



Practice Toolkit

How to establish yourself and set up a practice

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Welcome

Welcome to the profession.

This Chiropractor's Toolkit has been prepared to assist graduate chiropractors in determining the basis upon which they choose to practise, the business implications of each method of practice, and other matters to ensure you manage the financial affairs of your practice in an effective manner.

This document includes a review of the different alternatives of chiropractic practices available to you as well as high-level guidance on purchasing a practice. As graduate chiropractors usually commence their working career as an employee (which is often necessary from a financial perspective to ultimately finance your own practice), we also cover other necessary areas including staffing, accounting, insurance and relevant Government schemes. We also provide a list of resources including support services and contacts.

Importantly, even at this very early stage of your career, you should never lose sight of why you chose to do what you do. As chiropractors, you use your knowledge and skills for the benefit of the community to maintain and enhance the health of our patients and the general population. We trust this document will assist you in your chiropractic career. As a member of the ACA,

the resources of the Association are available to you and we urge you to make use of these resources to assist in all facets of your professional career.

Login at **www.chiropractors.org.au** to access these great resources.

In addition to the Association's extensive internal resources, we are able to point you to external professional advisers with the requisite training, knowledge and experience to provide specialised advice and assistance to members. It is critical in making major investment and financial decisions, such as buying a practice, that you obtain the services of qualified advisers who know and understand the chiropractic field. A list of advisers for you to consider appears at the end of this publication.

May you derive much enjoyment and personal satisfaction from all that chiropractic has to offer, remain devoted to ongoing learning and development, and feel very much a part of this dynamic profession!

We at the ACA are delighted to have you join us and we look forward to a relationship which will be mutually beneficial. We have much to offer you and trust you will find this document helpful in the very first step of your chiropractic journey.

Practice Alternatives

Graduate chiropractors usually commence their working careers as an employee/associate in a chiropractic practice. These chiropractors subsequently decide the basis upon which they choose to practice after taking into consideration a broad range of factors including:

- Desire to work as an associate or to own a clinic
- Income aspirations
- Level of professional risk
- Desired practice location
- Lifestyle choices
- Future family considerations
- Desire to specialise
- Retirement aspirations

Private Practice

The majority of the chiropractic workforce works in the private sector. Working as an employee is favoured by most graduate chiropractors. Private practice provides the graduate chiropractor with valuable clinical experience; patient exposure; the experience of working with experienced staff; access to the knowledge of experienced practitioners, chiropractic equipment and suppliers; and the comfort of a virtually assured income.

In joining a private practice, there are a number of contract options for your consideration. The most popular options are:

- A contract where you are employed as an employee on an agreed salary plus statutory superannuation payments, annual leave etc. (with no other deductions apart from tax obligations).
- A contract where you are employed on the basis of a modest salary in the form of a retainer, plus a commission based on the value of fees collected (less practice costs)

in respect of services provided to patients by you, the employee.

- A contract where you are employed as an independent contractor on 'commission only' based on the value of fees collected (less practice fees) in respect of services provided. An independent contractor requires an ACN or an ABN number.

Careful consideration should be given to the type of employment or contract you choose. Remuneration may depend on the type of services you are able to provide; these may be restricted or unrestricted, depending on the existing patient demographic of the practice's patients. The experience you gain will also be dependent on the type of work required by the patient demographic.

Along with considering the demographics of the practice, also consider the average age of the patient, the nature of services rendered, practice competition and the employer's future plans for the practice.

If you are employed as a contractor, you are responsible for your own tax and superannuation payments. Seek your accountant's advice as these commitments will be based upon what business structure you establish. Whichever form of remuneration is agreed upon, we strongly recommend that you enter into a formal contract, seek professional advice on the correct contract for your specific needs and also seek legal advice prior to signing any contract.

Should you subsequently decide to enter private practice, either as a sole practitioner (buying a practice), in partnership or as an associate (buying into a practice), it is critical that an accountant, with appropriate experience and knowledge of the chiropractic profession, conducts a valuation of the practice you are considering. Ancillary to this valuation should be a review of your projected financing requirements, business plan, cash flow forecasts and

other information relevant to making such a significant investment.

