

National Competition Council

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PRESS RELEASE

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PUBLIC INTEREST OR SELF INTEREST?

The National Competition Council has today released three Community Information Papers highlighting anti-competitive practices and the need for less restrictions on the availability of professional services.

Professionals, such as doctors, surgeons, lawyers, architects, and pharmacists have almost unique market power because in most cases their own professional guilds and associations set the rules and regulations for professional practice and market dealing.

'Self-regulation' is open to abuse because it gives professionals the power to manipulate the market towards their own interests, rather than those of the consumer.

Whilst it is essential that public safety and confidence are protected many professional associations have subjective rules and requirements that *unnecessarily* restrict the number of professionals.

Inadequate numbers increase waiting times, increases prices, and increases professional's salaries. If restrictions were removed the supply of professionals would increase and services could be more widely available at a lower cost, particularly in rural areas.

Competition amongst professionals is presently limited by various combinations of:

- restrictions on training places for medical specialists,
- restrictions on advertising,
- restrictions on entry to the profession,
- restrictions on the use of the professional title,
- restrictions on profit sharing with non-professionals,
- restrictions on business location (in relation to other similar businesses), and
- inconsistencies between State regulations.

Professionals are service providers and are inherently no different to any other service provider. The rules and regulations which govern their market dealings should be subject to independent checks, balances and transparency to ensure that they are serving the overall public interest.

It is totally unfounded to assume that a professional, simply by virtue of his/her qualification, is somehow above the profit motive and therefore should not be subject to market competition like all other service providers in our economy.

As part of National Competition Policy the Commonwealth and all State and Territory Governments must review and reform all laws that restrict competition unless the benefits of the restriction to the community *as a whole* outweigh the costs.

The National Competition Council will be assessing the progress of professional legislation reform by each State and Territory as part of the National Competition Policy Third Tranche Assessment (due in June 2001).

Whilst National Competition Policy has attracted much attention through its application to export focussed industries, such as agriculture, it is no less relevant to city based service industries. National Competition Policy is just as applicable to the vested interests in the city professions as it is to Australia's farmers.

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Some Examples of Anti-Competitive Behaviour by Professionals

(For more information see the National Competition Council Community Information Papers)

- Only pharmacists can own pharmacies. In a rural context this means that unless a town can attract a pharmacist with enough money to buy the business they will not have a pharmacy. Alternate investors (ie. another shop owner) cannot buy the pharmacy and employ a pharmacist to work there.
- New pharmacies are not allowed to establish themselves within 1.5 km of an existing pharmacy.
- In the early 1990's NSW began to allow non-lawyers to practice conveyancing (property transactions). Since then prices have come down by an average of 17% regardless of whether they are provided by a licensed conveyancer or a lawyer. This saves NSW consumers about \$86 million a year. Conveyancing is still restricted to lawyers only in Queensland, Tasmania and the ACT.
- Medical Specialist College can severely limit the number of trainees, who can train them and where they can be trained.

An independent advisory body, AMWAC, has identified shortages in disciplines such as anaesthesia, dermatology, urology and orthopaedic surgery.

In 1997 AMWAC recommended that there be an additional 20 ear, nose and throat surgery training positions by 2000 – there has only been an increase of three.

- A qualified Bachelor of Architecture who is not registered with the relevant Architects Board cannot call themselves an Architect. However, in all States and Territories (with one exception) anyone, including building designers, project managers, etc. can compete directly with architects.
- More than 80 overseas trained doctors have gone to rural NSW since the Government increased competition in rural practice (by removing some unnecessary restrictions on foreign qualifications).
- In the Northern Territory, dentists have severe restrictions on how they can run their business, and the Dental Board can overrule changes to company documents, trading name and ownership changes.
- Some dental paraprofessionals are allowed to work for government, but are not allowed to do the same job in the private sector, for example dental therapists in New South Wales can only work in the public sector.