s property interest would once again be exposed to potential creditors, so as long as the unexposed spouse has the house in their name, it is essential to make sure they haven’t guaranteed any loans of the practice. If they have, it could mean they and the home are exposed in the event of litigation.

Chris Balalovski is Head of Strategic Advice, Perpetual Private

PROTECTING YOUR FAMILY HOME
The family home is often one of the most significant assets a person can own – but as it is generally held in an individual’s name, it can be at risk.

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ESTATE PLANNING

ISSUES TO CONSIDER
There are also estate planning issues to consider. For example, if the family home is in the name of the unexposed spouse and they die, usually leaving everything to the exposed spouse, the house would once again be under threat if there is litigation. An alternative is to leave everything to the children and give the exposed spouse the right to occupy the property for life via a will.

Practitioners who have signed over the family home to their unexposed spouse shouldn’t worry about getting their fair share of the value of the asset if their relationship breaks down. This is because the Family Court doesn’t care whose name the house is in, meaning that the practitioner’s property interest would once again be exposed to potential creditors, so as long as the unexposed spouse has the house in their name, it is essential to make sure they haven’t guaranteed any loans of the practice. If they have, it could mean they and the home are exposed in the event of litigation.

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FAMILY HOME

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ASSET PROTECTION

It is also a tax-effective environment in which to grow assets. Progressive moving your private company and investment portfolio into a self managed super fund (SMSF) can provide you with more control and flexibility over your retirement assets than a corporate or other super fund. However, because moving shareholdings into a SMSF can result in a significant CGT liability, there are other ways to do this whilst offsetting the CGT liability and simultaneously facilitating philanthropic endeavours – this is through a Private Ancillary Fund.

A SOUND ASSET PROTECTION PLAN

The sooner you begin safeguarding your assets the better protected you and your family will be. Starting sooner can also minimise costs. Another reason is the law. That is, to ensure that assets are transferred between individuals or structures for genuine reasons, there are many laws surrounding the timing and nature of certain financial transactions. If there are questions regarding the financial situation of the transferring party at the time an asset protection strategy is executed, then it is possible that assets will remain exposed.

A well-developed asset protection plan should also consider tax planning, estate planning strategies and intergenerational wealth issues. And, because every person’s situation is different, there is no “one size fits all” solution, so seeking professional advice is important.

Getting sound advice can make a difference to your financial position now and in the years to come. For more information on advice on estate planning, contact Michele Garlunari on 0421 446 513 or visit www.perpetual.com.au/medicalspecialists

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South Australia: Carl Warmeant, Intrinsic FP (08) 8236 1569
Western Australia: Wayne Knight, GSK Group Pty Ltd (08) 9478 1933
Northern Territory: Paul ter Bogt, FSP Darwin (08) 8981 7084

CRUCIAL CRITERIA

In the last issue, Aviate Group Managing Director Neil Smoli shared, for the first time, a selection of Aviate’s unique investment criteria.

These criteria - there are 32 in total - enables Aviate to identify properties primed to deliver strong returns and capital growth for its investors.

Anyone interested in secure investment will know how important proper research is. However, the fact remains that most property investors get it wrong.

Maybe they are time poor and too eager to commit to a purchase. Perhaps they take the word of developers and real estate agents at face value. They might even take the advice of a friend or family member.

Either way, investors must know what to look for in any property they are investigating. This research extends far beyond the marketing brochure, to include factors like the macroeconomic environment and suburban factors, down to the finest details of the property itself.

Here, Smoli shares another selection of the criteria on which Aviate’s secure investment approach is based. The focus this time is the many suburban factors that investors need to consider before signing on the dotted line.

SECURITY AND SAFETY

Each suburb is unique. So is its investment property market. The safety and security of the suburb is clearly an important factor for investors to consider.

Sometimes the idea of a suburb being safe or unsafe is more perception than reality, so it’s important to understand what’s really going on locally. Take into account the area’s history. Is the suburb the same as it was 15 years ago? Has it changed and, if so, for the better? What does this mean for investment properties in the area?

The crime rate is obviously an influential factor, in terms of the security of the property but also the calibre of tenant. Generally speaking, in suburbs where there are more economic opportunities, such as those near major employment nodes, there are generally lower crime rates.

In terms of security, apartments are often more secure than freestanding properties, with measures like lock up garages and secure entrances a standard feature for modern developments.

EMPLOYMENT OPPORTUNITIES

It stands to reason that suburbs populated by people with good jobs will have a solid investment property market. Suburbs where there are more jobs will be more attractive to workers and those looking for work. This means more incomes.

Where those incomes are higher on average compared to other suburbs, investors can generally expect rents to be stronger. Stronger rents are the result of stronger demand, and strong demand means minimal vacancy risk.

Where demand is robust and rents are strong, this extends to values. Investors in these markets can reliably expect their property to show capital growth over the long term. That is, so long as the investment fundamentals remain attractive. The future provision of employment opportunities and proximity to employment nodes is critical.

In evaluating the employment opportunities in a certain suburb, historical, current and future trends need to be considered. Investors must consider the catalysts for job creation in the area and its surrounds.

Keep an eye out for announcements of new projects with the potential to support a strong workforce into the long term future. This could be an announcement of a new airport, road, hospital or other infrastructure.

Or it might be an announcement by a major corporation that it plans to relocate to a specific area, positioning the surrounding suburbs as desirable living options for a new sub-market of tenants.

URBAN RENEWAL

There’s no definitive list of what constitutes ‘good’ urban renewal, no specific boxes that must be ticked for a suburb to be said to have gained from the urban renewal therein. But small ticket items can certainly shape, create and enrich a suburb’s character.

Some projects might work well in one location and not well in others. Geographical constraints may play a part in what’s possible, while socioeconomic factors can inform the type or urban renewal best positioned to add something valuable to the fabric of the suburb.

A suburb’s past, present and future urban renewal, and how it affects rentals, the tenant profile and the prospect for capital growth is necessary for investors to understand.

Done well, urban renewal makes a suburb a more appealing place to live. Footpaths, cycle paths, greenery, innovative re-use projects like community gardens, parks and picnic areas are all facilities that lend themselves to the type of lifestyle a quality tenant typically desires.

INFRASTRUCTURE INVESTMENT

Infrastructure is one of the most obvious factors for investors to
consider when evaluating the merits of a suburb. Infrastructure investment usually means jobs. Improved urban amenity usually follows. It can catapult a suburban market into high demand territory.

Investors should consider the infrastructure projects that have been announced, their timetable for delivery, and their likely impact on the rental market. It’s also important to understand what State and Federal Government budgets might allow for in the way of future infrastructure.

Big ticket infrastructure projects can take many forms. Roads, new airports and runways, bus terminals, train station upgrades, new Government buildings, bridges and large scale community projects can all have a bearing on investment properties in the surrounding suburban markets.

AMENITY
While amenity is a broad concept that can entail many things, there’s no denying some suburbs enjoy better amenity than others. The restaurant, bar and café scene is an obvious place to start. Investors should keep in mind that, generally speaking, the best calibre of tenant is employed in a professional capacity. These types of tenants will typically have some disposable income set aside for recreation each week.

Therefore investment properties in a suburban market in which there is a variety of dining and socialising options is often a wise strategy. For some tenants, proximity to the services on offer actually connect effectively with the key areas. Is there adequate connectivity to employment hubs, sporting and recreational facilities and entertainment complexes?

Congestion is another key concern. Some new estates and suburbs are developed using a dwellings-first, transport-second approach. Such developments typically evolve in one of two ways: as an ongoing traffic jam nightmare, or as a white elephant where no-one wants to live. These are areas for investors to avoid.

COMPARABLE ANALYSIS
Comparing like for like when it comes to property seems a simple enough concept. In reality, it’s anything but.

What about comparing new with old? There are no steadfast rules to do this and much depends on the suburb in question.

Older properties are generally less expensive. This much seems obvious. But does this mean investors should focus on older apartments? In short, the answer is no.

Firstly, investors who purchase existing stock may miss out on potential concessions and taxation advantages such as depreciation that come with buying off the plan.

Second, if an older apartment is to compete with new stock, there will likely be the need to renovate to bring it up to the standards of new stock. Such a cost can be substantial and the investor must honestly evaluate whether they have the knowledge, expertise, time, team and capacity to undertake such work.

Then there is the question of how the extra cost associated with a renovation translates to the yield achievable.

An old apartment, complete with a fresh new renovation, will generally still only attract the same rental as the new apartments in the suburb it is competing against. Recouping the renovation cost is unlikely. Therefore the yield is compromised.

Investment properties become arduous to hold when the rent achievable does not yield an adequate return when calculated against the amount invested.

SUPPLY VERSUS DEMAND
Most investors recognise the importance of a supply versus demand analysis prior to investing in a given suburb. What most fail to understand is just how deep the analysis should go.

Most investors start by looking at what is currently available and what is being delivered in the near future. However this is where most stop.

The properties available in a given suburb are not confined to those displayed in the real estate agent’s window. The true market extends well beyond the online real estate portals.

There is an “off-market” that investors must understand and it’s multi-dimensional.

Investors should investigate new developments that have recently received approval. Sometimes approvals can be in place but, due to market forces or the developer’s financial situation, they remain dormant. In some instances an approved site might be on-sale, in others the approval might be deferred, lapse or even be abandoned.

Investors must also investigate what projects are pending approval, which developments have a builder appointed, and which are about to commence. All these variables will impact the supply versus demand analysis.

A view must be formed on the likely impact of new development, what it will do to the market’s dynamic and whether new projects represent a suitable investment or position the suburb as one to avoid.

A demand analysis must be more extensive and strategic than a resident count with forecast population growth factored in. It’s crucial to qualitatively assess why people live in that suburb, why they moved there and what makes them stay. This refers us back to amenity, as well as the notions of suburban character, identity, safety and security.

Once the investor understands the motivation for people to live in a particular suburb, a more accurate indication of demand emerges. Investors can ask themselves how successfully the existing stock on the market services the population and what the appetite is for new stock.

POPULATION: CURRENT AND FORECAST
The current and future population of the suburb is an important factor in the success of an investment property.

Current population must be quantified and needs to be suburb specific. Population growth forecasts, again specific to the area, must come into the investor’s calculations.

Statistics corresponding to the relevant Local Government Area are often the best place to start.

Once the numbers have been crunched, a qualitative perspective is required. Investors must understand the motivation of people who move to a certain suburb and where they are moving from. Consider the factors driving population growth. Will these factors have an enduring long term positive impact on population growth or are they likely to result in a short term boom followed by a potential bust?