Purchasing a Practice

In purchasing an existing practice, a number of options are available to the Chiropractor:

- Sole practitioner
- Associate practice
- Partnership practice

Under any of these options, as previously stated, it is critical that an accountant, with appropriate experience and knowledge of the chiropractic profession, conducts a valuation of the practice you are considering purchasing or in which you

are buying an interest. The advice should include other financial and taxation issues arising for you in respect of the practice, including guidance on the appropriate ownership structure. Further information can also be obtained at:

- ACA HR Service:
chiropractors.org.au/hrservice
- Australian Tax Office:
www.ato.gov.au/businesses
- **www.business.gov.au/guide/starting**

It is also critical before you become bound to buy a practice of interest, you seek legal advice at an early stage from a lawyer with experience in this area. There are a large number of issues which can prove problematic in future years if the terms of the purchase are not negotiated in your favour from an early stage and, if you are entering a partnership, you don't have an appropriate written partnership agreement.

Sole Practitioner

Practising as a sole practitioner has the advantages of professional and personal

independence and, hopefully, the ability to achieve a desired lifestyle. However, there are a number of matters for consideration:

- Income is dependent upon your personal presence in the practice
- Overheads are always applicable even if you are not working at the practice
- You may not have day-to-day contact with professional colleagues
- Management and staff issues are solely your responsibility
- You may potentially have higher overhead costs in relation to patient fees than in an associate or partnership practice
- Income is based solely on the fees you set, less the total costs

Many practitioners believe that the freedom to organise your life and schedule (including holidays and days away from the practice) is a significant benefit of sole ownership.

Associate Practice

This type of practice shares some or all of the equipment, rooms, staff and most overheads with other individual chiropractors. Individual incomes are not shared. This pooling of resources should result in cost reductions compared to practising as a sole practitioner.

It may also result in a higher standard of equipment and materials that may be affordable to a sole practitioner. Further, there is regular professional contact with colleagues and greater scope to structure hours of work and various forms of leave. A note of caution: competition that may develop amongst associates can result in the breakdown of relationships among associates. This needs to be recognised and managed appropriately.

It is critical to have a binding legal agreement in place, covering all aspects of an Associate

practice including allocation of individual overheads, expenses, hours of practice, illness and other absences, equipment policy, future disposal and options to buy entitlements in the practice. It is also important for you to constantly measure that these are being applied as agreed.

Partnership Practice

This type of practice, somewhat like an associate practice, shares all of the equipment, rooms, staff and overheads between the individual chiropractors. However, in this model partners share the income of the practice on a pre-determined ratio basis.

Again, it is critical to have a binding legal partnership agreement covering all aspects of the partnership including valuations, future disposal of the practice or equity shares in the partnership, options to purchase equity, hours of practice, individual partner profit distributions and/or remuneration, tenancy and other entitlements.

When considering entering into either an associate or partnership practice, it is also necessary to assess issues such as your compatibility with other associates and partners, capital investment of each in relation to remuneration, sharing of casual patient fees and sharing of common insurances.

Before Purchasing

Before you consider purchasing a practice, you will need to prepare a business plan incorporating cash flow forecasts, projected financing requirements and a break-even analysis. Your financier will require this document. Without this document, you will be unable to determine what type of practice

you are able to purchase and whether or not this will satisfy your lifestyle and, ultimately, your retirement aspirations. In making an initial assessment of a practice of interest, you should consider the following matters as part of your overall enquiries:

- Whether the practice satisfies your personal goals
- The location of the practice and surrounding competition
- The practice layout and ergonomics
- The nature and remaining life of plant and equipment (assets)
- The value and basis of calculation of goodwill, i.e. the value of an entity over and above the value of its assets
- Staff attitude and efficiency
- Patient portfolio – age, quantity and type of services required
- Transferability of leases – both premises and equipment
- Any future restraint of trade that applies to the vendor (generally geographical or time-based)
- Vendor liability in respect of treatments prior to sale
- Assignment of business name and licences
- Vendor liability for employee entitlements at time of sale
- The current owner's willingness to participate in a transition period
- The previously mentioned and critical valuation by an experienced accountant, and advice from an appropriately experienced lawyer on the potential pitfalls and types of agreement you should be seeking (e.g. in terms of ownership or lease of premises).

