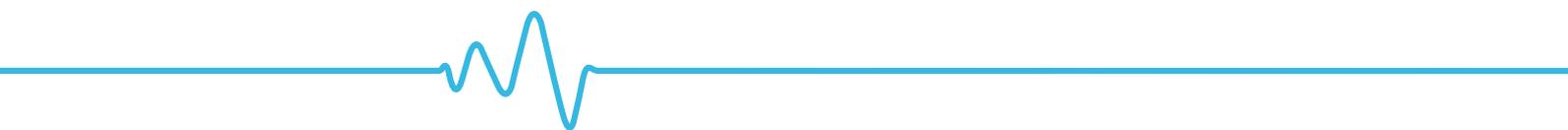




Specialists Serving Specialists

May 2015



Introduction

There are over 100 000 doctors, dentists and veterinarians (vets) in Australia. The work that these medical professionals do is vital – for every person, for every domestic and farm animal and for the country as a whole.

Doctors, dentists and vets are all important counsellors within the community. *Specialists Serving Specialists* provides a comprehensive snapshot of the demographics of medical, dental and veterinary professions highlighting not only what binds these professionals together but giving insights into how they differ.

Collating data from Government bodies such as the Australian Bureau of Statistics (ABS) and specialist professional associations – the Australian Medical Association (AMA), the Australian Dental Association (ADA), the Dental Board of Australia (DBA), and the Australian Veterinary Association (AVA) – *Specialists Serving Specialists* creates for the first time benchmark research that compares and contrasts the medical, dental and veterinary professions.

BOQ Specialist hopes professionals across the sector can use this data to learn from each other – both across and within professions. The detailed analysis also stands to provide an understanding of the (changing) face of these professions that play such an integral role within the community.

Over time it is likely that specialists will become more important than they are today, with the expected trend for healthcare spending to grow relative to nominal and real GDP. The implications of this are more profound than simply an increase in costs for the government (or private sector) who are paying most of the health bills. The expansion of services broader than healthcare, including other areas such as education, means that sectors of the economy that are cyclical (e.g. resources, construction and agriculture) or in secular decline (e.g. much of manufacturing) are becoming less stable than they used to be. At the same time, Australia's services-based economy is more stable and less prone to recession than previously.

The changes bring opportunities for specialists, but they also bring challenges. Often specialists only start to earn good money when they are in their 30s. The costs of housing and building practices mean that they often have to take on substantial debt. Servicing and reduction of the debt requires the generation of large cash flows over time. Many specialists have no choice but to delay retirement.

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Specialists Serving Specialists creates for the first time, benchmark research that compares and contrasts the medical, dental and veterinary professions.
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Who are
the specialists?



Aside from the years of vocational training that they all need, the three groups of specialists have a number of features in common.

