

Directors Report

The Directors of General Practice Alliance – South Gippsland Ltd (GPA South Gippsland) present their report on the company for the financial year ended 30 June 2011.

Board of Directors

The names of the directors in office at any time during, or since the end of the financial year are:

Ms Linda Giddy
Dr David Polmear
Dr Nola Maxfield
Dr Sinead De Gooyer
Mr Francis Sullivan
Ms Susan Davies

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Rhett McLennan is the current Company Secretary. Mr McLennan took over as CEO of GPA South Gippsland and Company Secretary in July 2010.

Principal Activities

The principal activity of the company during the financial year was to support general practice at a local level to provide quality health care to the community within the context of a broader primary care system. No significant change in the nature of these activities occurred during the year.

The company's short term objectives are to lead the development of innovative primary healthcare solutions that maintain and improve the health of the community through:

- Building the capacity of general practice
- Integrating health care services across the region
- Enhancing community and individual health knowledge and practice
- Identifying and responding to local health needs
- Promoting the collection, collation and use of health care data

Collaborating across regional boundaries

It is important to note that GPA South Gippsland has applied to transition into, and become part of the newly proposed Gippsland Medicare Local. In light of this, it is likely that GPA South Gippsland will cease as an organisation within the next 18 months. Based on the financial status of the organisation at the time of this report, the Board believes there are sufficient funds to cover liabilities through this transition period, thus reducing the likelihood of going concern issues.

To achieve these objectives, the company has adopted the following strategies:

To build the capacity of general practice we will:

Facilitate workforce recruitment, retention and sustainability
Provide education for health professionals
Support undergraduate and postgraduate education
Assist the development of more effective practice models

To integrate health care services across the region we will:

Collaborate with other agencies on projects to meet identified health needs
Expand the membership base across a wider range of healthcare providers
Improve communication and links between individual healthcare providers and services
Provide a key point of contact for reliable healthcare information

To enhance community and individual health knowledge and practice we will:

Engage the community in self-management and lifestyle programs that improve health
Respond to emerging health issues
Develop integrated marketing and communication strategies
Provide public health and awareness campaigns
Promote healthy active communities through improved community infrastructure

To identify and respond to local health needs we will:

- Conduct active surveillance of emerging health needs
- Develop relevant and effective strategies and programs in collaboration with local partners
- Recognise and support the extended role of rural GPs into secondary health care
- Address the needs of special and underserved groups in the community
- Communicate local health needs to decision makers

To promote the collection, collation and use of health care data we will:

- Support primary healthcare providers to collect and utilise accurate data
- Model the use of data to promote evidence based practice
- Facilitate peer review programs to improve patient health outcomes (e.g. the Clinical Risk Management program)

To collaborate across regional boundaries we will:

- Link with other Divisions on joint programs and shared services
- Investigate potential alliances to maximise effective use of resources
- Respond to evolving health policy
- Develop organisational capacity to deliver on emerging issues and priorities

To achieve the long term objectives of the company, the company:

- Is a member of the Gippsland Medicare Local Formation Group which is entrusted in making decisions during the interim period before the formation of the Gippsland Medicare Local.
- Has employed in partnership with the other two Gippsland Division of General Practices (ie. Central West Gippsland Division of General Practice and East Gippsland Primary Health Alliance) an Executive Transition officer with merger experience to project manage the transition process of the Divisions of General Practice becoming Medicare Locals.
- Has contracted the services in partnership with the other two Gippsland Division of General Practices (ie. Central West Gippsland Division of General Practice and East Gippsland Primary Health Alliance) of legal advisors with experience in not for profit mergers to assist with the legal issues of winding up and transition into new entities.
- Is part of a Gippsland Tri-division wind up group (with the other two aforementioned divisions) that regularly meet and discuss joint issues that pertain to the wind up of the three Gippsland Divisions of General Practice.

Review of Operations

The company was active in formulating and implementing the following programs with core and specific funding received from the Commonwealth Department of Health and Ageing:

Division of General Practice Program (including Mental Health support program)
Aged Care Access Initiative
Rural Primary Health Services
Workforce Support for Rural GPs (including Continuing Professional Development)
Immunisation
Mental Health Support for Drought Affected Communities Initiative

Independent funding allows the delivery of a range of additional programs:

National Prescribing Service
Nursing in General Practice
Southern GP Training Education Support
Lifestyle Management Program
Clinical Risk Management
Access to Allied Psychological Services
Planning for Emergencies
Rural Palliative Care Project

The company acts as the lead agency for the South Coast Primary Care Partnership (SCPCP) as part of the state-wide Primary Care Partnership program. The company acts as fund holder and employer of SCPCP staff. As part of this function GPA South Gippsland provides IT, financial, administrative and office support to SCPCP staff

Information on Directors

Dr Nola Maxfield MBBS Dip RACOG FACCRM – Has been a Director since 1995. She is a Director and a previous Chair of General Practice Divisions Victoria and of South Coast Health Services Consortium (PCP), previous President of the Rural Doctors Association of Victoria, Rural Doctors Association of Australia and Deputy Chair of getGP Limited. Dr Maxfield has attended Achieving Star Boards and the Star Boards Chairs' programs. Nola is also the Chair of the Audit and Risk Management Committee

Dr David Polmear BSc MBBS (Hons) Dip RACGP FRACGP – Local Foster GP is the current Deputy chair of GPA South Gippsland and has been a Director since 2002 and is currently the Chair of the Remuneration Committee. Dr Polmear has attended the Star Boards and Lead Teams programs.

