

Medicare Schedule Review Board

A resource-based model of private
medical practice in Australia - final report

Volume 2 – The model practice for each specialty



December 2000

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1 Summary of model practices

Specialty	No of doctors	Practice cost excluding direct costs and PII	Overhead PII	Procedural PII	Total PII	Total general overhead including PII ¹
		\$	\$	\$	\$	\$
Anaesthetics	7	54,083	12,995	-	12,995	67,078
Cardio-thoracic surgery	3	112,582	4,823	14,264	19,087	131,669
Cardiology	1	134,022	4,823	2,957	7,780	141,802
Dermatology	1	212,223	4,823	2,403	7,226	219,449
ENT surgery	1	167,515	4,823	13,545	18,368	185,883
Gastroenterology	1	131,616	4,823	3,605	8,428	140,044
General medicine	1	128,095	4,823	-	4,823	132,918
General practice ²	1	125,002	2,328	-	2,328	127,330
General practice	2	116,415	2,328	-	2,328	118,743
General practice	3	111,198	2,328	-	2,328	113,526
General practice	4	108,679	2,328	-	2,328	111,007
General surgery	1	130,255	4,823	12,623	17,446	147,701
Intensive care	5	42,493	6,976	-	6,976	49,469
Neurology	1	129,044	4,823	522	5,345	134,389
Neurosurgery	1	129,109	4,823	22,946	27,769	156,878
Obstetrics and Gynaecology ³	1	139,040	4,823	25,469	30,292	169,332
Ophthalmology	1	214,340	4,823	13,454	18,277	232,617
Orthopaedic surgery	1	134,924	4,823	22,105	26,928	161,852
Paediatric medicine	1	132,170	4,810	-	4,810	136,980
Paediatric surgery	1	129,298	4,823	10,863	15,686	144,984
Plastic surgery	1	136,156	4,823	20,604	25,427	161,583
Psychiatry	2	106,325	6,109	-	6,109	112,434
Radiation oncology ⁴	4	776,429	6,541	-	6,541	782,970
Rehabilitation medicine	1	126,556	2,366	-	2,366	128,922
Renal medicine	1	129,277	4,823	-	4,823	134,100
Rheumatology	1	127,617	4,823	-	4,823	132,440
Thoracic medicine	1	133,145	4,823	1,732	6,555	139,700
Urology	1	133,557	4,823	13,404	18,227	151,784
Vascular surgery	1	131,453	4,823	12,437	17,260	148,713

Source: Practice cost study, 31 December 1999

Note 1. Excludes direct costs.

Note 2. The Board asked us to include costs for different sizes of practice, in terms of the number of doctors, for the reasonably efficient model general practice.

Note 3. Costs associated with the provision of Assisted Reproductive Services (incorporating IVF) are treated as direct costs.

Note 4. The model practice for radiation oncology was developed using a different methodology from that used for the other specialties (see Chapter 1).

2 Detailed model practices by specialty

2.1 Anaesthetics

PwC Practice Cost Study - Anaesthetics

Detailed practice cost breakdown	
Number of doctors in model practice	7
Cost category	\$
Wages & staff costs	
Salary & wages	11,732
Superannuation	821
Long service leave	235
Workers compensation insurance	59
Training	54
Total wages & salary	12,901
Occupancy costs	
Rent	4,683
Security	62
Cleaning, laundry & waste disposal	405
Electricity & gas	148
Contents & public liability insurance	167
Magazines	61
Total occupancy costs	5,526
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,040
Computer software & consumables	1,291
Postage, printing & stationery	2,065
Repairs & maintenance - plant & equipment	74
Telephone & fax	2,065
Other	192
Total office expenses	10,652
Other practice costs	
Bad debts	516
Depreciation	1,889
Total other practice costs	2,405
Professional costs	
Subscriptions, journals & registrations	3,025
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,794
Motor vehicle expenses	8,578
Working capital expense - interest	4,227
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	54,083
Professional indemnity insurance (included in overhead)	12,995
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	12,995
* TOTAL GENERAL OVERHEAD	67,078

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.05	39,323
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	1.00	42,800
Technician	\$40,660	0.00	-
	Total	2.05	82,123

Other on-costs

Superannuation rate:	7.00%	SGC rate at 31 December 1999
Long service leave rate:	2.00%	(12 weeks leave after 10 years service - ie. 6 days per year)
Workers compensation insurance rate:	0.50%	

Training costs

Staff training allowance (per staff)	\$186
Income protection insurance (per doctor)	\$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196
6. Anaesthetics composite rate	262	241	315	172	218	206	172	266	218

Accommodation type: Anaesthetics composite rate

Rent rate in use: \$ 262 (70 sq mts @ 'stand alone' + 55 sq mts @ 'hospital co-located')

Practice size (Sq Metre): 125.00

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover	\$511.06
Contents insurance rate per \$1,000	\$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	3.0	465	46
Coffee table	165	10%	1.0	165	17
Reception area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy System (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	9.0	4,646	1,533
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	8.0	6,029	603
Office chair	382	10%	8.0	3,056	306
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	8.0	2,313	231
Book shelves	206	10%	8.0	1,652	165
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	8.0	16,519	5,451
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	7.0	687	69
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	82,240	13,220

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	108,407
Debtors	252,949
Creditors	-72,271
Plant & equipment (50%)	41,120
Total working capital	330,205
Interest charge	29,586
Charge per doctor	\$ 4,227
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

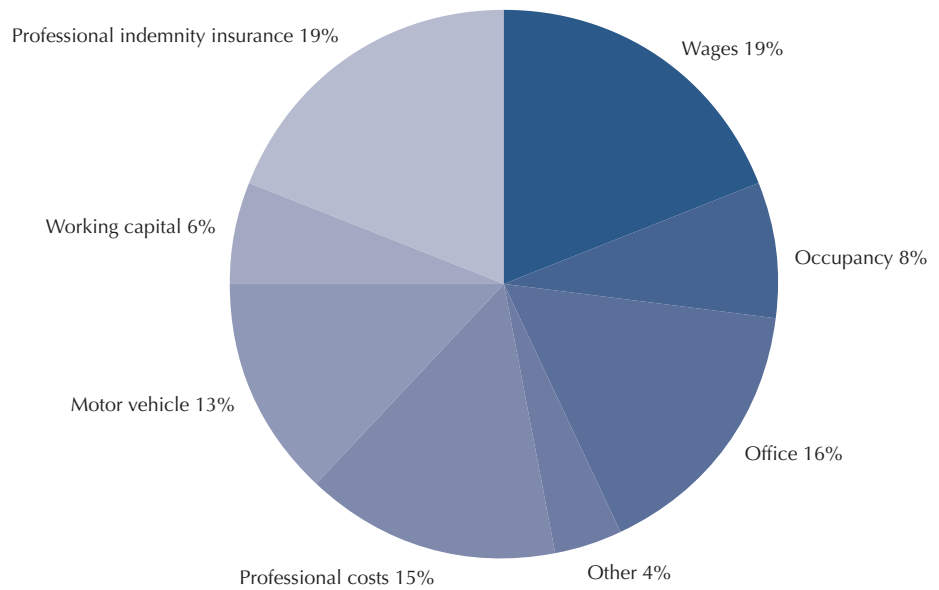
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	18,068
Advertising	2,421
Bad debts	3,614
Bank charges	14,277
Computer software & consumables	9,034
Electricity, gas & water	1,033
Magazines & newspapers	429
Medical waste removal	900
Other	1,342
Postage, printing & stationery	14,454
Professional indemnity insurance	90,965
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	14,454
Subscriptions to associations	21,175

Cost category breakdown - Anaesthetics



2.2 Cardio-thoracic surgery

PwC Practice Cost Study - Cardio-thoracic surgery

Detailed practice cost breakdown	
Number of doctors in model practice	3
Cost category	\$
Wages & staff costs	
Wages & staff costs	
Salary & wages	42,265
Superannuation	2,959
Long service leave	845
Workers compensation insurance	211
Training	204
Total wages & salary	46,485
Occupancy costs	
Rent	13,496
Security	434
Cleaning, laundry & waste disposal	1,676
Electricity & gas	344
Contents & public liability insurance	476
Magazines	429
Total occupancy costs	16,855
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,873
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,899
Other practice costs	
Bad debts	516
Medical supplies	878
Depreciation	4,792
Total other practice costs	6,185
Professional costs	
Subscriptions, journals & registrations	2,628
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,396
Motor vehicle expenses	8,578
Working capital expense - interest	8,184
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	112,582
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	14,264
Total professional indemnity insurance	19,087
* TOTAL GENERAL OVERHEAD	131,669

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	2.70	101,115
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.60	25,680
Technician	\$40,660	0.00	-
	Total	3.30	126,795

Other on-costs

Superannuation rate:	7.00%	SGC rate at 31 December 1999
Long service leave rate:	2.00%	(12 weeks leave after 10 years service - ie. 6 days per year)
Workers compensation insurance rate:	0.50%	

Training costs

Staff training allowance (per staff)	\$ 186
Income protection insurance (per doctor)	\$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 126.50

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover	\$511.06
Contents insurance rate per \$1,000	\$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	8.0	1,239	124
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office desk	754	5%	2.0	1,507	75
Office chair	299	10%	3.0	898	90
Filing cabinet - 4 drawer	289	10%	3.0	867	87
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	3.0	6,195	2,044
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	2.0	2,065	681
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Additional telephone handset	738	10%	2.0	1,476	148
Billing system	3,923	10%	1.0	3,923	392
Incremental licences	1,394	10%	2.0	2,788	279
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	6.0	3,097	1,022
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	3.0	3,097	619
Consulting room:					
Desk	754	10%	3.0	2,261	226
Office chair	382	10%	3.0	1,146	115
Chairs	139	10%	6.0	836	84
Cabinet/credenza	361	10%	3.0	1,084	108
Filing cabinet 4 drawer	289	10%	3.0	867	87
Book shelves	206	10%	3.0	619	62
Additional telephone handset	738	20%	3.0	2,215	443
Computer	2,065	33%	3.0	6,195	2,044
Examination table	310	10%	3.0	929	93
X-ray viewer	206	10%	3.0	619	62
Examination light	310	10%	3.0	929	93
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	3.0	93	9
Stethoscope	98	10%	3.0	294	29
Weight scales	52	20%	3.0	155	31
Desk diagnostic kit	516	10%	3.0	1,549	155
Tympanic thermometer	155	20%	3.0	465	93
Bench top steriliser	5,500	10%	1.0	5,500	550
VCR for angiography	3,095	20%	1.0	3,095	619
Practice fitout					
Rooms fit-out	23,746	5.0%	2.0	47,493	2,375
			Total	114,427	14,375

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	46,460
Debtors	201,327
Creditors	-30,973
Plant & equipment (50%)	57,213
Total working capital	274,027
Interest charge	24,553
Charge per doctor	\$ 8,184
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

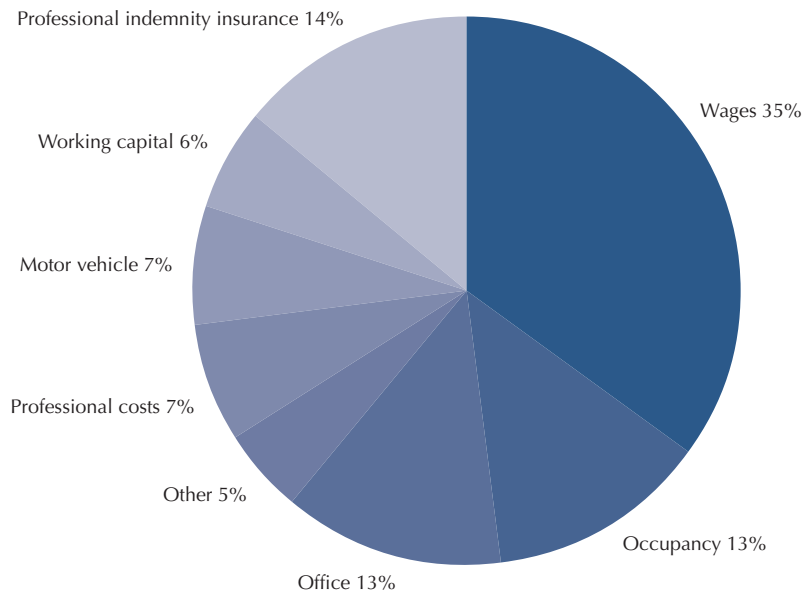
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	7,743
Advertising	1,038
Bad debts	1,549
Bank charges	8,619
Computer software & consumables	3,872
Electricity, gas & water	1,032
Laundry	2,168
Magazines & newspapers	1,288
Medical consumables	2,633
Medical waste removal	900
Other	4,027
Postage, printing & stationery	10,841
Professional indemnity insurance	14,469
Repairs & maintenance - plant & equipment	1,549
Security	1,301
Telephone & fax	13,009
Subscriptions to associations	7,883

Cost category breakdown - Cardio-thoracic surgery



2.3 Cardiology

PwC Practice Cost Study - Cardiology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	1,032
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,961
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,546
Computer software & consumables	1,291
Postage, printing & stationery	4,646
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,646
Other	1,342
Total office expenses	18,914
Other practice costs	
Bad debts	516
Medical supplies	878
Depreciation	6,615
Total other practice costs	8,009
Professional costs	
Subscriptions, journals & registrations	2,560
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,329
Motor vehicle expenses	8,578
Working capital expense - interest	9,508
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	134,022
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	2,957
Total professional indemnity insurance	7,780
* TOTAL GENERAL OVERHEAD	141,802

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate:	7.00%	SGC rate at 31 December 1999
Long service leave rate:	2.00%	(12 weeks leave after 10 years service - ie. 6 days per year)
Workers compensation insurance rate:	0.50%	

Training costs

Staff training allowance (per staff)	\$186
Income protection insurance (per doctor)	\$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover	\$511.06
Contents insurance rate per \$1,000	\$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	72,271
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	106,121
Interest charge	9,508
Charge per doctor	\$ 9,508
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

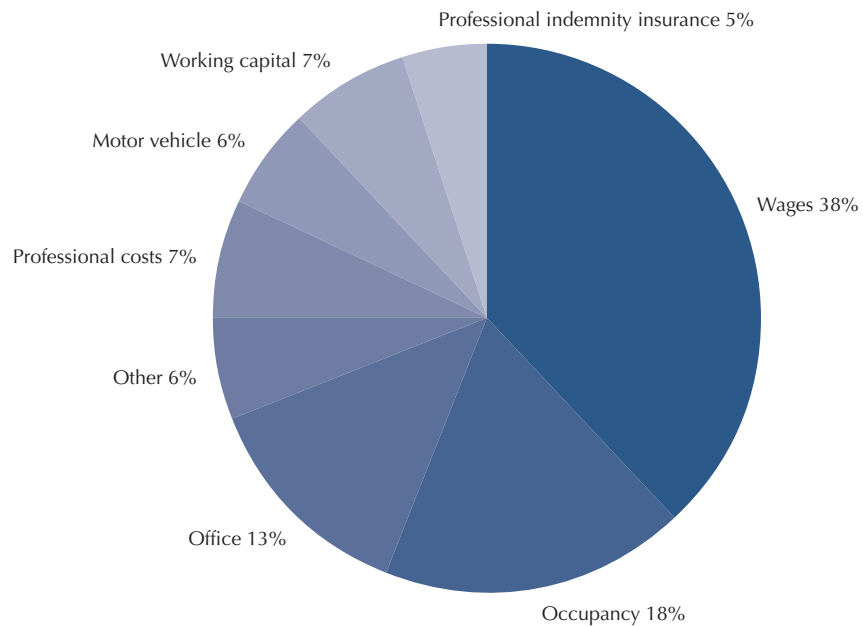
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,546
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	878
Medical waste removal	900
Other	1,342
Postage, printing & stationery	4,646
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,646
Subscriptions to associations	2,560

Cost category breakdown - Cardiology



2.4 Dermatology

PwC Practice Cost Study - Dermatology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	99,510
Superannuation	6,966
Long service leave	1,990
Workers compensation insurance	498
Training	492
Total wages & salary	109,456
Occupancy costs	
Rent	29,642
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	4,188
Electricity & gas	1,032
Contents & public liability insurance	1,078
Magazines	429
Total occupancy costs	39,182
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,302
Computer software & consumables	1,291
Postage, printing & stationery	5,472
Repairs & maintenance - plant & equipment	516
Telephone & fax	3,717
Other	1,342
Total office expenses	18,566
Other practice costs	
Bad debts	516
Medical supplies	9,602
Depreciation	8,425
Total other practice costs	18,543
Professional costs	
Subscriptions, journals & registrations	2,406
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,174
Motor vehicle expenses	8,578
Working capital expense - interest	8,724
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	212,223
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	2,403
Total professional indemnity insurance	7,226
* TOTAL GENERAL OVERHEAD	219,449

