Changes continue to sweep the health sector

International Perspective

The year of 2005 saw the aftermath of the devastating Tsunami that killed so many and reduced entire geographical areas to ruin. It is salutary that the fundamentals of our lives can be so dramatically changed. Equally it brings to the fore the requirement for ably qualified surgical staff and the associated infrastructure to be readily available. I do wish to acknowledge the enormous commitment of so many of our Fellows to this tragedy.

On a much smaller scale the last 12 months has seen no decrease in the enormous changes that are sweeping through the delivery of health and in particular surgical services.

Shortages within the Health Sector

At an international level there is a profound shortage of professional health staff in almost all areas and this includes surgeons. This is accentuated by the increased awareness of work – life balance be that informal or dictated by regulatory environments that exist now in Europe and United Kingdom. In Australia and New Zealand there is an increasing demand to import surgeons to try to cover shortages that are becoming increasingly acute. However even if there are sufficient surgeons available the shortage of key associated staff such as Operating Theatre nursing staff and worsening budgetary constraints in the public sector reduce access, decrease efficiencies and produce frustration in most areas. This may be the greatest challenge to surgical standards as the keen and enthusiastic progressively leave the sector traditionally associated with training.

Standards are still the core issue

However despite the shortage of key professional staff maintenance of standards must remain a priority. The United Kingdom is still handling the conclusion of the Shipman enquiry. It is most substantial in its ongoing repercussions with increased regulatory and review requirements. The expectation of the professions in regulating themselves is still very high. However as this has not been comprehensive enough, the regulators have increased the height of the hurdles substantially. The message is quite profound and it is heard clearly across the world. If professionals want to differentiate themselves then they must grasp the issues of self-regulation and safety in the health sector and move forward in a transparent manner.
Within Australia and New Zealand

The College is about Standards and Training.

At a senior policy and political level it is important that we clearly state the position of the College. We are not an industrial organisation but perhaps for too long we have not been loudly advocating for issues that definitely impact on issues of standards. Sadly some of these issues now haunt us. The College was aware that some states of Australia were not seeking surgical opinion in their review processes before international medical graduates were operating without supervision. Although we objected repeatedly in Queensland, these objections did not stop the issues in Bundaberg occurring.

Equally we are now stating that there are minimum requirements for a safe surgical service in all regions. This is a mixture of organisational support, infrastructure in operating theatres and clinical services as well as a critical mass of surgical colleagues to provide after hours support and the active funded opportunity for peer review and audit. However, still we are confronted by hospitals believing that standards can be maintained with inadequately resourced positions. Unfortunately the public sector is deteriorating progressively in front of us. Despite our frequently stated concerns, access to surgery decreases, waiting lists increase, inefficiency abounds and the requirements for training positions are not met.

The College firmly believes we must be training more surgeons in most specialties. The survey undertaken by Professor Birrell some three years clearly demonstrated this and it has been supported by ongoing work by Australian Medical Workforce Advisory Committee (AMWAC). It is compounded by the increased inefficiency of the public sector which leads to frustrated surgeons leaving because they are unable to provide the levels of services required. However the need for more surgeons is also strongly supported by our recent survey of all Fellows where there was a clear demonstration of decreased commitment to after hours work, impending retirement for a substantial percentage of the Fellowship and a strong representation that the workload is persistently too heavy. The College, our Specialist Societies and all our Fellows need to highlight potential training opportunities in the private as well as the public sector to ensure training of the number of surgeons that our community will need in the future.

The College has actively advocated the issue of standards and training to the media, bureaucrats and politicians particularly in Canberra over the last 12 months. The challenge with ‘lobbying’ is to measure a definite outcome but regardless, the increased profile and engagement are vital. We believe that this will be a most important area of activity in the future.

Ongoing Reviews – signs of the times

The College’s educational program is formally accredited by the Australian Medical Council (AMC) and we have been authorised by the Australian Competition and Consumer Commission (ACCC) to undertake the training. Equivalent bodies in New Zealand have also approved our training program and delivery model.

However we are still actively within the authorisation process of the ACCC. During 2005, the work of the Review Panels was finalised. This included review of the way the College handled issues relating to Overseas Trained Doctors (International Medical Graduates) and also the Accreditation of Hospitals and Hospital Posts. The reports had a substantial number of recommendations that require implementation. Of importance is the documentation of the surgical competencies and assessment tools that readily identify ‘substantial comparability’. The challenge is to make these internationally valid where training programs and clinical experience may vary significantly. The accreditation criteria for hospital posts also required documentation. This important policy was approved by Council in October and the proformas are being trialled for 12 months. Also, the College has spent substantial effort and resources in ensuring that the quality of our reporting systems matches the requirements for Fellows, Trainees and external stakeholders.

The Productivity Commission produced a report on the Health Workforce. Unfortunately it advocated a committee lead solution to this complex issue and did nothing to improve the productivity of hospitals or health services. This will be progressed by the Council Of Australian Governments (COAG) during 2006 but requires close monitoring by the College to ensure that standards are not compromised.

