

# ANNUAL REPORT



**AOA**  
AUSTRALIAN  
ORTHOPAEDIC  
ASSOCIATION



# 2010-2011

AUSTRALIAN ORTHOPAEDIC ASSOCIATION



## 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



AUSTRALIAN ORTHOPAEDIC ASSOCIATION LIMITED

ABN 45 000 759 795



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ORTHOPAEDIC  
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# ANNUAL Report

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2010–2011

The Australian Orthopaedic Association (AOA) is the peak professional body for orthopaedic surgeons in Australia. AOA provides high-quality specialist education, training and continuing professional development. AOA is committed to ensuring the highest possible standard of orthopaedic care and is the leading authority in the provision of orthopaedic information to the community. AOA actively supports scientific research and orthopaedic humanitarian initiatives, in Australia and overseas.

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# REPORT to Members

President and Chairman of Board of Directors

Bill Cumberland

## **It has been a pleasure and honour to serve AOA as its President during AOA's 75th anniversary year.**

Management and administration of our organisation is very much a team effort and I have been blessed with a superb team whose performance has been outstanding throughout my term of office and this year in particular. From the Board, Executive Committee, Chief Executive Officer, office managers and office staff I have received solid support and sound advice, and observed conscientious attention to duties, all of which have allowed AOA to function efficiently and effectively at a high level.

### **Relationship with RACS**

Activity has been intense with CEO Adrian Cosenza doing a truly superb job in completing the Due Diligence process, facilitating examination of all aspects of AOA's relationship with the Royal Australasian College of Surgeons (RACS) on schedule and at considerable cost-saving to AOA. Much has been uncovered and discovered which has allowed AOA to fully assess past, current and future aspects of this most important relationship.

The Due Diligence process was initiated to satisfy the resolution of the AOA Board at the 26 June 2010 meeting where: 'The Board resolved to engage appropriate agents to assess the establishment of a College of Orthopaedic Surgeons, for determination by the Board at its October 2010 meeting.'

To address the examination of the relationship between AOA and RACS a calm, thoughtful and thorough process of Due Diligence has been undertaken. The Due Diligence has assessed the practical and economic impact of AOA seeking direct accreditation of training, education and credentialing for orthopaedic trainees by the Australian Medical Council (AMC).

The Due Diligence milestone plan was first presented to the 10 October 2010 Board meeting and at the Members Forum held on 12 October 2010 in Adelaide. The milestone plan comprised seven key components: regulatory assessment; industry lessons (domestic and international); business model considerations; communication activities; relationship with RACS; and legal and financial implications. The timetable outlined activities for the period to June 2011, leading to the formulation of business model options and presentation of material for consideration by the AOA Board. The Due Diligence plans contained 38 key milestones and approximately 80 individual tasks. The plans were designed to accommodate pre-requisite tasks and interdependent

activities and was compiled and executed in a military-like sequential and forensic manner throughout the 11-month period.

As part of this initiative, AOA's training program has been internationally benchmarked. RACS has up to a point been most cooperative in the process. Communication with members has been open and extensive and resulting debate robust. The outcome of deliberations has yet to be determined, but there is no doubt that the influence of the Due Diligence process, which RACS President Ian Civil described as transformational, will lead to a better future for AOA and its members.

### **Advocacy**

Second Vice-President John Owen has taken the reins of the Advocacy Committee and applied himself with characteristic gusto. Issues have arisen within this area, dealt with in a most professional way by AOA's Media Consultant, Patrick Weaver, with national and international coordination of responses undertaken and constant vigilance applied. International branding occurs naturally also through the influence of the AOA National Joint Replacement Registry (NJRR). The Board has encouraged the development of a group within AOA to advance the cause of our current and potential future female members (Orthopaedic Women's Link). The advent of podiatric surgeons' role under national registration has been seriously addressed as a patient care issue. Kathy Hill's presence as AOA's Advocacy and Governance Manager has greatly enhanced AOA's ability to effectively interface with government (including the achievement of reversal of an unfavourable Federal Government budgeted policy) and organise our own services, with formalisation and recognition of all AOA members contributing and participating in government bodies.

### **Education and Training**

We have welcomed Joan Burns as the new General Manager Education, Training and Research, and she brings great experience and a steady hand to this most important of AOA's portfolios, under the guidance of Peter Choong, Chairman of Education and Training. Necessary adjustment to the nationally coordinated new anatomy courses has been facilitated, and organisation of this area central to orthopaedic education has now been taken up by AOA in the absence of appropriate formal university education in this area. The eLC is being further developed and supporting IT software repaired and replaced. All processes around education and training

face ongoing assessment and adjustment as this activity remains the main focus of AOA and its core activity.

**AOA National Joint Replacement Registry**

The NJRR continues to place AOA and Australian orthopaedics on the map both nationally and internationally. Its quality is universally recognised, a tribute to its director Stephen Graves and staff, and also to the vital role played by the NJRR Committee and its Chairman, Graham Mercer, who has now handed over to Ed Marel as Graham follows me as AOA President. A strategic review of the NJRR is planned as part of AOA governance to follow on from that conducted in 2005.

**Subspecialty Societies**

The trend to sub- or super-specialise within orthopaedics is worldwide, as was demonstrated at the American Academy of Orthopaedic Surgeons meeting in February. Australia is no exception and it is AOA's role to encourage and assist the societies wherever possible, while being inclusive. Two examples of AOA influence this year have been the support of and combined submission of Post Fellowship Education and Training schemes (PFETs) to RACS in spine surgery and hand surgery. Regular meetings of the Subspecialty Presidents Committee are also scheduled and each group is in

control of its own sections of the Annual Scientific Meeting.

**International Connections**

Visits to other orthopaedic associations around the world have reinvigorated old friendships and created new ones. Such links are vital in what is now a global community of orthopaedics.

During the year AOA representatives, mainly from the Presidential line, represented AOA at meetings of the orthopaedic associations of the United States (and AAOS), United Kingdom, Canada, India, China, Taiwan, Thailand, Philippines, Indonesia, Sri Lanka and South Africa. The exchanges that take place at these meetings allow AOA to learn from and benchmark itself against some associations as well as to provide support to others.

We have also established close relations with the ASEAN Orthopaedic Association, the Indian Orthopaedic Association and the Sri Lankan Orthopaedic Association, with travelling fellowships.

**New Positions**

After two years of valuable service Greg Witherow has handed over chairmanship of the Orthopaedic Services Committee to Don Pitchford, who will have the responsibility of overseeing assessment of International Medical Graduates prominent among his duties. At the end of his term as Chairman

of Education and Training characterised by his distinctive wise and thoughtful style, Peter Choong hands over to Ian Incoll this most important portfolio. Having provided us all with inspiration and enthusiasm, David Morgan after this year's Annual Scientific Meeting hands over to Allan Wang as the Scientific Secretary. The contribution of all these men past and present is outstanding and appreciated.

**Conclusion**

This year AOA sold its Macquarie Street rooms after four decades of ownership, with leased offices in Clarence Street, Sydney, now providing options for the future. The team approach engendered by CEO Adrian Cosenza in stamping his style and talent on the office and our organisation, ably assisted by Mariam Pei, has created an environment of innovation and excellence which reflects the very aspirations of AOA heading into the future. It has been an exciting year, including the planning of the combined Annual Scientific Meeting with our NZOA colleagues. It has been most rewarding for me to observe the great strength of AOA through the many contributions of members and staff, not all of which can be chronicled here, but which help to form the feeling of AOA as a family, working together for the good of the Australian population, and as an organisation of which I have been justifiably proud to be President.. 