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.70	63,665
Registered nurse	\$36,380	0.75	27,285
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	2.65	99,510

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 99.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	8.0	1,239	124
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	2.0	599	60
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Staff room/kitchen area:					
Fridge	774	20%	1.0	774	155
Table	201	10%	1.0	201	20
Chairs	150	10%	2.0	299	30
Urn	206	10%	1.0	206	21
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Examination chair	4,646	20%	1.0	4,646	929
Computer	2,065	33%	1.0	2,065	681
Examination:					
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	2.0	619	62
Minor ops room:					
Trolley (dermatology)	619	10%	1.0	619	62
Procedure couch (dermatology)	1,755	10%	1.0	1,755	176
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Woods lamp (UV Light)	205	10%	1.0	205	21
Microscope	2,065	10%	1.0	2,065	207
Biological incubator	515	10%	1.0	515	52
Dermascope	765	10%	1.0	765	77
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	70,843	8,425

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	56,785
Creditors	-10,324
Plant & equipment (50%)	35,421
Total working capital	97,368
Interest charge	8,724
Charge per doctor	\$ 8,724
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

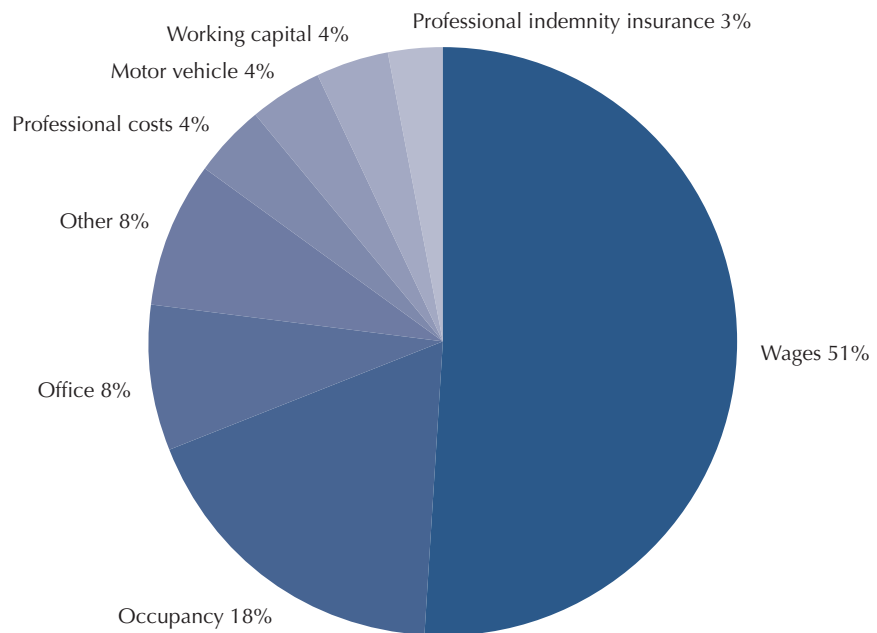
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,302
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	1,755
Magazines & newspapers	429
Medical consumables	9,602
Medical waste removal	900
Other	1,342
Postage, printing & stationery	5,472
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	3,717
Subscriptions to associations	2,406

Cost category breakdown - Dermatology



2.5 ENT surgery

PwC Practice Cost Study - ENT Surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	64,735
Superannuation	4,531
Long service leave	1,295
Workers compensation insurance	324
Training	316
Total wages & salary	71,201
Occupancy costs	
Rent	23,893
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,497
Electricity & gas	1,467
Contents & public liability insurance	1,429
Magazines	429
Total occupancy costs	32,528
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,115
Computer software & consumables	1,291
Postage, printing & stationery	4,517
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,985
Other	1,342
Total office expenses	18,693
Other practice costs	
Bad debts	516
Medical supplies	1,943
Depreciation	12,335
Total other practice costs	14,795
Professional costs	
Subscriptions, journals & registrations	4,267
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	11,036
Motor vehicle expenses	8,578
Working capital expense - interest	10,684
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	167,515
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	13,545
Total professional indemnity insurance	18,368
* TOTAL GENERAL OVERHEAD	185,883

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.05	56,175
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.70	64,735

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 79.80

Cleaning rate per sq metre: \$ 15.49

Statellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	6.0	929	93
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	2.0	599	60
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Additional telephone handset	738	10%	1.0	738	74
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Staff room/kitchen area:					
Fridge	774	20%	1.0	774	155
Table	201	10%	1.0	201	20
Chairs	150	10%	2.0	299	30
Urn	206	10%	1.0	206	21
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Examination chair	4,646	10%	1.0	4,646	465
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Operating microscope	30,975	10%	1.0	30,975	3,098
Tympanometer	3,095	10%	1.0	3,095	310
Multiple small instruments	15,485	10%	1.0	15,485	1,549
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	114,592	12,335

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	56,785
Creditors	-10,324
Plant & equipment (50%)	57,296
Total working capital	119,243
Interest charge	10,684
Charge per doctor	\$ 10,684
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

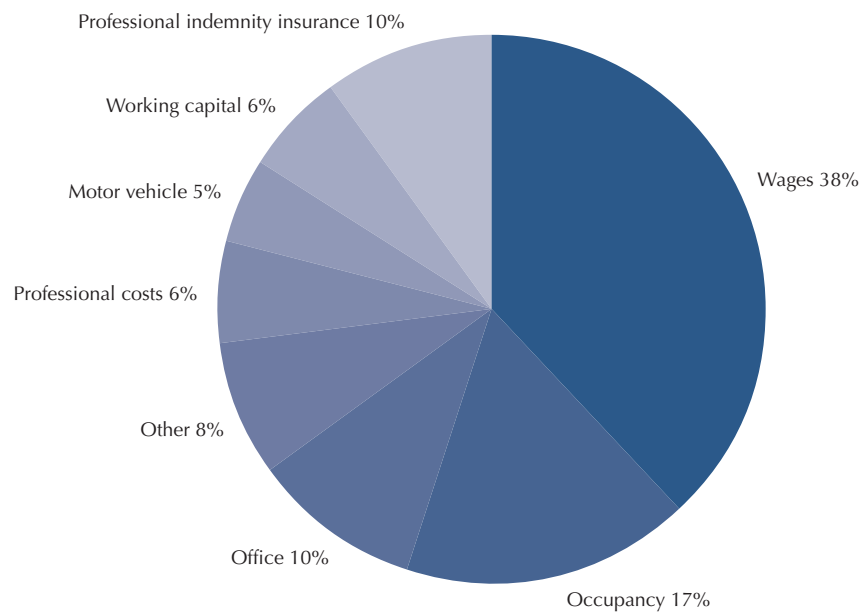
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,115
Computer software & consumables	1,291
Electricity, gas & water	1,467
Laundry	361
Magazines & newspapers	429
Medical consumables	1,943
Medical waste removal	900
Other	1,342
Postage, printing & stationery	4,517
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,985
Subscriptions to associations	4,267

Cost category breakdown - ENT Surgery



2.6 Gastroenterology

PwC Practice Cost Study - Gastroenterology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	1,027
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,956
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,288
Computer software & consumables	1,291
Postage, printing & stationery	3,277
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,341
Other	1,342
Total office expenses	16,982
Other practice costs	
Bad debts	516
Medical supplies	1,077
Depreciation	6,615
Total other practice costs	8,208
Professional costs	
Subscriptions, journals & registrations	2,354
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,123
Motor vehicle expenses	8,578
Working capital expense - interest	9,046
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	131,616
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	3,605
Total professional indemnity insurance	8,428
* TOTAL GENERAL OVERHEAD	140,044

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	67,109
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	100,959
Interest charge	9,046
Charge per doctor	\$ 9,046
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

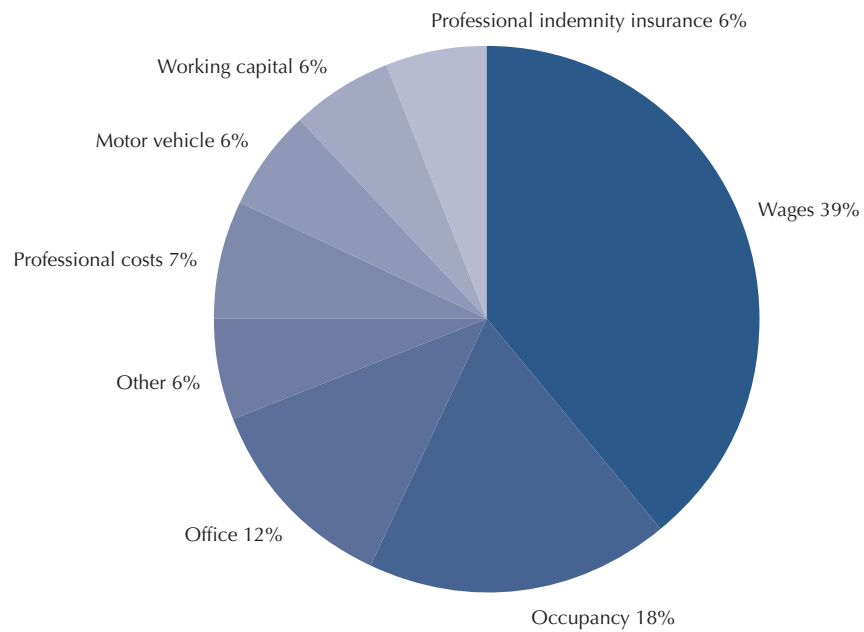
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,288
Computer software & consumables	1,291
Electricity, gas & water	1,027
Laundry	361
Magazines & newspapers	429
Medical consumables	1,077
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,277
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,341
Subscriptions to associations	2,354

Cost category breakdown - Gastroenterology



2.7 General Medicine

PwC Practice Cost Study - General medicine

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	924
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,853
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,287
Computer software & consumables	1,291
Postage, printing & stationery	3,455
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,570
Other	1,342
Total office expenses	16,387
Other practice costs	
Bad debts	516
Medical supplies	1,200
Depreciation	6,615
Total other practice costs	8,331
Professional costs	
Subscriptions, journals & registrations	2,184
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,952
Motor vehicle expenses	8,578
Working capital expense - interest	6,271
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	128,095
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	4,823
* TOTAL GENERAL OVERHEAD	132,918

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	36,136
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	69,986
Interest charge	6,271
Charge per doctor	\$ 6,271
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

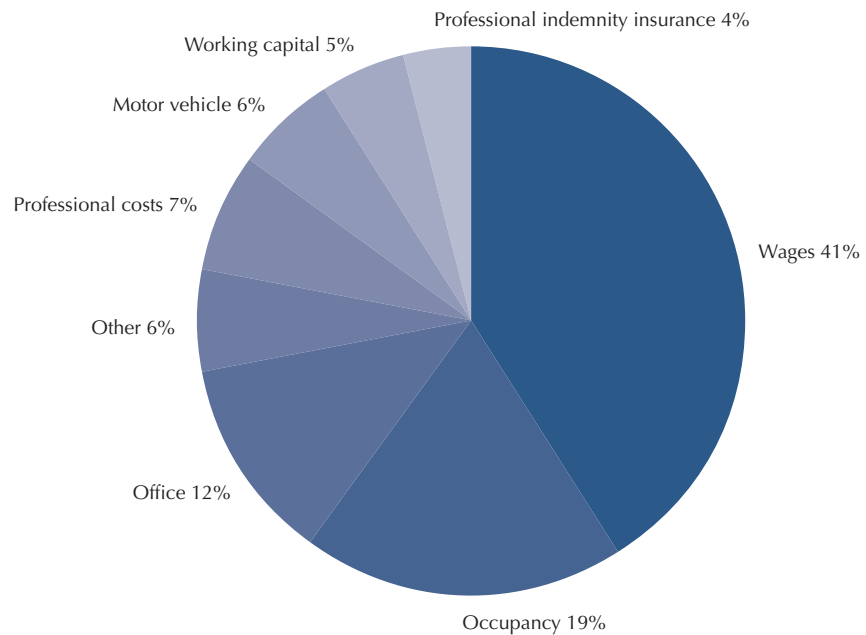
Calculation of national travel (airfare)	
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Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,287
Computer software & consumables	1,291
Electricity, gas & water	924
Laundry	361
Magazines & newspapers	429
Medical consumables	1,200
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,455
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,570
Subscriptions to associations	2,184

Cost category breakdown - General medicine



2.8 General Practice

PwC Practice Cost Study - General Practice

Detailed practice cost breakdown				
Cost category	Cost profile for each size of practice (doctor numbers)			
	1	2	3	4
Wages & staff costs				
Salary & wages	47,936	46,331	44,726	43,924
Superannuation	3,356	3,243	3,131	3,075
Long service leave	959	927	895	878
Workers compensation insurance	240	232	224	220
Training	260	251	242	237
Locums	4,800	4,800	4,800	4,800
Deputising medical services	940	940	940	940
Total wages & salary	58,490	56,723	54,957	54,073
Occupancy costs				
Rent	16,979	14,040	11,754	10,938
Security	434	434	434	434
Cleaning, laundry & waste disposal	2,369	1,727	1,728	1,525
Electricity & gas	1,032	1,032	1,032	1,032
Contents & public liability insurance	1,016	508	339	254
Magazines	429	429	429	429
Total occupancy costs	22,259	18,171	15,717	14,612
Office expenses				
Accountancy	2,581	2,581	2,581	2,581
Advertising	346	346	346	346
Bank charges	2,717	2,717	2,717	2,717
Computer software & consumables	1,291	1,291	1,291	1,291
Postage, printing & stationery	2,478	2,478	2,478	2,478
Repairs & maintenance - plant & equipment	516	516	516	516
Telephone & fax	2,684	2,684	2,684	2,684
Other	1,342	1,342	1,342	1,342
Total office expenses	13,955	13,955	13,955	13,955
Other practice costs				
Accreditation costs	367	367	367	367
Bad debts	516	516	516	516
Medical supplies	1,755	1,755	1,755	1,755
Depreciation	7,450	5,475	4,754	4,383
Total other practice costs	10,088	8,113	7,392	7,021
Professional costs				
Subscriptions, journals & registrations	1,937	1,937	1,937	1,937
Continuing medical education (CME)	1,256	1,256	1,256	1,256
Income protection insurance	2,375	2,375	2,375	2,375
Total professional costs	5,568	5,568	5,568	5,568
Motor vehicle expenses	8,578	8,578	8,578	8,578
Working capital expense - interest	6,064	5,307	5,031	4,872
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	125,002	116,415	111,198	108,679
Professional indemnity insurance (included in overhead)	2,328	2,328	2,328	2,328
Professional indemnity insurance (included in procedural items)	-	-	-	-
Total professional indemnity insurance	2,328	2,328	2,328	2,328
* TOTAL GENERAL OVERHEAD	127,330	118,743	113,526	111,007

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix		Staff number for each size of practice			
Staff category	Annual rate	1	2	3	4
Secretary/receptionist	\$ 32,100	1.00	1.90	2.70	3.50
Registered nurse	\$ 36,380	0.20	0.40	0.60	0.80
Practice manager	\$ 42,800	0.20	0.40	0.60	0.80
Technician	\$ 40,660	0.00	0.00	0.00	0.00
Total staff		1.40	2.70	3.90	5.10

Staffing matrix		Annual cost for each size of practice			
Staff category	Annual rate	1	2	3	4
Secretary/receptionist	\$ 32,100	32,100	60,990	86,670	112,350
Registered nurse	\$ 36,380	7,276	14,552	21,828	29,104
Practice manager	\$ 42,800	8,560	17,120	25,680	34,240
Technician	\$ 40,660	-	-	-	-
Total staff		47,936	92,662	134,178	175,694

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Locum costs (per doctor)

Cost per week: \$2,000
 Number of weeks: 4
 Discount for usage: 40%

Total \$4,800

Deputising medical services

Estimated annual cost: \$2,000
 Discount for usage: 53%

Total \$940

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
Hospital co-located	320	284	387	206	258	258	206	310	258
Medical precinct	299	268	361	186	258	206	186	310	248
Commercial/retail	258	248	310	165	209	186	165	258	206
Stand alone	217	206	258	145	186	165	145	232	186
Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Ave. commercial/stand-alone

Rent rate in use: \$ 237

Practice size (Sq Metre):