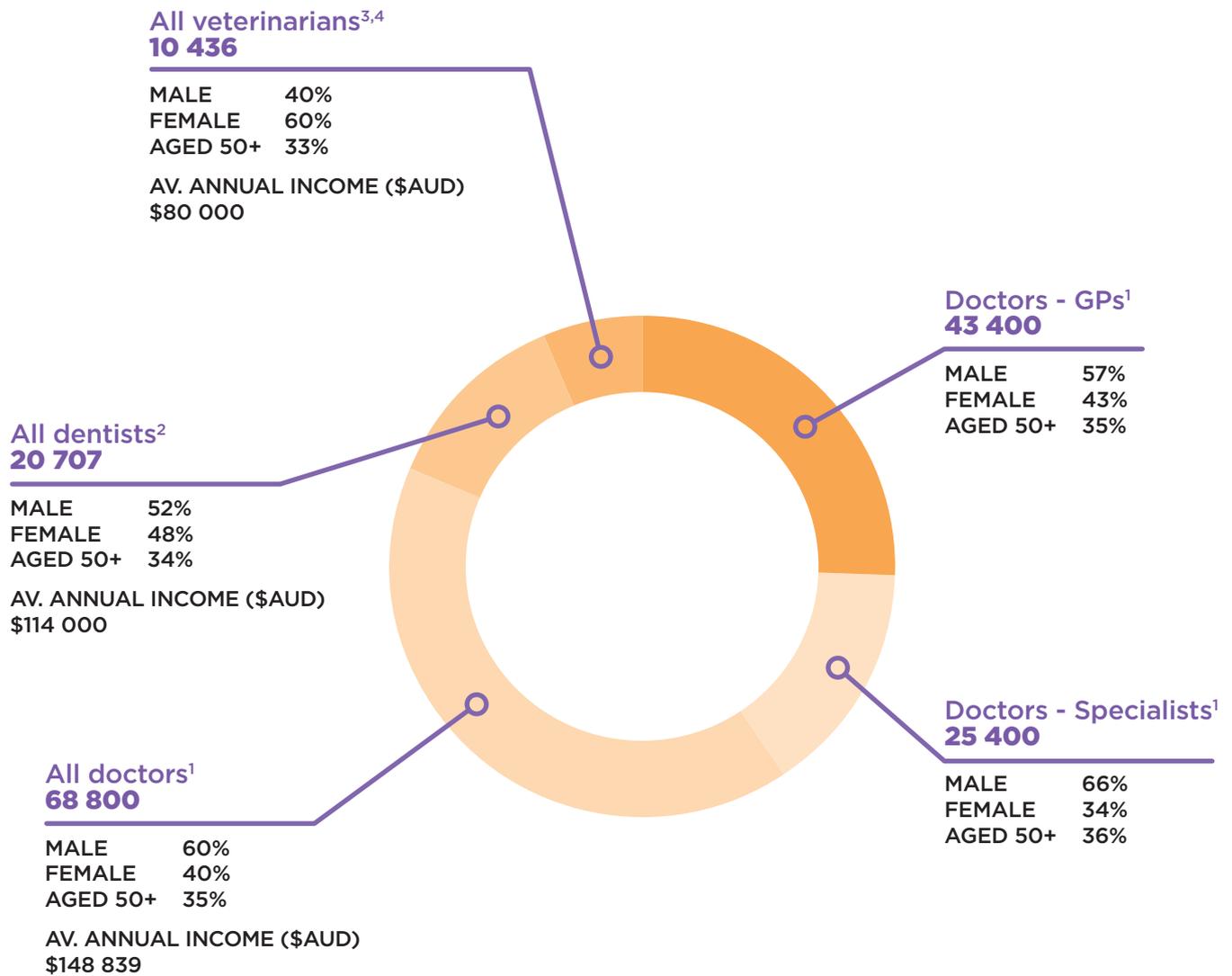
- **They earn relatively high incomes¹.** For all doctors, the average income in 2011 was A\$149 000. Of course, some specialists earn considerably more than this. In 2012-13, the average dentist earned around A\$114 000. As we discuss in this paper, there are factors keeping dentists' earnings under downward pressure. In 2012, the median vet earned A\$80 000 – although this figure is distorted by the substantial number of vets who are working part time. By way of comparison, average weekly earnings of all employees in Australia in November 2014 were equivalent to an annual income of just under A\$58 700.
- **Increasing numbers of specialists are women.** Many choose to work part time. Female specialists tend to work shorter hours than male specialists. This is likely because they are raising families at the same time that they are working. This issue is particularly important for vets: 60% of all vets in Australia are women (and the number is higher for younger vets).
- **Over one third of each of the groups of specialists are over 50 years of age.** At a time of life when many commentators in other industries suggest that they might be contemplating retirement, many specialists have no intention of ceasing work. Some 12% of vets are aged between 61 and 70 years of age, and some work past 70. In June 2014, there were 52 registered dentists in Australia still practising who were over 80 years of age.

