A Patient-Centric Culture
Define, measure and monitor your patients' experience

Risk Management
Are you complying with Australian privacy law?

Taxation and Business Structures
All year round tax tips

STRATEGIES FOR A BAD DAY
How well does your team communicate?
Day Hospital Development

This 2 day workshop has been developed and presented as a collaboration between the Australian Day Hospital Association and The Private Practice.

Delegates will be guided through the due diligence process as well as the project management and operational considerations for successful development and function of a day surgery/hospital.

TOPICS INCLUDE:

- Commercial Feasibility
- Operating Structures
- ‘Partnership’ Models
- Working with State Health Bodies
- Sourcing & Securing the Site
- Design and Construction
- Accreditation
- Dealing with Suppliers
- Dealing with Health Funds
- Staffing – Leadership/Team Building
- Finance
- Facility Management
- Attracting Doctors
- Equity Participation Models

Location/Dates

SYDNEY
Sat 29 – Sun 30 August 2015
Grace Hotel, 77 York Street

Fee:
Standard: $1,595.00 inc. GST
ADHA Member: $797.50 inc. GST

HURRY: SEATS ARE LIMITED

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EDITOR’S MESSAGE

Transformation

Making a successful career transition requires getting in touch with our sense of self, questioning our motives, seeking the support of colleagues and our team of professional advisors.

We all know someone in our professional lives who is undertaking some type of career transition – they may be working towards retirement, stepping into a new role, setting up a medical practice or returning to work following parental leave.

To understand the transition process is to understand the impact a change in circumstance can have on our identities and sense of self. To coin a common phrase, we are all products of our environment to some extent, and we have elements of our identity tied to these various environments.

For instance, we may be the successful specialist doctor at work, the nurturing parent at home, the confident mentor with our peers and the competitive sports person on the tennis court.

Each of these ‘selves’ makes up our identity and include the following components:

• Our ‘self concept’: This refers to the perceptions we have about our traits, talents and weaknesses. It includes multiple aspects of our self, such as our occupation, gender role beliefs, attitudes about our business lives, family, lifestyle and so on.

• Our remembered younger self.

• Our anticipated future (or ‘possible’) self.

It is our aim at The Private Practice to provide a platform to help initiate and support the transition, dare I say transformation from clinician to business person and entrepreneur.

The journey starts with education and continues with appropriate resources, mentoring and coaching.

We hope this current crop of articles from our education partners adds to your knowledge, and we invite you to contact us via editor@theprivatepractice.com.au for more information on our education initiatives and business resources.

Steven Macarounas, Editor
director@theprivatepractice.com.au
Lack of time or don’t know how to find the RIGHT INVESTMENT PROPERTY?

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Carl Warmeant is a Practice Principal at Intrinsic Financial Planning.

Contact our network of endorsed financial advisors to review your superannuation and retirement planning arrangements.

**Carl Warmeant** explains how contribution cap increases offer super opportunities.

If you work in the medical profession, you probably spend most of your day looking after other people, directly or indirectly. But how much time do you spend looking at your own financial affairs and ways to optimise your superannuation and tax arrangements?

Superannuation is one of the most tax-effective forms of investment available to Australians and understanding how to benefit should be central to any medical professional’s approach to financial planning.

A key regulation placed on personal super is the amount you can contribute to your fund over a financial year – known as the ‘contribution cap’. The good news is that these limits were increased in the latest financial year, which may make it easier for you to put more money into super and, in many cases, reduce your tax bills.

Investing in super is a great way to boost returns and the recent changes to the contributions caps are great news for investors. Medical professionals should pay particular attention to super because they often fall into the high net-income category. In addition, they can find it hard to keep track of their super contributions if they derive income from a range of sources.

**CONCESSIONAL CONTRIBUTIONS CAPS**

Contribution caps fall into two categories: concessional and non-concessional. They affect anyone who places any amount of money into super in a given year, whether they are self-employed, elect to sacrifice part of their salary into super, or have a lump sum to invest in super from one-off gains such as the sale of a practice or an inheritance.

Concessional contributions are taxed at a rate of 15% and are limited to $30,000 per year1 as of 1 July 2014. The cap for those aged 50 and over by the end of 30 June 2015 is $35,000 per year. These contributions are called concessional because they are tax deductible. This provides a double benefit for those who sacrifice part of their salary into super – not only are their contributions taxed at 15%, the individual’s taxable income is reduced by the same amount. However, if a person’s income is more than $300,000, then some or all of their concessional contributions may be taxed at 30%.

It’s important to avoid going over the concessional contribution cap if you wish to avoid being charged extra tax. For instance, if you receive a pay increase or a bonus, it can tip your contributions over the concessional cap limit. If that occurs, you will pay tax on excess contributions at your marginal tax rate, which could be as high as 49%.

Medical professionals should be especially wary of how much super has been contributed on their behalf if they work for multiple employers or gain income through both private and public billings. Health services are renowned for paying super into funds at the last minute, so workers need to remain vigilant about all their sources of super income and when the contributions have been paid.

**NON-CONCESSIONAL CONTRIBUTIONS**

If you want to put more than $30,000 (for those aged under 50) or $35,000 (for those 50 and over) into super in a single year, you should consider making non-concessional contributions. These are not tax deductible.
The cap on non-concessional contributions increased to $180,000 from $150,000 on 1 July 2014. Further, non-concessional contributions can be added to concessional contributions such that eligible person can contribute up to $210,000 a year to super, or $215,000 if they are 50 or over.

It is possible to contribute even more to your super by ‘bringing forward’ your caps for the next two years. For the 2014–15 year, for instance, you could contribute up to $540,000 (three times $180,000) without exceeding your non-concessional cap (the concessional cap cannot be brought forward, which means the maximum amount you can contribute in one year if you bring forward all non-concessional amounts is $570,000 or $575,000 if you’re 50 or over). This could be particularly useful for those wanting to invest a lump sum.

Making large contributions is a great way to accelerate your super savings. Moreover, once your money is in your super fund, it receives the tax benefits of investments through super, which can quickly add up to significant amounts over subsequent years or decades.

**YOUR NEXT STEPS**

To help you make the most of the new cap limits and not pay more tax than you need to, we strongly recommended that you seek advice from your financial adviser, super fund or tax agent. Any changes to your super plan should be made before 30 June each year to gain the full benefits for that financial year.

If you need more information about super contribution caps or super in general, you can visit ato.gov.au/supercaps or ato.gov.au/yoursuper. If you’re unsure about how much is being contributed to your super or when payments will be received by your fund, you should talk to your employer or your superannuation fund.

Finally, if you’re reviewing your super arrangements, it may pay to check the performance of your current fund and the insurance cover your policy offers. You can also track down any lost super at the moneysmart.gov.au website.
Strategies for a bad day

How well does your team communicate? Professor Melinda Edwards shows us how.

On a good day everything seems to flow doesn’t it? When there is time to spare for a coffee and a chat life somehow feels less serious and people are better able to laugh at both themselves and their circumstances.

But when everyone is under pressure, it can be a different picture can’t it? Knowing all the answers, looking good and being right become the imperatives and heaven help the poor sod who makes anything harder than it already is by the unthinkable - making a mistake.
WHO DOES YOUR TEAM LOOK TO FOR LEADERSHIP ON A BAD DAY?

For private practice health care professionals the answer to that question is very likely to be you. And according to researchers at Stanford University, how we deal with mistakes in the workplace, particularly on a bad day, may have a much greater impact than we realise, creating lasting implications for our business culture that we would be wise to avoid.

In a recent Harvard Business Review article “Why Compassion is a better managerial Tactic than Toughness,” Dr Emma Seppala suggests that the natural response to a serious mistake by an employee is likely to be frustration and anger, particularly if the mistake reflects badly upon our professional reputation. Our instinctive reaction is then to punish the employee in some way, hoping that it will both teach the offender a lesson and keep the rest of the team on their toes to avoid a recurrence. However the hidden flaws in that logic are exposed by Sepalla and her fellow Director, Dr James Doty, using his first experience as an aspiring surgeon in the OR as an example.

Doty describes being so nervous for his first procedure that his perspiration finally dripped onto the operation site, causing contamination. Whilst there were no life-threatening implications for the patient concerned and the site could easily have been irrigated, he remembers the highly esteemed operating surgeon becoming so angry that he ordered Doty out of the OR. Following his shameful retreat, the young surgeon returned home to cry “tears of devastation”.

In hindsight Doty suggests that if the surgeon had acted differently, he could have earned his undying loyalty instead:

“If the surgeon, instead of raging, had said something like: Listen young man watch what just happened, you contaminated the field. I know you’re nervous. You can’t be nervous if you want to be a surgeon. Why don’t you go outside and take a few minutes to collect yourself. Readjust your cap in such a way that the sweat doesn’t pour down your face. Then come back and I’ll show you something. Well then he would have been my hero forever.”

A strong body of research now backs up this advice. Studies show that employers who are perceived as compassionate at work, instil a greater sense of loyalty in their staff. Positive relationships at work have been linked to productivity even more strongly than monetary reward, and neuroimaging research shows that a distinct physiological response is registered when an employee is afforded empathy by their employer. Conversely, the research also demonstrates that fear of a punitive boss or manager triggers the reptilian brain, inducing a fight or flight response and leading to conflict or worse, the complete breakdown of the working relationship.
COMMUNICATION

“In the middle of every difficulty lies opportunity.”
Albert Einstein

So what response do the experts recommend you employ the next time one of your team makes a serious mistake?

1. **Breathe - stop to think.** It is important that you circumvent your own reptilian brain response in order to achieve a wiser outcome. Breathing and keeping silent for a moment assists you to move beyond a fight or flight reaction to a more intentional, relationship-focussed response.

2. **Look at the situation from their perspective.** Understanding the motivation behind your employee’s actions can often help you to appreciate their underlying goodwill. It can also assist you to better explain the difference between what has occurred in this instance and how you would prefer things to go, if ever faced with a similar situation in the future.

3. **Forgive – for both of your sakes.** Insincere empathy will be detected a mile off and can be just as damaging as anger, so it is important that the employee feels your genuine forgiveness for this one to work. But when you do genuinely forgive, rather than carry around resentment, it is far better for your own heart too, lowering your blood pressure as well as theirs in the heat of the moment.

Leading by example is a powerful tool, but when it comes to communication skills, being explicit not only about what your team does, but also about how you’d like them to do it, is essential for a healthy organisational culture. For that reason communication skills training for your entire team, is also highly recommended.

Empowering your people with more effective communication skills will not only deliver you greater returns across key metrics such as revenue, profit & customer service, the training experience itself, when done in a fun and interactive way, can assist you to reinforce a positive leadership message. After all, business is a human activity, so no matter how big your practice, empowering your humans is a smart business strategy.
It’s a common and justifiable preoccupation for any medical professional who has worked hard to build wealth over a lifetime. Most people don’t like to entertain the possibility of life taking an unwelcome turn, but in reality it often does. Having a sound plan in place will ensure the wealth you’ve built is transferred smoothly, tax-effectively and according to your wishes.

SAFEGUARDING WEALTH FOR GENERATIONS
We provide tailored and personalised estate planning to meet your unique needs and goals. We can put the right structures in place to help protect your wealth and family through:

• strategic advice that covers personal and family assets
• preparation of legal documents, including wills, enduring powers of attorney and living wills
• establishment and administration of philanthropic structures and trusts
• intergenerational wealth transfer; and
• executorial services, estate management and administration.

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

Simon Conelly explains medico specific tax planning strategies.

