

# **2022-23 Financial Results and Statements**

Presented at the 2023 AGM held on  
Thursday 23 November 2023,  
7.00pm AEDT.

## Better than Planned Deficit – Stronger Financial Position

- 2022-2023 year ended the year with a deficit of \$4.9m – Better than the Budgeted deficit of \$10m
- Deficit was planned as part of the 3-year financial recovery plan to move College back into a strong financial position – we are ahead of the plan with 2023-2024 results to date being better than budget.
- Membership retention continues to be over 95% (including >97% of Fellows, and >97% of GPs in training)
- During 2022-23, we:
  - drew down some of the cash reserves that had been built precisely for this type of scenario, and we will now be working to replenish and further build those cash reserves to help future-proof the College
  - reduced the cost base of the RACGP (largely through employee cost savings) and we are now a leaner and more efficient College

## Continued Focus on Efficiencies and the need to build reserves

- We are also implementing rigour around continued cost efficiencies through business process changes and investments to address long term legacy system issues.
- This also recognises that we are a much larger organisation that included GP training.
- We need to continue to be financially viable and sustainable so we can reinvest in core objectives including systems uplift.

## GP Training

- The 2022-23 financial year saw some of the biggest change in the College's history: the return of GP training delivery, changes to CPD requirements that led to a more competitive environment, the introduction of the new Fellowship Support Pathway, major investment in advocacy, preparation for WONCA etc
- The return of GP training to the College has added size and scale – but also complexity – to the College, and the Board and management have put controls into place to ensure that the AGPT funds are not used to subsidise membership services, and that membership/other fees are not used to subsidise GP training
- The grant funding for GPT training is essentially an in and out and as part of the agreement, RACGP does not make a surplus from this.

# The 2022–23 year was the first of the RACGP's three-year financial recovery plan



## 2023 PERFORMANCE

- We budgeted for an operating deficit of \$10 million, reflecting a structural deficit that had been in place for a few years, WONCA expenditure ahead of the conference, membership category mix, and major investment in advocacy, systems and processes.
- Through careful financial management and a cost-reduction program, the financial result is a deficit of \$4.9m.
- Revenue and expenditure increased significantly compared to 2021-22 financial year due to the transition to and delivery of the AGPT Program.



## 2023 FINANCIAL POSITION

- Members Equity (net worth) of the College still very strong at \$64.7m – although this was a reduction of \$4.9m, primarily driven by the deficit during the year.
- \$58.5m of the equity is represented by land and buildings.
- RACGP grew its cash balance to \$126.2m (an increase of \$22.5m). However, much of this cash is tied to funds received in advance from the AGPT grant and other grants.
- We drew down on our Cash Reserve Fund (that was established through COVID) which will necessitate building back up through future surpluses.