Taking the analysis further, investors should also consider the demographics of those new people moving into the area.

What is the current and future tenant the investor is targeting for their property? Will the suburb they are investigating be the future home of families, the elderly, downsizers, those employed in professional...
service industries, tradespeople or perhaps even students?

In terms of tenant profile, and particular for one or two bedroom apartments, singles and couples are the most important segment of the tenant market for investors to accommodate. Suburban markets better suited to this demographic are hence more likely to enjoy strong rental returns and capital growth opportunities.

**RENTAL DEMAND AND VACANCY RATES**

It is generally accepted that a vacancy rate of 3% represents equilibrium, the point where the rental market can be said to be balanced. In terms of bargaining power, tenants and landlords are on even ground.

If the suburban vacancy rate is under 3%, including on and off-market supply, investors can justifiably conclude that rental demand is strong. It may be the case, but this alone is too simplistic for a proper analysis.

Tracking the historical movement of the rental vacancy rate is worthwhile. More important is how the vacancy rate can be expected to track in the future. Investors should consider how population growth and new supply will impact vacancy over the long term. Will the suburb be able to cope with new stock? Will the forecast population increase absorb the new developments planned?

The number of people looking to rent in a given market, considered in the context of the number of properties available for lease, is a good indication of demand. Specialist resources will typically be required for this.

In evaluating rental demand, it’s also important for investors to understand if a variation exists between demand for existing stock and new developments. This provides an insight into the area’s demographic which will influence the investor’s view. If old stock is in demand, does this mean the area is desirable for downsizers?

Investors should ask themselves if this is the best calibre of tenant to target for their investment property over the long term.

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**To meet with a Perpetual Private Senior Adviser call Michelle Gianferrari on 0421 446 513 or email michelle.gianferrari@perpetual.com.au**

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This article features excerpts from the brand new eBook Property Investing: The Crucial Criteria Series 2, currently available on Amazon. For further information visit www.aviategroup.com.au/ebook/criteria.html
COMMERCIAL PROPERTY

When you're faced with the task of finding new work space and negotiating the lease there are three common options available: doing it yourself, using a commercial real estate agent or working with an independent tenant representative. We’re obviously slightly biased towards tenant representatives, as that’s one of our core services! But to help you make the best decision for your business, here’s an overview of the most significant pros and cons of each option.

OPTION 1: DOING IT YOURSELF

The main appeal of doing it yourself is cost saving: there are no consultant’s fees to pay. But going it alone in the commercial property market often carries a greater financial risk than getting professional help. Unless someone in your company is already an expert in commercial property you run the risk of:

- selecting the wrong property by not taking into proper consideration current and future needs
- failing to negotiate the best possible rent and terms due to inadequate research and poor market knowledge.
- losing productivity due to the time spent locating suitable properties and negotiating with agents and landlords.

No matter how much you trust an agent or landlord it would be unwise to begin lease negotiations without at least some market knowledge such as:

- what properties are available
- rental rates of comparable space
- landlords’ incentives being offered.

How long would it take you to accumulate this information, while...
at the same time holding down all of your other job responsibilities? And even with this information you could still leave money on the table because you’re not familiar with the intricacies of commercial lease negotiation.

**OPTION 2: USING A COMMERCIAL REAL ESTATE AGENT**

When business owners realise they need professional help, many turn to a commercial real estate agent for guidance. Commercial real estate agents are trained property professionals, and are perfectly competent to give advice and find you new premises. However, there’s a problem.

The primary goal of the agent is to get the best deal for the landlord (for which they’ll be paid a commission). Whereas you want to get the right property with the most economical rent and flexible conditions. So there’s a conflict of interest.

Taking advice from an agent/consultant who is being paid by the party you are negotiating against raises questions about whether your best interests are the priority.

**OPTION 3: ENGAGING AN INDEPENDENT TENANT REPRESENTATIVE**

On the other hand, an independent tenant representative is not affiliated with any building owner. They work only on your behalf and are free of conflicts of interest. The benefits of using an independent tenant representative include:

- Analysing your space needs – calculating your actual space and layout needs so you’re not leasing redundant space. Landlords and agents have no incentive to help you economise on space and save money.
- Investigating all properties on the market – to find space that is well suited to your needs with competitive rental packages (including off-market properties or ones that may not be the obvious choice for your business).

**Protecting you during lease negotiations** – a tenant representative knows all the pitfalls, so they can help you come away with a deal that meets your current and future needs. They help tip the balance of power at the negotiating table in your favour.

Creating a buffer between you and the landlord – they can play the “bad guy” and negotiate hard on your behalf, while you maintain a friendly relationship with the landlord.

Handling the legal paperwork – and all the other time-consuming details of the lease negotiation.

A good independent tenant representative’s know-how and advice are indispensable. They can help you avoid making some major mistakes which you will pay for dearly down the road. The net result is significant savings of both time and money.

But what about the cost? Obviously independent tenant representatives charge for their services. But a good one will pay for themselves. That’s because the amount they will save you – by ensuring you don’t over commit to space, and negotiating lower rent, better terms and landlords’ incentives – will more than cover their fees.

In any case you pay for commercial real estate agents as well, even though they don’t charge you for their services. Their agents’ commission is a cost to the landlord which they pass on to you – the tenant.

**LEASE EXpiring? SHOULD YOU STAY OR SHOULD YOU GO?**

Should you consider relocating your company when your lease expires? Picking up and moving can be expensive. But with the current level of incentives being offered by landlords you could potentially get a better premises at the same rent as you’re paying.

Before you decide to relocate you must do an objective analysis of your space and location needs, the costs involved, and whether a new location will increase your chances for success. Here are some reasons why changing locations may make sense:

- **More space** – Many businesses relocate because they’ve run out of space. Has your company grown beyond its floor space at its current location? Before you move you need to ensure you’re using your current space as efficiently as possible.

- **Lesser space** – Today’s days many businesses want to downsize to save money. Trends such as hot desking, remote working, part-time workers and off-shoring mean businesses can often operate just as efficiently with less space.

- **Better access to clients** – Clients and customers appreciate convenient locations. So moving closer to an established client base or pool of potential clients can help increase sales.

- **Enhance your image** – A company’s location is a reflection of its success and brand. That’s why law firms prefer plush offices and youth brands occupy gritty warehouse spaces. Better staff amenity – Your employees will certainly appreciate more convenient, comfortable and attractive premises. This can be an important factor in times of low unemployment when employees can pick and choose their employers.

- **Cut costs** – Increasing rent can be a drain on a company’s finances. There’s no guarantee cheaper locations reduce costs. But they can also lower profits if they lower the quantity or quality of clients you attract.

**Creating a brief**

Once you’ve considered the above factors you’re in a position to create a brief that outlines your company’s needs when it comes to location and premises.

- Write a list of what you’d like to achieve with the relocation e.g. increased profits, streamlined operations, more convenience, happier employees, a better business image, etc. Add to your brief reasons why your current location is no longer suitable.

Don’t decide to move simply because you “want” to. You should only relocate because it makes great business sense.

To avoid having vacant space, your current landlord may give you a discount to renew your lease. You need to factor this in when comparing costs of staying and relocating. Plus, if you stay put you won’t have to pay for removalists, make good on your current space, or a fit-out for a new space.

**Better office, same rent**

While your landlord may give you a discount to stay put, in the current commercial property market it may be possible to relocate from your shabby and outdated offices to freshly fitted-out, premium office space. Let me explain.

At the moment it’s a tenants’ market – office tenants around the country are cautious about the future and cutting their office space demand. In Sydney, nearly 11% cent of CBD office space was empty at the end of 2013, according to the figures from Jones Lang LaSalle, the highest vacancy rate since 1997.

This means many landlords are eager to negotiate deals simply to keep their properties tenanted. We’ve been seeing deals struck at over a third of the value of the lease through various incentive packages.

In one instance last year we were able to help our client relocate from their B-grade office to a top A-grade tenancy. Their rent didn’t change and their moving costs were neutralised by the incentives offered by the landlord.
Lease renewals

For example, here’s a common scenario with lease renewals. Often the manager only thinks about renewing a lease when the landlord gives notice that it’s about to expire. Because the deadline is close and they are short on time, they quickly exercise an option or accept whatever deal the landlord offers, so that business can continue uninterrupted in that location.

But unbeknownst to them they are paying above-market rent. The manager simply didn’t have the time to do any research, or the experience to negotiate a better deal. So while the business in that location continues profitably, there’s been a missed opportunity to save some money and fatten the bottom line.

In an ideal situation, a property manager would start preparing to renew the lease at least six months out from the expiry date. That would give them time to research current market rents and explore alternatives. They would then use that information as leverage to negotiate the lease renewal at the lowest rent and best conditions.

Proactive corporate real estate portfolio management

Lost opportunities such as this can add up to thousands of dollars per year when multiplied across a large portfolio. But taking a proactive and strategic approach to your corporate real estate portfolio minimises costs, maximises profits and mitigates risk. It does this by:

• ensuring timely negotiations and identifying opportunities to renegotiate lease terms and rates
• increasing efficiency through effective space utilisation
• enabling the business to pursue growth opportunities and consolidate or dispose of underused premises

• allowing companies to manage their property portfolios for brand integrity
• and, most importantly, aligning the property strategy with bottom line corporate objectives.

The increased cost savings will often more than cover the cost of professional property personnel. Also, having a dedicated property manager allows the staff member currently doing that role to focus fully on their core responsibilities.

In-source or out-source?

While some companies choose to hire a property manager, many prefer to outsource their property management function. According to recent research by KPMG and Deloitte, around 60% of companies surveyed outsourced at least some of their lease management duties, while another 10% had plans to outsource in the future.

According to the KPMG survey, the top drivers for outsourcing property management were cost reduction, process improvements, and financial flexibility. Outsourcing also eliminates the need to find, hire and train a property manager.

Lost opportunities such as this can add up to thousands of dollars per year when multiplied across a large portfolio. But taking a proactive and strategic approach to your corporate real estate portfolio minimises costs, maximises profits and mitigates risk. It does this by:

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You look after the health of your patients, but what about the health of the waiting room?

The next time you establish new consulting rooms, or perhaps update an existing one, it might be time to consider choosing environmentally friendly products to furnish it with. As a practitioner with a holistic view of human health, it is obvious that the health of the entire planet should also be foremost in your mind.

Of course you probably already recycle. And no doubt you’re aware of saving water. But how familiar are you with GECA certified furniture and fittings?

GECA – Good Environmental Choice Australia, is the nation’s only independent not-for-profit, multi-sector eco-labelling program. What this means is that GECA only puts its stamp on products that meet certain planet-friendly criteria.