All year round tax tips for doctors and health professionals Managing cashflow and tax is key for doctors and health professionals not only in preparation for the end of financial year but all year round. This is especially the case if your income is about to increase or there is a major life or work change on the horizon.

The ATO Taxation Ruling 2503 issued in 1988 established the requirement for medical practitioners to be assessed on all professional exertion income. The practical outcome of this Ruling means that where a practitioner establishes a company structure to operate their business on the basis that a 30% company tax rate can help to reduce their overall tax payable, the company does nothing more in relation to income tax for the individual practitioner (except reduce it where superannuation is paid). Usually, this means that the company does not have assessable income as any income earned after expenses is passed to the practitioner as a salary.

For this reason, many ‘traditional’ tax planning strategies that could be utilised with other individuals or business owners are not available to medical practitioners.

However, there are many other suitable strategies that can be utilised by doctors and health professionals who are seeking tax efficiency. Many of our medical practitioner clients seek peace of mind knowing that the high level of personal income they receive is being effectively managed to build their future wealth. As with any sound financial plan, managing tax is more effective when combined with other strategies, so looking at tax outcomes in isolation is not going to achieve optimal results.

TAX EFFECTIVE SOLUTIONS

Superannuation
Up until recently when contribution ‘caps’ were introduced to limit the amount of contributions an individual could receive in a financial year without penalty (‘excess superannuation contributions tax’) being payable, superannuation contribution was a meaningful tax planning strategy. Despite the caps, superannuation should still be considered a useful wealth accumulation vehicle due to the flexibility it has in relation to investment selection as well as asset protection and estate planning benefits, in addition to its low 15% tax on income.
QUICK TIPS

Tax on superannuation contributions:
Employer and salary sacrificed contributions are generally taxed at 15% - but for some high income earners contributions tax of 30% applies.
Salary sacrificed contributions can reduce your assessable income.

Tax on investment earnings:
Income which is earned in the fund (investment earnings) is taxed at a maximum rate of 15% (and 10% for capital gains on assets held for at least 12 months).
Income from assets used solely to support an income stream is tax-free.

Tax on withdrawals:
When you become eligible to access your superannuation you can take an income stream to provide you with a regular income, or you can withdraw all or part of your benefit as a lump sum. The tax payable (if any) on the taxable component of these amounts will depend on your age and your fund.
A transition to retirement strategy can be utilised to supplement your income should you wish to cut back on working hours and slowly transition to retirement.
GEARING – interest costs can be offset against other income

Gearing can be a powerful way to invest as it can provide a tax effective way to grow your assets. Medical practitioners may not be able to divert any or all of their professional exertion income, but in general, they are able to offset investment interest costs against other income.

What’s more, if the investment debt is used to buy Australian shares that pay franked dividends, a further tax benefit accrues via the ability to claim a refund on the franking credits (or imputation credits). This means the Australian company has already paid part or all of the tax (at the company rate) and this is imputed to the shareholders by way of a tax credit. This effectively reduces the tax payable on this component of income to 19%. And, as the interest against the borrowing is tax deductible, the real (after-tax) cost is reduced by almost half.

Over time, a geared investment can be flagged for a 'higher purpose' which may include equity extraction for other balance sheet priorities. In particular, this is a strategy we consider frequently with medical practitioner clients as it is the most effective way such monies can be contributed to superannuation, and forms part of pre-retirement planning.

QUICK TIPS

Offset interest costs against other income:
Medical practitioners can offset investment interest costs against other income.

Utilise gearing for equity extraction:
To further diversify and grow your overall wealth
To make additional contributions to superannuation to provide a tax-effective income in retirement, or upon death or disability.
CHARITABLE GIVING

Another very powerful strategy is charitable giving, otherwise known as ‘structured giving’. Structured giving means planning when, how and where to give for maximum community impact. It’s different to just writing a cheque, and is a great way to leave a gift that keeps on giving. Setting up a charitable structure is an achievable goal, and is a tax-effective way to provide a sustainable income stream for charities or causes.

Medical practitioners pour their heart and soul into their profession, making a life-changing difference to their patients and communities. As well as supporting medical research, we find that many of our clients like to give outside of their profession, especially on discovery of their life goals and aspirations.

Did you know that there are more efficient and structured ways to give, with more benefits? For example, for an individual presently making annual donations of at least $2,000 to a charity, they can establish their own foundation and thereby take a greater level of control over their philanthropic activity. In addition, families can set-up their own Private Ancillary Fund (PAF) during their lifetime as a vehicle to formalise their charitable giving. There are many advantages of establishing a PAF including significant tax advantages. As with annual donations, donations to a PAF are tax deductible. There is also the ability to spread the tax deduction over a period of up to five years. This is extremely useful in managing income fluctuations that may occur from time-to-time, such as the sale of an investment property or practice goodwill upon retirement.

Charitable giving decisions are very personal and often not considered until an estate planning discussion is held. Understanding the most suitable options can be instrumental in achieving appropriate tax management outcomes now, but also at death. It can also be an ideal way of sharing and passing on family values and social responsibility to the next generation. ©

QUICK TIPS

Structured ways to give can be more effective:

A Private Ancillary Fund can be set up during your lifetime as a vehicle to formalise charitable giving.

Donations to a Private Ancillary Fund are tax deductible and you can apply to spread the tax deduction over a period of five years.

Our passion and understanding of medical professionals has been our focus for more than 25 years. We can help to convert your high level of professional exertion income into tax effective capital over time.

Just one hour invested with us can help secure your future. For more information, contact Michelle Gianferrari on 0421 446 513 or visit www.perpetual.com.au/medical

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Mike Watson is Director of Innova Design.
Fit for Occupation?

A guide to save you money on start up. Mike Watson explains how.

When viewing properties that you are considering for your practice there are many factors that are not initially obvious but that can have a big effect on the cost of the Fitout and even the suitability of the site for your use.

Initially, and before getting into details, it would be well worth checking the site complies with two major pieces of legislation:

**The Disability Discrimination Act 1992 (DDA)**
For a quick check – is there a DDA compliant toilet in the premises or available to the premises?
Is the main entry DDA compliant? i.e. can a wheelchair enter through the main entry?

**Local Council Parking Regulations**
This varies widely from council to council and is worth a call to the Council in question. It can vary from zero to three per consult room depending where you are. Access to nearby parking may be taken into consideration by Council if your own space fall short of requirements. It is possible with some Councils to make a one off payment for each car space shortfall. For your first inspection just make sure there is SOME parking available.

If the site fails on either of these two points it is doubtful whether it is worth proceeding.

If it passes the test so far then that’s good news as the rest is down to your negotiating skills!

Undoubtedly one of the biggest effects on the cost of your Fitout is going to be the existing services as handed over to you by the Landlord/Previous Owner. It is in their interests to hand over as little as possible and yours to get the maximum benefit.

If you are considering an existing site that has previously been occupied, insist the site is "Made Good". This means returned to the original condition and the existing Fitout removed. Trying to make use of existing Fitout will certainly inhibit the best use of the space with every expensive square metre. Make Goods also include ceiling works so you should receive a good clean ceiling with sufficient lighting, Sprinklers and air conditioning outlets so your expense is limited to the relocation of these services to suit your Fitout and not the supply of new ones.
A reasonable commercial grade carpet should also be included.

A good tip to save time and money here is to get a quote for the make good from the landlord or from your own contractor then relieve the landlord of the responsibility by requesting that sum as a cash contribution towards your Fitout. There are many savings to be made by using the same contractor and relocating the services directly to suit you rather than to suit an open plan environment and then again to suit your layout.

Likewise with flooring. You will probably not want a reasonable commercial grade carpet throughout but the contribution will go a long way to paying for what you do want.

If you’re considering a shopping mall, the managements usually enforce the make good clause strictly with the previous tenant so you will normally inherit a shell with no ceiling or flooring.

Recently we have had the pleasure of working with several clients purchasing in new complexes directly from the developer. In these cases there is a great opportunity for you to save at no cost to the developer. A true win – win situation.

Often the developer’s package to you includes the ceiling. In this case if you can finalise your floor plan early enough, get your design consultant to coordinate with the developer over the positioning of the services in the ceiling. He has to put them somewhere and it won’t cost him any more to put them where you want them. Many developers will also include drilling the core holes for plumbing services. The key to taking advantage of this is to have your plans ready early. Time is money for the developer!

When assessing sites, while retail space is usually more expensive, it is worth considering that parking requirements won’t be an issue and it will be DDA compliant. If you are ground floor and above the car park then plumbing is simplified too.

Residential sites are invariably more challenging as the approvals process is longer and uncertain. Even if the land plot is big enough, providing sufficient parking and turning circles often means filling in the pool but the biggest issue and potential cost is making the site DDA compliant.

In summary, consider these factors when viewing potential sites but I would recommend calling a design consultant in before signing on the dotted line!
At Patient Centric Health Care we help practices define, measure and monitor their patients' experience. We customise our approach for each practice, allowing us to focus on what matters most to you and your patients. Our goal is to help you develop a patient-centric culture in your practice, reduce the effort required by your patients, reduce your risk exposure and improve the experience offered by everyone in your team – all with the goal of improving the overall performance of your practice.

- Can you measure your patients' experience?
- To what extent are existing patients referring others?
- Do you know where you need to improve – and how?
- Who in your team is building your brand?
- Is any aspect of your patients' experience increasing your risk exposure?
- How is this impacting your bottom line?

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Patient Centric Health Care
Patient Satisfaction with Every Interaction
Key Considerations

Considerations for buying property in a Self-Managed Superannuation Fund

Tim Miller gives us the low down.

A key aspect of using a Self-Managed Superannuation Fund (SMSF) for retirement planning purposes is the ability to use a fund to acquire direct property assets. This can include:

- business real property (property used wholly and exclusively for business purposes); and
- other direct property investments (such as residential investment property).

For SMSF trustees, business real property is the only type of real property that can be directly acquired from a related party. As a result the focus for SMSF direct property investments has historically been business real property. However, residential investment properties are more and more on the radar for many trustees, helping them fulfil the “Australian Dream” of owning property.

What is generally a focus for trustees is determining how they can acquire property. With so much attention on the use of limited recourse borrowing arrangements since their introduction in September 2007, opportunities are often overlooked that have been available to trustees since 1999, and in certain circumstances prior to that.

**BUSINESS REAL PROPERTY INVESTMENT**

The ability for SMSFs to invest in business real property has been an area of keen interest since the introduction of Legislation in 1999, which allowed Funds with fewer than 5 members the ability to use up to 100% of fund assets to acquire business real property, prior to that time a fund could only hold 40% of its assets in business real property.

Key benefits of SMSF investment in business real property include the general benefits of investment in a growth asset that provides a regular commercial rate of rental income and the fact that the small business proprietors do not have to relinquish control of their business premises to a third party.

Where an SMSF is considering a business real property transaction, it is important to ensure that:

- all transactions, including ongoing rental payments, are conducted at arm’s length and are well documented;
- the property, if leased to a related party, is always maintained wholly and exclusively as business real property;
- the SMSF is considered an investor in property for income purposes, not seen as running a business the business undertaken at the property;
- any development work undertaken/paid for by the SMSF is considered part of the business property investment;
- sufficient cash flow exists within the SMSF to manage all property expenses on an ongoing basis;
- the trustees have a plan in place to satisfy all future benefit payments requirements as and when they arise, particularly where property makes up a significant proportion of the SMSFs investments; and
- all investments are part of the fund’s documented investment strategy.