# CEO Report

Chief Executive Officer

Adrian R Cosenza

AOA has continued to build its capabilities and improve its professionalism over the past 12 months. The strategic review of the relationship between AOA and the Royal Australasian College of Surgeons has delivered valuable benefits for AOA. AOA is better informed of contemporary regulatory, industry experience and international orthopaedic governance and organisational matters. This increased orthopaedic knowledge, information and intellectual property can be well utilised for the benefit of the organisation in coming years. AOA is growing and maturing as a professional, highly regarded and internationally respected orthopaedic organisation.

## Strategic Goals

Progress against the Strategic Plan 2010–2012 is well advanced.

### **Goal 1 To refine and consolidate AOA's Education and Training Program**

The delivery of a refined and strengthened curriculum, launched in October 2010, provided trainees with an improved learning tool. Combined with the nationwide availability of the new Education Learning Centre, members and trainees have benefited from faster delivery and easier navigation of content. In addition, a trial of a new anatomy course in three States provided valuable experience in providing future nationwide access to an agreed AOA anatomy course.

### **Goal 2 To enhance AOA's Continuing Professional Development Program**

Participation rates have increased over the past 12 months and endeavours are under way to continue the improvement in participation and the quality of the programs and activities available. The second year of holding a 'short, sharp' Continuing Orthopaedic Education meeting in July 2011 was well attended, with members expressing strong support for continuing these types of education sessions.

### **Goal 3 To facilitate the provision of quality orthopaedic services**

AOA performance in this goal is best reflected by the continuing superior performance of the AOA National Joint Replacement Registry (AOA NJRR). The AOA NJRR continues to provide a valuable service for orthopaedic surgeons, industry and the Australian public. It is very highly regarded internationally as a leader in its field and is playing a leading role, forging international alliance relationships, contributing vigorously to the high standards of joint replacement registry governance, operation and reporting.

### **Goal 4 To raise AOA's profile and reinforce AOA's position as the peak professional body for orthopaedic surgeons in Australia**

Progress in this goal is best represented by AOA's success in seeking Federal Government agreement to overturn a previously approved trial for 'image only' items announced in the 2009–2010 Federal Budget. The trial was to gauge whether to introduce a different rebate structure for certain x-ray proceedings that do not require a radiology report. The result demonstrates that AOA has the ability to influence and best represent the Australian public on matters orthopaedic.

### **Goal 5 To consolidate and expand AOA's funding**

Progress in this goal is well demonstrated by AOA providing a new fellowship administration service for AOA members, the successful sale of premises at 229 Macquarie Street, Sydney, and the introduction of in-house conference and event management services.

## Governance

AOA is a company limited by guarantee and operates within the legal regulations of the *Corporations Act 2001*. The Constitution of AOA provides the governance framework within which Directors are required to carry out their fiduciary responsibilities. The involvement of Directors in continuing education and training demonstrates AOA's commitment to dynamic and relevant leadership in a fast-changing operating environment. During the year the AOA Board approved ongoing participation in Director education and training through the provision of workshops to be delivered by governance experts

Consistent with AOA's strong leadership of the AOA NJRR, the Board has commissioned a strategic review to maintain and further extend the AOA NJRR's leadership in joint replacement registries domestically and in the international arena.

The relationship with the AOA trainee body, the Australian Orthopaedic Registrars Association (AORA) is being strengthened through the building of closer ties. AOA is helping AORA establish good governance arrangements to better service the needs of AOA trainees. Good progress has been made in this area.

## Brand and Reputational Positioning

The fast-changing regulatory, consumer and technological environment requires AOA to increase its proactive activities. The Board is committed to increase the responsiveness of AOA to community demands. A review of policy with regard to medical

devices, pre-market testing, and a plain English summary of the NJRR Annual Report are planned for coming months.

Through its advocacy activities, AOA has more purposefully directed its energies to addressing orthopaedic matters with Federal and State Governments. Issues being pursued include waiting list management, inadequate support for trainees in rural areas, insufficient numbers of training posts, podiatric surgery accreditation and healthcare standards; and contributing to the review of the Therapeutic Goods Administration.

Media policies were implemented to streamline the management and coordination of media activities. The De Puy worldwide ASR hip replacement recall generated high public interest and required active and intense oversight.

### Membership

The number of new Fellows for 2010–2011 is 31, compared with 76 for 2009–2010 and the number of new Associates is 20, compared with 57 for the previous financial year. One new Affiliate member was admitted in 2010–2011.

AOA said farewell to Kerri Clarke, one of AOA's longest serving team members, who left to explore new career horizons after 17 years of service. Business and Human Resources Manager Mariam Pei now manages membership. The management of the membership process has been enhanced in recent times through a vigorous follow-up campaign, resulting in 64 membership applications ready to be considered at the October 2011 Board meeting. This represents a material increase on the low number of applications processed at the February 2011 and June 2011 Board meetings.

AOA is reviewing the core technology used to store membership records and provide access for all electronic member services. Plans to implement a modern, flexible system, which will allow better integration with current and future member services, are under way. The new system will allow AOA to implement more streamlined business processes with a faster time to delivery.

### Education and Training

The launch of the Education Learning Centre (eLC) was completed during the year. The first year of the Education Sponsorship Fund commenced on 1 January 2011, with the welcome support of sponsors. The fund is designed to attract sponsorship for promoting education and training of

orthopaedic surgeons.

AOA's new competency-based curriculum was launched. The framework and modules are accessible via the eLC. The curriculum includes the competencies trainees are expected to attain during the training program, in-training assessment requirements and tools for assessment and a detailed syllabus.

Our Association continues to professionally evolve and attract talent of the highest calibre. We have been fortunate to acquire the services of Joan Burns as General Manager Education, Training and Research. Joan has deep experience in delivering medical education and training programs to Australian Medical Council standards and brings considerable expertise as AOA moves into the next phase of its education and training development.

A first step has been the formal inclusion of Continuing Professional Development into the education portfolio to better reflect its role in the continuum of life-long learning and to provide a more client-focused transition from trainee to Fellow within the organisation.

### Communication with Members

The volume of communication to members increased by approximately 50 per cent, reflecting issues of concern and interest. In addition to the *Bulletin* and the eNewsletter, the Due Diligence process was served by special eNewsletters, emails and letters. Members were kept closely informed about the DePuy ASR hip replacement recall, as media interest escalated.

Members' responses broadened over the year, with more contributions to the eNewsletter and the *Bulletin*. Visits to the AOA website continue to grow, particularly in the Member-only area, enlarged to include Due Diligence information, product alerts and the video recording of the 2010 Annual Scientific Meeting.

Our Publishing Manager, Jill Wayment, has provided a first-class contribution to maintaining the quality of significant communications.

### New Fellowship Administration Service

The agreement to commence providing a new Fellowship Administration Service for AOA Fellows was consummated with Smith & Nephew in June 2011. The service commences from this date and on 1 August 2011 our new Fellowships Manager Maria Anagnostou (formerly of Smith & Nephew) joined AOA to manage and oversee this new service. Maria brings with her high-

calibre insight into fellowship administration.

AOA is already providing this service in regard to AOA accredited Smith & Nephew Fellowships under the agreed arrangement with Smith & Nephew. It is AOA's intention to extend this service to cover similar arrangements to other accredited fellowships.

