

AUSTRALIAN ORTHOPAEDIC ASSOCIATION

# Annual Report 2014/2015



AOA

AUSTRALIAN  
ORTHOPAEDIC  
ASSOCIATION

“To be world-recognised for the advancement of orthopaedic surgery through education, professional standards and advocacy.”

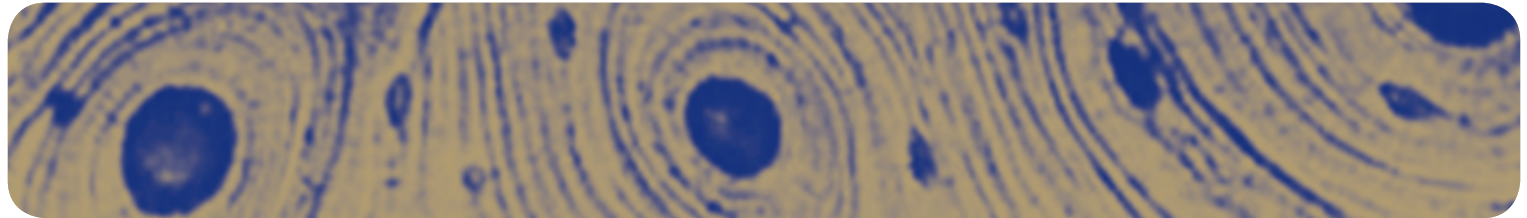
AOA VISION

## Objectives of the Australian Orthopaedic Association

- To foster and maintain the highest standard of surgical practice and ethics in orthopaedic surgery
- To advance the practice of orthopaedic surgery
- To promote research into musculoskeletal conditions
- To provide postgraduate education in orthopaedic surgery and, as necessary, accreditation in orthopaedic surgery
- To support orthopaedic humanitarian initiatives in Australia and overseas
- To foster scientific interchange between orthopaedic surgeons
- To act as an authority and adviser in relation to musculoskeletal conditions and orthopaedic surgery

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# key highlights

2013–2015 Strategic Plan	Progressed implementation of all 35 milestones.
2016–2018 Strategic Plan	Finalised 2016–2018 Strategic Plan, comprising core strategies and 45 milestones.
AOA 21 Implementation	All 20 milestones for 2014–15 achieved, including a significantly advanced revised curriculum, proposed stages of training and assessment strategy.
Learn@AOA	Launched the Learn@AOA eLearning platform for SET curriculum and assessment, incorporating AOA's new Trainee Information Management System (TIMS).
AOANJRR Wins Innovation Award	Determined by public vote, AOA has taken the top prize at the 2014 University of Adelaide Innovation Awards for its work in leading innovative outcomes through the AOA National Joint Replacement Registry.
Strategic Partnership Announced for AOANJRR	South Australian Health and Medical Research Institute and the University of South Australia partnered with AOA to deliver the next era of leading edge registry management services.
Fellowship Strategic Review	Completed an extensive review of the Fellowships portfolio, resulting in a revised policy effective January 2015.
Strategic Research Working Party	Established Strategic Research Working Party to enhance AOA's capacity for leadership in musculoskeletal research.
Constitution Review	Six proposals for constitution amendments were approved by members, with further amendments to be considered at the 2015 AGM.
CPD Strategic Review	CPD Committee commenced a strategic review of CPD in June 2015.

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## AOANJRR Maintains World Leadership Status

97% of AOA members ranked 'maintaining and improving global leadership of the National Joint Replacement Registry' as performing satisfactorily or above expectations.

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## AOANJRR Quality Assurance Protection Defended

Federal Court upholds and respects the protections on AOA member surgeons' information by the Quality Assurance Activity (QAA) legislation.

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## Member Services

Member satisfaction remains high at 89% (90% in 2014), with 90% rating seven functions satisfactory or above (five functions in 2014).

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## Conferences and Events

Highest ever (1500) attendance at ASM in Melbourne 2014.

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## Communication

AOA social media platforms launched.

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## International Relationships

Global profile and branding extended through participation at the European Federation of National Associations of Orthopaedic and Traumatology (EFORT), Gallipoli 2015 Orthopaedic Meeting, International Medical Education Leaders' Forum (IMELF), International Conference for Residency Education (ICRE) and Asia Pacific Economic Cooperation (APEC).

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## Regional Managers

Regional Managers were employed by AOA in each of the states/regions as the first point of contact for membership and training matters – to better support AOA members.

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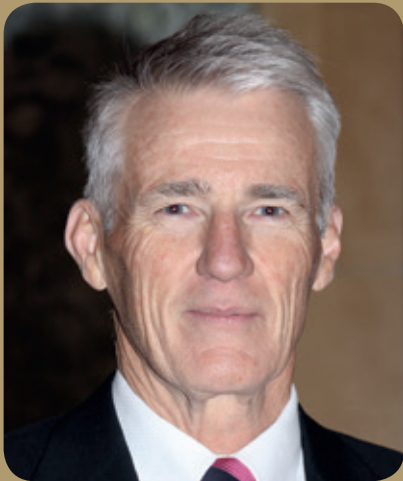
## Head Office

Member satisfaction with AOA Head Office maintains its exceptionally high score of 95%.

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# president report

“A major thrust of this year’s activity has been to increase engagement with important stakeholder groups.”



John Tuffley

PRESIDENT AND CHAIR  
OF BOARD OF DIRECTORS

## Board Activity

Accomplished following a CEO-facilitated Board weekend workshop held in February this year was the formulation of a strategic plan for AOA 2016–2018. The initial draft was modified following input from representatives of the subspecialty societies and AOA State Branches. The final strategic plan was approved at the July 2015 meeting of the AOA Board.

Heading the AOA Strategic Plan 2016–2018 is the AOA vision: To be world-recognised for the advancement of orthopaedic surgery through education, professional standards, and advocacy.

A series of four core strategies support the AOA statement of purpose: for AOA to be the peak professional body in Australia for advancing excellence of orthopaedic practice in the interests of patients and the community, and in the training of surgeons to world-class standards.

Over the next three years, there will be a focus on Education and Training, Advocacy and Engagement, Professional Standards and Research, and on our neighbours in the Asia Pacific Region.

Aside from developing a new strategic plan, your Board has acted cohesively over the past year to deal with the many issues which require Board consideration. Issues are enthusiastically discussed and debated, and all your representatives have made valued contributions. Broadly speaking, the important issues fall into the categories of Operational, Strategic, and Governance. Other agenda topics include receiving reports from various bodies and committees.

Following is comment on the significant activities of AOA over the past year, in addition to the development of the new strategic plan. Areas which will be the subject of specific reports in this publication by those responsible for those areas will either not be mentioned, or only briefly touched upon.

## RACS Relationship

The CEOs and Presidents of both organisations have met on two occasions since May 2015, with the plan for there to be ongoing regular meetings. This has improved the level of communication between AOA and RACS. There is agreement that training is one of the most important activities surgeons undertake, and that there needs to be surety of the environment in which



our trainees are educated. There is no argument that Continuing Professional Development is essential for the maintenance of high standards, and that auditing surgical mortality is a worthwhile exercise. Both organisations are involved in these activities, but there remain some differences in the philosophies around how these activities should be administered.

AOA has invited the RACS President and CEO to Sydney so we can present and explain to RACS our new strategic plan, but the RACS President and CEO have to date not been able to find the time to visit AOA in Sydney.

## Constitutional Reform

Proposed changes to the AOA Constitution are to be put to a membership vote at the 2015 Annual General Meeting. The proposed changes have followed extensive consideration by the AOA Board, and throughout the process of shaping these proposed changes, there has been ongoing valued input from the AOA solicitors, Tress Cox. AOA is a vastly different organisation to the organisation it was when the current constitution was introduced, and accordingly, needs a more contemporary constitution. Separate documentation explaining in detail the logic behind the proposed changes will have been forwarded for member consideration prior to the proposed changes being voted upon.

## AOA National Joint Replacement Registry (AOANJRR)

Essentially since its inception, the AOANJRR has been housed at the University of Adelaide's Data Management Analysis Centre (DMAC). Due to a variety of reasons, a new provider of the services required to run the AOANJRR has been sought, with the AOA CEO and President, and the Director and Deputy Directors of the AOANJRR, exploring options with various groups, including the original provider, DMAC. The decision has been made to accept the proposal put forward by the University of South Australia and the South Australian Health and Medical Research Institute to combine to provide the services required to manage the AOANJRR. AOA is excited by the potential this has to further improve the quality of the AOANJRR and to expand the range of reports available to members.

The AOANJRR continues to keep AOA on the world stage at international meetings, due to presentations made by the Director, the Deputy Directors, our members, and by international speakers who so often reference the data of the AOANJRR.

## AOA 21

Progress toward AOA having our trainees train under one of the best orthopaedic educational programs in the world continues. The curriculum, 'a living document' continues to be refined. Our CEO and Director of Education and Training attend and participate in international conferences and workshops to ensure AOA is

abreast of current best practice in surgical education. Bone school is being improved. New methods of trainee assessment are being trialled with the aim being to have no trainees 'fall through the cracks'. This should decrease the incidence of trainees needing to be put on probation, should improve the level of competence possessed by trainees at various time points during their training, and should improve the pass rate of the final fellowship exam.

## Professional Development and Standards (PDS)

This continues to be an important focus of the AOA Board and the PDS Committee. The PDS Committee has been rejuvenated this year, and a meeting of the CEO, the Presidential line, and the Chair of the PDS Committee with an ethicist and with a representative of the Australian Health Practitioners Regulatory Authority in mid 2015 provided guidance for the direction AOA should take with Professional Development and Standards.

## Fellowships

The Chair of the Fellowships Committee and his committee, with invaluable assistance from AOA staff, completed a Fellowship review this year. They took on an extremely difficult task, and produced a high quality document laying out the criteria for a fellowship to be AOA accredited, including the thorny issue of stipends. This is an achievement for which they are given great credit.

There is approximately one AOA accredited fellowship for every two orthopaedic trainees. Members

need to be certain that fellows do not compromise the educational opportunities of AOA trainees. Fellows should not metamorphose into surgical and clinical assistants for the benefit of fellowship supervisors. Fellows expect and should be provided with a high level educational experience.

## Asia Pacific

AOA is involved in the Asia Pacific region through the Asia Pacific Committee of the AOA, through Orthopaedic Outreach, through the Asia Pacific Orthopaedic Association, and through the efforts of individuals who organise their own aid efforts. A meeting of the major groups was held this year and provided improved clarity around their areas of operation.

A new scholarship is being offered this year, the ANZAC Trans Tasman Scholarship, which will fund a young Australian orthopaedic surgeon to attend the NZ Annual Scientific Meeting.

Clinical services continue to be provided to many of our Asia Pacific neighbours. A new trend is to expand the offerings to include more didactic education, assistance with developing curricula and training programs, plus assisting in the training of local examiners and the development of structured exams. This is most progressed in Indonesia. The countries to which aid is provided have wide ranging standards and vastly differing resources, necessitating country specific tailoring of aid to fit needs.

## Advocacy

Advocacy is occupying an increasing amount of AOA's time. The majority of the advocacy work is reactive in response to enquiries made of AOA, or co-operative. Examples are responses to enquiries made about medical tourism, participation in the recent government instigated MBS review, participation in RACS initiated discussions around surgeons' fees and around sexual harassment and bullying, plus AOA involvement with Prosthesis List Advisory Committees and the Department of Health Digital Imaging Committee. The MBS review is investigating the appropriateness of various procedures and investigations, as well as regional variation regarding procedures and investigations. AOA's media advisors have proven extremely useful in assisting office bearers to handle on occasions the tricky questions posed by the media.

An area looming as a space in which AOA will need to be involved is to do with the move by health insurance providers to place unreasonable restrictions on what is covered by their policies. This is impacting on hospitals, doctors, and of most concern, on our patients. It is anticipated that the fight against these ill thought out moves by health insurers will need to be in partnership with overarching bodies such as RACS and the Australian Medical Association.

Areas where AOA has been proactive include supporting the Australian and New Zealand Hip Fracture Registry, and the Australian Bone and Mineral Society study into secondary fracture prevention. One of the most exciting initiatives has been to lobby the Federal Government to back a Youth Sport Injury Prevention Program. Aside from having the data to prove the cost effectiveness of such a program, it is a program with societal benefit.

## History of Orthopaedics in Australia

AOA has commissioned a book to take up the history of orthopaedics in Australia from where Hugh Barry's book concluded in the early 1980s. The quality of this publication will depend a great deal on contributions from members. All members are encouraged to consider what they can contribute as contributions will be sought in the near future.