The Good Environmental Choice Label is the only environmental labelling program in Australia which indicates the environmental performance of a product from the manufacturing process, right through to end-of-life recycling. The certification is only awarded to products that meet voluntary environmental performance standards which have been created and assessed in conformance to international environmental standards.

The GECA label is recognized by architects, manufacturers, designers and building industry professionals as the leading whole-of-life-cycle labelling program in Australia.

KE-ZU is proud to be accredited by GECA for its expansive range of furniture collections from Axona-Aichi, Andreu World, Sancal and Enea. All are perfect examples of where great design meets global responsibility.

Some examples of GECA certified furniture available from KE-ZU include:

- The upholstered lounge collections from Sancal, such as ARTICA, designed by Rafa Garcia. The clean, minimalist lines of the ARTICA family are available as a lounge chair as well as a dining chair and a compact sofa. The lounge chair and sofa are also available with removable covers. Every model is available with “mirror” finish stainless steel legs. All of the ARTICA range works perfectly within a surgery waiting room setting or as patient visitor chairs.

- Also by Sancal, and for a bit of fun, is the GECA certified TAB occasional tables and stools. The base of these is a curved chestnut sheet. Two heights for the base and two diameters for the top expand the possibilities. The collection is available in a wide range of shades: muted colours for discreet environments and bright colours which contrast with the wood. These will add a unique sense of style to any practice.

- Enea produces a huge range of GECA labelled furniture. The Lottus Beam seating system is a popular choice for waiting rooms around the world. Designed by Lievore, Altherr & Molina, it has the option of a single colour polypropylene seat or with an upholstered seat pad in matching or contrasting colours. Lottus is also available as a handy stacking four leg chair (in adult and child sizes) and with a sled, or swivel base. There is even a high-back task chair version ideal for the practice reception staff.

- Also worth checking out is the range of furniture by Axona-Aichi. This Japanese company has been manufacturing furniture for medical centres since 1939. Axona AICHI has enjoyed an excellent reputation for the high quality of its merchandise for over 60 years and most recently with the Tipo mesh chairs and CTZ flip-top tables, both GECA certified.

If your surgery needs tables for meeting and conference rooms, the CTZ sets new standards. The CTZ was designed by Taku Kumazawa to complement the Daylight mesh stacking chair. Winner of the Good Design Award in Japan, CTZ flip-top tables bring to the market features that enable anyone to use the table confidently at any time. One person can set up or store away with a simple lever action.

CTZ flip-top tables incorporate straight line structural beauty with smooth operation and handling. The unique leg design was born in pursuit of function, strength and design using die cast aluminium to achieve high precision and a beautiful durable glossy finish.

The patented synchro-top mechanism of the CTZ table enables the leg stoppers [brakes] to rise and lower within the height adjustable castors with the movement of the table top. These stoppers grip the floor surface achieving a high degree
of stability. The height adjustable castors compensate for uneven floors.

With the top folded down, a basic storage shelf is created below for text books or note book covers.

Importantly, all components made of steel, aluminum and resin are 100% recyclable. The work surfaces supplied by Aichi are made of 100% recycled particleboard. And an optional modesty panel is made from recyclable ABS resins.

The talented Taku Kumazawa also designed the Tipo chair for Axona-Aichi. Tipo is a high density multi-purpose mesh stacking chair with a choice of three different backs and two different seats. Its lightweight design (weighing less than 3.5kgs) superior comfort and ability to link chairs together makes it a very popular choice for medical centres. The Tipo chair is available in red, white, black or light grey. A complimentary mesh stacking stool is also available. All components are recyclable with simple disassembly into each material type.

KE-ZU is dedicated to supplying products that are not only the pinnacle of beautiful design, they ensure the sustainability of our precious resources. At the end of a product’s life cycle, KE-ZU undertakes to take back products and refurbish/re-use, or dispose of, or recycle in an environmentally friendly manner.

KE-ZU sustainability consultant Billi Hayes says that having the GECA stamp of approval recognises the manufacturers have taken responsibility and gone to a lot of effort to ensure their products meet the requirements for our high Australian standards.

“It’s quite a long drawn out process,” Hayes says. “A lot of research and local testing goes into earning this certification. There’s a heap of documentation to be gathered and sometimes the factories have to be asked to make changes. This is why the GECA label recognises products that have gone above and beyond in terms of sustainability.”

That above-and-beyond may include the use innovative or recycled materials and low VOC (Volatile Organic Compound) varnishes.

“We are taking responsibility as suppliers by providing a product that we believe in,” says Hayes. “And by buying that product you are showing you care about the planet, and expressing a duty of care to your patients, because there are health risks associated with high VOC materials.”

Hayes says one of the problems she faces is educating people about GECA certification. “Not a lot of people even know about the option to buy such products,” she says. “It’s a shame because GECA is a win-win for the consumer. The products don’t cost any more, as we don’t pass on the extra cost of certification.”
Procrastination is the enemy of achievement. We know this instinctively but how do we break out of just “wondering” and in to “doing” – Adam Basheer provides some simple tips.

The act of putting off something you know you should be doing now, only to do it later, or even not at all. That is procrastination. A quick review of the web and we find that there is not one good thing to be said about procrastination. In fact it is viewed very negatively by all of us. This is interesting because it is something we all do and we all see it as negative.

I wondered briefly if procrastination was a recent trait born out of the foibles of time management and the modern society. Perhaps it is only something that has become part of our lives now that no one seems to have any time to spare and the great marketing catch phrase is that we are “time poor”. But alas no, as early as 1400 B.C., ancient Egyptians were struggling with basic time management. “Friend, stop putting off work and allow us to go home in good time,” read some hieroglyphs. In 800 B.C., the early Greek poet Hesiod warned us not to “put your work off till tomorrow and the day after, for a sluggish worker does not fill his barn.” In 44 B.C., Cicero deemed “slowness and procrastination” always “hateful.”

So it would seem that for at least the last 3500 years or so, procrastination has been a part of our psyche. So what does this mean? Well firstly and foremost this tells us that procrastination should not surprise us. It has been a part of human life for 3500 years at least. When it happens, and I mean when, not if, we should not be surprised. In fact we must accept and welcome back the old friend of procrastination when it occurs. And further to this, if it is something that has occurred in human beings for so long, and it happens to all of us, then it must be “natural”. So to call it “hateful” or render it as negative is quite wrong. It is natural and will happen to us all. It is neither good nor bad, it is just to be expected.

Now don’t get me wrong, I am not for a moment suggesting it is something we should minimise because “you shouldn’t” or “it is wrong” or considering it a weakness in your personality is just plain stupid. It’s going to happen, accept it. Now let’s get on with ways to minimise it. Now I could write a book on ways to minimize procrastination but I will review only one at this stage. This is the one that an “Executive Physiologist” told me. Now this is the type of guy who the large banks and the like pay $750 an hour to coach their top execs. So when he speaks I listen! His advice? “When you find yourself procrastinating, not getting anything done tell yourself to “Take the first simple step”.” OKaaaay. So it’s not rocket science but it is a little more complex than it sounds. For instance. One of the key things I hear clients say is that they spend a lot of time just wondering what they should be doing next. Well this is where a good plan comes in. And a good plan will help you reduce your level of procrastination. A good plan is broken down into simple steps for you to complete. Procrastination gets in the way! It always does, always has, always will. Well at least for the last 3500 years it has. Accepting that it is going to get in the way and then setting up your plans to deal with it is the only way to really progress your business.

So if you want to progress your business and do the important things which you have decided on in your planning then make sure you break down all of the key issues in your business to a set of far more simplified tasks. A simplified task is really easy to complete. You have a chance of minimising your procrastination on completing the plan if the task is simple. Examples of simplified task might be:

• Call bookkeeper to discuss how to set up profit centres
• Schedule meeting with partners to discuss development of the new site
• Review the web to find more information on the best accounting packages
• Sit in reception area for 30 mins to find out what actually happens there!
• Identify one business interruption which is causing concern by asking 3 staff members

Now not one of the tasks requires you to be a genius, or create anything new or exemplary. But all of the tasks are easy to do.

I am breaking down your planning into this type of process which will help you actually complete the plan. And that is really the point of planning. To complete the plan. Plans are easy to have, but not easy to complete. Procrastination gets in the way! It always does, always has, and always will. Well at least for the last 3500 years it has. Accepting that it is going to get in the way and then setting up your plans to deal with it is the only way to really progress your business.
As the Federal Government continues in its moves to outsource service provision to the private sector, Margaret Faux discusses the most appropriate role for private industry in supporting rather than replacing core Government functions, and cautions against the proposed outsourcing of Medicare payment processing.

In a U.S. managed care styled initiative, private insurers have been given the right to tender and manage the operation of the government’s new Primary Health Networks, which will soon replace existing Medicare Locals. And recently, a government expression of interest from the private sector to provide outsourced claims and payment services for the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Schedule (PBS) was closed.

There’s nothing new or surprising about governments outsourcing service provision to the private sector. Recognising that key policy issues can sometimes be better addressed by tapping into private sector innovation and expertise is an important role of government. But when outsourcing amounts to the abrogation of core functions of the state, the inherent risks can be high. The commission of audit understood very well the importance of worker compensation, third party matters, the public or private provision of services, veterans entitlements, consultations at the GP or a specialist, in or out of hospital or anywhere else - takes place across an astonishingly fragmented industry in which each third party payer has its own requirements, rules, procedures and fees. Some private health insurers even pay different rates in different states.

But of all of these payers, the most effective, efficient and accurate in terms of the core business of processing and paying claims, is Medicare. This is a basic and undeniable truth accepted by those who interact daily with all payers in the medical billing industry. So it is interesting that rather than outsourcing areas in which Medicare struggles, such as claim adjustments, complex claim assessments, provider liaison and MBS interpretations, the government has instead chosen to seek expressions of interest in the one area in which Medicare excels.

In 1973 the architects of the original Medibank Scheme, Scotton and Deeble, understood very well the importance of having a separate department to manage the complexities of medical claims processing.

“In the fragile chain of decisions on which the successful implementation of Medibank hung, the decision to establish the Health Insurance Commission must have been one of the most critical.”

The battle for an independent body of experts to administer the new national insurance scheme was hard fought and finally won when Bill Hayden agreed to the establishment of the Health Insurance Commission (HIC).

And this long before private health fund schemes accessed the Medicare bucket of tax payer money, when there were approximately 5000 less Medicare services than there are today, well before some modern medical specialities had been thought of, before Magnetic Resonance Imaging (MRI) and Computerised Tomography (CT) scanning existed and at a time when the concept of Telehealth would have been considered science fiction.