### New Conference and Events Management Services

As the Association continues to grow so too do its capabilities. For the past three decades AOA relied on external conference and event managers to organise the vast majority of AOA events. During the year AOA was pleased to welcome Alison Fallon as the Association's in-house Conference and Events Manager. Alison brings extensive experience in conference and events management and will not only work to organise AOA events but is also available to provide professional event management services to our State Branches and subspecialties.

### New Premises

After many years at 229 Macquarie Street, Sydney, the Head Office premises were successfully sold in December 2010 and a five-year lease entered into at Level 12, 45 Clarence Street, Sydney. Staff completed the successful relocation in December 2010. AOA holds Board meetings and other key committee meetings in these premises.

### AOA Team

Organisations depend on the quality of the contribution of its people. In this regard, AOA is no different and members should feel proud that a dedicated, enthusiastic and highly productive team enjoys working for AOA members. In particular, I express my thanks and admiration for the enormous constructive and productive contributions and leadership provided by the AOA Executive Committee and Board.

I would also like to take this opportunity to acknowledge the significant contribution of the AOA staff, to help ensure AOA remains the peak body in orthopaedics in Australia.

### Future

Orthopaedic surgeons are well known as leaders and innovators. The pursuit of excellence in orthopaedic healthcare drives members to contribute to new ways of doing things, to challenge the status quo and to improve services to the Australian public. With the full support of all its members and staff AOA has a vibrant and exciting future.





# Education and Training Report

Chairman of Education and Training

Peter F M Choong

## Enhancing the Delivery of Training

**Training is a complex portfolio requiring many skills and considerable amounts of time, and is a function that is at the core of AOA. Ensuring that the area of training is appropriately resourced is a priority for AOA and the Federal Training Committee (FTC).**

With the changes in personnel, there has been a restructure of the Training Department to meet the challenges of a highly regulated and demanding environment. Joan Burns has been appointed to the role of General Manager Education, Training and Research and brings to her role a considerable experience in developing and implementing strategies in this sphere. One of her past roles has seen her drive the necessary changes to develop the training opportunities and curriculum for the College of Radiologists. Through her efforts, the College of Radiologists was the first professional college to be accredited by the Australian Medical Council. She leads a new team consisting of Ally Keane, Education and Post-Fellowship Relations Manager; Michele Short, Education Officer; and Anqi Zhu, who is the Training Officer. Joan and her team have already kicked off to a very strong start by overseeing an almost flawless selection process for new registrars for 2012.

## eLearning Platform

The eLearning platform represents one of the most important changes over the last 12 months. Driven by the FTC, overseen by past National Education and Training Manager, Annie Gibbins, and with significant input from the subspecialty groups, the eLearning platform delivers an important framework for teaching in Australia. Accessible as an online resource to AOA trainees and members, the eLearning platform takes trainees through the various stages of their training, providing guidance to the levels of expectation required at each stage. The input of the subspecialty groups gives context to the standards expected in each area of orthopaedic knowledge. The eLearning platform also contains contemporary information that would be important for members to remain up-to-date in their knowledge and practices.

## eLog

Acquiring the necessary data to allow a more comprehensive understanding of the performance of our trainees, their teaching

and the institutions in which they work has been a focus of the FTC. This understanding will allow the FTC and the Regional Training Committees to ensure that the standards of trainees and training are maintained at the highest levels. An e-platform that facilitates seamless transfer of information between AOA, trainees and trainers, and contains data that may be interrogated and analysed will allow AOA to be more responsive to the needs of trainees and trainers. The blueprint for such a platform is currently being considered by AOA for future action.

## Registrar Selection

Streamlining the process of selection to acquire the necessary information and yet not tax the applicant or the referee has been a goal of our Training Department. In addition, developing practices that allow the Training Department to undertake the exercise of selection effectively, efficiently and accurately has been a driver for change. This year, the Training staff, many of whom were extremely new to the process, ran the selection of trainees for 2012 almost flawlessly. This was a good opportunity for a review of the process, revealing a number of areas where we can do better.

The highlights of the process were the revamping of the interview scenarios with help from our New Zealand counterparts who generously shared their experiences with us through their Chairman, Mr Kevin Karpick. Linking the scenarios with specific attributes allowed the teams to focus on the strengths of the applicants. As part of the review of data from the selection process, our consultant statistician from the University of Sydney, Mr Ed Lidums, analysed the data and confirmed that there was no skew between data from different States, different sections of the process or between different assessors. This means that the process that AOA is applying has been conducted fairly and that the same level of assessment is being undertaken in each State. More importantly, Ed reported that there was no association between results of assessments undertaken at the level of CVs, IDRs or the interviews, which means that each of these facets of assessment were measuring different aspects of the candidate—the multiple biopsy, as it were. This implies a strong, relevant and practical assessment process.

## Process


There has been a number of recommendations for dismissal that have

been overturned or challenged during the last year. While the reasons for such recommendations are never taken lightly, the process has been found wanting in its carriage. It is critical that candidates who have been identified as performing poorly are identified early and provided with a formal framework to remediate. Clearly delineating the areas where they need to improve and providing them with the necessary opportunities to do so will facilitate their chances of successfully completing the training program. Supervisors and trainers should also be supported in their efforts when overseeing an underperforming trainee and a robust but just system needs to be established to ensure that the concerns of supervisors and trainers are acted upon.

## Trainee Experience

Once again, the FTC wrestled with the concept of receiving applications for training from very junior residents. Applications are tendered early in the second year of residency and, for many, this means that insufficient opportunity has been given either to surgeons to assess the orthopaedic aptitude of candidates, or to applicants for acquiring sufficient skills to undertake the dual role of trainee and service provider. Should such candidates get onto the program, the supervisory requirement for trainers will rise considerably, increasing the stress for both trainers and trainees. Those applicants who are not successful in their applications may be left with the feeling that they are not good at orthopaedics, which is far from the truth. They are simply inexperienced and the system has set them up to fail. To avoid the disheartenment of failure, strong mentorship and appropriate advice is required from our orthopaedic colleagues to our junior staff.

## Acknowledgement

I wish to acknowledge the contribution and support from all the members of the Federal Training Committee, the Regional Training Committees and AOA Head Office, who have worked with great commitment towards providing an excellent training program. My appreciation also goes to Mr Kevin Karpick who provided the all-important perspective of the New Zealand training program and helped the FTC to debate and discuss issues of mutual interest. 

# Scientific Secretary's Report

David A F Morgan, OAM



**As with previous years, the 2010–2011 period occupied the Scientific Secretary's position in its dual roles. The principal role is related to the structure and function of the Annual Scientific Meeting, the Continuing Orthopaedic Education Meetings and ancillary committee representations to assist in the proper functioning of the Australian Orthopaedic Association. The second role relates to the Director's position that the Scientific Secretary holds on the AOA Board. Both roles are filled with interest and challenge.**

## The Annual Scientific Meeting

The 2010 Annual Scientific Meeting was held in Adelaide. It focussed upon the role enjoyed and played by orthopaedic surgeons in the community at large. The meeting was moderately well attended and the registrants enjoyed a broad array of topics and entertainment. The Sandow family arranged an excellent social program which complemented perfectly the jam-packed scientific program. A record number of podium presentations was accommodated and a broad spectrum of international visitors ensured that leading edge orthopaedic topics were canvassed and covered.