Tim Miller is an SMSF education consultant with over 20 years’ experience in the Superannuation industry.
CONTRIBUTIONS CAPS
CONSIDERATIONS
Prior to the introduction of the current contributions caps, the in-specie contribution of business real property had been a strategy that enabled members to generate a rapid increase in the value of total SMSF assets. Whilst this strategy continues to be relevant, it must now be considered in light of the contributions cap restrictions.

For example, for an individual fund member under age 65, the maximum non-concessional contribution that can be made in any financial year is limited to $540,000, based on the application of the three year ‘bring-forward’ provisions.

Where it is possible for the transfer to occur in respect of more than one individual (such as a member and their spouse) this limit may increase to $1,080,000. In certain cases, even these higher limits will restrict the ability to make large property injections directly into a superannuation fund. Trustees must be mindful of the contribution cap rules and ensure if they are considering accepting a large contribution from the member, given they are often one in the same, that they have not triggered their non-concessional bring-forward amount in a previous year. Whilst the excess non-concessional contribution penalties are now considered less harsh there is still a tax impost for going over contribution limits.

Other contributions such as CGT Concessional contributions, for the sale of an active small business asset, may be beneficial given they are significantly larger than the non-concessional contribution limit. The Australian Taxation Office have given a fair indication that an asset sold subject to the small business CGT concession is unlikely to also meet the timing requirements to be transferred to a fund under the concession.

OTHER DIRECT PROPERTY INVESTMENTS
Where direct property investments, other than business real property, are used under SMSF arrangements, many of the issues outlined above will need to be considered. Additional considerations will also be required on the basis that other direct property investments are not eligible for legislative exceptions that apply for business real property. Such property cannot be acquired by an SMSF if owned by members or related parties and in practice are unable to be leased to a related party which includes but is not limited to the members and their extended families.
ALTERNATE PROPERTY INVESTMENTS OPTIONS – PARTIAL ACQUISITION

Another area in which care must be taken is where an SMSF wishes to purchase a property jointly with other related parties. This may arise for a number of reasons, including:

- the need for personal borrowings (unrelated to the property being purchased) to be used in the partial funding of a property acquisition; or
- the application of the contributions caps to limit the amount of an in-specie property contribution that may be made at a particular time.

In particular, in the event that a direct property investment is to be purchased jointly with other parties, the manner in which ownership is structured should be carefully considered. This includes the careful consideration of tenants-in-common arrangements or the use of non-geared unit trusts.

TENANTS-IN-COMMON ARRANGEMENTS

Although ‘tenants-in-common’ arrangements can be used to facilitate the partial acquisition of direct property investments, the use of this ownership structure must be very carefully considered for the following reasons:

- if the underlying direct property investment is not, or does not remain, consistent with the business real property definition, the SMSF will not be able to:
  - lease the property to a related party; or
  - subsequently acquire the remaining share of the property from a related party;
- a partial share of a property held on the basis of tenants-in-common is likely to be extremely difficult to sell to an unrelated party; and
- any change in the ownership of the direct property investment may have CGT, GST and stamp duty implications.

NON-GEARED UNIT TRUSTS (SIS REGULATION 13.22C)

Non-geared unit trusts are attracting increasing attention in facilitating partial direct property investments that may subsequently be acquired by the SMSF over time. Alternatively they are being used by a fund that acquires 100% of the units and then subsequently transfers those units back to related parties over time as an intergenerational asset retention strategy.

The current contributions caps have increased the focus on this type of arrangement by restricting the amount of lump sum contributions that may be made in any particular financial year. Likewise reluctance by some to borrow within the superannuation environment has meant trustees are looking for alternative options.

Properly structured non-geared unit trusts are eligible for:

- a general exemption under the in-house assets provisions; and
- an exemption under the acquisition of asset provisions, which is extremely powerful.

The significance of the in-house asset exemption is that an SMSF is restricted to the amount it invests in related unit trusts to 5% of the total fund assets unless an exemption applies. Accordingly, non-geared unit trusts can represent effective vehicles for the partial acquisition of direct property investments held in conjunction with related parties. In particular, non-geared unit trusts can effectively cater for the subsequent transfer of additional property ownership to the SMSF via the acquisition of additional units in the non-geared unit trust, without any change in ownership of the underlying direct property investment. Consideration will need to be given to the possibility of
capital gains tax and stamp duty implications in regards to the transfer of units.

The Policy objective behind the use of non-geared unit trusts was to increase flexibility in the way Business Real Property could be held by a Fund with less than 5 members. It broadened the way a SMSF could hold business real property from direct only to direct, via a company or via a trust. The Regulations provide for investments in non-geared companies or trusts, however, in most instances these structures take the appearance of a trust rather than a company, but both are possible.

INVESTING VIA A TRUST – THE RULES

Superannuation Industry (Supervision) Regulation 13.22c, which relates to investments in a related trust post 28 June 2000, ensures that certain investments of a superannuation fund are excluded from the meaning of "in-house asset" (subject to the 5% limitation) if the investment satisfies the following conditions:

- the unit trust does not borrow
- there is no charge over an asset of the trust
- the trust does not invest in or loan money to individuals or other entities (other than deposits with authorised deposit-taking institutions)
- the trust has not acquired an asset from a related party of the superannuation fund (after 11 August 1999) other than business real property which has been acquired at market value
- the trust had not acquired an asset (apart from business real property acquired at market value)

that had been owned by a related party of the superannuation fund in the previous three years (not including any period of ownership prior to 11 August 1999)

- the trust does not, directly or indirectly, lease assets to related parties, other than business real property
- the trust does not conduct a business
- the trust conducts all transactions on an arm’s length basis.

The third point in effect means investing in shares (including listed securities or units of other trusts/managed funds) is not permitted via the trust. In practice, this means that non-geared unit trusts are generally only effective for funds wishing to hold direct tangible assets (e.g. direct property, cash, gold). Interestingly furniture/office equipment can be owned but not if it is leased to a related party, not even for business purposes as it is not business real property.

FAILURE TO SATISFY THE REQUIREMENTS

A fund will lose the in-house asset exemption if the number of members in the fund increases beyond four therefore no longer meeting the definition of an SMSF. It will also lose the exemption if the trust:

- invests in other entities (for example, acquiring shares)
- makes a loan to another entity, unless the loan is a deposit with an authorised deposit-taking institution
- gives a charge, or allows a charge to be given, over, or in relation to, a unit trust asset
- borrows money
- conducts a business
- becomes a party, either directly or indirectly, to a lease arrangement involving a related party of the fund that does not involve business real property
- conducts a transaction other than on an arm’s length basis
- acquires an asset (other than business real property acquired at market value) from a related party of the fund, or
- acquires an asset (other than business real property acquired at market value) from any party if the asset had been an asset of a related party of the fund since the later of:
  - the end of 11 August 1999, or
  - the day three years before the day on which the asset was acquired by the fund.

CONDUCTING A BUSINESS

The reference to conducting a business can often be confusing. In practical sense the transaction looks like this. The SMSF acquires units in a unit trust, the unit trust acquires the business real property, let’s say a medical practice and the trustees of the unit trust leases the property to the medical business, which is possibly being operated by a related entity.

INVESTMENT STRATEGY

All investments, whether held directly or via a related or unrelated entity must still be made in accordance with an appropriately formulated investment strategy and in satisfaction of the Sole Purpose Test i.e. be made for the genuine purpose of providing retirement benefits. SMSF Trustees should not enter into any investment transaction without first obtaining appropriate taxation/investment/strategic advice.
Unlocking pathways to referrers

Jason Madz explains how to grow and strengthen your referral network.

If you’re a specialist in private practice, you understand that the key to success in healthcare is based on the size and strength of your referral network. Repeat business rather than relentlessly pursuing or inventing new channels of business is the pathway to growing a healthy, reliable and robust referral network. But what if you’re not there yet? What if you don’t have a public hospital appointment? How do you grow a referral network and where do you start?

At Meta Surgical, we use a simple and effective 3 point process to systematically develop and maintain a water tight referral network around you.

1. IDENTIFY YOUR CIRCLE OF CARE

The very first thing we do when discussing how to generate referrals to specialists is to undertake an assessment of the specialist’s “circle of care”. The “circle of care” is a term we use to describe insights into all of the components of care a patient will use that are in addition to your specialty service. Typically, a circle of care looks something like this;

General practitioners (GP’s) are the obvious first point of care for most Australian’s primary healthcare needs, but if we drill down on this circle of care even further, it also reveals other important providers of healthcare which influence our patient’s journey. For example, patients will often be sent to pathology or image centres prior to seeing a specialist and after seeing a specialist, patients will often experience additional hospital and rehab care before completing their journey back to their GP.
By identifying types of providers within your circle of care, you can plan a much broader and more complete healthcare referral network. The broader your referral network, the better reach you have into additional communities and networks while the more complete your referral network, the more robust to disruption it becomes.

2. PROVIDE EDUCATION

Reaching out to form new relationships for most people is a difficult process. Think of your first day at school or university, or when you joined a new community or sporting group. Finding your place amongst a new group of people can be challenging. You have to find common interests, build rapport, prove yourself, gain trust and be consistent if you want to establish yourself as part of the group. Now that you’re a specialist, its less about being a part of a group that matters, but more about how you can establish your own group and how to be a leader of that group of people.

One of the best ways to create a group is via education. As a specialist, you are now an expert in your field. Everyone in your circle of care will benefit from your knowledge and expertise. If you understand how to use education effectively, you can enjoy a reason to regularly meet with your group to interact and share experiences and naturally develop rapport, trust and consistency over time. It is therefore important to develop an education program that’s appropriate and targeted to your referrers from the start.

The RACGP QI&CPD program is an effective way to unite members of your referral network through compulsory education. The RACGP, or Royal Australian College of General Practitioners, provides education through QI&CPD, or Quality Improvement & Continuing Professional Development, courses. Education is a compulsory component of a GPs registration and GPs are required to obtain a total of 160 QI&CPD points every triennium.

Accredited Activity Providers, AAPs, can write relevant Category 1, 40 Point QI&CPD courses for GPs delivered by specialists and other circle of care providers. Reaching out to GPs in this way diminishes awkward introductions, puts names to faces and efficiently groups many referrers together in the same place at the same time. One off events can be shaped to the advantage of specialists for favourable patterns of ongoing referrals, education and social meetings so that long term relationships may be formed.

3. CONTINUITY OF CARE

Whilst it may seem obvious to some, it holds that others may sometimes overlook the importance of reciprocating referral practices or simply don’t take charge of their patient’s healthcare.

Once you have taken time to understand who your circle of care providers are and have reached out to them in the form of regular education events, it is vitally important to use these relationships to your advantage and provide a higher level of care for your patients.

Referring patients on to professionals in your circle of care creates a VIP healthcare experience for your patients which is advantageous for all. More efficient and optimal healthcare outcomes can be achieved and stronger, more reliant relationships with circle of care providers are established.

SUMMARY

- Specialists need a diverse, large, reliant referral network for business success
- Providing education to targeted referral networks provides better clinical outcomes for patients and better referral relationships for specialists.
- A repetitive business approach is much easier than continually trying to derive business from new initiatives.
Doctors are Different

and so are other health care professionals.

Which is why we've gone to considerable lengths to assemble a network of medico-specialist financial advisers – experienced professionals who understand the particular needs, issues and concerns of healthcare professionals. Advisers who will not only provide you with solutions but also educate you – so you can make fully-informed decisions. There's one in every state and territory of Australia. To examine them more closely, just click the button.
Providing a Patient Centric Experience – is it really worth the effort?