Number of doctors in practice			
1	2	3	4
71.50	118.25	148.50	184.25

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset details			Quantity in model practice (by size)				Value assets in model practice (by size)				Depreciation in model practice (by size)				
Asset group & description		Price	Deprec rate	1	2	3	4	1	2	3	4	1	2	3	4
Waiting room:															
Chairs	155	10%	5.0	10.0	10.0	12.0	774	1,549	1,549	1,858	77	155	155	186	
Coffee table	165	10%	1.0	1.0	1.0	2.0	165	165	165	330	17	17	17	33	
Pamphlet rack	155	10%	1.0	1.0	1.0	1.0	155	155	155	155	15	15	15	15	
Play gym & slide	103	10%	1.0	1.0	1.0	1.0	103	103	103	103	10	10	10	10	
Play area carpet	516	10%	1.0	1.0	1.0	1.0	516	516	516	516	52	52	52	52	
Reception area:															
Office desk	754	5%	0.0	1.0	2.0	2.0	-	754	1,507	1,507	-	38	75	75	
Office chair	299	10%	1.0	2.0	3.0	4.0	299	599	898	1,198	30	60	90	120	
Filing cabinet - 4 drawer	289	10%	1.0	2.0	3.0	4.0	289	578	867	1,156	29	58	87	116	
Compactus	2,942	10%	1.0	1.0	1.0	1.0	2,942	2,942	2,942	2,942	294	294	294	294	
Stereo system for waiting room	516	20%	1.0	1.0	1.0	1.0	516	516	516	516	103	103	103	103	
Answering machine	103	20%	1.0	1.0	1.0	1.0	103	103	103	103	21	21	21	21	
Office equipment:															
Fax	826	20%	1.0	1.0	1.0	1.0	826	826	826	826	165	165	165	165	
Photocopier	1,962	20%	1.0	1.0	1.0	1.0	1,962	1,962	1,962	1,962	392	392	392	392	
Shredder	450	20%	1.0	1.0	1.0	1.0	450	450	450	450	90	90	90	90	
Computer	2,065	33%	1.0	2.0	2.0	3.0	2,065	4,130	4,130	6,195	681	1,363	1,363	2,044	
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	2.0	2.0	2.0	2.0	2,065	2,065	2,065	2,065	681	681	681	681	
Telephone system (commander system)	2,364	10%	1.0	1.0	1.0	1.0	2,364	2,364	2,364	2,364	236	236	236	236	
Additional telephone handset	738	10%	0.0	1.0	1.0	2.0	-	738	738	1,476	-	74	74	148	
Billing system	3,923	10%	1.0	1.0	1.0	1.0	3,923	3,923	3,923	3,923	392	392	392	392	
Incremental licences	1,394	10%	0.0	1.0	1.0	1.0	-	1,394	1,394	1,394	-	139	139	139	
Accountancy system (MYOB)	516	33%	1.0	1.0	1.0	2.0	516	516	516	1,032	170	170	170	341	
Other software (MS Office)	516	33%	2.0	3.0	5.0	6.0	1,032	1,549	2,581	3,097	341	511	852	1,022	
Safe	1,032	5%	1.0	1.0	1.0	1.0	1,032	1,032	1,032	1,032	52	52	52	52	
Computer networking	3,225	20%	0.0	0.0	1.0	1.0	-	-	3,225	3,225	-	-	645	645	
Staff room/kitchen area:															
Fridge	774	20%	1.0	1.0	1.0	1.0	774	774	774	774	155	155	155	155	
Table	201	10%	1.0	1.0	1.0	1.0	201	201	201	201	20	20	20	20	
Chairs	150	10%	2.0	4.0	4.0	4.0	299	599	599	599	30	60	60	60	
Urn	206	10%	1.0	1.0	1.0	1.0	206	206	206	206	21	21	21	21	

Property, plant & equipment & related costs - calculation sheet

Asset details			Quantity in model practice (by size)				Value assets in model practice (by size)				Depreciation in model practice (by size)				
Asset group & description		Price	Deprec rate	1	2	3	4	1	2	3	4	1	2	3	4
Consulting room:															
Desk		754	10%	1.0	2.0	3.0	4.0	754	1,507	2,261	3,015	75	151	226	301
Office chair		382	10%	1.0	2.0	3.0	4.0	382	764	1,146	1,528	38	76	115	153
Chairs		139	10%	2.0	4.0	6.0	8.0	279	558	836	1,115	28	56	84	112
Cabinet/credenza		361	10%	1.0	2.0	3.0	4.0	361	723	1,084	1,445	36	72	108	145
Filing cabinet 4 drawer		289	10%	1.0	2.0	3.0	4.0	289	578	867	1,156	29	58	87	116
Book shelves		206	10%	1.0	2.0	3.0	4.0	206	413	619	826	21	41	62	83
Additional telephone handset		738	20%	1.0	2.0	3.0	4.0	738	1,476	2,215	2,953	148	295	443	591
Computer		2,065	33%	1.0	2.0	3.0	4.0	2,065	4,130	6,195	8,260	681	1,363	2,044	2,726
Examination and treatment rooms:															
Examination table		310	10%	1.0	2.0	3.0	3.0	310	619	929	929	31	62	93	93
X-ray viewer		206	10%	1.0	2.0	3.0	3.0	206	413	619	619	21	41	62	62
Examination light		310	10%	1.0	2.0	3.0	3.0	310	619	929	929	31	62	93	93
Vaccine fridge		413	20%	1.0	2.0	3.0	3.0	413	826	1,239	1,239	83	165	248	248
Medical equipment:															
Sphygmomanometer		31	10%	1.0	2.0	3.0	4.0	31	62	93	124	3	6	9	12
Stethoscope		98	10%	1.0	2.0	3.0	4.0	98	196	294	392	10	20	29	39
Weight scales		52	20%	1.0	2.0	3.0	4.0	52	103	155	206	10	21	31	41
Desk diagnostic kit		516	10%	1.0	2.0	3.0	4.0	516	1,032	1,549	2,065	52	103	155	206
Tympanic thermometer		155	20%	1.0	2.0	3.0	4.0	155	310	465	619	31	62	93	124
Bench top steriliser		5,500	10%	1.0	1.0	1.0	1.0	5,500	5,500	5,500	5,500	550	550	550	550
Minor equipment.		3,097	10%	1.0	2.0	3.0	4.0	3,097	6,195	9,292	12,389	310	619	929	1,239
Practice fitout:															
Rooms fit-out		23,746	5.0%	1.0	1.5	2.0	2.5	23,746	35,619	47,493	59,366	1,187	1,781	2,375	2,968
							Total	63,091	92,355	120,091	145,887	7,450	10,949	14,262	17,530

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	1	2	3	4
Cash/overdraft	15,487	30,973	46,460	61,947
Debtors	30,973	61,947	92,920	123,894
Creditors	-10,324	-20,649	-30,973	-41,298
Plant & equipment (50%)	31,545	46,178	60,045	72,943
Total working capital	67,681	118,449	168,452	217,486
Interest charge	6,064	10,613	15,093	19,487
Charge per doctor	6,064	5,307	5,031	4,872
Interest rate:	8.96%			

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	1,426
Total	2,512

50% of this cost represents an annual allocation of: \$ 1,256 per doctor.

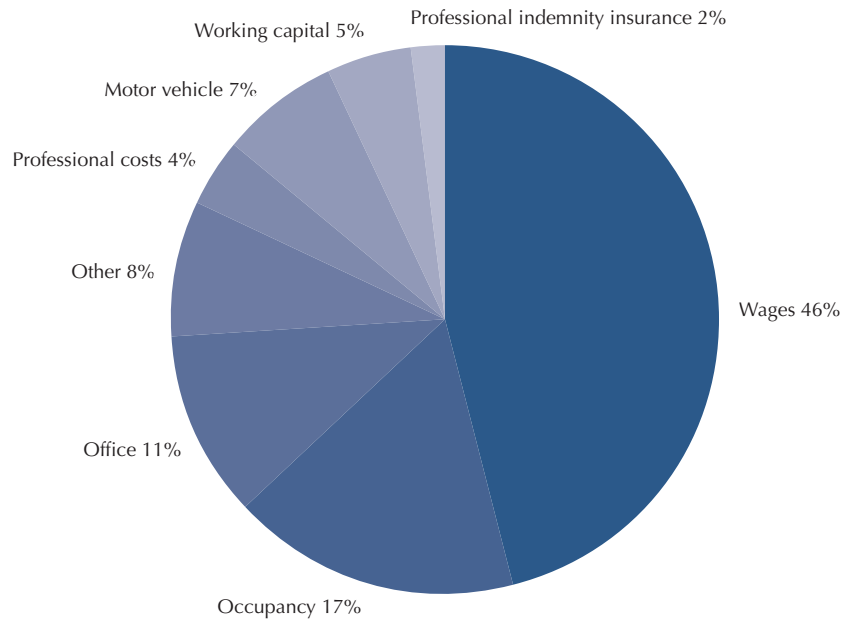
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

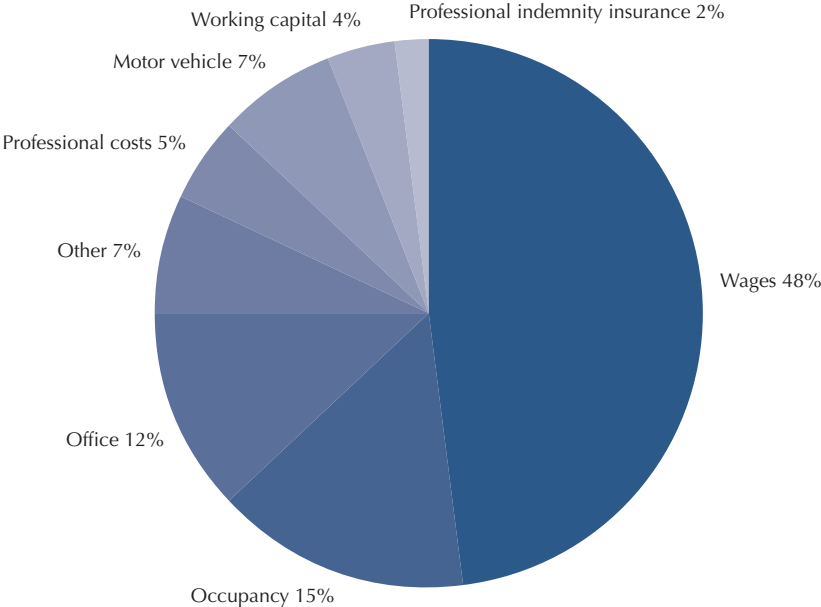
General overhead costs - allocated amounts

Overhead costs	1	2	3	4
Accountancy & professional costs	2,581	5,162	7,743	10,324
Advertising	346	692	1,038	1,383
Bad debts	516	1,032	1,549	2,065
Bank charges	2,717	5,434	8,150	10,867
Computer software & consumables	1,291	2,581	3,872	5,162
Electricity, gas & water	1,032	2,065	3,097	4,130
Laundry	361	723	1,084	1,445
Magazines & newspapers	429	859	1,288	1,718
Medical consumables	1,755	3,510	5,265	7,021
Medical waste removal	900	900	1,800	1,800
Other	1,342	2,684	4,027	5,369
Postage, printing & stationery	2,478	4,956	7,434	9,911
Professional indemnity insurance	2,328	4,656	6,984	9,312
Repairs & maintenance - plant & equipment	516	1,032	1,549	2,065
Security	434	867	1,301	1,735
Telephone & fax	2,684	5,369	8,053	10,737
Subscriptions to associations	1,937	3,874	5,811	7,747

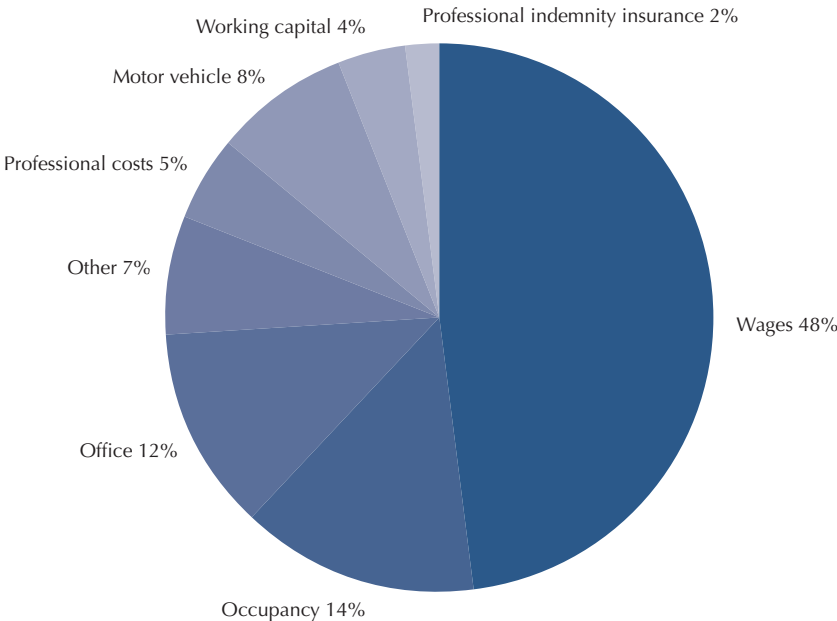
Cost category breakdown - 1 Doctor General Practice



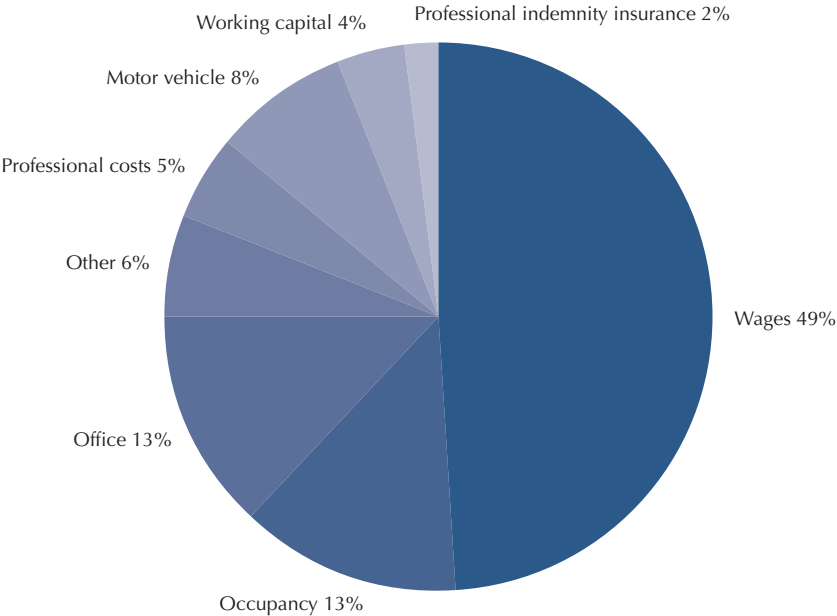
Cost category breakdown - 2 Doctor General Practice



Cost category breakdown - 3 Doctor General Practice



Cost category breakdown - 4 Doctor General Practice



2.9 General surgery

PwC Practice Cost Study - General surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	19,364
Security	434
Cleaning, laundry & waste disposal	2,198
Electricity & gas	1,032
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	24,434
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,502
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,528
Other practice costs	
Bad debts	516
Medical supplies	1,962
Depreciation	6,688
Total other practice costs	9,166
Professional costs	
Subscriptions, journals & registrations	2,829
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,598
Motor vehicle expenses	8,578
Working capital expense - interest	7,228
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	130,255
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	12,623
Total professional indemnity insurance	17,446
* TOTAL GENERAL OVERHEAD	147,701

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 60.50

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	58,101	6,688

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	46,460
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	80,673
Interest charge	7,228
Charge per doctor	\$ 7,228
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