## Continuing Orthopaedic Education Meetings

The COE Committee has been in a process of transition. Allan Wang finished

his successful term as Chairman and has been replaced by Richard Williams. That transition heralded the introduction of the short, sharp meeting in the middle of the year, with continued subspecialty involvement for the second annual meeting. With the retirement of the Wickham family as conference organisers, the COEs have been managed expertly by contractors and in-house by our new Conference & Events Manager. A four-year program has been drafted and all sectors of our broad Association will be accommodated.

## Additional Collaborations

The Scientific Committee of the AOA Board also liaises closely with the AOA Research Foundation, the Continuing Professional Development Subcommittee and the Clinical Guidelines Subcommittee. These symbiotic relationships continue to strengthen and now include the Subspecialty Presidents Committee.

## Membership Surveys

I regularly receive requests for the distribution of material to the membership at large, focussing upon issues of orthopaedic interest. I am generally in favour of access of this nature, although am cognisant of the risks associated with saturation of the email inbox. A number of interesting publications has emanated from this reciprocal arrangement.

## Journal of Bone and Joint Surgery (Br)

Forced devolution, precipitated by the American Board, has thrust dramatic and rapid evolutionary change upon the British *Journal of Bone and Joint Surgery* in London. The Editorial Board has responded positively, proactively and purposefully. A new, fresh, vibrant and futuristic journal is emerging. Our Association can remain proud to have our standard displayed on the front cover. This is an endeavour which deserves our full support.

## Acknowledgements

I remain ever grateful to my co-members on the Scientific Committee and to the chairmen of the collaborative subcommittees who join us on a regular basis. The AOA Head Office has been responsive, supportive and reliable.

The conclusion of my four-year term as Scientific Secretary approaches rapidly. I will hand over the reins to Allan Wang in October in Rotorua. I wish Allan nothing but the best.

In parting, I have a genuine desire to express my indebtedness to the membership of our Association in providing me with the opportunity both to serve the Australian Orthopaedic Association and to reap the rewards related to that service.

I will derive considerable pleasure from observing from the sidelines in the future.

AOA

# Orthopaedic Services Report

Chairman of Orthopaedic Services

Greg E Witherow



**The work of the Orthopaedic Services Committee (OSC) continues to be the process of IMG selection and ongoing monitoring.**

This begins with a review of the documentation of each candidate. After examining the applicant's qualifications and subsequent experience a recommendation is made as to their comparability. This is done by the Director of IMG Services of the Royal Australasian College of Surgeons (RACS), Andrew Roberts; the Chairman

of the Board of Orthopaedics, who is also the Chairman of the AOA Federal Training Committee, Peter Choong; and me, as the Chairman of the OSC.

The result, after discussion, may be that the applicant is non-comparable and does not get an interview. More commonly, the applicant is interviewed with a provisional assessment after seeing their documents and then, following interview, a final recommendation is made. The interview panel normally comprises two orthopaedic

surgeons, generally Peter Choong and me, and two or three others—one a jurisdictional representative from one of the health departments; the other one or two surgeons of a different subspecialty.

A recommendation is made from this interview panel to the Board of Surgical Education and Training (BSET). The applicant may accept the finding or appeal against it. The appeals process is run by RACS with representation from AOA.

The outcomes vary from non-comparable

to partially comparable to substantially comparable. The vast majority of recommendations is for partial comparability and requires the IMG to be supervised (normally for 24 months) and to pass the Fellowship exam. From the time of commencement there are three monthly reports that Peter Choong and I review, and their progress towards sitting and passing the exam is monitored.

In the last 12 months there have been 18 interviews. The outcomes were five substantially comparable, 12 partially comparable and one non-comparable.

A number of issues can arise from this process. For example, we have interviewed one IMG three times after

refusing to sit the Fellowship exam, under the misapprehension that if he waited long enough it would be granted. These issues become quite emotive; however, an adherence to process has largely supported our position.

The performance of IMGs in the Fellowship exam continues to be an issue. Seven IMGs sat the May 2011 exam and only two passed. However, in October 2010 13 sat and seven passed. Our role after assessment is to facilitate the passing of the exam by providing access to Bone School and quality supervision. It is not our role to teach the IMG basic orthopaedics. This is part of what separates the IMGs from the trainees.

The other arm of the OSC is workforce.

I have been involved in a number of reviews of numbers nationally and in Western Australia. Government wishes to have a deeper understanding of the real numbers but without a clear subsequent agenda.

My term as Chairman of the OSC has finished. I would like to thank the AOA Board for its support, particularly Peter Choong and the members who represent the States on the committee. My replacement is the irrepressible Don Pitchford, who not only brings great enthusiasm to the position, but as an IMG himself has a very deep understanding of the process. I wish him all the best with what at times can be a demanding and stressful position. [AOA](#)



## Professional Development and Standards Report

Chairman of Professional Development and Standards

Andreas H I Loeffler

**As a member of the Board and the Executive of the Board, I have attended many meetings, some in person and some by phone. The Due Diligence process occupied much of our time during the year. While the Board's discussions are not public, its resolutions are published and will give members an idea of the topics with which the Board deals.**

In the latter part of 2010–2011 much time was also spent on developing the Continuing Orthopaedic Education Meeting to be held in Sydney in July, which I was unexpectedly asked to convene. School holidays and a clash with two other meetings made this challenging, but in the end, we had a successful meeting on How I Do It. During the conference dinner we staged a debate on whether AOA should seek AMC accreditation. It was a lively and stimulating event.

CPD Online, AOA's Continuing Professional

Development website application, continues to mature. The program is presently undergoing a revamp. The CPD Committee wishes to make the site more user-friendly. We are improving and updating the dropdown lists of meetings. We have also begun an annual audit of 3.5 per cent of participants. It is a requirement that we monitor CPD compliance. Those randomised to the audit have been asked to provide documentary evidence of one section of their CPD. To date the response has been satisfactory.

Regrettably the Professional Conduct and Standards Committee has had to meet. AOA's Constitution prescribes the pathway for dealing with complaints. The Committee is mindful of its responsibility with regards to the complaint, the Association and public perception. I would like to thank those members who volunteered to serve on this committee, which is at times an onerous task.

Advertising continues to challenge our Association. We have had official and unofficial complaints from members about colleagues. There are accusations of exaggerations, half-truths, unsubstantiated claims of efficacy and the use of testimonials. I would like to refer members to our Code of Conduct (available in the Resources area of the AOA website [www.aoa.org.au](http://www.aoa.org.au)) as well as the Medical Board of Australia's *Good Medical Practice: A Code of Conduct for Doctors in Australia*. Medicine in general and, in our case, orthopaedics have a long history of sharing expertise for the benefit of our patients. It would be a great shame if we allowed petty jealousies and marketing to destroy our collegiality and common purpose. I urge members to consider the difference between factual information for patients and the catchcries of advertisements, which may well embarrass those who use them. [AOA](#)



## AOA Research Foundation

**The AOA Research Foundation Limited is the research arm of AOA. It promotes and supports important research into musculoskeletal disorders by raising, managing and distributing funding for research.**

Donations to the Foundation are tax-deductible and the Foundation accepts donations from AOA members and the general public. Importantly, all donations go entirely toward research and are

not used to administer the Foundation.

Although it is a separate legal entity, the Foundation has a formal Deed of Cooperation with AOA, with seven of the nine directors of the Foundation being appointed by AOA.

