

PRESIDENT'S REPORT

Annual General Meeting of Members Friday, 5 December 2008

The past year has been a particularly challenging one for the VHIA Board. It has involved the identification and rectification of inadequate and incorrect financial reporting and the resolution of business arrangement and legal relationships with associated entities. In embarking on these endeavours, the Board and management was assisted by advice from Paxton Partners which has placed VHIA on a stable and strong footing from a financial and governance perspective.

A material operating deficit (\$590,013) was incurred in 2007-08 for a range of non-recurring reasons principally associated with incorrect classification of certain expenses as assets and the under-reporting of a number of expenses. Notwithstanding this, a sound cash flow has ensured VHIA business is sustainable. This is particularly so given that the organisation is tracking strongly to meet the 2008-09 budget surplus target set by the Board.

The Board has worked vigorously with management to manage and resolve these issues and the key indicators for 2008-09 are positive and encouraging.

As part of the accounts correction process, commenced during 2007-08, it has been necessary to revise the 2006-07 accounts to show a deficit of \$494,763 from a reported surplus of \$179,000.

Improved Governance

The Board has, via its Strategic Planning Day and advice from Paxton Partners, strengthened the governance, reporting and related-entity arrangements at VHIA. This has resulted in:

- A new detailed delegation schedule
- A revised investment schedule
- New financial reporting and monitoring systems
- New 3 year operational plan
- Finalised legal agreements with all related company entities

VHIA Related Entities

In recent years VHIA has developed new services for members via related entities in which VHIA exercises, consistent with its shareholding, a governance and business development role.

Health Legal

Health Legal led by Natalie Franks had a very successful year both in service delivery and financially. Health Legal provided a dividend of over \$70K to the VHIA and this current financial year looks even more successful. I would like to thank Natalie and her staff for the competitive service they provide to members and also the support they provide to VHIA.

Health Financial

Health Financial, led by Mr David Wenban, has also been developing to the point where we have now finalised arrangements based on the Health Legal model and we look forward to future service improvement initiatives for the members and also modest financial contributions to the VHIA to support our core business.

Work Place Legal

Work Place Legal has also been performing well and has provided industrial relations legal advice to the field in a successful manner.

Health Communications

The arrangements with Health Communications was ceased during the financial year but we wish Ms Sue Driscoll well in her endeavours.

Member Feedback on Service Provision

As part of the Strategic Planning Day, the Board conducted a satisfaction survey of members which had a very high return rate. The survey indicated:

- Training Services were rated at 87% - Good to Excellent
- Advisory Services were rated at 85% - Good to Excellent
- Quality of Bulletins was rated at 87% - Good to Excellent
- Timelines of Bulletins was rated at 74% - Good to Excellent
- Health Financial was rated at 100% - Good
- Workplace Legal was rated at 99% - Good to Excellent
- Fee for Service Consulting (VHIA) was rated at 96% - Good to Excellent

These are pleasing results but VHIA is taking on board the commentary from each survey return to fine tune, revise and improve services in the light of the many suggestions.

Board Members

As stated previously the Board has worked at an increased pace to deal with some of the challenges during the year and I would like to thank John Krygger, Chair of the Finance and Audit Committee, and Christine Fitzherbert and Penny Newsome in working with Mr Alec Djoneff to shape the new 3 year operational plan.

A number of Board members resigned during the year, having left the public health sector:

- Mr Chris England left after 14 years service. Chris was very active in the Board and one of the founding members of the VHIA Board and I wish Chris well.
- Mr John Richardson who also is a long standing member of the VHIA Board (9 years) and we all wish John well and thank him for his support.
- Chris Steinfort was a more recent but strong contributor to the Board.

These vacancies will create opportunities for new members to contribute their expertise.

Staff at VHIA

There have been many challenges over the last 12 months and I would like to thank the staff for responding in a positive way. The Chief Executive Officer, Mr Alec Djoneff, has during the financial year had to cope with a number of very significant EBA negotiations as well as addressing the major financial imperatives of the organisation and I thank Alex for his contribution through the year. Finally, I would like to say thank you to the members for supporting the VHIA and the Board is committed to providing a sound financial base and improved service as we move forward.

John Stanway
President
Victorian Hospitals Industrial Association