GOVERNANCE MANAGEMENT REPORT

International Perspective
It is salutary at this time to reflect on the impact of international events on the College. The Bali bombings, the Pakistan earthquake and the Tsunami were devastating and in 2006 the skills of our surgeons were again put to the test in these environments. Surgical teams departing from Australia to disaster areas are now a regular event. The College Trauma committee continues to work closely with government agencies to ensure skilled surgeons can be rapidly linked to these events. This is a vital role for our countries to play and it is an enormous commitment by our Fellows.

Equally, there are enormous changes affecting health service delivery across the world. Challenged by ageing populations, financial pressures and workforce shortages, governments are all trying to identify solutions for the local health crisis. Split funding and responsibility, poor focus on health outcomes and lack of clinician involvement need to be corrected for reform to occur successfully.

Task Substitution and Leadership by Surgeons
Internationally, task substitution and delegation is being well canvassed. The College published an article in the Medical Journal of Australia [2006; 185 (1): 25-26] clearly stating our position on this issue. The College stands for standards of surgical care. The Physician Assistant model in the United States has existed for many years and provides efficiencies for clinical care and enables the smoother interaction of surgical practices with hospitals and patients. Clinical tasks can be delegated for ongoing counselling or post-operative care. However the responsibility of these tasks has not been abrogated. The surgeon as leader of the team is clearly the point of contact for clinical decision making. Much has been made of some initial work undertaken in the United Kingdom about developing nurse qualified surgical practitioners. Although the Royal College of Surgeons England has been highly involved with the curricula development, it is debatable whether the benefits justify the investment. Proponents in Australia and New Zealand need to define the need particularly as these initiatives could disadvantage surgical Trainees in gaining the breadth of training required.

Productivity Commission and Ongoing Reviews
The Productivity Commission initiated a review of health professionals with the published intent of gaining ‘efficiencies’ in the health sector. The Council of Australian Governments accepted certain recommendations from the report and proposed a system of national (instead of state-based) registration and accreditation of training programs with an “all of health” approach. The College, along with the Committee of Presidents of Medical Colleges and the Australian Medical Association has been highly involved in ongoing discussions to emphasise the concerns of this “all of health” approach. The initial proposal placed on the table at the end of 2006 was destined to create more bureaucracy and decrease standards and quality. The Australian Medical Council (AMC) is viewed as a successful model which has provided focus and direction for the accreditation of training at a medical school and College level. Changing this would be highly inappropriate. National uniform, portable registration with state-based regulatory and disciplinary arms is desirable. The AMC should continue its well documented role in accreditation of medical education and training, and can be used as a model for other health professionals. The process must be profession specific. It is impractical and unacceptable for medical registration, regulation and accreditation to be subsumed by an overarching health professional “Authority”.

Russell Stitz, President
**Surgeons as Professionals**

The international medical literature continues to highlight the importance of this role. Yet in the frenetic nature of modern life it may be this core role that is diminished. As the College continues to evolve as a College of Surgical Specialties developing the role of the Health Professional and the Health Advocate will be critical. This will not be an easy debate as the various governments and health departments do not want surgeons in this role. We are too honest and too direct for their liking. However, it is critical that we bring forward our views on the health of our patients and the community in a way that encourages and indeed forces the debate. Governments are determined to hide their problems and belittle their detractors. The role of the College in progressing issues for all of surgery is to determine the problems, highlight the concerns and stand our ground. For too long we have been portrayed as a self-serving organisation. We are uniquely placed to fearlessly determine the issues to be addressed and advocate for solutions.

**Opening ourselves to scrutiny**

The role of our Expert Community Advisor on Council provides much depth. The Hon Geoff Davies AO is enormously experienced in issues of law, senior government reviews and community advocacy. He is gifted in being able to prioritise issues of concern and highlight areas for debate. The role of Advisor is early in its development but will be invaluable as the College moves forward. We will progressively be implementing this model in a number of our core committees. The Education Board appointed Professor David Barr AM with his vast experience in the educational arena and complemented by his recent role as CEO of the Urological Society of Australia and New Zealand (USANZ) to assist in this role. These key appointments join our long established roles of financial advisors, contributors to our ethics and appeals committees and various training courses, to ensure the College maintains a fully open perspective on critical issues.

**Australian Medical Council and Accreditation**

The accreditation of our training courses by the AMC is a clear statement of the standards we achieve. Having been one of the first Colleges accredited, our next accreditation is due in mid 2007. It will pick up on the improvements made and in particular the development of all our surgical competencies. There will be a substantial focus on Continuing Professional Development in the context that education is a life-long commitment. The AMC will also analyse the introduction of the new Surgical Education and Training program.