Intellectual property rights have become an issue for the Foundation and for grant applicants. During 2010–2011 the Foundation negotiated its first intellectual property agreement

with an educational institution, so that the Foundation can share in the benefits of any commercialisation of research funded by the Foundation. Grant funding is now not made available until such agreement has been reached between the researcher, their educational institution and the Foundation.

Over the last decade, the Foundation has given over \$600,000 to support 70 research projects. In 2010–2011 the Foundation provided \$200,000 to support five excellent projects.

The Foundation currently has a total equity of \$4,225,630, and has

managed the recent global and financial crises well, with an annual return of approximately 10 per cent on investment. The Foundation plans to build up its total equity so that it can fund more grant applications.

AOA provides more than \$100,000 each year to support the Foundation's funding of research.

The Foundation receives essential financial sponsorship from the following companies: DePuy, Smith & Nephew, Stryker and Zimmer.



## Orthopaedic Outreach



ORTHOPAEDIC  
OUTREACH

**The Orthopaedic Outreach Fund Incorporated is the humanitarian arm of AOA. Its principal goal is to provide surgical training and services to the underdeveloped countries of our region.**

AOA and Outreach cooperate in the delivery of orthopaedic humanitarian initiatives, which is one of AOA's key objectives.

AOA provides more than \$100,000 each year to support a range of orthopaedic humanitarian activities. AOA nominates three members to the Outreach Management Committee.

As an indication of this close relationship, Outreach is currently

redesigning its website to be more consistent with the AOA brand image.

Outreach enjoys deductible gift recipient status and is funded by donations from AOA, the corporate world, Rotary and surgeons themselves.

During 2010–2011, AOA funded a range of humanitarian activities, including volunteer member service provision and education delivery in Bali, Burma, Cambodia, East Timor, Fiji, India, Madagascar, Nepal, Papua New Guinea, Samoa, Solomon Island, Sri Lanka, Tonga, Vanuatu and Vietnam.



## Membership



### NEW FELLOWS 2010–2011

AL MUDERIS, Munjed	NSW	GOTHELF, Kevin	NSW	MULFORD, Jonathan S	NSW	RICHARDSON, Rodney W	VIC
BUCKNILL, Andrew	VIC	GRAZE, Michael R	QLD	O'BEIRNE, Alexander H	WA	SALLEH, Reza	WA
CALLAHAN, Miles J	TAS	HARTNELL, Nicholas J	NSW	PATERSON, Darren P	NSW	SAVOULIDIS, Anastasios	SA
COLL, Sarah H	QLD	HERALD, Jonathan A	NSW	PAVLOVIC, Milan	VIC	SELBER, Paulo	VIC
DALLALANA, Richard J	VIC	KENNEDY, Stuart	NSW	PETRELIS, Minas F	NSW	STOFFEL, Karl	WA
DONOHUE, Craig T	VIC	KOLT, Jeremy D	VIC	POWELL, Richard D	NSW	TEWARI, Sandeep	NSW
DUNCAN, William W	SA	LI, Douglas	VIC	QUAN, Gerald M Y	VIC	VASIL, Con	NSW
FARAH, Sami B	NSW	LIU, David W H	QLD	RICHARDSON, Mark J	QLD		

### NEW ASSOCIATES 2010–2011

BAJHAU, Ahmed H	SA	CHIN, Terence	VIC	GUPTA, Manish	NSW	LOMBARD, Hans	VIC
BARE, Jonathan V	VIC	EINODER, Paul A	TAS	HIGGS, Andrew	NSW	MA, Francis Y P	VIC
BARMARE, Arshad	VIC	FREEMAN, Brian	SA	JEFFCOTE, Benjamin	WA	PALAPITIGE, Bandulas	SA
BHIMANI, Aziz	NSW	FRITSCH, Brett A	NSW	KING Lloyd D	QLD	ROBERTS, Christopher M	NSW
BURGESS, Tanya M	VIC	GULTEKIN, Cem	QLD	LEE, Tack Shin	NSW	SHATWELL, Michael	NSW

## NEW AFFILIATE 2010–2011

ANTANAITIS, Vytautas VIC

## DECEASED MEMBERS 2010–2011

Graham R ANDERSON	QLD	Alan INNES-BROWN	NSW	Keith J McGONIGAL	ACT
William G DOIG	VIC	William J LAISTER	QLD		
Roy GILLOTT	VIC	Donald H McCLYMONT	QLD		

## Board Committees as at 30 June 2011

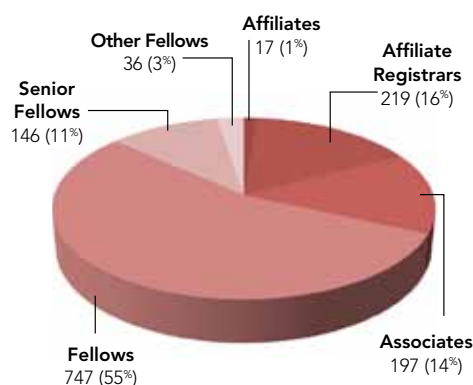
Executive Committee	<b>Chairman</b> Bill Cumberland	National Joint Replacement Registry Committee	Graham Mercer
Academic Surgeons Committee	David Sonnabend	Orthopaedic Services Committee	Greg Witherow
Advocacy Committee	John Owen	Professional Conduct and Standards Committee	Andreas Loeffler
Asia-Pacific Committee	Daryl Teague	Rural Surgeons Committee	Vinny Mamo
Clinical Guidelines Committee	Andreas Loeffler	Scientific Committee	David Morgan, OAM
Constitution and Regulations Review Committee	Graham Mercer	Subspecialty Presidents Committee	Roy Carey
Continuing Professional Development Committee	Andreas Loeffler	Younger Members Committee	Katherine Gordiev
Education and Training Committee	Peter Choong	<b>Ad Hoc Committees and Working Groups</b>	
Fellowships Committee	Katherine Gordiev	Intergovernmental Agreement Committee	Ian Incoll
ABC Travelling Fellowship Committee	Richard Williams	Podiatric Surgery Committee	Roy Carey
Honours and Nominations Committee	Bill Cumberland	Safe Hours Committee	Greg Witherow
Membership Committee	Andreas Loeffler	Spinal Education Committee	Richard Williams

## Honours & Awards 2010–2011

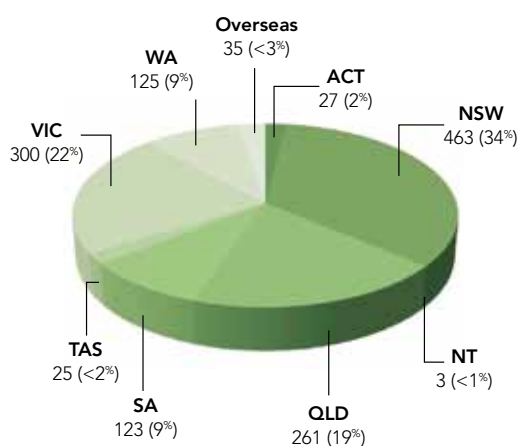
L O Betts Memorial Medal	<b>Awarded to</b> John Harrison	Award for Humanitarian Services	<b>Awarded to</b> Bill Cumming
Honorary Fellow	Robert Day		Joe Ghabrial
Life Fellows	Berni Einoder	President's Award for Services to Orthopaedics in a Rural Area	Ross McLaren
	Scott Harbison, OAM	<b>Annual Scientific Meeting Awards 2010</b>	
Medal for Meritorious Service	Allan Skirving	Evelyn Hamilton Award	Dugal James
Award for Service to Orthopaedic Education	James Bodel	Gordon Kerridge Award	Sheanna Maine
Award for Orthopaedic Research	Richard Beaver		
	David Little		