Queensland Reviews

The Bundaberg Hospital tragedy created a ripple effect similar to the Bristol Hospital issues back in the late nineties. It has spawned two most comprehensive reviews. The Forster enquiry produced a report outlining substantial concerns about the culture and care in the Queensland health system. Again issues that had been raised by clinicians for many years were finally acknowledged. The system has been under funded – particularly for the growing population it serves. In addition, there are well documented inefficiencies. There has been a substantial disconnect between clinicians and management with the latter focussing too strongly on budgetary performance and too little on quality clinical outcomes. The Davies report which looked more specifically at the lapses in clinical care and in particular the issues around Dr Patel was a reality check to all of us as clinicians that we have a responsibility to ensure that the systems in which we work do monitor, audit and review clinical outcomes. Our communities expect a high standard health service and as the standard bearer for surgical standards the College needs to be more forthright in profiling these issues in the future.

Educational Initiatives

It is my ambition as President that we develop a holistic, integrated surgical training program. This is not a small piece of work and is one that requires wide consultation. However in an era where so many medical schools have a Postgraduate Medical Course with average graduation ages between 27 – 29, it is important that we produce high standard surgeons in a timely fashion. If pilots can be flying jumbo jets by the ages between 27 – 29, it is important that we produce high standard surgical training in a timely fashion. If pilots can be flying jumbo jets by the ages between 27 – 29, it is important that we produce high standard surgeons in a timely fashion.
Specialty and Regional Links

Again within my term as President I am committed to ensuring key stakeholders in both the specialties and regional areas are linked more effectively with College decision making and our communication strategies. I am very keen that we see surgical issues as our collective concern and that the fragmentation that is always a threat is reduced. We need a strong, collaborative voice if we are to continue to influence the direction of surgical care.

Council and Management Structures

Last year saw the retirement of Mrs Anne Kolbe from the position of President. Her achievements have been singular. Much has been written of her being the first female President of a Royal College of Surgeons. However those who had the pleasure of working closely with her were amazed continually at her capacity to understand and articulate complex issues, advocate passionately for our concerns and maintain a workload nationally, bi-nationally and internationally that was most significant. The College has been incredibly enriched by her contributions over time and is most pleased that the New Zealand government has formally recognised her contributions in their awards. She has also been admitted to the Court of Honour.

Professor Peter Woodruff also retired after a number of years on Council in senior positions including Treasurer and Vice President. His ongoing commitment to Queensland surgical issues has been most substantial.

Mr Bob Linacre also retired after many years of contribution. In particular his focus on the Annual Scientific Congress and the ANZ Audit of Surgical Mortality has been invaluable. Mr Stephen Stening retired after serving as the Urology representative for a number of years.

The Fellowship endorsed the changes in the Articles so the craft group representatives were formally voted onto Council and could stand for and vote for Office Bearer positions. The impact of this initiative will be most evident from 2006 on. However I do particularly welcome Michael Grigg (Vascular), Errol Maguire (General Surgery) and Helen O’Connor (Urology) to Council and look forward to their ongoing involvement. Other specialty Councillors are Rob Black (Otolaryngology), Mark Edwards (Cardiothoracic), Tony Hardy (Orthopaedic), Glenn McCulloch (Neurosurgery), Hugh Martin (Paediatric) and Keith Muterin (Plastic and Reconstructive). In line with the changes, the nine craft group representatives were then allocated to a term of one, two or three years on Council to allow an ongoing rotation. A special welcome to Ivan Thompson as the new general elected Councillor.

Importantly we have now introduced an Expert Community Advisor to Council. The Hon Geoffrey Davies has had a distinguished legal career including leadership of the Royal Commission which reviewed the Bundaberg Hospital. I am confident that the College will benefit immensely from his wisdom and experience.

Council and Dr David Hillis as the Chief Executive Officer refined the Strategic Plan 2005 – 2006 which was distributed to all Fellows and Trainees in the second half of the year. Again as a directions document this is a most valuable blue print. Of note, Council agreed to properly profile the Research and Audit activities of the College by creating a separate Division. With Professor Guy Maddern as the Councillor and Dr Wendy Babidge as the Director, there has been an increased drive to our research initiatives and development of electronically enabled audit processes has commenced. These will be of great value to Fellows and Trainees over time. The Strategic Plan continues to emphasise the importance of aligning Councillors, management and staff in the activities of the College.

The staff of the College contributed enormously to our endeavours in 2005 and I would like to acknowledge their hard work on behalf of the Fellowship. Professor John Collins continued to develop the role of Dean of Education and similarly Dr John Quinn and Mr John Simpson the roles of Executive Directors of Surgical Affairs. They are important resources as Fellows and staff, and along with the Chief Executive and Directors, provide substantial support to the Council and the Executive Committee.

Under the strategic plan the Council, the Executive and I as President, am responsible for the overall direction of the College, articulating the key values and strategic intent of the organisation. This is becoming more inherently political as we understand the increasing importance of advocacy as Governments lose their way in the delivery of health care to an increasing and ageing population. The College and the Specialty Groups need to be more prominent as professional bodies responsible for surgical standards and training.