Own or Lease the Premises?

When considering whether to own or lease the premises on which the practice sits, be mindful of:

1. The current owner's situation (do they own the premises or do they rent?)
2. If they own the premises, is it included in the sale, or do you become a leaseholder with the former owner as your landlord?

Establishing a Brand New Practice

A decision to establish a new practice to 'save' the costs of purchasing an existing practice has both its benefits and its possible downsides. The most obvious benefit is not having to pay goodwill in the purchase price. However, if not managed properly and without a strong personal commitment, the decision to set up a new practice may, in fact, prove more costly in the long term. It requires a significant time commitment from yourself in researching a viable location to establish the new practice, generating a portfolio of patients, researching and financing new equipment, deciding upon clinic layout and obtaining staff. This could easily absorb a great deal of unpaid time before you open the doors. You must give this step your full attention in order to succeed and reduce your risk. For information on starting a business please refer to:

www.business.gov.au/guide/starting

Practice Entity Alternatives and Other Practical Considerations

There are various legal entities and practice structures available to you such as:

- Trusts
- Companies
- Service companies

We recommend that you consult with your

accountant on how you structure your affairs.

Service Trust

A service trust does exactly as the name suggests; it provides service to the practice, which could be either a company or an unincorporated entity. A service trust arrangement is often acceptable and effective for taxation purposes where the arrangements are commercially realistic and do not attract the operation of the anti-avoidance provisions of the Income Tax Assessment Act.

If a service trust is being established, a corporate trustee may well be recommended by your professional adviser. That trustee will also need to ensure the service entity attends to the requirements of Taxation and Corporations Law (such as seeking a tax file number, group employer registration, insurances, etc.) The operations of a service trust would normally include:

- Ownership of assets (material goods you own) other than goodwill (intangible value mainly attributed to your client list)
- Provision of accommodation by way of its own property or lease
- Payment of salaries apart from chiropractic practitioner/s
- Payment of certain other expenses to carry on the business of the service trust

The service trust typically:

- Acquires the assets of the practice excluding goodwill
- Enters into lease agreements, e.g. lease of the practice premises
- Provides all other services in relation to overheads of the practice

In return for the provision of these services, the service trust receives from the practice a service fee based on a mark-up percentage of the expenses incurred by the service trust.

The service fee should be paid monthly

based on expenses incurred by the service trust. Ideally, the service trust should invoice the practice entity who should then pay the invoice upon receipt. In addition to the service fee, 10% GST will need to be charged.

The net income of the service trust is distributed to the trust's beneficiaries, who may include the chiropractor, his or her spouse, children or a family company. Under the current tax legislation, the trust doesn't generally pay tax on the income it distributes. Instead, the beneficiaries are taxed on the amounts they receive. You should always seek professional taxation and financial advice from your appropriately qualified accountant that takes into account your specific circumstances before establishing a service trust.

Superannuation

It is important to receive professional advice from your accountant or financial advisor in the area of superannuation, which continues to be one of the most tax advantageous forms of investment, especially as the rules applying to superannuation are complex and are subject to change.

A company has a legal obligation to make contributions to a superannuation fund which generate substantial retirement benefits for employees. These contributions are normally made at regular intervals (e.g. quarterly) and are allowable as tax deductions, providing they are in accordance with guidelines issued by the Commissioner of Taxation.

If you are an employed chiropractor, your employer is required by law to make superannuation contributions of at least 9.5% of your earning base per annum. If you are self-employed, you should refer to your accountant's advice. At the time of writing,

the superannuation guarantee is expected to gradually increase to 12%.