### Member Types

Total membership as at 30 June 2011: 1,362

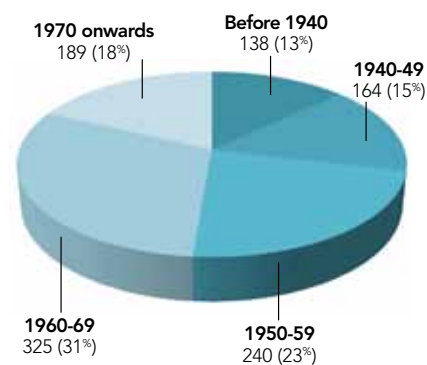


### Members by State



### Age Range of Practising AOA Members

Dates of birth by decade



# Treasurer's Report

Graham E Mercer



AOA's surplus for the year of \$2,076,994 includes a surplus on the sale of its former premises at 229 Macquarie Street, Sydney, of \$1,883,701. The result for the year excluding the surplus on the property sale was \$193,293. This result, however, was affected by two abnormal items decided upon by the Board, namely:

- the write-off AOA's investment of \$178,288 in the iMIS database system because of dissatisfaction with iMIS and a decision to move to an alternative system in the current financial year, and
- expense of \$88,349 on the due diligence investigation into the possibility of AOA achieving accreditation from the Australian Medical Council for its training program.

Excluding these abnormal items, the result from normal operations was \$459,930, compared to \$640,276 in the previous year.

Operating revenue for the year increased by 8 per cent to \$6,804,550 and Finance

revenue increased by 25 per cent to \$765,897, giving an increase in total revenue (excluding the property sale proceeds) of 10 per cent for the year. There was an unrealised loss of \$14,028 on market-related investments for the year, compared to an unrealised gain in the previous year of \$20,210. Recent turmoil on world equity markets may have a continuing depressive effect on the value of market-related investments in the current financial year. However, because of the Board's concerns about uncertainty in the global economic climate for the last couple of years, AOA's investments have maintained a high level of cash and this has cushioned the effect of the recent falls in the equities market. AOA will continue to adopt a cautious approach in its investment portfolio allocation while the uncertainty lasts.

Members fees grew by 11 per cent in the year as a result of an increase in member numbers and a fee increased tied to the Consumer Price Index. Member fees as a percentage of total revenue remained


steady at 14.6 per cent.

Members continued to give good support scientific meetings and revenue from this source grew by 1 per cent in the year.

Accounting for all State Branches is now centralised at AOA's Head Office, and the Branches achieved a surplus for the year of \$96,479, compared to the previous year's \$75,941.

The value of total assets at year end was \$17,115,376, compared to \$15,100,373 at 30 June 2010, an increase of 13.3 per cent. Members' equity increased by 14.6 per cent to \$16,264,901.

Funds invested, both externally and internally managed, increased from \$10,974,577 to \$14,097,180 during the year, an increase of 28 per cent.

AOA continues to provide grants to associated entities, and during the year under review provided grants of \$281,000 (last year \$261,000) to the AOA Research Foundation, Orthopaedic Outreach and various subspecialty groups. 



## Directors' Report for the Year Ended 30 June 2011

Your directors present this report on the Australian Orthopaedic Association Limited for the financial year ended 30 June 2011.

### Directors

The Directors in office at any time during the 2010–2011 financial year and until the date of this report were:

Director	Title *	Appointed/Resigned
I C Dickinson	President	Resigned 13/10/2010
H W B Cumberland	President	Appointed 15/10/2008
G E Mercer	First Vice-President	Appointed 24/04/2007
J W Owen	Second Vice-President	Appointed 15/10/2010
R P Carey	General Director	Appointed 13/10/2006
P F M Choong	Chairman of Education & Training	Appointed 26/10/2004
S A Fletcher	Branch Director, TAS	Resigned 15/10/2010
K A Gordiev	Branch Director, ACT	Appointed 19/07/2008
I W Incoll	Branch Director, NSW	Appointed 21/02/2009
M A Johnson	Branch Director, VIC	Appointed 14/10/2009
A H Loeffler	Chairman of Professional Development & Standards	Appointed 19/05/2008
P S Mackie	Branch Director, TAS	Appointed 20/05/2011
D A F Morgan	Scientific Secretary	Appointed 12/10/2007
M J Sandow	Branch Director, SA	Appointed 15/10/2010
P B Steadman	General Director	Appointed 23/02/2008
P E Viiret	Branch Director, SA	Resigned 15/10/2010
R P Williams	Branch Director, QLD	Appointed 14/10/2009
G E Witherow	Chairman of Orthopaedic Services & Branch Director, WA	Appointed 15/10/2008

\* Title as at 30 June 2011 or upon resignation. Each Director is an orthopaedic surgeon.

**Chief Executive and Company Secretary** A R Cosenza BCom, MCom, MBA (IMD), FCPA, FAICD, FFinsia (appointed 22 July 2010)

### Principal Activities

The principal activities of the Association during the year were to give effect to the objectives of the company, described below.

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

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

To achieve these objectives, the company

### Directors as at 30 June 2011



Bill Cumberland



Graham Mercer



John Owen



Roy Carey



Peter Choong



Katherine Gordiev



Ian Incoll



Michael Johnson



Andreas Loeffler



Scott Mackie



David Morgan



Michael Sandow



Peter Steadman



Richard Williams



Greg Witherow

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.

### Operating Results

The profit of the Association amounted to \$2,076,994 (2009–2010 \$640,276).

### Meetings of Directors

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

Director	Number eligible to attend	Number attended
I C Dickinson	3	3
H W B Cumberland	7	7
G E Mercer	7	7
J W Owen	4	3
R P Carey	7	7
P F M Choong	7	6
S A Fletcher	3	3
K A Gordiev	7	6
I W Incoll	7	6
M A Johnson	7	7
A H Loeffler	7	5
P S Mackie	1	1
D A F Morgan	7	7
M J Sandow	4	4

P B Steadman	7	7
P E Viiret	3	2
R P Williams	7	6
G E Witherow	7	5

### Members' Guarantee

The company is incorporated under the *Corporations Act 2001 (Cth)* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2011, the total amount that members of the company are liable to contribute if the company is wound up is \$13,620 (2010 \$13,480).

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 can be found below this directors' report.

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



H W B Cumberland  
President and Chairman



G E Mercer  
First Vice-President/  
Honorary Treasurer

Dated this fifth day of September 2011



## Auditor's Independence Declaration under Section 307c of the Corporations Act 2001 to the Members of Australian Orthopaedic Association Limited

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

(i) No contraventions of the auditor independence requirements as set out in

the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

### Stirling International

Chartered Accountants



R C Williams

Signed at Sydney this 26th day of August 2011



## 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 (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and 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 and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are 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 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. These 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 entity'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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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 this auditor's report.

### Auditor's Opinion

In our opinion, the financial statements of Australian Orthopaedic Association Limited are in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's financial position as at 30 June 2011 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 the Corporations Regulations 2001.

## 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 *Corporations Act 2001*. As a result, the financial report may not be suitable for other purpose.