AOA has not been marking time over the past 12 months, and with a new strategic plan in place, will have defined direction for the next three years. The Board and AOA management team will continue to work to keep AOA as an organisation of which all members can be proud.



“ AOA is the peak professional body in Australia for advancing excellence of orthopaedic practice in the interests of patients and the community, and in the training of surgeons to world-class standards. ”

AOA STATEMENT OF PURPOSE

# ceo report

“Over the last five years AOA has embarked on a strategic transformation.”



Adrian Cosenza

CHIEF EXECUTIVE OFFICER

## Five Years in Review

The Association has navigated a remarkable strategic transformation over the past five years. The year ending June 2015 marked the completion of the three-year strategy cycle, which commenced in 2012. The list of achievements over the five years includes:

- Completion in 2011 of the due diligence process assessing the feasibility of AOA being accredited for delivering orthopaedic surgical education and training.
- Development and implementation of the strategic plan 2013–2015 – 35 milestones completed.
- Negotiation of a new service agreement with RACS for the delivery of orthopaedic surgical education and training.
- The initiation of a significant strategic review of orthopaedic surgical education and training.
- The conceptualisation, design, development and commencement of delivery of AOA 21 – the exciting initiative in education and training incorporating global best practice to improve quality and patient care.
- An independent best practice and strategic review of the AOA National Joint Replacement Registry (AOANJRR) resulting in 30 recommendations for improvement, most of which have been completed.
- The development of proposed constitutional changes designed to provide a contemporary governance structure for the future.
- Renewed energy and focus on developing orthopaedic research as a key component in reinforcing and promoting orthopaedic practice.
- A strategic review of the Fellowship portfolio being the first such major review in many years.
- The recognition that the Association should articulate a strategy for the Asia Pacific region in a considered and more focused manner.
- The emergence of a renewed focus on the importance of ethical practice and professionalism.

Coupled with the implementation and progression of these strategic initiatives has been the underlying growth in operational activities over the last five years, including:

- An increase in membership from 1362 (2011) to 1595 (2015).
- Maintenance of a high 98% of orthopaedic fellows as members of AOA.
- An increase in the number of SET applications from 183 in 2011 to 216 in 2015.
- The average number of training positions offered between 2011 and 2015 was 47 (in 2011 50 positions were offered; 2012 – 45; 2013 – 35; 2014 – 53; in 2015 – 47 posts were offered).
- A slight increase in the total number of trainees from 215 (2011) to 226 (2015).
- The development of a sustainable education sponsor support program for the AOA Education Fund resulting in 25 individual education sponsorship grants to the value of over \$600,000 over the five years to contribute to funding education technology developments for SET trainees.
- Growth in accredited fellowships from 73 in 2012 to 120 in 2015.
- The establishment of a new fellowship administration service delivering services to over 91 fellows over the past four years – averaging 23 per year over the last three years.
- The establishment of a new division – conference and event services – resulting in an increase in the number of education meetings delivered by AOA from none in 2011 to an average of 11 per year over the past three years

and a total of over 30 meetings in the portfolio in 2015.

- Over 40 advocacy submissions delivered, promoting and advancing orthopaedics, including an average of 35 advocacy issues managed per annum.
- The maintenance of a highly relevant and purposeful *Bulletin* through increased regular contributions from subspecialty societies and AOA bodies and a high regular member readership exceeding 80%.
- Increased traffic through AOA's website from 22,800 visitors in 2011 to over 72,041 in 2015.
- The maintenance of industry-high newsletter open rates consistently exceeding 60% over the past three years.

As the Association has grown organically it has also become more professional and disciplined in its audit, risk and governance arrangements as evidenced by:

- A formal risk management system developed to international risk standard 30001 has been in place over the past three years.
- The Audit and Risk Committee was established in 2013 and identified 30 key risks in 2012 which have reduced to 25 in 2015.
- Over the past five years AOA has entered into over 600 legal agreements; there are over 400 current in 2015.
- Commensurate with risk identification has been the implementation of risk mitigation measures and controls that have resulted in improving AOA's overall risk profile.

- Director training in governance has been delivered to improve director stewardship skills.
- Conducting two successful disaster recovery exercises ensuring AOA has workable back-up systems and procedures in the event of an adverse event or disaster.

Member service has improved through delivery of improvements in technology, with the number of technology projects increasing from 14 in 2013 to 27 in 2015. Initiatives in education and training and communication comprise the majority of the investments.

A key measure of the relevance to members of the services delivered is provided through the annual member satisfaction surveys initiated in 2012. In the four years since the survey commenced:

- Overall member satisfaction has increased from 85% in 2012 to 90% in 2014 and 89% in 2015.
- The number of functions with a rating above 90% has increased from 1 in 2012 to 7 in 2015.

The number of AOA staff employed has grown from 23 FTE to 28 FTE and the staff engagement rating has ranked in the top 10% of similar type organisations consistently in each of the past four years.

In the five year period to 2015, AOA has invested \$1.8M in strategic initiatives, substantially maintained cash holdings and guided an increase in net members' funds.

Overall the Association has delivered a remarkable and progressive transformation.

# “Member service has improved through delivery of improvements in technology.”

## Strategy

This year the Association embarked on a contemporary strategy development process to determine its future ambitions and aspirations. The process commenced mid-2014 and involved extensive consultation and feedback from members, state branches, subspecialty societies, AORA, directors and staff. Members were asked to identify and rank the top priority areas for the future for AOA. The feedback gathered through surveys, presentation and discussion sessions were assimilated for the Board strategy workshop held February/March 2015.

Directors worked extensively and assiduously in preparation and were asked to consider a number of simple, yet fundamental questions:

- Looking five years plus into the future, what do you consider to be the three major challenges and three major opportunities facing AOA as a professional body and for the AOA leadership team? To what extent do you think they require incremental versus fundamental change?
- Looking five years into the future, what do you think should be AOA's future ambition?

- In regards to AOA's future ambitions, can you describe what success would look like to you?
- Thinking about operational improvements, what do you think should be the three most pressing initiatives?
- In the context of broader fundamental change, what do you think should be three major changes AOA should pursue?

Directors were provided with a contemporary synopsis on the environment, trends and forces including:

- Structural forces changing Australia's economic and societal make up.
- Contemporary approaches to strategy formulation for not-for-profit organisations.
- Challenges facing the healthcare system.
- Examples of medical education transformation programs in other countries.
- Leading edge education technology developments.
- The increasing importance of the Asia Pacific region.

- Contemporary governance for not-for-profit organisations.

The Board workshop involved lively and vigorous debate and the shape of the 2016–2018 strategic plan emerged. For the first time the Board has articulated a new vision for the Association.

The Statement of Purpose has been reviewed; it places the patient and the community as the centre of AOA's focus. Four core strategies have been agreed (refer to page 14):

- Education and Training
- Advocacy and Member Engagement
- Professional Standards and Research, and
- Asia Pacific.

## Remaining Relevant

The Board has focused energy on ensuring that the Association continues to remain relevant and is of value to members and subspecialty societies. Activities pursued over the past year include:

- Assisting smaller subspecialty societies with subscription collection of member fees through access to AOA's member billing system. For example, this has assisted the Australian Orthopaedic

“Greatness is not primarily a matter of circumstance: greatness is first and foremost a matter of conscious choice and discipline.”

Trauma Society to increase membership from 40 to over 200 over the past year.

- Providing members with the opportunity to donate to Orthopaedic Outreach through the registration of AOA events – this has raised over \$10,000 over the past two years.
- Providing technology services to assist subspecialties to improve their website and brand presence.
- Providing accounting and administration services to state branches, subspecialty societies and the Research Foundation.
- Providing advice in relation to governance and constitution matters for some subspecialty societies.
- Supporting AORA, including providing the funding for AORA Executive to hold two meetings a year at Head Office.
- Providing support for the potential development of registries for some subspecialty societies.
- Providing direct funding assistance to subspecialty societies for overseas guest speakers to attend the respective subspecialty section of the ASM. The direct funding for this has steadily increased over the past three years.
- The development of a new service – eProceedings provides members with online access to ASM and other presentations following conclusion of the ASM.
- Providing direct advocacy support for state branches and subspecialty societies.
- Aggressively defending members’ privileged rights enshrined in quality assurance protection when AOA was challenged through the High Court arising from device-related class actions.
- Supporting new initiatives proposed by members such as the Youth Sports Injury Prevention Program.
- Promoting and enhancing AOA brand and profile through involvement in high profile international education forums such as International Conference on Residency Education (ICRE), International Medical Education Leaders’ Forum (IMELF), Asia Pacific Economic Cooperation (APEC) Forum on Business Ethics in the medical device sector and senior representation in the International Consortium of Orthopaedic Registries (ICOR).

## A Great Team

It is most gratifying and indeed humbling to be supported by a vibrant, engaged, enthusiastic, professional and highly capable staff. I would like to express my deepest thanks and appreciation for the tremendous work undertaken by AOA staff in the state branches, at the AOANJRR and in Head Office. Their dedication and commitment to providing the best possible support to members is second to none.

The engine, heart and soul of AOA are the members at large, in state branches, in subspecialty societies, as office bearers and directors. It continues to be a privilege to serve this great profession led by highly capable medical professionals. I would like to particularly thank the Executive and Board for their continued wise counsel, advice and support.

## Challenging Ourselves

AOA’s ambition is to be great at everything that we do. Greatness is not primarily a matter of circumstance: greatness is first and foremost a matter of conscious choice and discipline. The quest for greatness is never ending yet stimulating, challenging and rewarding. I look forward to a most exciting 12 months ahead.

# aoa strategic plan 2016–2018

## Core strategies

### 1. Education and Training

#### Aim

To further enhance the quality of graduates from the AOA orthopaedic surgical education and training program.

To continue to deliver high quality selection, training and assessment.

To promote lifelong learning and integration of education.

To support AOA members in their training roles.

The relationship with state branches, subspecialty societies, allied health providers and international associations will be further developed to continue to facilitate the ongoing development and contemporary maintenance of an agreed list of key priorities advocating for improved and better orthopaedic patient care.

Younger members (less than 45) will be identified for increased engagement and to actively seek their contribution and participation in AOA activities.

In particular the Young Leaders Forum will be revised and reenergised to become a prestigious and highly sought after experience at AOA for young members.

AOA must continue to remain relevant to all members and therefore clearly understanding members' needs is vital.

This will be completed through a member services needs analysis. Increased engagement with relevant stakeholders at all levels from locally to globally will increase AOA's profile as a strong advocate for the management of musculoskeletal conditions.



“ AOA must continue to remain relevant to all members and therefore clearly understanding members’ needs is vital.”

## 2. Advocacy and Engagement

### Aim

- To advocate key priorities locally, nationally and internationally.
- To nurture relationships with younger members and increase engagement.
- To further develop and deliver relevant member support and services.
- To improve the profile of AOA as the peak professional body for orthopaedic surgery and management of musculoskeletal conditions to the community.
- To enhance AOA’s profile as the relevant authority for patient education for all matters orthopaedic.
- To encourage diversity and equal opportunity.

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“A particular focus will be increased energy and commitment to educating and encouraging ethical decision-making and professional conduct.”

### 3. Professional Standards and Research

#### Aim

To establish professional standards of practice for orthopaedic surgery.

To promote and facilitate purposeful involvement in Continuing Professional Development (CPD).

To encourage ethical decision making and professional conduct.

To expand AOANJRR's capability and strengthen its global influence.

To facilitate the development of a community of practice in musculoskeletal evidence-based medicine and lifelong learning.

The community is increasingly seeking relevant, timely and evidence based information to assist in their decision-making.

Establishing professional benchmark standards of practice for orthopaedic surgery will represent an important milestone for AOA in this area.

The relevance and importance of CPD is highlighted with a key review of CPD to be undertaken during this period.

A particular focus will be increased energy and commitment to educating and encouraging ethical decision-making and professional conduct.

AOANJRR will be supported to expand its capability and allowing it to play a global leadership role including its active contribution to the harmonisation of standards and protocols in international registry management.

The importance of actively increasing AOA involvement, commitment and profile in musculoskeletal evidence based medicine (research) will be a particular focus during the period. Profiling and nurturing the development of the Network of Orthopaedic Academic Departments (NOADs) will be an important milestone.

“AOA expertise in education and training is warmly regarded by many of our neighbours.”

## 4. Asia Pacific

### Aim

To foster strong relationships with the Asia Pacific region through collaborative education and training.

To support orthopaedic humanitarian initiatives through Orthopaedic Outreach in Australia and Asia Pacific.

With the Asia Pacific growing at a higher rate than other regions in the world, the demand for orthopaedic services in the region is expected to continue to grow at a rapid rate.