**Collaboration between the College and the Specialist Societies**

None of our educational initiatives at a pre-Fellowship or post-Fellowship level would be successful without the co-operation and drive of both the College and the specialist societies/associations. There will always be a potential tension as the Specialist Groups become larger and more organisationally mature, and assert their right to be autonomous and independent of the College. The College governance must evolve to accommodate these trends. At the same time the role of the Specialist Groups will be to give us protection from prosecution under the Trade Practices Act was due to be renewed and after deliberation with the specialist societies/associations this renewal was not activated. This has saved us considerable monetary expense as well as the opportunity cost and distraction. Our decision to withdraw from the authorisation is now substantially in effect with the final components to cease in mid 2007. The New Zealand equivalent to the ACCC, the New Zealand Commerce Commission also finalised their review by concluding that the College was not anti-competitive and that any shortage of surgeons was due to lack of funding of surgical services and training opportunities.

**Trade-mark - The Coat of Arms and FRACS**

The College has moved to identify our Intellectual Property and ensure it is protected. This refers not only to our curricula and edu-
cation programs but also the College Coat of Arms and our post-nominals. After a lengthy process this has now been achieved and will be important for our ‘branding’ and profile.

ANZ Journal of Surgery
Our thanks are extended to Professor Bob Thomas who has guided the Journal for the past six years as Editor in Chief. The challenge of properly reflecting surgery as a whole in a world of increasing technical specialisation is still with us, but importantly the Journal is respected as a most important factory for training, the College continues to position the Journal to be of most value to the Fellows and Trainees of the College.

Surgical Workforce
With an international shortage of medical specialists, governments and associated bureaucracies are endeavouring to make all Colleges responsible for this catastrophe. Government policy over the past 20 years has been strategically flawed. Numerous medical bodies have been highlighting this for over ten years. It is no surprise that we are now confronting these problems. Our training numbers and graduating numbers are increasing. However, it is significant that many of our Fellows cannot obtain appropriate public hospital appointments. As the public hospitals continue to be funded at inadequate levels, elective surgery in some specialties and in certain procedural areas is compromised in the public sector. These factors cloud government workforce projections. The College published a number of articles about Surgical Workforce in 2006 and in particular surgeons’ retirement intentions to highlight this. Governments need to commit to sustainable surgical services and training opportunities to ensure we have an adequate surgical workforce in the future.

Training Surgeons away from Public Hospitals
With the public sector becoming less satisfactory for training, the College continues to look to simulation environments and the private sector for more training opportunities. As a strong supporter of the simulation environment for many years it is really pleasing that the information technology advances are now making this more of a reality. There are robust studies demonstrating how training times can be shortened and issues of standards more stringently scrutinised in this environment.

The Commonwealth Government has completed its assessment of the potential for private sector training. Like so many government initiatives when both federal and state governments need to interact, this has been an incredibly slow and frustrating process as their separate agendas play out. However the workforce pressures will drive this process. At times, the Fellowship has been ambivalent over this initiative. However, properly supported with safeguards of patient safety fully in place, these initiatives will be beneficial. The College looks forward to embracing the direction as currently discussed and working with Fellows when they believe this can be introduced in a sensible manner.

Partnerships in Training
2006 could be viewed as the year when the medical colleges stared down aggressively competitive training models from the universities. A number of universities felt that an adversarial and competitive model would progress their agendas. They did not achieve strong endorsement at any level. The College is now working with a number of universities to progress the collaborative models that we have developed in the past. In the future surgical training may in part involve universities. The College needs to determine the best models that will deliver the standards that are required. Equally, the various regional governments need to be organised in making resources available for training in the hospitals. This may be via direct funding or networked funding.

New Surgical Education and Training program (SET)
The decision to see the start of the new training program in 2008 has meant a substantial amount of work. The Education Board has overseen the development of SET which will retain the strengths of our current training programs. There will be one point of selection into one of the nine disciplines with more robust in-training assessment. A substantial consultative process has occurred across Australia and New Zealand to ensure a high level of awareness and the SET Working Party under the chairmanship of Professor Ian Gough and in particular the Specialty Board Chairs need to be congratulated for their efforts in progressing this important initiative within a tight time frame.