Brendan Stocks, Director at Patient Centric Healthcare, is an operational executive and management consultant with over 20 years experience in consumer businesses.
Clinical effectiveness and patient experience are key domains of health care quality. Each contributes to the positive health outcome of your patients. But too often healthcare organisations consider the patient experience as an after-thought. Most want to offer patients a great experience, but few can define this. Even fewer can measure this.

There are significant benefits for those that provide a great patient experience - who constantly measure, innovate and improve this. With benefits for your patients, your health professionals, your staff and your organisation’s bottom line – why wouldn’t you make this a priority?

Well, making it a priority is exactly what one Perth GP did. I have known Dr Chris Denz, the Managing Director of Central City Medical Centre, for about 12 years. Late last year we discussed how he might apply proven tools and techniques used to measure and improve customers’ experience in global organisations at his practice in Perth, to improve the patients’ experience. Sure, they had been gathering patient feedback as part of their accreditation process, but input from a small number of patients every three years didn’t leave him confident that he truly knew how his patients felt. In particular, he was keen to know:

• which elements of their experience with the practice patients liked and disliked;
• which elements were building the brand of the practice and whether any aspect was hurting it;
• which GP’s were positively impacting the brand of the practice – and to what extent; • which patients were referring friends, family and colleagues – and why; and
• whether any element of the patient experience was increasing the risk profile of the practice and the GPs.

Collectively we felt we had a reasonable idea of what made a great patient experience. After all, he is a GP with decades of experience and I’m married to a Practice Manager! Whilst there are undoubtedly common elements that make up a great patient experience, there are also components of the experience and expectations of patients that are likely to be practice specific. So, armed with some early ideas, off we went!

BUT WHY BOTHER?

This was a likely question from some, but Chris and I knew that if we could define what needed to be measured, determine how best to measure it, proved the link to improved outcomes and then took action to improve the experience for patients, there were significant benefits for all stakeholders – the patients, the doctors, the staff and the Practice as a whole.

However, defining what to measure, and determining the correlation between the various aspects of the patients’ experience and their assessment of their experience was important. Knowing the extent to which performance against a particular attribute impacted the operational and financial outcomes of the practice and doctors was also critical. After all, unless we could show the benefits, getting commitment to make any change was going to be tough.

A BIT ABOUT THE PRACTICE

The Practice is a busy, private billing General Practice based in the city. With 12 doctors, 3 nurses, 1 psychologist and over 20 support and administration staff, the Practice serves over 4,000 patients per month, of which just fewer than 20% are new. Chris and his partners really understand the challenges of delivering a great patient experience, while also focusing on quality medical outcomes.

THE “PATIENT EXPERIENCE MONITORING” PROGRAM

We set up the patient experience monitor – an on-line platform that provides the opportunity for every patient to share their feedback about their experience. Considering the entire patient process from finding the Practice and doctor, to leaving after the appointment and after further tests and treatment, we established a baseline measure of patient satisfaction, their likelihood to recommend, and measured their ratings of individual attributes of their interaction with the Practice, staff and GPs.

It is the analysis of these individual attributes that we are using to identify those elements that are predictive of patients’ behaviour – in particular their likelihood to recommend and to remain loyal to the Practice and the doctor.

Offering patients the opportunity to share their feedback helps make them feel part of the Practice as they help to define improvements. It also helps to identify if there are any early warning signs of things that might be of a potential medico-legal nature, and
provides the opportunity to close this loop with patients and quickly address any concerns.

HOW THE PATIENT EXPERIENCE MONITOR WORKS

The process is continuous, with every patient contacted within a week of their appointment, subject to certain contact rules – we don’t gather the same info from the same patients, week in and week out! They are provided with an on-line survey which gathers their input, both via ratings and free-form responses, about key aspects of their experience.

Initially we were unsure of the level of response we would get. However, as almost 1 in 3 patients are taking the time to share their views with us. This provides results that are statistically representative of the experience being provided to patients and the insight being generated from this volume of patients is incredibly valuable.

Every month, we review the following at a Practice level:

- Patient satisfaction – how has this moved in the month and why?
- Patients’ likelihood to recommend the practice – extrapolating the impact of this result on the financial and operational performance of the practice
- Ideas for improvement – identifying the things that will likely have the greatest impact to their experience, satisfaction and likelihood to recommend
- Ratings of performance against specific attributes of their experience – to identify improvement opportunities and to see if there are any early warning signs of a potential risk issue

We are doing something similar for each GP on a quarterly basis. With sufficient responses to be statistically valid, each GP can be confident that this represents his or her patients’ views. One difference in the report for individual GPs is that, in addition to their patients’ ratings, it presents a comparison with the average and the best in the practice.

“TO KNOW AND NOT TO DO IS NOT YET TO KNOW” – MAKING THE CHANGE

In this context, knowing how patients feel about their experience and going to the effort of gathering their feedback, aggregating and analysing it and generating the insight – and not doing something about it is a real waste.

At a practice level we have reviewed the overall feedback and prioritised areas to focus on. Priorities are done based on the expected impact on patients, expected impact on the Practice performance and the ability to make the change. We workshoped ideas with the administration and support functions and identified the top 5 areas of focus in the coming quarter. The aim is not to try and address everything but rather the things that will make the biggest difference – and to track the impact of any changes.

Involving the team at the Practice was important. This gave them the opportunity to understand patients’ feedback, consider the impact of Practice processes from a patient perspective, and brainstorm improvement ideas. The process also helped create commitment from the staff to the change. Having done similar workshops in the commercial world, I was really surprised at the high level of engagement shown by people that are passionate about the patients.

Individual feedback sessions with the doctors was something I approached with some trepidation, fearing the sceptical response from those whose results might not have been at the level that they expected or wanted. Once again, I was really buoyed by the open manner in which patient feedback
was received. The report showed each GP their patients’ ratings of:
• Satisfaction
• Likelihood to recommend the GP
• Ideas for an improved experience
• Ratings against key attributes, and against the Practice average and best-in-Practice
• Verbatim comments about the consultation and any concerns raised

With clarity on how patients perceived their experience, each identified the one or two areas that they planned to focus on over the coming quarter to improve their patients’ experience. What has proved useful is identifying other GPs in the Practice that were rated highly by their patients on an attribute that another GP was keen to improve – and being able to learn from peers, through coaching or observation.

Ultimately, each GP has a passion to improve the health of their patients. Proving the correlation with key elements of the patient experience, and being able to quantify the impact of the experience on operational and financial metrics of the GP and Practice is helping to build this case for change.

WHAT HAVE WE LEARNED SO FAR ABOUT THE PROCESS

1. It is not only the patients at the margin that respond
Our experience is that the response rate is more than double the average response rate in similar programmes in different industries. Despite seeking feedback on a large number of components, patients are taking the time to give considered, meaningful and really valuable feedback and insights from their perspective.

2. Get to patients soon after their appointment
We started the process monthly, and whilst the response was still in the high 20%, the level of detail in free-form comments was not as rich. We now go to patients each week whilst their experience is fresh in their minds.

3. Give patients the opportunity to request further contact – and get back to them
Patients have been good enough to give up their time to share their views. If they have a concern and want to be contacted about it, do so and do it in a timely manner. It is amazing how this can turn an unhappy patient into a committed patient, prone to recommending the GP or Practice that they have been able to improve. It also helps to mitigate risks that emerge from poor communication and contact.

ABOUT PATIENT’S EXPECTATIONS OF THEIR EXPERIENCE

1. Certain attributes of the experience are predictive – and they are not always what you think
Whilst you might think you know what is important to your patients, there may well be elements of their experience that are highly correlated with their satisfaction and their likelihood to recommend. Our early analysis has highlighted a strong correlation between some attribute ratings and the operational and financial outcomes achieved by the GP. We are also noticing a difference between the satisfaction and likelihood-to-recommend from new patients compared with existing patients and their ratings on key attributes.

2. Things considered important are not rated this way by patients
Some things that we initially thought were important to patients have proven not to be, and the opposite is also true. The good news is that the process can help to identify important elements and then draw the correlation between the ratings from patients and outcomes achieved.

3. The “less than delighted” patients can be your best source of information and ideas
If disgruntled patients take time to share their feedback, it is often because they want something done about it and their next experience improved. They are often unhappy as they have a clear expectation of the experience they desire. This can be a great source of improvement ideas. If they request contact, then ignore them at your own risk!

4. Patients don’t like waiting – but...
Uh doh! Yes, I know this is nothing insightful. However, we are starting to quantify the impact of keeping them waiting longer than they believe is reasonable. Early indications are that patients who are new and who are kept waiting for a period longer than they believe is reasonable will recommend at a rate just under half those not kept waiting. For existing patients, this attribute is not as predictive of their likelihood to
recommend the GP. This helps the Practice determine which doctor to allocate new patients to in order to retain them and have them build the brand of the Practice.

WHAT’S NEXT?
We are at the early stages of the process – a process that is continuous to allow us to make changes and test the impact of these on the key metrics of the experience and the Practice. We are really pleased with the response rate and the level of detail provided by such a large proportion of patients.

Over the next 6 – 12 months, we will continue to monitor the patients’ experience and adjust the feedback tools to measure attributes most highly correlated with their satisfaction and likelihood to recommend.

We will monitor the impact of changes that we make at a Practice, and individual GP level, on patient experience measures and on financial and operational measures, as we seek to optimise the operation of the Practice.

The process is continuous, as doing the best by patients means continually analysing what can be done better and then figuring out how – enrolling patients, health professionals and Practice staff in the process to provide a really great experience. Just when we think we have nailed it, there will always be something new that emerges that we will try to do better.
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NEWS FROM ABROAD

Chris Caton casts an economist’s eye over the world.

The Australian share market, as measured by the ASX200, fell and then rose in May, to finish at 5777, down by just 0.2% from its end-April close. This leaves it up by 6.8% so far this year. The US share market also “chopped”. The S&P500 index, as well as the Dow and Nasdaq indexes, all hit record highs at some stage during the month. For the month, the S&P rose by 1.1%, to be up by 2.4% so far this year.
THE UNITED STATES

As if the first estimate of Q1 GDP growth (+0.2%) were not bad enough, in late-May it was revised down to show an actual decline in output, of 0.7% annualised. The US was hit by a perfect storm in Q1. Growth was held down by an unusually harsh winter, the competitiveness – sapping strength of the US dollar, the effect of falling oil prices on capital spending, and a West Coast port stoppage. Bizarrely, we know with almost complete certainty that this growth figure will be revised back into positive territory two months from now. An alternative measure of the size of the economy, gross domestic income, increased by 1.4% in Q1; this is closer to the truth.

What is more concerning is that there have been few if any signs of a rapid bounce-back in growth in Q2 (as happened last year, for example). Industrial production and retail sales have started the quarter slowly. Housing starts are showing some signs of strength, it is true. Employment growth seems to have moderated but is still quite firm. And there have been some (tentative) indications that inflation may be picking up. The core CPI, for example, has increased at an annualised rate of 2.6% in the past three months compared with 1.8% in the past year.

This is important because the Federal Reserve is continuing to assess the ongoing strength of the economy, along with the outlook for inflation (believe it or not, the Fed wants inflation higher) before deciding when to begin raising rates and at what pace.

In such a world, good news can become bad news. A few days ago, some US data was interpreted as surprisingly strong (a stretch in my opinion). As a result, analysts fretted more about the pace of future monetary tightening, which weakened our share market (we dropped by 0.8%) and also weakening our currency. Strange days indeed!