AOA expertise in education and training is warmly regarded by many of our neighbours.

The aim is to shape and deliver a more purposeful and focussed strategy in the region. It will require dedicated effort and increased energy and commitment to best leverage the limited resources.

There is an opportunity to clarify respective roles of AOA, Orthopaedic Outreach and other providers of orthopaedic aid to optimise service deployment in the region.

The ambition is to develop a road map including priorities in the region, to foster stronger relationships and achieve an increased AOA presence/profile.

# education and training report

“It is often only with the benefit of time that we can perceive just how much has been achieved.”



Ian Incoll

CHAIR OF EDUCATION  
AND TRAINING

As I come to the end of my term as Chair of Education and Training, it seems timely to look back on the past year, but also across the duration of my term. It is often only with the benefit of time that we can perceive just how much has been achieved. While we still have much work to do, I'd like to highlight some of our achievements and the ways in which our training program has evolved over the past four years.

## Strategic External Review

In conjunction with AOA's Strategic Plan 2013–2015, AOA commissioned a Strategic Education Review, led by Jason Frank, Director of Strategy, Education and Specialty Training at the Royal College of Physicians and Surgeons of Canada. This four stage international best practice review spanned 2012 and 2013 and resulted in 16 recommendations covering all aspects of Selection, Surgical Education and Training (SET), Post-Fellowship Education, and Continuing Professional Development.

As a result of the recommendations from this review, in March 2014 the AOA 21 – 'Excellence in Orthopaedic Surgical Education and Training' project was launched.

## eLearning and the Education Fund

AOA 21 aims to incorporate global best practice by using technology to facilitate online assessment processes and curriculum delivery. Greater flexibility and access to a breadth of outstanding teaching and learning resources for both trainees and supervisors, wherever they may be located in Australia, will be provided.

The AOA Education Fund, which is supported by industry, was established in 2010/11 to facilitate the ongoing development and implementation of AOA's online education capabilities through the eLearning platform, Learn@AOA.

The last two years have seen increased involvement of industry in supporting the Education Fund. For the first time this year AOA has entered into a Diamond partnership with a Medical Defence Organisation for the delivery of Risk Management modules in Bone School. The inaugural industry Diamond sponsor has also delivered education to trainees in Bone School, while other sponsors have worked with trainees in different ways to further enhance their education opportunities.

## Trainee Information Management System

This year saw the introduction of TIMS (Trainee Information Management System) to document trainees' progress throughout their training tenure.

AOA users such as Trainees, Trainee Supervisors, Directors of Training and RTC Chairs currently use TIMS to create, submit and review trainee assessments. TIMS, which interfaces with the AOA Avalon database, will be further extended in the future as AOA 21 is implemented.

A prototype of a Trainee Feedback App is currently being developed, while later this year the building of new work-based assessment forms online will commence.

## Policy and Process

A significant project in 2012 was a broad internal review of Education and Training policy and process. This review resulted in a suite of new assessment policies and forms, accreditations standards, and training program requirements. The new and updated documentation provided much needed clarity around the rules of the training program and national consistency of process. With



*Excellence* in Orthopaedic  
Surgical Education and Training

## AOA 21

AOA 21 is arguably one of our most ambitious strategic review projects since the Association was founded over 75 years ago. A plan for the redesign of eight key areas of our SET program between 2014 and 2021 was developed. The Project aspires to improve the quality of orthopaedic practice and patient care through the delivery of a world-recognised orthopaedic SET program.

During 2014 the newly established Curriculum Review Committee, led by Dr Michael Falkenberg, drafted a revised Orthopaedic Curriculum. The draft competency-based curriculum, which is currently available for review by all AOA members, considers the essential abilities required of an AOA graduate on their first day of independent practice. An Assessment Working Party was formed in late 2014 to consider possible new assessment methods and stages of training, in line with the revised curriculum. Directors of Training and Trainee Supervisors provided feedback on the proposed plans at recent facilitated discussion sessions held in each state.

Following the Training and Assessment Workshops for Directors of Training and Examiners in 2012 and 2013, AOA 21 has developed and delivered a series of workshops both face to face and via webinar in 2014 and 2015.

Over the course of the past four years AOA has been invited to participate and contribute to the International Medical Education Leaders' Forum, International Conference on Surgical Education and Training and International Conference on Residency Education. AOA's invitation to these leading global medical education events increases recognition of AOA by international bodies involved in medical education and training.

“The Annual Selection Review has provided the opportunity to refine the selection process from a quality assurance perspective.”

the introduction of the improved policies and processes, we have seen an increased number of trainees on red flag and probation. Pleasingly, these assessment outcomes are increasingly understood as an opportunity to provide remediation and support where needed, which is of great benefit to trainees.

Following the execution of the AOA/ RACS Service Agreement, and consistent with the delegation of responsibilities documented therein, considerable effort has been focused on negotiating a new suite of Principle Based Policies with the College. These high level policies will allow AOA greater flexibility in delivery of a SET program that can be driven by best practice.

## Selection

The Annual Selection Review has provided the opportunity to refine the Selection process from a quality assurance perspective. Behind-the-scenes data and our international collaborations have brought to light the successes of Selection that might not otherwise be apparent. With the increased autonomy provided by the principle-based policy, we have commissioned a detailed statistical analysis. The preliminary results of the

analysis support a number of significant changes to the way we apply our Selection tools and will be considered in depth in the coming months.

## National Trial Fellowship Exam

Following the success of the National Trial Fellowship Exam (NTFE) in 2013 and 2014, under the oversight of John Owen, planning is underway for the 2015 NTFE in Brisbane.

The trainees, who found the authentic exam experience with the opportunity to attempt two components of both the viva and written exam invaluable, have warmly welcomed this initiative.

## Operations of SET

Alongside all of these developments, the operations of the SET program continue. 193 applications for orthopaedic SET for 2016 were received, with 104 applicants going on to be interviewed across the country on 20 June 2015. 133 interviewers gave generously of their time to make the interviews possible. 47 first round offers were extended.

24 inspectors conducted Accreditation Inspections between 16–27 March. 13 quinquennial inspections and 7 mini

inspections were undertaken, with the majority of inspections in SA and WA.

We currently have 226 trainees participating in the SET Program. Across the last year 41 trainees have successfully completed SET and 24 trainees have received additional support via red flag (11 trainees) and probation (13 trainees). Poor pass rates in the Fellowship Exam are currently under discussion by the FTC with a view to identifying the underlying factors contributing to this disappointing outcome.

There are 23 IMGs currently undergoing clinical assessment in orthopaedic surgery. All but one are being assessed by Examination. There are currently seven IMGs who have completed their supervision period and are yet to pass the Fellowship Examination. One IMG obtained Fellowship in 2014.

I have been regularly inspired by the generosity and goodwill of the AOA Fellows who give so much of their time and energy to ensuring the success of SET in so many roles. I'd especially like to acknowledge the dedicated members of the Federal Training Committee: RTC Chairs Julian Lane (QLD), Geoff Rosenberg (NSW), Graeme Brown (VIC/ TAS), Ben Beamond (SA), Jon Spencer (WA); Board of Studies Chairs Richard



“I have been regularly inspired by the generosity and goodwill of the AOA Fellows who give so much of their time and energy to ensuring the success of SET in so many roles.”

Boyle, Tim O’Carrigan, Sandeep Tewari and Dave Nicholson; Chief Examiner: Kevin Woods; AORA President: Philip Huang and Peter Moore; Jurisdictional Representative: Brett Oliver and the support of the AOA Board and CEO Adrian Cosenza.

In October I will leave the leadership of Education and Training in the capable hands of Omar Khorshid from WA, who has served as Deputy Chair for the past two years.

Finally, I would like to commend to you the extraordinary efforts of our Education and Training Team present: Vicky Dominguez, Alexandra La Spina, Elizabeth Burrell, Jodie Atkin, Michelle van Biljon, Ally Keane; and past: Anqi Zhu, Michele Short, Susie Obeid, Penny Sinden, Talysa Trevallion, Megan Cetinic and Joan Burns. It has been my great pleasure to work with this group of professionals; we are fortunate to have their expertise and commitment.

## Preliminary eLOG Data

One of the most beneficial aspects of TIMS is its capacity to provide data. The accumulation of comparative data over time/SET levels will highlight trends and allow for the creation of benchmarks.

Currently the data is limited due to the small population of users (SET 1 trainees) and the fact that reporting capacity in TIMS is only starting to be built.

Preliminary data from the first 6 months of TIMS use (February–August) for eLogs reveals that:

- Over 13,000 operative procedures were logged by SET 1 trainees.

The most commonly logged procedures by procedure module were:

- Adult trauma (femur neck – closed reduction and internal fixation; and hemiarthroplasty; ankle; open reduction; radius/ulna distal end; open reduction)
- Knee (arthroscopy; total knee arthroplasty; total knee arthroplasty – revision)
- General other (removal of metal/implants; wound washouts; debridement).

The most common procedures for Direct Observational Procedure (DOPS) assessments were:

- Total knee replacement
- Total knee arthroplasty
- Knee arthroscopy.

“The representative voice for AOA trainees.”



Peter Moore

AORA PRESIDENT

The AORA Executive Committee has continued to build on the strong leadership of previous years. We continue to focus on strong representation of our registrars and on providing a voice to assist in the improvement of training orthopaedic surgeons in Australia.

We have continued to have two annual face to face meetings at AOA Head Office. These meetings have proved extremely useful, particularly in strengthening the relationships of those on the Executive Committee. These relationships facilitate more effective representation by providing a stronger and more considered voice to the AOA Board and other committees.

Unfortunately, the registrars' association has been disappointed by the recent pass rate at the fellowship exam. Our Executive Committee has worked closely with members of the Federal Training Committee and Regional Training Committees to help address areas needing attention.

## AORA Annual Conference

In October 2014 we had a new and revamped program for the AORA meeting in Melbourne. Over two

and a half days there were 20 scientific papers and eight instructional lectures, with 26 speaking surgeons. Attendance was the highest in recent memory with 154 people attending. Due to its success, we plan to continue this format in the future. We appreciate the support we have received from both registrars and consultants.

## AOA 21

We have been able to represent registrars at a number of workshops on the new curriculum. It has been extremely valuable to be a part of this project, which has been designed to enhance the training of orthopaedic surgeons in Australia. It has been a great opportunity to be involved in such an important project.

As AORA continues to build on a strong representative base, we look forward to acting as an effective and considered voice for registrars. I thank the support and hard work of my fellow executive members Phil Huang (President 2014–15), Libby Anderson (QLD), Reza Rahim (NSW), Michael Symes (NSW), Francis Connors (NSW), Sina Babazadeh (VIC), Mario Zotti (SA), and Iswadi Damasena (WA).

# scientific secretary report

“Scientific evidence is the basis for optimal patient care and advancement of orthopaedic surgery as a specialty.”

The Scientific Committee met in Brisbane in January. A site inspection was undertaken of the Brisbane Convention Centre, which will be an excellent venue for both the 2015 Annual Scientific Meeting (ASM) and the AORA meeting.

The Committee reviewed the 2014 Melbourne ASM, noting the record attendance with 1500 delegates, including 900 surgeons and 150 registrars.

Overall, 75 per cent of delegates registered for the full four days. A post ASM survey received 197 responses, with 40 per cent rating the meeting 'excellent' and 50 per cent 'very good'.

It was noted that the RACS Annual Scientific Congress in Kuala Lumpur in 2012 totalled 971 Fellows and 167 trainees, so the AOA ASM is now a major educational event in the region.

## Brisbane ASM 2015

Preparations are coming along well. Paul Pincus is the local convener and a full social program has been confirmed.

The meeting theme is 'Training Tomorrow's Orthopaedic Surgeons'. The President's Guest Speaker is Professor Andy Carr and the RACS Speaker is Professor Larry Marsh. The meeting theme will be developed in the Plenary and will explore both trends in education and also the increasing focus on professionalism – and, in an increasingly smaller world, the role of humanitarianism. RACS President Professor David Watters will speak on the Lancet Commission for Global Surgery.

The Brisbane ASM will be the first truly 'open' scientific meeting. In past ASMs, prospective speakers were required to state the name of an AOA member they were affiliated with. Usually surgeons from 'non-kindred' orthopaedic associations did not get the opportunity to speak at the AOA ASM unless they were invited. At the Brisbane ASM, surgeons from the broad Asia Pacific region have submitted abstracts and, subject to a transparent peer review, will present at this year's meeting.



Allan Wang

SCIENTIFIC SECRETARY

“The focus of my efforts has been developing the ASM, as this is the one occasion when most AOA members will regularly get together.”

