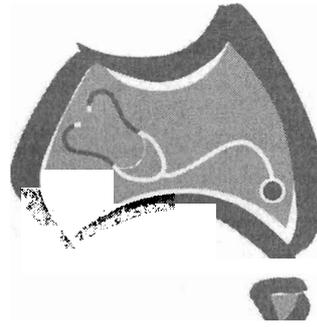


9 April 2008

Ms Sharon Clancy  
Adjudication Branch  
ACCC  
PO Box 1199  
DICKSON ACT 2602



**RURAL DOCTORS  
ASSOCIATION  
OF AUSTRALIA**  
*Caring for the Country*

Dear Sharon,

**Rural Doctors Association of Australia (RDAA) response to submissions from interested parties relating to the Australian Competition and Consumer Commission (ACCC) draft determination on the application for authorization by the RDAA to collectively negotiate the terms of contracts for visiting medical officers in rural areas**

RDAA submitted an application to the ACCC on 7 December 2007 seeking an exemption under the *Trade Practices Act 1974* to negotiate on behalf of rural doctors with state departments of health, health authorities, area health services and hospitals in relation to the contracting of Visiting Medical Officers.

On 6 March 2008 the ACCC issued a draft determination in respect of the application for authorisation lodged by RDAA.

We welcome the opportunity to provide responses to those issues raised in relation to the draft determination by interested parties as part of the public consultation process. Please find attached a copy of our submission.

We believe RDAA and the ACCC have satisfactorily identified and responded to the relevant issues raised by the interested parties with regard to the application for an exemption under the *Trade Practice Act 1974*.

I would be happy to provide any further information that may be required and can be contacted on (02) 6273 9303 or at [ceo@rdaa.com.au](mailto:ceo@rdaa.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Sant', is located below the 'Yours sincerely,' text. The signature is fluid and cursive.

**Steve Sant**  
**Chief Executive Officer**

RDAAs response to issue raised by interested parties 9 April 2008

Stakeholder	Issue	RDAA response
AMA	Role of AMA branches	<p>RDAAs notes the comments re the roles of the AMA branches in working with the State RDAs to ensure the best outcome for rural communities. As noted in previous correspondence the RDAA has no objection of jointly negotiating with an appropriately authorised body such as a State AMA branch. As the only organisation that advocates solely on behalf of RDAA doctors the RDAA expects that its involvement would ensure that the needs of rural doctors are appropriately identified in any agreement</p> <p>An authorisation for the RDAA would not prevent genuine consultations with other bodies occurring, nor would it prevent other bodies seeking an authorisation.</p>
AMA	Definition of rural generalist	<p>The RDAA recognises that a large number of doctors who undertake generalist practice in rural areas consider themselves to be rural generalists. The RDAA also notes that a number of state health departments have implemented or are considering implementation of a rural generalist pathway. Qhealth notes on their website that on 24 August, 2005, the State Government announced recognition of rural generalists as a rural medical practitioner who is credentialed to serve in:</p> <ol style="list-style-type: none"> <li>1. Hospital-based and community-based primary medical practice and</li> <li>2. Hospital-based secondary medical practice: <ul style="list-style-type: none"> <li>• in at least one specialist medical discipline (commonly, but not limited to obstetrics, anaesthetics and surgery) and</li> <li>• without supervision by a specialist medical practitioner in the relevant disciplines</li> </ul> </li> <li>3. and possibly, hospital and community-based public health practice – particularly in remote and indigenous communities.</li> </ol> <p>Whilst the AMA are correct in their interpretation of the AMC and federal government decisions in relation to recognition under Medicare to remove any possibility of misinterpretation it is appropriate to include both categories of rural doctors being rural general practitioners and rural generalists.</p>
AMA	Ability to vary terms and conditions of contracts	<p>Most contracts include within the contract the ability to manage rosters, etc but the essential terms and conditions of the contract usually have little, if any, flexibility. Even in Victoria where individual hospitals may negotiate contracts, there is a high degree of similarity between contracts probably as a result of a 'model contract' existing in a legal/industrial office somewhere.</p>
Benalla and	Support for Authorization	<p>The RDAA notes and welcomes the support of these hospitals for the authorisation request.</p>