But the HIC was dissolved in 2005 and with it went much needed expertise, and today no-one and no software has been able to conquer what is highly specialised and still largely manual work.

In order to consider the possible outcome of any future outsourcing of Medicare payments let us look at a frontline experience of the recent outsourcing of medical claims, which was undertaken by the Department of Defence. In 2012 government processing of Australian Defence Force (ADF) medical claims was outsourced to the private sector. In a four year $1.4 billion deal, a contract was awarded to Garrison Health Services (a business arm of Medibank Health Solutions) to provide a national, integrated solution which included the processing of ADF personnel medical claims.

Conceptualising the process was easy, however the execution was not. Midway through 2013 many billers noticed ADF claims, which had previously been processed without too much fuss, were not being paid. The 90 day arrears on these claims had reached unacceptable levels as had practitioner complaints. Numerous calls and enquiries later, we had almost $100,000 worth of ADF claims returned indicating there was a new arrangement and advising that the claims should be redirected to Medibank Private as part of a new government outsourcing initiative. But after redirecting the claims as instructed, they were again returned as no-one at Medibank knew anything about them. Some months later, advice was received indicating that a new branch within Medibank had taken over the role, but that before any claims could be paid, every doctor first had to register, by signing a new form. Hundreds of signed forms later the claims were rejected again, it was then of the concept of Telehealth would have been considered science fiction. It took on average an hour on the telephone to register, by signing a new form. Hundreds of signed forms later the claims were rejected again, this time because the amounts were considered incorrect. ADF claims had always been paid at the AMA rates (for as many years as memory served) but apparently a unilateral decision had been made to instead apply Medibank’s no-gap rates, which are significantly lower. It was then of the concept of Telehealth would have been considered science fiction. It took on average an hour on the telephone to register, by signing a new form. Hundreds of signed forms later the claims were rejected again, this time because the amounts were considered incorrect. ADF claims had always been paid at the AMA rates (for as many years as memory served) but apparently a unilateral decision had been made to instead apply Medibank’s no-gap rates, which are significantly lower. It was then of cause only a matter of time before the medical profession would protest against the resultant 27% reduction in remuneration, which had been imposed without consultation.

After reprocessing hundreds of claims for the third time, the first payments started to trickle in, though the anticipated calls from doctors enquiring as to why the fees they were receiving were below the AMA rates were not far behind. Within weeks a full blown dispute had erupted between the payer and one group of doctors, while others had started requiring ADF personnel to pay their medical bills at the point of service, informing them that they should sort out their reimbursements themselves. The official letters came next, in which doctors were reminded of the legal barrier which prevented them from requiring ADF personnel to pay for medical services. It fell on deaf ears.

In subsequent advice it appeared that Garrison had changed its process yet again by adopting its own new fee schedule and that no further accounts would be paid without the correct new fees, as well as the inclusion of the defence approval number (DAN), to which the EP ID number (an unexplained extra piece of data) was later added - two additional pieces of data for the one soldier were considered better than one. Many DAN inclusive but EP exclusive rejected claims later, it was discovered that the mysterious EP ID number was apparently unknown to anyone – neither clinicians nor hospital account administrators. But with a steely resolve and tenacious spirit EPs were finally tracked down and claims could be submitted again. However one must note here that it takes on average an hour on the phone to obtain the DAN and EP for each ADF claim.

As at today, ADF claims continue to be a significant cause of patient and
Our current workers compensation system (which is managed care by another name) provides another example, as well as important evidence, of the potential poor health outcomes and increased costs that can result when care is managed outside of the doctor patient relationship, and is driven by private sector profits.

Outsourcing works best when the private sector is used to support core government activity. But when it is the core government activity that is outsourced, the private sector will inevitably find itself conflicted between profit and service.

While Aristotle might have outsourced the preparation of his meals by hiring a cook, he would never have outsourced geometry. He would rather have eaten an outsourced pie than outsource the discovery of π itself.

Our current workers compensation system, which has escalated to a point where some doctors are considering whether they may exclude ADF personnel from their practices altogether – patients always come off worse in these scenarios. The process is manual, labour intensive, slow and from the point of view of integration and efficiency, an abject failure. It was far simpler and much more efficient before it was outsourced.

Because profit will often usurp clinical outcomes as the main priority in private sector participation in health, the potential risks of the proposed outsourcing of management of the new Primary Health Networks is also apparent. In fact corporate involvement in general practice has long been identified as an area of concern, and one which has contributed to increased health spending, for which individual doctors are sometimes blamed.

Since 2006 the Professional Services Review Scheme (PSR), whose objective is to protect the public interest in the standard of MBS and PBS services, has commented that the corporatisation of medical practices is a contributor to inappropriate and excessive MBS claiming by doctors. Having signed contracts binding them to daily, weekly and monthly targets (both in terms of the number of patients seen and the types of services provided) doctors have reported feeling pressured to reconcile targets with real patients. It is not uncommon for doctors working in these corporate practices to end up in front of the PSR where their MBS claiming behaviour comes under review. And due to regulatory limitations, the corporation itself will rarely be held to account.

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Protection for Business Continuity

One of the least understood and implemented business risk management measures is Business Overheads insurance. Katherine Ashby urges a closer look.

In the last edition we considered Key Person Income policies to protect the revenue of a business in the event a key person suffered a sickness or injury. Key Person Income is a useful type of cover if your business is eligible. Unfortunately, most medical professionals fall outside the product parameters as they are operating under a sole trader or single owner structure. For this group, Business Overheads is the solution.

Business Overheads (BOH), or Business Expenses as it is otherwise known, provides a monthly income payment to cover the fixed costs of a business, in the event the insured person is unable to work. When taken in conjunction with Income Protection, it allows coverage of a greater percentage of the income you generate.

BOH has a similar structure to Income Protection. On application, you will apply for a monthly sum insured (referred to as the monthly benefit) and select a waiting period. Waiting period choices are 30 or 90 days and this is the period of time for which the insured person needs to be disabled before the policy will start paying a benefit. In the event of disability, the policy will pay up to the monthly benefit until you recover, or until one year has passed.

Similar to an Income Protection policy, the premiums for BOH are usually tax deductible, and the benefit payment usually forms part of a business’s assessable income. Premiums for a 12-month period may be prepaid and are tax deductible to clients that the Australian Taxation Office (ATO) considers a small business entity in the year they are paid.

BOH utilises the same definitions as Income Protection. This means the policy will pay a benefit in the event of total disability (you are disabled to the extent that you can work less than 10 hours per week), or partial disability (you are disabled and although able to work more than 10 hours per week, have suffered a loss in income due to your disability). The proceeds can then be used to continue to pay the costs of your business and/or employee, to pay for a locum while you recover.

There is a list of specific business expenses that can be insured. This includes the normal day-to-day fixed expenses in running the business and generally includes accounting fees, advertising, audit fees, business general insurance premiums, cleaning, costs ordinarily incurred in the employment of non-revenue generating
employees, gas, heating, interest payments, leasing costs, net costs of a locum (a person sourced externally to the insured person’s business and is a direct replacement for the insured person. The ‘net cost of a locum’ arises when the gross sales, income or billings generated by the locum are less than the fees incurred for that locum), professional dues, rates, rent and telephone charges.

Expenses which cannot be insured include the salaries of income producing staff, personal insurance policies and the principal portion of loan repayments.

In most cases, insurers will only provide an indemnity benefit to a policy owner. This means the maximum benefit that an insurer will pay is the sum insured amount at the time of the policy’s commencement. Therefore, if the actual expense amounts at the time of claim are lower than the sum insured, the policy owner will only receive the amount of the actual expenses incurred. If the expense amounts are greater than the sum insured, the most the insurer will pay is the monthly benefit listed on the policy schedule.

BOH IN ACTION

Raymond has an annual turnover of $1.2 million per year. He shares rooms with three other specialists and they each contribute 30% of their revenue into the service trust under which the rooms and expenses are accounted for.

Raymond is left with $840,000 of income, the majority of which he pays to himself and can insure with a personal Income Protection policy.

He contributes $360,000 per year into the shared services trust. The trust purchases a BOH policy to ensure that if anything happened to Raymond, the rooms could continue to operate as usual without the other specialists needing to pay a higher amount. Of the $360,000, $300,000 is for insurable expenses. The BOH policy can be taken out for $25,000 per month with a 30 day waiting period.

Two years later Raymond has a heart attack and is off work for three months to recover. After the waiting period, the trust receives $25,000 per month for the next two months to cover the fixed costs which continue to be incurred while Raymond is disabled.

SPECIALIST ADVICE

For Medico-specific advice on Business Overheads Insurance contact the Private Practice endorsed advisor in your home State.

New South Wales: Warren Skinner, Fintuition (02) 9362 0500
Australian Capital Territory: Luke Smith, Dragonfly Financial Services (02) 6273 3118
Victoria: Bruno Dimasi, Benchmark Financial Services (03) 9576 2399
Tasmania: Kyle Brown, Directions Wealth Pty Ltd (03) 6245 1777
Queensland: Jim Furnell, Qubic Wealth Solutions Pty Ltd (07) 5536 9791
South Australia: Carl Warmeant, Intrinsic FP (08) 8236 1569
Western Australia: Wayne Knight, GSK Group Pty Ltd (08) 9478 1933
Northern Territory: Paul ter Bogt, FSP Darwin (08) 8981 7084

KEY POINTS:
• BOH can cover the fixed expenses of a business up to $60,000 per month
• You can choose from a 30 or 90 day waiting period
• The benefit is payable for one year
• The entry ages are 17-59
• The policy normally expires at age 66
• Stepped or level premiums are available.

INSURANCE

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theprivatopactice.com.au
How healthy is your super?

Taking an active approach with your retirement savings. Wayne Knight.

When was the last time you looked at your super?

Perhaps you’re still contributing to the same employer-sponsored industry fund from when you started working?

If so, you may not be making the most of your retirement savings, as you move into private practice or start specializing.

Here Wayne Knight from GSK, a financial adviser from one of the groups endorsed by The Private Practice, looks at two alternatives to industry funds that medical professionals could consider to enhance their super balance in retirement.

IT’S NOT JUST ABOUT FEES

There’s no doubt that many industry funds have low fees – in fact, industry funds have centred their whole marketing campaign around this point, as they seek to show the benefits of low fees relative to other funds.

However, fees are just one of the things to consider when looking at the quality of your super fund, with investment performance, choice of investments, insurance options and reporting also needing to be included.

In fact, some would say asset allocation and investment performance have a much greater impact on your long-term retirement savings than fees.