Dr Sinead de Gooyer MBBS, FRACGP, DRANZCOG – Was elected as a Director 21st October 2010. Dr de Gooyer has attended VHIA's corporate governance training program and is a member of the Audit and Risk Management Committee and is a previous board member of the Otway Division of General Practice.

Ms Linda Giddy BSc (Economics) Grad Dip Bus Mgt – Has been a Director since 2006 and is currently Chair of the Board. She is a Director of Central Gippsland Institute of TAFE (GippsTAFE), a former Director of Australia Post-Tel Institute and of the National Centre for Sustainability at Swinburne University. Ms Giddy has attended the Star Boards program. She is currently self employed as business consultant in strategic planning and marketing and communication strategy and brings to the board a range of corporate experience from organisation such as Elders IXL Ltd, Wesley Central Mission and Australia Post.

Mr Francis Sullivan MIR Dmu B Sc; M Sc - Local sonographer was elected as a Director 21st October 2010. Mr Sullivan has attended VHIA's corporate governance training program. Francis is a long term member of the Australian Institute of Radiography as well as the Australian Sonographers Association.

Ms Susan Davies BA (Soc.Sci)/ Dip Ed GAICD – Was appointed Director January 2009. She is a current Director of West Gippsland Catchment Management Authority, the Bass Coast Community Foundation and Chair of the Energy Innovation Cooperative Limited. She is a former Member of Parliament of Victoria – Gippsland West. Ms Davies has attended the Star Boards program.

Dr Clare Stainsby MBBS FRACGP FACRRM – Was elected as a Director 4th October 2007 and resigned October 2010. Dr Stainsby has attended the Star Boards program.

Meetings of Directors

Directors	Position Held	Meetings Attended
Ms Linda Giddy	Chair	9 of 10
Dr David Polmear	Deputy Chair	9 of 10
Dr Nola Maxfield	Director	9 of 10
Dr Sinead De Gooyer	Director (app. October 2010)	7 of 7
Mr Francis Sullivan	Director (app. October 2010)	7 of 7
Dr Clare Stainsby	Director (res. October 2010)	0 of 2
Ms Susan Davies	Director	10 of 10

During the year the directors held (10) Board Meetings

Incorporation

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2011, the total amount that the members of the company are liable to contribute if the company is wound up is \$1,120 (2010: \$1,100).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 4 of the financial report.

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

Dr Sinead de Gooyer
 Director
 Date 28/9/2011



Cardell Assurance & Audit

Registered Company Auditors

B. J. Hughes, BCA, CA, ACIS
L. J. McKenzie, B. Com, CA, (Associate)

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

**TO THE DIRECTORS OF GENERAL PRACTICE ALLIANCE - SOUTH GIPPSLAND LIMITED
ABN 36 061 883 565**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there has been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CARDELL ASSURANCE & AUDIT



**BARRY J. HUGHES
3A Billson Street
Wonthaggi VIC 3995**

21 September 2011

Liability limited by a scheme approved under
Professional Standards Legislation



Chartered Accountants

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General Practice Alliance - South Gippsland Ltd Concise Financial Report 2010-2011 (pages 5-9)

- (a) this is a concise financial report that is an extract from the financial report;
- (b) the financial statements and specific disclosures included in the concise financial report have been derived from the financial report;
- (c) the concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the financial report; and
- (d) further financial information can be obtained from the financial report and that the financial report is available, free of charge, on request to the entity.

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENT FOR GENERAL PRACTICE ALLIANCE - SOUTH GIPPSLAND LTD 2010-2011

Statement of Comprehensive Income

A deficit of \$20,489 was incurred in the 2010/11 year compared to a surplus of \$14,984 in the prior year.

The deficit was largely attributable to increased overhead costs such as rent, accounting fees for improvements to the accounting and reporting system, and consultants and director's fees associated with the application and transition into Gippsland Medicare Local.

Statement of Financial Position

Total assets increased by \$15,075 representing an increase of almost 2%. This is mainly attributable to higher levels of cash being held.

Total liabilities increased by \$35,564 representing an increase of almost 6%. This is mainly due to a \$23,892 increase in unearned income, and an increase in employee entitlements of \$6,042.

There was no significant change in liquidity levels with a liquidity ratio of 1.24 at 30 June 2011, compared to 1.27 in the prior year.

Statement of Cash Flows

Cash flows increased by \$65,309 during the year, representing an improvement of \$95,565 from the prior year. This was due to an additional \$108,793 cash inflow from operating activities and a net cash outflow of \$13,228 associated with investing in a new motor vehicle towards the end of the year.