Relationships Portfolio

Professor Stephen Deane assumed responsibility for this portfolio from Professor Peter Woodruff with Mrs Ann Wright as the Director. Stephen works tirelessly in this demanding role and is a great support as Vice President. Key responsibilities include the Regional Committees, Workforce assessment, Media plus Public Relations and Sponsorship. Coordinating our reporting to key stakeholders such as the AMC and ACCC is also significant. Important initiatives achieved include the establishment of the Board of Regional Chairs. Having an effective conduit for regional concerns is vital. Not only do the opinions of Fellows and Trainees need to be reliably channelled forward but also much of the College services are delivered via the Regions. The College still needs to improve this communication and we are hopeful that re-emphasising the importance of the role of the Regional Committees will be beneficial in this regard. In addition, the Vice-President is the member of Council on the Interim Foundation Board which by mid 2006 should be re-launched with the aim of having a more profi led philanthropic edge to College activities.

Education

Professor Trish Davidson as the Censor in Chief is responsible for the ongoing development of our educational initiatives and their implementation. Ensuring we are achieving the requirements for the AMC and also the ACCC have been a dominant part of the educational agenda in the past three years. The College is now reviewing the educational program to achieve more integration in surgical training. Within the Educational Portfolio and reporting to the Educational Policy Board is the Board of Basic Surgical Training which is now chaired by Mr Ian Civil (previously Professor Deane) Professor Bruce Waxman chairs the Board of Specialist Surgical Training (previously Professor Gough)
and Professor Ian Gough is currently the Chairman of the Court of Examiners (previously Mr Ross Blair). The key management staff are Professor John Collins as the Dean of Education, Mrs Kathleen Hickey as the Director of Basic Surgical Training and Skills and Dr Anne Ellison as the Director of Specialist Surgical Training and Assessment.

The College has been actively focussed on the related issues of workforce and training numbers. There has been particular emphasis on the number of Specialist Surgical Training Positions. Unfortunately with the ongoing deficiency in funding by Governments, the number of Specialist Surgical Training positions has not been increased in accordance with the number recommended in the Birrell Report and in the latest AMWAC study. The College is actively dialogueing with all Regional Governments with the help of Fellows locally to try to increase the number of accredited posts and also to utilise opportunities in the private sector.

The College applauds the initiatives of some governments to improve resources for surgical training. This has been the case for some time in New Zealand and will hopefully progress meaningfully in NSW with the creation of the Institute of Medical Education and Training (IMET).

The College has now formed an Interim Trainees Association and has been most impressed by the commitment and enthusiasm from this group as they develop the structure and articulate their concerns into senior educational committees. The initial Executive consists of Dr Deborah Amott (Chair), Dr Damian Amato, Dr Lily Chen, Dr Craig McBride and Dr Maree Watson.

Fellowship

Mr Ian Dickinson took over my role as Chairman of the Professional Development and Standards Board. Within this portfolio, he is responsible for the key areas of Fellowship and Standards, Research and Audit as well as External Affairs. He is ably assisted by Mr Rob Atkinson within the area of Professional Development, Mr Ross Blair as the Councillor responsible for Fellowship Services and Professor Guy Maldern as the Chairman of Research, Audit and External Affairs. The key management staff are Dr Pam Montgomery as the Director of Fellowship and Standards, Dr Wendy Babidge for Research and Audit and Mrs Daliah Moss for External Affairs. This portfolio has made substantial progress with key activities over the last 12 months. In particular the issue of Rural Standards for Surgery has been agreed and distributed. This clearly articulates the key organisational resources, infrastructure and critical mass required for surgical services in the rural areas. The Code of Conduct has now been finalised and will shortly be distributed. Importantly the issue of surgeons who are not performing at the required levels is now being addressed and will include review, audit, remediation and peer support processes. As a self-regulating professional body, we must address this in a transparent way. However compliance is important and the College is finalizing methodologies as to how hospitals and medical boards will be informed when this becomes necessary. One of the most publicly driven discussions in the last 12 months has been on the subject of mortality audits. The success of Western Australian Audit of Surgical Mortality (WAASM) has been substantial and the College in collaboration with Health Departments is well advanced in rolling this out in all geographical areas. The West Australian Audit was a major public relations event at the highly successful Perth ASC which attracted almost 2000 participants and which, despite the challenge of travelling “across the continent” was regarded as one of the best ASCs with a strong focus on clinical risk and quality issues. Again our congratulations to all Fellows and staff who toiled so enthusiastically to guarantee the ASC was such a high calibre event. Our International Projects provide an external focus for the College and I continue to be impressed by the altruism of the Fellows who are involved in these projects. In a year which opened with the devastation of the Tsunami, the College has become more conscious of the valuable role that we play in trauma service provision. In terms of cost effectiveness, it would be sensible for the surgical groups to develop a more cohesive approach to the delivery of these aid projects. The interface with government and the military has been substantially refreshed over the past 12 months.