Launch of ASSET
Basic Surgical Skills has been a fundamental component of the College’s skills courses for a number of years. A substantial amount of work by a number of Fellows saw the revamped version launched with the production of a highly regarded DVD. It is our hope that the initial part of this course can be re-configured and made more broadly available through hospitals and training networks to all potential surgical Trainees.

Trainees Association
The Interim Trainees Association was formed and trainee representatives attended a number of the College committees. These younger members are the future of the College. The inclusion of the Trainees in all deliberations is long overdue and already has had positive results.
Safe Working Hours
Safe working hours may have commenced as a work-life balance issue but it is strongly endorsed today as a quality requirement. The evidence indicates that, when working for excessive hours, training is blunted, skills are diminished and risks increased. The College strongly supports the AMA guidelines and will continue to look for these in all accreditation activities.

Examination
The Fellowship Examination is the College ‘gold standard’ in assessing competency. In 2006, 225 candidates sat with an overall pass rate of 83 per cent.

Standards and the Evolving Role of the College
As the College continues to develop the model of partnering with Surgical Specialties as an overarching generic surgical organisation, it will be increasingly important to define our activities within this model. The College has a vital role to support and advocate the professional role of being a surgeon within the community. The College needs to provide the capacity and guidelines for surgeons to maintain their standards. The documentation needs to be administratively streamlined. CPD is not a paper shuffle but an expectation that all of us will attend courses and activities to update our skills as well as be involved in meaningful audit and peer review. Given the breadth of activities undertaken by a professional this can be within a highly technical area where the courses are often provided internationally within a specific sub-specialty; they can also be more general in areas such as communication, management or ethics. The role of the College is to ensure these are understood and respected as part of Professional Development. Although the Annual Scientific Congress provides specialty-specific medical educational opportunities for some specialties, the Congress’s appeal will become increasingly orientated towards multidisciplinary, non-technical and generic educational activities. It is the role of the individual specialty groups to provide and foster specialty specific CME which the College will facilitate by such measures as the College Visitor program. ASC attendances have continued to increase as the meeting endeavours to provide a forum for plenary and generic surgical matters.

Remediation
Often the College is involved when Fellows are no longer maintaining the required standards across all of their surgical practice. There can be many reasons for this during a professional career. The College is firmly committed to remediation when issues are brought to our attention. Ensuring that Fellows can be re-skilled and equipped to be active again within the workforce is vital. Often this requires additional training and this needs to be expedited by other Fellows of the College. The College is grateful for the support that is given in this regard and the College is attempting to refine the processes via the Competence and Performance Working Party chaired by Ian Dickinson.

Services to the Fellowship
One of the major endeavours this year has been the re-vamping of our library resources into an enhanced presence on the web and internet access to the library and journals. This has been enormously powerful and very well received. The top 10 journals have each had between 3000 and 7500 full-text articles downloaded in the past 12 months, with the most popular journal being the Journal of the American Academy of Orthopaedic Surgeons. Equally the Find-a-Surgeon on the web is accessed by thousands of members of the public per month. It is a most effective way of surgeons being recognised as Fellows of the College. In 2007, only Fellows who are CPD compliant will be listed.

Professional Development and Services
The College has recognised the need to drive issues specifically related to Professional Development and Fellowship Services. Consequently there have been changes in the governance structures to improve this process. Associate Professor Rob Atkinson as the Professional Development Chair, meets monthly with Councillors and key management staff and Mr Ross Blair, as Fellowship Services Chair together with Councillors and key management staff have progressed issues of service development.

Research and Audit
The College remains highly committed to the ongoing development of the scientific basis of surgery and this is focused particularly through our research scholarships. The College contributes over $1million per year to these activities with endowments making a substantial contribution but also $600,000 coming from subscriptions.

Importantly, the work of ASERNIPs is now recognised internationally in the world of health evaluation. The various tools including detailed literature reviews as well as ongoing horizon scanning, ensures that the surgical profession of Australia and New Zealand can be kept appropriately informed of world-wide trends and the careful evaluation of potential new procedures. The College continues to lobby the Federal Government to provide adequate long-term financial support for this important activity.

The Audit of Surgical Mortality is being implemented progressively across Australia. The power of having comparable data sets from each region will be substantial. Already the West Australian experience has resulted in substantial initiatives to improve the systems within hospitals. Issues of DVT prophylaxis, post operative fluid replacement and intensive care support are all critical to the care of the patient. Professor Guy Maddern directs this portfolio with considerable enthusiasm.

