

PRIVATE MEDICAL PRACTICES AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) THURS 18 DEC 2003

C O N T E N T S

	page
Notes	2
List of tables	3

CHAPTER

1 Summary of findings	4
2 General practices	11
3 Specialist practices	22
4 Pathology laboratory businesses	30

ADDITIONAL INFORMATION

Explanatory Notes	34
Glossary	41

I N Q U I R I E S

- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Bruce Fraser on Melbourne (03) 9615 7471.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of private medical practices and pathology laboratory businesses. The survey was conducted in respect of the 2001–02 financial year.

The 2001–02 Private Medical Practices Survey is the second ABS survey on this topic, with the previous collection being conducted in respect of the 1994–95 financial year.

COMPARISONS WITH PREVIOUS SURVEY RESULTS

This survey has been designed to provide a measure of the financial and business structure of private medical practices and pathology laboratory businesses operating in Australia. While comparisons are made between 1994–95 and 2001–02 survey results, the survey has not been designed to provide highly accurate estimates of change, so any comparisons made to the previous survey should be used with caution. For further information, see paragraphs 20–24 and 32 of the Explanatory Notes.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

Dennis Trewin
Australian Statistician

LIST OF TABLES

page

SUMMARY OF FINDINGS

1.1	Summary of operations	9
1.2	Medical businesses and practices at end June	10

GENERAL PRACTICES

2.1	Summary of operations, General practices	16
2.2	Summary of operations by broad region, General practices	17
2.3	States and territories, General practices	18
2.4	Sources of income, General practices	19
2.5	Items of expenditure, General practices	20
2.6	Summary of operations by practice size, General practices	21

SPECIALIST PRACTICES

3.1	Summary of operations, Specialist practices	25
3.2	Summary of operations by speciality, Specialist practices	26
3.3	States and territories, Specialist practices	26
3.4	Sources of income, Specialist practices	27
3.5	Items of expenditure, Specialist practices	28
3.6	Summary of operations by practice size, Specialist practices	29

PATHOLOGY LABORATORY BUSINESSES

4.1	Sources of income, Pathology laboratory businesses	31
4.2	Items of expenditure, Pathology laboratory businesses	32
4.3	Characteristics of employment, Pathology laboratory businesses	33

INTRODUCTION

This publication presents the results of the 2001–02 ABS survey of private medical practices and pathology businesses. This survey is conducted periodically by the ABS to provide a description of the financial and business structure of medical practices and pathology businesses including the composition of the income generated, details of the expenses incurred and the characteristics of the workforce.

This survey included businesses, of registered medical practitioners, in Australia that primarily provided general medical or specialist medical services, and any associated administrative service business. Pathology laboratory businesses were also included in the survey and results are presented in Chapter 4 of this publication. Only those businesses with predominant income generated from private medical practice were in scope of the survey. Businesses with income primarily generated from non-private practice medical activities (e.g. hospitals, teaching and research institutions, government and community health centres) were excluded.

For the purpose of the survey, a medical practice was defined as medical businesses, and any associated administrative service business. A medical business may be supported by an administrative service business used to manage the finances and secretarial activities of the medical business. Where this occurred, the administrative service business and all medical businesses it supported, were combined to form a single medical practice. Businesses without administrative service businesses were treated as single-business medical practices. Refer to paragraphs 7–10 of the Explanatory Notes for more information.

Chapter 1 contains summary information about general practice (GP) and specialist medical practices. Chapter 2 presents statistics on GP medical practices, Chapter 3 presents statistics on specialist medical practices, while Chapter 4 presents statistics on private pathology laboratory businesses.

SNAPSHOT OF GP AND
SPECIALIST MEDICAL
PRACTICES

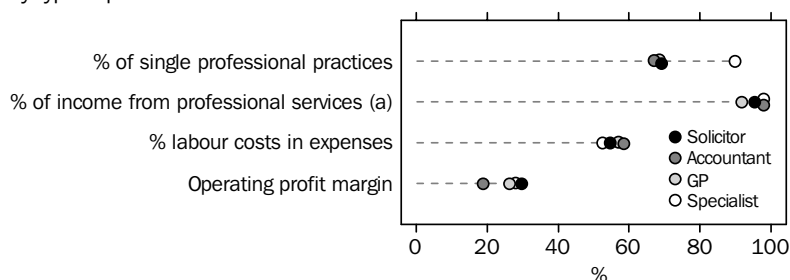
At the end of June there were 19,464 GP and specialist medical practices in Australia, comprising 9,600 GP and 9,864 specialist practices. These medical practices operated from 28,676 locations and had employment of 101,957 persons.

Income generated by these practices was \$10,334.7m. Fee for service medical income comprised 87.6% (\$9,053.7m) of the total income.

The total industry value added (IVA) by these practices was \$7,392.5m, contributing 1.1% to Australian Gross Domestic Product (GDP) for 2001–02.

Across Australia, there were 12,091 GP practice locations and 16,585 specialist practice locations servicing a population of 19.7 million people at the end of June 2002. On average there were 6.1 GP practice locations per 10,000 population, while the average for specialist practices was 8.4.

EMPLOYMENT	Total employment of persons working in medical practices at the end of June 2002 was 101,957. This comprised 56,911 persons working in GP practices and 45,046 persons working in specialist practices.
SOURCES OF INCOME	<p>Total income generated by medical practices was \$10,334.7m in 2001–02. Specialist practices contributed \$5,911.1m to the total, while GP practices contributed \$4,423.6m.</p> <p>Fee for medical service was the highest source of income for both GP and specialist practices, comprising 86.9% and 88.1% of total income respectively.</p>
EXPENDITURE	Total expenditure for 2001–02 was \$7,118.9m, comprising \$3,146.2m for GP practices and \$3,972.7m for specialist practices. Labour costs were the highest single expense accounting for 54.6% of total expenditure.
PROFITABILITY	GP practices recorded an operating profit before tax of \$1,107.1m which represented an operating profit margin of 26.4%. Specialist practices recorded an operating profit before tax of \$1,653m, representing an operating profit margin of 28.1%. The lower profitability levels for GP practices can be partly explained by the higher incidence of bulk billing (51.7% of all income for GP practices, and 23.8% of specialist practice income).
COMPARISONS TO OTHER PROFESSIONS	<p>The Accounting Practices, Legal Practices and Private Medical Practices surveys were conducted in respect of the 2001–02 financial year, providing an opportunity to compare the results of three private practice professions. Data for private accounting, solicitor, barrister, general medical, and specialist medical practices are compared in the results below.</p> <p>The IVA for both medical (private GP and specialist medical practices) and legal (private solicitor and barrister practices) professions were similar. Medical professions generated \$7,392.5m in IVA, legal professions \$7,213.5m and accounting professions \$5,753.2m during 2001–02.</p> <p>Contributions to GDP by these professions were: 1.1% for medical, 1% for legal and 0.8% for accounting for this same period.</p> <p>The graph below compares a number of ratios for GP and specialist medical practices with the corresponding ratios for accounting and solicitor practices. It shows that there was a higher proportion of single specialist medical practices than the other professional practices.</p>

COMPARISONS TO OTHER
PROFESSIONS *continued*COMPARISON OF PROFESSIONAL PRACTICES, Selected ratios—
by type of practice

(a) For medical practices, professional services income was fee for service medical income; visiting medical officer income; and other income from medical services. For solicitor practices it was income from legal services, and for accounting practices it was income from accounting and other related professional services.

Another interesting ratio comparison is return per practitioner. Return per practitioner is a measure of the average financial compensation that each practitioner receives for their involvement in a practice. This is generally calculated by summing the wages and salaries paid to professionals with the operating profit before tax of their respective practices and dividing by the number of professionals.

The table below shows that specialist medical practitioners generated the highest return per professional, followed by solicitors, general medical practitioners and accountants.

COMPARISON OF RETURN PER PROFESSIONAL (a)

	\$'000
Solicitor(b)	129.5
Accountant	73.1
GP medical practitioner	101.1
Specialist medical practitioner	183.3

(a) The return for medical practitioners has been calculated on a FTE employment basis, whereas actual employment has been used for the return of accountants and solicitors. Refer to the Glossary for more information.

(b) Includes a small number of barristers in solicitor practices.

HISTORICAL COMPARISON

Comparisons with results from earlier surveys are useful, as an indication of the extent of change over time. However, it is important to note that the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to high levels of sampling and non-sampling error, changes to scope, and changes to question wording. Further information can be found in paragraphs 20–24 and 32–33 of the Explanatory Notes.

The table below shows that the number of GP practices declined from 10,349 at the end of June 1995 to 9,600 at the end of June 2002. The establishment of corporate GP practices may partly explain the reason for the decline (refer to Chapter 2 for further information). Specialist practices recorded a slight growth, increasing from 9,583 practices in June 1995 to 9,864 practices in June 2002.

HISTORICAL COMPARISON

continued

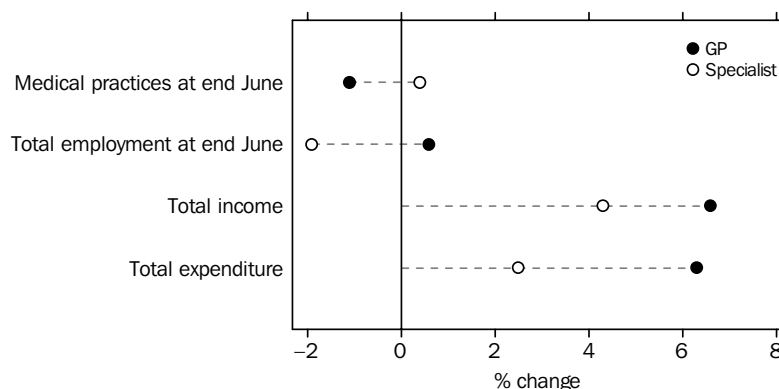
Total employment of GP practices increased by 0.6% on average per year, while employment of specialist practices decreased by 1.9% per year over this same period.

HISTORICAL COMPARISON OF KEY FIGURES

		GENERAL PRACTICES			SPECIALIST PRACTICES		
		1994-95	2001-02	Average annual percentage change 1994-95 to 2001-02	1994-95	2001-02	Average annual percentage change 1994-95 to 2001-02
Medical practices at end June	no.	10 349	9 600	-1.1	9 583	9 864	0.4
Employment at end June	no.	54 657	56 911	0.6	51 477	45 046	-1.9
Total income	\$m	2 836	4 424	6.6	4 405	5 911	4.3
Total expenditure	\$m	2 058	3 146	6.3	3 332.5	3 973	2.5
Operating profit margin	%	27.6	26.4	..	24.6	28.1	..

.. not applicable

AVERAGE ANNUAL PERCENTAGE CHANGE FOR SELECTED INDICATORS—
1994-95 to 2001-02



COMPUTER USAGE

Computers were used in 89.8% of all GP practices and 94.5% of all specialist practices as at June 2002.

Computers were used for financial management or accounting purposes by 72.6% of GP practices and 85.3% of specialist practices, while 57.7% of GP practices and 55.7% of specialist practices used computers for patient records. Marked differences in computer use between the two types of practices were found in prescription packages (60.4% of all GP practices and 7.9% of all specialist practices) and research, teaching or preparation of articles (35.3% of all GP practices and 56.5% of all specialist practices).