After all, there’s no point staying in a low cost super fund to save money on fees if the performance is bad, right?

While not a criticism, many industry super funds often have:

• only a small selection of investment options
• fees that aren’t easily understood
• just a basic and inadequate level of insurance
• very simple investment reporting and online access.

So while industry super funds may be perfectly fine for those with relatively small balances and simple needs, we believe they often don’t allow medical professionals to take full advantage of the high level of contributions they will make before they retire.

IT’S TIME TO TAKE CONTROL

In my view, taking control of your super is one of the easiest ways to enhance your retirement savings.

Here are two options available for medical professionals that are worth considering.

Option 1: A wrap account

A wrap account is simply an administration system or ‘platform’ where you can hold all your investments in one place.

Using a wrap account for your super has many advantages over an industry fund, like:

• a much wider range of investment options, which can include hundreds of managed funds, direct shares, exchange-traded funds, term deposits and margin lending
• access to a broader range of life insurance options that can be tailored specifically to your needs and funded through your superannuation
• consolidated reporting that is available to you online 24/7, giving you a complete picture of your portfolio so you can make informed decisions
• separate fee disclosure from your super portfolio, so you can see exactly what fees you’re paying and whether your super fund is providing value for money

Some wrap accounts also offer value-added ‘extras’ such as managed fund and company research, access to company floats and exclusive investment opportunities.

So while wrap accounts can be more expensive than industry funds, we find that they allow medical professionals to have far more visibility of and control over how their super is invested.

After all, having the potential to generate higher returns, and understanding the costs associated with every investment, allows for better decision making, and potentially better investment outcomes.

Option 2: Self-managed super funds

Another option worth considering for medical professionals is to establish their own self-managed super fund or SMSF.

With a maximum of four members, SMSFs remain very popular for those looking to gain complete control over how their super is managed, with over one million super members in Australia now part of an SMSF.

Like wrap accounts, SMSFs offer a range of advantages over industry funds or public offer funds, allowing you to:

• invest more actively through access to a wider range of investments, including direct property and alternative asset classes. You may even be able to hold your business premises within your SMSF, ensuring a more secure tenancy for your practice with some tax benefits along the way.
• controlled costs as your super balance grows, as the administration costs of SMSFs tend to be fixed, not based on a percentage of your balance like industry or public offer funds.
• potentially achieve a more favourable tax outcome than if your super was pooled with other investors through being in control of investment income and capital gains tax events, and receiving all imputation credits that are directly attributable to you.

ADVICE FOR SPECIALISTS, FROM SPECIALISTS

Taking a more active approach to managing your super, whether using a wrap account or SMSF, can be quite time-consuming.

And for SMSFs, being a trustee also means you are directly responsible for all investment and compliance decisions, with severe penalties in place for non-compliance.

That’s why engaging an experienced medico-specialist financial adviser to help you take a more active approach with your super is definitely worth considering.

These advisers can review your existing super fund and make recommendations on which alternative arrangement, such as a wrap account or SMSF, can be a better option for you.

Once established, a medico-specialist financial adviser can then review your investment strategy and make adjustments as markets change, which can help to potentially enhance your fund’s performance.

This allows you to get on with caring for your patients and building your practice, knowing that you have a super strategy in place that may help you to grow your wealth, and can allow you to achieve your long-term financial goals.

To find out more, contact The Private Practice-endorsed adviser in your state.
### How the Different Options Compare

<table>
<thead>
<tr>
<th>Industry fund</th>
<th>Wrap account</th>
<th>SMSF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What can I invest in?</strong></td>
<td>Generally limited number of investment options and asset classes</td>
<td>Managed funds</td>
</tr>
<tr>
<td><strong>Who looks after the administration?</strong></td>
<td>The super fund, which charges a fee</td>
<td>The wrap account provider, which charges a fee</td>
</tr>
<tr>
<td><strong>What type of insurance can I take out?</strong></td>
<td>One group insurance policy covering:</td>
<td>Choice of wholesale insurance policies covering:</td>
</tr>
<tr>
<td><strong>What is my time commitment?</strong></td>
<td>Low</td>
<td>Low – Medium</td>
</tr>
</tbody>
</table>

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**For advice on the most appropriate superannuation platform and strategy to suit your circumstances and needs, contact The Private Practice endorsed financial adviser in your home State:**

**New South Wales:** Warren Skinner, Fintuition (02) 9962 5050  
Australian Capital Territory: Luke Smith, Dragonfly Financial Services (02) 6273 3118  
Victoria: Bruno Dimasi, Benchmark Financial Services (03) 9576 2399  
Tasmania: Kyle Brown, Directions Wealth Pty Ltd (03) 6245 1777  
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South Australia: Carl Warmant, Intrinsic (08) 8236 1569  
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Goes Hunting

Escalating compliance action and its affect on you – Scott Edwards gives us the low-down.

The ATO has continued to escalate compliance action in respect of professional partnerships and recently published a new guide “Assessing the risk: allocation of profits within professional services firms”. This guide provides direction for professionals including medical practitioners on matters which will deem them as high risk in the eyes of the ATO.

In conjunction with factors outlined in the earlier guide “your service entity arrangements” the ATO are now also interested in how practitioners are remunerated by their service entities where they have an active involvement in that business.

Their interest in practitioner remuneration by the service entity only applies where the practitioner, or his/her associates has an equity stake in that business. In particular they are reviewing arrangements where:

- The level of income received by the individual practitioner (any combination of salary, partnership profit, trust distribution, dividend) does not commercially reflect their contribution to the business.
- Tax paid by the practitioners associates on profits of the service entity are less than would have been paid if the amounts were assessed in the hands of the practitioner individually, AND
- The individual practitioner is effectively being remunerated through arrangements with their associates (i.e. income diverted to family members), AND
- The business structure does not provide advantages to the individual practitioner such as asset protection or minimised liability.

FOR EXAMPLE:

Three general practitioners (GPs) form a service entity to render a comprehensive suite of services to conduct a medical practice. The GPs provide their medical services through the practice and each practitioner pays a service fee that results in the service entity earning 40% of each practitioner’s gross fees from patient consultations and procedures. The service entity employs a practice manager, reception staff, clerical support staff and a nurse. It conducts the entire business of the medical practice, including premises, equipment, medical and office systems and supplies, patient records, general administration, marketing, legal and regulatory obligations (excluding the professional obligations personal to the practitioners) and incurs all of the expenses involved in running the practice. The medical practitioners focus solely on providing professional services to patients. In these circumstances the individual practitioners are not actively involved in the management and operations of the service entity. The service entity profit is distributed to the practitioner individually.

The level of income received by the individual practitioner (combination of salary, partnership profit, trust distribution, dividend) does not commercially reflect their contribution to the business. The individual practitioner is effectively being remunerated through arrangements with their associates (i.e. income diverted to family members), and the business structure does not provide advantages to the individual practitioner such as asset protection or minimised liability.

The ATO are now also interested in how practitioners are remunerated by their service entities where they have an active involvement in that business.

When you meet at least one of the following guidelines in relation to income from the service entity there will be a low risk of compliance action by the ATO:

- Individual practitioner receives income from the business in their own hands which is an appropriate return for the services they provide.
- Individual practitioner pays 50% or more of the business income to which they and their associates are collectively entitled.
- The individual practitioner and their associates all have an effective tax rate of 30% or higher on the income received from the business.

Where none of the guidelines can be met the ATO considers the lower the effective tax rate the higher the compliance risk, and therefore chance of audit action. For example, an arrangement with an effective tax rate of 15% would have a far higher risk of compliance action than one with a 25%. Even where a practitioner has legitimate reasons for exceeding ATO guidelines there is a heightened risk of compliance action. This of course will not only result in professional advice costs but significant interruption to the business whilst the ATO conducts its enquiries.

Individual practitioners who remit service fees to a related entity should regularly review arrangements to ensure that:

- The benefits passing to the individual practitioner will assist them to conduct their income earning activities.
- Calculation rates and methods are not disproportionate to the benefits passed to the individual practitioner.
- Evidence pertaining to the existence of the contractual relationship between the parties is readily available, and this evidence is consistent with the services actually provided.
- Where there be any concern about your arrangements we recommend you seek specialist advice to reduce the risk of compliance action by the ATO.
The growing rate of Mobile Medical apps shows potential to improve the lives of sufferers of a range of conditions, empowering patients with information and diagnostic tools directly in their hands.

However, most medical apps are focused at the patient and not at the doctors, this is especially true for dermatologists who are using out-dated software developed over 10 years ago.

The ApreSkin app is one of the latest apps in the medical app sector set to improve the way doctors perform skin consultations and streamline the recording and tracking process. Dermatologists, Doctors and Plastic Surgeons will all benefit from the visual aspects this technology provides.

Skin consultation processes can be time-consuming and cumbersome using the current methods of typing a description of the location of a skin lesion into the patient’s record or marking a spot on a 2D body map, then having to scan this into the record. And when clinical photos of the location of the skin lesions are taken they rely on staff to download the photos into the correct patient record.

The impact of how medical specialists can benefit from using this app should not be underestimated. Here are some ways ApreSkin will change and improve the way doctors consult:

1. Streamlined Consultations
   Using a realistic 3D model for its graphic user interface, the ApreSkin app enables automated localisation on the model to streamline data entry during skin consultations as well as the direct attachment of photos.

2. Time Efficient Recording/Reporting
   Using an iPad, doctors can easily generate a patient report or medical record of the skin consult using realistic 3D models to accurately mark skin lesions or conditions along with automated data entry of the location. Then at the press of a button, simply attach photos or screenshots to aid future identification of the lesion.

3. Integrated Solution
   ApreSkin has been designed to be user-friendly and compliment doctors’ current electronic medical records software.

4. Fully Customisable
   Data entry is fully customisable for the doctor to use the terms and phrases that are commonly used for diagnoses and procedures. The app also features customisable templates for surgical and laser procedures as well as a PASI template for psoriasis.

5. Secure
   The app is encrypted and pin protected to ensure the security and privacy of your patients’ information.

Medical Recording
Gets a Face Lift

With the rapid adoption of smartphones and tablets in Australia, health professionals are faced with more and more opportunities every day that will radically change the way health care is delivered and accessed, says Brad Jones.