EUROPE

Europe continues to do reasonably well. Everything is relative, of course, and it’s worthy of note that Eurozone GDP is still below where it was in 2008. But Europe’s growth outlook for this year has improved steadily in recent months. Greece remains a point of concern as it limps from one debt deadline to the next. Even as I type, the next deadline—an obligation to repay €1.6 billion to the IMF by 5 June—has been pushed back to the end of the month. Negotiations continue between Greece and its creditors, not merely with respect to debt repayments, but also with respect to fiscal targets for Greece, along with plans for labour – market reform that would allow mass terminations, and pension reform.

Greece may eventually exit the common currency, which will be a source of considerable financial market tumult, but should not be a major depressant.

CHINA

We seem always to be waiting for another shoe to drop in China. It didn’t happen in May. The authorities appear committed to doing “whatever it takes”, but there is increasing scepticism that the 7% GDP growth target will be met for 2015 (or, if it is met, whether it will truly represent what’s really going on in that economy).

MEANWHILE BACK IN OZ

Last month I suggested that it was possible to discern signs of a somewhat stronger performance of the Australian economy. Any such signs disappeared in May. Indeed, late in the month, we got news of alarmingly weak plans by business with respect to capital spending in the coming year. These data are only expectations, and expectations can change quickly, but on the face of it the Australian economy is looking at yet another year of declining business fixed investment. The mining part of this story is well-known, but of equal concern has been the ongoing weakness of non-mining capital spending. As a share of the total economy, non-mining capex has fallen significantly in the past decade, to be almost as low as it was in the early-90s recession (see chart over).
These weak capital spending expectations data led to speculation that the “recession we’ll have to have one day” may finally be on the way, just 24 years after the last one. I can’t rule this out completely, but my reading is that a continuation of the slow growth seen in the past two years is more likely.

As fearlessly predicted last month, the Reserve Bank dropped the other shoe in May, cutting the cash rate to a record low 2%. Financial markets currently have priced in a 75% chance of a further cut by the end of the year.

My view is that the Reserve Bank will be a very reluctant cutter from now on. There are three things it will be watching closely. First, the overall pace of economic growth. If this continues at a mediocre pace, that will increase the likelihood of a further cut. Second, and highly correlated, is the unemployment rate. Until it is clear this has peaked there is always the chance of a further cut. Once it has clearly peaked, rates will be on the rise again, but that is almost certainly a 2016 story. Third is the behaviour of investors in the residential property market. In each of the four months to April, investor credit for housing has shown a year-to increase of more than 10%, the line drawn in the sand by the Reserve Bank/APRA. It appears that there has been more jawboning of lenders to show some restraint, with the result that each of the Big Four have recently announced changes to their lending practices (trimming discounts on investor loans etc).

The $A began April at 76.3 US cents and finished at 79.9 cents. In a neat piece of symmetry, it returned to 76.6 cents by end-May. As usual, the currency’s movements during the month were largely dictated by the $US, which (eventually) rose as expectations of the first rate rise changed. My end-of-year forecast remains at 72 cents.

My end-of-year forecast of 5800 for the ASX200 (currently 5777) remains unchanged, although, as always, under review.

THE BUDGET

Last month, I suggested that the (then upcoming Budget) would be little more than a “reset”. That was fairly close to the truth. Relative to a year ago, the projected deficit for the four years beginning in 2014/15 is $56 billion higher in total than estimated a year ago. Of this, lower revenues account for $52 billion, and iron ore prices for $20 billion of that figure. On Budget night, my quick reaction to camera was that it was hard to find much bad in this Budget but hard to find much good either. On reflection, I view the lack of any serious commitment to greater infrastructure spending as the worst part of the Budget and the small business initiatives as the best. The latter get the award because they are specifically addressed at a problem the Australian economy clearly has (see chart above).

I have written elsewhere at length about the Budget, and bored many audiences around the country, so will write no more about it here.
‘Lottus’ by Lievore, Altherr & Molina for Enea

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From medical records to prescription services to medical billing, the healthcare industry in Australia is moving online at a rapid pace. There are many benefits to be had through electronic connectivity but, as ever, new technologies bring challenges as well as benefits.

Given the sensitive nature of patient information, those of us handling electronic health data such as medical billing, transcriptions and other medical records must adopt and maintain high standards of data protection to ensure the confidentiality of the patient data under our protection.

So what does this mean for medical practices? How can doctors know that their patient data is secure in the digital environment?

**A GLOBAL CHALLENGE**

In the wake of the recent US spying scandal in Germany, The Guardian quoted one German politician as suggesting a return to manual typewriters for sensitive documents. The Russian government had reportedly taken similar measures after the extent of US electronic surveillance was revealed by whistleblower Edward Snowden.

Unsurprisingly, the suggestion did not go down well in the German context: “Before I start using typewriters and burning notes after reading, I’d rather abolish the secret services,” tweeted one opposition member. Another parliamentarian told *Spiegel Online*:

“This call for mechanical typewriters is making our work sound ridiculous. We live in the 21st century... The idea that we can protect people from surveillance by dragging them back to the typewriter is absurd.”

So if ‘back to the future’ is not the answer, how do we keep data safe from security breaches in a digital environment that is becoming increasingly global?

This question has been the subject of much legislative reform in recent years – both in Australia and internationally. The European Commission (EC) has played a leading role by establishing the security of personal data as a fundamental right – and backing stronger protections for online data – while acknowledging the realities of a global digital economy.

“Data is used by all businesses – from insurance firms and banks to social media sites and search engines. In a globalised world, the transfer of data to third countries has become an important factor in daily life. There are no borders online and cloud computing means data may be sent from Berlin to be processed in Boston and stored in Bangalore.”

The EC has sensibly sought not to prevent the trans-border flow of data, but to regulate how it is done.

In the Australian health sector, both state and commonwealth privacy laws have always allowed the flow of health
data outside of Australia subject to strict criteria. One of the criteria is ensuring that the recipient of the information is subject to a law or binding scheme that upholds privacy principals similar to our own. Further, that the entity sending the information offshore must take “reasonable” steps to ensure that it will not be held, used or disclosed by the recipient in a way that is inconsistent with Australia’s privacy principles.

Key provisions in the most recent changes to Australian privacy legislation (2014) provide that the person with control of the data here in Australia is now personally responsible for breaches by offshore vendors and, in addition, there is a specific requirement for privacy policies to actually name the countries to which data may be taken. These are welcome changes for Australian organisations seeking to know exactly where their data is being processed, as well as providing a more effective mechanism to take legal action for breaches made by third-party offshore subcontractors.

Very recent developments in ‘cloud’ data storage also illustrate the reality that online privacy is not so much about “where” data is stored as “how” it is handled.

Earlier this year, cloud storage providers Microsoft and Dropbox became early adopters of the privacy-focused ISO 27018 standard, which is geared towards organisations responsible for managing financial information, intellectual property, employee details and other data entrusted to them by third parties.

Organisations that adhere to the ISO 27018 code of practice undertake:
• not to use their clients’ information in sales or marketing materials
• to provide users with details about where there data is kept and handled
• to notify users straightaway in the event of a data breach.

Dropbox sought ISO 27018 certification for its business file-sharing service only, in direct response to growing unease within the business community about the security of data stored in the cloud. The company made the following statement on securing its ISO credential: “Privacy and data protection regulations and norms vary around the world, and we’re confident this certification will help our customers meet their global compliance needs.”

MEDICAL DATA

In 2015, the Ponemon Institute in the US released its fifth annual benchmark study on privacy and security of healthcare data. It found that while employee negligence and lost or stolen devices still resulted in many breaches, criminal attacks had for the first time become the number-one root cause of healthcare data breaches – with a 125 per cent growth over five years.

According to the study, 91 per cent of healthcare organisations and 59 per cent of business associates had experienced a data breach. There is no question that medical data is attractive to cyber thieves. Healthcare consumers expect their medical information to be properly protected and governments expect the same. This has very important implications for healthcare services providers, because the increasingly stringent regulations being put in place around the world place the onus directly on the healthcare industry to keep patient data safe and secure, or face legal and financial consequences.

Accordingly, organisations that are serious about safeguarding health information go to substantial lengths to put in place practical, technical
and legal safeguards in data handling environments. These measures may include:
• biometric technology (finger printing) to monitor those entering the work space
• 24/7 CCTV monitoring of work areas
• mobile phones locked in lockers before entering work areas
• uncluttered desks
• direct team leader supervision,
• disabling of all external computer drives (CD, DVD and USB)
• secure networks and using firewalls to block user access to all irrelevant internet access (e.g. social media).

It’s like Fort Knox! The only way an employee working in one of these environments could really steal information is to remember it, and with high-pressured work turnovers, that’s almost impossible.

In addition to data theft, there is also the risk of data loss due to the failure of technological systems. Rigorous back-up strategies are required to mitigate this risk: for example, multiple copies of data may be taken and stored in different locations, with copies replaced immediately if a fault is detected. Organisations also run dummy recovery scenarios, simulating a full disaster response scenario to test that they are able to restore from backups and be up and running in the shortest amount of time possible in the event of a failure.

Similar precautions must be taken for backing up individual mobile devices. For example, we store all of our client’s medical billing and transcription data on secure Australian servers, which are backed up daily such that we have two complete copies of all data, stored in two different states of Australia at any given point in time. It also means that if a client’s device is lost or destroyed, all data can be restored to a new device when the client logs in.

Of course there is no such thing as certainty when it comes to data security. But there is also a point at which fully compliant organisations must stop and say that there is nothing more they could be doing to protect the data they hold.

WORKING FROM HOME

Interestingly, the latest trends in data privacy do not appear to sit comfortably with another trend of the digital age – working from home.

It is just not practical to implement best practice standards of data protection on unsecured, home networks, irrespective of the use of VPN connections. The thought of installing biometric fingerprinting systems and CCTV cameras around a home, or enforcing policies to keep mobile phones with cameras well away from computer screens displaying highly sensitive patient data, is absurd. But it’s not hard to conjure some of the risks by considering the prospect of the kids ‘Face Booking’ on the office computer or the neighbours quietly ‘borrowing’ the home network.

So, ironically, in the digital age, your patient data may be much more securely handled in a reputable offshore operation – in India or Bangladesh, for example – than in your home office or practice. And when you think about it, having your transcriptions done offshore, which most are, may be much more secure than having them done by a home office operation in Australia.
You only have to Google ‘IT Parks’ in any developing country to see who’s where. Our banking, accounting, legal and medical records are shooting across our borders constantly, wherever the BPO (business process outsourcing) engine operates. The reality is that we are moving increasingly in this direction, as data processing and accounting practices move online.

THE FUTURE

The healthcare industry makes a fascinating case study in data privacy, as the nature of the information we handle is always personal and often sensitive.

There is no question that there are significant health and economic benefits to be had through electronic interconnectivity in our industry.

In the US, for example, the Obama Administration has allocated $20 billion dollars under the HITECH Act for investment in health information technology infrastructure, to encourage doctors and hospitals to exchange patient health information electronically. But the investment fund also recognises the risks: doctors and hospitals can only qualify for funds when the technology they implement conforms to mandated standards for data security.

In Australia, we are also coming to terms with the benefits and challenges of moving healthcare services to the digital environment, but we have a way to go yet. Unlike other comparable jurisdictions, it is still common in Australia to encounter pious beliefs seeking to elevate the supposed paramount importance of processing medical files onshore. Yet paradoxically, once completed, those very same files are often sent immediately offshore as unencrypted attachments to emails (and emails don’t travel in straight lines down imaginary secure tunnels, as Edward Snowden taught us).