MEDICAL PRACTICES AND
ADMINISTRATIVE SERVICE
AND MEDICAL
BUSINESSES

For the purposes of this survey, a single medical practice was created by combining an administrative service business with all the private medical businesses that it supported. Some medical businesses did not utilise administrative service businesses and were treated as single business medical practices in this survey.

MEDICAL PRACTICES AND
ADMINISTRATIVE SERVICE
AND MEDICAL
BUSINESSES *continued*

Administrative service businesses supported medical businesses by carrying out administrative duties and paying various expenses (e.g. wages, rent, etc.) on behalf of the medical business. For this service, the medical business made a payment to this administrative service business for services rendered. That is, the expense to one business became income to another business. In some cases, the reverse occurred.

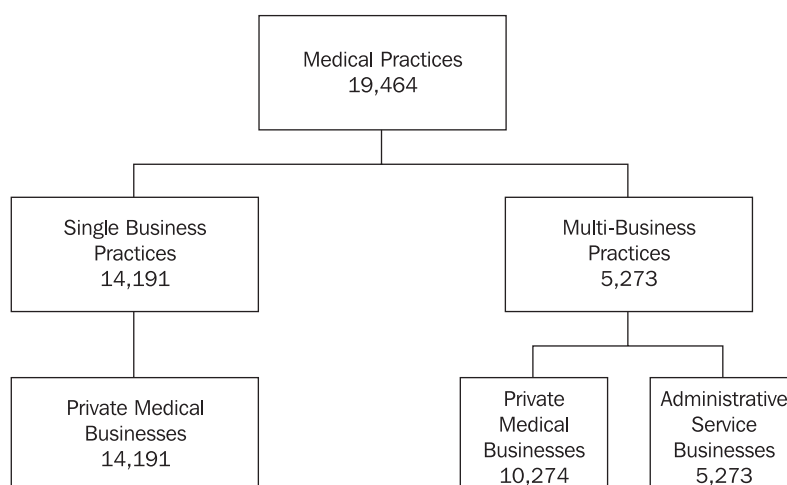
In forming the medical practice for this survey, data for medical businesses and their associated administrative service businesses were combined, but payments between businesses were netted out.

The chart below shows that there were 24,465 private medical businesses at the end of June. This total included 14,191 private medical businesses that operated without an administrative service business and 10,274 private medical businesses that used an administrative service business.

At the end of June 2002, there were 5,273 administrative service businesses supporting the 10,274 medical businesses. These businesses were combined to form 5,273 medical practices.

In total, there were 19,464 medical practices.

STRUCTURE OF MEDICAL PRACTICES—30 June 2002



1.1**SUMMARY OF OPERATIONS**

		<i>General practices</i>	<i>Specialist practices</i>	<i>Pathology laboratory businesses</i>
Medical practices at end June	no.	9 600	9 864	50
Medical practice locations at end June	no.	12 091	16 585	(a) . .
Medical practices using computers for				
Patient records	%	57.7	55.7	na
Prescription packages	%	60.4	^ 7.9	na
Financial management or accounting practices	%	72.6	85.3	na
Research, teaching or preparation of articles	%	35.3	56.5	na
Any purpose(b)	%	89.8	94.5	na
Employment at end June				
Permanent full-time	no.	22 914	22 913	9 123
Permanent part-time	no.	19 973	14 042	4 089
Casuals	no.	14 024	8 091	1 322
Total	no.	56 911	45 046	14 534
Income				
Fee for service medical income	\$m	3 845.3	5 208.4	1 146.2
Other(c)	\$m	578.3	702.7	96.8
Total	\$m	4 423.6	5 911.1	1 243.1
Expenses				
Labour costs	\$m	1 792.6	2 090.9	597.2
Rent, leasing and hiring expenses	\$m	289.8	321.5	74.3
Other	\$m	1 063.8	1 560.3	480.7
Total	\$m	3 146.2	3 972.7	1 152.2
Operating profit before tax	\$m	1 107.1	1 653.0	92.9
Operating profit margin	%	26.4	28.1	7.5
Return per FTE practitioner(d)	\$'000	101.1	183.3	. .
Industry value added	\$m	3 142.1	4 250.4	785.2

. . not applicable

na not available

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) There were 213 pathology laboratory locations and 1,363 collection centres for these laboratories. Some of these collection centres are co-located with laboratory locations.

(b) Practices may identify more than one activity for computer use. Hence, the percentage of practices for each purpose use do not sum to the percentage of practices using computers for any purpose.

(c) Includes visiting medical officer income, income from government medical programs, other income from medical services, rent, leasing and hiring income, interest and other income.

(d) Diagnostic imaging practices and their practitioners are excluded from the calculation of return per FTE practitioner in specialist practices. See the definition of return per FTE practitioner in the Glossary.

1.2**MEDICAL BUSINESSES AND PRACTICES AT END JUNE**

	<i>General practices</i>	<i>Specialist practices</i>	<i>Total</i>
	no.	no.	no.
Medical businesses without an administrative service business	7 298	6 893	14 191
Medical businesses with an administrative service business	6 007	4 267	10 274
<i>Total medical businesses</i>	<i>13 305</i>	<i>11 160</i>	<i>24 465</i>
Administrative service businesses	2 302	2 971	5 273
Medical practices	9 600	9 864	19 464
Corporate practice locations	211	na	211
Other practice locations	11 880	16 585	28 465
<i>Total practice locations</i>	<i>12 091</i>	<i>16 585</i>	<i>28 676</i>

na not available

CHAPTER 2

GENERAL PRACTICES

INTRODUCTION

This Chapter presents the results for the operations of private general medical practices (GP) during 2001–02.

For the purposes of this survey, a GP practice was defined as businesses that primarily provided general practice medical services, and any associated administrative service businesses. Refer to paragraphs 7–10 of the Explanatory Notes for more information on the composition of medical practices. Only those businesses with predominant income generated from private medical practice were in scope of the survey.

PRACTICE SIZE

At the end of June 2002 there were 9,600 private GP practices operating in Australia.

Single practitioner practices accounted for 68.5% of the total GP practices. These practices had an average employment of 2.9 persons, and accounted for 34.7% of all GP practice income.

There were 100 practices with more than 10 practitioners (1% of all practices), which accounted for 17.6% of GP practice income. These large practices employed an average of 91.9 persons each.

EMPLOYMENT

Total employment of GP practices was 56,911 persons at the end of June 2002. Practices with one practitioner and those with 2–5 practitioners each accounted for about a third of GP practice employment (33.8% and 33.3% respectively). Practices with more than 10 practitioners had the lowest share of employment at 16.2% or 9,193 persons.

The majority of staff (40.3%) worked permanent full-time, while 35.1% worked permanent part-time and 24.6% worked on a casual basis.

SOURCES OF INCOME

GP medical practices generated \$4,423.6m in income during 2001–02. The majority of this income (86.9%) was fee for service medical income (\$3,845.3m). The main components of fee for service income were bulk billing (\$2,286.3m) and private patient billing (\$1,401.4m).

There are various components of income estimates presented in the survey results that should be used with caution. These are visiting medical officer (VMO) income and income from the government Rural Incentives Program. The survey only collected financial information recorded in accounts of operating business units. Any income paid directly to individual practitioners and not recorded in business accounts, did not appear in the estimates of this survey.

Other fee for service income included workers' compensation and other insurance patient payments (\$157.6m). Visiting medical officer income, recorded in the accounts of private medical practices, was \$77.7m.

SOURCES OF INCOME

continued

A total of \$227.4m was received by general practices directly from government medical programs. This income included payments from the Practice Incentives Program (\$178.2m), General Practice Immunisation Incentive and Australian Childhood Immunisation Register (ACIR) payments (\$31.1m) and the Rural Incentives Program/Rural Retention Program (\$8.3m).

EXPENDITURE

During 2001–02, total expenditure by GP practices was \$3,146.2m.

Labour costs of \$1,792.6m (57%) were the major expense for GP practices in 2001–02. Rent, leasing and hiring were the next highest recorded expenses accounting for 9.2% (\$289.8m) of total expenditure, followed by contract payments to medical practitioners 7.4% (\$233m) and purchases of medical supplies 3.1% (\$99m).

PROFITABILITY

Operating profit before tax for GP practices was \$1,107.1m, representing an operating profit margin of 26.4%. Generally, larger practices recorded higher operating profit margins than smaller practices. Operating profit margin was highest for practices with 6–10 practitioners at 30.9%, and 29% for practices with more than 10 practitioners. Lower margins were recorded for single practitioner practices (25.2%), and practices with 2–5 practitioners (24%).

The total return accruing to practitioners as profits or wages and salaries in 2001–02 averaged \$101,100 for each full-time equivalent (FTE) practitioner working in GP practices. Return per practitioner varied with the size of the practice, varying from \$94,800 for practices with 2–5 practitioners to \$107,200 for practices with more than 10 practitioners.

CORPORATE PRACTICES

Since the conduct of the last survey in 1994–95, corporate GP practices have established themselves in Australia. For the purposes of this publication a corporate practice has been defined as GP medical businesses contracted to a corporate administrative entity for a fixed period. The corporate entity is generally owned by persons who are not medical practitioners. Corporate practices have purchased the goodwill of at least 10 GP medical businesses and generally own the facilities and infrastructure within the practice arrangement. GP medical businesses are usually centralised at the same location so as to provide sufficient volume to attract other medical and ancillary services.

At the end of June 2002, 211 of the 12,091 GP practice locations were in a corporate arrangement. Total employment within these corporate practice locations was 6,277 (or 11% of total employment in GP practices). Total income of corporate practice locations was \$544.7m (or 12.3% of total GP practice income).

The return per practitioner working in corporate practice locations was \$111,900 (expressed on a full-time equivalent basis), compared to \$99,900 for practitioners working in non-corporate GP practice locations.

The operating profit margin in corporate practice locations was 24.5%, compared to 26.7% in non-corporate GP practice locations.

CORPORATE PRACTICES

continued

SUMMARY OF OPERATIONS, Corporate and other GP practices

		<i>Corporate medical practice arrangement</i>	<i>Other medical practice arrangement</i>	<i>Total</i>
Medical practice locations at end June	no.	211	11 880	12 091
	%	1.7	98.3	100.0
Total employment at end June	no.	^ 6 277	50 634	56 911
	%	11.0	89.0	100.0
Total income	\$m	^ 544.7	3 878.9	4 423.6
	%	12.3	87.7	100.0
Total expenses	\$m	^ 403.4	2 742.8	3 146.2
	%	12.8	87.2	100.0
Operating profit margin	%	^ 24.5	26.7	26.4
Return per FTE practitioner	\$'000	111.9	99.9	101.1

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

STATES AND TERRITORIES

New South Wales accounted for the highest share of total number of locations, employment and total income in GP practices (40.2%, 37.6% and 37.4% respectively). This was followed by Victoria and Queensland as expected. Victoria's share of total locations was 24.1%, employment 24.9% and income 24%. Queensland accounted for 16.3% of total locations, 16.8% of employment and 17.7% of income.

This view changes when population is taken into account. The graph below shows that New South Wales (7.3) and Tasmania (7.2) had the greatest number of GP practice locations per 10,000 population, while Western Australia (4.3) and the Northern Territory (4.4) had the lowest.