**Stirling International**  
Chartered Accountants

R C Williams, Sydney  
Dated this sixth day of September 2011

## Directors' Declaration

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

The financial statements and notes, as set out below this statement and on the following pages, are in accordance with the *Corporations Act 2001*, and:

- a. (i) comply with Australian

Accounting Standards; and

- b. (ii) give a true and fair view of the financial position as at 30 June 2011 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.
3. 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.

The directors of the company declare that: This declaration is made in accordance with a resolution of the Board of Directors.

H W B Cumberland      G E Mercer  
President and Chairman      First Vice-President/  
Honorary Treasurer

Dated this fifth day of September 2011

## Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Revenue</b>			
Revenue from ordinary activities -			
Members' subscriptions		1,109,732	998,418
Training activities		813,009	867,467
Education courses		393,495	-
Grants and donations		126,226	76,580
Scientific meetings and conferences		2,054,345	2,034,111
Project funding - National Joint Replacement Registry		1,600,000	1,600,000
Other	2(a)	175,433	129,479
Total revenue from ordinary activities		6,272,240	5,706,055
<b>Expenses</b>			
Employment		1,498,912	1,074,259
Scientific meetings and conferences		1,561,457	1,707,062
Administration		446,046	333,399
Advertising and promotion		50,687	44,869
Depreciation and amortisation	3(a)	87,633	63,295
Education courses		219,556	-
Grants	3(b)	281,294	260,715
Occupancy		135,325	128,034
Prizes, fellowships and awards		105,078	81,159
Professional services	3(c)	183,991	111,313
Project expenditures - National Joint Replacement Registry		1,556,113	1,471,582
Travel		402,678	343,401
Due Dilligence investigation costs		88,349	-
Other	3(d)	49,435	59,515
Total expenses		6,666,554	5,678,603
<b>Operating result before finance revenue</b>		<b>(394,314)</b>	<b>27,452</b>
Finance revenue	2(b)	803,399	614,192
Unrealised (loss)/gain on marketable securities		(14,028)	20,210
Finance costs		(23,474)	(21,578)
<b>Net finance revenue</b>		<b>765,897</b>	<b>612,824</b>
<b>Surplus for the year</b>		<b>371,583</b>	<b>640,276</b>
<b>Other comprehensive income</b>			
Retained earnings of Branches included in financial statements for first time		-	579,434
Net profit on disposal of property, plant and equipment		1,883,701	-
Software written off		(178,290)	-
<b>Total other comprehensive income</b>		<b>1,705,411</b>	<b>579,434</b>
<b>Total comprehensive income attributable to members of the Association</b>		<b>2,076,994</b>	<b>1,219,710</b>

The accompanying Notes form part of these financial statements

## Statement of Financial Position at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	4	7,525,693	5,134,143
Trade and other receivables	5	405,309	225,736
Prepayments and deposits	6	100,156	250,280
Total current assets		<u>8,031,158</u>	<u>5,610,159</u>
<b>Non current assets</b>			
Financial assets	7	8,828,772	8,444,029
Property, plant and equipment	8	255,446	1,046,185
Total non current assets		<u>9,084,218</u>	<u>9,490,214</u>
<b>Total assets</b>		<u>17,115,376</u>	<u>15,100,373</u>
<b>Current liabilities</b>			
Trade and other payables	9	798,000	745,101
Provisions	10	52,475	167,365
<b>Total current liabilities</b>		<u>850,475</u>	<u>912,466</u>
<b>Total liabilities</b>		<u>850,475</u>	<u>912,466</u>
Net assets		<u>16,264,901</u>	<u>14,187,907</u>
<b>Equity</b>			
Retained earnings	11	16,264,901	14,187,907
<b>Total Equity</b>		<u>16,264,901</u>	<u>14,187,907</u>

The accompanying Notes form part of these financial statements

## Statement of Changes in Equity for the year ended 30 June 2011

	\$
Balance at 1 July 2009	12,968,197
<b>Comprehensive Income</b>	
Surplus for the year	640,276
Other comprehensive income	<u>579,434</u>
<b>Total comprehensive income</b>	1,219,710
Balance at 30 June 2010	14,187,907
<b>Comprehensive Income</b>	
Surplus for the year	371,583
Other comprehensive income	<u>1,705,411</u>
<b>Total comprehensive income</b>	2,076,994
<b>Balance at 30 June 2011</b>	<u><b>16,264,901</b></u>

The accompanying Notes form part of these financial statements

## Statement of Cash Flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash flow from operating activities</b>			
Members subscriptions		1,091,085	977,640
Training activities		812,073	872,447
Education courses		613,556	-
Grants and donations		119,647	95,221
Scientific meetings and conferences		1,715,374	2,035,591
Project funding		1,607,975	1,642,850
Rental income		43,002	92,235
Investment income		694,290	483,623
Other		132,961	111,103
Payment to suppliers and employees		(6,448,159)	(5,402,991)
Net cash provided by operating activities	12 (a)	<u>381,804</u>	<u>907,719</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(251,483)	(105,423)
Proceeds from sale of property		2,660,000	
Investment in managed funds		(398,771)	547,388
Net cash provided by investing activities		<u>2,009,746</u>	<u>441,965</u>
Net increase in cash held		2,391,550	1,349,684
Cash and cash equivalents at the beginning of the financial year		5,134,143	3,205,025
Opening cash balances of Funds Administered not included in last year's financial statements		-	579,434
Cash and cash equivalents at the end of the financial year	12 (b)	<u><b>7,525,693</b></u>	<u><b>5,134,143</b></u>

The accompanying Notes form part of these financial statements

## Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting company 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 *Corporations Act 2001*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* 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 the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

### Accounting Policies

#### a. Revenue

Grant revenue is recognised in the statement of comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company 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 company 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.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

#### b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and any impairment losses.

#### 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.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and 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 diminishing and straight-line basis over the asset's useful life to the company 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%

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 included in the statement of comprehensive income.

#### c. Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company 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 (that is, 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 or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

##### 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, or where they are 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 value being included in profit or loss.

##### ii. 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.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

##### iii. Available-for-sale financial assets

Available-for-sale financial assets 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

#### Fair Value

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.

#### Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

#### d. Impairment of Assets

At the end of each reporting period, the company reviews the carrying values 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 value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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 company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement

Where it is not possible to estimate the recoverable amount of a class of asset, the company 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 reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

#### e. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

#### f. Cash and Cash Equivalents

Cash and cash equivalents include 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. 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 Tax Office. In these circumstances the GST is

recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a net basis, including the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### h. Income Tax

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

#### i. Provisions

Provisions are recognised when the company 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.

#### j. Comparative Figures

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

When a company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

#### k. Trade 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 remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

#### l. 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.

#### m. Economic Dependence

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

#### n. Adoption of New and Revised Accounting Standards

During the current year, the company adopted the following revised Australian Accounting Standards to the extent they affect the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001*.

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

The Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements which would affect the company is as follows:

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors; and AASB 1031: Materiality. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–5: Amendments to Australian Accounting Standards (October 2010) [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 101 and AASB 107. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

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

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Association has decided that these standards will not affect the reporting requirements of the Association.