International Aid projects
Fellows continue to provide good works through our International Aid projects. With funding coming from external bodies, but particularly from groups such as AusAID, enormous contributions to the health of the people of our neighbouring countries have been made. Importantly our programs are now often focused on sustainability. The
training of surgeons and nursing staff has made steady progress over the past 10 years. In Papua New Guinea the number of locally trained staff in a number of specialties has increased significantly and ensures that services can be continued between visits. Also the ongoing care to war-torn zones like East Timor continues, but with very careful monitoring of the safety of the staff concerned. We acknowledge publicly the tremendous service provided by Fellows who contribute to these programs.

**Resources**

All the initiatives detailed above depend on a well functioning College infrastructure. The College has offices in all states of Australia and in New Zealand and encourages all Fellows to use them. Ensuring that we are supported by a staff that is dedicated and professional and with focussed building and information technology infrastructure is essential. In an organisation which relies on fees and subscriptions, obtaining value for money is vital. Mr Andrew Sutherland has provided excellent stewardship in the Treasurer’s role. In addition, we thank our honorary financial advisers and the staff who ensure that we have robust financial processes and adequate returns on College investments.

**Contribution of many**

None of the work of the College occurs without significant contribution from lots of Fellows in a pro-bono capacity. In particular, the contribution of Councillors who finished their involvement at the Annual General Meeting in May 2006 needs to be highlighted. This included Professor Michael Grigg as the Vascular Surgery representative and Professor Paddy Dewan as a General Elected Councillor. Mr Richard Hanney as the representative of the Younger Fellows had attended a number of Council meetings and his passion was critical in ensuring the Trainees Association was launched. Also welcomed onto Council was Mr Mike Sexton as the representative of the Divisional Group of Rural Surgeons and Mr Mike Hollands and Mr Jim Powell as General Elected Councillors. Professor Peter Woodruff joined the Council again as the Specialty Elected Councillor representing Vascular Surgery. The position of Councillor is a demanding one but is only one of so many ways in which Fellows contribute in a pro-bono manner. Trainees, Supervisors and Examiners contribute an immense amount of time and our warmest thanks are extended to all of these Fellows.

It is important to highlight how effective the partnerships between Office Bearers and senior staff are in the provision of College services. The Vice President, Professor Deane, is assisted by Mrs Ann Wright, Director Relations, the Treasurer, Mr Sutherland, is assisted by Mr Ian Burke, Director, Resources. The Censor in Chief, Professor Ian Gough, is assisted by Mrs Kathleen Hickey, Director Basic Surgical Training and Skills and Dr Anne Ellison, Director Specialist Surgical Training and Assessment and the Chair of Professional Development and Standards Ian Dickinson is assisted by Dr Pam Montgomery, Director Fellowship and Standards, Dr Wendy Babidge, Director Research and Audit and Mrs Daliah Moss, Director External Affairs.

Thanks are certainly due to the staff of the College. The staff have worked tirelessly to implement the substantial changes, innovation and new initiatives throughout the year. Behind the scenes, the hard work of the staff is vital to the smooth running of the College and we are indebted to their dedication in making things happen.

The contribution of the Fellows on staff is also important with Dr Diane Hartley now being the Clinical Director of the International Medical Graduates Assessment Unit.

Dr Hartley joins Professor Collins, Dean of Education, Dr John Quinn and Mr John Simpson, Executive Directors of Surgical Affairs, Mr Don Murphy, Clinical Director Skills Centre and Mr Campbell Miles, ASC Scientific Coordinator.

**Regional Committees**

The College is keen to promote the activities of the Regional Committees and the National Board in New Zealand. The Relationships Board includes all the Regional Chairs who are encouraged to use this Board to influence the decisions of the Council. Each region needs to maximise interaction between the specialty groups and develop an active political interface at the regional level. The Northern Territory will launch its Regional Committee in 2007 under the Chair of John Wardill.

**Future**

The College is now moving beyond the ACCC Authorisation and with an exciting new Surgical Education and Training program will establish itself at the forefront of vocational training in Australia and New Zealand and internationally. However many challenges remain. Our professional status and integrity are under ongoing challenge in the health sector. Government strategy and policy are often badly flawed and surgeons must influence the direction of health care. The strength of the College is in its common purpose in pushing for the maintenance of standards and the safety of surgical care for the community. The College in partnership with Specialty Societies and Associations must evolve and modernise to reflect the views of the Fellowship in the Regions and in New Zealand, at the same time as providing clinically orientated solutions for over bureaucratised, inefficient health systems which are under considerable stress.