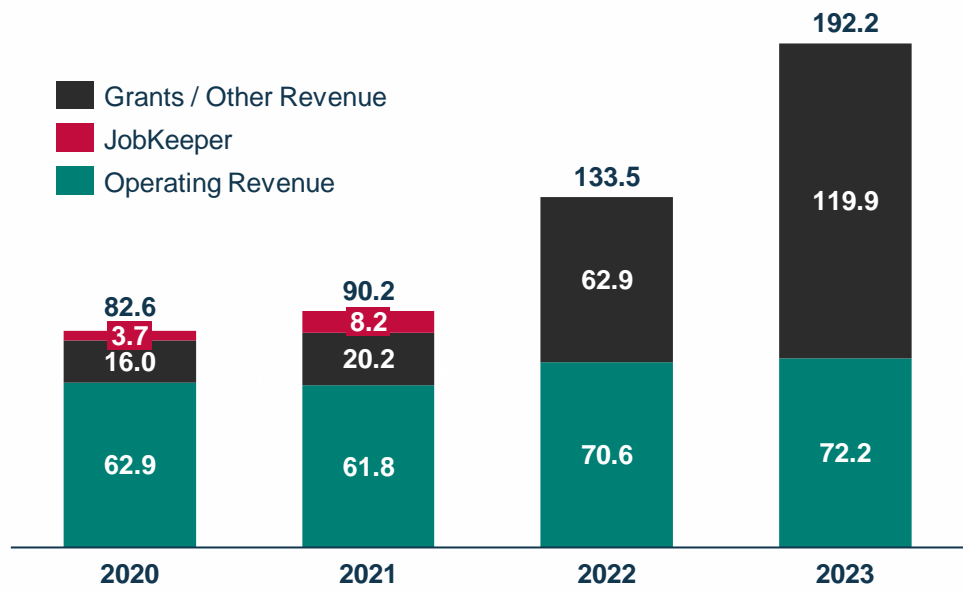


## 2024 OUTLOOK

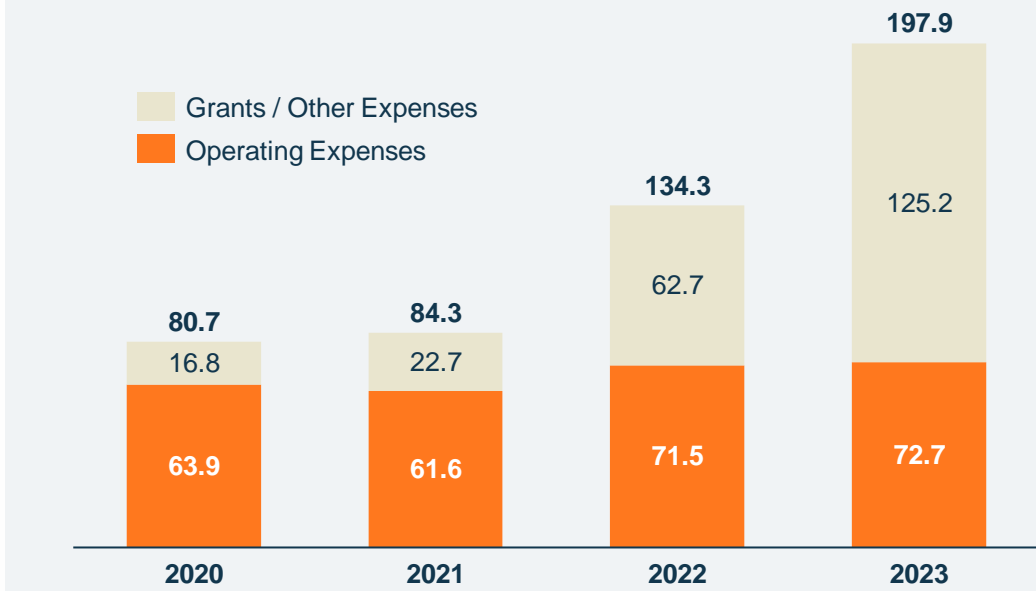
- Second year of 3-year Financial recovery plan is expecting to see benefits from the membership category restructure and the full year impact of the cost reduction initiatives undertaken during '23.
- During 2023–24, we are focused on stabilisation and we have budgeted for a small operating deficit of \$1.9 million (although early indications are this may improve).
- Continued investment will focus on improving processes for the delivery of member services and general practice training.

# The transition to and delivery of the AGPT Program increased the revenue and expenditure of the RACGP significantly during the year.

