

## **PRESIDENT'S REPORT**

### ***Annual General Meeting of Members Friday, 9 October 2015***

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The 2014 President's Report referred to a continuing process of consolidation of VHIA assets and resources, the concentration of services on core business and the necessity to prosecute the case for workforce reform initiatives regardless of the prevailing industrial and political circumstances.

VHIA has, during this year, finalised divestment of its associated entities with the conclusion of the sale of its Health Financial which the Board had been negotiating for some time. This transaction further emphasises the desire to address matters more pertinent and relevant to the interest of members.

This was achieved after protracted negotiations conducted by two VHIA Board members, Mr Zoltan Kokai and Mr Chris Doidge to whom we are indebted for their patience and persistence. The proceeds of the sale have ensured VHIA was able to report a higher than expected financial surplus. The settlement of this matter consolidates the Board strategy of focussing VHIA resources solely upon the core business of representing the members' industrial interests individually and as a collective of employers.

The financial position of VHIA is strong and stable, enabling the Board to limit annual membership fee increases to the indexation level health services are experiencing. Forward projections strongly indicate that this stability will continue. Importantly, the year has witnessed the advent of the Andrews Labour Government bringing with it changed emphases on industrial policies and a closer affinity with the health unions. The government is committed to working collaboratively with the unions and fulfilling specific commitments made whilst in Opposition during 2014.

VHIA welcomed the new Government and undertook to establish a sound working relationship with the Health Minister, the Hon. Jill Hennessy MP and the Mental Health Minister, the Hon. Martin Foley MP. Of particular note has been the commitment to legislate for nurse patient ratios and VHIA has been, and remains, intimately involved in the legislative drafting consultations. The draft Bill is likely to be enacted later this year, removing nurse patient ratios from the EBA bargaining system under the Fair Work Act.

The enterprise bargaining policy of the government also contemplates the development of service improvement partnership plans with the health unions. This mechanism may hold within it the capacity to further the objectives of workforce reform that continue to be an essential priority of the VHIA Board.

It is apparent that such reform, in this environment, is more likely to flow from a cooperative and collaborative approach with the unions and government. Clearly the government brings a perspective of workforce welfare to its industrial relations policy settings and VHIA must, and will, pragmatically participate and seek to influence the manner in which public interest imperatives from a health service standpoint are best given effect to.

VHIA has in this year commenced a substantial consultative process with members in the development of enterprise bargaining agendas having regard to government wages and industrial relations policies. The formal bargaining commences later in 2015 going into 2016.

This bargaining will play out across a very wide public sector front with wage expectations from unions appearing to be well in excess of the available funding base upon which the sector bases its industrial proposals and well in excess of stated wages policy of the government. This will present the VHIA with substantial challenges in late 2015, through to early 2016.

VHIA has increased its industrial capacity through the recruitment of several new staff who have had a positive impact on members since early in 2015 and will be most effective during the enterprise bargaining in the coming year.

The VHIA Board initiated a Membership Engagement Project in April 2015 to comprehensively gauge members' views regarding VHIA services, members' aspirations and opinions as to the means by which VHIA and its members could mutually support each other. This Project is ~~work~~ work in progress which will conclude its deliberations in late 2015. It is apparent members are keen to engage with VHIA more closely and have put forward a series of observations which will lead to improved services, relationships and possess a clear and concise strategic direction.

The Board is committed to ensuring that VHIA has a purposeful charter, a clear strategic direction and the necessary resources to fulfil its objectives in a sustainable manner. The VHIA management team has responded to the findings of this initiative in a most positive manner and I am confident that the benefits will become increasingly apparent and important to all members in the future.

As I have observed on a previous occasion, the Board of VHIA operates in a collaborative and consensual manner within the Board and in its relationship with Alec Djoneff, our Chief Executive Officer, and his team.

I express my appreciation to the President, Dr Brendan Murphy and all Board members and the very able management colleagues for their support throughout the year and being confident the coming year, in facing anticipated major industrial challenges, will be governed and managed in the highly professional manner for which we are credited. My thanks and appreciation is extended to departing Board Members, Mr Chris Doidge and Ms Christine Fitzherbert, for their many years of service to the Board on behalf of members.

**Mr John Smith, PSM**  
**Acting President**  
**Victorian Hospitals' Industrial Association**