*Dr Russell Sitz, President*
*Dr David Hillis, Chief Executive Officer*
GOVERNANCE MANAGEMENT REPORT

Surgical Workforce

Our current Trainee and active Fellow profile is detailed in the following tables.

Table: 1. All BST Trainees by region by year of training

<table>
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<th>TAS</th>
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<th>Total '06</th>
<th>Total '05</th>
<th>Total '05/ '06</th>
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Table: 31. Specialist Surgical Trainees*, by year of training and location of hospital post

*Specialist surgical Trainees in this table include all Trainees who were active in training posts, active and on accredited research, active and exam pending as well as inactive Trainees on an approved leave of absence from training. Deferred Trainees are not included in this report. Source: RACS (2006) Management Report, As at December 30th 2006

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Table: 73. Active Fellowship by region by all specialty groups

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<td>1018</td>
<td>323</td>
<td>3819</td>
<td>4861</td>
<td>4.7%</td>
</tr>
</tbody>
</table>


*Region is based on current practice or mailing address or if unavailable, last known address

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The Financial Report for the year ended 31 December 2006 is presented together with the Auditor’s Report to the College for 2006.

It is my pleasure to present this report and highlight the sound financial position of the College.

**Income Statement**

Total revenue in 2006 was $36,017k compared to $34,301k in 2005 while expenditure was $33,211k compared to $30,904k in 2005. This has resulted in an overall surplus of $2,807k compared to $3,397k in 2005.

The College Investment Portfolio is managed by the Investment Committee and in 2006 their endeavours resulted in an above market return of 19.2 per cent. 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 its activities are managed and reported.

**College Operations** are the core operational activities including Fellowship Services, Education and Training, Conferences and Workshops, the Annual Scientific Conference, College funded scholarships, Administration, Leadership and Corporate Governance.

In 2006, this revenue amounted to $24,455k compared to $22,391k in 2005 while expenditure was $25,975k compared to $24,559k in the previous year.

Overall, the deficit relating to operational activities for 2006 was $1,520k compared to a deficit of $2,168k in 2005. This includes a significant ongoing investment in our educational and training infrastructure which will continue with the implementation of the Surgical Education and Training program (SET).

**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 Islands Project III, Papua New Guinea Tertiary Health Service III, East Timor Specialist Services, Nusa Tenggara Timur Specialist Services, Medical Equipment Maintenance Program to the Pacific and Mortality Audits. It is anticipated that all deliverables will be achieved within the requirements of the project contracts.

In 2006, project revenue amounted to $7,119k compared to $6,337k in 2005 and expenditure was $6,763k compared to $5,902k in 2005 resulting in a surplus of $356k compared to $435k in 2005.

All revenue and expenditure relating to College projects is now recognised progressively throughout the life of the project in accordance with contractual obligations. A number of these activities do not completely cover their overheads and are therefore cross subsidised by the College and in 2006 this subsidy was $471k.

**Scholarships and Research Grants** of $456k are funded from College investments committed to this purpose and in addition College scholarships of $543k are funded from College operations giving a total commitment for scholarships of $999k.

The investment return of 19.2 percent on the committed bequest funds of $11 million and donations of $73k resulted in revenue of $2,380k in 2006 compared to $2,563k in 2005. These returns will ensure the continuation of scholarships in accordance with the conditions of the bequests. Expenditure was $456k compared to $411k in 2005. Overall, the surplus for 2006 was $1,924k compared to $2,152k in 2005.

**Foundation and Investment Reserve** includes donations and philanthropic activities and returns on uncommitted funds from the investment portfolio.

Revenue for 2006 was $2,063k compared to $3,010k in 2005 while expenditure was $16k in 2006 compared to $32k in 2005. Overall, the surplus for 2006 was $2,047k compared to $2,978k in 2005.

**Highlights – 2006**

- Revenue from Subscriptions, Fees & Levies of $7,799k compared to $7,623k received in 2005.
- Investment returns for the College Investment portfolio of 19.2 per cent in 2006 continue to meet or exceed market performance.
- Examination and Training Fees generated $12,408k compared to $11,013k in 2005. This increase reflects the increase in trainee numbers and approved fee increases.
- Personnel costs and consultancy fees remain the dominant expenses relating to the College activities and were $13,962k compared with $12,995k in 2005. Overall increases for this expenditure on College projects were $639k which was supported by project funding. Operational increases of $328k related to increased activities across most key areas of College activities.
- In 2006 Research and Education scholarships contribution from College operations was $567k compared to $560k in 2005. In addition, bequest scholarships, funded from income earned by bequest funds, was $432k compared to $357k in 2005.