Many practitioners establish self-managed superannuation funds because of the greater flexibility and control it gives them over their investment income and retirement funds. For further information

please visit: **www.ato.gov.au/super**

The best advice you will ever receive regarding superannuation is to start making contributions early in your career.

Legal Protection - Including Professional Indemnity

All practices need insurance to cover the many issues that may potentially arise in business life. Please refer to Insurances on page 17 for some of the suggested insurance policies you may need to conduct your business.

When practising chiropractic in Australia, a chiropractor must be covered by professional indemnity insurance that meets the minimum terms and conditions set out in the relevant registration standard published by the Chiropractic Board of Australia.

The 'Professional indemnity insurance arrangements registration standard' can be viewed and downloaded at: **www.chiropracticboard.gov.au/registration-standards.aspx**

Tax Considerations

You should always seek professional taxation advice from your accountant to ensure you benefit from tax advantages and to avoid disadvantages. There are various tax

planning opportunities that chiropractors can undertake in the way they structure their affairs to achieve financial efficiencies. Careful tax planning should be undertaken to ensure that your personal and business considerations and objectives have been evaluated before establishing your business operating structures. It is also worth considering certain possible disadvantages of the corporate structure. These include possible complexities associated with:

- Fringe Benefits Tax that may apply where the practice company provides benefits to the Chiropractor (e.g. paying home phone bills)
- Liability for Workers' Compensation Insurance
- Possible exclusions from some Capital Gains Tax concessions
- Additional corporate secretarial and accounting requirements

Provider Numbers

As an eligible health professional recognised for Medicare services you can apply for a Medicare provider number. You'll need your unique provider number to claim, bill, refer or request Medicare services. Chiropractors can provide services to patients who may then attain a Medicare benefit for the service provided under a number of Medicare or Department of Veterans' Affairs schemes or, when not covered by Medicare, a possible benefit from their private health fund.

Medical Benefits Scheme (Chiropractic Services) MBS (Provider number required)

A chiropractor who provides a service to a patient (under any Medicare scheme or privately) must have a unique Medicare issued provider number. This provider number will be 'location-specific' and is for

your exclusive use when treating patients at that location.

One important issue that is often overlooked is that a provider number is 'location-specific'. That means that if you work in more than one location, you need a different provider number for each location. Even if you work in two different practices in the same building (for example, one on level 2 and the other on level 3), you need two different provider numbers. If your practice moves to another address, another floor or even another suite on the same floor, you need to:

- Advise Medicare in writing that you no longer require your current provider number.
- Apply for a new provider number at the new address (and make sure your stationery also changes to agree with the new address)

Other Practical Considerations

Again, you should seek professional advice from your accountant in light of your own specific circumstances regarding the necessary procedures for establishing and running a chiropractic practice. Necessary procedures for establishing and running a chiropractic practice include:

Acquiring a shelf company

A practice company does not necessarily need to be controlled by a qualified chiropractic practitioner. However, all chiropractic services must be provided by a qualified chiropractic practitioner. The control of the company must be identified in terms of shareholding, voting, directorships, management, etc. An incorporated company needs only one director and shareholder.

Applying for an Australian Business Number (ABN)

This application includes an application for a Tax File Number (TFN) as well as registration for Goods and Services Tax (GST) and Pay As You Go (PAYG) tax. Generally, PAYG includes tax paid on behalf of employees, with the amount of tax to be deducted calculated in accordance with a schedule supplied by the Taxation Office. Each entity within your business structure is likely to need its own ABN e.g. a professional company/person providing the chiropractic service, and any service trust.

Opening bank accounts in the name of the company

A copy of the Constitution, Certificate of Registration and the ACN or ABN of the company will normally be required for presentation to the bank.

Workers' compensation requirements

Workers' Compensation insurance is compulsory in most Australian states and territories and must be taken out to provide payment of benefits to employees who are sick or disabled due to a work-related accident. Exemptions from Workers' Compensation premiums may be obtained for Directors. As Workers' Compensation merely provides 'insurance' while at work or on 'work-related activities', it is preferable for you to arrange Income Protection Insurance for yourself that provides for sickness and accident insurance in all situations.

