



TRANSCRIPT

ABC Radio 5AN – Adelaide
with Kevin Naughton and David Bland

Graeme Samuel,
President, National Competition Council
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Subject: Dental Practice Ownership

JOURNALIST

You may have heard a number of stories relating to the review done by the National Competition Council, quite a wide range of areas of competition.

If we go back to 1995 when the NCC was set up, their basic brief was to remove restrictions in a lot of areas, create more competition, reduce prices, increase services.

There was criticism made in its Third Tranche Assessment in which they said there was problems in South Australia with restrictions on shopping hours. That was one issue that has been dealt with earlier on ABC Radio Today. But another one was the question of dentists and dental paraprofessionals in the review done by the NCC.

They go through the various states. Victoria is the only State that has completed review and reform of the dentistry professions. South Australia has introduced a new Dental Practice Bill last October. This legislation followed a review of the current Act, completed in February 1999, which made some 33 recommendations.

Now there are some concerns about some elements of the way in which dentistry is allowed to be practised and effectively sold to the public in this State. We will hear from a dentist and the AMA on similar issues shortly but firstly to the President of National Competition Council, Graeme Samuel. Thanks for your time.

GRAEME SAMUEL

Thanks indeed for having me.

JOURNALIST

The assessment that was done of the performance of the States in many many areas runs to hundreds and hundreds of pages and there is a chapter that looks at medical professions and health areas but, dentists and dental paraprofessionals is quite a fascinating area. You made comments about Victoria completing its reform process. What is the situation in Victoria?

GRAEME SAMUEL

Well, in fact, the situation in Victoria is almost the same as South Australia. Both

Victoria and South Australia had reviews done of the various anti-competitive restrictions relating to the dental profession. Both reviews in Victoria and South Australia found in particular that there was no real net public benefit in retaining ownership restrictions. In other words, both in Victoria and South Australia in the past, ownership of dental practices was confined to dentists and to their immediate family.

And in both Victoria and South Australia, the review panels that were set up by the Victorian and South Australian Governments respectively, said that there was an anti-competitive cost to this.

Let me quote from the review panel, set up by the South Australian Government - the Dept of Human Services, which said the added competitive costs of this situation, that is, the restriction on ownership, concluded that the fees charged for the dental services, may be higher than in a situation where ownership is unrestricted due to, for example, economies of scale.

It then went on to say in addition, there is a cost on the public in not permitting the establishment of multi-disciplinary practices which maintain a focus on total health care.

It went and said, the review panel concludes that the ownership restrictions are not justified and should be removed.

Now in Victoria they came to similar conclusions and the Government there agreed to remove those restrictions on ownership.

JOURNALIST

But such is not the case here is it?

GRAEME SAMUEL

Not the case in South Australia, and the NCC's role is simply to say to the South Australian Government, as it says indeed to all Governments, where you have independent review panels conduct detailed analyses of this nature, to try to work out what is in the public interest. Where they make recommendations and where you the Government don't wish to follow those recommendations then, it's incumbent on you to actually provide good public interest reasons to not following those recommendations.

JOURNALIST

Well what reasons have been provided?

GRAEME SAMUEL

None so far.

JOURNALIST

When would you expect those?

GRAEME SAMUEL

They're required, in connection with the passing of the legislation back in November last year, you may recall there was a meeting of the Council of Australian Government, CoAG, and at that meeting on November 3rd last year, the Government's agreed (all nine Australian Governments agreed) the Governments would now make available to the public, as well as to the NCC, their public interest reasons for not following

recommendations of review panels and whether those recommendations are not so followed.

And so it would be incumbent upon Governments now, where they pass legislation that fails to recognise or fails to accept the recommendations of an independent panel, to now make publicly available the public interest reasons for not doing so.

JOURNALIST

What's the impact for the public from the two different regimes? At the moment as you say you need to be a dentist or in the dentists' immediate family to own and operate a dental practice. If you have a situation where a corporation could own a multi-disciplined centre where it say, might be attached to a suburban shopping centre, where you have a doctor and a dentist and a chiropractor and a naturopath and whatever - does that provide better service and cheaper service for the consumer?

GRAEME SAMUEL

Well, you probably almost provided the answer I think by the implication of your question.

In terms of providing services to the consumer, a multi-disciplinary practice that for example has business managers who can help manage the practice efficiently, and have a number of other, if you like, co-operative type practices that can provide a total health care solution (and it may not be pure medical but it may include alternative health remedies as part of the practice), they are all the sorts of services that would be available if these anti-competitive practices or anti-competitive restrictions were not in the legislation.