If you would like to improve and streamline the way you consult, ApreSkin, the 3D skin consultation app is the solution. It is designed for all doctors who consult on skin lesions including dermatologists, plastic surgeons and general practitioners and is available for iPad in the Apple AppStore: https://itunes.apple.com/app/apreskin-3d-skin-consultation/id903789464?at=11lu7Z&ct=tpp

Brad Jones is Dermatologist and creator of the ApreSkin App. www.apreskin.com.au
How to leverage digital trends

With the rise in healthcare technology we need to remember that it should be used to serve the patient and the provider – not just for the sake of showing that we can use technology, says Jason Borody, who believes that we need to learn how to leverage these trends.

The digital healthcare market is surging with activity, and it is becoming increasingly difficult to predict which trends are likely to have the biggest impact. That said, EHRs (Electronic Health Records) are likely to take the back seat, breakthroughs in documentation are not expected in the near future and devices related to mobile health and big data are taking off.

With the rise in healthcare technology we need to remember that it should be used to serve the patient and the provider – not just for the sake of showing that we can use technology!

Here are a few trends to look out for and how you can leverage them:

1. MEDICAL APPS, DEVICES AND PATIENT ENGAGEMENT

Patient engagement is still at the forefront of everyone’s focus as the digital era continues to rise. Patients are using mobile technology to facilitate better care, and while mobile devices, patient portals and wearable devices all have their benefits, two key facts remain true:

1. Changing patient behaviour is one of the hardest challenges healthcare providers face.

2. Unless we improve our ability to change those behaviours, nothing else matters.

The challenge is to not only “engage” patients in the management of their own health, but to convince them to undergo a life changing transformation.

This is not an easy task; it takes time and dedication to get someone to change their behaviour. For instance, it is much easier to convince someone to try a new chocolate or purchase a new pair of shoes.

The opportunity exists for you to use existing devices or develop apps to help change your patients’ behaviour and improve their health.

According to IBM, cognitive computing will drive dramatic improvements in healthcare, read more. IBM Predicts Next 5 Life-Changing Tech Innovations.

2. DIGITAL SUPPORT AND EDUCATION

We’ve already mentioned that you need to change patient behaviour to make an impact, but how do you do that? Through continual support and education programmes – which is most efficiently delivered digitally.

Sharing content that is useful and educational to your patients and potential
patients will help develop trust and they will consider you to be an authority on the topic. The more helpful your content is, the higher the chances that they will return for more.

Interaction builds relationships; relationships are memorable, improve likability, and build trust in you and your brand. That’s where EHRs come in – it is central and essential to delivering against the challenges of patient engagement and outcome-driven care.

3. GOOGLE PLUS

Google + will continue to grow rapidly in usage and influence, it has already outpaced Twitter to become the second biggest social network behind Facebook with 300 million active G+ users and 540 million users engaging with some form of Google product monthly.

A practice’s G+ page is a major contributing factor to your search rankings. Start by updating your practice’s profile, posting original content, then networking through circles as soon as possible.

At the end of the day, all the digital trends gaining steam in 2014 are all about personalisation and patient engagement. You need to tailor your marketing efforts to your target audience in order to provide them real value.

EMBRACE CHANGE AND CONTINUE TO GROW YOUR PRACTICE

If you’re feeling a bit overwhelmed at the pace the digital healthcare market is changing, Vividus is always ready to help you find a solution that you’re comfortable with. We recommend speaking to us about how you can embrace the consistently evolving digital healthcare market to stay on top, call Vividus at 07 3283 2233 or visit www.vividus.com.au

KEY TAKE-AWAYS:
• Take the time to do more than just copying and pasting links from your website over to your social media channels and calling it a strategy.
• Interact with your patients to discover what they really want and deliver it to them.
• Be well rounded with your digital marketing approach and be where your audience is already.
For many practitioners (particularly specialists), transitioning to private practice often initially involves renting sessional rooms on a part-time basis, with the longer term strategy to lease or acquire their own rooms down the track. For established practitioners, renting out sessional space makes business sense. But what are the risks and what should you consider before you take the leap? This article assumes a common room rental structure, where the practice renting out sessional rooms provides administrative service to the room rental practitioner – such as reception, typing, billing, patient records, bookings, etc. This structure differs to merely leasing out a vacant space.

### Sessional Rooms

Chris Mariani exposes the risks faced by the lessor and lessee.

<table>
<thead>
<tr>
<th>Risk Management</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Written contract</strong></td>
<td>Have an appropriate written contract drawn up which details the parties obligations, the services provided, agreed fees, termination conditions and what to do in a dispute, etc. The contract should also make it clear the room rental practitioner is running their own business and as such they are responsible for their errors and need to ensure they have appropriate insurances such as medical indemnity, public liability, workers compensation. They should also be required to adhere to your policies and procedures (e.g. your HR policies on bullying and harassment etc). Speak to your MDO/AMA/College and ask for their assistance in what else might also be included, such as ownership of patient records and rights of access in the event of a claim.</td>
</tr>
<tr>
<td><strong>Professional Indemnity covering room rental activities</strong></td>
<td>If you are a sole practitioner with a nurse and receptionist you may be relying on your own personal medical indemnity policy to cover your practice. However be aware that the ‘trigger’ of your policy is likely to be ‘your treatment of your patient’. So should your reception staff make an error on a patient of the room rental doctor (e.g. filing away patient test results rather than bringing these to the doctor’s attention), you may find your own medical indemnity won’t respond. A separate policy for the practice may be required.</td>
</tr>
<tr>
<td><strong>Public Liability</strong></td>
<td>You should already have a public liability policy (either $10m or $20m cover) noting you as the tenant (if you lease the premises) or property owner and tenant (if you own the premises). Ensure you have disclosed to your insurer you also rent out sessional rooms to practitioners and that you are covered for your liability if drawn into a claim (e.g. the room rental doctor leaves their laptop cord exposed and a patient trips over it – the patient may still try to join you to the claim as your name is on the front door). Further, ensure the room rental doctor has their own public liability (minimum $10 million cover) and consider requiring them to name you as an interested party on their policy (so that you can claim indemnity under their policy for the above matter).</td>
</tr>
<tr>
<td><strong>Your reputation</strong></td>
<td>Depending on the look and feel of the rooms, to an outsider it might appear the room rental practitioner is in fact part of your business, rather than their own entity. So careful due diligence of room rental practitioners might be as important as the process you adopt when employing your own staff. Your reputation is one of your most valuable assets, so take the time to select the right room rental practitioners.</td>
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It is important to understand you are providing a professional/administrative service and as such - this brings risk. An example risk is your receptionist breaching privacy of one of the room rental practitioner’s patients, or filing away test results without first providing them to the room rental practitioner.

What can you do to manage and mitigate your risks?
### The Practitioner Looking to Rent Sessional Rooms

You are running your own business and while you may receive some support from the practice you are renting rooms from, you need to approach the room rental arrangement from a business perspective. As an independent business, you are responsible for your errors, so take the time to ensure you understand what you are signing up for.

#### What can you do to manage and mitigate your risks?

<table>
<thead>
<tr>
<th>1</th>
<th><strong>The room rental contract</strong></th>
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<tr>
<td>It is likely that if there is a written contract, it has been drafted by the practice’s lawyers – so seeking your own legal advice is important to make sure the terms and conditions are fair. Many room rental arrangements are informal and as such there is no contract. You may decide this is fine, but gives you no certainty in many areas such as agreed services, termination, etc.</td>
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<th>2</th>
<th><strong>You are an independent business</strong></th>
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<tr>
<td>You should ensure you have all of the right insurances in place. The most common mistake I witness is room rental practitioners not holding their own public liability. A $10 million policy can be purchased for under $500 for a sole trader as the risk is low (e.g. a patient or visitor tripping over your doctor’s bag or laptop cable). Now is likely a good time to review your medical indemnity cover as you will likely be facing increasing premiums as your private billings increase.</td>
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<th>3</th>
<th><strong>Selecting the right rooms and services</strong></th>
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<tr>
<td>Do your due diligence on the practice. Are you satisfied with the quality of their staff, procedures, facilities etc. The rooms have a direct impact on how your patients view you, so selecting the right sessional rooms is as important as when/if it comes time to lease or purchase your own rooms.</td>
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<th>4</th>
<th><strong>Have a plan B</strong></th>
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<tr>
<td>What happens if the rooms are suddenly sold, or a fire or storm damage occurs? Do you have a business continuity plan as to how you will continue to see patients if you can’t access the rooms?</td>
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<th>5</th>
<th><strong>Policies and procedures</strong></th>
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<tr>
<td>Review what written policies and procedures you are required to have (can the practice assist?). For example every business that provides a ‘health service’ is required to have a written Privacy Policy. See my article in the Winter 2014 edition.</td>
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### A Note on Contracts...

It is prudent to seek legal advice before you enter into any contract. From a risk and insurance perspective, some of the items to consider:

- **Indemnity clause** – the standard legal position is on the basis of ‘you’re responsible for your mistakes and I’m responsible for mine’. If the contract changes this position it can impact on your insurances and leave you exposed to uninsured claims. Speak to your lawyer about the intent of the indemnity clause and make sure you understand the impacts. Secondly, have your insurance broker review the contract and advise you on insurance issues.

- **Insurance clause.** Most contracts contain an insurance section specifying what insurances are required and by whom. For example, this could include Medical Indemnity, Public Liability, Workers Compensation (where required) and insurance for any contents and equipment. Clearly stipulating what insurances each party is required to hold avoids any issues.

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### What Else Can You Do to Manage Your Risks?

Finally, having an insurance broker as part of your team is one of the best risk management actions you can take. Use a broker who specialises in the medical field, as the risks in medical practice are unique and complex. A broker will provide you advice on your circumstances, just as your lawyer or accountant does.

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The information provided in this article is of a general nature and does not take into account your objectives, financial situation or need. Please refer to the relevant Product Disclosure Statement before purchasing any insurance product.
UK pension transfers

Transfers from UK Public Sector (unfunded) funds to be prohibited – Announced July 21st 2014 ‘freedom and choice in pensions’.

PUBLIC SECTOR FUNDS

As widely anticipated, the proposed ban on transfers from all Public Sector unfunded defined benefit schemes would continue to be permitted.

This means that members of the Local Government Pension Scheme (LGPS), which is the largest of the funded public service pension schemes, will still be able to exercise their right to transfer. However, transferring scheme for all individuals who are considering transferring out of defined benefit schemes to take advice, from a professional financial adviser who is independent from the defined benefit scheme and authorised by the Financial Conduct Authority (FCA), before transferring, will have some unintended consequences and could even lead to non-UK resident members of defined benefit schemes finding themselves in an advice ‘no man’s land’.

The issue is that the FCA only regulates advice provided to residents of the UK, or at best inside the EU (if appropriate passporting of permissions has been sought). That means that members of defined benefit schemes who are currently resident outside of the EU will have no one to turn to for advice in relation to this important decision.