Resources

Mr Andrew Sutherland as the Honorary Treasurer is the Chair of the Resources Committee. His Finance report is part of this annual report. In brief, 2005 saw a successful year for our financial position although the Treasurer’s ongoing intentional constraints on fee increases mean that all avenues of expenditure need careful review. The College is now making proper use of the East Wing facility in Melbourne and 2005 saw a substantial refurbishment of the South and West wings which was long overdue. Program maintenance is now in place in all facilities that we own to ensure the buildings are maintained at an appropriate level. The Queensland office in particular is being substantially reviewed as it needs either redevelopment or replacement. Particular initiatives funded into 2006 include:

• Development of the ASSET (BSS) manual and video,
• Establishment of the Trainee Association,
• Workshops for developing the integrated training program and training for specialist surgical services,
• Enhancement of web, on-line services, Surgical News,
• Rollout of mortality audits and electronic log books.

Unfortunately despite the best intent of the Council and our advisors the College, because of significant financial risk, was not able to finalise a commercial agreement with the University of Sydney and the arrangements with ECHTEC were called to a halt. This is a substantial disappointment but the College and the NSW State Committee in particular are focusing on how to improve skills centre activities in New South Wales.

The Investment Committee chaired by Mr Brian Randall had another very successful year and our portfolio made substantial gains. I would also like to extend my thanks to the business and investment advisors who do give their time so willingly in support of College activities.

It has been a very busy year in 2005. I am committed in my time as President that the issues of Standards and Training stay at the forefront of the College’s agenda. We need to be stronger in our advocacy, more inclusive of the specialties and far more effective in our communication.

I thank all members of Council for their support, enthusiasm and ongoing hard work and I shall continue to endeavour to make my time as President as beneficial as possible to all Fellows and Trainees.

Dr Russell Stitz
President
It is again a pleasure to present my annual report as the Chief Executive Officer (CEO) of the Royal Australasian College of Surgeons. As the CEO, one of my key ongoing roles is to demonstrate ‘value for money’ to our Fellows and Trainees. The College is starting from a long way back. Although there is an inherent value in FRACS as a brand and its implied status, it is important for the College to be far more inclusive and sharing with its resources. This is particularly in ensuring Regional Offices support all specialities. It is also important that as infrastructure is improved the benefit to Trainees and Fellows is upmost.

I would like to thank all the staff for their ongoing commitment and contribution to the College over the past 12 months. The impact of having far more vigorous stakeholders such as the AMC, ACCC and numerous governments as well as a growing number of Fellows and Trainees is substantial. There has been an ongoing review of all our key systems, policies and procedures with the intent of ensuring rigour in all our day to day activities. With a highly distributed staff it is imperative that everyone can appropriately access key information and handle this promptly. With a demand for timeliness, transparency and high levels of service delivery many practices have needed review and adjustment. The commitment of the staff is to ensure we continue to perform at high levels for the individual Trainee, Fellow, and Councillor and also interface effectively to our increasingly complex external world.

The management team is committed to supporting the Direction of the College as articulated by Council. I have been supported enthusiastically by Professor John Collins as the Dean of Education, and Dr John Quinn and Mr John Simpson as the Executive Director of Surgical Affairs (Australia and New Zealand). The activities of the College are broadly articulated within four portfolios of Education, Fellowship, Resources and Relationships. Of importance at June Council it was agreed that within the Fellowship portfolio a Division of Research and Audit should be formed to give greater prominence to these important activities of the College. Again the emphasis of the management team is to ensure the future direction is clear so that we can support the endeavours of Fellows in a cohesive manner.

Relationships Portfolio

This is headed by Mrs Ann Wright as the Director and has substantially progressed in the last 12 months. The development of the Board of Regional Chairs has focused the delivery of all the College services and the support we provide to Fellows and Trainees in each region. There has been an aggressive roll out of Information Technology support, database training and active involvement in the information handling of selection, assessment and ongoing credentialing of surgeons. All regions had successful Annual Scientific Meetings and I extend my thanks to the Regional Managers for their commitment and enthusiasm throughout the year. The interface between the regional offices and the regional governments has always been important and there is now even more emphasis on access to surgical services, training and standards issues. The importance of workforce in each region cannot be diminished and to provide further information about this a detailed survey was conducted in 2005. The results will be broadly distributed in the early part of 2006 but demonstrate the stresses in modern day surgical practice.

Education – Basic Surgical Training and Skills

This portfolio under Director Mrs Kathleen Hickey is focused on providing the training opportunities for an increasing number of Basic Surgical Trainees with 275 selected into 2006. This continues to be a significant increase in the number of Trainees and again is testimony to the generosity of the surgical and clinical teachers who so freely give of their time as well as the logistic skills of the staff. The number of courses that were delivered in 2005 was 15 Basic Surgical Skills courses, 58 EMST courses, 9 CLEAR courses and 21 CCrISP courses. The Basic Surgical Skills course has been redeveloped into ASSET (Australian and New Zealand Surgical Skills Education and Training) and production of a DVD to accompany this has been completed. Of ongoing significance is the increasing focus on skills centres around the country. The Queensland skills centre has provided substantial focus for activities in that state. The NSW direction needs to be re-established following the inability to progress ECHTEC. Other skill facilities throughout New Zealand and Australia continue to be increasingly utilised. The requirement for the College to become the credentialing body for this is important and a number of workshops occurred in 2005 to progress this as well as the overall coordination of skills courses in the health sector.