In a sense, it is not for the NCC to judge these matters, the Governments themselves set up their review panels. The review panels conduct very very detailed analyses and very detailed examinations. The report from this review panel stands some 60 odd pages, that is the South Australian Government's panel. They have done the work and they are the ones that have made the recommendations. It's now incumbent on Governments which don't want to follow those recommendations to actually show why the panel was wrong.

JOURNALIST

We spoke to the Minister's Office, Dean Brown's office, and they agreed that, that particular recommendation has not been included in the new Dental Practice Bill which is still to be debated. But they did say, that there was a clause in there which allowed for a dental or a multi-discipline practice to operate with the Ministers approval. Now is that satisfactory?

GRAEME SAMUEL

That is a questionable one. It does depend on how the Minister's approval, in fact, it talks about the approval of the Governor in the clause which is obviously the approval of Cabinet or of the Minister - and that depends on how that discretion is exercised.

Now sometimes those discretions can be exercised in an absolutely public benefit basis, other times they can be exercised to protect the interests, if you like, to protect the vested interests.

We should understand that what this policy is all about is not simply about introducing competition for competition sake, but it is actually ensuring that the vested interests don't overwhelm the public interest.

And let's face it, you and I have been subject to the Trade Practices Act since the mid 1970's. We're savvy to normal competitive disciplines, but there have been a few privileged groups in our community that have been able to exercise pretty strong political lobbying power to protect their vested interests. And it's that sort of thing that competition policy is all about - to try and put those vested interests into the background and bring right up to the front, the public interest, what is in the interest of the community as a whole.

JOURNALIST

Graeme Samuel, thanks very much for that.

GRAEME SAMUEL

Thank you.

JOURNALIST

Graeme Samuel from the National Competition Council. He is the President of that Council. Is that the way of the future or will we maintain the status quo? Dr David Miles is President of the Australian Dental Association, South Australian Branch. Giddy David.

DAVID MILES

Good Afternoon.

JOURNALIST

What do you think of the proposal for things such as corporate ownership of dental practices or multi-discipline set ups.

DAVID MILES

Well we're not too happy about corporate ownership in fact. Because we believe that these economies of scale that was mentioned before, will lead to a lessening of the quality of the care that people will get, particularly in country areas where country practices are traditionally expensive to set up. And because there are not a lot of patients to give you a high through-put of patients through the practice, they are very expensive to run.

And so in these areas in particular, we feel that the patients will miss out, and it will develop a two tier system of dentistry where you have got the upper tier of the more expensive procedures which are also profitable to the corporate entities - and these won't be affordable by most of the population in country areas.

JOURNALIST

How will it lead to a reduction in care?

DAVID MILES

Because it will increase costs because the corporate entities rely on big through-puts of patients so the more patients you have got going through the practice, the less relative are your costs.

JOURNALIST

Isn't that the argument though of the National Competition Council, that the market will

decide whether they're viable or not. But restricting a situation where someone with business management expertise can set up a practice with say two doctors, a dentist and a chiropractor. If they wish to go down that path, why should we restrict them from doing it?

DAVID MILES

Yes, that's true to a certain extent in the city and in metropolitan areas you have got a vast pool of patients that you can provide for those practices, but in country areas that is not true.

JOURNALIST

But would one of these companies operate in a country area.

DAVID MILES

Well possibly not, because it wouldn't be economical for them to do it.

JOURNALIST

Well, it would be situation normal than wouldn't it? In fact, it may well be economical Dr Miles if for example, you set up a medical practice where you may well have a GP available each day, a dentist visiting say maybe one, two days a week and a chiropractor or naturopath or whatever using the facilities in the rooms on other days. And that to me, would be a situation where maybe country areas could benefit.

DAVID MILES

Well, I think that you have a lot of practices like that, even now where medical practitioners and dental practitioners work together and they share some sort of facilities and I think that they probably honed their costs down to the barest essentials. And I think that if you bring in a large corporate practice there is certainly going to be an improvement in the degree of competition there, but I think it's going to make people cut costs on really important things like sterilisation procedures and I think the general public are going to miss out in the end.

JOURNALIST

Dr Miles if you could just stay with us for a moment, we will get the thoughts of the Australian Medical Association, Dr Michael Rice, who is in charge of the South Australian section. Dr Michael Rice is this a good idea?

DR RICE

Well Dr Miles raises many of the concerns that we have. There are good points and bad points about corporatisation. The good points relate to possible improved administrative efficiencies and so on.