For example, in much the same way that an adviser regulated in Australia is not authorised to advise a UK resident; an FCA regulated adviser in the UK is generally not permitted to advise clients who are resident in Australia.

The second safeguard is that the government intends to ensure guidance to trustees with respect to their existing powers to maintain their right to transfer removed, at best from 6 April 2015. This could occur earlier, if the Pension Schemes Bill (which includes the provisions to restrict transfers from unfunded public sector schemes) is enacted earlier. At the time of writing, the Bill had been committed to a Public Bill Committee for scrutiny.

PRIVATE SECTOR DEFINED BENEFIT FUNDS

HM Treasury also confirmed that “the existing flexibility of transfers out of private sector defined benefit schemes for all pension schemes members (other than those whose pensions are already in payment)” would also be retained. However, as with funded public service pension schemes there would have to be additional safeguards for transfer values that exceed £30,000.

ADDITIONAL SAFEGUARDS

Transferring a defined benefit fund to an overseas pension scheme (QROPS) is possibly one of the most complex areas of advice. It is imperative that the member not only understands the potential benefits, but also the associated risks, any tax liability and cost of the exercise.

However, the 21st July 2014 announcement, that “the (UK) government intends to make it a statutory requirement on the administrator, least of all public sector administrators, to provide the transfer advice does not happen quickly with any fund providers. Having emigrated from England 6 years ago he has a keen interest in UK pension transfers.
How many times have you popped into the exam room for a quick re-check of a patient, only to get hit with a barrage of new symptoms and concerns? My guess is that at least a third of my day is spent wading through new symptoms, rather than focusing on the problem that originally brought the patient to me in the first place.

Don’t get me wrong. I get it that once Problem A is improved, Problem B raises its hand. The problem is, as physicians, we can’t see positive results and know when to change course if patients don’t tell us which of our treatment plans are working.

You need to take the lead and guide your patients to prioritize their lists of symptoms. Prioritizing will result in:

• More streamlined and directed visits
• More efficiency in scheduling
• More focus on fixing the most urgent problem first

I believe it’s our responsibility as doctors to teach our patients how to have better physician-patient communication. And in my experience, prioritizing is key.

It starts with direction from our staff. Here’s what I mean:

• When patients with multiple medical problems come in for rechecks, ask your staff to triage each patient’s symptoms. Ask the patient to rank their top three concerns, and then name the Number One concern of those top three.
• Ask your staff to prime the pump by discussing the top three symptoms as they are preparing for you to enter the exam room.
• Encourage patients to create checklists of their medical concerns whenever you speak to them.
• If the patient gets off course and starts going on about Problem No. 37, gently steer them back to their list of the Top Three, with particular attention to No. 1.

Patients can be persistent, so be forewarned. Asking them to limit themselves to only three symptoms won’t be easy.

One of my favorite mentors, Dr. David Saunders, used an adage that holds true to this day: “If it were easy, everybody would be doing it.”

He usually was referring to one of a multitude of surgical procedures he taught me in my training. But, like all good counsel, it fits in many situations.

I have come to use his saying as one of my mottos.

Helping patients prioritize will take consistent practice by you and your staff. However, after a few visits, your patients will start to “get it.” They will learn that being focused makes their brief time with you more effective and efficient.

And that points to improved patient care, which is what we’re all about, anyway.
IT'S ALL ABOUT FAMILY

Life as a training doctor’s spouse

Finally an organisation aimed at empowering the medical family – Amanda Low explains.

The life of a spouse of a training doctor is not exactly like you may think. The Australian medical spouse faces many unique challenges. More often than not the spouse becomes ‘the trailing spouse’. The spouse wrestles with frequent relocations, the pausing of his or her own careers and gaining the responsibility of almost the entire organisation of the home, and, as almost like it is their reward, gets to spend a lot of time at home alone.

Relocating can be a regular and frequent occurrence throughout medical and surgical training. The family that frequently relocates is always seeing a new GP, dentist or hairdresser, they never fully unpack everything they own, and are always uprooting their children from day cares, kindergartens and schools. That said, however, frequently relocating is not all negative. One of the better aspects of frequent relocation is getting to see so many Australian cities through the eyes of the locals, because they become one, for a brief moment, and then it’s time to move on again.

Making friends isn’t always easy. When moving to a new location, there is the realisation that in the next 6-12 months another relocation will be upon them. It is always in the back of the spouse’s mind not to invest too much time into making new friends. At times, this can be extremely lonely, firstly because they have moved away from all their network of friends and family, and secondly that the dedicated partner they love isn’t home much due to the incredibly long and demanding hours they work.

However, it is common on some rotations, to encounter some of the most incredible people along the journey, and end up with friends all over Australia.

The spouse’s career is quite often put on hold, if they are planning to have a family. Generally, the age of wanting to start a family usually coincides with the training years, making it hard to consider doing both without having a highly supportive partner. It would be extremely difficult for a training surgeon, to have a family without a spouse that is willing to take on the majority of the care of the children. Therefore quite often it’s the spouse’s career gets put on the back burner.

The most difficult time, I believe, for a spouse of a training doctor would be the time leading up to exams. This is where the training doctor quite honestly works, studies and sleeps, for months on end. It is actually better if the spouse and the children are not around at this time. The pressure and the stress that is created to pass those exams are extreme, and it puts a huge amount of strain on family relationships.

Because of the unique challenges the spouse faces, usually on their own and unaided, the Australian Doctor’s Spouse Network (ADSN) was initiated by myself and Kenna Jefferson, two spouses of surgical trainees. Kenna and I found times during the training difficult and lonely and were looking for people in similar situations, but realised there was nothing that connected medical spouses. The ability to hop on a social network and connect with others that understands our situation is priceless.

This network is a platform for medical and surgical spouses around Australia to connect for support, advice and social networking. The primary focus of ADSN is to help spouses through the years of their partners training, but it welcomes spouses of medical students through to spouses of senior consultants that may seek support, advice and friendship. The more senior spouses can offer a great deal of insight and advice to those just starting out.

ADSN aims to support those who are supporting our doctors. It achieves this by creating an online community throughout Australia with social media, chat groups, blogs, advice from doctor’s spouses and relevant articles. The network is continually growing and reaching new people, and ADSN has received such highly encouraging feedback, and it hopes to continually improve its services for the medical spouse.
Deciding to purchase a commercial property should be an exciting milestone. However, distinguishing between seemingly endless lenders, products, features and rates can quickly become a daunting task for medical professionals.

Andre Karney, head of BOQ Specialist commercial finance, receives regular queries from clients in this predicament — a situation she attributes to a highly competitive commercial finance market.

"Unlike home loan products, commercial products don’t advise effective or comparison rates, which makes it difficult to compare apples with apples," he says.

Understanding the impact of this small difference is usually enough to prompt the borrower to dig into the detail, as the hidden additional costs can represent many thousands of dollars.

"Identifying the true cost of a commercial loan is challenging, and people are understandably often drawn to the lowest interest rate initially quoted. Five percent certainly sounds more impressive than six at face value, but what happens next depends on the approach of the lender and can vary the end result significantly."

**HEADLINE RATES**

The first approach utilised by some institutions is to advertise or market an attractive ‘headline’ rate. This can be subject to a plethora of additional fees and charges with wide ranging descriptions. "In reality, all of these fees add to the true cost of the loan and should be viewed as forming part of the overall ‘interest rate’. By separating the headline rate from the fees the true interest rate can be harder to determine and the borrower is still mesmerised by the elusive five percent," Karney explains.

By the time all fees have been added, the borrower has invested a lot of time and effort in filling out the appropriate forms and the bank has in all likelihood conducted a valuation and due diligence. This is the point at which the borrower may realise that the final rate has increased significantly more than the ‘headline’ rate they expected. Often they feel obligated to stick with the loan because of the amount of time and effort the process has taken and the fact that the settlement date is fast approaching.

**TRUE RATES**

The other method financial institutions utilise is a ‘true’ rate from the outset, where it’s clear what the final rate and cost to the client will be.

"This is the approach we adopt at BOQ Specialist. We aim to be as direct and transparent as possible, so we talk to people about the true rate from day one. If we quote a client an interest rate at the outset, they can have confidence that it won’t have any hidden surprises like additional fees or charges," says Karney.

To understand financing options and to enable practitioners to make an informed decision, speak to a professional in the industry with experience in financing for healthcare professionals. BOQ Specialist has over 20 years experience working with dental professionals and understands their specific needs. For further information on lending products, contact one of our financial specialists today on 1300 131 141 or visit our website at boqspecialist.com.au

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BACKGROUND

Now in its sixth year of operation, (and capitalising on almost 30 years of medico-specific financial advisory experience of its partners) the Fintuition Institute (the company behind The Private Practice education initiatives) is committed to cementing its reputation as the premier provider of comprehensive, cohesive, un-conflicted and action oriented education and resources in business, financial and lifestyle management for Australian healthcare professionals.

To help achieve this objective, we have sought advice and input from a hand-picked group of well-credentialed members of the Australian health services community.

James McAdam – CEO of the Royal Australian and New Zealand College of Obstetricians & Gynaecologists

Associate Professor Ray Sacks – ENT Surgeon and Academic

Charles Jewaskievitz – CEO of Medicross

Christine Migliore – Director Training and Education Medtronic Surgical Technologies Asia Pacific

Matthew Brown – CEO FSP Group

Steven Macarounas – Director Fintuition Institute

AIM OF THE ADVISORY BOARD

To advise the directors of the Fintuition Institute on key areas of community engagement and business growth, eg:

• Optimising communication, to the Australian Healthcare community, of the Institutes aims and product/service offering

• Expanding and deepening College, Society and Association ‘partnerships’

• Engaging with the Tertiary education sector

• Optimising effectiveness of education delivery platforms
  - Face to Face events
  - Online program
  - The Private Practice Magazine
  - Offshore conferences/study tours

INAUGURAL MEETING

The agenda for our first meeting on 10 October 2014 was, to quote James McAdam, ‘heroic’; nevertheless we did cover most items and received invaluable advice on our direction forward.

We are currently working on our 2015 curriculum of courses, events and other initiatives, incorporating much of the guidance and suggestions provided, and will keep our readers informed of ongoing developments.

“If I have seen further, it is by standing on the shoulders of giants”

– Sir Isaac Newton

of Advisors

ADVICE
Much like their ideologically aligned, Northern comrades, Vietnam and the Vietnamese live in a contradiction, co-existing with and tolerating the decadent capitalists that surround them, (and flock from further afield), seemingly to exploit their disposable income for nation building and to fund an economic platform for an aspirant middle class.