During a recent conversation with a UK transcription company colleague about shared privacy challenges and concerns, he expressed his passionate view that the only way to be safe was to have all transcription processed on UK shores. Before long the conversation had turned to potential business opportunities and it was then that he gently explained to me that there was no point discussing my company potentially providing transcription services to his because we are an ‘offshore’ organisation. However he didn’t see any barriers to his UK based, home typist organisation, providing transcription services in Australia. When I politely pointed out my concerns about home typists he looked at me quizzically and said, ‘But, we’re English!’ Clearly he believed that his questionable concept of national superiority gave his typists immunity from any form of cybercrime, electronic indiscretion or the wonderfully honourable British press core!

It is inevitable that our health sector will one day adopt an EC styled position and accept that the conversation we need to have is not about ‘where’ health data is processed or stored, but ‘how’ we regulate its use. Perhaps what we need to do in the first instance is put our institutions and businesses handling data to the test of compliance with Australian Law and the scrutiny of an honest declaration of their handling of our current records personal, financial and medical. Are we really all squeaky clean? Only Snowdon knows.
Hoi An & the Nam Hai Resort
In part 3 of our Vietnamese escape, Steven Macarounas and family get the Rock Star treatment.

**HOI AN & THE NAM HAI RESORT**

Hands down the best holiday accommodation experience that my family and I have ever had, the Nam Hai is the Rock Star of resorts!

The luxury levels and style status are turned up to 11 at this idyllic property nestled on a stretch of pristine tropical coastal land a stones throw from the UNESCO world heritage listed town, Hoi An.

I make no apologies for the fact that I am a resort snob.

My wife and I work long and hard hours, I’m frequently running courses on weekends and there’s little time for rest, relaxation and rejuvenation. So, our regular family holidays are our chance to bond, re-charge depleted energy and create lasting, cherished memories – for my money (and limited time) nothing helps achieve these aims better than the 5 Star resort.

We want luxury, exceptional service, gastronomic delight, architectural brilliance (a blend of traditional and modernist design best satisfies my aesthetic), fully equipped gym, an abundance of swimming holes and preferably, on a beach.

It’s also a huge bonus, in fact, it’s a must that the resort be close to a traditional, unspoilt character-rich town or village.

The Nam Hai, on the northern coast of Vietnam, provides all of these in spades.

Hoi An is an immaculately preserved ancient trading port whose history, dating back to the 15th Century, is on display through the architectural, artistic and culinary influences of its indigenous and foreign rulers over the years.

The intense concentration of vintage multiculturalism is breathtaking and reminiscent of other historic ‘gateway’ ports such as Venice, Istanbul and Singapore.

This town is immensely colourful in every sense of the word, from the pastel hued exteriors of the old trading houses, to the stylised rickshaws hurtling down the cobbled streets at breakneck pace, the mouth-watering aroma of exotic street food, and the ornate fishing boats basking on the sunlit river intersecting the town.

There is a harmonious blend here of Vietnamese, Chinese and Japanese influences with highlights of Portuguese and French Colonialism, most abundantly evident in the unique cuisine of the region, and exemplified by Hoi An’s speciality dishes like Cao Lau (dark pork broth, fat yellow noodles, slabs of tender pork, bean sprouts, greens and crispy croutons) or Mi Quang (turmeric rice noodles, meat-bone based thickened soup, seasoned with fish sauce, black pepper and garlic); both recipes heavily influenced by the hordes of traders that lingered in the town during Hoi An’s 17th Century reign as the main marine silk road trading port.
THE NAM HAI

The experience of arriving and being greeted at a hotel or resort invariably sets the scene for the quality of experience throughout your stay.

The Nam Hai experience starts with a jet black BMW people-mover with darkened windows, plush interiors, champagne and soft drinks, whisking you, the Rock Star and entourage, from Danang airport along a coastal highway to the grand entrance gates and through a cobbled driveway bordered by lush, manicured gardens to a mostly outdoor reception/greeting desk on a ‘plinth’ atop a gradual set of granite steps – the feeling is one of reverential entry to a modernist place of worship.

There is a quiet intimacy here, understated, respectful of your senses by blending seamlessly with the tropical grounds and stunningly white sanded beachfront.

The staff are flawlessly professional, a not so common characteristic in Vietnam, even within other big-named 5 star properties.

The Nam Hai perfectly solves for the often competing aims of privacy, spaciousness, intimacy, luxury and indulgence with an understated style. This is not easy to do and it’s a testament to the designers and architects supreme skill that they have managed to create a warm, inviting atmosphere, blending cutting edge modernism with hints of Vietnamese tradition and aesthetic.

The genius in the design concept is most evident in both the overall grounds and in the most intimate spaces, the villas.

The free standing residences, 100 on-site private retreats, are elegantly finished, ingeniously designed and appointed ‘living pods’. Open plan gradual levels taking you from entrance past the central, sunken bath, the open bedroom on a raised stage – again with the Rock Star analogy – and down to lounge and retractable doors opening to your ocean facing private outdoor space.

Vietnamese lacquer throughout, diaphanous silk drapery and privacy screens, outdoor and indoor showers, warm highly polished dark wooden floor boards, strategically positioned antique Opium pipes and other curios all within a sleek, modern space that Mick Jagger would be at home in.

In my experience, resorts fall somewhere between gaudy, busy, vast theme park-styled properties OR austere, over-stylised, ‘cold’ and soulless spaces. The Nam Hai, uniquely provides glamour and style with warmth and personality but with a pared back ‘less is more’ approach.

This is evidenced remarkably by the resort’s philosophy to food – one of my greatest passions!

No overflowing buffet tables here, with unlimited, overwhelming choice. The whole resort is a fine dining establishment, catering for the gourmand guest who is happy to be led on a gastronomic journey. The masterful chefs provide limited but delectable choice, enticing us to expand our palate and inviting the diners to trust them that they know what we want, what we need for an unforgettable dining experience.

The problem, and it’s a big one, is that you just don’t want to leave the resort, it’s glimmering pools, heavenly wellness/spa centre, the pristine, white sanded beachfront dotted with jumbo hammocks, the aforementioned restaurants and super sexy villas, all exude a magnetic influence that make it very hard to resist...and yet life outside the resort is dynamic, so colourful, so exotic that you will be torn on how to spend your time.

The answer becomes obvious; come back again and, again...

Thanks Nam Hai, you are now the benchmark and we will be back.
Going mobile in the waiting room

With the world becoming increasingly mobile, Jason Borody, director of the healthcare marketing specialists Vividus, explains how your practice can stay ahead of the competition.

Look in any waiting room and what do you see? Almost everyone is on their smartphone. Although the waiting room may be an inconvenient part of any doctor’s visit, smartphones have given patients something to occupy their time.

As marketers, smartphones have also given us the opportunity to provide value to patients (such as convenient forms, mobile appointment booking, and health information), and in return, keep your practice front of mind when patients have healthcare questions or concerns.

PROVIDE FREE WI-FI
The best way to take advantage of patients using smartphones, is to provide free Wi-Fi in your practice. Doing so will allow your patients to browse the internet free of charge, while they’re waiting to see a physician.

So how does this help your practice? Well, besides providing a more pleasant experience for your patients, you can also use free Wi-Fi to gain valuable information from your patients. For example, you might offer free Wi-Fi, but include an access page requesting that they check and update their contact details (especially email address), and invite them to receive your monthly e-newsletter.

Make sure you communicate the fact that you offer free Wi-Fi throughout your practice via posters, TV content management system, and reception staff. Include the network name that your patients should look for while they’re waiting. This will ensure as many patients sign up for your Wi-Fi (and newsletter) as possible.

SEND OUT A NEWSLETTER
Once you have a patient’s email, and the permission to market to them in that manner, you can begin sending out practice updates, and other promotional and educational emails.

Of course, like any form of medical practice marketing, you should be wary of how you promote to your patients. Constantly sending ‘sales’ emails is not a good idea, and will deteriorate the trust you have with your patients.

Sending your patients helpful updates and reminders, on the other hand, is a way to provide real value to your patients, and also get them in the door again.

For example, when flu season comes around, don’t just let your patients know that you have flu shots available – also provide information about flu strains or recent flu statistics. When an appropriate amount of time has gone by since a patient’s last check-up, let them know it would be advisable for them to make an appointment to get checked again – ideally the appointment could be made quickly and conveniently via the internet there-and-then.

By sending these types of emails, you make sure your patients are as healthy as they can possibly be - you also get them coming back as often as they should.
ENSURE YOUR WEBSITE IS MOBILE FRIENDLY

The latest Google update announced that the search engine giant would start favouring websites optimised for mobile devices from April 2015. Having a website that is mobile friendly will be key to the new mobile-focused algorithm, which means that practices without a good mobile website will lose potential patients to their competitors who have mobile friendly sites and provide the best possible mobile experience.

We recommend:

1. **Making your website easy for customers.** The easier it is for patients and referrers to find contact, service, and treatment information on your website, the greater their engagement will be within your site, and the more Google will reward you through search results.

2. **Measuring the effectiveness of your efforts.** Decide what the most important components of your website are and then make them easily accessible throughout your site. Make sure the components you’re prioritising are equally accessible on any mobile device. E.g. booking an online appointment, filling out pre-visit forms, or making enquiries.

3. **Google favours responsive design for websites.** Responsive design allows your website to determine the screen size of the viewing device and optimise not just the size, but the entire layout and styling of your website to maximise legibility and user experience. The good news is that responsive design is also the most cost effective solution when converting your website to become mobile friendly.

SETTING UP A MOBILE MARKETING PLAN

At Vividus, we specialise in providing value to patients throughout their entire experience at your medical practice.

Our top priority is to provide patients with a unique, valuable experience that encourages them to come back to your practice often (as needed), and share word of your practice with others. 📢

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If you’d like to discuss a custom online marketing plan for your medical practice, that will attract new patients, improve patient communications and experience, and help you retain existing patients, contact Vividus today on 07 3282 2233 or visit www.vividus.com.au

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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
DEEPER DIAGNOSIS: The importance of Geographic Diversity

In recent issues Aviate Group Managing Director Neil Smoli has provided our readers with the first ever insight into the unique – and normally confidential – investment criteria that Aviate relies on to identify the best investment properties in the market. This time Smoli delves deeper into one of the most important factors which investors, especially those who are habitually time poor, often overlook: the need for geographic diversity.
Most investors turn to property because as far as investing goes, it’s secure. Steady returns from an asset class that consistently – historically – goes up in value. Tax advantages to boot. And of course with interest rates so low, for those employed in a professional capacity the timing is ideal. An investment property makes sense in the current climate. No arguments there.

However once an investor makes a decision to purchase a property, for most the first step is to flick through the real estate pages of their local paper or visit the usual online portals. They typically narrow the search to their local area. Though they don’t yet know it, it’s at this embryonic step that most investors begin heading down the wrong path.

Just because you live in a particular suburb does not make you an expert on its investment credentials. In fact, because you live in a particular area, it actually makes more sense for you to invest elsewhere. This is what we mean by geographic diversity.

The geographic balance can make or break the success of an investment property portfolio. So what does geographic diversity really mean and what should property investors do to ensure they tick this important box?

**TAX TIME OFTEN THE TRIGGER**

A typical scenario emerges at tax time when people employed in a professional capacity, such as those in the medical profession, visit their accountant. It goes something like this: the accountant will point out that they are paying too much tax. They suggest some funds might be more wisely directed into investments. They might even suggest a property investment be investigated.

The time poor medical professional takes the suggestion on board and heads down to the local real estate office. From the list of properties presented to them, they select what they consider to be the best one in line with the budget they have in mind. The real estate agent congratulates them on their wise strategic investment and then suggests they appoint the in-house property manager to take care of the rest. Then the investor crosses their fingers.