Education – Specialist Surgical Training and Assessment

Dr Ellison and her team have continued with the major focus of implementing the ACCC review panel reports. These are both detailed and significant requiring attention to policies, their implementation, data collection and most importantly consultation with the specialist societies who are responsible for delivering surgical training. There has been further development of the definition and documentation of competencies, curricula and assessment which is vital in our work for both the AMC and ACCC. The articulation of this is most important as we move forward to more thoroughly integrate surgical training and ensure the streamlining of the delivery of this program. Examinations were held in Wellington, Melbourne and Adelaide. With additional examinations also held in Hong Kong. The preparation for the examinations is improving with the overall percentage pass rate now at an annual figure of 85 per cent. Our thanks to all the Fellows and staff who work so hard to ensure the examinations happen smoothly.
Fellowship – Fellowship and Standards

The Director of Fellowship and Standards is Dr Pam Montgomery. Re-certification has progressed substantially with more rigour being applied to the requirements for success. Continuing Professional Development (CPD) recording “on line” has been implemented to facilitate the recording of these activities. Importantly the College is now addressing the key issues of the surgeon who does not sustain the required standards and is required to undergo remediation and at times limitation of practice. As the College has progressed the development of its Information Technology support we now can provide “Find a Surgeon” functionality that will be able to progress to defining those who are CPD compliant. The College continues to focus on courses and support that fulfil the RACS competencies including management, leadership, scholar, teacher, communicator, collaborator. These include Surgeons as Managers, Surgeons as Educators, Risk Management, Medico-Legal activity and Preparation for Practice. These are clearly supportive of all nine specialties with the more technical issues being handled by the specialist societies. A total of 49 workshops were held around Australia and New Zealand with 700 participants. Support for Trauma and Rural Services continues to be profiled. The Trauma Verification project is a major initiative to credential services across Australia and New Zealand. Equally the College has been successful in delivering a number of programs to support surgeons in rural Australia, many of them Commonwealth funded.

Fellowship – Research and Audit

This Division was created in the middle of 2005 reflecting the increasing importance of these activities in the ongoing life of the College. Dr Wendy Babidge is the Director. The roll out of the national mortality audit which is based on the successful Scottish and then Western Australian model should become a cornerstone of surgical standards in Australia and New Zealand. It has successfully commenced in Tasmania and South Australia with Queensland funding being achieved. New South Wales is handling this issue with the Centre of Clinical Excellence and the College hopes that Victorian funding will be achieved shortly. Support for Trauma and Rural Services continues to be profiled. The Trauma Verification project is a major initiative to credential services across Australia and New Zealand. Equally the College has been successful in delivering a number of programs to support surgeons in rural Australia, many of them Commonwealth funded.

Resources

Under the direction of Mr Ian Burke this continues as a key support area for the College. The substantial changes for the Information Technology department continued with a far more robust implementation of the database support for the College, revamping of the web presence and associated intranet. Importantly the Regional offices can now have the same level of Information Technology support and access as found in Melbourne.

The refurbishment of the south and west wings saw movement of offices, opening of the new Fellows room and refurbishment of the Hailes room and Council room. These were long overdue and will hopefully be joined by the development of a surgical museum in the near future.

The Financial success of the College is highlighted in the Treasurer’s report and it is reassuring to us all that the organisation is on a sound basis. Much credit needs to be given to the Finance department who have put in substantial work to appropriately reflect the financial picture of the organisation, progress the financial costing of the College and also ensure that we are compliant with all the appropriate changes required of the new accounting standards.

Thanks

I would like to thank all staff and management for their commitment and enthusiasm during this challenging year. The College has continued to change rapidly and evolve with the impetus of a significantly changing external world. These changes always produce some angst and tension. As we continue to work through them the College is committed to providing the skills and opportunities to all staff. These are fundamental as we increase the services and level of expectation in Fellows and Trainees. I congratulate all staff for their positive response and commitment.

Dr David Hillis
Chief Executive Officer
Summarised Financial Report
For the financial year ended 31 December 2005

The annual financial report for the year ended 31 December 2005 is presented together with the Auditor’s Report to the College for 2005. It is my pleasure to present this report and highlight the sound financial position of the College.

In the income statement for 2005, total revenue was $34,301k compared to $44,538k in 2004 while expenditure was $30,904k compared to $37,637k in 2004. This has resulted in the College making an overall surplus of $3,397k.

The reason for the substantial drop in both revenue and expenditure is the impact of the change in accounting standards that was introduced in the previous financial year. All revenue and expenditure relating to projects is now recognised progressively throughout the life of the project. Consequently the revenue and expenditure recorded for 2005 is more reliable and indicative than in previous years.