Despite the sensory assault of the cities, Vietnam, like its people, is mostly tranquil and elegant, friendly and welcoming yet reserved, proud and often times sombre – not surprising given the very fresh and open wounds of war.

But enough of the geopolitical hypothesising, this is a travel/lifestyle article – and as a destination for accelerated family bonding, deep relaxation and exotic culture thrown in to the mix, Vietnam ticks all the boxes.

**HO CHI MINH CITY**

Arriving in Ho Chi Minh City, everyone here still calls it Saigon, a blast of heat hits you in the stomach as you make it past the baggage claim, through the glass doors and in to the wall of humanity waiting outside. This is South East Asia at its best - humid like a sauna, a tsunami of smell crashing around you, emanating from a seemingly endless row of outdoor eateries, the patrons slurping Pho sitting on makeshift stools on the footpaths.

The brightly lit and colourful arterial roads heading in to the centre of town are clogged by a sea of scooters, cyclos and motorbikes carrying whole families, caged chickens and bamboo scaffolding.

This is a bustling city, frenetic, loud, in perpetual motion, whose harsh edges are smoothed by romantic colonial architecture and long-standing landmarks; the hotels Majestic, Continental, Caravelle and the gaudy Rex, the Eiffel designed central post office, the ‘mini-me’ Notre Dame, all evoking the Indochine of the past and the blurred heroes and villains of Graham Greene’s Quiet American – he wrote much of it at the Continental.

Although steeped in tradition, Ho Chi Minh City is a living monument to the past that wears its culture (and scar tissue) on its sleeve, the city is also a living, breathing paradox of street food vendors juxtaposed against designer cocktail producing roof top bars, a swarm of impenetrable wasp like motorbikes, punctuated by chauffeur driven BMW’s and Bentleys. Prada and Gucci showrooms are book-ended by colonial iron lamp posts fixed with 1950’s style loud speakers spruiking communist party propaganda.

**VILLA SONG**

A place to call home, a sanctuary from the manic streets of HCMC, is the beautifully renovated French-Vietnamese colonial mansion, Villa Song, perched right on the banks of the Saigon River.

Stunningly white and imposing, embraced by lush green tropical foliage and flanked by the muddy, gently flowing river on its way to the Mekong Delta – this place is exquisite.

The Villa Song features wide, open verandahs floor-to-ceiling shuttered doors and windows, large airy rooms with high ceilings, canopied beds, whirring ceiling fans,(eerily reminiscent of the whuppwhuppwhupp of choppers coming in slow in Apocalypse now), dark wooden floorboards throughout and old fashioned claw foot bath tubs.

An elegant mahogany spiral staircase connects the bedrooms like a spine through the centre of this magnificent property.
The pristine, blue tiled 30-metre pool is ideal for a morning swim before a breakfast of fresh coconut juice, tropical fruit, and a noodle soup teeming with prawns, calamari, coriander and topped with a boiled egg.

Although there are several options, meals are best had in the gardens overlooking the river as you watch the container ships, and fishing boats sail by. The setting is so unbelievably romantic and tranquil, that you simply don’t want to leave, it would be very easy to settle in with a good book, a glass of iced Vietnamese coffee, or the excellent Saigon Bier. To help in this endeavour, the Villa has a well-stocked library of high end travel, art and ‘food’ books.

The hotels staff, headed by the ever attentive General Manager Yega Thiyagarajan, exude gentle old-fashioned professionalism. The service is flawless, the attention to detail and customer care is heart-felt and heart-warming.

After a languid start to the day, the hotels private speedboat can whisk you in to the city centre for a day of sight-seeing, or, later in the evening, it can be the start of a night out on the town, or a glamorous way of arriving at the various restaurants that line the river.

The river shuttle in to town is exhilarating, the spray of water on your face and wind in your hair keep the senses alert as you zoom past water buffalo and farmers in rice paddies, the river front mansions of pop stars, ship yards, retired hydrofoil graveyard and floating junk-style restaurants.

15 minutes later passengers alight at the port on Dong Khoi Street in down town Ho Chi Minh City ready to immerse themselves in heavy duty shopping, historical and cultural sightseeing and of course gastronomic delights.

In its heyday Dong Khoi was known as Rue Catinat, the most historic street in Saigon, the Champs Elysées of the city, housing the most famous hotels, restaurants, bars, boutiques and retail establishments.

Today, the street has lost much of its glamour and elegance, with many of its colonial-era buildings, and even the footpaths, in dire need of repair. That notwithstanding, it is still the premiere street in Ho Chi Minh City for luxury hotels, luxury goods, antiques and art galleries, much like it was before the ‘American’ War – yes, that’s how it’s referred to here.

Quite miraculously, a majority of its famous establishments – in particular, all of its infamous hotels – continue to exist, albeit in a restored and revised form. They sit alongside spanking new mall and hotel towers that have increasingly become the new visual norm on the street, threatening to overwhelm the quaint colonial atmosphere that clings on.

With limited time in any city, my first priority is always a visit to the central market – a microcosm that tells you more about a city, its people and what’s important to them than any other destination.

The Ben Thanh market is about 15 blocks from the river and one of the best examples of concentrated goodness one will ever experience. The smell is heavy, narcotic - durian, jackfruit, seafood, Huac Nam – the ubiquitous fish sauce condiment of choice all over Southeast Asia. At the centre of the enclosed market, past the vegetables, meat, fish, live poultry, jewellery, and groceries for sale, is a large area of food stalls selling a psychedelic rainbow of delicious looking fare.

Everything is brightly coloured, crunchy, exotic, unrecognisable and attractive. I dive in to this ocean of delights head first, slurping down prawn and crab-cake Pho, munching on boiled then grilled quail eggs, dried and candied pigs ears and my favourite, Banh Mi – the freshest crisp crust baguette stuffed with pork cooked 3 different ways, pate, pickled vegetables, a special chili sauce and fresh salad and herbs, simply delicious. It’s a good thing the Villa Song has a fully equipped gym to help burn off the extra kilos added.

The refreshing speed boat ride back ‘home’ to the Villa Song provides time to reflect on what we’ll have for dinner – the in house Bistro Song Vie hold its own in a city that sets the gastronomic bar high. The cuisine is diverse, Asian, western, seafood, salad, noodles, soup all prepared with flair, a keen eye on presentation and obvious devotion and pride.

An evening swim in the spectacular pool becomes a family affair – young kids splashing around, parents recline on day beds with after dinner drinks, the sound of communal fun is comforting, and very satisfying.

This is a very rare feeling, one of belonging. Thank you Villa Song, we will definitely be back.
PARK HYATT SAIGON
For those who'd like to experience the hustle and bustle of Ho Chi Minh City at close hand, a great venue from which to base your adventures is the exquisite 5 Star Luxury of the Park Hyatt Saigon, smack bang in the middle of the most colourful downtown neighbourhoods.

Looking down on Saigons’ Grande Dame, the elegant Opera House on Lam Son Square, The Park Hyatt is also within walking distance of cultural and historical sites such as the Reunification Palace, the HCMC People’s Committee, the Notre Dame Cathedral of Saigon and the Ben Thanh Market.

Stylish and refined, the Park Hyatt Saigon seamlessly combines the nostalgic feel of the city’s French colonial history with 21st century technology and comfort. The bright ivory-toned 9 storey building features an elegant faux Franco-Vietnamese Colonial façade, while the lobby exudes a luxurious residential atmosphere, enhanced by an original antique glass ceiling panel, inspired Indochine furniture, teak wooden floors and Oriental rugs.

The décor of the rooms is sophisticated, classic, stylish modern with a hint of old world charm.

The lobby is my favourite feature of the hotel, in particular the cavernous Lobby Lounge, a high ceilinged three storey open space, with tall windows, dim lighting, comfortable sofas and high-back chairs, – you’d swear you were in an old English gentlemen’s club, but without the stuffy atmosphere. The Lounge is a perfect spot for high tea washed down with a good old Gin & Tonic.

The resort style swimming pool surrounded by lush landscaped gardens is an oasis, a sanctuary providing respite from the muggy, chaotic streets just metres away away.

The dining at the Park Hyatt is first class, it boasts one of the cities finest restaurants, Square One, a state of the art, atmospheric, modernist space of glass and steel with old Vietnam accents such as colourful lattice work and patterned brick.

The restaurant has five show kitchens offering authentic Vietnamese seafood and, mostly Australian, imported meats. It features a Western grill, Vietnamese steam and wok area, a seafood counter with four fish tanks and an overflowing dessert counter – I highly recommend the soft shell crab with coconut, ginger and tamarind and the grilled minced duck skewer with pickled cucumber salad, and for dessert you’ve just got to have the French-Vietnamese fused Banana Tarte Tartin with palm sugar ice cream mmmmmmmmm.

For more casual dining, the Opera Restaurant serves trattoria style Italian cuisine all day, they specialise in authentic wood-fired oven pizza and home-made pasta – comfort food to counter an adventurous palate and settle an over-ambitious belly.

It’s extremely rare to find not just one but two highly acclaimed ‘eat and drink’ joints in a hotel with an International name above the door but, as well as Square One, the Park Hyatt also houses the svelte, sleek and sexy Martini Bar, 2 Lam Son.

Although denied access (under age kids in tow), we ogled this glass fronted hot spot, and ‘beautiful people’ within, from a distance. It is all copper, warm wood and candle-lit. The modern take on Moroccan geometric wall paneling, coupled with draped plush booths and illuminated resin bar-top invoke a 21st Century harem.

The service is what you’d expect from a 5 Star International chain, excellent, intuitive, unobtrusive – you certainly are getting your moneys worth!
So Ho Chi Minh City can be tranquil, relaxing and refreshing, it can also be in-your-face loud, exciting and tantalising. The two hotels offered here for your consideration will help you experience both these worlds, and provide lasting memories of a uniquely fascinating country and people.

Stay tuned for part 2 of our Vietnam expose, where we visit the island paradise of Ninh Van Bay and the Six Senses Resort, followed by Danang on the original China Beach and the Spa Heaven that is Fusion Maia.
Medicos and other healthcare professionals are not like everyone else. When it comes to financial advice, you have particular needs, issues and concerns that need to be clearly understood from the outset. Which is why we’ve gone to considerable lengths to assemble a network of medico-specialist financial advisers – with extensive and successful medico experience. Like-minded professionals who will not only provide you with solutions but also educate you – so you can make fully-informed decisions.

There’s a medico-specialist financial adviser in every state and territory of Australia.

Examine our network of medico-specialist financial advisers