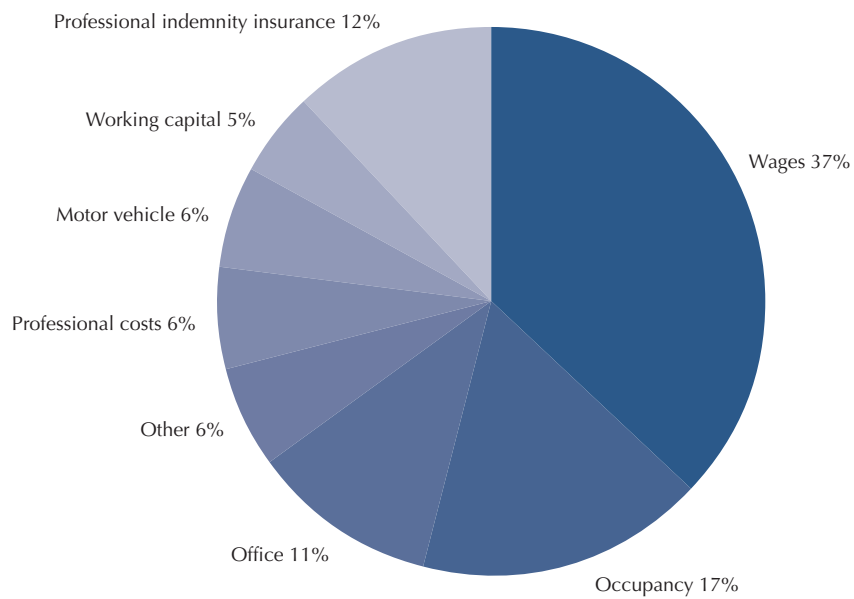
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,502
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,962
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,614
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,336
Subscriptions to associations	2,829

Cost category breakdown - General surgery



2.10 Intensive care

PwC Practice Cost Study - Intensive care

Detailed practice cost breakdown	
Number of doctors in model practice	5
Cost category	\$
Wages & staff costs	
Salary & wages	8,560
Superannuation	599
Long service leave	171
Workers compensation insurance	43
Training	37
Total wages & salary	9,410
Occupancy costs	
Rent	2,168
Cleaning, laundry & waste disposal	217
Electricity & gas	155
Contents & public liability insurance	168
Magazines	86
Total occupancy costs	2,794
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	310
Computer software & consumables	1,291
Postage, printing & stationery	206
Repairs & maintenance - plant & equipment	103
Telephone & fax	2,065
Other	206
Total office expenses	7,108
Other practice costs	
Bad debts	516
Depreciation	1,616
Total other practice costs	2,133
Professional costs	
Subscriptions, journals & registrations	1,631
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,400
Motor vehicle expenses	8,578
Working capital expense - interest	4,070
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	42,493
Professional indemnity insurance (included in overhead)	6,976
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	6,976
* TOTAL GENERAL OVERHEAD	49,469

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	0.00	-
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	1.00	42,800
Technician	\$40,660	0.00	-
	Total	1.00	42,800

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196
6. Intensive care composite rate	155	147	184	103	133	118	103	166	133

Accommodation type: Intensive care composite rate

Rent rate in use: \$ 155 (50 sq mts @ 'stand alone' + 20 sq mts @ no cost)

Practice size (Sq Metre): 70.00

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Office area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	6.0	3,097	1,022
Doctors' office:					
Desk	754	10%	5.0	3,768	377
Office chair	382	10%	5.0	1,910	191
Cabinet/credenza	361	10%	5.0	1,807	181
Filing cabinet 4 drawer	289	10%	5.0	1,445	145
Book shelves	206	10%	5.0	1,032	103
Computer	2,065	33%	5.0	10,324	3,407
Medical equipment:					
Stethoscope	98	10%	5.0	490	49
Practice fitout					
Rooms fit-out	5,162	5.0%	1.0	5,162	258
			Total	41,257	8,082

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	77,433
Debtors	180,678
Creditors	-51,622
Plant & equipment (50%)	20,629
Total working capital	227,118
Interest charge	20,350
Charge per doctor	\$ 4,070
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

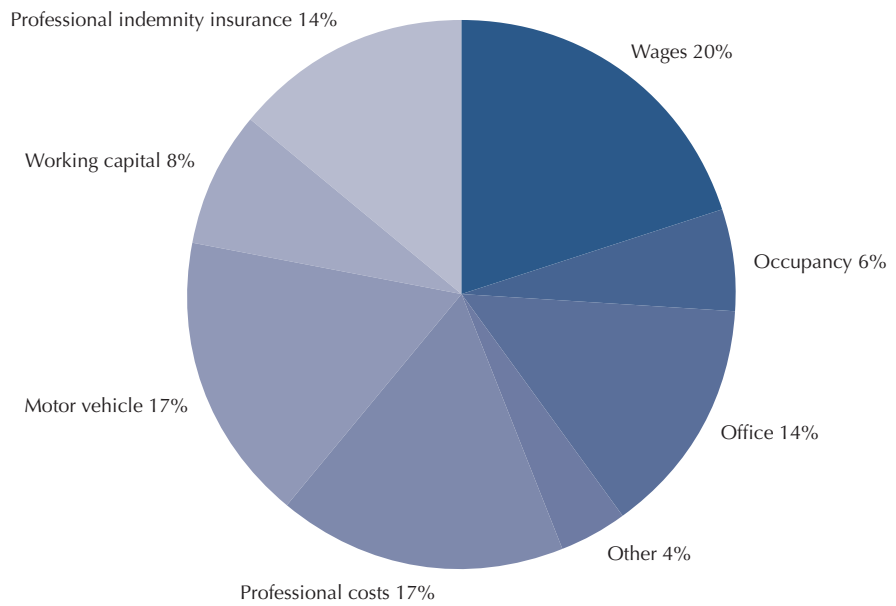
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	12,906
Advertising	1,729
Bad debts	2,581
Bank charges	1,549
Computer software & consumables	6,453
Electricity, gas & water	774
Magazines & newspapers	429
Other	1,032
Postage, printing & stationery	1,032
Professional indemnity insurance	34,880
Repairs & maintenance - plant & equipment	516
Telephone & fax	10,324
Subscriptions to associations	8,156

Cost category breakdown - Intensive care



2.11 Neurology

PwC Practice Cost Study - Neurology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	1,032
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,961
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,583
Computer software & consumables	1,291
Postage, printing & stationery	3,201
Repairs & maintenance - plant & equipment	516
Telephone & fax	3,717
Other	1,342
Total office expenses	15,577
Other practice costs	
Bad debts	516
Medical supplies	1,549
Depreciation	6,615
Total other practice costs	8,680
Professional costs	
Subscriptions, journals & registrations	2,560
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,329
Motor vehicle expenses	8,578
Working capital expense - interest	7,196
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	129,044
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	522
Total professional indemnity insurance	5,345
* TOTAL GENERAL OVERHEAD	134,389

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	46,460
Creditors	-10,324
Plant & equipment (50%)	80,310
Total working capital	80,310
Interest charge	7,196
Charge per doctor	\$ 7,196
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

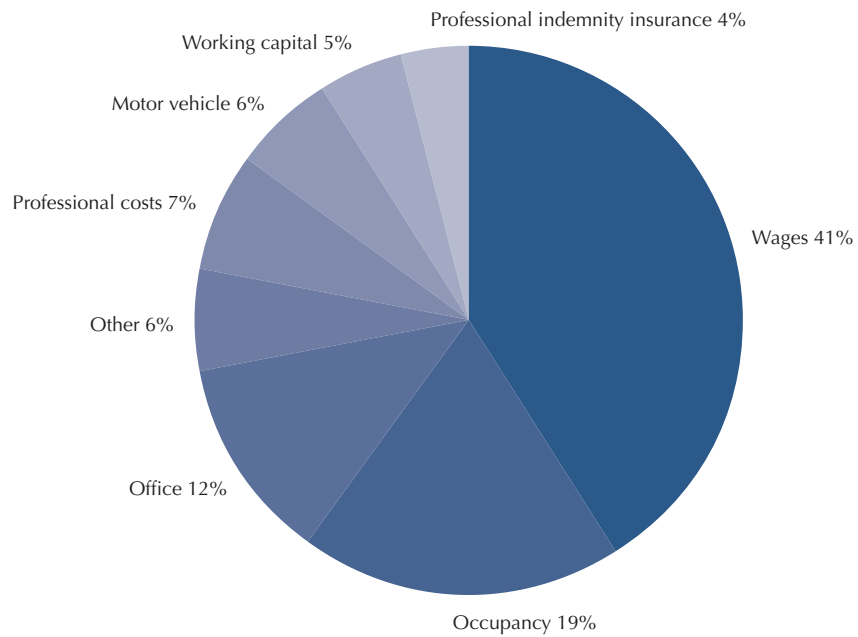
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,583
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,549
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,201
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	3,717
Subscriptions to associations	2,560

Cost category breakdown - Neurology



2.12 Neurosurgery

PwC Practice Cost Study - Neurosurgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	19,364
Security	434
Cleaning, laundry & waste disposal	2,198
Electricity & gas	1,021
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	24,422
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,502
Computer software & consumables	1,291
Postage, printing & stationery	3,433
Repairs & maintenance - plant & equipment	516
Telephone & fax	3,913
Other	1,342
Total office expenses	15,924
Other practice costs	
Bad debts	516
Medical supplies	1,505
Depreciation	6,688
Total other practice costs	8,709
Professional costs	
Subscriptions, journals & registrations	2,757
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,525
Motor vehicle expenses	8,578
Working capital expense - interest	7,228
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	129,109
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	22,946
Total professional indemnity insurance	27,769
* TOTAL GENERAL OVERHEAD	156,878

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 60.50

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	58,101	6,688

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	46,460
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	80,673
Interest charge	7,228
Charge per doctor	\$ 7,228
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

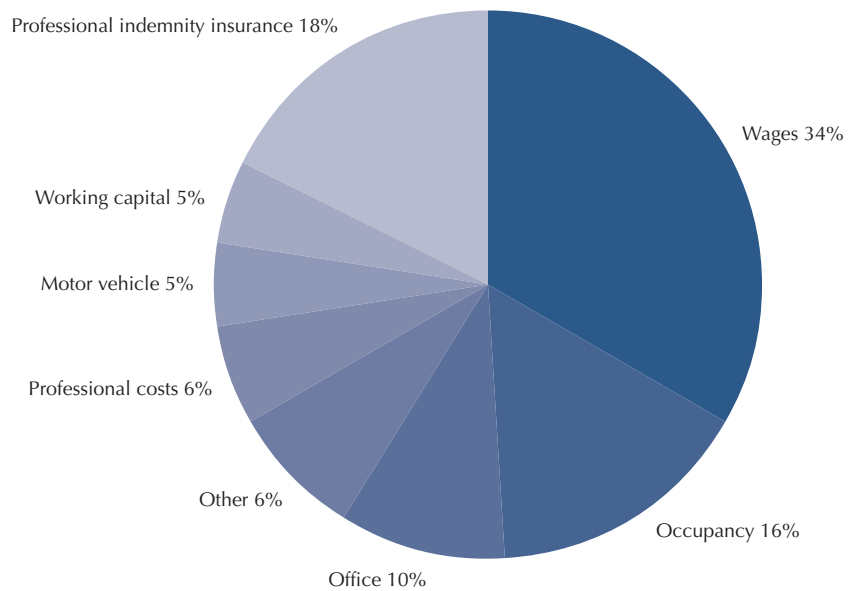
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,502
Computer software & consumables	1,291
Electricity, gas & water	1,021
Laundry	361
Magazines & newspapers	429
Medical consumables	1,505
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,433
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	3,913
Subscriptions to associations	2,757

Cost category breakdown - Neurosurgery



2.13 Obstetrics and Gynaecology

PwC Practice Cost Study - Obstetrics and Gynaecology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	53,500
Superannuation	3,745
Long service leave	1,070
Workers compensation insurance	268
Training	260
Total wages & salary	58,843
Occupancy costs	
Rent	19,761
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,542
Electricity & gas	1,032
Contents & public liability insurance	987
Magazines	429
Total occupancy costs	27,564
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,730
Computer software & consumables	1,291
Postage, printing & stationery	4,130
Repairs & maintenance - plant & equipment	516
Telephone & fax	5,059
Other	1,342
Total office expenses	17,995
Other practice costs	
Bad debts	516
Medical supplies	2,271
Depreciation	6,827
Total other practice costs	9,615
Professional costs	
Subscriptions, journals & registrations	2,385
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,154
Motor vehicle expenses	8,578
Working capital expense - interest	7,291
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	139,040
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	25,469
Total professional indemnity insurance	30,292
* TOTAL GENERAL OVERHEAD	169,332

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.20	44,940
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.40	53,500

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 66.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	8.0	1,239	124
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Play gym & slide	103	10%	1.0	103	10
Play area carpet	516	10%	1.0	516	52
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
Examination couch	1,032	10%	1.0	1,032	103
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	59,492	6,827

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	46,460
Creditors	-10,324
Plant & equipment (50%)	29,746
Total working capital	81,369
Interest charge	7,291
Charge per doctor	\$ 7,291
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

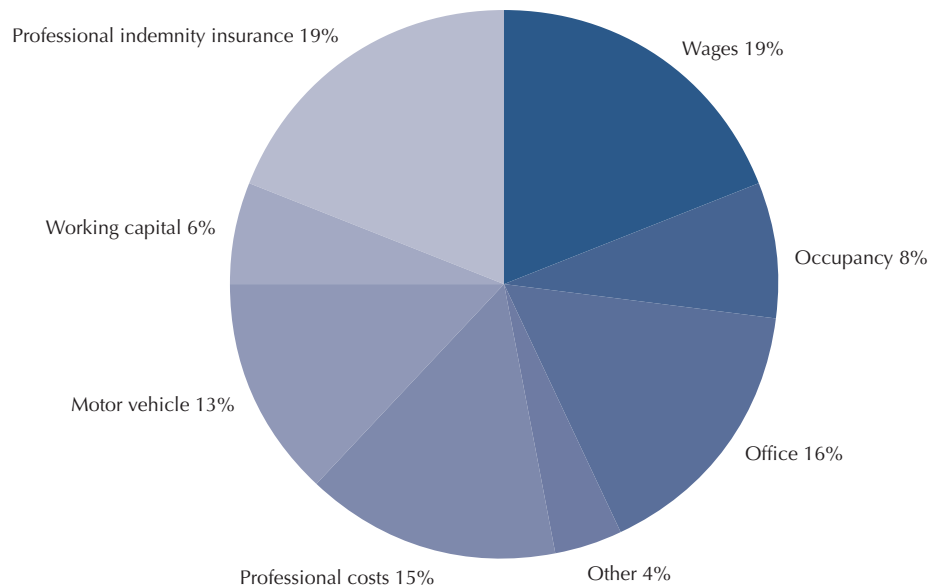
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,730
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	619
Magazines & newspapers	429
Medical consumables	2,271
Medical waste removal	900
Other	1,342
Postage, printing & stationery	4,130
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	5,059
Subscriptions to associations	2,385

Cost category breakdown - Obstetrics and Gynaecology



PwC Practice Cost Study - IVF centres

Item profile, MBS revenue and attribution	
Cost profile of 1,500 cycle IVF centre	
	\$
Wages	1,067,174
Occupancy	177,510
Office	176,558
Other	211,597
Professional	9,154
Motor vehicle	8,578
Prof. indemnity ins	30,292
Working Capital	69,888
Total IVF centre costs:	\$1,750,751

Item	Annual number ¹	Schedule fee ³	Annual income ⁴	% item of total income	Direct cost attribution	Cost per item	Diagnostic imaging costs	Pathology	Total direct costs	Schedule fee
		\$	\$		\$	\$	\$	\$	\$	\$
13200	723	1,538.05	1,112,010	51%	899,279	1,243.82	44.25	96.90	1,385.78	1,538.05
13203	727	384.50	279,532	13%	226,056	310.94	44.25	96.90	452.90	384.50
13206	50	659.15	32,958	2%	26,653	533.05	44.25	96.90	675.01	659.15
13209	1,831 ²	65.80	120,480	6%	97,432	53.21	-	-	54.02	65.80
13212	738	280.15	206,751	10%	167,199	226.56	-	-	227.37	280.15
13215	610	87.95	53,650	2%	43,386	71.12	-	-	71.93	87.95
13218	454	659.15	299,254	14%	242,006	533.05	-	48.45	582.31	659.15
13221	1,503	40.10	60,270	3%	48,740	32.43	-	-	33.24	40.10
Total	6,636	N/A	\$2,164,904	100%	\$1,750,751	N/A	N/A	N/A	N/A	N/A

- Notes: 1. Annual number is the MBS activity profile for a 1,500 cycle IVF centre.
2. Assumed that this consulting item is predominantly delivered 'in-rooms'.
3. 100% of schedule fee - current at 31 December 1999.
4. Annual income for a 1,500 IVF cycle, being 1 x 3.
5. Total cost of IVF centre apportioned according to income.