The engagement with Asia Pacific will continue with the ASM hosting Fellows from IOA and ASEAN. Professor Keith Luk is the Asia Pacific Guest Professor and Ted Mah, being current APOA President, will chair an APOA section in the scientific program. Presidents from the Asia Pacific have been invited to present papers or chair sessions in the general scientific program.

This report is the fourth report to the Board in my last year as Scientific Secretary. The focus of my efforts has been developing the ASM, as this is the one occasion when most AOA members will regularly get together. Fostering scientific endeavour in AOA remains a key objective. However, I am pleased that recent ASMs have seen increasing engagement from all the subspecialty societies who each arrange an instructional lecture program for their more generalist colleagues.

Also, corporate sponsors have introduced masterclasses to the ASM and the practical skills component complements the scientific program. The AORA meeting has now been co-located with the ASM, so more registrars can attend and benefit from ASM activity. An initiative in recent

ASMs has been to present instructional lectures on how to conduct quality research and how to get research published. This should result in incremental improvement in the quality of research being performed, especially by younger members. Professor Ian Harris has been a tremendous contributor, along with notable academics Stefan Lohmander, Andy Carr, Bruce Reider and others. For those members who missed any of the instructional lectures, the eProceedings, edited by Roger Patterson, will be a valuable future resource.

I am most indebted to Alison Fallon, AOA Events Manager, for all her assistance and initiative during my appointment as Scientific Secretary.

# professional development and standards report

“Striving to make the CPD Program more educationally valuable.”

## Continuing Professional Development

The Australian Health Practitioner Regulation Agency (AHPRA) random audits of medical registration declarations are topical. The CPD Committee invited AHPRA to attend the CPD workshop held in June to facilitate a better understanding of how we can work together to make the audit process as simple and stress free for AOA members as possible.

The discussion provided insight into the motivation behind the audit, the processes involved and the expectations of AHPRA. Ultimately, AHPRA provided assurance that they were not looking to penalise surgeons. If you are audited by AHPRA, I would encourage you to contact the AOA CPD team.

Looking forward, the CPD Committee has considered the very real possibility that revalidation may be adopted in Australia. With this in mind, the Committee is striving to make the CPD program more educationally valuable by incorporating a number of practice review activities that have the potential to effect positive changes in practice.

In response to member feedback, the Board recently approved a new CPD framework, which will see a new arrangement of current CPD activities. More intuitive and flexible, thereby supporting the CPD needs of members in all practice types, it will be delivered by a new and improved CPD online platform, with a scheduled launch for the 2017 CPD year.

## Professional Standards

Hand in hand with the review of the AOA Constitution is a review of the Code of Conduct, the Position Statement on Interaction with the Medical Device Industry and of the necessity for the development of a Code of Ethics.

AOA has limited capacity to resolve a number of disputes, as it is not a regulatory body with coercive powers. We do, however, have a vital role in the development and education of expected standards of professionalism and practice.

A review of the AOA Code of Conduct is currently underway and will include definitive advice for members around advertising. Internet and social media sites are regulated in the same way as print media and members are responsible not only for the content,



Michael Johnson

CHAIR OF PROFESSIONAL  
DEVELOPMENT AND STANDARDS

patient privacy issues and other related issues of their own website but also for the websites to which they choose to link their site. Members are reminded to check the advertising guidelines available on the AHPRA website.

# Professional Standards

## Numbers of matters referred, by whom

- Seven in writing
- Two by a state branch
- One by a patient
- Four by another surgeon.

## Resolution

- One referred to a State health department by the complainant
- Three resolved by the relevant state branch
- Two in another forum (AHPRA)
- One by the Committee Chair.

# CPD 2014 (as at July 2015)

Total AOA members required to undertake CPD	1207
Number undertaking^ AOA CPD program	905
Number compliant in AOA program	485
% compliant in AOA CPD program	54%
Number undertaking RACS program	431
Number compliant in RACS program	423
% compliant in RACS program	98%
Total AOA Fellows CPD compliant	916*
% AOA Fellows CPD compliant	76%*
AOA Fellows not undertaking CPD	291*

^ Undertaking in this context means having any CPD activity recorded in the relevant program. The AOA CPD software automatically registers any AOA member undertaking an AOA event.

\* Numbers are approximate as there are a small number of members who participate in both programs.



# research foundation report

“The Research Foundation completes another positive year and enters into a relationship with JB Were to manage its investible funds.”

## Investment Funds

The AOA Research Foundation has concluded an agreement with JB Were to manage investment funds. For many years investments have been managed internally and have been invested mainly in term deposits. With the significant downturn in interest rates, returns have been uninspiring and the Board is confident JB Were, which has a division dedicated to assisting not-for-profits, will enable more acceptable returns and help build the corpus of investible funds.

The Board has met twice with representatives of JB Were in the last year, and has developed an Investment Policy Statement and Investment Policy Charter to guide and govern investments. A Finance Committee has been established to oversee the relationship and to monitor performance.

## eGrants Application System

As forecast in last year's report, work has continued in the year under review to further develop the system of submitting research grant applications online. eGrants was used successfully for grant applications lodgement this year and Research Advisory Committee members were able to review the applications online.

## Early Career Researcher Grants

Invitations were issued for the first time this year for younger researchers, registrars and junior consultants to apply for a new category of grants (Early Career Researcher grants). A number of applications were received and seed funding of up to \$10,000 will be provided to successful applicants.

## Board and Research Advisory Committee

No personnel changes occurred during the year for the Board or the Research Advisory Committee. I am grateful to my colleagues for their work in both forums.

## Finances

The Foundation's assets increased during the year ended 30 June 2015 from \$4.9 million at 30 June 2014 to \$5.2 million at 30 June 2015. Revenue for the year amounted to \$450,648 compared to \$401,980 for the previous year. The operating surplus was \$244,412 (\$247,569 last year).

Research grants of \$187,000 were awarded during the year, and it is anticipated that grants in respect of 2015 applications will be of a similar order.



Minoo Patel

CHAIR OF AOA RESEARCH  
FOUNDATION LTD

# orthopaedic outreach report

“Natural disasters have impacted significantly through regions that Orthopaedic Outreach support.”



orthopaedic  
**outreach**

Graham Gumley

CHAIR OF ORTHOPAEDIC  
OUTREACH

Natural disasters have impacted significantly through regions that Orthopaedic Outreach support. Both the Kathmandu earthquakes in Nepal, and tropical cyclone Pam in Vanuatu have reinforced our focus in preparing local, in-country surgeons with the skills to provide first line care and manage the significant trauma.

Maturing programs in Vietnam and Cambodia continue to grow in strength with workshop-style and problem-based training of specialist skills related largely to upper limb surgery. Through these workshops, the current concepts of tendon repair, microsurgery, and skin flap techniques are passed on within a train-the-trainer model.

Australian orthopaedic involvement in Indonesia has a long and valuable history. A 'Training of Examiners' workshop was hosted by the Indonesia Orthopaedic Association (IOA) in conjunction with the COE and a pre-examination course for final year trainees. This course was conducted by Australian Senior Examiner Kevin Woods and Orthopaedic Outreach Board Chairman Professor Graham Gumley.

Significant planning has been invested in establishing a safe tour of multiple sites within Papua New Guinea. It has been a few years since Outreach has been heavily involved in PNG through surgeon retirement. PNG has significant population in areas with little access to surgical care. With the support of MDA National, an observation tour that included Madang, Mt Hagen and Lae was completed and will allow a forward looking plan to be introduced to support the training of local surgeons, nurses and allied staff and support their establishment of self-sustainable models of care.

Orthopaedic Outreach is extremely grateful for the support for our programs provided by the Australian Orthopaedic Outreach Board.

# membership

## AOA Fellows 2014–2015

David Agolley	NSW	Ash Chehata	VIC	Timothy Fletcher	WA
Matthew Alfredson	QLD	Marcus Chia	NSW	Jennifer Flynn	VIC
Altay Altuntas	VIC	Raymond Chin	NSW	Ilan Freedman	VIC
Anthony Athanasiov	QLD	John Yun Seo Choi	VIC	Nicholas Frost	WA
Mohammed Baba	NSW	Ze-Soong Chua	VIC	Devinder Garewal	VIC
David Bade	QLD	Brett Collins	QLD	George Gayagay	NSW
Buddhika Balalla	NSW	Geoffrey Cooper	WA	Juliette Gentle	VIC
Matthew Barnes	VIC	James Cox	QLD	Soheil Ghane Asle	VIC
Jason Beer	QLD	Hamish Curry	VIC	Constantine Glezos	NSW
Christopher Bell	QLD	Peter D'Alessandro	WA	Sven Goebel	WA
David Bell	NSW	Sommit Dan	NSW	Shyan Goh	NSW
Oliver Birke	NSW	Alan Dao	NSW	Satyen Gohil	WA
Shane Blackmore	VIC	Shailendra Dass	VIC	Daniel Goldbloom	VIC
Murray Blythe	WA	Paul Della Torre	NSW	Bruno Gomes	NSW
Grant Booth	WA	David Dewar	NSW	Glenn Gomez	QLD
George Bousounis	VIC	Umeshchandra Dhanjee	QLD	Benjamin Gooden	NSW
Anthony Bradshaw	VIC	Claudia Di Bella	VIC	Todd Gothelf	NSW
David Bradshaw	NSW	Charles Dick	QLD	David Graham	NSW
Stephen Brindley	NSW	John Dillon	VIC	Hamish Gray	QLD
Ben Brooker	VIC	Ashish Diwan	NSW	Michael Gross	ACT
Lochlin Brown	QLD	John Doneley	QLD	Ashish Gupta	QLD
Aaron Buckland	VIC	Nathan Donovan	VIC	Richard Hanly	QLD
Catherine Burns	NSW	Cameron Downes	QLD	Dominic Hannan	VIC
Jonathan Cabot	SA	Herwig Drobetz	QLD	Peter Harris	VIC
Kosta Calligeros	NSW	Francois Du Toit	QLD	Nathan Hartin	NSW
Benjamin Campbell	VIC	Christopher Dunkley	NSW	Matthew Hartley	QLD
Kate Campbell	QLD	Thomas Edwards	QLD	Nigel Hartnett	VIC
James Canty	VIC	Paul Einoder	TAS	Jason Harvey	VIC
Richard Carey-Smith	WA	Shaun (Michael) English	VIC	Luke Henschke	NSW
Nicholas Chabrel	SA	Travis Falconer	WA	Richard Hocking	ACT
Sivashankar Chandrasekaran	NSW	Robert Fassina	SA	Matthew Hope	QLD
Michael Cheesman	QLD	Daniel Fick	WA	Janet Hsuan	VIC

## AOA Fellows 2014–2015 (continued)

Craig Hughes	QLD	Yeong Lau	NSW	Andrew Mattin	WA
Joshua Hunt	VIC	Matthew Lawson-Smith	WA	Andrew Mayo	QLD
Matthew Hutchinson	SA	Max Leibenson	NSW	Patrick Michalka	WA
Stephen Hutchinson	TAS	Johan Le Roux	NSW	Lachlan Milne	WA
Mark Inglis	SA	Michael Ledger	WA	Brett McClelland	NSW
Wisam Ihsheish	ACT	Tack Shin Lee	NSW	Jason McDarra	QLD
Joseph Isaacs	NSW	Joanna Lenaghan	VIC	Luke McDermott	QLD
Brett Jackson	VIC	Domenic Leonello	SA	Catherine McDougall	QLD
Arvind Jain	VIC	Antony Liddell	WA	Paul McEniery	QLD
Benjamin Jeffcote	WA	David Lieu	NSW	Benjamin McGrath	NSW
Luke Johnson	SA	Chien-Wen Liew	SA	James McLean	SA
Christopher Jones	VIC	Gerald Lim	WA	Timothy McMeniman	QLD
Samuel Joseph	VIC	Tao Shan Lim	WA	Andrew Morris	VIC
Sanjay Joshi	QLD	Charlie Lin	NSW	Justin Munt	SA
Agus Kadir	NSW	Jeff Ling	NSW	Andrew Myers	NSW
Tamer Kahil	NSW	Ryan Lisle	WA	Anil Nair	NSW
Michael Kalamaras	QLD	Alan Loch	QLD	De Juan Ng	VIC
Jacob Kaplan	NSW	Hans Lombard	QLD	Andrej Nikoloski	WA
Anthony Keeley	NSW	Timothy Lording	VIC	Ikram Nizam	VIC
Troy Keith	VIC	Adrian Low	NSW	Matthew Nott	NSW
Angus Keogh	WA	Francis Ma	VIC	Fred Nouh	NSW
Oliver Khoo	NSW	Stuart MacKenzie	NSW	Anthony O'Neill	QLD
Paul Khoo	WA	Douglas Maclean	QLD	Eli Olschewski	NSW
Peter Kilby	NSW	Sheanna Maine	QLD	Michael Ottley	QLD
Vera Kinzel	NSW	Avanthi Mandaleson	VIC	Ponnaren Pak	VIC
Emily Kong	VIC	Daniel Mandziak	SA	Swapnil Pandit	SA
George Konidakis	NSW	Anna Manolopoulos	VIC	George Parker	QLD
Suyog Kulkarni	QLD	Darrin Marshall	NSW	Benjamin Parkinson	QLD
Jai Kumar	NSW	Brian Martin	NSW	Theo Partsalis	VIC
Markus Kuster	WA	Samuel Martin	NSW	Christopher Phoon	NSW
Martin Laird	NSW	Scott Mason	VIC	William Pianta	VIC
Richard Large	VIC	Simon Matthews	NSW	James Plant	WA