**A PROBLEMATIC PROGNOSIS**

The simple approach described above is all too common, especially for people strapped for time. However such an approach not only fails to consider the holistic health of the investor’s investment portfolio, it often results in the acquisition of an investment property that fails to meet basic performance standards.

Firstly, professionals will all too often select an established property in their local area to invest in. Perhaps they feel it has proven its place in the market, a market they already feel familiar with. What they don’t consider is that the regular repairs and maintenance requirements associated with an established property go against the time poor nature of their lives – the reason they are seeking a passive income stream in the first place.

Instead of alleviating the pressure, many investors pile it on themselves. Once in this position, investors will generally feel they have no option but to engage – and pay the appropriate fee for – a highly qualified, hands-on, effective property manager to protect their investment as best they can and maximise their returns.

There is another option and for the busy professional and it is a better one.

**NEW PROPERTY A MORE EFFECTIVE REMEDY**

The alternative is to invest in a new off-the-plan property in a suburban market that satisfies the right investment criteria. A new property not necessarily in the investor’s own backyard.

In fact, it is generally the case that investors are better off actively seeking to invest in a property outside their local area. Remember the property you live in represents a rather sizable investment as well. Investing in two properties in the same market carries with it concentration risk. Geographic diversity is the best preventative measure.

But why is a new property a more secure investment for a time poor professional than an established property?

From an investment perspective, there are many benefits of buying a new off-the-plan apartment as opposed to an existing property. The best new developments will more effectively satisfy the lifestyles of modern tenants and will be designed to complement the demographic needs of the local market.

Purpose built and architecturally designed, new apartments typically boast a desirable location, relative affordability in terms of lower maintenance costs and outgoings, as well as tax advantages associated with depreciation, which aligns directly with the investor’s reason for investing in property in the first place.
Then there is the natural appeal of a property that’s slick, modern and brand new, both in terms of the materials used in the development and the appliances therein, which are usually covered by warranties and other important protections to bolster the investor’s security. Less time spent worrying, less cause for concern.

Our research tells us that new properties in boutique developments in inner-city suburbs primed for growth are the best building blocks of a successful property portfolio. The best DNA for your future financial health, you might say.

**UNDER THE MICROSCOPE: A REAL LIFE INVESTMENT TALE**

Similar to a medical team presented with a problem to remedy, when seeking to develop an investment property strategy to deliver an investor’s long term objectives, it makes sense to analyse a case study of a strategy gone wrong. Lessons learnt avoid repeat mistakes.

In recent times, Aviate was contacted by a highly qualified, successful Melbourne-based doctor. At the height of her professional career, enjoying her peak earning years, and a leader in her field, this investor had heeded the advice of her accountant and sought the tax advantages of a property investment portfolio.

Dr Catherine’ (*not her real name for privacy reasons) was proactive, focused and bold. Having resolved to invest in property, she pursued her plan with clear intentions. Each year, for five years, she acquired an investment property. In a relatively short timeframe, she had amassed a portfolio.

As is typically the case with a specialist, she had very little spare time. Her expertise lay elsewhere than the property investment industry. The properties she purchased were established houses in and around her local suburb. She had actively taken the path she believed was the right one, the most secure one, for the long haul.

Things unfortunately did not go to plan. When she came to speak to Aviate, she was at the point where she was already fed up. Maintaining a portfolio of underperforming investment properties had proven a huge strain not only on her finances, but on her time. Time she simply didn’t have.

Dr Catherine was losing money, money she was no longer prepared to lose. The investment returns were insufficient and the price growth she had assumed – growth that was evident in other select markets – was not translating to her properties.

The suburb in question was Armadale, Victoria. Armadale is doubtless an affluent and highly desirable suburb to live in. Among its many attributes it offers close proximity to Melbourne CBD, convenient transport links, good schools and an abundance of other amenities. But from an investment perspective, Armadale has underperformed.

Loving where you live is one thing, hoping it translates to solid financial returns is another. Hope should play no role in an investment property strategy. The current rental vacancy rate in Armadale is 2.8%. This is on the higher side of where it should be.

Dr Catherine’s older and tired properties were being passed up by tenants, who were showing an increasing preference for the new rental stock that catered more toward the needs of the professional demographic of Armadale residents. Further, with the amount of new stock flooding into the surrounding suburbs of Prahran and South Yarra, Aviate research suggests the vacancy rate of Armadale will only keep climbing.

Turning our attention to capital appreciation, according to Australian Property Monitors, Armadale has only experienced a 1.2% five year growth rate. Dr Catherine’s portfolio was in a dire situation. The diagnosis we delivered was no doubt hard for her to hear. In no uncertain terms, we told her she was not a property investor. She was a collector. Her collection of investment properties, not unlike trophies on a shelf, were sitting there needing to be looked after, rather than looking after her.

Together we set about rectifying the issues plaguing her portfolio. The lack of
geographic diversity had translated to unacceptable concentration risk which had manifested into a systemic capital loss. Instead of just one of her properties experiencing increased vacancy risk, lower rental returns and stymied capital appreciation, because all five properties were essentially in the same market, all five experienced these outcomes.

Then there was the issue with the fact they were all established properties. Maintenance was an ongoing issue for all five properties. Not a week went by without some matter requiring her attention. Though she had an experienced property manager on side, her attention – and her time – was still being consumed.

The risks compounded and the negative outcomes snowballed. What was supposed to be a positive investment in her future became a financial nightmare from which she felt she couldn’t escape. It was at this stage she realised she required expert help. We’re certainly glad she contacted us.

Fast forward 12 months. We are working with this client to this day, supporting her in her efforts to exit her worst performing assets and helping her come to a position whereby she can re-invest, securely, in the right investment properties to deliver the financial future she desires. New off-the-plan properties in different locations with a suitable geographic spread, locations which our stringent research tells us will deliver strong returns and capital growth over the long term.

It is a long process and the hard work is not yet over. We are in the process of recalibrating her investment property strategy, laying the groundwork for it to create wealth in the future. This is not work the investor has to undertake alone.

This is a cautionary tale offering a real life view of what can go wrong when, despite the best intentions, people fail to seek expertise from those who specialise in a certain field. Talking to Aviate was this investor’s last resort. With the benefit of hindsight, she recognises it should have been her first port of call.

A SPECIALIST FIELD
Like the medical profession, investing in property is a broad field with much scope for specialisation.

Aviate specialises in identifying investment properties in inner-city locations primed to deliver above-market returns and capital growth over the long term. Our research demonstrates that new one, one plus study and two bedroom apartments in boutique developments are the best positioned to achieve these outcomes.

An inner-city location means tenants employed in professional services will be attracted to the property, helping to minimise vacancy risk. Put simply, there’s more jobs, and therefore more incomes, in suburbs close to major CBDs.

This is our speciality, and it happens to align specifically with what time poor professionals look for – indeed what they require – from an investment property.

Ultimately, people young and old, with significant or limited means, invest in property for their security. Investors interested in high risk/return scenarios have myriad other options, but property is unlikely to satisfy their desires. Property is ideally a long term stable investment after all.

Where residential property is concerned, a smart diversification strategy involves building a portfolio of investments in specific locations which research shows will provide strong returns and long term capital growth opportunities. Diversification in this case means investigating individual pockets in certain suburbs in different cities and different states.

Geographic diversity helps minimise concentration risk, one of the cornerstone principles of secure investing. A portfolio of new properties with geographic diversity is the hallmark of a considered, secure and above all, healthy portfolio. It’s also the result of careful planning, planning best considered with specialist support. It’s never too late to plan for your future financial health.
Are you complying with Australian privacy law?

Compliance with privacy laws has now become a risk management issue. Chris Mariani guides us through the new legislation and what we need to comply.

Chris Mariani is Director at Medical and General Risk Solutions.
In the 2014 Winter edition of the Private Practice magazine I discussed the changes to Australian privacy laws, which came into effect 12 March 2014. The changes brought increased obligations and risks to business and in particular to healthcare practices and practitioners.

Consider the below question and range of answers. How would your practice answer this question? If not something along the lines of Answer C, then you and your practice are potentially at increased risk of civil penalties, patient complaints and legal action, and reputational damage.

**QUESTION:**
“Dear doctor, can you please provide me a copy of your Privacy Policy, how do you make it accessible to patients and tell me about your processes to protect patient privacy?”

The answer usually falls into three categories:

**ANSWERS**

A. “What’s a Privacy Policy and should I have one?”
   (the most common answer)
B. “We have one somewhere, but I have no idea where it is or when we last looked at it. The practice manager is responsible for privacy”
C. “We recently updated our Privacy Policy, we put it on our website and also a hard copy at reception. We have detailed processes for privacy and embed it into the business. It is a regular item on our management team meetings and it’s included in our staff induction and training process.
   We are all responsible for patient privacy, but Mary takes the lead as the appointed Privacy Officer”
   (the least common answer, but obviously the best!)

The third answer is the right answer from a risk management perspective. Unfortunately as noted, this is really the answer I hear, but it is not too late to put in place systems and processes.

Medical practices hold sensitive patient information and as a result are often targeted by cyber criminals. Many as seen as 'low hanging fruit' given their relative spend on IT security compared to big business – and their reliance on patient data to continue business. Some reports suggest the chance of a cyber-attack are as high as 1 in 5. In addition to cyber risks, privacy breaches can also occur due to hard copy patient records being lost or stolen, or breaches at the reception desk due to poor processes or a lack of understanding of privacy obligations by front line staff.

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If you have any questions or need advice on your insurances, please contact Chris Mariani on (02) 9905 7005 or 0419 017 011, or email chris@mgrs.com.au for an obligation-free discussion and review.

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Chris Mariani, Authorised Representative No 434578.