**Balance Sheet**

The Balance Sheet shows that College Funds and Reserves have increased by 7.2 percent to $41,535k.

Key movements in assets included a decrease in cash and cash equivalents of $3,534k offset by increases in investments held for trading of $4,460 and trade and other receivables of $2,771k. There was an increase in current liabilities of $1,114k which has been offset by a reduction in interest-bearing loans of $1,000k.

Investment funds held by the College amount to $27,890k of which $21,810k relates to bequests, funds held for societies and associations, projects and the Foundation for Surgery. The Investment Reserve of $4,978k includes revenue from investment returns on uncommitted funds in the investment portfolio. These returns are set aside for future developments as approved by Council.

**Cash Flow statement**

The Cash Flow statement indicates a positive cash flow for 2006 provided by operating activities of $306k and a net decrease in cash held of $3,534k from 2005 represented by a pay down of commercial bills of $1,000k, acquisition of fixed assets of $1,110k and acquisitions of investment of $1,731k.
The current activities and reporting structure continue to improve the administration and management of the College.

In summary this sound financial position has enabled:

- The development of the new SET program for implementation in 2007 and 2008.
- The support for the funding of the Investment Reserve which now totals $4,978k.
- Annual increases in Fellows’ subscriptions and fees being held at the level of the CPI.
- The reduction in borrowings for the East Wing loan from $4,000k to $3,000k in 2006.
- Investment in infrastructure (particularly IT web development and applications) to enable better levels of service and support be provided to Trainees and Fellows.
- Refurbishment and renovation of College properties to improve utilisation and availability of resources, especially in the regional offices.

In closing I would like to acknowledge the services of our Honorary Advisers for which the College remains indebted. I would like to thank Mr Anthony Lewis (Audit & Finance), Mr Robert Milne (Property), Mr Doug Oldfield OAM (Finance), Mr Brian Randall (Investment) and Mr Ken Welfare (Investment) for their generous and valued support during the year. The College Solicitor, Mr Michael Gorton AM continues to provide invaluable support in legal and governance matters to the College and Mr Graeme Hope of Goldman Sachs JBWere continues to provide excellent service in the management of our investment portfolio.

The College is extremely grateful to all our Honorary Advisors for their wise counsel and support in relation to finance, investment, and property and audit matters. I would also like to thank the Director of Resources, Mr Ian Burke, and all the management and staff of the Division for their ongoing hard work and commitment in support of my role.

-Andrew Sutherland, Honorary Treasurer
22 February 2007

Councillors’ Declaration

The Councillors of the Royal Australasian College of Surgeons declare that the summarised financial report set out on pages eight to 10 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 2006.

On behalf of the Councillors
R W Stitz ................................. President
A D Sutherland ...............Honorary Treasurer
D J Hills .............Chief Executive Officer

Independent Audit Report to Fellows of Royal Australasian College of Surgeons

We have audited the summarised financial report of the Royal Australasian College of Surgeons as at 31 December 2006, 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 Royal Australasian College of Surgeons annual statutory financial report for the year ended 31 December 2006.

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 our audit report on the annual statutory financial report.