2.14 Ophthalmology

PwC Practice Cost Study - Ophthalmology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	85,065
Superannuation	5,955
Long service leave	1,701
Workers compensation insurance	425
Training	409
Total wages & salary	93,555
Occupancy costs	
Rent	28,833
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,753
Electricity & gas	1,656
Contents & public liability insurance	2,203
Magazines	429
Total occupancy costs	38,687
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,136
Computer software & consumables	1,291
Postage, printing & stationery	6,547
Repairs & maintenance - plant & equipment	516
Telephone & fax	6,820
Other	1,342
Total office expenses	22,579
Other practice costs	
Bad debts	516
Medical supplies	2,528
Depreciation	22,980
Total other practice costs	26,024
Professional costs	
Subscriptions, journals & registrations	2,667
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,435
Motor vehicle expenses	8,578
Working capital expense - interest	15,482
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	214,340
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	13,454
Total professional indemnity insurance	18,277
* TOTAL GENERAL OVERHEAD	232,617

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.50	56,175
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.50	20,330
	Total	2.20	85,065

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 96.30

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	16.0	2,478	248
Coffee table	165	10%	2.0	330	33
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	2.0	599	60
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Staff room/kitchen area:					
Fridge	774	20%	1.0	774	155
Table	201	10%	1.0	201	20
Chairs	150	10%	2.0	299	30
Urn	206	10%	1.0	206	21
Consulting room:					
Desk	1,507	10%	1.0	1,507	151
Office chair	382	10%	1.0	382	38
Chairs	139	10%	1.0	139	14
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Ophthalmic chair system	5,162	20%	1.0	5,162	1,032
Slit lamp	19,823	10%	1.0	19,823	1,982
Trial lens set	2,705	10%	1.0	2,705	271
Chart- projecting	2,932	10%	1.0	2,932	293
Indirect ophthalmoscope	2,168	10%	1.0	2,168	217
Keratometer	2,581	10%	1.0	2,581	258
Ophthalmoscope/retinoscope	1,291	10%	1.0	1,291	129
Tonometer	1,962	10%	1.0	1,962	196

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Consulting room continued:					
Portable tonometer	4,083	10%	1.0	4,083	408
Lens set & accessories	3,133	10%	1.0	3,133	313
Indirect lenses	886	10%	1.0	886	89
Other minor items	3,264	10%	1.0	3,264	326
Operating loopes	1,239	10%	1.0	1,239	124
Exophthal/meter	591	10%	1.0	591	59
Minor ops room:					
Patient chair	4,646	10%	1.0	4,646	465
Doctor chair	413	10%	1.0	413	41
Operating microscope	30,973	10%	1.0	30,973	3,097
Operating lamp	413	10%	1.0	413	41
Trolley (ophthalmology)	3,097	10%	1.0	3,097	310
Sets of instruments	1,920	20%	1.0	1,920	384
Hyphrecator	2,581	20%	1.0	2,581	516
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Minor equipment	3,097	10%	1.0	3,097	310
Chair & stand	8,260	10%	1.0	8,260	826
Slit lamp	9,290	10%	1.0	9,290	929
Keratometer	2,735	10%	1.0	2,735	274
Acuity chart-rotating	1,340	10%	1.0	1,340	134
Auto refractor	18,170	10%	1.0	18,170	1,817
Auto lensmeter	8,155	10%	1.0	8,155	816
Trial lens set & frames	2,065	10%	1.0	2,065	207
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	211,372	22,980

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital item	\$
Cash/overdraft	15,487
Debtors	61,947
Creditors	-10,324
Plant & equipment (50%)	105,686
Total working capital	172,795
Interest charge	15,482
Charge per doctor	\$ 15,482
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

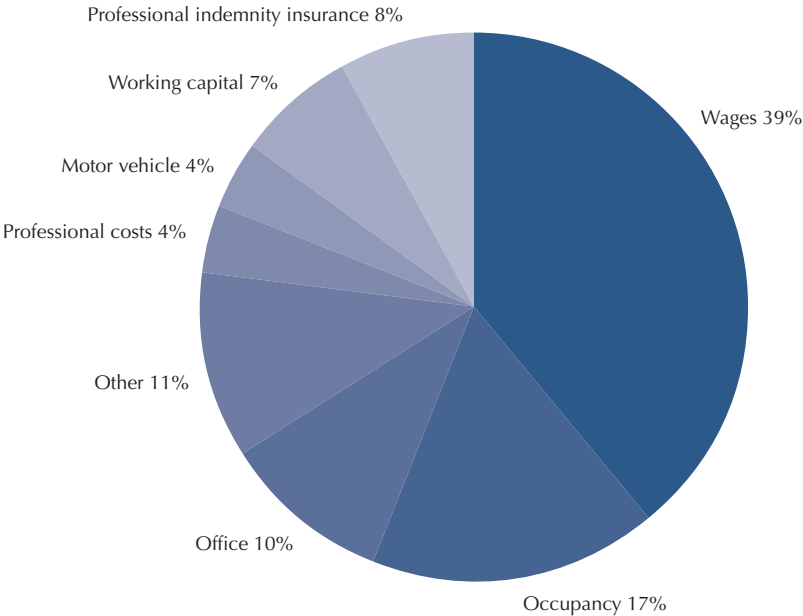
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,136
Computer software & consumables	1,291
Electricity, gas & water	1,656
Laundry	361
Magazines & newspapers	429
Medical consumables	2,528
Medical waste removal	900
Other	1,342
Postage, printing & stationery	6,547
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	6,820
Subscriptions to associations	2,667

Cost category breakdown - Ophthalmology



2.15 Orthopaedic surgery

PwC Practice Cost Study - Orthopaedic surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	23,055
Security	434
Cleaning, laundry & waste disposal	2,454
Electricity & gas	1,032
Contents & public liability insurance	993
Magazines	429
Total occupancy costs	28,397
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,502
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,528
Other practice costs	
Bad debts	516
Medical supplies	1,962
Depreciation	6,894
Total other practice costs	9,372
Professional costs	
Subscriptions, journals & registrations	3,237
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	10,005
Motor vehicle expenses	8,578
Working capital expense - interest	7,321
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	134,924
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	22,105
Total professional indemnity insurance	26,928
* TOTAL GENERAL OVERHEAD	161,852

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 77.00

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Minor ops room:					
Plaster saw & equipment	2,065	10%	1.0	2,065	206
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	60,166	6,894

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	46,460
Creditors	-10,324
Plant & equipment (50%)	30,083
Total working capital	81,705
Interest charge	7,321
Charge per doctor	\$ 7,321
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

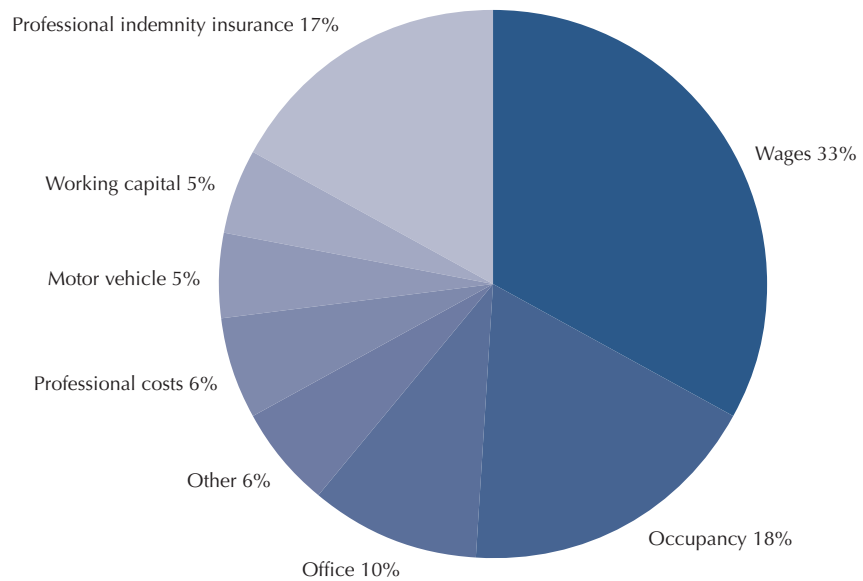
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,502
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,962
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,614
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,336
Subscriptions to associations	3,237

Cost category breakdown - Orthopaedic surgery



2.16 Paediatric medicine

PwC Practice Cost Study - Paediatric medicine

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	21,408
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,369
Electricity & gas	924
Contents & public liability insurance	997
Magazines	429
Total occupancy costs	28,940
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,343
Computer software & consumables	1,291
Postage, printing & stationery	3,304
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,130
Other	1,342
Total office expenses	15,852
Other practice costs	
Bad debts	516
Medical supplies	826
Depreciation	6,987
Total other practice costs	8,329
Professional costs	
Subscriptions, journals & registrations	2,096
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,864
Motor vehicle expenses	8,578
Working capital expense - interest	6,884
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	132,170
Professional indemnity insurance (included in overhead)	4,810
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	4,810
* TOTAL GENERAL OVERHEAD	136,980

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 71.50

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	6.0	929	93
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Play Gym & Slide	103	10%	1.0	103	10
Play area carpet	516	10%	1.0	516	52
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Staff room/kitchen area:					
Fridge	774	20%	1.0	774	155
Table	201	10%	1.0	201	20
Chairs	150	10%	2.0	299	30
Urn	206	10%	1.0	206	21
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	1.0	139	14
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
Lounge chairs	826	10%	2.0	1,652	165
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	60,731	6,987

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	41,298
Creditors	-10,324
Plant & equipment (50%)	30,366
Total working capital	76,826
Interest charge	6,884
Charge per doctor	\$ 6,884
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

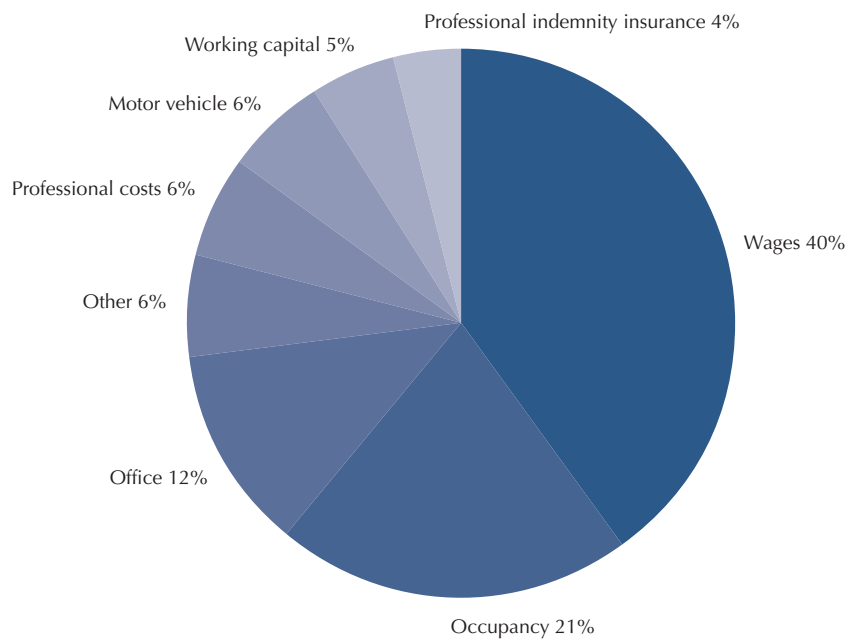
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,343
Computer software & consumables	1,291
Electricity, gas & water	924
Laundry	361
Magazines & newspapers	429
Medical consumables	826
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,304
Professional indemnity insurance	4,810
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,130
Subscriptions to associations	2,096

Cost category breakdown - Paediatric medicine



2.17 Paediatric surgery

PwC Practice Cost Study - Paediatric surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	19,364
Security	434
Cleaning, laundry & waste disposal	2,198
Electricity & gas	1,032
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	24,434
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,415
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,441
Other practice costs	
Bad debts	516
Medical supplies	1,962
Depreciation	6,688
Total other practice costs	9,166
Professional costs	
Subscriptions, journals & registrations	2,421
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,190
Motor vehicle expenses	8,578
Working capital expense - interest	6,766
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	129,298
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	10,863
Total professional indemnity insurance	15,686
* TOTAL GENERAL OVERHEAD	144,984

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 60.50

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	58,101	6,688

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	41,298
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	75,511
Interest charge	6,766
Charge per doctor	\$ 6,766
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

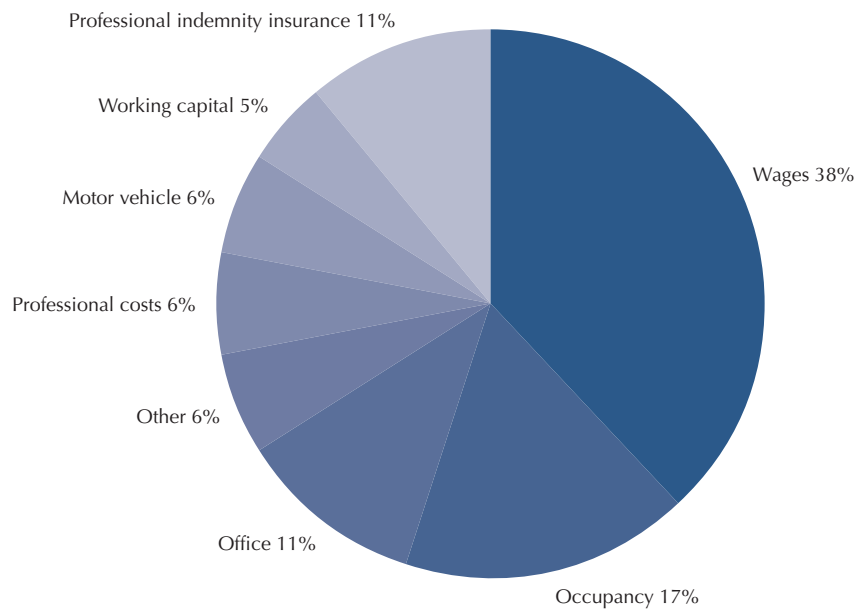
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,415
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,962
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,614
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,336
Subscriptions to associations	2,421

Cost category breakdown - Paediatric surgery



2.18 Plastic surgery

PwC Practice Cost Study - Plastic surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	22,884
Security	434
Cleaning, laundry & waste disposal	3,040
Electricity & gas	1,319
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	29,083
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,502
Computer software & consumables	1,291
Postage, printing & stationery	3,794
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,347
Other	1,342
Total office expenses	16,719
Other practice costs	
Bad debts	516
Medical supplies	1,678
Depreciation	6,688
Total other practice costs	8,882
Professional costs	
Subscriptions, journals & registrations	3,712
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	10,480
Motor vehicle expenses	8,578
Working capital expense - interest	7,691
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	136,156
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	20,604
Total professional indemnity insurance	25,427
* TOTAL GENERAL OVERHEAD	161,583

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999

Long service leave rate: 2.00% (12 weeks leave after 10 years service
- ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 71.50

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	58,101	6,688

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	51,622
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	85,835
Interest charge	7,691
Charge per doctor	\$ 7,691
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

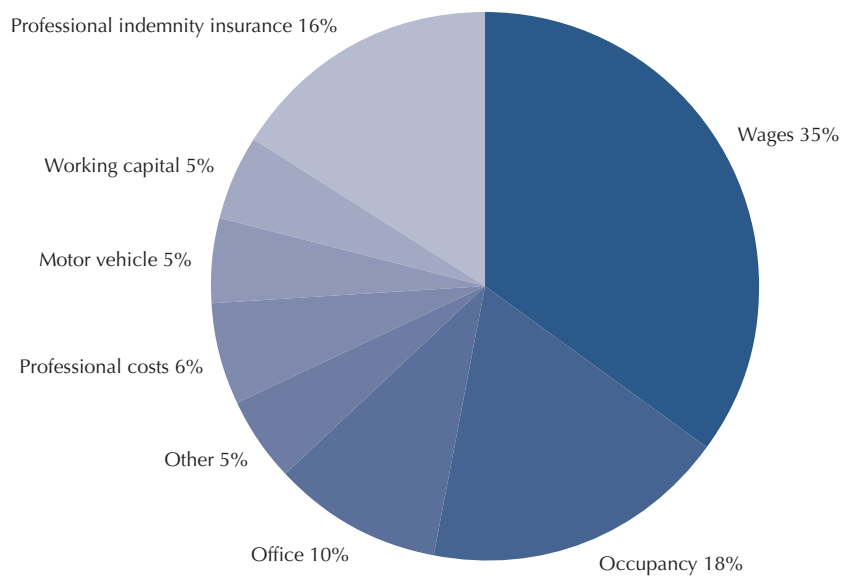
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,502
Computer software & consumables	1,291
Electricity, gas & water	1,319
Laundry	1,032
Magazines & newspapers	429
Medical consumables	1,678
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,794
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,347
Subscriptions to associations	3,712