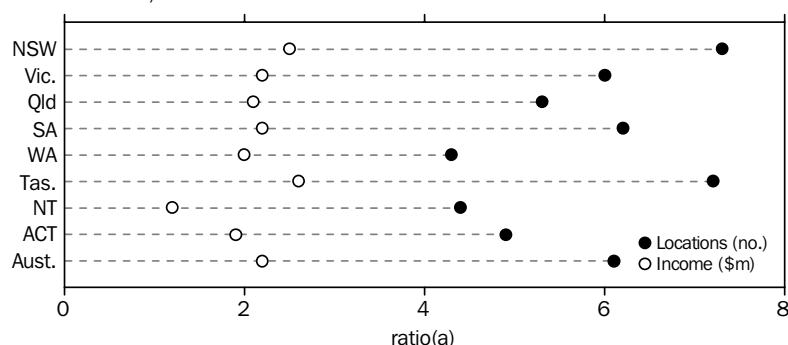
A greater share of locations generally meant a greater share of income. Tasmania generated the highest income per 10,000 population with \$2.6m, followed by New South Wales with \$2.5m, while the lowest state/territory value was recorded by the Northern Territory, with \$1.2m income per 10,000 population. The Australian Capital Territory recorded the next lowest value with \$1.9m per 10,000 population.

The low share of practice locations in Western Australia was not reflected in the share of income earned. Western Australian GP practices earned \$2m per 10,000 population, slightly below the national average of \$2.2m per 10,000 population. The difference is explained by a higher level of corporate practice arrangements than elsewhere in Australia.

STATES AND TERRITORIES

continued

GP PRACTICES, Practice locations and income



(a) Per 10,000 resident population.

Source: *Population by Age and Sex, Australian States and Territories (cat. no. 3201.0) [population data]*.

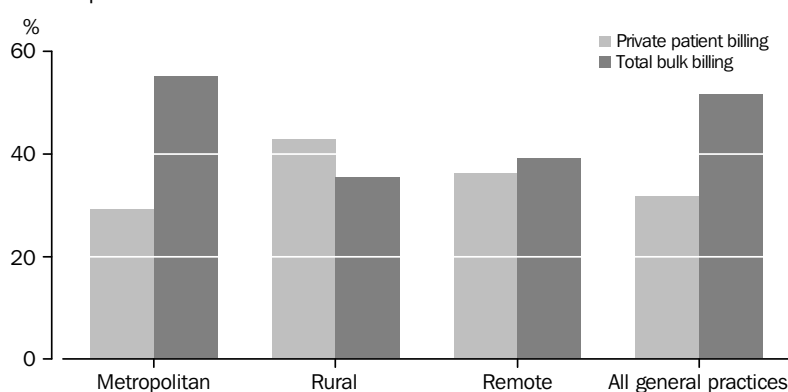
BROAD REGIONS

The Rural, Remote and Metropolitan Areas (RRMA) classification has been used to classify the geographical location of medical practitioners according to their main business address. For the purposes of this publication the RRMAC categories 1–3, 4–5 and 6–7 have been collapsed to form ‘Metropolitan’, ‘Rural’ and ‘Remote’ categories respectively. For further information, refer to paragraph 15 of the Explanatory Notes.

At the end of June 2002, 83.8% of GP practices were based in capital cities or other metropolitan centres, 14.6% were in rural areas and 1.5% in remote areas. GP practices in metropolitan areas accounted for 82.4% of total GP employment. Rural areas had the next highest share (16.2%), followed by remote areas (1.4%).

The graph below shows that metropolitan practices generated more income from bulk billing of Medicare patients (55.2% of total income) than private patient billing (29.3%). This proportion was different for rural practices, with bulk billing accounting for 35.4% and private patient billing 43%.

PRIVATE PATIENT AND BULK BILLING AS PROPORTION OF TOTAL INCOME, General practices



The table below shows that there are different financial structures of GP practices in metropolitan areas. For example, labour costs accounted for a higher proportion of expenses in rural (60.8%) and remote (60.6%) practices than metropolitan practices (56.2%). Also rent, leasing and hiring comprised a higher proportion of expenses in metropolitan practices (9.7%) than rural (6.9%) and remote (5.7%) practices.

SELECTED INCOME AND EXPENSES BY BROAD REGION, General practices(a)

	<u>Metropolitan</u>		<u>Rural</u>		<u>Remote</u>		<u>Total</u>	
	\$m	%	\$m	%	\$m	%	\$m	%
Selected income								
Private patient billing	1 061.9	29.3	317.6	43.0	^ 21.9	36.5	1 401.4	31.6
Bulk billing	2 001.4	55.2	261.4	35.4	^ 23.5	39.2	2 286.3	51.7
VMO income(b)	*24.2	0.7	^ 49.5	6.7	^ 4.0	6.7	^ 77.7	1.8
Income from government medical programs(b)	160.8	4.4	60.3	8.2	^ 6.3	10.5	227.4	5.1
<i>Total selected income</i>	3 248.3	89.6	688.8	93.3	^ 55.7	92.8	3 992.8	90.3
<i>Total income</i>	3 625.7	100.0	737.9	100.0	^ 60.0	100.0	4 423.6	100.0
Selected expenditure								
Labour costs	1 478.9	56.2	288.2	60.8	^ 25.6	60.6	1 792.6	56.9
Rent, leasing and hiring	254.7	9.7	32.8	6.9	^ 2.4	5.7	289.8	9.2
Contact payments to medical practitioners	^ 203.1	7.7	*28.9	6.1	*1.0	2.4	^ 233.0	7.4
Insurance premiums(b)	80.5	3.1	16.4	3.5	^ 1.4	3.3	98.3	3.1
Purchase of medical supplies	82.6	3.1	12.8	2.7	*3.6	8.5	99.0	3.1
<i>Total selected expenses</i>	2 099.7	79.8	379.1	79.9	^ 34.0	80.6	2 512.8	79.9
<i>Total expenses</i>	2 629.6	100.0	474.3	100.0	^ 42.2	100.0	3 146.2	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) The broad region categories of Metropolitan, Rural and Remote are based on grouped categories from the RRMA

(Rural, Remote and Metropolitan Areas) Classification. Further details can be found in Explanatory Notes paragraph 15.

(b) These figures should be used with caution as they do not include payments made directly to or by individual practitioners. For further information refer to paragraphs 12–13 of the Explanatory Notes.

BROAD REGIONS *continued*

GP practices in rural areas recorded an operating profit margin of 34.4%, higher than other regions. This is partly explained by lower practice expenditure in these areas. GP practices in remote areas had the next highest profit margin with 28.7%, followed by metropolitan areas with 24.9%.

2.1

SUMMARY OF OPERATIONS, General practices

		1994-95	2001-02	Average annual percentage change over 1994-95 to 2001-02
Medical practices at end June	no.	10 349	9 600	-1.1
Medical practice locations at end June	no.	na	12 091	. .
Employment at end June	no.	54 657	56 911	0.6
Income				
Fee for service medical income	\$m	2 601.5	3 845.3	5.7
Other(a)	\$m	234.8	578.3	13.7
Total	\$m	2 836.3	4 423.6	6.6
Expenses				
Labour costs	\$m	1 243.5	1 792.6	5.4
Rent, leasing and hiring expenses	\$m	226.1	289.8	3.6
Other	\$m	588.5	1 063.8	8.8
Total	\$m	2 058.1	3 146.2	6.3
Operating profit before tax	\$m	778.2	1 107.1	5.2
Operating profit margin	%	27.6	26.4	. .
Return per FTE practitioner	\$'000	na	101.1	na
Industry value added	\$m	na	3 142.1	na

na not available

. . not applicable

(a) Includes visiting medical officer income, income from government medical programs, other income from medical services, rent, leasing and hiring income, interest and other income.

2.2**SUMMARY OF OPERATIONS BY BROAD REGION, General practices(a)**

		<i>Metropolitan</i>	<i>Rural</i>	<i>Remote</i>	<i>Total</i>
Medical practices at end June	no.	8 046	1 406	^ 147	9 600
	%	83.8	14.6	1.5	100.0
Employment at end June	no.	46 908	9 238	^ 766	56 911
	%	82.4	16.2	1.4	100.0
Income					
Fee for service medical income	\$m	3 198.4	599.8	^ 47.1	3 845.3
	%	83.2	15.6	1.2	100.0
Other	\$m	427.3	138.0	^ 12.9	578.3
	%	73.9	23.9	2.2	100.0
<i>Total</i>	\$m	3 625.7	737.9	^ 60.0	4 423.6
	%	82.0	16.7	1.4	100.0
Expenses					
Labour cost	\$m	1 478.8	288.2	^ 25.6	1 792.6
	%	82.5	16.1	1.4	100.0
Rent leasing and hiring	\$m	254.7	32.8	^ 2.4	289.8
	%	87.9	11.3	0.8	100.0
Other	\$m	896.1	^ 153.4	^ 14.3	1 063.8
	%	84.2	14.4	1.3	100.0
<i>Total</i>	\$m	2 629.6	474.3	^ 42.2	3 146.2
	%	83.6	15.1	1.3	100.0
Operating profit before tax	\$m	859.2	232.5	^ 15.4	1 107.1
	%	77.6	21.0	1.4	100.0
Operating profit margin	%	24.9	34.4	^ 28.7	26.4
Return per FTE practitioner	\$'000	98.1	117.3	99.7	101.1
Industry value added	\$m	2 545.4	553.1	^ 43.6	3 142.1
	%	81.0	17.6	1.4	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) The broad region categories of Metropolitan, Rural and Remote are based on grouped categories from the RRMA (Rural, Remote and Metropolitan Areas) Classification. Further details can be found in Explanatory Notes paragraph 15.

2.3**STATES AND TERRITORIES, General practices(a)**

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Medical practice										
locations at end June	no.	4 857	2 911	1 975	^ 939	820	^ 342	^ 88	158	12 091
	%	40.2	24.1	16.3	7.8	6.8	2.8	0.7	1.3	100.0
Employment at end June	no.	21 397	14 173	9 533	4 367	4 662	1 677	^ 338	763	56 911
	%	37.6	24.9	16.8	7.7	8.2	2.9	0.6	1.3	100.0
Income										
Fee for service										
medical income	\$m	1 428.8	915.4	689.1	300.1	332.3	106.3	^ 20.3	53.0	3 845.3
	%	37.2	23.8	17.9	7.8	8.6	2.8	0.5	1.4	100.0
Other	\$m	^ 223.7	146.7	96.0	40.9	^ 46.0	^ 14.9	^ 3.0	^ 7.2	578.3
	%	38.7	25.4	16.6	7.1	8.0	2.6	0.5	1.2	100.0
Total	\$m	1 652.4	1 062.1	785.1	340.9	378.3	121.3	23.3	60.1	4 423.6
	%	37.4	24.0	17.7	7.7	8.6	2.7	0.5	1.4	100.0
Wages and salaries	\$m	571.4	373.4	270.0	103.7	119.4	44.0	^ 9.9	19.0	1 510.8
	%	37.8	24.7	17.9	6.9	7.9	2.9	0.7	1.3	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) State estimates are subject to higher levels of sampling error than national estimates, and should be used with care. Further details can be found in the Explanatory Notes paragraph 31.