However, the differences are also important:

- **While there are individuals in all three groups of specialists who work (very) long hours, this is particularly true of doctors.** In the week prior to the 2011 Census, a quarter of male specialists worked 60 or more hours per week. This was also true of 17% of male GPs. A quarter of vets work over 50 hours a week.
- **Due to the ageing of the population, the demand for health care services has been rising strongly relative to the supply of doctors and nurses.** To a much greater extent than for the other specialists, maintenance of the workforce has depended on immigration – particularly from India, China, the UK, New Zealand and Malaysia. In contrast, 90% of vets took their first degree in veterinary science in Australia.
- **Meanwhile, the main issue for the dentists is that the demand for their services is not keeping up with supply.** In part because of the large numbers of dental graduates from Australian universities and in part because of rising numbers of dentists who are immigrants to Australia from overseas, there is a developing glut of dentists in this country. Over the 13 years to 2010, the percentage of dentists working part time trebled.

1 Australian Bureau of Statistics, All Employees' Average Weekly Total Earnings, November 2014.

Who are the specialists?



Sources:

ABS 4102.0 Australian Social Trends, 10 April 2013
 Dental Board of Australia, Dental Practitioner Registrant Data, June 2014
 Living in Australia, Australian Dentist Salary/Wages, late 2014
 AVA, Australian Veterinary Workforce Survey 2013, May 2014

¹2011; ²2014; ³2013; ⁴Income is approx. median for 2012

Medical: increased supply drives increased demand

It is well known that demand for healthcare is growing. This is only partly due to the ageing of the population. The key issue, really, is the absolute growth of the population – driven by net immigration. With 20-plus years of continuous growth, people are attracted to Australia because job prospects are generally better and there is a relatively high quality of life.

From the point of view of the government, immigration is also the cheapest way of obtaining trained doctors. It is not necessarily true that immigration is being driven by or in response to a shortage of doctors. Rather, one of the unusual features of the economics of medicine is that increased supply typically generates increased demand.

On balance, it is more likely that the immigrants will be general practitioners (GPs) than specialists. Relative to other countries, the number of specialists in Australia as a percentage of all doctors is already very high. In most other countries, the number of specialists is rising faster than the total number of doctors. This is not happening in Australia, though.

One of the implications of the growth in total population as a result of immigration is that total demand for medical professionals is rising, but the increase is not uniform. Opportunities for specialists vary markedly from place to place. They need to be assessed at a granular, local government area (LGA) level. Logan in southeast Queensland is an obvious growth

hotspot, as are a number of LGAs in the west and the northwest of Sydney, such as The Hills, Penrith and Blacktown.

Arguably, choice of location is more important for vets and dentists than for doctors, because the discretionary element of demand for their services is greater. However, the nature of their work means that all three groups of specialists have some protection from global economic forces relative to other professionals. Optometrists though provide a sobering example of how economic forces can make life more challenging for specialists. A decade ago, most optometrists had lucrative, if small, private practices. Nowadays, far more are salaried employees (on lower incomes) working for companies like OPSM. Offshore and online competition is forcing the price of spectacle frames and lenses downwards.

Entrepreneurs are developing large scale health centres, which are often affiliated with major health insurance companies. As a result specialists are exposed to disruptive change.

Technology is dramatically changing the way patients are treated and in which hospitals and doctors work.

Medical technology spending represents 2-5% of national healthcare expenditure in Australia. However, the use of medical technology reduces the length of hospital stays by an average of 13%. In 2012-13, the average stay in a

hospital was 5.6 days (5.8 days in public hospitals and 5.2 in private hospitals¹). Minimally invasive surgical techniques which treat aneurisms, can reduce recovery times to four weeks. With older procedures, recovery normally took over a year. Patients who have been treated with drug-eluting stents have been shown to need far fewer repeat revascularisation procedures (6.6% versus 16.6%).