Cost category breakdown - Plastic surgery



2.19 Psychiatry

PwC Practice Cost Study - Psychiatry

Detailed practice cost breakdown	
Number of doctors in model practice	2
Cost category	\$
Wages & staff costs	
Salary & wages	42,265
Superannuation	2,959
Long service leave	845
Workers compensation insurance	211
Training	204
Total wages & salary	46,485
Occupancy costs	
Rent	12,351
Rent - satellite rooms	2,379
Security	217
Cleaning, laundry & waste disposal	1,089
Electricity & gas	516
Contents & public liability insurance	576
Magazines	215
Total occupancy costs	17,342
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,107
Computer software & consumables	1,291
Postage, printing & stationery	2,065
Repairs & maintenance - plant & equipment	516
Telephone & fax	3,097
Other	1,342
Total office expenses	13,345
Other practice costs	
Bad debts	516
Medical supplies	206
Depreciation	5,109
Total other practice costs	5,832
Professional costs	
Subscriptions, journals & registrations	2,478
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,247
Motor vehicle expenses	8,578
Working capital expense - interest	5,496
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	106,325
Professional indemnity insurance (included in overhead)	6,109
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	6,109
* TOTAL GENERAL OVERHEAD	112,434

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.80	67,410
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.40	17,120
Technician	\$40,660	0.00	-
	Total	2.20	84,530

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 82.50

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	3.0	465	46
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office desk	754	5%	1.0	754	38
Office chair	299	10%	2.0	599	60
Filing cabinet - 4 drawer	289	10%	2.0	578	58
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	2.0	4,130	1,363
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	2.0	2,065	681
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Additional telephone handset	738	10%	1.0	738	74
Billing system	3,923	10%	1.0	3,923	392
Incremental licences	1,394	10%	1.0	1,394	139
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	4.0	2,065	681
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	2.0	2,065	413
Consulting room:					
Desk	754	10%	2.0	1,507	151
Office chair	382	10%	2.0	764	76
Cabinet/credenza	361	10%	2.0	723	72
Filing cabinet 4 drawer	289	10%	2.0	578	58
Book shelves	206	10%	2.0	413	41
Additional telephone handset	738	20%	2.0	1,476	295
Lounge chairs	831	20%	4.0	3,324	665
Computer	2,065	33%	2.0	4,130	1,363
Library (self help books)	310	17%	2.0	619	105
Medical equipment:					
Sphygmomanometer	31	10%	2.0	62	6
Stethoscope	98	10%	2.0	196	20
Weight scales	52	20%	2.0	103	21
Desk diagnostic kit	516	10%	2.0	1,032	103
Tympanic thermometer	155	20%	2.0	310	62
Practice fitout					
Rooms fit-out	23,746	5.0%	1.5	35,619	1,781
			Total	80,150	10,218

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	30,973
Debtors	72,271
Creditors	-20,649
Plant & equipment (50%)	40,075
Total working capital	122,671
Interest charge	10,991
Charge per doctor	\$ 5,496
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

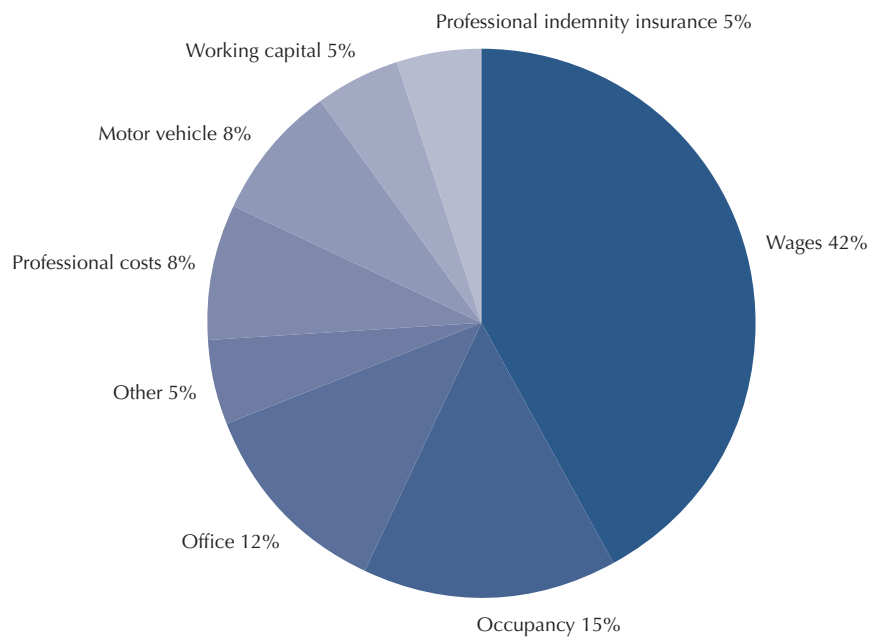
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	5,162
Advertising	692
Bad debts	1,032
Bank charges	4,215
Computer software & consumables	2,581
Electricity, gas & water	1,032
Magazines & newspapers	429
Medical consumables	413
Medical waste removal	900
Other	2,684
Postage, printing & stationery	4,130
Professional indemnity insurance	12,218
Repairs & maintenance - plant & equipment	1,032
Security	434
Telephone & fax	6,195
Subscriptions to associations	4,956

Cost category breakdown - Psychiatry



2.20 Radiation oncology

PwC Practice Cost Study - Radiation oncology

Detailed practice cost breakdown	
Number of doctors in model practice	4
Cost category	\$
Wages & staff costs	
Salary & wages	371,023
Superannuation	25,972
Long service leave	7,420
Workers compensation insurance	1,855
Payroll tax	21,556
Training	1,463
Total wages & salary	429,290
Occupancy costs	
Rent	77,433
Security	201
Cleaning, laundry & waste disposal	9,934
Electricity & gas	6,453
Contents & public liability insurance	2,042
Magazines	429
Total occupancy costs	96,492
Office expenses	
Accountancy	11,615
Advertising	2,123
Bank charges	4,475
Computer software & consumables	3,614
Postage, printing & stationery	8,001
Repairs & maintenance - plant & equipment	90,029
Telephone & fax	9,292
Other	3,355
Total office expenses	132,505
Other practice costs	
Bad debts	23,488
Medical supplies	14,196
Depreciation	32,577
Total other practice costs	70,262
Professional costs	
Subscriptions, journals & registrations	3,670
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	10,439
Motor vehicle expenses	8,578
Working capital expense - interest	28,863
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	776,429
Professional indemnity insurance (included in overhead)	6,541
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	6,541
* TOTAL GENERAL OVERHEAD	782,970

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Chief radiation therapist (super)	\$ 72,760	1.00	72,760
Senior radiation therapist	\$ 54,570	6.00	327,420
Other radiation therapist	\$ 42,800	15.00	642,000
Registered nurses	\$ 41,730	2.00	83,460
Centre manager	\$ 74,900	1.00	74,900
Administrative staff	\$ 32,100	4.50	144,450
Physicist	\$ 69,550	2.00	139,100
	Total	31.50	1,484,090

Other on-costs

Superannuation rate:	7.00%	SGC rate at 31 December 1999
Long service leave rate:	2.00%	(12 weeks leave after 10 years service - ie. 6 days per year)
Workers compensation insurance rate:	0.50%	
Payroll tax rate:	5.81%	

Training costs

Staff training allowance (per staff)	\$186
Income protection insurance (per doctor)	\$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	310	276	374	196	258	232	196	310	253

Accommodation type: Ave. hospital/medical precinct

Rent rate in use: \$ 310

Practice size (Sq Metre): 1,000.00

Cleaning rate per sq metre: \$ 15.49

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$ 511.06

Contents insurance rate per \$1,000 \$ 8.01

Additional insurance for linacs etc.

DLMA \$ 15,487

SLMA \$ 4,440

Simulator \$ 3,717

Total \$ 22,900

Repairs & maintenance			
	Number	Rate	Total
General plant & equipment	N/A	N/A	\$ 5,162
DLMA - maintenance contract	2	77,433	\$154,867
SMLA - maintenance contract	1	51,622	\$ 51,622
Simulator - maintenance contract	1	27,876	\$ 27,876
CT Planner - maintenance contract	2	25,811	\$ 51,622
Discount for warranty year (10%)		-10%	-29,115
Allowance for non-maintenance contract parts	N/A	N/A	\$ 98,082
Total			\$360,117

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room/ consulting area:					
Chairs: standard	155	10%	12.0	1,858	186
Chairs: lounge	310	10%	4.0	1,239	124
Coffee table	165	10%	2.0	330	33
Pamphlet rack	155	10%	1.0	155	15
Coat stand/rack	155	10%	1.0	155	15
Notice board	181	10%	1.0	181	18
Reception & office furniture:					
Office desk	754	10%	1.0	754	75
Office chair & chair mat	351	10%	2.0	702	70
Pedestal	217	10%	2.0	434	43
Footrest	52	10%	2.0	103	10
Stationery cabinet	284	10%	1.0	284	28
Filing cabinet - 4 dr	289	10%	1.0	289	29
Reception & office equipment:					
Fax machine	3,097	20%	1.0	3,097	619
Photocopier with sorter	12,389	20%	1.0	12,389	2,478
Shredder	450	20%	1.0	450	90
Safe	1,032	5%	1.0	1,032	52
Dictaphones desk top (not hand held)	1,017	20%	1.0	1,017	203
Dictaphone (hand held)	465	20%	4.0	1,858	372
Compactus	15,487	5%	1.0	15,487	774
Treatment waiting area:					
Chairs: standard	155	10%	12.0	1,858	186
Chairs: lounge	310	10%	4.0	1,239	124
Bookings/nurses desk	754	10%	1.0	754	75
Office chair & mat	351	10%	1.0	351	35
Consulting area - 4 doctor (per room):					
Desk	754	10%	4.0	3,015	301
Office chair & mat	351	10%	4.0	1,404	140
Patient / relative chairs	155	10%	8.0	1,239	124
Cabinet	361	10%	4.0	1,445	145
Filing cabinet 4 drawer	289	10%	4.0	1,156	116
Bookshelves	206	10%	4.0	826	83
Exam table	310	10%	4.0	1,239	124
Double x-ray light box	206	10%	4.0	826	83
Stethoscope	98	10%	4.0	392	39
Auroscope/ophthalmoscope	516	20%	4.0	2,065	413
Magnifier	26	10%	4.0	103	10
Proctoscope light source	826	10%	1.0	826	83
Scales	52	10%	1.0	52	5
Sphygmomanometer	31	10%	4.0	124	12
Examination light	310	10%	4.0	1,239	124
Mirror	52	10%	1.0	52	5
ENT exam instruments	826	10%	4.0	3,304	330
Neurological exam set	103	10%	1.0	103	10
Dermatology exam set	103	10%	4.0	413	41

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Chief RT office:					
Computer desk	754	10%	1.0	754	75
Office chair & mat	351	10%	1.0	351	35
Bookshelves	206	10%	2.0	413	41
Filing cabinet 4 drawer	289	10%	2.0	578	58
Chair	155	10%	1.0	155	15
White board	181	10%	1.0	181	18
Notice board	155	10%	1.0	155	15
Managers office:					
Computer desk	754	10%	1.0	754	75
Office chair & mat	351	10%	1.0	351	35
Bookshelves	206	10%	2.0	413	41
Filing cabinet 4 drawer	289	10%	2.0	578	58
Chair	155	10%	1.0	155	15
White board	181	10%	1.0	181	18
Notice board	155	10%	1.0	155	15
Nurses office:					
Computer desk	754	10%	1.0	754	75
Office chair & mat	351	10%	1.0	351	35
Bookshelves	206	10%	2.0	413	41
Filing cabinet 4 drawer	289	10%	2.0	578	58
Chair	155	10%	1.0	155	15
White board	181	10%	2.0	361	36
Notice board	155	10%	1.0	155	15
Dressing applic'n room / sterilisation:					
Patient chair	155	10%	1.0	155	15
Exam couch	1,032	10%	1.0	1,032	103
Fridge for drugs	413	10%	1.0	413	41
Autoclave	5,500	10%	1.0	5,500	550
Dressing trolley	619	10%	1.0	619	62
Dressings cupboard	310	10%	1.0	310	31
Non-ambulatory patient hold/rest area:					
Trolley (Joyce) St Johns model 50	4,550	20%	1.0	4,550	910
Resuscitation trolley	1,032	20%	1.0	1,032	206
Oxygen trolley, bottles, regulator	826	20%	2.0	1,652	330
Air viva	310	20%	1.0	310	62
Sphygmo	83	10%	1.0	83	8
Patient chairs	155	10%	2.0	310	31

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Mould room:					
Dicor fitout & block cutter (incl fan & ducting install)	72,271	20%	1.0	72,271	14,454
Lead/alloy	11,873	10%	1.0	11,873	1,187
Waterbath	619	20%	1.0	619	124
Head supports & clamps	2,127	50%	1.0	2,127	1,063
Simulator room:					
Control desk	754	10%	1.0	754	75
Chair & mat	351	10%	1.0	351	35
Patient chair	155	10%	1.0	155	15
Shelving	206	10%	2.0	413	41
Cabinets	310	10%	1.0	310	31
Orfit cast equipment	2,127	20%	1.0	2,127	425
Breast board	5,162	20%	1.0	5,162	1,032
Evacuated plastic shape	826	50%	2.0	1,652	826
Belly board	258	50%	1.0	258	129
Head ring	248	30%	3.0	743	223
Soft top mattress	428	20%	1.0	428	86
"Patslide"	521	20%	1.0	521	104
Custom foot rest for machine	1,032	10%	1.0	1,032	103
Double xray view box	774	10%	1.0	774	77
Prone pillow	206	50%	1.0	206	103
Film processor room :					
High speed processor	36,136	10%	1.0	36,136	3,614
Exhaust system installed	4,517	10%	1.0	4,517	452
Film hopper	2,581	10%	1.0	2,581	258
X-ray identifier	4,156	10%	1.0	4,156	416
Film cassettes for simulator	516	10%	4.0	2,065	206
Therapy film cassettes	955	10%	6.0	5,730	573
Fume cupboard hood (est)	516	10%	1.0	516	52
Heavy metal separator to drain(est)	4,130	10%	1.0	4,130	413
DMLA treatment rooms and associated:					
Control desk	1,032	10%	2.0	2,065	206
Chair & mat	351	10%	2.0	702	70
Patient chair	155	10%	2.0	310	31
Shelving	206	10%	4.0	826	83
Cabinets	310	10%	2.0	619	62
Orfit cast equipment	2,127	20%	2.0	4,254	851
Breast board	5,162	20%	2.0	10,324	2,065
Evacuated plastic shape	826	50%	4.0	3,304	1,652
Belly board	258	50%	2.0	516	258
Head ring	248	30%	6.0	1,487	446
Soft top mattress	428	20%	2.0	857	171
"Patslide"	521	20%	2.0	1,043	209
Custom foot rest for machine	1,032	10%	2.0	2,065	206
Patient chair	155	10%	2.0	310	31
Double x-ray view box	774	10%	2.0	1,549	155
Prone pillow	206	50%	2.0	413	206

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
SPLA treatment rooms and associated :					
Control desk	1,032	10%	1.0	1,032	103
Chair & mat	351	10%	1.0	351	35
Patient chair	155	10%	2.0	310	31
Shelving	206	10%	2.0	413	41
Cabinets	310	10%	1.0	310	31
Camera/polaroid/digital	619	20%	1.0	619	124
Orfit cast equipment	2,127	20%	1.0	2,127	425
Breast board	5,162	20%	1.0	5,162	1,032
Evacuated plastic shape	826	50%	2.0	1,652	826
Belly board	258	50%	1.0	258	129
Head ring	248	30%	3.0	743	223
Soft top mattress	428	20%	1.0	428	86
"Patslide"	521	20%	1.0	521	104
Custom foot rest for machine	1,032	10%	1.0	1,032	103
Double x-ray view box	774	10%	1.0	774	77
Prone pillow	206	50%	1.0	206	103
Air viva (one for treatment area)	310	10%	1.0	310	31
Other essential equipment:					
Wheelchair avion	1,136	10%	3.0	3,407	341
Calculators	103	20%	10.0	1,032	206
Vacuum cleaner	258	20%	1.0	258	52
Kitchen / general items:					
Fridge (food)	929	10%	1.0	929	93
Boiling water system (WaterMark)	1,704	20%	1.0	1,704	341
Microwave oven	361	20%	1.0	361	72
Other minor equipment	52	20%	1.0	52	10
Crockery / cutlery	206	10%	1.0	206	21
Glassware	103	10%	1.0	103	10
Table	310	10%	1.0	310	31
Chairs	163	10%	4.0	653	65
Bins - all staff & kitchen	10	10%	40.0	413	41
Communications:					
Telephone system	25,811	10%	1.0	25,811	2,581
Keystations	155	10%	40.0	6,195	619
Hands free for training room	1,032	10%	1.0	1,032	103
Modems	155	27%	2.0	310	84
PA system	3,355	20%	1.0	3,355	671
Mobile phones (drs)	619	33%	4.0	2,478	818
Mobile phones (on call RTs)	619	33%	2.0	1,239	409
Answering machine	103	20%	2.0	206	41

