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1 October 2007

Ms. Isabelle Arnaud
Director, Adjudication
Australian Competition &
Consumer Commission
GPO Box 520
Melbourne Victoria 3001

Dear Ms. Arnaud,

Re: Collective bargaining notification CB00004 lodged by the Australian Medical Association (Vic) Pty Ltd on 17 September 2007 – interested party consultation

We note the response by the AMA (Victoria) to the ACCC dated 20 September.

The AMA fails to answer the question raised by the ACCC which relates to how the AMA proposes to negotiate pricing for all different specialists and indeed General Practitioners – who in a sense form their own specialist group – to take account of the market power and requirements of the different groups.

This matter must be addressed as the outcome could have a devastating impact on the price structure. There is no doubt that different specialists receive different prices for their services. This is apparent in both the Commonwealth Medical Benefits Schedules ("CMBS") as well as the percentage of the CMBS each special group may receive at the target or any other hospital.

The price differential is dictated by the existing schedules but also the relevant market position of the medical practitioners in question. Furthermore, the price for medical services can also be dictated by the efficiency and productivity of individual operators. The more efficient the operator, and the more "turnover" that can be achieved in the hour, may have an impact on the price. In such cases, the price may become less relevant then the capacity of the Hospital to assist the medical practitioner to achieve optimum efficiency.

The "common conditions" part of the contract that the AMA refers to in their correspondence already exists. The problem is that such "common"

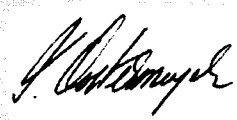
conditions may be extended by this process to the price per unit of work carried out. "Standard contracts" are common in the industry in so far as "common conditions" or common inclusions in the contracts are concerned. The debate or the negotiations are rarely about the contract. They are about the price schedule attached to all contracts.

There is also a reference to "pay rates" in the correspondence. We again point out that the application tends to slip in and out of contractor and employee status. Contractors may be remunerated and clearly their invoices are paid when work is carried out, but the rates are cannot be described as "pay rates" which on common parlance equates to salaries. The term "pay rates" should not be used in the case of contractors.

By way of conclusion, we again emphasize that opting out of collective bargaining is a hindrance and a detriment, rather than a benefit of collective bargaining in this context. The reasons are that when the Principal or the Employer negotiates on a collective basis this is normally carried out by a third party. If it is suggested that the third party as well as individuals can opt out at any time, there is no real basis to pursue collective bargaining from an efficiency point of view. The efficiency should there be any, lies in the combining of the parties and the fact that under normal circumstances, the parties commit to the process. Should there be continuous "opting out" and we assume "opting in"; the process could become a charade and no useful purpose would result.

Yours sincerely

VICTORIAN HOSPITALS' INDUSTRIAL ASSOCIATION



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cc: Latrobe RH/AHA/AMA