Arranging for stationery to be printed in the approved name of the company

All relevant stationery needs to be printed

in the name of the company with a relevant reference to the practitioner, and show the ACN of the company.

Example:

*E Smith Chiropractic Pty Limited,
67 Jones Street, Parramatta
ACN 123 456 789
Dr Edward Smith (chiropractor)*

Tax invoices for GST purposes require further specific information, including the ABN for the company.

How to Plan to Succeed

Planning is critical to the success of your practice, not only in its establishment but also in continuing its success. It will require planning in all areas, from formal decisions about vision and mission statements to other considerations such as the 'look and feel' of your practice.

Vision Statement

Every practice must have a vision. At the core of that vision is the simple question: Where do you see your practice in the near future (e.g. the next three to five years)? A vision statement unites your staff and leadership team so that everyone understands the vision and is heading in the same direction.

Mission Statement

Similarly, every practice should have a mission statement. This is different to your vision because it focuses on what the aim and purpose of your business is and what services you offer to provide your patients with the best possible care. This is your reason for existing. Your mission statement should

include your philosophy in respect of the stakeholders in your practice, namely:

Partners – Staff - Patients

One example of a mission statement is 'XYZ Chiropractic' exists to provide superior patient outcomes in the field of...' (Don't forget that your staff can be included in your mission statement, e.g. '... through highly trained, dedicated and happy staff'). Ultimately, the words of your mission statement must reflect how you and your staff feel.

Your Plan and The Market

Your practice plan should be developed in harmony with:

- Your remuneration expectations
- Your core personal values and your practice values
- The critical success factors for your practice (e.g. modern equipment and technology, well-trained staff, effective communication)
- Practice Accreditation requirements for safety and quality
- A list of the strengths, weaknesses, opportunities for and threats to your practice (a SWOT Analysis) with a view to deciding how to: Capitalise on the strengths; Address the weaknesses; Maximise the opportunities; and Neutralise any suspected threats to your business

It is also crucial for you to understand the market, i.e. what is the true opportunity that exists in the context of your specific environment. Therefore you must:

- Know the size of your market
- Understand its status (mature, developing or to be developed)
- Understand its price sensitivity
- Know your competitors – advantages/

disadvantages /differences

Business and Financial Planning

Any business, whether small or large, needs both a Business Plan and a Financial Plan.

A Business Plan is a written document (generally written by you) that describes what you intend to achieve. It also describes how, and by when, you will achieve your stated goals. It does not need to be elaborate: it just needs to clearly set out the critical factors of what you intend to achieve and by when. It also states how you will achieve your goals. An integral part of any business plan is the financial plan. In any financial plan, cash flow is of paramount importance: that is, more money must come into the business than goes out of the business. Cash flow, in simple terms, is measuring your revenue (and when you will receive it) against your expenses (and when you will incur them). Emphasis should be on:

- Knowing where your revenue is likely to come from (and approximately when); and
- Controlling your expenses (paying outgoings in a timely and prudent manner).

Cash flow is not a scary notion: often your accounting practice software will do most of the calculations for you (with predicted outcomes etc.). Your accountant will normally prepare more accurate cash flow predictions. In preparing your financial plan, you should be aware of the Key Performance Indicators (KPI's) such as:

- Gross profit – your revenue less the cost of earning that revenue (including wages, bills etc.)
- Break-even point – the level of revenue necessary to ensure all your costs are covered
- Fixed costs – costs that recur every week and need to be met as a priority from your revenue.

Patient Interaction

To achieve a fulfilling and successful working life, it is important that you use your knowledge and skills to achieve good clinical outcomes, and to build trust, rapport and goodwill by providing a high standard of service to each and every one of your patients. Interaction with patients includes areas such as:

- Honest and clear communication on a range of matters
- Treating each patient with respect (your respectful attitude towards patients is imperative)
- Affording patients privacy and confidentiality
- Always obtaining valid informed consent
- Always operating within your scope of practice and ensuring you maintain good patient records
- Making yourself available to talk to a patient about their concerns

With regard to the final point, you should develop a culture within your staff to ensure you are accessible to patients, even if that means simply returning their call. Nothing upsets patients more than if their questions are not answered by someone they trust.