The reduction in time of the average hospital stay means that any hospital can treat a greater number of patients in any given period. The number of 'separations' (situations where patients are admitted to hospitals for care) continues to rise (up by 3-4% annually over the four years to 2012-13). This efficiency gain (reduced length of average stay and a greater number of patients) can accrue to the operator of the hospital (the government or the private sector owner), the patients (through lower charges) or to the staff, including doctors, in the form of higher pay.

Technology is also changing the way we access health services. The number of instances of doctors treating patients via telehealth (through the internet or video) soared from 1,809 in the September 2011 quarter to 25,489 in the March 2014 quarter.²

¹ MTAA, as cited.

² Medical Technology Association of Australia (MTAA), Medical Technology in Australia: Key facts and figures 2014.

Who are
the doctors?



One of the unusual features of the economics of medicine is that increased supply typically generates increased demand.

There are about 69 000 doctors in Australia, of whom about 44 000 are general practitioners (GPs) and 25 000 or so are specialists. They work with around 257 000 nurses, of whom around 12% are midwives and mothercraft nurses.

As previously noted, a key issue has been both an ageing and growing population, which has meant that demand for doctors' services has been rising rapidly. Over the decade to 2011, the number of doctors increased by 45%, or nearly three times the rise in the total population of Australia. The number of nurses grew by 35%.

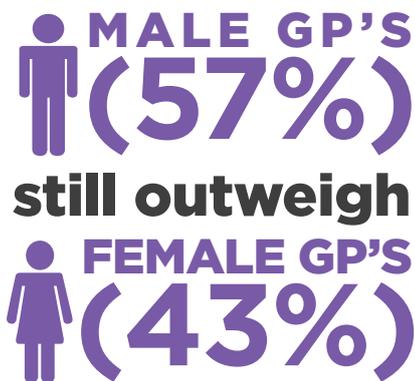
This increase in demand for healthcare workers has been dependent on immigration, for both doctors and nurses. The main foreign countries in which doctors are born include the UK, India, Malaysia, China and New Zealand.

Meanwhile, more women have become doctors. In 1986, only 25% of GPs were women. Nowadays, the figure is 43%. However, the number of specialists who are women is a lot lower, at 34%. The vast majority of surgeons are men. This may be the result of a lifestyle associated with very long hours and additional training. Specialisations where women are more equally represented include endocrinologists (59%), pathologists (58%), paediatricians (53%), rheumatologists (50%) and obstetricians / gynaecologists (49%).

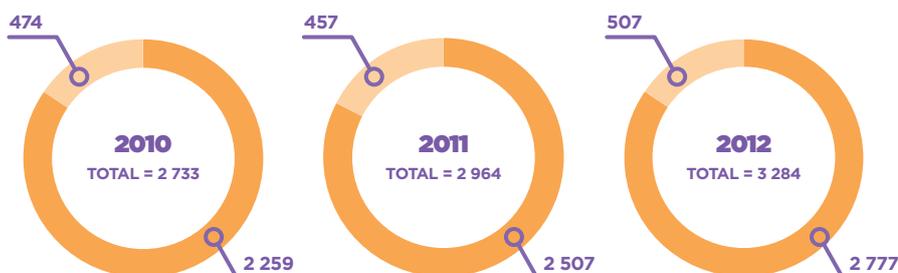
Over a third of all doctors (35-36%) are aged 50 or more. This is true of both GPs and specialists. The median ages of GPs (42-43) and specialists (44-45) have been broadly unchanged for some years. It is reasonable to expect that the medical workforce will age in the future.

As such, continuing growth will be driven more by net immigration as the number of graduates stagnates. The number of Australian students graduating in medicine is currently a little under 3 000 per annum. According to Australian Government projections, the number is not likely to change much over the five years to 2018.

The reputation of doctors working long hours holds true. In the week prior to the 2011 Census, GPs worked 42 hours per week on average, while specialists worked 45 hours. Some 17% of male GPs, 25% of male specialists, 9% of female GPs and 12% of female specialists worked 60 hours or more. This is well above the broader Australian population who worked 37 hours on average, of which only 11% of males and 4% of females worked more than 60 hours per week.