In the overall result, the operating surplus was $419k whilst the surplus relating to the investment reserve was $2,627k.

The Investment Committee has achieved an excellent return of 24.34 percent. This compared to budget of 10%. The College holds certain trust funds in the investment portfolio in the names of specialist societies who share in these returns.

The College has four distinct functions by which revenue and expenditure is reported.

College Operations relate to core operational activities and include administration, finance, corporate governance, education and training as well as conferences, workshops and the ASC.

In 2005, this revenue amounted to $22,779k compared to $22,339k in 2004 while expenditure was $24,218k compared to $20,846 in 2004. Overall, the deficit related to core College operations for 2005 was $1,439k compared to a surplus of $1,493k in 2004. This included a substantial investment in our infrastructure.

College Projects relate to activities funded by external agencies and funding providers. The College is responsible for managing research, aid and audit projects with a total life value in excess of $42 million. These projects include ASERNIP-S, Pacific Island Project III, Papua New Guinea Tertiary Health Service III, East Timor Specialist Services and Mortality Audits. The projects are currently being managed on time, within budget and it is anticipated that all deliverables will be achieved within the requirements of the project contracts.

A number of these activities are cross subsidised by the College from other areas.

In 2005, this revenue amounted to $6,333k compared to $16,458k in 2004. Expenditure was $5,716k compared to $16,022k in 2004. The changes reflect the impact of all project revenue and expenditure being incorporated into the accounts due to changes in accounting standards in 2004.

Overall, the surplus for 2005 was $617k compared to $436k in 2004.

Bequests and Scholarships include bequests, donations and philanthropic activities and returns on committed funds from the investment portfolio. These fund research and education scholarships and other College activities.

In 2005, this revenue amounted to $2,563k compared to $3,805k in 2004 while expenditure was $970k in 2005 compared to $768k in 2004. Overall, the surplus for 2005 was $1,593k compared to $3,037k in 2004.

Investment Reserve Account includes revenue from investment returns on uncommitted funds in the investment portfolio. These returns are set aside for future developments.

In 2005, this allocation amounted to $2,627k compared to $1,936k in 2004.

Highlights – 2005

• During 2005, revenue from Subscriptions, Fees & Levies of $7,623k was in line with $7,689k received in 2004. Examination & Training Fees generated $11,013k compared to $9,424k in 2004. This increase reflects the increase in trainee numbers and fee increases in line with CPI.

• Personnel costs and consultancy fees remain the dominant expenses relating to the College activities and were $12,995k compared with $16,738k in 2004. The amount reflects the impact of all project expenditure being incorporated into the accounts due to changes in accounting standards in 2004. Overall salaries and oncosts in 2005 were inline with forecasts.

The Balance Sheet shows that College funds and reserves have increased by 9.6% to $38,729k.

Key movements in assets included an increase in cash and cash equivalents offset by a reduction in non current assets of $1,285k. There was an increase in current liabilities of $1,360k due to an increase in trade payables of $5,364k offset by Government grants unspent.

The statement of cash flows indicates a positive cash flow for 2005 provided by operating activities of $4,315k and a net increase in cash held of $3,615k from 2004.

The new organisational structure implemented by the management team in 2004 continues to strengthen the administrative activities of the College. The analysis of costs of all College activities indicates that training initiatives are still being cross-subsidised by Fellows fees and this is being addressed in ongoing budget discussions.

This sound financial position has enabled:

• The replenishment of the Investment Reserve which now totals $4.21 million.

• Annual increases in Fellows’ subscriptions and fees have been held at the level of the CPI.

• Continued retirement of debt with the east wing loan now reduced...
from $5 million to $4 million in 2005.

- Investment in infrastructure (particularly IT) to be able to provide better levels of service and support to Trainees and Fellows.
- Refurbishment of the south and west wings of the College building.
- Detailed analysis of workforce, surveys of Fellowship requirements and publication of key issues.

In closing I would like to note that the College remains indebted to its honorary advisers. I would like to thank Mr Anthony Lewis, Mr Robert Milne, Mr Doug Oldfield OAM and Mr Brian Randall for their generous and valued support during the year. I would also like to welcome Mr Ken Welfare who has joined our honorary advisors on the Investment Committee. The College is extremely grateful for their wise counsel and support.

Refurbishment of the south and west wings of the College building.
Detailed analysis of workforce, surveys of Fellowship requirements and publication of key issues.

I would also like to thank the management and staff of the Resources Division for their ongoing hard work and commitment in support of my role.

Andrew D Sutherland
Honorary Treasurer
23 February 2006

Councillor’s Declaration

The Councillors of the Royal Australasian College of Surgeons declare that the summarised financial report set out on pages three to six have been derived from and are consistent with the full financial report of the Royal Australasian College of Surgeons for the year ended 31 December 2005.