Practice Financing Alternatives

The usual methods of financing the purchase of a practice or equipment for a start-up are:

- Cash (which could include family finance)
- Bank Loan
- Leasing
- Hire Purchase

As previously stated, all financial issues and decisions should be discussed with your accountant.

Family Practice

If family finance is available, it is important to have a formal and legally enforceable loan document in place setting out repayment details, interest rates and security to avoid any subsequent family dispute. While interest paid may be tax deductible to you, it may be subject to tax by the lender.

Bank Loans

Business lending remains competitive amongst banking and lending organisations. With your accountant, it is worthwhile researching offers available from these organisations. They will require a security guarantee in respect of borrowings. Interest payable on loans to purchase equipment is often tax deductible and a further tax deduction is available with respect to depreciation of that equipment over a set number of years.

Leasing

Equipment leasing is a common form of financing under which the ownership of the equipment remains with the leasing company until the expiry of the lease at which point in time, the lessee (you), generally has the right to purchase the equipment for an agreed lump sum payment.

The majority of leases tend to span periods of three to five years. Lease payments may be tax deductible to the lessee; you should check this with your accountant.

Hire Purchase

Hire purchase finance provides greater flexibility to leasing finance in that it generally allows for specified changes in repayment amounts during the course of the finance

agreement. Interest on hire purchase may be tax deductible: you should check with your accountant.

Staffing your Practice

Before commencing as a Practice owner, you must recognise that committed and appropriately qualified staff members are critical to your success. This statement will remain true for your entire life as a Practice owner:

'No man will make a great leader who wants to do it all himself or get all the credit for doing it' – Andrew Carnegie (Entrepreneur)

Prior to purchasing a practice, it is important to understand the existing owner's perspective on current staff members, their level of experience and their anticipated commitment to the practice under the new ownership.

You should seek advice from an employment expert or an employment lawyer on the options available to the purchaser with regard to staff. ACA members can access the Chiropractors' HR Service for support in this area. There is no automatic transfer of employees from the old business to the new business. How you would like to deal with employees is a crucial matter that you should discuss with an appropriately experienced solicitor at an early stage in the purchase process.

The terms of the contract for the purchase of the business need to reflect your wishes and what has been agreed with the seller regarding employees in order to provide clarity about any costs such as redundancy costs and pre-existing employment claims by employees.

Whether you are replacing or increasing staff numbers, you should initially determine the duties of each role and prepare individual job descriptions incorporating:

- A general description of the role
- Mandatory qualifications
- Desirable qualifications
- Principal duties
- Accountabilities

Each member of staff should be provided with a job description. Staff are generally recruited through:

- Advertisement (print or internet)
- An employment agency (who charge a once-off cost of up to 20% of the annual salary of the employee as their fee)
- Personal contact and referrals

Interviewing for new staff

Interviewing potential staff is perhaps the most critical stage of the recruitment process.

Each interview should be of similar duration and should comprise exactly the same questions asked in the same order so as to grade individual preferences and framed so as to avoid any breach of employment or anti-discrimination legislation (if you have questions in this respect you can contact ACA HR Service on (02) 8448 3211 or hrhotline@myadvantage.com.au). If an applicant seems suited to the position, you may wish to also address matters such as salary, hours of work and the necessary dress requirements.

When you reach the second interview stage, you should be looking to ensure that the applicant displays an enthusiasm for the role given that they have had time to consider the role, the salary and the conditions. The second interview is intended to assure you

that the prospective employee will contribute positively to your practice.

If you are thinking of employing a registered chiropractor, remember that you can search the registration status of those practitioners via the Chiropractic Board of Australia's website: **www.chiropracticboard.gov.au** This Public Register should record important information such as endorsements, conditions, undertakings and any reprimands. The search facility is free.

The ACA HR Service has template documents available on the ACA's website: login to the members' section at **www.chiropractors.org.au/hrservice** to view staff contracts, HR manual, WH&S and many more human resources documents or call the ACA' HR Service on (02) 8448 3211.