Igor Policinski	ACT	Davor Saravanja	NSW	Arash Taheri	WA
Rohan Price	VIC	Matthew Scaddan	WA	Simon Talbot	VIC
Per Prisell	TAS	Bernard Schick	NSW	Aaron Tay	WA
Shane Prodger	QLD	Dinesh Sharma	QLD	Duy Thai	VIC
Gareth Prosser	WA	David Shepherd	VIC	Jason Tsung	QLD
Vaibhav Punjabi	NSW	Matthew Sherlock	NSW	Carley Vuillermin	VIC
Arvind Puri	QLD	Louis Shidiak	NSW	Christopher Wainwright	NSW
Suleman Qurashi	NSW	Mark Shillington	QLD	Simon Wall	WA
Ross Radic	WA	Kush Shrestha	SA	Jason Ward	SA
Hamish Rae	NSW	Vivek Shridhar	QLD	Adam Watson	VIC
Sunil Randhawa	NSW	Shannon Sim	SA	Justin Webb	SA
Pankaj Rao	NSW	Timothy Small	NSW	Edward Wellings	NSW
Jaideep Rawat	NT	Adriaan Smith	QLD	Audi Widjaja	VIC
Joerg Rhau	QLD	Bjorn Smith	QLD	Matthew Wilkinson	QLD
Arash Riazi	VIC	Jonathan Smith	QLD	Nicole Williams	SA
Brendan Ricciardo	WA	Joseph Smith	ACT	Christopher Wilson	SA
Paul Rice	VIC	Simon Smith	WA	Justin Wong	VIC
Christopher Roberts	NSW	Christopher Smithers	NSW	Robert Wood	VIC
Daniel Robin	VIC	Rupert Snyman	NSW	Geoffrey Workman	NSW
Jonathan Robin	VIC	Brendan Soo	VIC	David Wysocki	WA
Mark Robinson	QLD	Braad Sowman	WA	Matthew Yalizio	NSW
Daevyd Rodda	QLD	Luke Spencer	VIC	Timothy Yeoh	NSW
Sasha Roshan-Zamir	VIC	Razvan Stoita	NSW	Sarah Yong	NSW
Matthias Russ	VIC	Robert Story	WA	Samuel Young	WA
Nicholas Russell	SA	Peter Summersell	NSW	Julian Yu	NSW
Shalinder Sadiq	TAS	Sean Suttor	NSW	Ian Yuen	NSW
Hardeep Salaria	NSW	Arnold Suzuki	NSW	Simon Zilko	WA
Babatunde Salman	QLD	Daniel Sydenham	VIC		

## Affiliates

Richard Appleyard	NSW	Hala Zreiqat	NSW
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# Honours and Awards 2014–2015

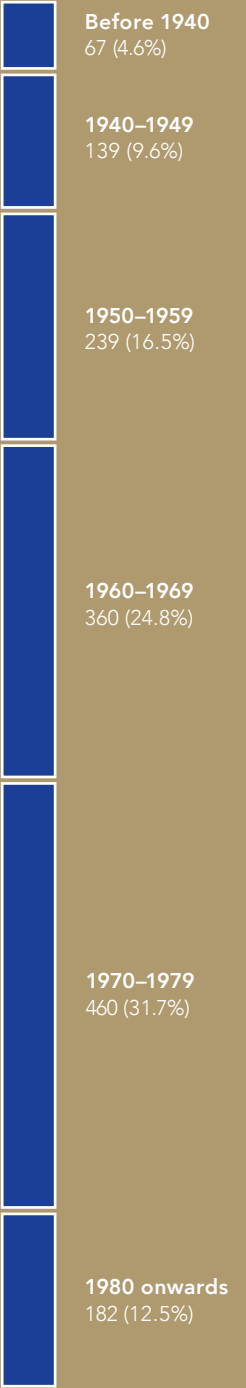
	Awarded to
L O Betts Memorial Medal:	Stephen Graves
Award for Humanitarian Service:	David Young
Award for Meritorious Service:	Susan Liew, Paul Muscio, David Mitchell
Orthopaedic Education:	Phong Tran
Orthopaedic Research:	Peter Choong
Leadership Award:	Omar Khorshid
Honorary Fellowship:	Jason Frank, Stephen Milgate

# Deceased Members 2014–2015

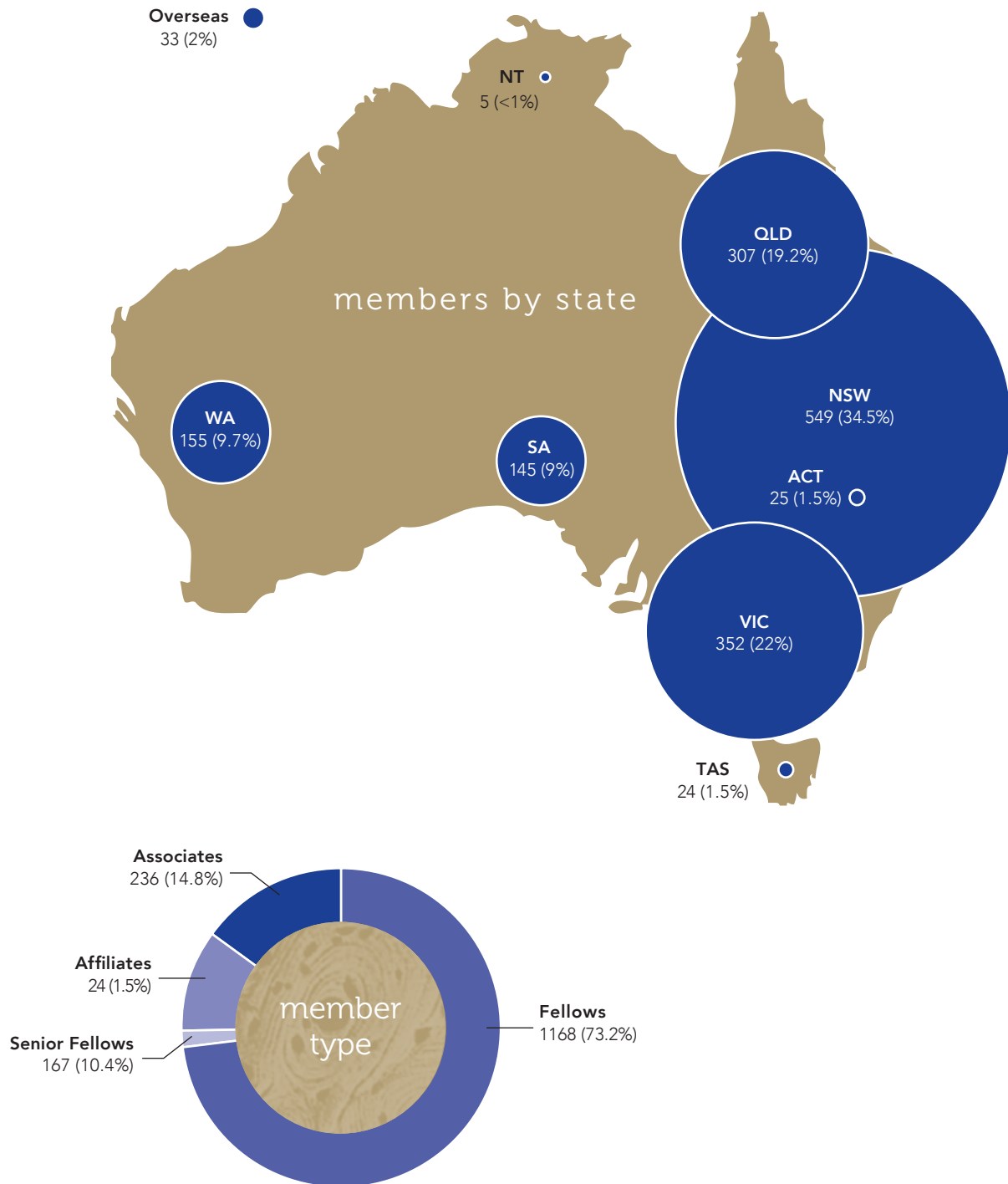
John Hart	VIC	Ronald Huckstep	NSW
Iain Macfarlane	NZ	Clive Cole	NSW
Tom Claffey	NSW	Michael Armstrong	VIC
John Collibee	WA	Peter Kudelka	VIC
John Maloney	NSW	Kevin King	VIC

## age range of practicing members

TOTAL PRACTICING 1447  
(Dates of birth by decade)







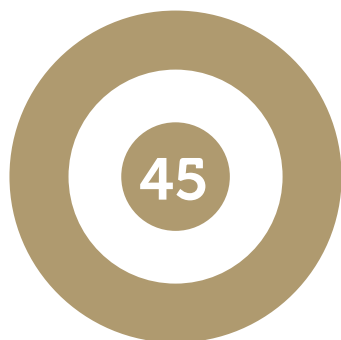
Total number of members as of 30 June 2015 = 1595

# facts and figures

## AOA Strategy

### Strategic initiatives

Number of milestones set against the 2016–2018 Strategic Plan.



## Communications and Events

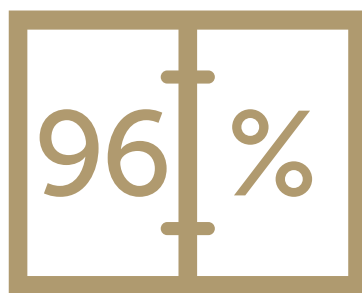
### Media profile

Number of media mentions over past 12 months, totalling approximately \$3m in media coverage value.



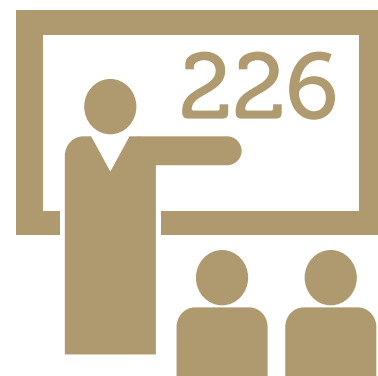
### AOA Bulletin

96% of members regularly read the *Bulletin*.



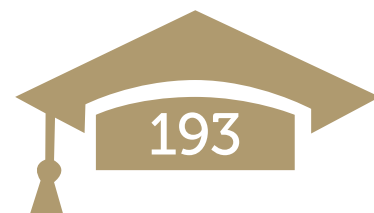
## Education and Training

### Number of AOA trainees



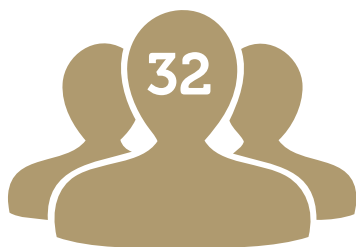
### SET selection

193 Surgical Education and Training applications received in 2015 for the 2016 intake.



## Events

Number of meetings in the events portfolio, increased from 24 in 2014.



## Outreach

Over \$10,000 raised through AOA event donations to Orthopaedic Outreach over the last 12 months.

\$10K

## Event attendance

Number of attendees at AOA events in 2014–15.

3110

## Statistics

### Fellowships

Number of AOA Accredited Fellowships, an increase of 11%.



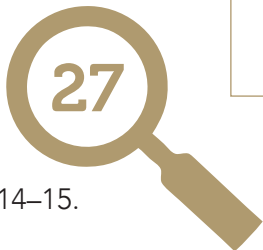
### Advocacy

420%

Increase in advocacy issues since 2012.

### Research

Applications for research funding received in 2014–15.



### Membership growth

AOA membership near 1600.



## Operations

### AOA contracts

Number of active contracts with suppliers and other parties.



### Risk mitigation

Over 350 controls in place to mitigate AOA risks.