2.4**SOURCES OF INCOME, General practices**

	<i>Income</i>	<i>Proportion of total income</i>
	\$m	%
Fee for service medical income		
Private patient billing	1 401.4	31.7
Bulk billing		
Medicare patients	2 124.5	48.0
Veterans' Affairs patients	161.8	3.7
<i>Total</i>	2 286.3	51.7
Workers' compensation and other insurance patients	157.6	3.6
<i>Total</i>	3 845.3	86.9
Visiting medical officer income(a)	^ 77.7	1.8
Income directly from government medical programs		
General Practice Immunisation Incentive and ACIR payments	31.1	0.7
Practice Incentives Program	178.2	4.0
Rural Incentives Program/Rural Retention Program(a)	^ 8.3	0.2
Other	^ 9.9	0.2
<i>Total</i>	227.4	5.1
Other income from medical services	^ 133.1	3.0
Rent, leasing and hiring income	^ 91.0	2.1
Interest income	^ 8.4	0.2
Other income	*40.7	0.9
Total	4 423.6	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Figures should be used with caution as it does not include payments made direct to individual practitioners. Refer to paragraphs 12–13 of the Explanatory Notes.

2.5**ITEMS OF EXPENDITURE, General practices**

	Expenditure	Proportion of total expenses
	\$m	%
Labour costs		
Wages and salaries	1 510.8	48.0
Employer contributions to superannuation including salary sacrifice(a)	243.2	7.7
Workers' compensation premiums	9.9	0.3
Fringe benefits tax	^ 7.2	0.2
Payroll tax	^ 21.4	0.7
Total labour costs	1 792.6	57.0
Contract payments to medical practitioners	^ 233.0	7.4
Insurance premiums		
Professional indemnity insurance for the medical business	22.1	0.7
Professional indemnity insurance for individual medical practitioners(b)	39.2	1.2
Other insurance premiums	37.0	1.2
Total	98.3	3.1
Continuing medical education and other training costs	21.8	0.7
Rent, leasing and hiring expenses		
Rental of rooms or premises	242.8	7.7
Other rent, leasing and hiring expenses	^ 47.0	1.5
Total	289.8	9.2
Other medical related expenses	21.7	0.7
Purchases of medical supplies	99.0	3.1
Computing software expensed	24.3	0.8
Postal, mailing and courier expenses	10.4	0.3
Telecommunication services	49.0	1.6
Motor vehicle running expenses	56.8	1.8
Audit and other accounting fees	44.1	1.4
Paper, printing and stationery expenses	26.2	0.8
Payments to employment agencies for staff	* 6.1	0.2
Other contract, sub-contract and commission expenses	^ 54.5	1.7
Interest expenses	59.0	1.9
Depreciation and amortisation	69.6	2.2
Other operating expenses	189.8	6.0
Total	3 146.2	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Employer contributions to superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

(b) This professional indemnity insurance represents the amount paid by medical practices on behalf of medical practitioners. For 2001–02, there were 11,038 such medical practitioners. This amount is not a measure of the total professional indemnity insurance paid by medical practitioners as other practitioners pay their own indemnity insurance as individuals. Refer paragraphs 12–13 of the Explanatory Notes.

2.6**SUMMARY OF OPERATIONS BY PRACTICE SIZE, General practices**

		PRACTICE SIZE				
		1	2-5	6-10	More than 10	Total
		practitioner	practitioners	practitioners	practitioners	
Medical practices at end June	no.	6 579	2 429	492	^ 100	9 600
	%	68.5	25.3	5.1	1.0	100.0
Employment at end June	no.	19 246	18 974	9 498	^ 9 193	56 911
	%	33.8	33.3	16.7	16.2	100.0
Fee for service medical income	\$m	1 333.7	1 188.8	643.7	^ 679.1	3 845.3
	%	34.7	30.9	16.7	17.7	100.0
Total income	\$m	1 533.5	1 364.0	745.3	^ 780.7	4 423.6
	%	34.7	30.8	16.8	17.6	100.0
Total expenses	\$m	1 082.2	1 011.4	499.3	^ 553.2	3 146.2
	%	34.4	32.1	15.9	17.6	100.0
Operating profit before tax	\$m	371.6	308.0	^ 213.8	^ 213.7	1 107.1
	%	33.6	27.8	19.3	19.3	100.0
Operating profit margin	%	25.2	24.0	30.9	^ 29.0	26.4
Return per FTE practitioner	\$'000	102.8	94.8	104.5	107.2	101.1

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

INTRODUCTION

This Chapter presents the results for the operations of private specialist medical practices during 2001–02. These specialist practices included: anaesthesia, dermatology, diagnostic imaging, internal medicine, obstetrics and gynaecology, ophthalmology, paediatrics, psychiatry and surgery. (See Glossary for definitions of these specialties.)

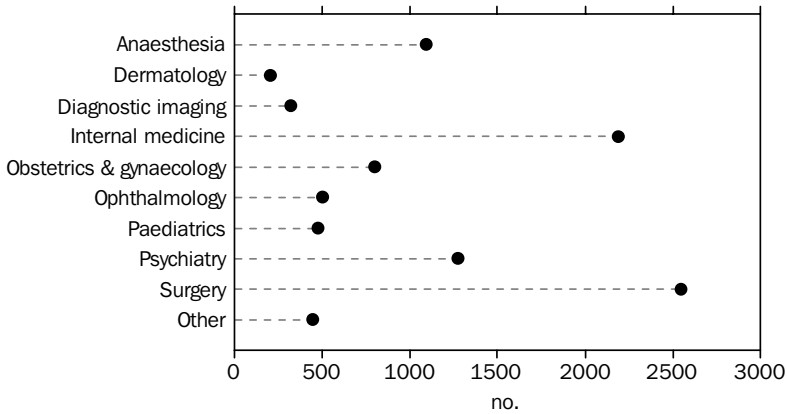
For the purposes of this survey, a specialist medical practice was defined as businesses that primarily provided specialist medical services, and any associated administrative service business. Refer to paragraphs 7–10 of the Explanatory Notes for more information on the composition of medical practices. Only those businesses with predominant income generated from private medical practice were in scope of the survey.

SPECIALTIES

There were 9,864 private specialist practices operating in Australia at the end of June 2002.

The graph below shows that the main contributors to the 9,864 practices were practices specialising in surgery (2,547), followed by internal medicine (2,190), psychiatry (1,275) and anaesthesia (1,093).

NUMBER OF SPECIALIST PRACTICES, By specialty



Specialist practices with the highest share of employment were surgery (22.7% or 10,247 persons), diagnostic imaging (18.5% or 8,320) and internal medicine (17.9% or 8,076).

Diagnostic imaging generated the highest income with \$1,479.9m, followed by surgery practices with \$1,332.3m and internal medicine, \$854.9m.

SPECIALTIES *continued*

There was considerable variation in the operating profit margins and returns per practitioner (expressed as full-time equivalents) recorded by practice specialty. The highest operating profit margins were recorded by anaesthesia practices (46.5%), psychiatry practices (32.4%), surgery practices (32.4%) and dermatology practices (32.3%).

The lowest operating profit margins were recorded by diagnostic imaging practices (14.9%) and ophthalmology practices (20.2%).

Although ophthalmology practices had a lower operating profit margin than many other specialties, they had a higher return per practitioner. Ophthalmology, along with anaesthesia, dermatology, and surgery practitioners had a return per practitioner in excess of \$200,000 for 2001–02. Paediatricians (\$100,100) and psychiatrists (\$104,200) had the lowest return per practitioner.

PRACTICE SIZE

Single specialist practices accounted for 89.7% of the total number of specialist practices at the end of June 2002. These practices had an average employment of 3.2 persons and accounted for 59.5% of specialist practice income. The larger specialist practices, comprising more than 10 practitioners, accounted for 19.2% of specialist practice income, but only 0.6% of practices.

EMPLOYMENT

Total employment for specialist practices as at the end of June 2002 was 45,046.

Small practices dominated with 62.5% of employment located in single practitioner practices. Practices with more than 10 practitioners accounted for 16.5% of total specialist practice employment.

Permanent full-time employment in specialist practices comprised 50.9% of the workforce, permanent part-time employment, 31.2%, while casuals represented 18%.

SOURCES OF INCOME

There are various components of income estimates presented in the survey results that should be used with caution. These are visiting medical officer (VMO) income, and income from the government Rural Incentives Program. The survey only collected financial information recorded in accounts of operating businesses. Any income paid directly to individual practitioners and not recorded in business accounts, did not appear in the estimates of this survey.

Specialist practices generated \$5,911.1m in income during 2001–02. The majority of this income (88.1%) was fee for service medical income (\$5,208.4m). The main components of fee for service income were private patient billing (58.4% of total income or \$3,451.9m) and bulk billing of Medicare patients (19.3% or \$1,143.2m).

VMO income comprised 6% of total income (\$352.4m) while \$9.9m (0.2%) was received by specialist practices directly from government medical programs.

Practices with a single practitioner generated 59.5% (\$3,514.5m) of total income, while practices with more than 10 practitioners generated 19.2% (or \$1,136.6m).

EXPENDITURE

During 2001–02, total expenditure of specialist practices was \$3,972.7m.

EXPENDITURE *continued*

Labour costs were the major expense for specialist practices (52.6% or \$2,090.9m). Rent, leasing and hiring expenses accounted for 8.1% of total expenses.

PROFITABILITY

Operating profit before tax for specialist practices was \$1,653m. This represented an operating profit margin of 28.1%.

Operating profit margin was highest for practices with one practitioner, at 30.4%, and lowest for practices with 2–5 practitioners, at 22.5%.

The average return accruing to practitioners as profits or wages and salaries in 2001–02 was \$183,300 for each full-time equivalent (FTE) practitioner.

Generally the return per practitioner was higher as the practice size increased, from \$177,100 for single practitioner practices, to \$266,200 for practices with 6–10 practitioners.

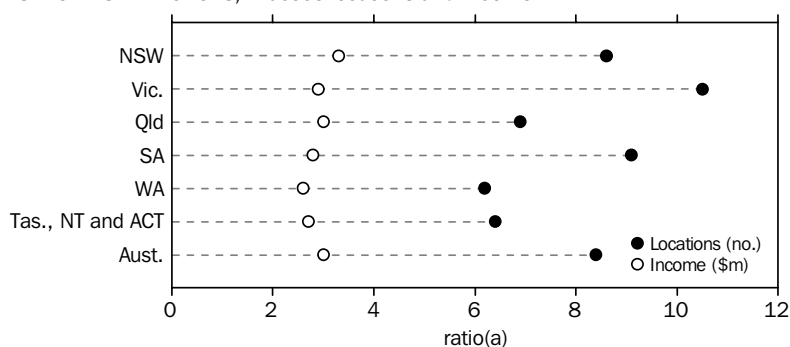
STATES AND TERRITORIES

New South Wales accounted for the largest share of total specialist practice locations (34.3%), followed by Victoria with 30.7%. New South Wales practices generated 36.7% of the total income in Australia, while Victoria had 23.9%. Although Queensland had a much smaller share of the total number of practices (15.5%) than the two larger states it generated 19.1% of the total income.

As the graph below shows, when population is taken into account the states with the greatest concentrations of specialist practice locations were Victoria (10.5 locations per 10,000 population), South Australia (9.1) and New South Wales (8.6). The average number of specialist practice locations for Australia was 8.4 per 10,000 people.

The states/territories with the greatest income per 10,000 population were New South Wales with \$3.3m, Queensland with \$3m and Victoria with \$2.9m.

SPECIALIST PRACTICES, Practice locations and income



(a) Per 10,000 resident population.