On behalf of the Councillors

R Stitz……………………………………….....…………President
A D Sutherland……………………….............Honorary Treasurer
D Hillis ……………………………………Chief Executive Officer
23 February 2006. Melbourne

Independent Audit Report to members of RACS

We have audited the summarised financial report of the RACS as at 31 December 2005, comprising the income statement, balance sheet and the statement of cash flows to the financial statements, in accordance with Australian Auditing Standards. The summarised financial report has been derived from the RACS annual statutory financial report for the year ended 31 December 2005.

Audit opinion

In our opinion, the information reported in the summarised financial report is consistent with the annual statutory report from which it is derived and upon which we expressed an unqualified audit opinion. For a better understanding of the scope of our audit, this report should be read in conjunction with or audit report on the annual statutory financial report.

Ernst & Young
Stuart Alford
Partner
23 February 2006
Melbourne

### Royal Australasian College of Surgeons Income Statement For the Financial Year ended 31 December 2005

<table>
<thead>
<tr>
<th></th>
<th>2005 $</th>
<th>2004 $</th>
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<tbody>
<tr>
<td>Revenue from operating activities</td>
<td>34,301,383</td>
<td>44,538,342</td>
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<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
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<tr>
<td>Personnel costs and consultancy fees</td>
<td>12,995,401</td>
<td>16,737,937</td>
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<tr>
<td>Telephone, teleconference and audio visual costs</td>
<td>732,408</td>
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<td>Printing, stationery and photocopying</td>
<td>1,318,187</td>
<td>1,276,141</td>
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<td>Postage and courier costs</td>
<td>548,110</td>
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</tr>
<tr>
<td>Information system costs</td>
<td>608,566</td>
<td>557,894</td>
</tr>
<tr>
<td>Travel &amp; accommodation</td>
<td>3,822,958</td>
<td>5,841,203</td>
</tr>
<tr>
<td>Associations and Publications</td>
<td>172,898</td>
<td>194,928</td>
</tr>
<tr>
<td>Audit, legal and professional fees</td>
<td>468,211</td>
<td>301,826</td>
</tr>
<tr>
<td>Bank fees and merchant charges</td>
<td>458,955</td>
<td>509,443</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>245,882</td>
<td>320,457</td>
</tr>
<tr>
<td>Rent, rates, power, repairs and other property costs</td>
<td>1,175,618</td>
<td>805,169</td>
</tr>
<tr>
<td>Insurance</td>
<td>273,626</td>
<td>279,707</td>
</tr>
<tr>
<td>Equipment purchases, hire and repairs</td>
<td>297,089</td>
<td>911,045</td>
</tr>
<tr>
<td>Training manuals and consumables used in education and field projects</td>
<td>774,327</td>
<td>1,389,483</td>
</tr>
<tr>
<td>Scholarships / Fellowships</td>
<td>917,045</td>
<td>737,627</td>
</tr>
<tr>
<td>Awards, Grants, Gifts and Prizes</td>
<td>707,166</td>
<td>321,099</td>
</tr>
<tr>
<td>Facilities hire and catering costs</td>
<td>1,834,679</td>
<td>1,862,272</td>
</tr>
<tr>
<td>Foreign Exchange loss</td>
<td>137,677</td>
<td>40,892</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>1,908,714</td>
<td>1,733,803</td>
</tr>
<tr>
<td>Specialist Societies Funding and Office Bearers Costs</td>
<td>1,364,264</td>
<td>864,922</td>
</tr>
<tr>
<td>Doubtful debts expense</td>
<td>(164,399)</td>
<td>187,541</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>30,903,935</td>
<td>37,636,582</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>3,397,451</td>
<td>6,901,760</td>
</tr>
</tbody>
</table>
Royal Australasian College of Surgeons

Balance Sheet
As at 31 December 2005

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2005 $</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>10,786,783</td>
<td>7,171,632</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>11,823,705</td>
<td>10,774,419</td>
</tr>
<tr>
<td>Inventories</td>
<td>90,028</td>
<td>186,083</td>
</tr>
<tr>
<td>Prepayments</td>
<td>354,095</td>
<td>367,002</td>
</tr>
<tr>
<td>Investments held for trading financial assets</td>
<td>20,027,618</td>
<td>19,546,671</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>43,082,229</td>
<td>38,045,807</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>24,943,905</td>
<td>25,227,133</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>955,425</td>
<td>1,957,415</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>25,899,330</td>
<td>27,184,548</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>68,981,559</td>
<td>65,230,355</td>
</tr>
</tbody>
</table>

| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 17,082,357 | 11,718,004 |
| Provisions | 913,822 | 642,039 |
| Government Grants | 5,651,254 | 10,584,194 |
| Funds held on behalf of others | 2,455,853 | 1,799,462 |
| **Total Current Liabilities** | 26,103,286 | 24,743,699 |
| Non-Current Liabilities | | |
| Provisions | 149,370 | 155,204 |
| Interest bearing loans and liabilities | 4,000,000 | 5,000,000 |
| **Total Non-Current Liabilities** | 4,149,370 | 5,155,204 |
| **TOTAL LIABILITIES** | 30,252,656 | 29,898,903 |
| **NET ASSETS** | 38,728,903 | 35,331,452 |

| COLLEGE FUNDS AND RESERVES | | |
| Retained profits | 34,521,096 | 33,751,014 |
| Investment earnings Reserve | 4,207,807 | 1,580,438 |
| **TOTAL COLLEGE FUNDS AND RESERVES** | 38,728,903 | 35,331,452 |

Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>2005 $</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions and Entrance Fees</td>
<td>8,587,160</td>
</tr>
<tr>
<td>Training, Examination and Assessment Fees</td>
<td>12,000,165</td>
</tr>
<tr>
<td>Sponsorship and Donations</td>
<td>1,380,268</td>
</tr>
<tr>
<td>Conference Registrations</td>
<td>1,923,268</td>
</tr>
<tr>
<td>Property Rental and Recoveries</td>
<td>371,831</td>
</tr>
<tr>
<td>Project Income and Associated Fees</td>
<td>4,824,749</td>
</tr>
<tr>
<td>Interest Income</td>
<td>74,995</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,283,279</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(25,884,986)</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>(245,882)</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) operating activities</strong></td>
<td>4,314,847</td>
</tr>
</tbody>
</table>

Cash Flows from investing activities

<table>
<thead>
<tr>
<th>2005 $</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Bill Facility used (repaid)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Net movement from investment securities</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Payments for property plant and equipment</td>
<td>(1,628,500)</td>
</tr>
<tr>
<td><strong>Net cash provided by / (used in) investing activities</strong></td>
<td>(699,696)</td>
</tr>
<tr>
<td><strong>Net increase / (decrease) in cash held</strong></td>
<td>3,615,151</td>
</tr>
<tr>
<td>Cash at beginning of financial year</td>
<td>7,171,632</td>
</tr>
<tr>
<td><strong>Cash at the end of the financial year</strong></td>
<td>10,786,783</td>
</tr>
</tbody>
</table>
Royal Australian College of Surgeons
Revenue & Expenditure for the financial year ended 31 December 2005

2005 Revenue

2005 Expenditure
New Fellows 2005

Renata Abrazuko
Hairul Ahmad
Paul Ainsworth
Zakirhusen Akhunji
Saif Al-Bekaa
Rodney Allan
Peter Anderson
Andrew Audeau
Richard Babor
Stephen Barnett
Adam Bartlett
Damien Bates
Ali Bayan
Iliesa Beci
Paul Belt
Iliesa Beci

Deaths of Fellows

John Bell
Dennis Bonham
Prof John Brockis
Cecil Cass
Peter Christie
Keith Cochrane
John Colvin
Michael Donnellan
William Ferguson
Paul Fogarty

Fellowship

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New Zealand
New Year’s Honours

CNZM
Wyn Beasley

Australia Day Honours

Australian of the Year
Fiona Wood

AO
A/Prof Harvey Coates

AM
Prof William Coman
Prof Errol Maguire
Prof Chris O’Brien
A/Prof Justin O’Day
A/Prof Ian O’Rourke

OAM
Chee-Meng Lee
Prof Sankar Sinha

Queen’s Birthday Honours

AM
Prof Leslie Bokey
Donald Golinger
Prof Ian Jones
A/Prof Graham Newstead
Morris Peacock
Hugh Ryan
Emeritus Prof Saxon White

OAM
Barry Collis – (lay member of RACS Qld Trauma Cttee)
Ronald Davey
Michael Rudd
Prof Ron Sekel
Edward Stafford
Jonathon Wardill

AMA Roll of Fellows
Anthony Buzzard
Arun Ganesh Mahajani

Honours and Awards

College Awards

Honorary Fellowship
Dr Patrick Gullane
Dr Stewart Hamilton
Prof. Santhat Nivatvongs
Dr John Smith

Sir Louis Barnett Medal
Prof Stephen Deane

Awards for Excellence in Surgery
Justin Kelly
Prof Graham Nunn
Prof Ian Taylor

The Court of Honour
Anne Kolbe

The RACS Medal
Patrick Alley
Robert Linacre
Prof John Masterton

Heslop Medal
Tony Buzzard

The RACS International Medal
Rowan Nicks
William Cummings

ESR Hughes Award
Hugh Martin
Marius Fahrer

Gordon Trinca Medal
A/Prof Peter Danne

Provincial Surgeons Award
Charles Butcher

Prince Henry Medal
Prof Wayne Morrison

Benefactors List

Dick Bennett
The late Eric Bishop
The late Marjory Edwards
The late Margorie Hooper
The late Eugenie Johnston
The late Thomas Kelly
Henry Lumeley – the Henry Lumeley Charitable Trust and the Edward Lumeley Fellowship Fund
The late Sir Roy McCaughhey
The Paul Mackay Bolton Foundation
Gordon Moffatt

Sponsors

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ANZ Private Bank
Applied Medical
AstraZeneca
Centre of National Research on Disability and Rehabilitation
Medicine (CONROD) and the Queensland Motor Accident Insurance Commission (QMAIC)

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Preceding page

Royal Australasian College of Surgeons

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