The bad points relate to many of the things that Dr Miles talked about - that the question of standards is not covered by corporatisation. The pressure is on the bottom line. We have already seen what's happened in the Eastern States where competition has actually been limited as people have been taken over by the corporates because they are told they can no longer have so and so to do their x-rays, or so and so to do their pathology, or they can go to this specialist or that specialist, they will go to the specialist that the corporates choose. Now that limits competition, doesn't improve it.

JOURNALIST

But that doesn't mean that everyone in the market has to operate that way.

DR RICE

No no.

JOURNALIST

The current situation is that there are 100% restrictions where what is being proposed by the NCC, I presume, says that at least we will have more choice in this circumstance.

DR RICE

Well I have just indicated to you how you may have less choice. And that's fact from the Eastern States.

JOURNALIST

Let's go back to Graeme Samuel from the NCC to just see his response. Mr Samuel what's been your interpretation of the situation on the Eastern Seaboard.

GRAEME SAMUEL

Well I think it's as you've expressed it - which is that now there is some choice. See there is no obligation to set up a corporate practice. At the present moment, there is no ability to set up one. And all this is doing, is giving the ability of dentists and other health professionals and others that may wish to co-operate and work together, to set up multi-disciplinary practices to set up corporate type practices if it suits them.

But if it doesn't suit in a particular area, be it a rural or a regional area or whatever it might be, or in the city, then they won't do it. They'll continue to practice as the present.

The issue about standards is a bit of a furphy if I might say so. It is often raised by professions who sometimes, unfortunately, and by the medical profession, use it as a bit of a scare tactic. And I really have some objection to it because the reason we set up registration boards is to ensure that those who provide the service, that is, those that provide the dental service or the medical service, are subject to stringent quality standards.

Now, the actual ownership of the practice, we don't know at the moment, for example, whether it's a medical practice or a dental practice, is owned by the spouse or children of the dentists concerned, that those spouses or children are actually watching the standards. We don't rely on that. We rely upon our dental boards and upon other regulatory procedures to ensure that those standards are in place.

The important thing is, as you've expressed it, let's give the consumer and indeed those who provide dental services the right of some choice.

JOURNALIST

Dr Michael Rice, is Graeme Samuel right? Is it more important who works in the practice and not who owns it?

DR RICE

I'm glad he agrees that standards are important. We maintain that they are particularly important.

JOURNALIST

But does it make any difference who owns the practice? Isn't it more important that the practitioners in that practice are registered with the appropriate body?

DR RICE

I don't think that's a particularly relevant issue.

JOURNALIST

Why not?

DR RICE

Because, as I've said earlier, the key is, the question of standards, I don't know what all this is really carrying on about. I mean, as Mr Samuel said, people can work in with whichever way they choose.

JOURNALIST

Well they can't at the moment.

DR RICE

They can work for a group practice or they can work as individuals.

JOURNALIST

A group practice being a group of doctors?

DR RICE

Or dentists or whatever, accountants, or lawyers or whatever it may be.

JOURNALIST

So you would prefer the current system where the ownership and operation of all those practices stays within the profession?

DR RICE

I'm not suggesting that there is anything inherently wrong with corporatisation. I'm suggesting that there are some downsides to it, it's not all the upsides that the proponents would suggest and that if we go into it, we need to look at it very carefully.

JOURNALIST

Dr Rice thanks very much for your input. Dr Michael Rice from the AMA. Just back to Dr David Miles from the Australian Dental Association. David, this Dental Practice Bill is still yet to be debated, so no doubt your industry group will be taking a strong interest in how it develops?

DR MILES

Yes absolutely we will. We'll be talking to the Minister of Human Services before the Bill goes back to Parliament and we've still got some concerns about some of the parts of the Bill.

JOURNALIST

Hmm. Thanks for your contribution today and just briefly back to Graeme Samuel, President of the NCC. Mr Samuel, if the South Australian Government doesn't proceed down this path, what's your role then?

GRAEME SAMUEL

Well our role is to ensure that the public interest is paramount, that vested interests don't have an overwhelming position in relation to Government legislation - legislation that affects our everyday lives.

So we are required by the Council of Australia Government, that all nine Australian Governments, to report to the Federal Treasurer as to whether the public interest has been able to prevail or not. And then the Federal Treasurer makes the determination as to whether or not Governments receive their dividends from the Commonwealth which are quite significant in terms of many many millions of dollars each year.

JOURNALIST

Well thanks very much for your input to today's discussion.

GRAEME SAMUEL

Thank you.