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Staff room / training room:					
Table	1,032	10%	3.0	3,097	310
Chairs	155	10%	16.0	2,478	248
Cabinet	310	10%	1.0	310	31
White board	181	10%	1.0	181	18
Computer software:					
Billing system	5,162	33%	1.0	5,162	1,704
Software licences (general allocation)	5,162	33%	1.0	5,162	1,704
Accounting system	6,195	33%	1.0	6,195	2,044
Other software	795	33%	20.0	15,900	5,247
MIMS	155	33%	1.0	155	51
Networking software (NT)	2,478	33%	1.0	2,478	818
Planning room:					
Light table - flat	1,032	10%	1.0	1,032	103
Light tables - tilting	1,032	10%	6.0	6,195	619
Office chairs & mats	351	10%	7.0	2,457	246
Desk areas	754	10%	1.0	754	75
Whiteboard	181	10%	2.0	361	36
Notice board	258	10%	1.0	258	26
Port film storage	826	10%	1.0	826	83
OHS equipment:					
Fire extinguishers	103	10%	10.0	1,032	103
Hose reel (estimate)	516	10%	2.0	1,032	103
First aid kit	206	10%	1.0	206	21
Film badge costs (estimate)	52	10%	28.0	1,445	145
Purchase of linen	11,357	33%	1.0	11,357	3,748
Chief physicist office:					
Computer desk	754	10%	1.0	754	75
Office chair & mat	351	10%	1.0	351	35
Bookshelves	206	10%	3.0	619	62
Filing cabinet 4 dr	289	10%	5.0	1,445	145
Chair	155	10%	3.0	465	46
White board	181	10%	1.0	181	18
Notice board	155	10%	1.0	155	15
Physics equipment:					
Well Hofer unit	335,545	10%	1.0	335,545	33,554
Tools - general	2,065	10%	1.0	2,065	206
Computer hardware					
Computers	2,065	27%	20.0	41,298	11,150
Printers - small	1,032	27%	3.0	3,097	836
Printers - large	3,097	27%	2.0	6,195	1,673
Scanners	413	27%	1.0	413	112
Network server	10,324	27%	1.0	10,324	2,788
Cabling	15,487	10%	1.0	15,487	1,549
Hubs etc	2,581	27%	1.0	2,581	697
Practice fitout					
Rooms fit-out	118,731	5.0%	1.0	118,731	5,937
			Total	956,083	130,309

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
Fixed costs	Per km cost	Total
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital item	\$
Cash/overdraft	619,468
Debtors	603,981
Creditors	-412,978
Plant & equipment (50%)	478,042
Total working capital	1,288,512
Interest charge	115,451
Charge per doctor	\$ 28,863
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

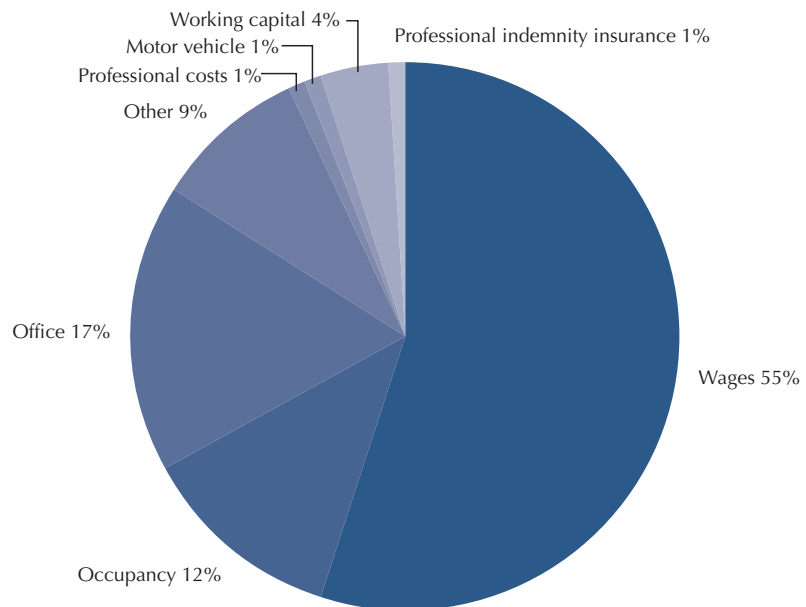
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	46,460
Advertising	8,492
Bad debts	93,953
Bank charges	17,901
Computer software & consumables	14,454
Electricity, gas & water	25,811
Laundry	20,649
Magazines & newspapers	1,718
Medical consumables	56,785
Medical waste removal	3,600
Other	13,422
Postage, printing & stationery	32,006
Professional indemnity insurance	26,164
Repairs & maintenance - plant & equipment	360,117
Security	805
Telephone & fax	37,168
Subscriptions to associations	14,681

Cost category breakdown - Radiation oncology



Attribution of costs to items Summary of practice cost profile for 4-doctor radiation oncology centre	
Cost item	(\$)
Wages & staff costs	1,717,158
Occupancy costs	385,970
Office expenses	530,020
Other practice costs	281,046
Professional costs	41,756
Motor vehicle expenses	34,313
Working capital	115,451
Prof indemnity insurance	26,164
Total practice costs	3,131,877

Consulting item recovery rate (based on general physician rate)		
Total costs	Per hour	Per minute
\$ 132,919	\$ 72.24	\$ 1.20

Average number of fields per treatment: 2.6

Total practice cost	\$ 3,131,877
Less: consulting & radiology cost	\$ 371,975
Remaining costs for attribution	\$ 2,759,902

Annual recovery by item for typical radiation oncology profile

Typical item profile			Item fee & cost		
Item code	Std item time (mins)	Std annual number	Schedule fee	Time based item cost	Annual cost
Consulting item					
104	30	1,587	\$ 65.80	\$ 36.12	\$ 57,321
105	15	3,899	\$ 33.00	\$ 18.06	\$ 70,414
Radiology items					
N/A	N/A	5,475	\$ 59.48	44.61	244,240
Sub-total			10,961		371,975

Typical item profile			Item fee & cost			
Item code	Weighting	Std annual number	Schedule fee	Item cost	Annual cost	
Other items						
15203	1.49%	1,298	45.90	41.12	53,371	Total item cost for 2.6 fields Cost per additional field
15204	2.81%	11,074	92.62	77.55	858,734	
				22.77		
15207	1.71%	2,782	45.90	47.19	131,281	Total item cost for 2.6 fields Cost per additional field
15208	3.26%	12,647	92.62	89.96	1,137,766	
				26.73		
15211	1.33%	13	42.05	36.70	477	Total item cost for 2.6 fields Cost per additional field
15214	2.67%	186	81.25	73.68	13,705	
				23.11		
15500	2.41%	628	186.75	66.51	41,766	
15503	5.03%	601	239.70	138.81	83,424	
15506	6.60%	221	357.95	182.13	40,252	
15509	2.17%	48	161.90	59.88	2,874	
15512	4.48%	5	208.55	123.63	618	
15515	5.86%	1	301.95	161.71	162	
15518	4.74%	538	59.25	130.81	70,373	
15521	8.67%	470	261.45	239.26	112,451	
15524	17.11%	397	490.30	472.17	187,451	
15527	4.61%	127	60.65	127.22	16,157	
15530	8.43%	29	270.85	232.64	6,746	
15533	16.62%	5	513.65	458.65	2,293	
Sub-total		31,070			\$ 2,759,902	
Total		42,031			\$ 3,131,877	

Note: Schedule fee based on November 1999 and assumes average number fields is 2.6 per treatment for items 15204, 15208 and 15214

2.21 Rehabilitation medicine

PwC Practice Cost Study - Rehabilitation medicine

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	16,468
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	924
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	23,717
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,287
Computer software & consumables	1,291
Postage, printing & stationery	3,300
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,382
Other	1,342
Total office expenses	16,045
Other practice costs	
Bad debts	516
Medical supplies	1,126
Depreciation	6,674
Total other practice costs	8,316
Professional costs	
Subscriptions, journals & registrations	2,137
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,906
Motor vehicle expenses	8,578
Working capital expense - interest	6,271
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	126,556
Professional indemnity insurance (included in overhead)	2,366
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	2,366
* TOTAL GENERAL OVERHEAD	128,922

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Medical precinct

Rent rate in use: \$ 299

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Computer	2,065	33%	1.0	2,065	681
Shredder	450	33%	1.0	450	149
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,674

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	36,136
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	69,986
Interest charge	6,271
Charge per doctor	\$ 6,271
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

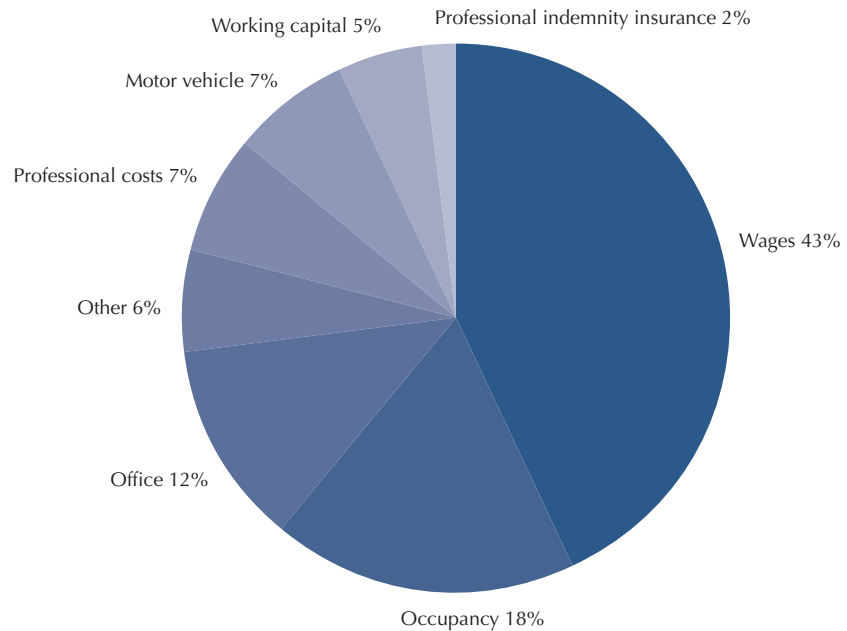
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,287
Computer software & consumables	1,291
Electricity, gas & water	924
Laundry	361
Magazines & newspapers	429
Medical consumables	1,126
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,300
Professional indemnity insurance	2,366
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,382
Subscriptions to associations	2,137

Cost category breakdown - Rehabilitation medicine



2.22 Renal medicine

PwC Practice Cost Study - Renal medicine

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	924
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,853
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,626
Computer software & consumables	1,291
Postage, printing & stationery	3,236
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,305
Other	1,342
Total office expenses	16,243
Other practice costs	
Bad debts	516
Medical supplies	1,096
Depreciation	6,615
Total other practice costs	8,228
Professional costs	
Subscriptions, journals & registrations	2,225
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,994
Motor vehicle expenses	8,578
Working capital expense - interest	7,658
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	129,277
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	4,823
* TOTAL GENERAL OVERHEAD	134,100

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	51,622
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	85,473
Interest charge	7,658
Charge per doctor	\$ 7,658
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

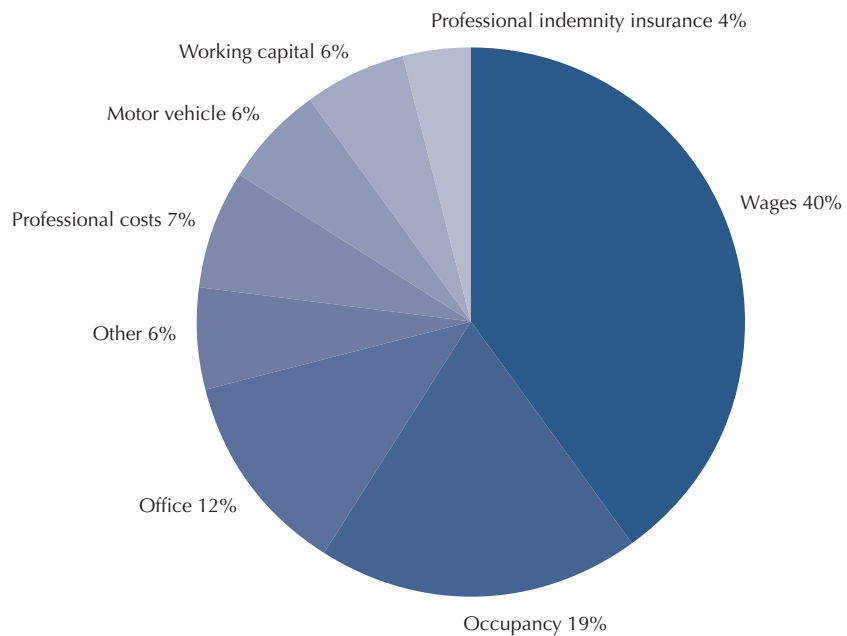
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,626
Computer software & consumables	1,291
Electricity, gas & water	924
Laundry	361
Magazines & newspapers	429
Medical consumables	1,096
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,236
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,305
Subscriptions to associations	2,225

Cost category breakdown - Renal medicine



2.23 Rheumatology

PwC Practice Cost Study - Rheumatology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	1,032
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,961
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,287
Computer software & consumables	1,291
Postage, printing & stationery	3,201
Repairs & maintenance - plant & equipment	516
Telephone & fax	3,717
Other	1,342
Total office expenses	15,281
Other practice costs	
Bad debts	516
Medical supplies	1,549
Depreciation	6,615
Total other practice costs	8,680
Professional costs	
Subscriptions, journals & registrations	2,354
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,123
Motor vehicle expenses	8,578
Working capital expense - interest	6,271
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	127,617
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	-
Total professional indemnity insurance	4,823
* TOTAL GENERAL OVERHEAD	132,440

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	36,136
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	69,986
Interest charge	29,586
Charge per doctor	\$ 6,271
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
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Total	5,190

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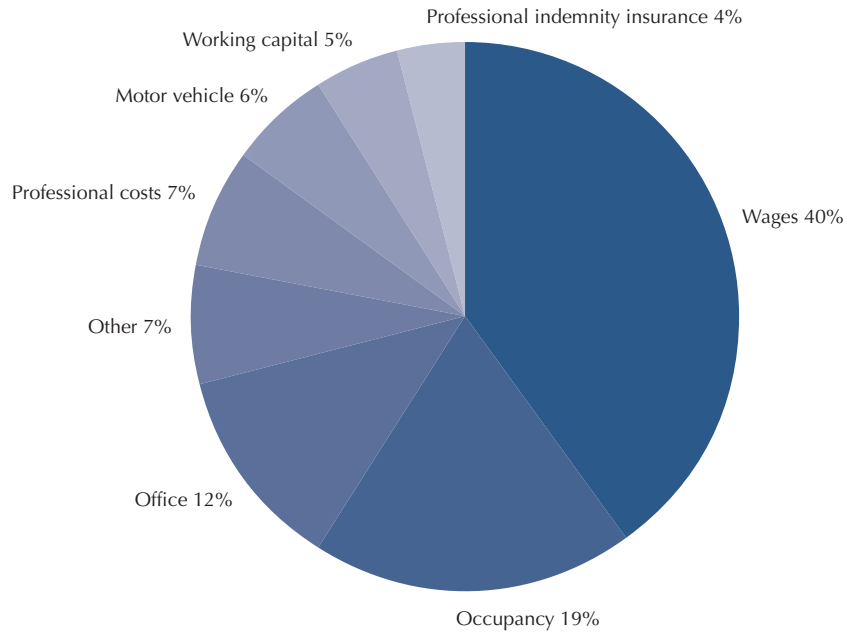
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Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,287
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,549
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,201
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	3,717
Subscriptions to associations	2,354