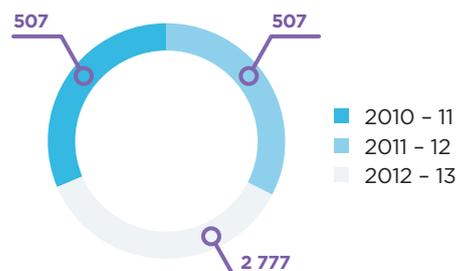


New doctors at a glance



■ University graduates - Aust ■ University graduates - Int'l

Foreign doctors granted visas



Sources:

Australian Government Department of Health, Medical Training Review Panel 17th Report, May 2014

The income squeeze in dentistry

There is an element of discretionary spending on dental services which does not exist with medical or vet services. The dentists can therefore provide an accurate indicator of what is happening in the economy and where it is headed.

However, dentists are in oversupply and even if the economy were to boom, dentists would still face challenging headwinds. The number of places at university dentistry courses has surged, while the number of places at university medical courses has, broadly speaking, stagnated. Dentists in Australia generally earn less than doctors, but a lot more than dentists in other countries. For this reason, many foreign dentists are attracted to the idea of immigrating to Australia.

The growing number of dentists is generally expected to push the cost of dentistry (to the patient) downwards. Meanwhile, the emergence of technology, and competitive pressures, mean that the investment required to set up a practice has increased dramatically. It costs about twice as much to open the doors of a dental practice as it did a decade ago. Dentists' net incomes are being squeezed.

The income squeeze is not the only change that is taking place in dentistry in Australia. Disruptive technology and the rise of social media will have profound implications for the ways in which financial services are delivered to specialists in the future. Young dentists often use Facebook to compare notes and to discuss clinical procedures. Often, their peers are people on the other side of the world whom they will rarely or never meet. The obvious implication of this is that 'face-to-face relationships are less important for the development of trust than was previously the case (or that, perhaps, is perceived to be the case).'

An obvious extension of the professional relationships that dentists are developing is to move to other social relationships, including peer-to-peer lending in the financial space for example, especially where detailed advice is not needed.

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 Dentists are in **over-supply...**

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Who are
the dentists?



There is a growing over-supply of dentists in Australia. This is mainly because of a surge in the number of students of dentistry and related fields. The number of foreign dentists immigrate to Australia has also increased.

In the meantime, most dentists who are over 50 years of age plan to work past 65. Growing numbers of dentists are working part-time and/or moving to other occupations.

There are about 21 000 people in Australia's dental health workforce. About three quarters of these are dentists; the remainder, hygienists, therapists and prosthetists.

The growth in the population means that demand for dental services, like medical services generally, is increasing. However, the supply of dentists is increasing even more. Over the six years to 2006, the entire dental workforce rose by 19%, or about twice as much as the increase in the overall population.

The rising over-supply of dentists has contributed to an increasing tendency for dentists to work part time. According to the ADA, the number of dentists working part time jumped from 6% in 1997 to 21% in 2010. Overall, though, the average dentist works at least 35 hours per week until he/she is 60-65.

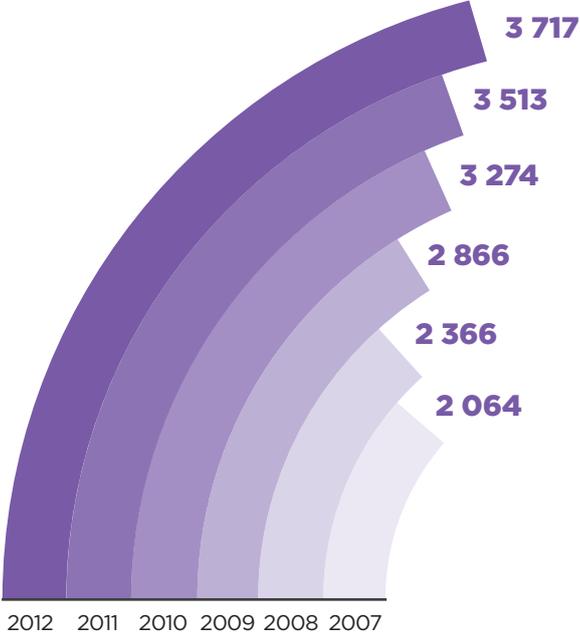
The basic challenge – unlike with doctors – is that there are too many students of dentistry (and related fields) in Australia's universities. In 2013, there were about 920 graduates. The number of dentists who are arriving from overseas (around 242 in 2010) is also increasing.