## Revenue (\$m)



## Expenses (\$m)



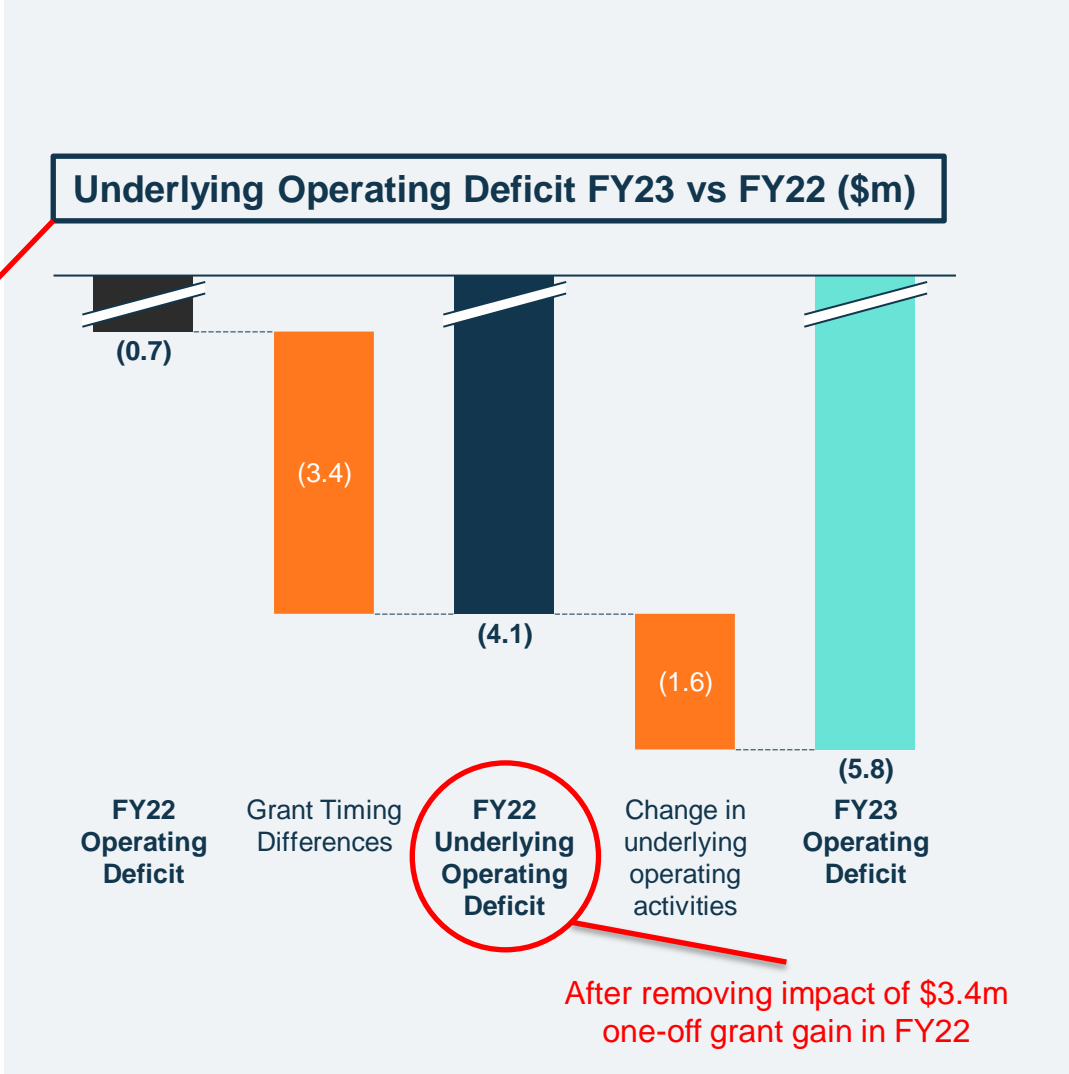
*\*As grant revenue is recognised as the RACGP expends the grant, the increased revenue does not affect the bottom-line result. Difference between grant revenue and expenditure growth is PEP co-payment fee and interest income.*

# Cost control actions (mostly employee costs) contained the increase to the operating deficit to \$1.6m from FY22 on a like-for-like basis.

## Financial Performance

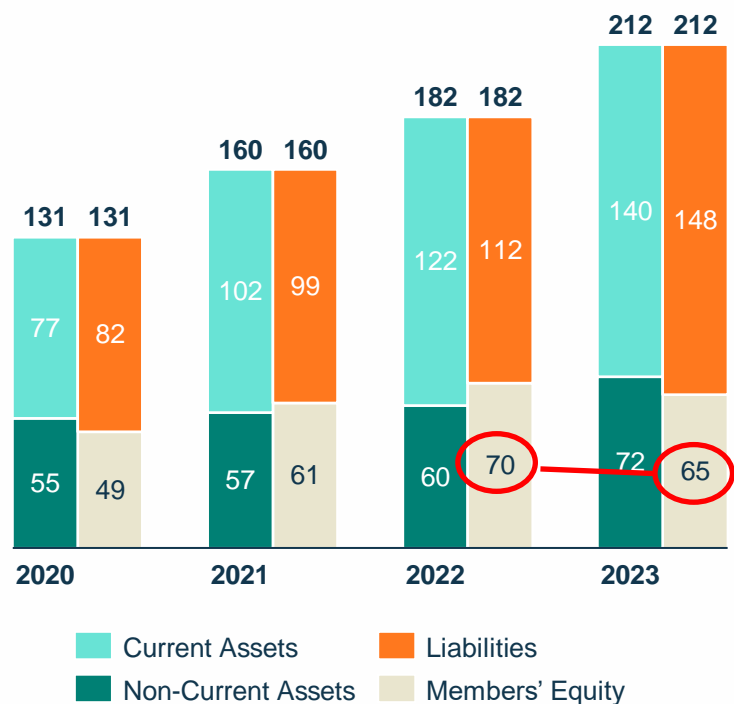
Profit & Loss Summary	FY22 \$m	FY23 \$m
Revenue	133.5	192.2
Expenditure	134.3	197.9
<b>Operating Deficit</b>	<b>(0.7)</b>	<b>(5.8)</b>
Net Investment and share of associates surplus / (deficit)	(0.5)	0.9
Business Combination of GP Synergy	3.7	-
<b>Surplus/(Deficit) after tax</b>	<b>2.5</b>	<b>(4.9)</b>
Revaluation to land and buildings	6.0	-
<b>Total comprehensive income for the year</b>	<b>8.4</b>	<b>(4.9)</b>

The FY22 deficit of \$0.7m was distorted by one-off, favourable timing differences in grants of \$3.4m, without which the deficit would have been \$4.1m.