Ernst & Young
Stuart Painter
Partner
Melbourne
22 February 2007

<table>
<thead>
<tr>
<th>Item</th>
<th>2006 $</th>
<th>2005 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operating activities</td>
<td>36,017,254</td>
<td>34,301,383</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>11,665,171</td>
<td>10,344,488</td>
</tr>
<tr>
<td>Consultants fees</td>
<td>2,297,204</td>
<td>2,650,913</td>
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<tr>
<td>Telephone, teleconference and audio-visual costs</td>
<td>715,791</td>
<td>732,408</td>
</tr>
<tr>
<td>Printing, stationary and photocopying</td>
<td>1,435,451</td>
<td>1,318,187</td>
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<td>Postage and courier costs</td>
<td>579,232</td>
<td>548,110</td>
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<td>Information system costs</td>
<td>680,071</td>
<td>608,566</td>
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<tr>
<td>Travel &amp; accommodation</td>
<td>4,117,806</td>
<td>3,822,958</td>
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<tr>
<td>Associations and Publications</td>
<td>187,075</td>
<td>172,898</td>
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<tr>
<td>Audit, legal and professional fees</td>
<td>418,424</td>
<td>468,211</td>
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<tr>
<td>Bank fees and merchant charges</td>
<td>371,337</td>
<td>458,955</td>
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<tr>
<td>Borrowing costs</td>
<td>515,645</td>
<td>245,882</td>
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<tr>
<td>Rent, rates, power, repairs and other property costs</td>
<td>1,118,180</td>
<td>1,175,618</td>
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<tr>
<td>Insurance</td>
<td>249,597</td>
<td>273,626</td>
</tr>
<tr>
<td>Equipment purchases, hire and repairs</td>
<td>556,532</td>
<td>297,089</td>
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<tr>
<td>Training manuals and consumables used in education and field projects</td>
<td>1,047,290</td>
<td>774,327</td>
</tr>
<tr>
<td>Scholarships / Fellowships</td>
<td>999,004</td>
<td>917,045</td>
</tr>
<tr>
<td>Awards, Gifts and Prizes</td>
<td>333,549</td>
<td>707,166</td>
</tr>
<tr>
<td>Facilities hire and catering costs</td>
<td>2,405,173</td>
<td>1,834,679</td>
</tr>
<tr>
<td>Foreign Exchange loss</td>
<td>123,616</td>
<td>137,677</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>1,690,238</td>
<td>1,908,714</td>
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<tr>
<td>Specialist Societies Funding and Office Bearers Costs</td>
<td>1,527,739</td>
<td>1,364,264</td>
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<tr>
<td>Doubtful debts expense / (reversal)</td>
<td>(123,507)</td>
<td>(164,399)</td>
</tr>
<tr>
<td>Other expenses from operating activities</td>
<td>300,068</td>
<td>306,554</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>33,210,677</td>
<td>30,903,935</td>
</tr>
<tr>
<td>Surplus</td>
<td>2,806,577</td>
<td>3,397,451</td>
</tr>
</tbody>
</table>
### Balance Sheet as at 31 December 2006

#### ASSETS

**Current Assets**


**Non-Current Assets**


**Total Assets**: $72,008,810 (2006), $68,981,559 (2005)

#### LIABILITIES

**Current Liabilities**
- Funds held on behalf of others: $2,690,093 (2006), $2,455,853 (2005)


**Non-Current Liabilities**
- Interest bearing loans and liabilities: $3,000,000 (2006), $4,000,000 (2005)


#### COLLEGE FUNDS AND RESERVES

**Total College Funds and Reserves**: $41,535,480 (2006), $38,728,903 (2005)

### Cash Flow Statement for the Financial Year ended 31 December 2006

#### Cash Flows from Operating Activities
- Conference registrations: $2,635,196 (2006), $1,923,268 (2005)
- Other income: $1,374,788 (2006), $1,283,279 (2005)

**Net cash provided by operating activities**: $305,711 (2006), $4,314,847 (2005)

#### Cash Flows from financing and investing activities
- Commercial bill facility used (repaid): $(1,000,000) (2006), $(1,000,000) (2005)
- Net movement from investment securities: $(1,730,590) (2006), $1,928,804 (2005)
- Payments for property plant and equipment: $(1,109,553) (2006), $(1,628,500) (2005)


**Net increase / (decrease) in cash held**: $(3,534,432) (2006), $3,615,151 (2005)

**Cash at beginning of financial year**: $10,786,783 (2006), $7,171,632 (2005)

**Cash at the end of the financial year**: $7,252,351 (2006), $10,786,783 (2005)


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2006 Revenue

- Project income & associated fees
- Advertising & royalties
- Sundry income
- Subscriptions & entrance fees
- Other Subscription fees & levies
- Training, Examination & Assessment fees
- Sponsorship & donations
- Conference registrations
- Property rental & recoveries
- Investment income & bank interest
- External management fee income

2006 Expenditure

- Depreciation
- Sundry expenditure
- Doubtful debts
- Committee, societies & office bearer
- Catering
- Venue hire
- Awards, grants, gifts & prizes
- Scholarships/Fellowships
- Course materials
- Equipment costs
- Insurance
- Property expenditure
- Bank fees
- Audit, legal & professional fees
- Associations & publications
- Travel & accommodation
- Computer-related expenditure
- Communications
- Postage, courier & freight
- Consultants fees
- Subscriptions & entrance fees
- Staff payroll & ancillary costs
- Foreign exchange loss