	2011 \$	2010 \$
<b>Note 2 REVENUE</b>		
<b>a) Other Income</b>		
Accredited fellowships	3,500	13,141
Administration and secretarial fees	60,957	59,736
Advertising	1,975	2,841
Advertising-AOA <i>Bulletin</i>	72,567	–
Royalties	5,146	10,324
Ad hoc reports – NJRR	30,738	37,828
Merchandise sales	550	5,558
Miscellaneous	–	51
	<b>175,433</b>	<b>129,479</b>

<b>b) Finance Revenue</b>		
Interest received-bank	263,981	155,408
Interest received-managed funds	362,305	175,225
Income distributions-managed funds	104,868	176,725
Dividends received-managed funds	29,243	14,599
Property rental	43,002	92,235
	<b>803,399</b>	<b>614,192</b>

### Note 3 EXPENSES

#### a) Depreciation

Building improvements	29,535	12,740
Computer equipment	56,167	45,357
Furniture and fittings	409	1,408
Plant and equipment	1,403	3,546
Website and library	119	244
	<b>87,633</b>	<b>63,295</b>

#### b) Grants

AOA Research Foundation Ltd	109,112	100,000
AOA Specialty Societies and humanitarian grants	152,000	150,715
Orthopaedic Nurses Assn-WA	5,728	-
Queensland Orthopaedic Research Trust	10,000	10,000
Other minor grants	4,454	-
	<b>281,294</b>	<b>260,715</b>

#### c) Professional Services

Remuneration of auditors		
for auditing services	17,000	10,000
for services other than auditing	-	-
Consulting fees	30,697	56,237
Legal fees	136,294	45,076
	<b>183,991</b>	<b>111,313</b>

#### d) Other Expenses

Bone school costs	30,781	32,923
Catering	18,654	22,292
Miscellaneous	-	4,300
	<b>49,435</b>	<b>59,515</b>

### Note 4 CASH AND CASH EQUIVALENTS

Cash	300	300
Cheque accounts	2,256,985	2,603,295
Term deposits	5,268,408	2,530,548
	<b>7,525,693</b>	<b>5,134,143</b>

### Note 5 TRADE AND OTHER RECEIVABLES

Trade receivables	314,369	173,179
Receivables from associated entities	892	9,653
Interest receivable	81,874	39,241
Goods and services tax refundable	8,174	3,663
	<b>405,309</b>	<b>225,736</b>

### Note 6 PREPAYMENTS AND DEPOSITS

Prepaid expenses	28,576	73,438
Deposits paid for scientific meetings	71,580	176,842
	<b>100,156</b>	<b>250,280</b>

### Note 7 FINANCIAL ASSETS

Investment in managed funds (at market value)	7,928,772	7,544,029
Term deposit – Westpac Bank	900,000	900,000
	<b>8,828,772</b>	<b>8,444,029</b>

### Note 8 PROPERTY, PLANT AND EQUIPMENT

Buildings – Macquarie Street (at cost)	-	477,000
Improvements (at cost)	197,138	410,690
Less accumulated depreciation	(25,376)	(121,327)
	<b>171,762</b>	<b>289,363</b>

Furniture, fixtures and fittings (at cost)	777	244,376
Less accumulated depreciation	(19)	(234,911)
	<u>758</u>	<u>9,465</u>
Plant and equipment (at cost)	150,254	474,103
Less accumulated depreciation	(70,793)	(206,304)
	<u>79,461</u>	<u>267,799</u>
Library (at cost)	–	6,592
Less accumulated depreciation	–	(6,521)
	<u>–</u>	<u>71</u>
Website (at cost)	–	29,155
Less accumulated depreciation	–	(28,827)
	<u>–</u>	<u>328</u>
Computer Equipment-WA Branch (at cost)	4,990	2,382
Less accumulated depreciation	(1,525)	(223)
	<u>3,465</u>	<u>2,159</u>
Total property, plant and equipment (at cost)	353,159	1,644,298
Less accumulated depreciation	(97,713)	(598,113)
	<u><b>255,446</b></u>	<u><b>1,046,185</b></u>

#### Note 9 TRADE AND OTHER PAYABLES

Trade payables and accruals	471,865	387,708
Deferred revenue - scientific meetings	280,061	323,564
Goods and services tax payable	8,174	8,403
Payroll payables	–	25,326
Payables to associated entities	37,900	100
	<u><b>798,000</b></u>	<u><b>745,101</b></u>

#### Note 10 PROVISIONS

Employee annual leave	52,475	61,529
Employee long service leave	–	5,836
Provision for Cost/Benefit Analysis-Academy	–	50,000
Provision for Relocation/Renovation Costs	–	50,000
	<u><b>52,475</b></u>	<u><b>167,365</b></u>

#### Note 11 EQUITY

Retained earnings at 30 June 2010	14,187,907	12,968,197
Profit attributable to members	371,583	640,276
Other comprehensive income for the year	1,705,411	579,434
Retained earnings at 30 June 2011	<u><b>16,264,901</b></u>	<u><b>14,187,907</b></u>

#### Note 12 (a) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT

Profit attributable to members for the year	2,076,994	1,219,710
Non cash flows in profit –		
Depreciation	87,633	63,295
Provision for employee leave entitlements	(14,890)	26,565
Provision for Cost/Benefit Analysis-Academy	(50,000)	50,000
Provision for Relocation/Renovation Costs	(50,000)	50,000
Unrealised (gain)loss in managed funds	14,028	(20,210)
Profit on sale of property	(2,183,000)	–
Loss on disposal of plant and equipment	299,299	–
Loss on write off of software investment	178,290	–
Changes in assets and liabilities		
Increase in receivables	(179,573)	(98,825)
Decrease in prepayments and deposits	150,124	70,354
Increase in payables	52,899	126,264
Increase in funds transferred from Branches		(579,434)
Cash provided by operating activities	<u><b>381,804</b></u>	<u><b>907,719</b></u>

#### Note 12 (b) RECONCILIATION OF CASH

Cash on hand	300	300
Cash at bank	2,256,985	2,603,295
Cash on deposit	5,268,408	2,530,548
	<u><b>7,525,693</b></u>	<u><b>5,134,143</b></u>

**Note 13 ASSOCIATION DETAILS**

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

**Note 14 OPERATING RESULTS OF DIVISIONS**

	<b>National Joint Replacement Registry</b>	<b>World Orthopaedic Concern</b>	<b>Medico- Legal Society</b>	<b>Ian Stratton Trust</b>	<b>AOA Registrars</b>	<b>Branches</b>
Year Ended 30 June 2009						
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Members subscriptions	0	0	17,500	0	0	116,863
Grants and donations	0	23,826	0	0	0	25,000
Scientific meetings and conferences	0	0	37,371	0	130,737	176,889
Project funding	1,600,000	0	0	0	0	0
Other	30,738	0	0	0	0	0
Finance Revenue	23,320	16,058	23	8,748	12	46,220
<b>Total revenue</b>	<b>1,654,058</b>	<b>39,884</b>	<b>54,894</b>	<b>8,748</b>	<b>130,749</b>	<b>364,972</b>
<b>Expenses</b>						
Scientific meetings and awards	1,218	3,226	42,008	230	101,758	248,146
Employment and administration	108,863	0	2,759	0	0	19,045
Depreciation	2,310	0	0	0	0	1,302
Project expenditures	1,567,622	0	0	0	0	0
<b>Total Expenses</b>	<b>1,680,013</b>	<b>3,226</b>	<b>44,767</b>	<b>230</b>	<b>101,758</b>	<b>268,493</b>
<b>Surplus/(Deficit)</b>	<b>(25,955)</b>	<b>36,658</b>	<b>10,127</b>	<b>8,518</b>	<b>28,991</b>	<b>96,479</b>







AOA

AUSTRALIAN  
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# 2010–2011 ANNUAL REPORT



**Australian Orthopaedic Association Limited**

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