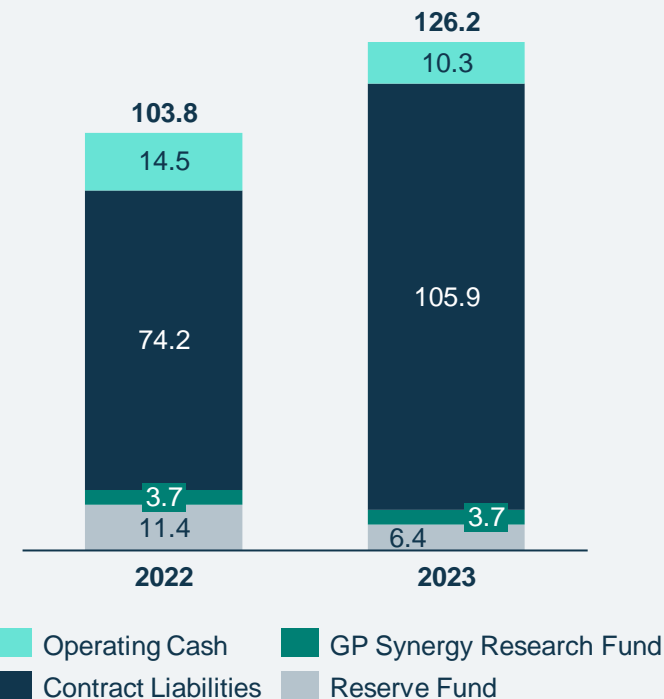
# Member Funds and Operational Cash reduced due the Operating deficit for the year despite overall Cash increasing due to Grant Funds for GP Training.

### Balance Sheet (\$m)



Members' equity has decreased by \$4.9m from 2022 due to the operating deficit during the year.

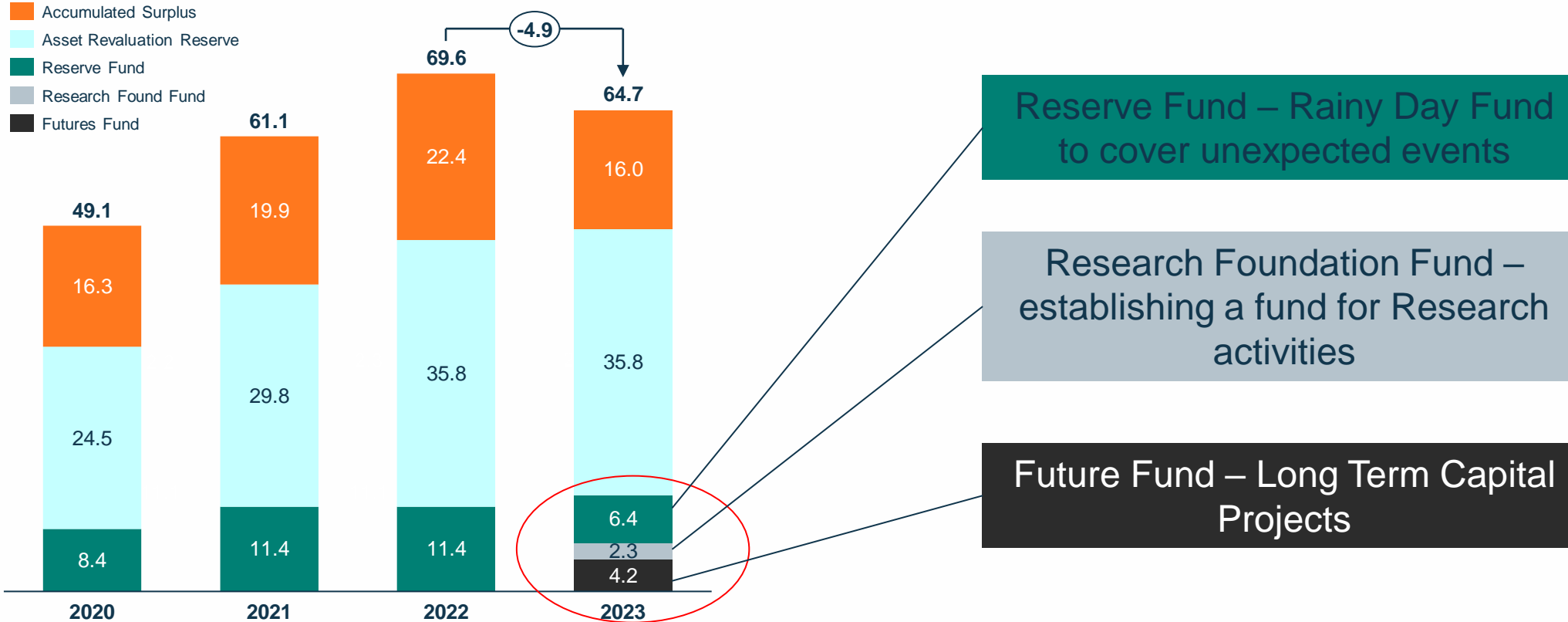
### Cash Holdings (\$m)