All new staff, and continuing staff, should have an employee file containing:

- A letter of appointment
- A contract clearly stating the terms and conditions of their employment
- A job description
- Personal information form including details of next of kin
- Superannuation information
- Notice indicating they have completed the induction program

Terminating Staff

In the unfortunate event that you need to terminate a staff member, there are complex and onerous regulations surrounding this process. ACA provides an independent human resource consulting facility to its members to assist with staffing contracts, taxation, matters of discipline, termination, leave and other entitlements, disputes and queries. For further information and

assistance please call the ACA HR Service Hotline on (02) 8448 3211.

Your Areas of Responsibility to your Employees

Your employees will have reasonable expectations in your business that they will be treated fairly, be provided with opportunities to progress and have defined duties. However, there are also areas of legal compliance you are required to maintain. It is important to know your obligations as an employer and to always meet your financial commitments to your employees on time. These commitments include:

- Weekly or fortnightly salary
- Pay as you go (PAYG) employees personal income tax
- State Payroll tax obligations
- Superannuation Guarantee levy (this is increasing gradually in coming years). As a responsible employer, you should be familiar with the following:
- Workers' Compensation legislation
- Work Health and Safety legislation
- Fair Work Act 2009
- Health Professionals and Support Services Award
- Anti-discrimination legislation

Be aware that there are significant penalties for not paying attention to these matters in the event of a dispute.

Key Staff

The retention (or appointment) of key staff is critical to the success of your practice. You will need excellent support staff (e.g. chiropractic assistants, reception staff and ultimately, a dedicated Practice Manager). You will also need to invest in your business through a commitment to ongoing staff training and development.

Accounting Records

Comprehensive accounting records are crucial to business operations and success; they should be given due attention. Generally, your in-house accounting package will manage this aspect of your business.

Purpose of Accounting Records

There are statutory and taxation requirements to maintain acceptable accounting records. These records must be retained for a minimum of seven years for statutory purposes, for a minimum of five years for taxation purposes and, if capital gains tax is involved, for a minimum of five years after disposal of the asset. Penalties may be applied if a business does not keep the required records.

In addition, acceptable accounting records are necessary to allow a chiropractor to monitor the practice performance and plan cash flows, generally with your accountant. There are a number of accounting and administration software programs available which can prepare various reports that produce the relevant Key Performance Indicators (KPIs) such as:

- Number of patients during month
- Average fee per patient visit/hour
- Average number of months debtors outstanding
- Wages expense as a percentage of fees
- Inefficient billing procedures
- Missed billings
- Inefficient debtor collections
- Unforeseen expenditure
- Increases in overheads
- Inefficient staff

It is imperative that you seek the ongoing guidance of an appropriately experienced external accountant.

Maintenance of Accounting Records

Initially, your practice should obtain an Australian Business Number (ABN). The ABN is used in dealings with other businesses, the Australian Taxation Office and other government agencies.

The ABN must be displayed on all of the practice's stationery. Important: Failure to display your ABN on your invoices requires your suppliers to withhold tax at the top marginal tax rate from their payments to you.

Accounting records may be maintained on a manual or computerised basis, or a combination of both. Industry-specific computer software packages designed to assist you manage your patient records and your invoicing are available and are relatively inexpensive for the value they return.

A good software system offers speed and accuracy together with a range of Key Performance Indicators to allow a chiropractor to monitor their practice on a timely basis. There are various software packages available. The Association suggests you discuss the most appropriate accounting and administration packages with your accountant. Note that there is a distinction between the software packages you will use:

- One software package manages your patients, patient's records and invoicing and banking requirements.
- The other is a small business accounting package which your administrative staff uses to reconcile your income and expenses in addition to managing your staff payroll. This package assists your accountant to prepare your half-yearly and annual reports for taxation records.

Insurances

There are a number of different insurance policies that you should consider, in addition to the workers' compensation insurance and professional indemnity insurance previously mentioned. Some relate directly to your business and others for your personal protection. It is important that you mitigate your risk exposure in a number of critical areas.