Cost category breakdown - Rheumatology



2.24 Thoracic medicine

PwC Practice Cost Study - Thoracic medicine

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	17,603
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,113
Electricity & gas	924
Contents & public liability insurance	970
Magazines	429
Total occupancy costs	24,853
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	3,314
Computer software & consumables	1,291
Postage, printing & stationery	3,878
Repairs & maintenance - plant & equipment	516
Telephone & fax	5,124
Other	1,342
Total office expenses	18,392
Other practice costs	
Bad debts	516
Medical supplies	1,469
Depreciation	6,615
Total other practice costs	8,601
Professional costs	
Subscriptions, journals & registrations	2,184
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	8,952
Motor vehicle expenses	8,578
Working capital expense - interest	9,046
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	133,145
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	1,732
Total professional indemnity insurance	6,555
* TOTAL GENERAL OVERHEAD	139,700

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
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4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 55.00

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

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Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
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Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
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Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
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Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	57,376	6,615

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
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Cost category	Holden Commodore	
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Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	67,109
Creditors	-10,324
Plant & equipment (50%)	28,688
Total working capital	100,959
Interest charge	9,046
Charge per doctor	\$ 9046
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

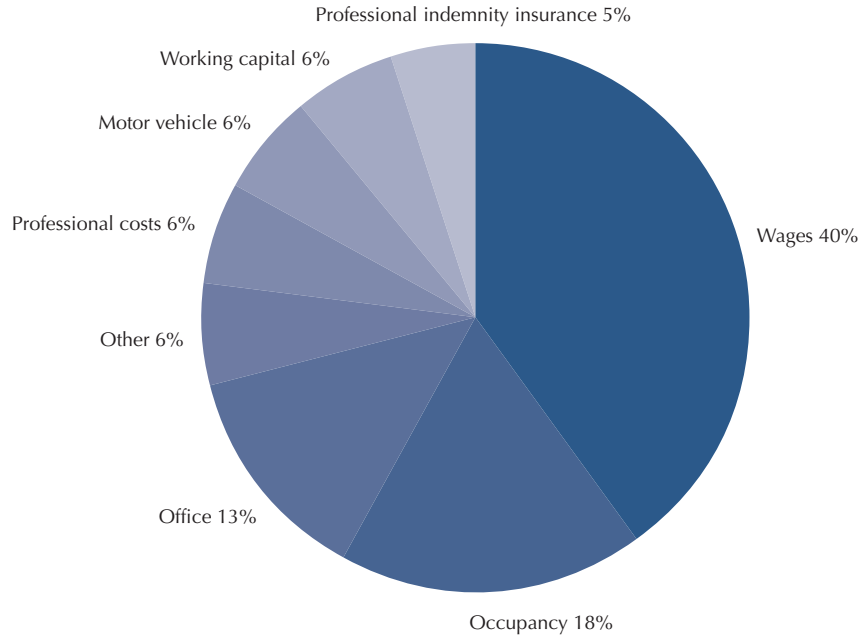
Calculation of national travel (airfare)	
Sydney - Perth	1,404
Sydney - Adelaide	757
Sydney - Hobart	676
Sydney - Brisbane	587
Sydney - Melbourne	535
Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	3,314
Computer software & consumables	1,291
Electricity, gas & water	924
Laundry	361
Magazines & newspapers	429
Medical consumables	1,469
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,878
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	5,124
Subscriptions to associations	2,184

Cost category breakdown - Thoracic medicine



2.25 Urology

PwC Practice Cost Study - Urology

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	19,364
Rent - satellite rooms	2,379
Security	434
Cleaning, laundry & waste disposal	2,198
Electricity & gas	1,032
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	26,812
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,747
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,773
Other practice costs	
Bad debts	516
Medical supplies	1,549
Depreciation	6,688
Total other practice costs	8,753
Professional costs	
Subscriptions, journals & registrations	2,996
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,765
Motor vehicle expenses	8,578
Working capital expense - interest	8,153
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	133,557
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	13,404
Total professional indemnity insurance	18,227
* TOTAL GENERAL OVERHEAD	151,784

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

Rent & other property expenses - calculation sheet

Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
1. Hospital co-located	320	284	387	206	258	258	206	310	258
2. Medical precinct	299	268	361	186	258	206	186	310	248
3. Commercial/retail	258	248	310	165	209	186	165	258	206
4. Stand alone	217	206	258	145	186	165	145	232	186
5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 60.50

Cleaning rate per sq metre: \$ 15.49

Satellite rooms cost: \$ 2,379

Contents & public liability insurance

Public liability insurance for practice for \$10,000,000 cover \$511.06

Contents insurance rate per \$1,000 \$ 8.01

Property, plant & equipment & related costs - calculation sheet

Asset group & description	Price	Depreciation rate	Quantity	Value of assets	Depreciation
Waiting room:					
Chairs	155	10%	5.0	774	77
Coffee table	165	10%	1.0	165	17
Pamphlet rack	155	10%	1.0	155	15
Reception area:					
Office chair	299	10%	1.0	299	30
Filing cabinet - 4 drawer	289	10%	1.0	289	29
Compactus	2,942	10%	1.0	2,942	294
Answering machine	103	20%	1.0	103	21
Office equipment:					
Fax	826	20%	1.0	826	165
Photocopier	1,962	20%	1.0	1,962	392
Shredder	450	20%	1.0	450	90
Computer	2,065	33%	1.0	2,065	681
Printer (when 2 printers 1 corro 1 billing)	1,032	33%	1.0	1,032	341
Telephone system (commander system)	2,364	10%	1.0	2,364	236
Billing system	3,923	10%	1.0	3,923	392
Accountancy system (MYOB)	516	33%	1.0	516	170
Other software (MS Office)	516	33%	2.0	1,032	341
Safe	1,032	5%	1.0	1,032	52
Dictaphone	1,032	20%	1.0	1,032	206
Consulting room:					
Desk	754	10%	1.0	754	75
Office chair	382	10%	1.0	382	38
Chairs	139	10%	2.0	279	28
Cabinet/credenza	361	10%	1.0	361	36
Filing cabinet 4 drawer	289	10%	1.0	289	29
Book shelves	206	10%	1.0	206	21
Additional telephone handset	738	20%	1.0	738	148
Computer	2,065	33%	1.0	2,065	681
Examination table	310	10%	1.0	310	31
X-ray viewer	206	10%	1.0	206	21
Examination light	310	10%	1.0	310	31
Vaccine fridge	413	20%	1.0	413	83
Medical equipment:					
Sphygmomanometer	31	10%	1.0	31	3
Stethoscope	98	10%	1.0	98	10
Weight scales	52	20%	1.0	52	10
Desk diagnostic kit	516	10%	1.0	516	52
Tympanic thermometer	155	20%	1.0	155	31
Bench top steriliser	5,500	10%	1.0	5,500	550
Sigmoidoscope	725	10%	1.0	725	73
Practice fitout					
Rooms fit-out	23,746	5.0%	1.0	23,746	1,187
			Total	58,101	6,688

Motor vehicle expenses - calculation sheet

Key variables

Estimated annual kilometres	15,000 kms
Estimated private use %	30.00 %

Indicative NRMA motor vehicle running costs (based on 30 June 1997 NRMA Handbook)

Cost category	Holden Commodore	
	Per km cost	Total
Fixed costs		
Depreciation @ 15%	0.41	6,199
Interest	0.14	2,150
Rego, insurance, etc.	0.10	1,502
Total fixed costs	0.66	9,851
Variable costs		
Fuel	0.1081	1,621
Tyres	0.0125	187
Services & repairs	0.0396	595
Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,487
Debtors	56,785
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	90,997
Interest charge	8,153
Charge per doctor	\$ 8,153
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

This cost represents an annual allocation of \$4,394 per doctor based on a national conference every year and an international conference every 2 years.

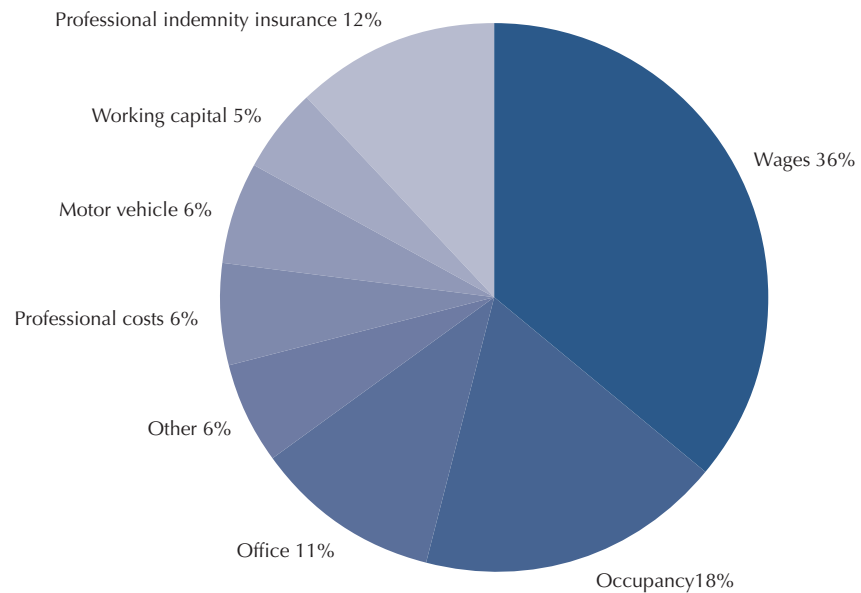
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Sydney - Canberra	316
Total	4,275
Average	\$713

Policy based on all flights from Sydney and a conference in home city once every 5 years.
Travel cost to be included (80%): \$570

General overhead costs - allocated amounts

Overhead costs	\$
Accountancy & professional costs	2,581
Advertising	346
Bad debts	516
Bank charges	2,747
Computer software & consumables	1,291
Electricity, gas & water	1,032
Laundry	361
Magazines & newspapers	429
Medical consumables	1,549
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,614
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,336
Subscriptions to associations	2,996

Cost category breakdown - Urology



2.26 Vascular surgery

PwC Practice Cost Study - Vascular surgery

Detailed practice cost breakdown	
Number of doctors in model practice	1
Cost category	\$
Wages & staff costs	
Salary & wages	49,755
Superannuation	3,483
Long service leave	995
Workers compensation insurance	249
Training	242
Total wages & salary	54,723
Occupancy costs	
Rent	19,364
Security	434
Cleaning, laundry & waste disposal	2,198
Electricity & gas	1,032
Contents & public liability insurance	976
Magazines	429
Total occupancy costs	24,434
Office expenses	
Accountancy	2,581
Advertising	346
Bank charges	2,619
Computer software & consumables	1,291
Postage, printing & stationery	3,614
Repairs & maintenance - plant & equipment	516
Telephone & fax	4,336
Other	1,342
Total office expenses	16,644
Other practice costs	
Bad debts	516
Medical supplies	2,581
Depreciation	6,688
Total other practice costs	9,785
Professional costs	
Subscriptions, journals & registrations	2,829
Continuing medical education (CME)	4,394
Income protection insurance	2,375
Total professional costs	9,598
Motor vehicle expenses	8,578
Working capital expense - interest	7,691
TOTAL GENERAL OVERHEAD COSTS (excluding professional indemnity)	131,453
Professional indemnity insurance (included in overhead)	4,823
Professional indemnity insurance (included in procedural items)	12,437
Total professional indemnity insurance	17,260
* TOTAL GENERAL OVERHEAD	148,713

* Including total professional indemnity insurance and excluding direct costs

Wages & related costs - calculation sheet

Staffing matrix			
Staff category	Annual rate	Number (FTE)	Annual cost
Secretary/receptionist	\$37,450	1.10	41,195
Registered nurse	\$36,380	0.00	-
Practice manager	\$42,800	0.20	8,560
Technician	\$40,660	0.00	-
	Total	1.30	49,755

Other on-costs

Superannuation rate: 7.00% SGC rate at 31 December 1999
 Long service leave rate: 2.00% (12 weeks leave after 10 years service
 - ie. 6 days per year)

Workers compensation insurance rate: 0.50%

Training costs

Staff training allowance (per staff) \$186

Income protection insurance (per doctor) \$2,375

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Accommodation type	Weight ave	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
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5. Ave. commercial/stand-alone	237	227	284	155	197	176	155	245	196

Accommodation type: Hospital co-located

Rent rate in use: \$ 320

Practice size (Sq Metre): 60.50

Cleaning rate per sq metre: \$ 15.49

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Total variable costs	0.16	2,404
Total cost		12,255
Less: private use		3,676
Business cost per doctor		8,578

Working capital - calculation sheet

Working capital item	\$
Cash/overdraft	15,457
Debtors	51,622
Creditors	-10,324
Plant & equipment (50%)	29,050
Total working capital	85,835
Interest charge	7,691
Charge per doctor	\$ 7,691
Interest rate:	8.96%

Continuing medical education

National conference	
Conference registration	516
Travel (airfare)	570
Accommodation allowance	713
Total	1,799
International conference	
Conference registration	826
Travel (airfare)	2,581
Accommodation allowance	1,783
Total	5,190

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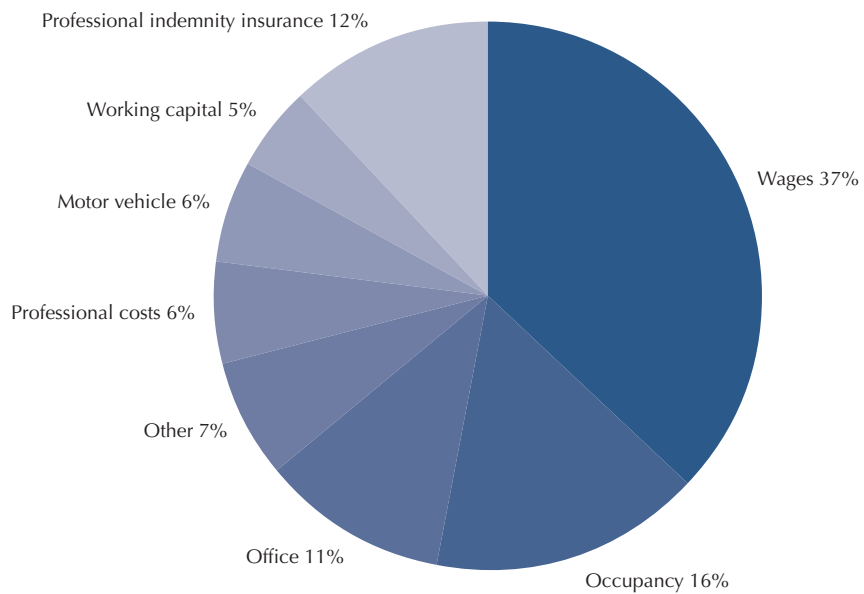
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Medical consumables	2,581
Medical waste removal	900
Other	1,342
Postage, printing & stationery	3,614
Professional indemnity insurance	4,823
Repairs & maintenance - plant & equipment	516
Security	434
Telephone & fax	4,336
Subscriptions to associations	2,829

Cost category breakdown - Vascular surgery



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- The Ear Nose and Throat Surgery Workforce in Australia, 1997.6
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- The Specialist Radiation Oncology Workforce in Australia, 1998.2

List of abbreviations

AAS	Australian Accounting Standard
ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health & Welfare
AMA	Australian Medical Association
AMWAC	Australian Medical Workforce Advisory Committee
APPC	Advisory Panel on Practice Costs
ATO	Australian Taxation Office
AWE	Average Weekly Earnings
AWOTE	Average Weekly Ordinary Times Earnings
CME	Continuing Medical Education
CPI	Consumer Price Index
DH&FS	Department of Health and Family Services
DMS	Deputising Medical Services
ECG	Electrocardiography
ENT	Ear, Nose and Throat
FMRC	Financial Management Resource Centre, University of New England
FTE	Full-time equivalent
GMST	General Medical Services Table
GST	Goods and Services Tax
HIC	Health Insurance Commission
IVF	In-vitro Fertilisation
KPMG	KPMG Management Consultants
MBS	Medicare Benefits Schedule
MOPS	Maintenance of Professional Standards
NAMDS	National Association of Medical Deputising Services
O&G	Obstetrics and Gynaecology
PAYE	Pay-As-You-Earn
PII	Professional Indemnity Insurance
PIP	Practice Incentive Program
PRS	Professional Relativities Study
PwC	PricewaterhouseCoopers
RACGP	Royal Australian College of General Practitioners
RACP	Royal Australasian College of Physicians
RBA	Reserve Bank of Australia
RRMA	Rural, Remote and Metropolitan Areas
RRS	Remuneration Rates Study
RVS	Relative Value Study
SNA	Safety Net Adjustment
TMUI	Treasury Measure of Underlying Inflation
VMO	Visiting Medical Officer
WCI	Wage Cost Index (ABS); Wages and Cost Index (Government)

Your Worlds



Our People