### Contributions made by AOA

Over a million dollars to subspecialties and other bodies since 2013.

\$1million

### RACS fees

\$4.5m in training fees paid to RACS 2008–2015.

\$4.5m

### Membership

AOA member percentage of total Australian orthopaedic surgeons.



### Member satisfaction

Overall member satisfaction.

89%

### Total AOA assets

Approaching \$20 million.



# board committees and directors as at 30 june 2015

## Board Committees as at 30 June 2015

Board Committees	Chairman
ABC Travelling Fellowships Committee	Bill Donnelly
Asia-Pacific Committee	Andrew Beischer
Audit and Risk Committee	Andreas Loeffler
Continuing Orthopaedic Education Committee	Andrew Oppy
Continuing Professional Development Committee	Michael A Johnson
Federal Training Committee	Ian Incoll
Fellowships Committee	Andrew Ellis
Honours and Nominations Committee	John Tuffley
National Joint Replacement Registry Committee	Ed Marel
National Joint Replacement Registry Editorial Advisory Committee	Donald Howie
Presidential Line and State Branch Chairs Committee	John Tuffley
Professional Conduct and Standards Committee	Michael A Johnson
Rural Surgeons Committee	Vinny Mamo
Scientific Committee	Allan Wang
Subspecialty Presidents Committee	Andreas Loeffler
Ad Hoc Committees and Working Groups	Chairman
Spinal Education Committee	Richard Williams
Code of Conduct Review Committee	Michael A Johnson
Digital Imaging Committee	David Mitchell

## Directors as at 30 June 2015



J Tuffley



A Loeffler



I Incoll



A Beischer



A Ellis



M Gillespie



B Halliday



M A Johnson



P S Mackie



D Martin



A Wang



C Whitewood

# treasurer report

“AOA achieves satisfactory result after continuing to invest in AOA 21 in 2014/15.”



David Martin

TREASURER



Andreas Loeffler

CHAIR AUDIT AND RISK  
COMMITTEE

## Summary

AOA's result from normal operations for the year was a surplus of \$251,963. This result is comprised of a surplus of \$24,493 for Head Office operations, \$81,280 for state branches, \$80,095 for the AOA National Joint Replacement Registry, and \$66,095 for other entities (Medico-Legal Society, World Orthopaedic Concern, and the Ian Stratton Trust). After unrealised gains on market-related investments of \$573,178 and expenditure on strategic initiatives of \$614,936, the result for the year was a surplus of \$210,204 compared to \$563,382 for the year ended 30 June 2014.

Unrealised gains for the year on market-related investments, as mentioned, amounted to \$573,178. Members are doubtless aware that there has been some turbulence in markets since the end of the financial year under review, and market-related investments have been adversely affected in the new financial year. However, AOA invests for the long term and history shows that while markets may rise and fall in the short term, in the long term results tend to be positive.

## Market Investments

Although AOA benefited from continuing gains in market-related investments as described above, interest rates continued to fall during the year. However, returns achieved on AOA's managed investments together with returns on internally managed funds resulted in net finance revenue of \$668,715 for the year. This compares favourably with returns of \$604,037 for the year ended 30 June 2014.

AOA's investments continue to be monitored by the Audit and Risk Committee.

## Operating Revenue/ Expenses

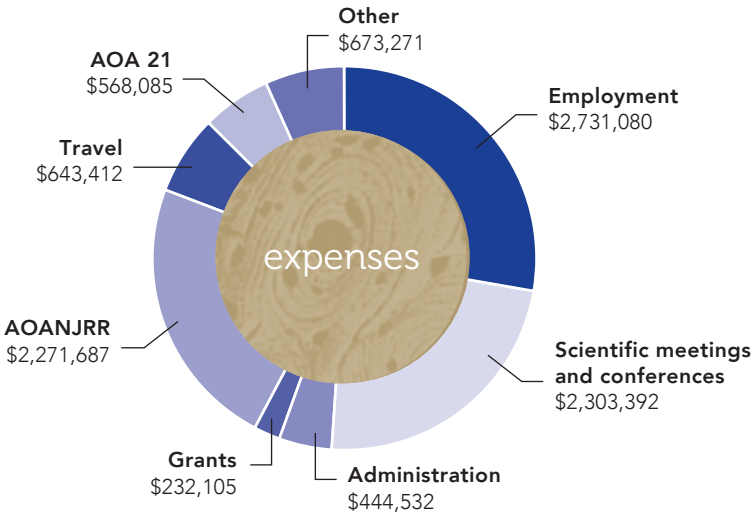
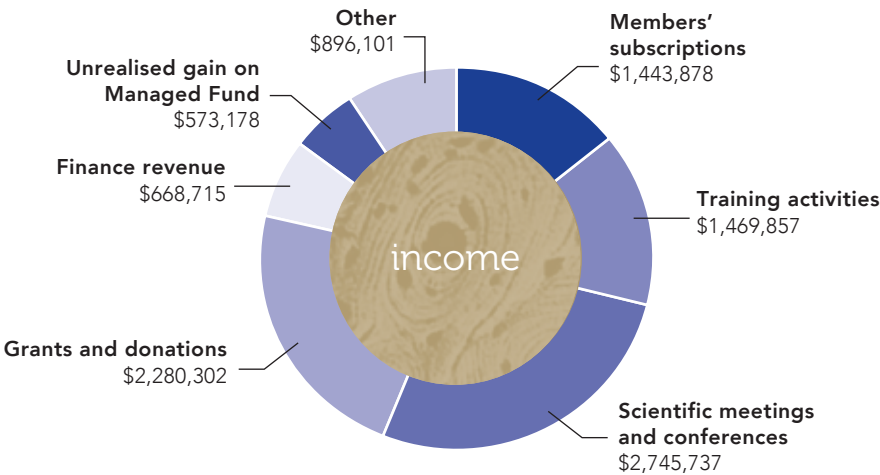
Revenue for the year amounted to \$10,077,768, an increase of \$1,347,223 over the prior year revenue of \$8,730,545. Revenue from scientific meetings increased in the year under review as a result of large attendance by both members and industry at the Melbourne ASM in October 2014, investment income (including unrealised income) was higher than in the prior year, and income was derived from the provision of consulting services in connection with a legal case. Commonwealth grant funding

to the National Joint Replacement Registry increased by approximately \$100,000 over the prior year.

Expenses amounted to \$9,867,564 for the year compared to \$8,167,163 in 2013/14, an increase of \$1,700,401. Costs associated with scientific meetings were approximately \$634,000 higher than the previous year, with most of the increase resulting from higher costs for the Melbourne ASM compared to Darwin in 2013. Costs associated with provision of consulting for a legal case amounted to approximately \$300,000, National Joint Replacement Registry costs increased by \$122,000 in line with increased income, and employment costs increased on the prior year.

### Strategic Initiatives

AOA's investment in the AOA 21 program continued in the year under review, with \$568,000 being expended on this important initiative. The program was planned for development over eight years and investment in it will continue for some years yet. It is pleasing to be able to report that implementation has commenced and new information technology will continue to be rolled out as components are completed.





One focus of the program is the development of mobile technology intended to make trainee reporting under the program as convenient as possible.

## Membership

The Association's membership at 30 June 2015 totalled 1,595 compared to 1,551 at 30 June 2014. Membership subscriptions, including state branch subscriptions, increased by 7.3% in 2014–15 compared to an increase of 6.6% in 2013–14. The larger numerical increase in member numbers in 2014–15 compared to 2013–14 (44 in 2014–15, 21 in 2013–14) is the major reason for the increase in membership subscriptions, with CPI-related membership fee adjustments a lesser factor.

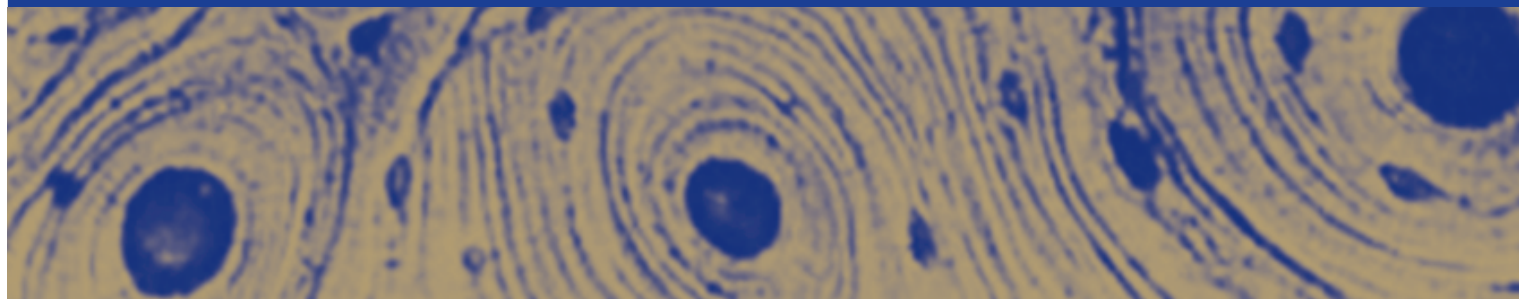
## Members' Equity

Members' equity in the Association at 30 June 2015 was \$17,718,933, up from \$17,508,729 at 30 June 2014. The Association's total assets increased by \$761,579 to \$19,929,550 and total liabilities were \$2,156,076 compared to \$1,626,471 at 30 June 2014, an increase of \$529,605. Funds invested increased by \$522,049 for the year to \$15,595,832.

## Governance

The Audit and Risk Management Committee of the Board, chaired in the first part of the year by President John Tuffley and subsequently by Vice-President Andreas Loefer, met three times during the year ended 30 June 2015. The Committee oversees AOA's financial and risk management practices and regularly reviews the Association's financial management and risk management reports. A review of the Association's investment portfolio was conducted during the year with representatives from Centric Wealth, the managers of AOA's investment portfolio.

AUSTRALIAN ORTHOPAEDIC ASSOCIATION LIMITED  
ABN 45 000 759 795



# Financial Report for Year End June 2015

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015

Your directors present this report on the Australian Orthopaedic Association Limited for the financial year ended 30 June 2015.

## Directors

The names of each person who has been a director during the year and to the date of this report are:

Director	Title*	Appointed/Resigned
P F M Choong	President	Resigned 15/10/2014
J C Tuffley	President	Appointed 10/10/2012
A H Loeffler	First Vice President Chair of Audit and Risk Committee	Appointed 19/05/2008
I W Incoll	Second Vice President Chair of Education and Training	Appointed 20/03/2009
A D Beischer	Branch Director, VIC	Appointed 15/10/2014
A M Ellis	Branch Director, NSW	Appointed 10/10/2011
M J Gillespie	Branch Director, ACT	Appointed 10/10/2012
B R Halliday	Branch Director, QLD	Appointed 06/10/2013
M A Johnson	Chair of Professional Development and Standards	Appointed 14/10/2009
P S Mackie	Branch Director, TAS	Appointed 20/05/2011
D K Martin	Branch Director, SA and Treasurer	Appointed 10/10/2012
A W Wang	Scientific Secretary	Appointed 10/10/2011
C N Whitewood	Branch Director, WA	Appointed 10/10/2012

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

\*Title as at 30 June 2015 or upon resignation.

## Directors' Qualifications

Each director is an orthopaedic surgeon.

## Chief Executive and Company Secretary

A R Cosenza BCom, MCom, MBA (IMD), FCPA, FAICD, FFinsia.

## Principal Activities

The principal activity of the Association during the year was to give effect to the company's objectives described below.

The company's objectives, both short and long term, are to:

- (a) Foster and maintain the highest standard of surgical practice and ethics in orthopaedic surgery
- (b) Advance the practice of orthopaedic surgery
- (c) Promote research into musculoskeletal conditions
- (d) Provide postgraduate education in orthopaedic surgery and, as necessary, accreditation in orthopaedic surgery
- (e) Support orthopaedic humanitarian initiatives in Australia and overseas
- (f) Foster scientific interchange between orthopaedic surgeons, and
- (g) Act as an authority and adviser in relation to musculoskeletal conditions and orthopaedic surgery.

## Strategies

To achieve these objectives, the company has adopted a strategy of requiring that all proposals presented for Board approval include statements describing how the proposals comply with and advance the company's objectives.

## Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's objectives are being met.

Key Performance Measures	2015	2014
Service quality-measured by member satisfaction surveys	89%	90%
Number of trainee surgeons	226	222
Fellowship exam pass rates	46%	64%
Advocacy submissions to government bodies	4	10
Membership – total members	1,595	1,551
AOA member percentage of total Australian orthopaedic surgeons	98%	98%
Number of scientific meetings (completed or in planning)	32	24
Website visitors	72,041	58,792

## Operating Results

The surplus of the Association amounted to \$210,204 (2013–2014 \$563,382).