Source: *Population by Age and Sex, Australian States and Territories (cat. no. 3201.0)* [population data].

3.1

SUMMARY OF OPERATIONS, Specialist practices

		1994-95	2001-02	Average annual percentage change over 1994-95 to 2001-02
Medical practices at end June	no.	9 583	9 864	0.4
Medical practice locations at end June	no.	na	16 585	. .
Employment at end June	no.	51 477	45 046	-1.9
Income				
Fee for service medical income	\$m	3 960.2	5 208.4	4.0
Other(a)	\$m	444.4	702.7	6.8
Total	\$m	4 404.6	5 911.1	4.3
Expenses				
Labour costs	\$m	1 768.4	2 090.9	2.4
Rent, leasing and hiring expenses	\$m	326.9	321.5	-0.2
Other	\$m	1 237.2	1 560.3	3.4
Total	\$m	3 332.5	3 972.7	2.5
Operating profit before tax	\$m	1 072.1	1 653.0	6.4
Operating profit margin	%	24.6	28.1	. .
Return per FTE practitioner(b)	\$'000	na	183.3	na
Industry value added	\$m	na	4 250.4	na

na not available

. . not applicable

(a) Includes visiting medical officer income, income from government programs, other income from medical services, rent, leasing and hiring income, interest and other income.

(b) Diagnostic imaging practices and their practitioners are excluded from the calculation of return per FTE practitioner. See the definition of return per FTE practitioner in the Glossary.

3.2 SUMMARY OF OPERATIONS, By specialty—Specialist practices

	Practices at end June	Employment at end June	Total income	Total expenses	Operating profit before tax	Operating profit margin	Return per FTE practitioner
	no.	no.	\$m	\$m	\$m	%	\$'000
Anaesthesia	1 093	3 598	593.9	302.9	^ 275.6	46.5	229.3
Dermatology	205	^ 1 414	^ 156.1	^ 93.0	^ 50.2	^ 32.3	^ 210.8
Diagnostic imaging	^ 324	8 320	^ 1 479.9	^ 1 149.3	^ 219.3	^ 14.9	. .
Internal medicine	2 190	8 076	^ 854.9	^ 557.9	^ 249.3	^ 29.2	155.1
Obstetrics and gynaecology	800	3 224	380.8	246.7	^ 109.4	^ 28.8	^ 173.7
Ophthalmology	503	3 133	^ 426.4	^ 307.0	^ 86.0	^ 20.2	237.3
Paediatrics	478	^ 1 636	^ 121.6	^ 85.9	^ 37.2	^ 30.6	^ 100.1
Psychiatry	1 275	3 219	^ 301.5	^ 205.3	^ 97.4	^ 32.4	^ 104.2
Surgery	2 547	10 247	1 332.3	855.1	^ 429.6	32.4	220.9
Other	^ 449	^ 2 179	^ 263.7	^ 169.7	^ 99.1	^ 37.7	^ 209.4
Total	9 864	45 046	5 911.1	3 972.7	1 653.0	28.1	183.3

^ estimate has a relative standard error of between 10% and 25% and should be used with caution . . not applicable

3.3 STATES AND TERRITORIES, Specialist practices(a)

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania, Northern Territory and Australian Capital Territory	Australia
Medical practice locations at end June	no.	5 696	5 098	2 572	^ 1 385	^ 1 196	^ 638	16 585
	%	34.3	30.7	15.5	8.4	7.2	3.8	100.0
Employment at end June	no.	15 215	12 195	7 615	^ 3 759	^ 3 853	^ 2 409	45 046
	%	33.8	27.1	16.9	8.3	8.6	5.3	100.0
Income								
Fee for service medical income	\$m	1 871.0	1 238.8	1 047.3	^ 381.8	^ 453.7	^ 215.7	5 208.4
	%	35.9	23.8	20.1	7.3	8.7	4.1	100.0
Other	\$m	^ 295.6	^ 171.2	^ 83.1	*48.9	^ 55.7	*48.2	702.7
	%	42.1	24.4	11.8	7.0	7.9	6.9	100.0
Total	\$m	2 166.7	1 410.0	1 130.4	^ 430.8	^ 509.4	^ 263.9	5 911.1
	%	36.7	23.9	19.1	7.3	8.6	4.5	100.0
Wages and salaries	\$m	672.1	419.3	315.4	^ 98.0	^ 140.7	^ 84.8	1 730.3
	%	38.8	24.2	18.2	5.7	8.1	4.9	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) State estimates are subject to higher levels of sampling error than national estimates, and should be used with care. Further details can be found in the Explanatory Notes paragraph 31.

3.4**SOURCES OF INCOME, Specialist practices**

	<i>Income</i>	<i>Proportion of total income</i>
	\$m	%
Fee for service medical income		
Private patient billing	3 451.9	58.4
Bulk billing		
Medicare patients	1 143.2	19.3
Veterans' Affairs patients	263.7	4.5
Total	1 406.9	23.8
Workers' compensation and other insurance patients	349.6	5.9
Total	5 208.4	88.1
Visiting medical officer income(a)	352.4	6.0
Income directly from government medical programs		
Rural Incentives Program/Rural Retention Program(a)	**0.2	—
Other	*9.7	0.2
Total	*9.9	0.2
Other income from medical services	^ 220.6	3.7
Rent, leasing and hiring income	^ 53.4	0.9
Interest income	^ 13.3	0.2
Other income	**53.0	0.9
Total	5 911.1	100.0

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

— nil or rounded to zero (including null cells)

* estimate has a relative standard error of between 25% and 50% and should be used with caution

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

(a) Figures should be used with caution as it does not include payments made direct to individual practitioners. Refer to paragraphs 12–13 of the Explanatory Notes.

3.5

ITEMS OF EXPENDITURE, Specialist practices

	Expenditure	Proportion of total expenses
	\$m	%
Labour costs		
Wages and salaries	1 730.3	43.6
Employer contributions to superannuation including salary sacrifice(a)	312.1	7.9
Workers' compensation premiums	11.9	0.3
Fringe benefits tax	^ 5.8	0.1
Payroll tax	30.8	0.8
<i>Total labour costs</i>	<i>2 090.9</i>	<i>52.6</i>
Contract payments to medical practitioners	^ 125.7	3.2
Insurance premiums		
Professional indemnity insurance for the medical business	69.1	1.7
Professional indemnity insurance for individual medical practitioners(b)	122.5	3.1
Other insurance premiums	61.0	1.5
<i>Total</i>	<i>252.6</i>	<i>6.4</i>
Continuing medical education and other training costs	47.3	1.2
Rent, leasing and hiring expenses		
Rental of rooms or premises	242.2	6.1
Other rent, leasing and hiring expenses	79.4	2.0
<i>Total</i>	<i>321.5</i>	<i>8.1</i>
Other medical related expenses	41.8	1.1
Purchases of medical supplies	143.2	3.6
Computing software expenses	22.9	0.6
Postal, mailing and courier expenses	22.1	0.6
Telecommunication services	53.9	1.4
Motor vehicle running expenses	65.8	1.7
Audit and other accounting fees	61.8	1.6
Paper, printing and stationery expenses	37.4	0.9
Payments to employment agencies for staff	*8.3	0.2
Other contract, sub-contract and commission expenses	43.5	1.1
Interest expenses	100.9	2.5
Depreciation and amortisation	^ 143.6	3.6
Other operating expenses	^ 389.4	9.8
Total	3 972.7	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

(a) Employer contributions into superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.

(b) This professional indemnity insurance represents the amount paid by medical practices on behalf of medical practitioners. For 2001–02, there were 9,739 such medical practitioners. This amount is not a measure of the total professional indemnity insurance paid by medical practitioners as other practitioners pay their own indemnity insurance as individuals. Refer paragraphs 12–13 of the Explanatory Notes.

3.6**SUMMARY OF OPERATIONS BY PRACTICE SIZE, Specialist practices**

		PRACTICE SIZE				
		1	2-5	6-10	More than 10	Total
		practitioner	practitioners	practitioners	practitioners	
Medical practices at end June	no.	8 845	871	^ 92	^ 56	9 864
	%	89.7	8.8	0.9	0.6	100.0
Employment at end June	no.	28 173	6 720	^ 2 722	^ 7 430	45 046
	%	62.5	14.9	6.0	16.5	100.0
Fee for service medical income	\$m	3 048.5	^ 740.3	^ 380.9	^ 1 038.7	5 208.4
	%	58.5	14.2	7.3	19.9	100.0
Total income	\$m	3 514.5	838.6	^ 421.4	^ 1 136.6	5 911.1
	%	59.5	14.2	7.1	19.2	100.0
Total expenses	\$m	2 279.5	^ 597.9	*317.5	^ 777.8	3 972.7
	%	57.4	15.0	8.0	19.6	100.0
Operating profit before tax	\$m	1 065.4	^ 187.4	*112.5	^ 287.7	1 653.0
	%	64.5	11.3	6.8	17.4	100.0
Operating profit margin	%	30.4	22.5	*27.1	25.4	28.1
Return per FTE practitioner	\$'000	177.1	180.9	^ 266.2	^ 207.1	183.3

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

* estimate has a relative standard error of between 25% and 50% and should be used with caution

INTRODUCTION

There were 50 businesses operating pathology laboratories in Australia at the end of June 2002. These businesses received income of \$1,243.1m during 2001–02 and employed 14,534 persons at the end of June 2002. Industry value added was \$785.2m, contributing 0.1% to GDP.

Fee for service was the main source of income comprising 92.2% of total income. The main components of fee for service medical income were bulk billing with 72.2% of total income and private patient billing (19.3%).

Labour costs were the highest expense accounting for 51.8% of total pathology laboratory businesses' expenditure of \$1,152.2m. The wages and salaries component was \$517.7m. Purchases of medical supplies and rent, leasing and hiring expenses accounted for 15% and 6.4% respectively of total expenditure.

The operating profit before tax of pathology laboratory businesses was \$92.9m, which represented an operating profit margin of 7.5%.

As at the end of June 2002, pathology laboratory businesses had employment of 14,534 persons.

Nurses and pathology collectors accounted for 32.2% (4,683) of the total persons employed in pathology laboratory businesses. There were 2,689 (18.5%) management, administrative and support staff and 2,291 (15.8%) medical scientists/technologists.

Staff working in pathology laboratory businesses were more likely to work permanent full-time (62.8%). Permanent part-time employment comprised 28.1% of the total employment and casuals 9.1%.

Rates of permanent full-time work did not show a large amount of variation across occupation categories. They ranged from a low of 53.9% for nurses/pathology collectors to a high of 72.8% for medical scientists/technologists.

