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**Queensland
Government**

Queensland **Health**

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File Ref: DG052394

Ms Joanne Palisi
Director
Adjudication Branch
Australian Competition and Consumer Commission
GPO 3131
CANBERRA ACT 2601

Dear Ms Palisi

Australian Medical Association Limited and state/territory AMA organisations application for authorisation A91100 – interested party application

Thank you for your letter dated 22 August 2008 advising of the above application and inviting our submission on likely public benefit and effects on competition, or any other public detriment, from the proposed arrangements. Our response is as follows. It addresses the specific headings of the application.

1. Applicant

No comment necessary

2. Contract, arrangement or understand

The record of process by which a *VMO Agreement* is negotiated in Queensland is accurate. The arrangements regarding independent contractors are also accurately stated. Queensland Health does not establish these through a collective bargaining process though it does follow the outcome of the collectively negotiated arrangements for employed VMOs.

It is important to note however, that Queensland Health engages rural practitioners in two additional modes, namely as private practitioners in a retainer system and as salaried medical officers. Both of these modes of engagement are subject to collective bargaining.

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3. Parties to the proposed arrangement

No comment necessary.

4. Public benefit claims

(a) Arguments in support of authorisation

- Authorisation will not provide more effective representation of rural doctors in the Queensland context. If Queensland did choose a collective bargaining approach for independently contracted rural VMOs (though this seems an unlikely option) while the State would be willing to engage with any and all representative bodies, we don't see that more than one representative body will necessarily achieve more effective representation.
- Nor would authorisation reduce transaction times and costs for rural GPs contracting as VMOs. These are not incurred in the current process in Queensland.
- Neither would we expect it to have a positive effect on retention of rural GPs in VMO service. The State determines a contract package to achieve its purpose in recruitment and retention.
- The state does not consider that authorisation represents a significant factor in the engagement of rural GPs in public hospitals and health services. Far more significant factors include those related to sustainability of private rural practice and the recognition of advanced practice skills.

(b) Facts and evidence relied upon in support of these claims:

The State does not dispute the demographic evidence supplied in this section. However, it cannot confirm the claimed link between current rural hospital staffing levels and a system of collective negotiation of VMO contracts.

5. Market definition

No comment necessary.

6. Public detriments

With respect to each of the four features identified by the ACCC to limit the anti-competitive effect of collective bargaining arrangements:

- The State confirms that the current levels of negotiations between rural GPs engaged as VMOs and Queensland Health is low. Most are engaged as individual contractors rather than as employed VMOs.
- The applicant's case in relation to restricted coverage is not factually correct in Queensland in the sense that the term 'rural generalist' applies also to rural GPs who are in credential advanced rural practice. The applicants proposed coverage in Qld is therefore not less than that of the bargaining group the subject of the RDAA's recent, successful application for authorisation.
- We note that an authorisation would not mandate collective bargaining arrangements. Queensland would oppose any mandated collective bargaining.
- We note that the AMA does not apply for authorisation to engage in collective boycott activity.

No comment is necessary for sections 7., 8. and 9.

We neither support nor oppose the application. The application if successful would not gain public benefit in our judgement. Neither would it cause public detriment. Should the ACCC grant the authority the applicant seeks, we would not anticipate change in current practice in Queensland. We do not seek a collective bargaining arrangement for independent contracting of rural VMOs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew J Wilson', written in a cursive style.

Professor Andrew J Wilson
**Deputy Director General,
Policy, Planning and Resourcing**
/ 1 / 09 / 2008