Statement of Changes in Equity

The only change to equity has been the reduction of \$20,489 representing the deficit attributable to members for the year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
Revenues from ordinary activities	1,425,447	1,338,605
Employee benefits expense	(536,132)	(568,685)
Depreciation and amortisation	(18,614)	(26,692)
Subcontracted consultants expense	(411,776)	(297,188)
Other expenses from ordinary activities	(479,414)	(431,056)
Surplus /(Deficit) before income tax expense	(20,489)	14,984
Income tax expense	0	0
Surplus /(Deficit) for the year	(20,489)	14,984
Other comprehensive income	NIL	NIL
Total comprehensive income for the year	(20,489)	14,984
Surplus /(Deficit) attributable to members	(20,489)	14,984

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	2011 \$	2010 \$
CURRENT ASSETS		
Cash assets	686,510	621,201
Receivables	122,937	163,007
TOTAL CURRENT ASSETS	<u>809,447</u>	<u>784,208</u>
NON-CURRENT ASSETS		
Property, plant and equipment	67,103	77,267
TOTAL NON-CURRENT ASSETS	<u>67,103</u>	<u>77,267</u>
TOTAL ASSETS	<u>876,550</u>	<u>861,475</u>
LIABILITIES		
CURRENT LIABILITIES		
Payables	47,273	67,855
Provisions	38,370	37,197
Accruals	542,886	492,782
TOTAL CURRENT LIABILITIES	<u>628,529</u>	<u>597,834</u>
NON-CURRENT LIABILITIES		
Provisions	22,523	17,654
TOTAL NON-CURRENT LIABILITIES	<u>22,523</u>	<u>17,654</u>
TOTAL LIABILITIES	<u>651,052</u>	<u>615,488</u>
NET ASSETS	<u>225,498</u>	<u>245,987</u>
EQUITY		
Retained surplus at the beginning of the year	245,987	231,003
Surplus /(Deficit) for the year	(20,489)	14,984
TOTAL EQUITY	<u>225,498</u>	<u>245,987</u>

GPASG Financial Reports

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	1,451,286	1,290,897
Payments to suppliers and employees	(1,400,277)	(1,347,320)
Interest received	27,528	26,167
Borrowing costs	0	0
Net cash provided by (used in) operating activities	<u>78,537</u>	<u>(30,256)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	8,636	0
Payment for property, plant and equipment	(21,864)	0
Net cash provided by (used in) investing activities	<u>(13,228)</u>	<u>0</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Net cash provided by (used in) financing activities	<u>0</u>	<u>0</u>
Net increase/(decrease) in cash held	65,309	(30,256)
Cash at beginning of year	621,201	651,457
Cash at end of year	<u>686,510</u>	<u>621,201</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings
BALANCE 1 JULY 2009	231,003
Surplus /(Deficit) attributable to members	14,984
BALANCE AT 30 JUNE 2010	<u>245,987</u>
Surplus /(Deficit) attributable to members	(20,489)
BALANCE AT 30 JUNE 2011	<u>225,498</u>

Compilation Report to General Practice Alliance – South Gippsland Limited

On the basis of the information provided by the directors of General Practice Alliance – South Gippsland Ltd, we have compiled, in accordance with APES 315: Statement on Compilation of Financial Reports the general purpose financial report of the client for year ended 30 June 2011.

The directors are solely responsible for the information contained in the general purpose financial report.

Our procedures use accounting expertise to collect, classify and summarise the financial information which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person other than the company may suffer arising from any negligence on our part. No person should rely on the general purpose financial report without having an audit or review conducted.

The general purpose financial report was prepared exclusively for the benefit of the company. We do not accept responsibility to any other person for the contents of the general purpose financial report.

Address: 15 Roughead Street, Leongatha Name of Firm: Perrett & Associates No 2 Pty Ltd

Dated: 11th October 2011

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Cardell Assurance & Audit

Registered Company Auditors

B. J. Hughes, BCA, CA, ACIS

L. J. McKenzie, B. Com, CA, (Associate)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL PRACTICE ALLIANCE - SOUTH GIPPSLAND LIMITED

Report on the Concise Financial Report

We have audited the accompanying concise financial report of General Practice Alliance – South Gippsland Limited (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and related notes, derived from the audited financial report of the company for the year ended 30 June 2011 and the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The directors of the company are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal control as the directors determine are necessary to enable the preparation of a concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the company for the year ended 30 June 2011. We expressed an unmodified audit opinion on that financial report in our report dated 30 September 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

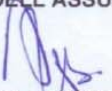
Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of General Practice Alliance – South Gippsland Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion, the concise financial report, including the discussion and analysis of General Practice Alliance – South Gippsland Limited complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

CARDELL ASSURANCE & AUDIT


BARRY J. HUGHES

3A Billson Street

Wonthaggi Vic 3995 14 October 2011

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Chartered Accountants

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