4.1**SOURCES OF INCOME, Pathology laboratory businesses**

	<i>Proportion of total income</i>	
	<i>Income</i>	
	\$m	%
Fee for service medical income		
Private patient billing	239.9	19.3
Bulk billing		
Medicare patients	854.1	68.7
Veterans' Affairs patients	43.4	3.5
Total	897.5	72.2
Workers' compensation and other insurance patients	8.8	0.7
Total	1 146.2	92.2
Other income from medical services	83.4	6.7
Rent, leasing and hiring income	2.2	0.2
Interest income	10.6	0.9
Other income	0.7	0.1
Total	1 243.1	100.0

4.2**ITEMS OF EXPENDITURE, Pathology laboratory businesses**

	<i>Proportion of total Expenditure expenses</i>	
	<i>\$m</i>	<i>%</i>
.....		
Labour costs		
Wages and salaries		
Pathologists	64.0	5.6
Other employees	453.7	39.4
Total	517.7	44.9
Employer contributions to superannuation including salary sacrifice		
Pathologists	4.8	0.4
Other employees	36.8	3.2
Total(a)	41.6	3.6
Workers' compensation premiums	5.3	0.5
Fringe benefits tax	2.5	0.2
Payroll tax	30.2	2.6
Total labour costs	597.2	51.8
Contract payments to pathologists	15.5	1.3
Insurance premiums		
Professional indemnity insurance for the medical business	1.6	0.1
Professional indemnity insurance for individual pathologists(b)	2.1	0.2
Other insurance premiums	3.6	0.3
Total	7.4	0.6
Continuing medical education and other training costs	2.8	0.2
Rent, leasing and hiring expenses		
Rental of rooms or premises	61.2	5.3
Other rent, leasing and hiring expenses	^ 13.0	1.1
Total	74.3	6.4
Other medical related expenses	3.0	0.3
Purchases of medical supplies	173.0	15.0
Computing software expenses	1.1	0.1
Postal and telecommunications expenses	18.1	1.6
Motor vehicle running expenses	11.3	1.0
Audit and other accounting fees	1.0	0.1
Paper, printing and stationery expenses	13.7	1.2
Payments to employment agencies for staff	1.8	0.2
Other contract, sub-contract and commission expenses	^ 14.1	1.2
Management and administrative service fees	19.3	1.7
Freight and cartage expenses	8.5	0.7
Waste handling expenses	3.2	0.3
Interest expenses	^ 49.3	4.3
Depreciation and amortisation	40.6	3.5
Other operating expenses	96.9	8.4
Total expenses	1 152.2	100.0

^ estimate has a relative standard error of between 10% and 25% and should be used with caution

- (a) Employer contributions to superannuation funds include salary sacrifice that is paid as employer contributions to superannuation funds. Other salary sacrifice is included with the relevant expense item.
- (b) This professional indemnity insurance represents the amount paid by pathology laboratory businesses on behalf of 211 pathologists. This amount is not a measure of the total professional indemnity insurance paid by pathology laboratory businesses. Refer to paragraphs 12–13 of the Explanatory Notes.

4.3**CHARACTERISTICS OF EMPLOYMENT, Pathology laboratory businesses**

	<i>Permanent full-time</i>		<i>Permanent part-time</i>		<i>Casuals</i>		<i>Total</i>	
	no.	%	no.	%	no.	%	no.	%
Pathologists	252	2.8	99	2.4	46	3.5	397	2.7
Medical scientists/technologists	1 667	18.3	517	12.7	107	8.1	2 291	15.8
Technical officers/technicians	735	8.1	[^] 301	7.4	68	5.2	1 104	7.6
Other technical staff	1 096	12.0	315	7.7	112	8.4	1 522	10.5
Nurses/pathology collectors	2 524	27.7	1 652	40.4	507	38.4	4 683	32.2
Management, administrative and support staff	1 784	19.6	742	18.1	163	12.3	2 689	18.5
Couriers	853	9.3	424	10.4	248	18.8	1 526	10.5
Other employees	213	2.3	39	0.9	[^] 71	5.4	323	2.2
Total employment at end June	9 123	100.0	4 089	100.0	1 322	100.0	14 534	100.0

[^] estimate has a relative standard error of between 10% and 25% and should be used with caution

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of private medical practices for the reference year 2001–02. This is the second time the Australian Bureau of Statistics (ABS) has conducted this survey. Previous statistics were released for 1994–95.

SCOPE

2 The scope of the survey was all private medical businesses primarily offering general medical services and specialist medical services. In terms of the Australian and New Zealand Standard Industrial Classification (ANZSIC), these businesses would be classified to class 8621 – GENERAL PRACTICE MEDICAL SERVICES and 8622 – SPECIALIST MEDICAL SERVICES. Administrative service businesses providing dedicated services to these businesses were also included.

3 The scope also included pathology laboratory businesses who provided a pathology service in which human tissue, human fluids or human body products are subjected to analysis for the purposes of prevention, diagnosis or treatment of disease in human beings and included any premises from which a service was conducted (this definition is based on the definition of a pathology service as specified in the *Pathology Services Accreditation Act 1984: Act no. 10083/1984*).

4 Government departments, hospitals, nursing homes, community health centres, universities and businesses predominantly providing veterinary pathology laboratory services were excluded from the scope of this survey.

COVERAGE

5 In order to obtain a population for the Medical Practices Survey, a survey of medical practitioners was conducted during 2002 using a sample of medical practitioners selected from the Health Insurance Commission's Medicare Provider File (HIMPF). Results of this survey were published in *Private Medical Practitioners, 2002* (cat. no. 8689.0).

6 The population used for businesses undertaking pathology services was a listing supplied from the National Association of Testing Authorities (NATA). Businesses on this list were accredited with NATA, have received a NATA category of GX, GY, S or U (Extract from NPAAC Guideline *Requirements for Supervision of Pathology Laboratories*, 1999) and would have received more than 50% of their income from fee for service medical income. Government departments, hospitals, universities, and businesses predominantly providing veterinary pathology laboratory services were excluded from this survey.

STATISTICAL UNIT

7 The statistical unit used to represent private general and specialist medical businesses and their administrative service businesses, and for which statistics are reported, was the medical practice.

8 Medical practices may be structured as one single entity or more than one entity. Medical practices with more than one entity may be supported by an administrative service business that manages the finances and secretarial activities of the medical business.

9 For the purposes of this survey, a medical practice was defined as follows:

- *single medical businesses not supported by an administrative service business.* In these cases, each medical business was treated as a single medical practice
- *single medical businesses with a single administrative service business.* In these cases, the medical business and administrative unit were combined to form a single medical practice

STATISTICAL UNIT *continued*

- *single administrative service business with multiple medical businesses.* In these cases, the multiple medical businesses that were supported by the same administrative services business were combined to form a medical practice.

10 Since 1994–95, large administrative service businesses have established themselves in Australia, servicing multiple medical businesses. These businesses were generally not owned by medical practitioners. In order to recognise this phenomenon, a corporate medical practice was created for the purposes of this survey. A corporate medical practice was defined as:

- a practice in which medical businesses had been contracted to a corporate administrative entity for a fixed period to provide mainly general practice services. The corporate administrative entity was generally owned by persons who were not medical practitioners. The corporate practice comprised at least 10 general medical practice businesses, which used the facilities and infrastructure provided by the corporate entity. The general medical practice businesses were usually centralised at the same location so as to provide sufficient volume to attract other medical and ancillary services.

11 Further information on these units can be found in the Glossary.

CONCEPTS

12 The survey only collected financial information recorded in accounts of operating businesses. Any income paid directly to individual practitioners, and/or any expenses paid privately by individual practitioners did not appear in the estimates of this survey.

13 Income and expense estimates such as, visiting medical officer income, income from the government rural incentives program, professional indemnity insurance for individual medical practitioners, motor vehicle expenses and continuing education expenses would not represent a total value for these items in the *Private Medical Practices* publication, as income received and/or expenses paid by individual practitioners for these items may not have been recorded in the business accounts. Therefore, use of these estimates should be made with caution.

14 In order to derive practice income and practice expenditure from the reported business' income and expenditure, it was necessary to net out any payments between businesses within the one practice. For example, if a medical business received income of \$100,000 and paid expenses of \$50,000 to its administrative support business, then the \$50,000 expenses of the medical business and the corresponding \$50,000 income of the administrative service business were netted out from the practice unit. Netting out the transfers resulted in the practice income being \$100,000, and not inflated to \$150,000. The total expenses for the practice unit were the summation of the expenses of the medical business (less \$50,000) and the administrative service business.

CLASSIFICATIONS

15 The Rural, Remote and Metropolitan Areas Classification (RRMAC) was used to classify the geographical location of medical practitioners according to their main business address. The RRMAC was originally developed in 1994 by the former departments of Primary Industry & Energy and Human Services & Health. An updated version of the RRMAC (obtained from the Department of Health and Aged Care) was based on 1996 postcodes and was used to produce estimates for this publication. For the purposes of this publication the RRMAC categories 1–3, 4–5 and 6–7 were collapsed to form 'Metropolitan', 'Rural' and 'Remote' categories respectively.

16 The classification of medical specialties used in this publication was based on the Medical Peer Group Specialist Classification used by the Health Insurance Commission.

COMPARISONS WITH OTHER
ABS STATISTICS

17 Annual data for the general practice medical services industry, the specialist medical services industry and the pathology services industry are published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Private Medical Practices* publications and users should use caution when making comparisons between the two sets of estimates. The estimates in the *Australian Industry* publication provide a consistent annual measure of economic activity by industry (as defined by the ANZSIC), which allows the analysis of year on year change in key data items in the medical services industries.

18 The *Australian Industry* publication presents summary statistics for detailed ANZSIC industry classes. The aims of the publication are to show the relative importance of each industry class to the Australian economy, and to allow patterns of change or growth to be analysed across detailed segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as gross domestic product (GDP).

19 The *Private Medical Practices* publication complements the annual series of key data items for the industry with a detailed examination of the structure of medical practices and pathology laboratory businesses for the reference year of the survey. *Private Medical Practices* had a focus on the medical *practice*, rather than the business *entity* that is used to compile ABS industry statistics. The practice is used as the statistical unit in order to provide a more complete description of the structure of businesses involved in private medical services and the economic activity generated by medical practices. This is done by including administrative service units in the survey although they might be coded to ANZSIC classes other than GENERAL PRACTICE MEDICAL SERVICES OR SPECIALIST MEDICAL SERVICES (ANZSIC classes 8621 and 8622).

HISTORICAL COMPARISONS

20 While comparisons are made between 2001–02 survey results and the 1994–95 Private Medical Practices survey, the reader should bear in mind that the survey was not designed to support accurate estimates of change, and should exercise caution when comparing 2001–02 results to earlier surveys. The effect of sampling variability on historical comparisons is discussed in paragraph 32.

21 The frame source and therefore coverage for pathology services had changed since 1994–95, so caution should be used when making comparisons between surveys for these estimates.

22 The 1994–95 survey included businesses selected from the ABS Business Register, classified to the ANZSIC class 8631 – PATHOLOGY SERVICES, which includes pathology laboratory operation. During processing of the 1994–95 survey it became clear that there was a high level of miscoding of units between this class and another related class, 8622 – SPECIALIST MEDICAL SERVICES. Class 8622 included a number of specialists, including pathologists running their own business. As a result of this miscoding, only 17 pathology laboratory businesses were subsequently detected and reported in the 1994–95 estimates.

23 In 2001–02, the NATA list (refer paragraph 6 for more information) was used to improve survey coverage of pathology laboratory businesses. As a result, 50 pathology laboratory businesses were identified as operating during 2001–02. This increase in the number of businesses would have been caused primarily by the improved coverage of pathology laboratory businesses in the survey, and would not reflect true growth.

HISTORICAL COMPARISONS

continued

24 The definition of a practice had slightly altered since 1994–95. During 1994–95 it was possible to have medical practices with more than one administrative business. This was no longer the case in 2001–02. Although the definition was altered, the impact would be minor as there were very few multiple administrative services businesses in 1994–95.