## Meetings of Directors

During the financial year five meetings of directors were held. Attendances by each director were as follows:

	Number eligible to attend	Number attended
P F M Choong	4	3
J C Tuffley	5	3
A H Loeffler	5	5
I W Incoll	5	5
A M Ellis	5	4
M J Gillespie	5	3
B R Halliday	5	4
M A Johnson	5	3
P S Mackie	5	3
D K Martin	5	5
A W Wang	5	3
C N Whitewood	5	3
A D Beischer	1	1

## Members' Guarantee

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 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$15,950 (2014 \$15,510).

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 can be found adjacent to this directors' report.

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



J C Tuffley

President and Chairman

D K Martin

Treasurer

Dated this 8th day of September 2015

## Auditor's Independence Declaration Under Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Directors of Australian Orthopaedic Association Limited

In accordance with the requirements of Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor of the Australian Orthopaedic Association for the year ended 30 June 2015, I declare to the best of my knowledge and belief that during the year ended 30 June 2015 there have been:

- No contravention of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- No contravention of any applicable code of professional conduct in relation to the audit.

STIRLING INTERNATIONAL



R C Williams

Signed at Sydney this 2nd day of September 2015



STIRLING INTERNATIONAL  
CHARTERED ACCOUNTANTS

# Independent Auditor's Report to the Members of Australian Orthopaedic Association Limited

We have audited the accompanying financial report, being a special purpose financial report, of Australian Orthopaedic Association Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Australian Orthopaedic Association Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

## Opinion

In our opinion the financial report of Australian Orthopaedic Association Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Australian Charities and Not-for-profits Regulations 2013*.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

STIRLING INTERNATIONAL



Roger Williams FCA  
285 Clarence Street, Sydney

Dated this 8th day of September 2015



# Directors' Declaration

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

- 1 The financial statements and notes set out below and on the following pages are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and
  - a. comply with the Australian Accounting Standards applicable to the company; and
  - b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements and the *Australian Charities and Not-for-profits Commission Act 2012*.
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



J C Tuffley  
President and Chairman

Dated this 8th day of September 2015



D K Martin  
Treasurer



# Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>REVENUE</b>			
Revenue	2	9,504,590	8,387,399
Other Income	2	573,178	343,146
		<b>10,077,768</b>	<b>8,730,545</b>
<b>EXPENSES</b>			
Employment	3(a)	2,731,080	2,302,387
Scientific meetings and conferences		2,303,392	1,669,426
Administration		444,532	366,895
Advertising and promotion		102,411	67,309
Depreciation and amortisation	3(b)	100,827	85,840
Grants		232,105	263,198
Occupancy		213,755	202,349
Prizes, fellowships and awards		40,823	18,359
Professional services	3(c)	440,805	334,762
Project expenditures – National Joint Replacement Registry		2,271,687	2,149,986
Travel		643,412	557,516
Finance costs		24,186	24,713
Other	3(d)	318,549	124,423
<b>Total expenses</b>		<b>9,867,564</b>	<b>8,167,163</b>
<b>Surplus for the year before income tax</b>		<b>210,204</b>	<b>563,382</b>
Income tax expense		0	0
<b>Surplus for the year</b>		<b>210,204</b>	<b>563,382</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		0	0
<b>Total comprehensive income attributable to the members of the Association</b>		<b>210,204</b>	<b>563,382</b>

The accompanying Notes form part of these financial statements

# Statement of Financial Position

AT 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	6,744,077	7,631,220
Trade and other receivables	5	1,083,691	1,110,438
Financial assets	7	845,002	2,128,717
Other assets	6	710,638	486,887
<b>Total current assets</b>		<b>9,383,408</b>	<b>11,357,262</b>
<b>NON CURRENT ASSETS</b>			
Financial assets	7	10,216,398	7,531,856
Property, plant and equipment	8	100,118	130,810
Intangible assets	9	229,626	148,043
<b>Total non current assets</b>		<b>10,546,142</b>	<b>7,810,709</b>
<b>Total assets</b>		<b>19,929,550</b>	<b>19,167,971</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,962,071	1,482,345
Provisions	11	194,005	144,126
<b>Total current liabilities</b>		<b>2,156,076</b>	<b>1,626,471</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	11	54,541	32,771
<b>Total non current liabilities</b>		<b>54,541</b>	<b>32,771</b>
<b>Total liabilities</b>		<b>2,210,617</b>	<b>1,659,242</b>
<b>Net assets</b>		<b>17,718,933</b>	<b>17,508,729</b>
<b>EQUITY</b>			
Retained earnings		17,718,933	17,508,729
<b>Total Equity</b>		<b>17,718,933</b>	<b>17,508,729</b>

The accompanying Notes form part of these financial statements

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Retained Earnings \$
Balance at 1 July 2013	16,945,347
Surplus for the year	563,382
Other comprehensive income	0
<b>Total comprehensive income</b>	<b>563,382</b>
Balance at 30 June 2014	17,508,729
Surplus for the year	210,204
Other comprehensive Income	0
<b>Total comprehensive income</b>	<b>210,204</b>
<b>Balance at 30 June 2015</b>	<b>17,718,933</b>

The accompanying Notes form part of these financial statements

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Members' subscriptions		1,621,330	1,602,367
Training activities		1,433,732	995,309
Grants and donations		2,316,633	2,433,258
Scientific meetings and conferences		3,704,691	3,071,232
Investment income		638,951	647,888
Other		583,834	539,979
Payments to suppliers and employees		(10,191,776)	(9,035,282)
<b>Net cash provided by operating activities</b>	<b>12</b>	<b>107,395</b>	<b>254,751</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(25,777)	(21,260)
Payment for intangibles		(141,112)	(44,284)
Investment in managed funds		(827,649)	(274,242)
<b>Net cash used in investing activities</b>		<b>(994,538)</b>	<b>(339,786)</b>
Net decrease in cash held		(887,143)	(85,035)
Cash and cash equivalents, beginning of year		7,631,220	7,716,255
<b>Cash and cash equivalents, end of year</b>	<b>4</b>	<b>6,744,077</b>	<b>7,631,220</b>

The accompanying Notes form part of these financial statements

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

## General Information and Statement of Compliance

The financial statements cover Australian Orthopaedic Association Limited as an entity. Australian Orthopaedic Association is a company limited by guarantee, incorporated and domiciled in Australia.

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

## Accounting Standards Not Fully Adopted

The financial statements do not fully comply with the following Australian Accounting Standards:

AASB 101 Capital Management as this is not relevant to the Association as it has no borrowings.

AASB 101 Events after balance date as the effect of a temporary office relocation has not been quantified.

AASB 101 and 118 Membership subscriptions revenue has been recognised on a cash received basis. The subscriptions are non-refundable and the unearned portion is not deferred as subscriptions received in advance.

AASB 10 Consolidated financial statements as the amounts consolidated are immaterial and do not warrant the full consolidation disclosure. Note 13 details.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the Notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements for the year ended 30 June 2015 were approved and authorised for issue by the directors of the company on 8 September 2015.

## Changes in Accounting Policies

Quoted securities at fair value through profit and loss have been disclosed in more detail in Note 7 and the Statement of Profit or Loss and Other Comprehensive Income.

## New and Revised Standards That Are Effective for These Financial Statements

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new Standards is presented below.

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of ‘control’ and additional application guidance so that a single control model will apply to all investees.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a ‘structured entity’, replacing the ‘special purpose entity’ concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

AASB 2013-8 amends AASB 10 by adding an appendix to that Standard to explain and illustrate how the principles in AASB 10 apply from the perspective of not-for-profit entities in the

private and public sectors. Similarly, AASB 2013-8 amends AASB 12 by adding an appendix to that Standard to explain the concept of a structured entity in a not-for-profit context.

These Standards are not expected to significantly impact the company's financial statements.

## Note 1 Summary of Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### a. Revenue

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Membership fees revenue is recognised when the right to receive the revenue has been established.

Donations and bequests are recognised as revenue when received.

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the members.

All revenue is stated net of the amount of goods and services tax.

### b. Property, Plant and Equipment

#### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture, fixtures and fittings	20%–40%
Plant and equipment	20%–40%
Library	20%–25%
Leasehold improvements	20%
Intangibles	20%–40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## c. Financial Instruments

### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

*Fair value* is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.



### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

### **(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

### **(iv) Available-for-sale investments**

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

### **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial assets.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### d. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair amount less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

#### e. Employee Provisions

##### Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### f. Cash on Hand

Cash on hand equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### g. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### i. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

#### j. Intangibles – Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

## k. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## l. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

## m. Accounts Payable and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

## n. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

## o. Key Estimates

### Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

## p. Economic Dependence

The Australian Orthopaedic Association is not dependent on external agencies or government for the majority of its revenue used to operate the business.

## q. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future accounting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

- *AASB 9 Financial Instruments* (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes which may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplification to the classification of financial assets, simplification to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses in investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

2015  
\$

2014  
\$

## Note 2 Revenue

The association's revenue may be analysed as follows for each major category:

REVENUE		
Members' subscriptions	1,443,878	1,346,096
Training activities	1,469,857	1,327,440
Scientific meetings and conferences	2,745,737	2,431,224
Grants and donations	27,393	23,776
Project funding – National Joint Replacement Registry	2,252,909	2,162,000
Interest and dividend	668,715	604,037
Other (see below)	896,101	492,826
	<b>9,504,590</b>	<b>8,387,399</b>
OTHER INCOME		
Net fair value gains on the measurement of investments in funds managed by Centric Wealth Advisers Limited	573,178	343,146
<b>Total revenue</b>	<b>10,077,768</b>	<b>8,730,545</b>
OTHER REVENUE (SEE ABOVE)		
Accredited fellowships	25,725	2,727
Administration and secretarial fees	36,000	41,920
Advertising	14,325	11,510
Advertising – AOA Bulletin	85,456	81,864
Fellowships administration	235,211	173,927
Royalties	11,709	10,837
Ad hoc reports – NJRR	96,375	52,750
Governance rebate	69,458	66,150
Contracted services for legal proceedings	321,842	51,141
	<b>896,101</b>	<b>492,826</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2015  
\$

2014  
\$

## Note 3 Expenses

### A) EMPLOYMENT

Wages and salaries	2,308,255	1,996,163
Workers compensation insurance	13,161	13,133
Superannuation – defined contribution plans	216,870	170,207
Payroll tax	95,034	74,933
Employee benefit provisions	78,283	41,912
Other benefits	19,477	6,039
	<b>2,731,080</b>	<b>2,302,387</b>

### B) DEPRECIATION AND AMORTISATION

Building improvements	39,983	39,983
Computer equipment	13,638	11,210
Furniture and fittings	78	97
Plant and equipment	427	587
Intangibles	46,701	33,963
	<b>100,827</b>	<b>85,840</b>

### C) PROFESSIONAL SERVICES REMUNERATION OF AUDITORS

Remuneration of auditors		
for auditing services	20,085	20,300
for services other than auditing	–	1,850
Consulting fees	290,000	213,406
Legal fees	130,720	99,206
	<b>440,805</b>	<b>334,762</b>

### D) OTHER EXPENSES

Catering	20,788	12,958
Relationship reform – RACS	–	42,854
Contracted services for legal proceedings	295,911	23,268
Miscellaneous	1,850	45,343
	<b>318,549</b>	<b>124,423</b>

2015  
\$

2014  
\$

## Note 4 Cash and Cash Equivalents

Cash on hand	300	500
Cash at bank	2,209,345	2,214,510
Term deposits	4,534,432	5,416,210
	<b>6,744,077</b>	<b>7,631,220</b>

Term deposits are with banks at yields of 3% to 4%.

## Note 5 Trade and Other Receivables

Trade receivables	987,144	1,019,469
Interest receivable	96,547	90,969
	<b>1,083,691</b>	<b>1,110,438</b>

## Note 6 Other Assets

Prepaid expenses	373,268	176,238
Deposits paid for scientific meetings	337,370	310,649
	<b>710,638</b>	<b>486,887</b>

## Note 7 Financial Assets

Short term financial assets		
Cash held in managed funds	845,002	472,717
Fixed term deposits	–	1,656,000
	<b>845,002</b>	<b>2,128,717</b>
Long term financial assets		
Fixed term deposits	4,069,000	2,394,000
Quoted securities at fair value	6,147,398	5,137,856
	<b>10,216,398</b>	<b>7,531,856</b>

The Association's financial assets comprise short term and long term deposits and quoted securities. The long term deposits have fixed interest rates between 3.9% and 5.2% and mature in 2017, 2018 and 2019. The securities are stated at fair value and denominated in Australian dollars. These financial assets are managed by Centric Wealth Advisers Limited.