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New Fellows 2006

Ibrahim Al-Alawi
John Albietz
Imad Aljarabi
Christopher Allan
Benjamin Allen
Patrick Allwright
Benjamin Anderson
Iman Antoun
Gordon Appiah
David Arderin
Jonathan Askew
Nazih Assaad
Zsolt Balogh
Karen Barclay
Peter Bautz
Malcolm Begg
Frederick Betros
Thomas Bowles
David Bowyer
Peter Bray
Timothy Bright
Nazih Assaad
Zsolt Balogh
Karen Barclay
Peter Bautz
Malcolm Begg
Frederick Betros
Thomas Bowles
David Bowyer
Peter Bray
Timothy Bright

Deaths of Fellows

Munro Alexander
Brian Barratt-Boyes
Mario Benaristo
John Bignell
Walter Boerema
John Borrie
Volney Bulteau
Hugh Chesterfield-Evans
Adrian Cousins
David Crompton
William Deane-Butcher
Noel Digby
Nigel Fox
Walter Georgeson
Michael Giles
Alexander Gorski
Eric Goulston
Ernest Green
Peter Hart
Alexander Hodge
Michael Horne
Ashok Josh
Cecil Lewis
Gareth Long
Robert MacGregor
Christopher Martin
Philip Nash
Thomas O’Donnell
James O’Reilly
Lindsay Poole
John Raine
Alexander Rollo
Hugh Ryan
Harman Smith
Hugh Stevens
Constantin Vasilescu
Michael Wertheimer
Gordon Young

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Janaka Wickremesekera
Martin Wood
Lisa Wynne
Arkadiusz Wysocki
Vincent Yap
Mee Yew
Ming Yew
Ho Yuen
Rene Zellweger
College Supporters

Benefactor List
- Dick Bennett
- The late Eric Bishop
- The late Mrs Marjory Edwards
- The late Margorie Hooper
- The late T.D. Kelly
- Mr Henry Lumley Esq the Henry Lumley Charitable Trust and the Edward Lumley Fellowship Fund
- The late Sir Roy McCaughey
- The Paul Mackay Bolton Foundation
- Gordon McFatt
- Brian Morgan
- Elisabeth Marson
- Rowan Nicks
- William Norman
- Emeritus Professor Murray Phelis
- and Mrs Unity Phelis
- Mrs Diana Ramsay AO
- Francis and Phyllis Thornell-Child Memorial Trust for Medical Research
- The late Alan Worcester
- The late Charles Wilson
- Elisabeth Unsworth

Sponsors
- Ansell
- ANZ Private Bank
- Applied Medical
- AstraZeneca
- Australian Society of Plastic Surgeons (ASPS) and New Zealand Association of Plastic Surgery (NZAPS)
- Centre of National Research on Disability and Rehabilitation Medicine (COnROD) & the Queensland Motor Accident Insurance Commission (QMAIC)
- Conmed Linvatec
- Goldman Sachs
- JBVere
- Johnson & Johnson
- Kimberly-Clark
- Macquarie Hospital Services
- Matrix Surgical
- MDA National
- Medic Vision
- Merrill Lynch
- Olympus
- Ramsay Health Care
- Russell Kennedy
- Sanofi-Aventis
- Smith & Nephew
- Sporting Chance Cancer Foundation
- Stryker
- Tyco Healthcare
- United Medical Protection

Honours and Awards 2006

Australia Day Honours
- AC
  - Villis Marshall
- AO
  - Brian North
- AM
  - John Baker
  - Geoffrey Bird
  - Frances Booth
  - Bernard Einoder
  - Kingsley Faulkner
  - John Frawley
  - Francis Smyth
  - David Vickers
  - Daryl Wall
- OAM
  - Peter Hardy-Smith
  - Ralph Higgins
  - Rodney Kirkwood
  - Leslie Rae
  - Peter Zelas

Queen’s Birthday
- AM
  - Hugh Martin
- OAM
  - Robert Kearney
  - Suren Krishnan
  - Francis Lang
  - Ivo Vellari
  - Geoffrey Vercoe
- CSM
  - Colonel John Crozier
- Officer of the New Zealand Order of Merit (ONZM)
  - Anne Kolbe
  - Alastair Rothwell

College Honours

Honorary Fellowship
- James Garden
- Franklin Sim
- Patrick Bradley

Award for Excellence in Surgery
- Bob Thomas

Sir Louis Barnett Medal
- Andre van Rij
- Patricia (Trish) Davidson

Colin McRae Medal
- Bill Sugrue

ESR Hughes Award
- John Crozier
  - Don Sheldon

Prince Henry Medal
- Donald Marshall

The RACS Medal
- Norman Fary
  - Keith Solomon

RACS Surgical Research Award
- John Hutton
  - Glyn Jamieson