RELIABILITY OF DATA

25 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

26 The estimates in this publication are based on information obtained from a sample of medical businesses and administrative services units in the target population. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from the figures that would have been obtained if all businesses within medical practices had been included in the survey. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of businesses were included.

27 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if all practices in Australia were surveyed, and approximately 19 chances in 20 that the difference will be less than two SEs.

28 Sampling variability can also be measured by the relative standard error (RSE), which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to the effects of random sampling, and this avoids the need to refer also to the size of the estimate.

29 The following table contains estimates of relative standard errors for a selection of statistics presented in this publication.

RELIABILITY OF DATA *continued*

RELATIVE STANDARD ERRORS FOR TABLE 1.1, Summary of operations

	General practices	Specialist practices	Pathology laboratory businesses
	%	%	%
Medical practices at end June	3	2	1
Medical practice locations at end June	4	3	. .
Medical practices using computers for			
Patient records	3	3	na
Prescription packages	3	12	na
Financial management or accounting purposes	2	2	na
Research, teaching or preparation of articles	5	3	na
Any purpose	1	1	na
Employment at end June			
Permanent full-time	3	3	6
Permanent part-time	3	4	8
Casuals	7	7	7
Total	3	3	6
Income			
Fee for service medical income	3	4	5
Other	6	8	8
Total	3	4	5
Expenses			
Labour costs	3	4	5
Rent, leasing and hiring expenses	5	5	6
Other	6	7	5
Total	4	4	5
Operating profit before tax	4	5	6
Operating profit margin	4	5	6
Return per FTE practitioner	2	3	. .
Industry value added	2	3	5

. . not applicable

na not available

30 As an example of the above, an estimate of total employment in GP practices is 56,911 and the relative standard error is 3% giving a standard error of 1,707 people. Therefore, there would be two chances in three that, if all units had been included in the survey a figure in the range of 55,204 and 58,618 people would have been obtained, and 19 chances in 20 (that is, a confidence interval of 95%) that the figure would have been within the range of 53,497 and 60,325 people.

31 The sampling variability for estimates at the state/territory level was higher than for Australian level aggregates. Within states/territories, the sampling variability, and therefore the RSEs of estimates for smaller states/territories are higher than for the largest states. Survey estimates for the smaller states and territories should therefore be viewed with more caution than those for other states. RSEs for New South Wales, Victoria and Queensland are typically 1 to 2 times higher than the corresponding national estimate RSEs, and RSEs for the remaining states and territories are typically 3 to 5 times higher than the corresponding national estimate RSEs.

32 The sampling variability for estimates of movement or change that are obtained by comparing 2001–02 survey results with previous results are also subject to high levels of sampling variability. The SE of the estimate of change is approximately 1.4 times the SE of the 2001–02 estimate. For example, the survey estimated that total employment in GP practices increased from 54,657 in 1994–95 to 56,911 in 2001–02, an increase of 2,254. The SE of the 2001–02 estimate of employment in GP practices is 1,707. The SE of the estimate of change is estimated to be 1.4 times 1,707, or 2,389.8. This can also be expressed as a RSE of 106% of the estimate of change in employment in GP practices.

RELIABILITY OF DATA *continued*

The magnitude of the SE relative to the size of the observed change in the estimate means that this change can be fully explained by the level of sampling error in the survey, and may not reflect a true rise in employment.

33 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of practitioners from which the original sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable, but its impacts can be broadly identified. Every effort was made to minimise non-sampling error by careful design and testing of the questionnaire, efficient operating procedures and systems and the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.

34 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^'. These estimates should be used with caution as they are subject to sampling variability too high for some purposes. Estimates with an RSE between 25% and 50% are annotated with the symbol '*', indicating that the estimate should be used with caution as it is subject to sampling variability too high for most practical purposes. Estimates with an RSE greater than 50% are annotated with the symbol '**' indicating that the sampling variability causes the estimates to be considered too unreliable for general use.

35 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.

REFERENCE PERIOD

36 Data contained in the tables of this publication relate to all private medical practices that operated in Australia during the year ended 30 June 2002. Financial estimates included the activity of any medical practices that commenced or ceased during the year, however, counts of locations and employment did not include these practices if they were not operative at 30 June 2002.

RELATED PUBLICATIONS

37 Statistics for the related survey of medical practitioners are available in *Private Medical Practitioners, Australia, 2002* (cat. no. 8689.0).

ACKNOWLEDGMENT

38 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated; without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

DATA AVAILABLE ON REQUEST

39 A range of detailed statistics are available for this survey, including details of income and expenses by medical speciality or by region. Inquiries about more detailed statistics, or any of the statistics within this publication, should be made by telephoning the contact shown on the front page.

ABBREVIATIONS

\$'000	thousand dollars
\$m	million dollars
ABS	Australian Bureau of Statistics
ACIR	Australian Childhood Immunisation Register
ANZSIC	Australian and New Zealand Standard Industrial Classification
FTE	full-time equivalent
GDP	gross domestic product

GP	General Medical Practitioner
HIMPF	Health Insurance Medicare Provider File
IVA	industry value added
NATA	National Association of Testing Authorities
no.	number
NPAAC	National Pathology Accreditation Advisory Council
OPBT	operating profit before tax
PAYGW	pay-as-you-go withholding
RACGP	Royal Australian College of General Practitioners
RRMAC	Rural, Remote and Metropolitan Areas Classification
RSE	relative standard error
SE	standard error
VMO	visiting medical officer

GLOSSARY

Administrative service business	An administrative service business is an incorporated service company or trust which provides administrative, secretarial or similar support services to one or more medical businesses. It is a formal legal and accounting entity for which detailed financial statements are produced. The cost of these support services is usually reimbursed by management fee payments from medical businesses to the administrative service business. However, in some cases medical businesses are reimbursed when medical fees are directly paid to the administrative service business.
Anaesthesia	Anaesthesia is the specialty or branch of medicine which involves administering anaesthetics to prevent pain and maintain major body function throughout surgical and related procedures.
Audit and other accounting fees	These are the costs incurred for the professional advice and skills of an auditor or accountant.
Bulk billing	Also known as 'direct billing', under bulk billing arrangements medical practitioners can directly bill Medicare, Veterans' Affairs or another insurer, accepting the relevant rebate as full payment for the service. No additional charges relating to the service apply to the patient.
Casual employees	Casual employees are those persons employed by the business who are not entitled to paid leave.
Computer software expensed	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
Continuing medical education and other training costs	Continuing medical education includes study aimed at keeping the medical knowledge of medical practitioners of the practice current. Other training costs includes external training expenses for medical practitioners and support staff, and conference registration fees.
Contract payments to medical practitioners	These are payments made to medical practitioners who are not employees, and include locum service contract payments, agency payments and other payments to medical practitioners for which PAYGW tax has not been deducted.
Contract payments to pathologists	These are payments made to pathologists who are not employees, and for which PAYGW tax has not been deducted.
Corporate practice	For the purposes of this publication a corporate practice has been defined as a practice in which medical businesses have been contracted to a corporate administrative entity for a fixed period to mainly provide general practice services. The corporate entity is generally owned by persons who are not medical practitioners. The corporate practice comprises at least 10 general practice businesses, which use the facilities and infrastructure provided by the corporate entity. The general practice businesses are usually centralised at the same location so as to provide sufficient volume to attract other medical and ancillary services.
Corporate practice locations	A corporate location is a physical site providing medical services on a regular basis and operated by a corporate practice.
Couriers	Couriers are those employees of a pathology laboratory who transport human tissue, human fluids or human body products from the collection centre to the laboratory for analysis. They may also deliver the results of analyses to the requesting medical practitioner.

Depreciation and amortisation	Depreciation and amortisation are financial charges made in the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period. Depreciation generally refers to physical (tangible) non-current assets, and amortisation generally refers to intangible non-current assets.
Dermatology	Dermatology is the specialty or branch of medicine involving the provision of diagnostic, treatment and preventative medical services related to human skin disorders.
Diagnostic imaging	Diagnostic imaging is the specialty or branch of medicine which involves diagnosis and treatment of diseases of the human body through the production of clinical images, including x-rays, ultrasound, computed tomography, magnetic resonance, radionuclide scanning, and thermography.
Employer contributions to superannuation including salary sacrifice	Employer contributions to superannuation funds are the costs of the employer's contributions during the reference period made on behalf of employees including salary sacrificed amounts.
Employment at end June	Employment represents all employees on the payroll for the last pay period ending in June 2002 and working proprietors and partners. Employees absent on paid or prepaid leave are included. Non-salaried directors, subcontractors and persons solely paid by commission without a retainer are excluded.
Fee for service medical income	This is income received by the business for the provision of medical services. The income includes private patient billing, and bulk billing for Medicare patients, Veterans' Affairs patients and workers compensation and insurance patients.
Financial management or accounting purposes	The use of a computer by the practice for financial management or accounting purposes includes the use of software to manage the accounts and other financial aspects of the practice.
Freight and cartage expenses	Freight and cartage expenses are the costs charged to a business for the transport and delivery of goods by rail, air, road and/or sea.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (for example free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
General practice	A general medical practice, or GP practice, is a medical practice mainly engaged in providing general practice medical services by registered medical practitioners on their own account. It excludes businesses mainly engaged in operating hospitals or nursing homes, providing specialist medical services, providing paramedical or nursing services, or providing services on the account of government agencies or non-profit organisations.
General practice immunisation incentive and ACIR payments	This is a system, administered by the Commonwealth Department of Health and Ageing, providing financial incentives and systematic supports to general practitioners to improve their immunisation practices.
General practitioner	A general practitioner is a qualified medical practitioner who provides primary continuing and comprehensive whole-person care to individuals, families and the community.
Gross domestic product (GDP)	Gross domestic product is the total market value of goods and services produced in Australia after deducting the cost of goods and services used up in the process of production (intermediate consumption), but before deducting consumption of fixed capital.
Income directly from government medical programs	This item refers to income received from programs administered by government departments such as the Commonwealth Department of Health and Ageing. These programs have been designed as incentives for medical practitioners for activities such as: participation in immunisation programs, adherence to professional standards, or practising in rural areas.