## Note 8 Property, Plant and Equipment

	Improvements \$	Furniture, fixtures and fittings \$	Plant and equipment \$	Computer equipment – WA Branch \$	Total \$
<b>GROSS CARRYING AMOUNT</b>					
Balance 1 July 2014	198,638	777	171,984	4,990	376,389
Additions	–	–	23,434	–	23,434
Balance 30 June 2015	198,638	777	195,418	4,990	399,823
<b>DEPRECIATION AND IMPAIRMENT</b>					
Balance 1 July 2014	(145,324)	(390)	(95,720)	(4,145)	(245,579)
Depreciation	(39,983)	(78)	(13,748)	(317)	(54,126)
Balance 30 June 2015	(185,307)	(468)	(109,468)	(4,462)	(299,705)
<b>Carrying amount 30 June 2015</b>	<b>13,331</b>	<b>309</b>	<b>85,950</b>	<b>528</b>	<b>100,118</b>

2015  
\$

## Note 9 Intangibles

<b>GROSS CARRYING AMOUNT</b>	
Balance 1 July 2014	202,135
Additions	128,284
Balance 30 June 2015	330,419
<b>AMORTISATION AND IMPAIRMENT</b>	
Balance 1 July 2014	(54,092)
Amortisation	(46,701)
Balance 30 June 2015	(100,793)
<b>Carrying amount 30 June 2015</b>	<b>229,626</b>



2015  
\$

2014  
\$

## Note 10 Trade and Other Payables

Trade payables and accruals	1,166,741	1,033,890
Deferred revenue – scientific meetings	627,031	188,309
Goods and services tax payable	49,226	69,499
Payroll payables	98,511	45,446
Payables to associated entities	20,562	145,201
	<b>1,962,071</b>	<b>1,482,345</b>

## Note 11 Provisions

CURRENT		
Employee annual leave	194,005	144,126
NON CURRENT		
Employee long service leave	54,541	32,771
<b>Total provisions</b>	<b>248,546</b>	<b>176,897</b>

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<b>Note 12 Reconciliation of Cash Flow from Operations</b>		
Net surplus attributable for the year	210,204	563,382
Non cash flows in operating surplus –		
Depreciation	100,827	85,840
Provision for employee leave entitlements	71,648	38,644
Unrealised gain in managed funds	(573,178)	(343,146)
Changes in assets and liabilities		
Decrease in receivables	26,747	94,200
Increase in prepayments and deposits	(223,751)	(73,581)
Increase/(decrease) in payables	494,898	(110,588)
<b>Cash provided by operating activities</b>	<b>107,395</b>	<b>254,751</b>

## Note 13 AOA Conference and Event Management Trust

The Association controls the AOA Conference and Event Management Trust which is a unit trust responsible for organising and managing events. All of the surplus of the trust has been distributed to the Association and assets and liabilities of the trust have been consolidated with those of the Association. The financial position of the trust at 30 June 2015 was as follows:

Cash and cash equivalents	74,098	14,737
Trade and other receivables	143,465	255,681
Prepayments and deposits	621,367	384,598
<b>Total assets</b>	<b>838,930</b>	<b>655,016</b>
Trade and other payables	838,930	655,016
<b>Total liabilities</b>	<b>838,930</b>	<b>655,016</b>
<b>Net assets</b>	<b>0</b>	<b>0</b>

## Note 14 Association Details

The registered office and principal place of business of the Australian Orthopaedic Association Limited is Level 12, 45 Clarence Street, Sydney.

## Note 15 Members' Guarantee

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 towards meeting any outstanding obligations of the entity. At 30 June 2015, the number of members was 1595 (2014 – 1551).

## Note 16 Financial Risk Management

The Company's financial assets and liabilities are summarised below. The main type of risks are market risk, credit risk and liquidity risk.

The company's risk management is coordinated at its head office in close cooperation with the Audit and Risk Committee, and focuses on actively securing the company's short to medium term cash flows by prudently managing the exposure

to financial markets. Long term financial investments are managed to generate lasting returns.

The company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the company is exposed are described below.

Financial Assets and Liabilities	Note	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>			
Cash on hand	4	6,744,077	7,631,220
Managed funds at market value	7	11,061,400	9,660,573
Receivables	5	1,083,691	1,110,438
<b>Total financial assets</b>		<b>18,889,168</b>	<b>18,402,231</b>
<b>FINANCIAL LIABILITIES</b>			
Trade and other payables	10	1,962,071	1,482,345
<b>Total financial liabilities</b>		<b>1,962,071</b>	<b>1,482,345</b>

### a) Market Risk Analysis

The company is exposed to market risk through its use of financial instruments and specifically to interest rate risk and certain other prices, which result from both its operating and investing activities.

#### i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The Company's exposure to interest rate risk and the effective weighted interest rate for classes of financial assets and financial liabilities are set out on the following page:

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2015	Note	Weighted Average Interest Rate	Floating Interest Rate \$000	Fixed Interest Maturing in		Non-interest Bearing \$000	Total \$000
				1 Year or Less \$000	1 to 5 Years \$000		
<b>FINANCIAL ASSETS</b>							
Cash on hand	4	3.05%	2,209	4,535	–	–	6,744
Investments	7	3.98%	11,061	–	–	–	11,061
Receivables	5		–	–	–	1,084	1,084
<b>Total</b>			<b>13,270</b>	<b>4,535</b>	<b>–</b>	<b>1,084</b>	<b>18,889</b>
<b>FINANCIAL LIABILITIES</b>							
Accounts payable	10		–	–	–	1,962	1,962
			–	–	–	1,962	1,962

## ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The company is exposed to other price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations and management has been delegated to a fund manager, Centric Wealth.

Centric Wealth invests the company's funds through other managed funds spread through a range of sectors in order to minimise risk.

## b) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows.

## Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

LEVEL 1	LEVEL 2	LEVEL 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

## c) Credit Risk

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The Company does not have any derivative financial instruments.

## d) Price Risk

The Company is not exposed to commodity price risk.

## e) Fair Value Measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non recurring basis.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

### Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the company is consistent with the following valuation approach:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Recurring Fair Value Measurements	Note	30 June 2015 Level 1	30 June 2014 Level 2
<b>FINANCIAL ASSETS</b>			
Financial assets at fair value through profit or loss			
Investments in managed funds	7	11,061,400	9,660,573
<b>Total financial assets recognised at fair value</b>		<b>11,061,400</b>	<b>9,660,573</b>
<b>FINANCIAL LIABILITIES</b>			
Trade and other payables	10	1,962,071	1,482,345
<b>Total financial liabilities</b>		<b>1,962,071</b>	<b>1,482,345</b>

## Note 17 Credit Risk – Trade and Other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company. No provision has been made for doubtful debts.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality. Overdue debtors from members for membership fees are expected to be recovered in full. Overdue debts from sponsorship providers are not expected to be paid until immediately prior to the event being sponsored and are expected to be recovered in full.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2015	Gross Amount \$	Past Due and Impaired \$	Past Due but Not Impaired (Days Overdue)			
			<30 \$	<30–60 \$	<61–90 \$	>90 \$
Accounts receivable members	597,423	–	408,260	–	–	189,163
Events sponsorship debtors	183,103	–	49,450	18,430	96,625	18,598
Other	172,956	–	111,808	3,900	20,400	36,848
<b>Total</b>	<b>953,482</b>	<b>–</b>	<b>569,518</b>	<b>22,330</b>	<b>117,025</b>	<b>244,609</b>

### Note 18 Operating Lease Commitments

	2015		2014	
	Premises \$	Equipment \$	Premises \$	Equipment \$
Payments due				
– not later than one year	213,744	13,437	223,926	12,959
– later than one year and not later than five years	903,584	59,342	877,963	57,060
– later than five years	80,824	45,368	320,189	43,623
	<b>1,198,152</b>	<b>118,147</b>	<b>1,422,078</b>	<b>113,642</b>

Leases are primarily over commercial premises. Lease rentals are determined in accordance with market conditions when leases are entered into or on rental review dates. There are no restrictions imposed on AOA by lease arrangements other than in respect of the specific premises being leased.

In July 2015, the Association executed an agreement to re-lease the current office space with Perpetual Trustee Company Limited at 45 Clarence Street Sydney, Australia. A five year lease was signed on the premises and is included in the lease commitment table above.

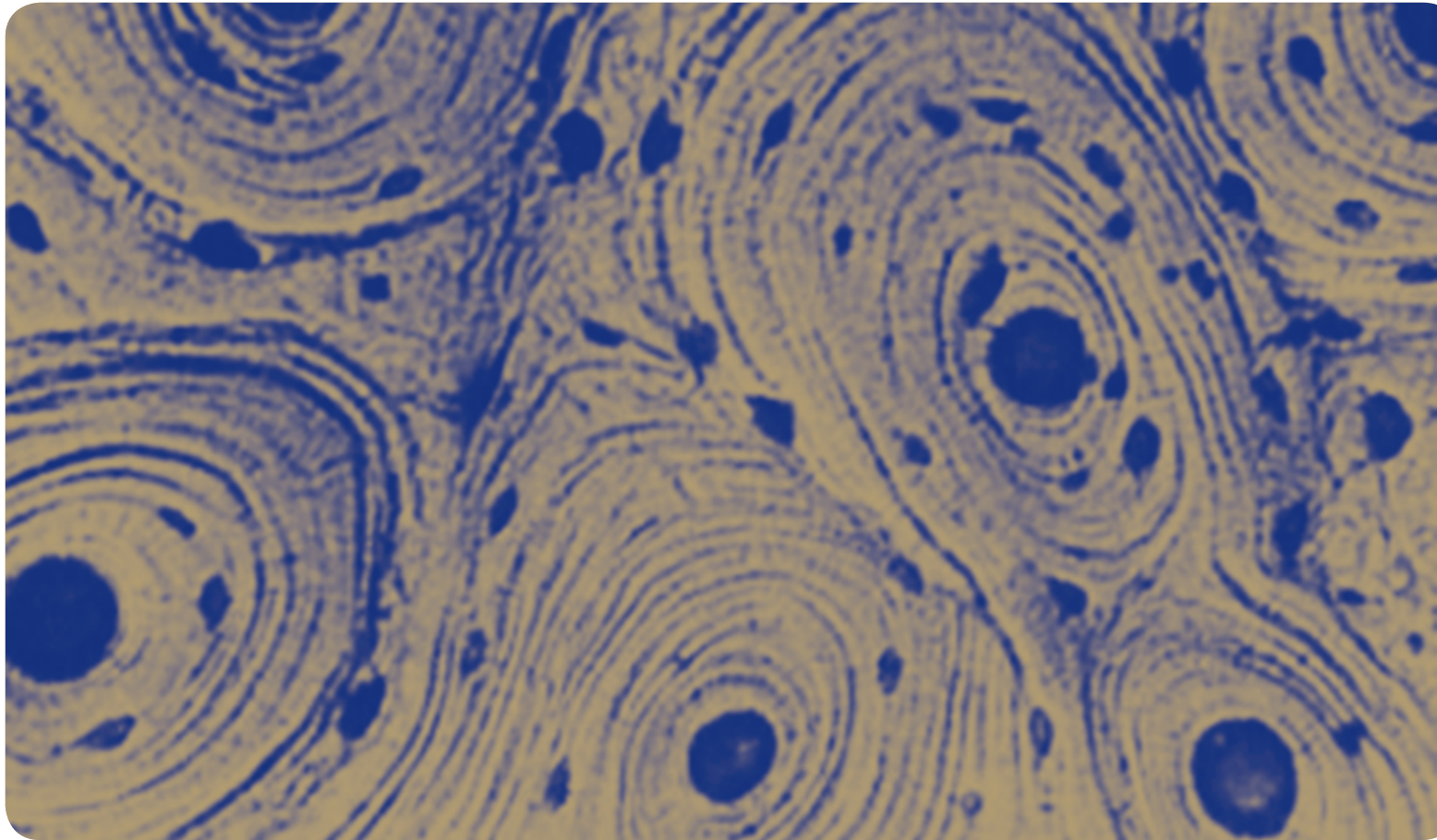
### Note 19 Key Management Disclosures

The Association's related parties include its key management personnel, including the Chief Executive Officer and other key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	2015 \$	2014 \$
Short term benefits	1,438,605	1,239,625
Post Employment Benefits	345,455	262,652
	<b>1,784,060</b>	<b>1,502,277</b>

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AOA

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ASSOCIATION

[www.aoa.org.au](http://www.aoa.org.au)

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