Whilst cash is healthy, a significant proportion of that is tied to grant, membership, CPD and exam funds paid in advance, along with College reserve funds.

# Members' Equity decreased in FY23 due to the operating deficit, but we are increasing our reserves to ensure we are future-proofing the College

## Members' Equity



# The financial year 2023–24 will be a year of stabilisation for the RACGP after the changes of general practice training delivery and the cost-reduction program.

## Financial Outlook

### 2023–24

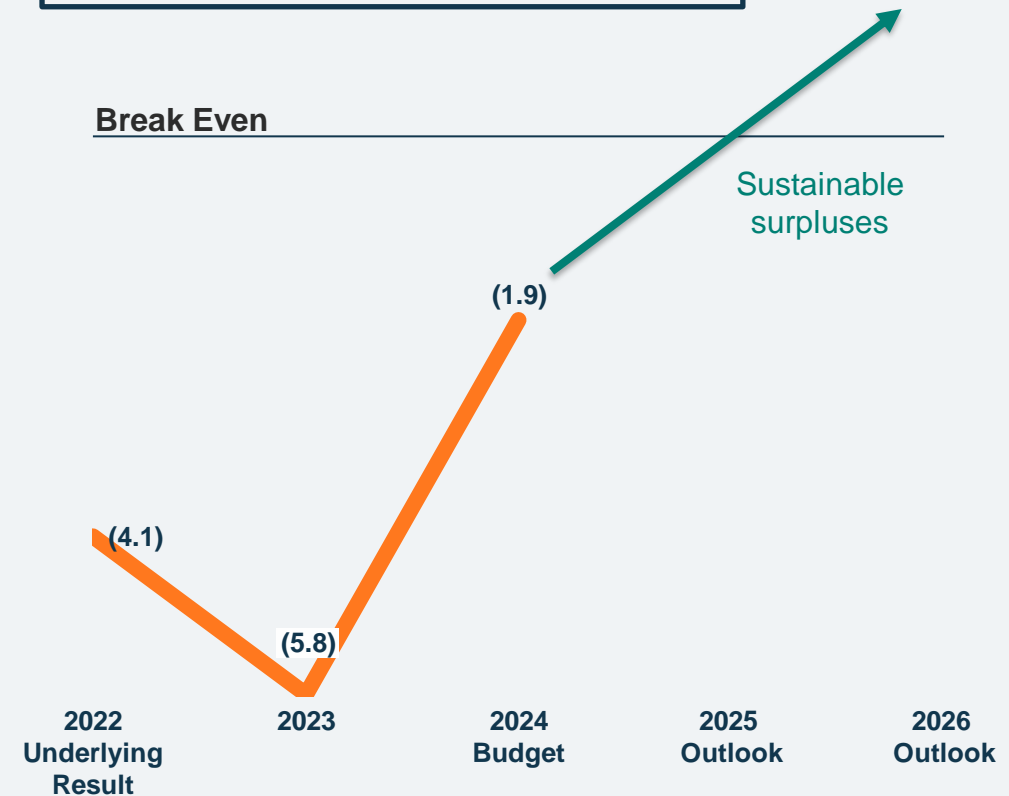
- continue to **stabilize**
- improve **cost management**
- invest in **improving processes** for the delivery of member services and general practice training
- develop opportunities to increase revenue beyond membership categories.

### 3-year plan

- the three-year plan to restore the financial sustainability.
- a small operating deficit of \$1.9 million budgeted for 2023–24 - early indications are that we will perform stronger than that.
- committed to moving into **sustainable surpluses**
- allowing for **reinvestment into improving core services to members**, delivering general practice training and addressing ageing key systems with significant technical debt.
- **expenditure control** is an important step in this pathway, along with the restructuring of membership fees that occurred during the year, making them simpler and fairer for our Members.
- Our **membership retention has been strong**, which (a) indicates that members understand the reason for the changes, and (b) has resulted in a growth in fee revenue, which will assist in moving the RACGP closer to a surplus position sooner.



## Surplus / (Deficit) from Operating Activities







RACGP