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### RISK MANAGEMENT

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<th>QUESTION</th>
<th>ANSWER</th>
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<td><strong>What is a Privacy Policy?</strong></td>
<td>Wikipedia defines a privacy policy as a statement or a legal document (in privacy law) that discloses some or all of the ways a party gathers, uses, discloses, and manages a customer or client's data. In Australia, privacy law is found within the Privacy Act (1988) and now includes 13 Australian Privacy Principles (APPs) which can be found at <a href="http://www.oaic.gov.au/privacy/privacy-act/australian-privacy-principles">http://www.oaic.gov.au/privacy/privacy-act/australian-privacy-principles</a>.</td>
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<td><strong>Do I need a Privacy Policy?</strong></td>
<td>Yes, if you are a “health service provider” (e.g. a medical practice or a medical practitioner set up as a sole trader), then you are required to have a Privacy Policy and comply with the Privacy Act. For most Australian businesses, they are only subject to the Privacy Act when their turnover reaches $3 million. However this $3 million does not apply to healthcare businesses.</td>
</tr>
<tr>
<td><strong>Where can I find more information about the Privacy Act and where can I get assistance or advice?</strong></td>
<td>The Office of the Information Commissioner website contains lots of useful information and tools <a href="http://www.oaic.gov.au/">http://www.oaic.gov.au/</a>. Also consider your MDO or the AMA who may be able to provide you with a template Privacy Policy or other support. For a risk audit of your practice, please feel free to contact Chris Mariani on 0419 017 011 or <a href="mailto:chris@mgrs.com.au">chris@mgrs.com.au</a></td>
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| **What are the risks and am I insured?** | There are numerous risks for a medical practice which include:  
- A patient brings a civil compensation claim alleging a privacy breach. This risk should be covered by a doctors or practices medical indemnity insurance, but check your policy to make sure.  
- A complaint is made to the Privacy Commissioner. The legal fees may be covered by a doctors or practices medical indemnity insurance, or under other policies such as Management Liability and Cyber Risks.  
- The Privacy Commission seeks a civil penalty against the practice and directors. This is not currently covered by most medical indemnity policies and usually cover is required under a Management Liability or Cyber Risks policy.  
- A successful cyber-attack results in lost income and IT costs to recover your data. This risk is usually only covered in a Cyber Risks policy.  
There are many other potential risks such as reputational damage. It’s important mitigate your risks and hold the right insurances.  |
| **We run a cloud based IT solution with patient data stored in the cloud. Is that an issue?** | Not if managed correctly where you take steps to mitigate your risks. Note you are still responsible for patient privacy, so you need to ensure your IT suppliers take reasonable steps to protect patient privacy. There should be a contract in place where they agree to indemnify you for their negligent acts. If any patient data will be stored or sent overseas, you also need to be aware of APP 8 — Cross-border disclosure of personal information. This needs to be reflected in your Privacy Policy. Ask your IT consultant where your patient data is stored. Consider an independent consultant audit. |
| **We collect patient data to be used in a research study. Is this ok?** | You should inform the patient you plan to use their de-identified data in a research study or for another secondary purpose. This would be best done verbally and as part of your patient information form and your Privacy Policy. |
| **We have developed our Privacy Policy. Where should we put it?** | The best place is as a combination of having it on your website and hard copy supplies kept at reception. Also consider putting a statement on your patient information form “we take your privacy seriously, a copy of our Privacy Policy is available from reception or our website…” |
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Be part of the solution: An introduction to Cure Brain Cancer Foundation
Many of you reading this will know only too well that for people diagnosed with brain cancer, treatment options are limited. Referral for MRI, surgery (including biopsy to confirm the tumour type), followed by radiotherapy and chemotherapy is often the standard of care, but it simply doesn’t work for the majority of patients. Imagine if, instead of being whisked in for brain surgery, patients could be diagnosed at the GP with a simple blood test, which would also provide a tumour profile. Imagine if they could then be given a course of immunotherapy, targeted to their tumour’s genetic profile, instead of invasive surgery. Imagine if their doctor could look them in the eye and say, your chances of surviving for five years are more than 50%, instead of the current 20% at best.

This is not a fairy tale or a work of science fiction. The research we are funding now can make this a reality. But it needs funding.

WHO WE ARE
Cure Brain Cancer Foundation is the largest dedicated funder of brain cancer research in Australia. Partnering with the research and brain cancer communities, we are developing a national agenda and influencing the global agenda for brain cancer research, having funded more than $14 million worth of research projects since inception.

WHAT WE DO
Our mission is bold: to increase five-year survival to 50% by 2023. To achieve this, we are funding innovative, high-impact brain cancer research, including work into biomarkers for brain cancer diagnosis, prognosis and prediction of response to treatment, immunotherapy and we are supporting innovative clinical trial design to get these treatments to patients faster.

We believe that brain cancer research needs to be borderless and by partnering with the international research community, and forging global alliances in China, the US and Europe, we are helping to drive the brain cancer research agenda and accelerate new treatments to patients regardless of where they live.

Our vision is that every person diagnosed with brain cancer – whether an adult or a child – can access new treatments through world-class clinical trials in Australia: “We scour the world for the best clinical trials and work with our international partners to bring them to Australia, so that novel treatments are available at the same time here as they are globally.” – Michelle Stewart, Head of Research Strategy, Cure Brain Cancer (below).

In 2013/14 Cure Brain Cancer committed more than $5 million to brain cancer research, including $2.2 million for nine new research projects across three states, three new clinical trials, four countries, twenty-four institutions, as well as $2.8m to further fund the Brain Cancer Discovery Collaborative (BCDC), which operates across four states here in Australia.

In addition to funding research, we advocate for people living with brain cancer and have made a number of submissions to government on their behalf. Supported by the brain cancer community, we do significant work to raise awareness of the disease.

WHY WE DO IT
Brain cancer is an insidious disease. It kills more children in Australia than any other disease, and more people under 40 than any other cancer. Only 20% of people will survive for five years and that statistic has hardly changed for 30 years. Yet brain cancer receives less than 5% of federal government cancer research funding.

Patients are at the centre of everything we do and our mission and strategy are driven by our responsibility to them.

HOW WE’RE DIFFERENT
We recognise that to solve a complex problem like brain cancer we need to do things differently; to think laterally and find smarter solutions that make breakthroughs much faster than traditional research methods allow.

Cure Brain Cancer is unique because we consider the entire research pathway. We fund priority-driven research through a combination of competitive research grants and proactive identification of promising research. We will identify and fund high-potential projects and critical knowledge gaps that do not fit into traditional funding mechanisms.

We prize collective brainpower and believe power lies in pooling...
BRAIN CANCER KILLS MORE CHILDREN THAN ANY OTHER DISEASE

Yet 90% of Australians are unaware of this fact

*SOURCE: CURE BRAIN CANCER RESEARCH OF 1,010 NATIONALLY REPRESENTATIVE AUSTRALIAN ADULTS AGED 18+ JULY 2014

<table>
<thead>
<tr>
<th>Disease</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brain Cancer</td>
<td>163</td>
</tr>
<tr>
<td>Leukaemia</td>
<td>121</td>
</tr>
<tr>
<td>Heart Disease</td>
<td>59</td>
</tr>
<tr>
<td>Thyroid Cancer</td>
<td>49</td>
</tr>
<tr>
<td>Heart Defect</td>
<td>34</td>
</tr>
</tbody>
</table>

Number of deaths between 2009-2013


Brain cancer is deadly, survival rates are low

90% of children survive leukaemia
90% of people survive breast cancer
20% of people survive brain cancer

*SOURCE: AIHW NATIONAL CANCER STATISTICS

It gets worse. For some forms, such as glioblastoma or DIPG, 5 year survival is much lower.

5% of people survive glioblastoma

Brain cancer survival rates have barely increased in the last 30 years

Prostate: 35% increase in survival rates 1982 - 2011
Breast: 20% increase in survival rates 1982 - 2011
Bowel: 19% increase in survival rates 1982 - 2011
Brain: 2% increase in survival rates 1982 - 2011

* Source: Increase in survival rates 1982 – 2011, AIHW National Cancer Statistics

Brain cancer kills more people under 40 in Australia than any other cancer.

*Source: AIHW National Cancer Statistics

Brain cancer costs more per patient than any other cancer

BREAST    BLADDER    LUNG    CERVIX    OVARY    MELANOMA    LIVER

Index of lifetime cost per patient


Yet it receives less than 5% of NHMRC / government cancer research funding

We need a huge increase in research funding to ensure every person diagnosed with brain cancer in Australia has access to a quality clinical trial.

BRAIN CANCER

KILLS MORE CHILDREN THAN ANY OTHER DISEASE

individual talent into larger group collaboration. We not only collaborate as a Foundation with other organisations to achieve our mission, but help foster and build a collaborative, multi-disciplinary research community to deliver better outcomes for people living with brain cancer and streamline the research pathway.

We think innovatively and challenge the status quo when it comes to finding ways to accelerate treatments to patients. For example, where researchers find treatments for other diseases that may be suitable for brain cancer, we will support the fast-tracking and/or repurposing of those treatments into brain cancer, compressing the time that it takes to get to the patients who need it.

We are courageous, challenging the norm and taking action to break down barriers in the research community and reduce siloed thinking. We are taking greater risks and expecting greater rewards, but we have integrity, always serving our highest purpose, which is people living with brain cancer. Our compassion is fierce.

We are an emerging class of charity, delivering genuine value-exchange propositions for our partners and developing innovative revenue streams to fund brain cancer research.

BE PART OF THE SOLUTION

Make your donation at www.curebraincancer.org.au

Contact Chris Waugh at the Foundation to discuss the range of ways you can get involved with Cure Brain Cancer. Email chris.waugh@curebraincancer.org.au or phone 02 9550 5244.
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
Sooner or later, we are all called upon to lead.
Everyone is called upon to lead in some capacity sooner or later in life. Some of the issues involved are big, some are small. Sometime the responsibilities requiring leadership last a lifetime, and sometimes they are needed for a moment and is something that we should strive to understand better and utilise more fully. Whether in a corporate setting, a business of our own, a church environment, a volunteer organisation, or in the home, improving our leadership abilities through a proven education system is key to unleashing the potential hidden within.

Increasing our ability to lead requires change. James C. Hunter wrote, “I never ceased to be amazed that organisations do not insist that their leaders be continually improving and persistently working towards becoming the best leaders they can be”.

True leadership can bring radically positive change to a stagnant environment. It can revitalise old relationships, poorly performing organisations, and underachieving individuals. Leadership and management are two very different concepts. Leadership is about doing the right things; management is about doing those things in the right way. Both are vital, but each has its place.

Life should be about purpose and meaning and cause and fulfilling our personal, God-given destinies. This is achieved through, with, and for people. In other words, it’s done through leadership.

Based on the New York Times bestselling book, “Launching a Leadership Revolution” LLR, Orrin Woodward and Chris Brady have developed an Education program that teaches you how to master the “Five Levels of Influence”.

- **Learn**: a leader must be able to learn from anyone
- **Perform**: persevere through failure to find success
- **Lead**: extend your abilities by expanding your team
- **Develop Leaders**: learn to trust your people
- **Develop Leaders Who Develop Leaders**: create a legacy

These five principles are illustrated in detail in this “Launching a Leadership Revolution Corporate Training Program”.

The LLR Corporate education program is designed not to train employees but to develop leaders. Leadership development is arguably the single most important investment any company can make. The leader creates the culture; the culture delivers the results:

- Values
- Vision
- Attitude
- Professionalism
- Employee Initiative
- Employee Engagement
- Communication
- Emotional Intelligence
- Teamwork
- Conflict Resolution
- Adaptability
- Self-Confidence
- Interpersonal Skills

Now in just 6 short months, you can transform your workforce into an army of engaged, contributing, go-to leaders pursuing a culture of excellence and naturally and systemically ensure the culture for all personnel, including new hires. Each monthly package featuring 1 book and 4 audios is conveniently shipped directly to your office or to each participant’s home. Specially created optional tests are also available at no additional charge, so you can monitor progress while encouraging participation and group discussion. Show your employees that you truly and deeply care for them and design a better, brighter future for your business. Enrol today and start generating high morale, tremendous loyalty, and increased productivity!

**TESTIMONIALS:**

“At this point in the history of our nation, the healthcare industry has become the most complex leadership challenge of any industry. In the midst of unending federal and state mandates, hospital leaders must be able to encourage and inspire caregivers to deliver the best quality of care possible to patients and families while radically changing the environment in which this care is delivered. As a hospital CEO, I have a duty to ensure that leaders have the tools to create this change and the competency to create a healthy environment for those delivering care. The LLR Corporate Education curriculum gives me the tools to ensure leaders are prepared to serve in this capacity and are inspired to lead through chaos.”

Michael A. Franklin, FACHE, Hospital President and CEO

For more information you can contact editor@theprivatepractice.com.au
EVENTS

iQ Sydney Harbour Cruise, Sydney – March 2015
EVENTS

The Private Practice Comprehensive, Sydney – March 2015
EVENTS

The Private Practice Comprehensive, Hobart – April 2015
EVENTS


Positive attributes of direct property acquisition:
- Less upfront administration
- Allows for accumulation in common or separate interests

Negative attributes of direct property acquisition:
- Must be business real property
- Must meet related-party concerns
EVENTS

The Private Practice Comprehensive, Melbourne – June 2015
EVENTS

The Private Practice, Adelaide – June 2015