Stakeholder	Issue	RDAA response
District Memorial Hospital The Kilmore and District Hospital Mansfield District Hospital		The RDAA notes that comments in these submissions support the RDAA concerns that the individual negotiation process in Victoria is problematic and harms vital relationships between clinicians and health services. The RDAA is also aware that other hospitals support the centralisation of contracting but have not at this stage decided to go public.
VHIA	The RDAA application “lacks merit. It was badly argued and lacked detail”	RDAA genuinely endeavoured to raise and address the crucial issues involved in an application of this nature.
VHIA	The RDAA and ACCC have ignored the evidence provided by the VHIA.	The RDAA’s major concern regarding the original submission by the VHIA was that no evidence was presented in support of the arguments put forward, particularly in relation to potential cost increases.  The RDAA’s response to the original VHIA submission noted that there was no evidence in other states that the centralised process has lead to an overall increase in costs and evidence was also provided in relation to the small percentage of hospital costs that directly related to the provision of GP VMO services.
VHIA	Flow-on to specialists	The RDAA notes that the assertions by the VHIA that there would be a flow on to specialists was not supported by evidence and stands by the information provided to the ACCC. Should the VHIA provide any evidence in support of their assertion that there may be a flow-on to specialists, the RDAA would indeed willingly consider such evidence and provide our views.  We note the VHIA’s comment that granting the authorisation will “hand to the RDAA another market in terms of its membership function”. Whilst we do not consider the comment at all relevant to the authorisation application, it should be noted that the RDAA represents all rural doctors including a significant number of medical specialists.
VHIA	The Victorian submission clearly stated that this application would have a negative impact on recruitment and retention	. The VHIA submission did not include any evidence to support this claim.  The RDAA observes that a centralised process in other states in itself does not appear to in any way impede the ability of States to recruit doctors and in fact it can be argued that it assists recruitment and retention by removing an area of potential conflict between individual doctors and health services.
VHIA	The ACCC has received evidence from all Victorian Hospitals which clearly states that the public detriment will be significant in terms of costs and recruitment and	To the contrary, RDAA draws to the attention of the VHIA and ACCC the submissions from the Benalla and District Memorial Hospital, the Kilmore and District Hospital and the Mansfield District Hospital.

Stakeholder	Issue	RDAA response
	retention of General Practitioners	Clearly the RDAA support the arguments put forth by these Victorian hospitals that a centralised process will provide benefits to rural hospitals and the communities they serve by easing the burden of red tape, assisting in ensuring good relationships between clinicians and their hospitals that focus on providing high quality care rather than negotiation of a contract.
DHS Vic	Granting the authorisation will have a possible detrimental effect on the cooperative relationships between rural hospitals and VMOs	See RDAA's response to Issues 14 Feb 2008
DHS Vic	Granting the authorisation will lead to an overall increase in price to a level above competitive pricing	See RDAA's response to Issues 14 Feb 2008
DHS Vic	The DHS does not agree that 'the burden of negotiation' and 'red tape' is a significant factor in either attracting or retaining rural based VMO's	See RDAA's response to Issues 14 Feb 2008
VHIA and DHS Vic	Granting of an authorisation will mean that a state-wide agreement will be forced on Victoria	<p>The ACCC in its draft decision agreed with the view of the RDAA that any agreement in Victoria is voluntary.</p> <p>The RDAA notes that it believes that benefits would flow from an agreement to all parties and the rural communities that they serve and as such there is a strong argument that can be put for a state-wide agreement with rural doctors and rural hospitals. As such the RDAA believes that the Victorian State Government will come to appreciate the benefits of an agreement and agree to enter negotiations. The provision of an authorisation will not mandate this but will simply remove an obstacle to such negotiation occurring if <u>both</u> parties consider such negotiations appropriate..</p>
VHIA	The only benefit will be to the RDAA	The RDAA does not expect to receive any direct or indirect organisational benefit from the granting of an authorization. The RDAA recognizes obtaining an authorisation and representing doctors will demand significant time, effort and associated costs borne by the organisation.
DHS Vic	An overall increase in price to a level above competitive pricing	The DHS have presented no evidence to support that the pricing level will rise to "above competitive pricing". There is no indication from other States where centralised arrangements exist that this has in any way lead to pricing above competitive pricing levels
DHS Vic	The voluntary nature of the arrangement will not hold in practice	The RDAA find it difficult to comprehend that the granting of an authorisation in itself will lead to such pressure that the Department of Human Services in Victoria has no option but to negotiate an agreement. The RDAA is not able to take any action of a 'industrial' nature

Note that any reference to the RDAA includes both the RDAA and its state branches.