Industry value added (IVA)	Industry value added is an estimate of the difference between the market value of the output of an industry and the purchases of materials and expenses incurred in the production of that output.
Insurance premiums	Insurance premiums are expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	Interest expenses are outflows of funds related to the cost of borrowing money.
Interest income	Interest income is income earned through the lending out of funds owned by the entity.
Internal medicine	Internal medicine is the specialty or branch of medicine which deals with the diagnosis and medical therapy of diseases of the internal organ systems and the non-surgical management of diseases. Specialists in this field are also known as specialist or consulting physicians. It includes general medicine, cardiology, clinical haematology, clinical immunology (including allergy), clinical pharmacology, endocrinology, gastroenterology, geriatrics, infectious diseases, medical oncology, neurology, renal medicine, rheumatology and thoracic medicine.
Labour costs	These include staff related costs such as wages and salaries, fringe benefits tax and payroll tax, employer contributions to superannuation, workers' compensation premiums, and provision expenses for employee entitlements.
Location	A location is a physical site from which the practice or pathology laboratory business provides medical services on a regular basis.
Management, administrative and support staff	This item includes staff who manage the practice, or provide administrative support services such as IT or secretarial services. It excludes medical practitioners and qualified nursing staff.
Medical business	A medical business is a business which mainly provides general practice or specialist medical services. It is a formal legal and accounting entity for which detailed financial statements are produced. It can operate as a sole proprietor, a partnership, an incorporated company or a trust.
Medical practice	A medical practice may consist of a medical business, a medical business supported by an administrative services business or a group of medical businesses supported by an administration services business.
Medical practitioner	Medical practitioners diagnose physical and mental illnesses, disorders and injuries and prescribe medications and treatment to promote or restore good health.
Medical scientists/technologists	Medical scientists and technologists are professional level staff who conduct medical laboratory tests to develop applications for the diagnosis, treatment and prevention of disease and testing of drugs for therapeutic use. They have a bachelor degree or higher qualification.
Medicare patients	For a Medicare bulk billing (direct billing) payment the patient assigns his or her right to the Medicare benefit to the practitioner. Under this arrangement the practitioner undertakes to accept the relevant Medicare benefit as full payment for the service.
Metropolitan	Metropolitan practices are those based in a state or territory capital city, or other urban centre with a population of at least 25,000.
Motor vehicle running expenses	Motor vehicle running expenses are the costs incurred using 'on-road' motor vehicles owned by the business for business purposes.
Nurses	Nurses provide nursing care to patients of the practice, and assist the medical practitioners to examine patients and administer treatment.
Nurses/pathology collectors	Nurses and pathology collectors employed by a pathology business collect specimens of human tissue, human fluids or human body products from patients, and provide nursing care where necessary.

Obstetrics and gynaecology	Obstetrics and gynaecology is the specialty or branch of medicine concerning the care of women and their offspring during pregnancy and parturition, with continued care of the women during the puerperium. It includes gynaecological oncology, reproductive endocrinology and infertility, urogynaecology and maternal-foetal medicine.
Operating profit before tax (OPBT)	Operating profit is a measure of profitability of a business during the reference period, taken before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is generally derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This represents the percentage of sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax (OPBT) as a percentage of total sales of goods and services.
Ophthalmology	Ophthalmology is the specialty or branch of medicine which involves diagnostic, treatment and preventative medical services related to diseases, injuries and deficiencies of the human eye and associated structures.
Other contract, sub-contract and commission expenses	These include cleaning, security and other contract expenses, and payments to persons paid by commission without a retainer. Payments to contractors and consultants for medical services are excluded, as are commissions paid to employees or persons receiving a retainer.
Other income	This item includes all income, not elsewhere specified, which arises from the normal operation of the business.
Other income from medical services	This item includes income received for the provision of medical services, excluding fee for service medical income and income received directly from government medical programs. It includes: contract income for medical services, teaching income, income from producing articles for journals and papers for conferences, committee fees and medico legal work.
Other insurance premiums	This item includes optional third-party and comprehensive motor vehicle insurance premiums, fire, general, accident and public liability and income maintenance insurance premiums.
Other medical related expenses	This item includes library and journal costs, and professional registration or licensing fees. It excludes the purchase of medical supplies and equipment.
Other operating expenses	This item includes various expense items which are general in nature and are not included elsewhere, e.g. electricity and gas charges, etc.
Other (specialty)	This category covers all specialties of medicine not separately identified.
Other technical staff	This includes staff employed by a pathology laboratory to perform miscellaneous technical tasks, without the level of qualification required of medical scientists/technologists and technical officers/technicians.
Paediatrics	Paediatrics is the specialty or branch of medicine which involves diagnostic, treatment and preventative medical services related to the health of infants, children and adolescents.
Pathologist	A pathologist specialises in the laboratory detection of disease as distinguished from the use of clinical signs and symptoms. Pathology includes the sectional specialties of: general pathology, anatomical pathology, clinical chemistry, cytopathology, forensic pathology, haematology, immunology and microbiology.

Pathology laboratory business	A pathology laboratory business provides a pathology service in which human tissue, human fluids or human body products are subjected to analysis for the purposes of prevention, diagnosis or treatment of disease in human beings and included any premises from which a service was conducted (this definition is based on the definition of a pathology service as specified in the <i>Pathology Services Accreditation Act 1984: Act no. 10083/1984</i>).
Patient records	The use of a computer by the practice for patient records includes the use of software to manage databases of patient details and/or medical histories.
Payments made to administrative service businesses by medical businesses	This refers to payments made by a medical business for administrative support services supplied by a related administrative services business. Payments between such entities in a practice have been excluded from the calculation of a practice's total income and expenditure.
Payments to employment agencies for staff	These are payments made to an employment agency for the supply or recruitment of staff.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Permanent full-time employees	Permanent full-time employees are those who work 35 hours or more per week, and are entitled to paid leave.
Permanent part-time employees	Permanent part-time employees are those who work less than 35 hours per week, and are entitled to paid leave.
Postal and telecommunication expenses	Postal and telecommunication expenses are the expenses incurred for the picking up, transport, and delivery (domestic or international) of addressed or unaddressed mail, packages and parcels, and all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include the costs of fixed and mobile telephone services, facsimile services, Internet services and leased lines for computers.
Postal, mailing and courier service expenses	Postal, mailing and courier services are the expenses incurred for the picking up, transport, and delivery (domestic or international) of addressed or unaddressed mail, packages and parcels.
Practice incentives program (PIP)	This is a program to recognise general practices that provide comprehensive, quality care, and which are either accredited or working towards accreditation against the Royal Australian College of General Practitioners' (RACGP) Standards for General Practices. The PIP is part of a blended payment approach for general practice. Payments made through the program are in addition to other income earned by the general practitioners and the practice, such as patient payments and Medicare rebates.
Prescription packages	The use of a computer by the practice for prescription packages includes software designed for prescribing drugs for medical treatment of patients, and the recording of prescription history.
Private patient billing	Private patient billing is income received by the business for the provision of medical services, which is paid directly by the patient. In many cases, the patient may then claim all or part of these costs as a rebate from Medicare or another insurer.
Professional indemnity insurance for individual medical practitioners	Professional indemnity for individual medical practitioners is a general insurance which covers the practitioners against a third party's financial or other loss as a result of advice provided to the third party or actions taken by a medical practitioner.
Professional indemnity insurance for the medical business	Professional indemnity for the medical business is a general insurance which covers the practice against a third party's financial or other loss as a result of advice provided to the third party or actions taken by staff of the practice.
Psychiatry	Psychiatry is the specialty or branch of medicine which involves the diagnosis, treatment and prevention of human mental, emotional and behavioural disorders.

Purchases of medical supplies	This item includes purchases of medical supplies, purchases of non-capitalised equipment and other purchases of goods for resale.
Remote	Remote practices are those based in areas that are beyond a certain distance from major urban centres (of 10,000 or more population), and have a low population density. Examples of remote areas include: Mt Isa, Birdsville (Queensland); Ceduna, Coober Pedy (South Australia); Kalgoorlie (Western Australia); Strachan (Tasmania); Alice Springs and Katherine (Northern Territory).
Rent, leasing and hiring expenses	Rent, leasing and hiring expenses are those costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Rent, leasing and hiring income	Rent, leasing and hiring income is revenue derived from the renting, leasing or hiring of assets such as land, buildings, vehicles, machinery or equipment to other businesses or individuals.
Return per practitioner	Return per practitioner is a measure of the average financial compensation that medical practitioners receive for working in private medical practices. There are two ways in which practitioners can be compensated. Practitioners who are employees will receive wages and salaries. Practitioners who are principals/partners will share in the profit generated by the practice. Return per practitioner is derived by adding the total practice operating profit before tax and the wages and salaries paid to medical practitioners, and then dividing the total by the total number of medical practitioners employed (employees plus other working principals/partners) expressed on a full-time equivalent basis. The profits of business units that are not owned primarily by medical practitioners (for example, the profits of corporate administrative units and diagnostic imaging practices) were excluded. Superannuation has not been included in return.
Rural	Rural practices are those based in areas outside major metropolitan centres, but are not located far enough away from these centres to satisfy the remoteness criteria.
Rural Incentives Program/Rural Retention Program	These are programs administered by the Commonwealth Department of Health and Ageing, and aim to recognise and retain long-serving general practitioners in rural and remote communities that may experience significant difficulties in retaining general practitioners.
Specialist	A medical practitioner who is qualified to practise in a particular specialty or branch of medicine.
Specialist practice	A specialist medical practice is a medical practice mainly engaged in providing specialist medical services by registered medical practitioners on their own account. It excludes businesses mainly engaged in operating pathology laboratories, hospitals or nursing homes, providing services of registered general practice medical practitioners, providing paramedical or nursing services, or providing services on the account of government agencies or non-profit organisations.
Surgery	Surgery is the specialty or branch of medicine involving the performance of operative procedures to correct deformities, repair injuries, prevent and treat diseases and improve human body functions and appearance. Surgical subdisciplines may include: cardiac and thoracic, colorectal, general, neurosurgery, ophthalmologic, orthopaedic, otolaryngology, paediatric, plastic and reconstructive, urological and vascular surgery.
Technical officers/technicians	Technical officers and technicians are associate professional level staff who perform or assist with routine laboratory tests and complex analytical procedures in support of medical professionals engaged in the diagnosis, monitoring and treatment of disease.
Telecommunication services	Telecommunication services are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include the costs of fixed and mobile telephone services, facsimile services, Internet services and leased lines for computers.

Veterans' Affairs patients	For patients covered by Veterans' Affairs arrangements, the medical practitioner directly bills the Department of Veterans' Affairs for the provision of medical services.
Visiting medical officer income	Visiting medical officer income is generated when general practitioners or specialists in private practice attend hospitals in order to treat public patients.
Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the practice. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without retainer are excluded. Practices with activities in more than one state or territory were asked to report wages and salaries for each state and territory in which the practice operated.
Waste handling expenses	This item refers to expenses paid to private contractors and government agencies for the handling and disposal of business waste material, including medical and other waste products.
Workers' compensation and other insurance patients	For patients whose medical treatment is covered by workers' compensation or other insurance arrangements, the medical practitioner directly bills the appropriate insurer, accepting the relevant rebate as full payment for the service.
Workers' compensation premiums	Workers' compensation is a compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.

FOR MORE INFORMATION . . .

<i>INTERNET</i>	www.abs.gov.au the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
<i>LIBRARY</i>	A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
<i>CPI INFOLINE</i>	For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
<i>DIAL-A-STATISTIC</i>	For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 77c per minute).

INFORMATION SERVICE

Data already published that can be provided within five minutes will be free of charge. Our information consultants can also help you to access the full range of ABS information—ABS user pays services can be tailored to your needs, time frame and budget. Publications may be purchased. Specialists are on hand to help you with analytical or methodological advice.

<i>PHONE</i>	1300 135 070
<i>EMAIL</i>	client.services@abs.gov.au
<i>FAX</i>	1300 135 211
<i>POST</i>	Client Services, ABS, GPO Box 796, Sydney NSW 2001

WHY NOT SUBSCRIBE?

ABS subscription services provide regular, convenient and prompt deliveries of ABS publications and products as they are released. Email delivery of monthly and quarterly publications is available.

<i>PHONE</i>	1300 366 323
<i>EMAIL</i>	subscriptions@abs.gov.au
<i>FAX</i>	03 9615 7848
<i>POST</i>	Subscription Services, ABS, GPO Box 2796Y, Melbourne Vic 3001



2868500007015

ISBN 0 642 47846 5

RRP \$23.00