Under-insurance should be avoided. It is highly advisable to review your insurance policies annually.

Public Liability Insurance

Public Liability Insurance provides protection for accidents to a third party (patients, suppliers etc.) that arise out of your ownership, tenancy or occupancy of the practice premises. Cover for Public Liability Insurance is available under either Professional Indemnity Insurance or Practice Insurance policies.

Practice Insurance

As both a practice and business owner, it is essential that the pragmatic aspects of your business be adequately insured. Risks include equipment breakdown and accidental loss or damage to property or its contents. It is essential that your business be protected in the event of a claim. If you are covered by solid Practice Insurance, it will generally provide business continuity in the event of a minor or major unfavourable and unforeseen event.

Business Insurance policies can be tailored to your individual business needs.

Professional Indemnity Insurance

This type of insurance is to protect chiropractors against claims by patients relating to alleged professional negligence. Please remember that you cannot practice in Australia unless you are covered under a Professional Indemnity Insurance Policy that meets the minimum terms and conditions outlined in the standard published by the Chiropractic Board of Australia.

Currently, a referral agreement exists between ACA and Guild Insurance Limited. Guild's Chiropractors Liabilities Insurance Policy provides defence cover throughout Australia, against litigation for alleged malpractice. Guild Insurance provides cover for professional indemnity insurance and public and products liability cover under its combined liabilities insurance. It meets the Chiropractic Board of Australia registration standard and includes an additional benefit of \$100,000 for legal costs and expenses associated with inquiries such as a complaint from Ahpra.

Once you are practising and are covered by a suitable Professional Indemnity Policy, if a problem arises in the treatment of a patient which you think might result in a claim against you, you can obtain advice and support through your insurer.

Other Insurances

There are many other types of insurance policies that you may like to consider, both on a personal or business basis. Some examples include:

- Term Life Insurance
- Total and Permanent Disability Insurance
- Income Protection Insurance
- Key Personnel Insurance

It is advisable to seek professional advice on which types of insurance will best cover your individual needs.

Chiropractors Involvement with Government Schemes

Considerations

Advertising

While chiropractors are permitted by law to advertise, there are significant restrictions as to the form and content of this advertising. You need to determine how you want to advertise for the best effect. Public advertising can be an expensive exercise and appears to meet with only moderate success. On occasion, advertising through 'word of mouth' from satisfied patients can be just as successful as more conventional forms of media advertising. Note that 'online' advertising, often involving discount vouchers and other such participant schemes, does not fit the advertising criteria of the Chiropractic Board of Australia, despite the assurances of the promoters of such schemes that they are compliant. Please ensure that you comply with the CBA guidelines.

Visit the ACA Advertising Hub in the members area of the ACA website:
www.chiropractors.org.au/advertising-hub

Fees for Services

Chiropractors are entitled to charge whatever level of fees they choose. However, it is recommended that these be set at a fair market rate in order for you to be successful

in a competitive environment. From time to time, ACA conducts a 'Chiropractic Practice Survey' that covers a number of areas including recommendations for setting fees. This survey enables a reliable set of market conditions to be published that can be used as a guideline.

Health Insurance Funds

If you do not already have one, chiropractors must obtain a "Medicare" provider number from Services Australia www.servicesaustralia.gov.au/how-to-apply-for-provider-number-if-youre-health-professional?context=34076 for use in ordering medically related services, providing services under certain Medicare schemes and to enable patients to obtain chiropractic rebates from the various health funds. You will need to consider what relationship you seek to have with any third party provider and how this relates to your business plan. Many health funds offer contracts or so-called 'preferred provider' schemes. ACA urges caution with your decision to participate in these arrangements as you will need to undertake appropriate due diligence on the contractual obligations involved and the impact that they may have on your business performance. Many chiropractors have found it more beneficial to not have a 'preferred provider' status with health funds as it then allows you to better restrict the level of access to your records a health fund can demand. Ultimately that decision is yours to make.