A 2013 report prepared by the Australian Dental Association (ADA) noted that every dentist aged 50 or more would have to retire over the next five years to match the numbers of new graduates or foreign dentists who are passing the exams of the Australian Dental Council.

This is not going to happen. Some 34% of dentists are aged 50 or over. There is no indication that many, or even a majority of these, are going to retire any time soon. The ADA noted that a 2007 study of Australian dentists aged 50 or over at that time found that nearly two-thirds planned to work past age 65 years.

As of mid-2014, Australia's dentists are roughly evenly balanced between men (52%) and women (48%). However, over time, the number of female dentists has grown faster than the number of male dentists. On average, female dentists are nearly nine years younger than male dentists. In 2009, 45% of female dentists worked part time. This was true of 24% of male dentists.

New dentists at a glance



■ Total undergraduates*

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Sources:
ADA, Report to Federal Council, Dental Workforce Report, 2013

* All dental health disciplines, including hygienists, therapists and prosthetists

Who are
the veterinarians?



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There are about
10 500 vets
in Australia.

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The majority of vets in Australia are women. Across all age cohorts, 60% of vets are female; 40%, male. The percentage of vets who are male rises from about 16% in the 20-30 year age cohort to over 80% in the 61-70 year age cohort. As is the case for doctors and dentists, about one third of vets are aged 50 or over.

As is the case for doctors and dentists, female vets are more likely to work part-time as they balance professional with family responsibilities. The median female vet works 38 hours per week. The inter-quartile range is 28-45 hours. For men, the corresponding numbers are 44 and 38-50. For the 31-40 and 41-50 year age cohorts, male vets work 11 hours more per week, on average, than female vets.

Incomes are lower for vets (median of A\$80 000 in 2012) than for doctors (average of just under A\$150 000 in 2011) or, for the time being, dentists (average of A\$114 000 in 2012-13). A feature that the vets share with the dentists is that they have, over the last 20 years or so, taken an increasingly commercial approach to their practices. Dentists have moved from being providers of tooth care to offering whitening and implants. Meanwhile, vets have moved from being predominantly providers of care to sick and injured animals to being suppliers of comprehensive pet care solutions. Veterinary clinics often include stylish retail areas, offering pet food, leads/collars and pet toys. Many vets are thinking about branding and marketing.

This means that the vets' need for specialist financial solutions has increased – especially if they are among the 46% who work in group private practice. In addition, formal partnership structures and agreements are more important than they were in the past, thanks to the increased number of vets who want to work part time.

Having to deal with large animals, small animals and/or exotic animals, the vets themselves are varied in terms of what they do. As noted, nearly half are in group private practice. Another 20% are in solo private practice, while 7% are self-employed/locums. The remainder are mainly working for universities, governments or corporate employers. Nearly three quarters of vets (72%) describe themselves as clinicians. Other categories include specialist/consultant, technical and management.

Australia's medical workforce depends on immigration to keep up with the growing demand for its services. While immigration is contributing to the excess number of dentists, the data indicates that it has played a less important role in shaping the vet workforce. Some 90% of Australian vets took their first degree in veterinary science in Australia. Of those that did not, the largest number took their degree in the UK followed by various other European Union (EU) countries, New Zealand and North America.

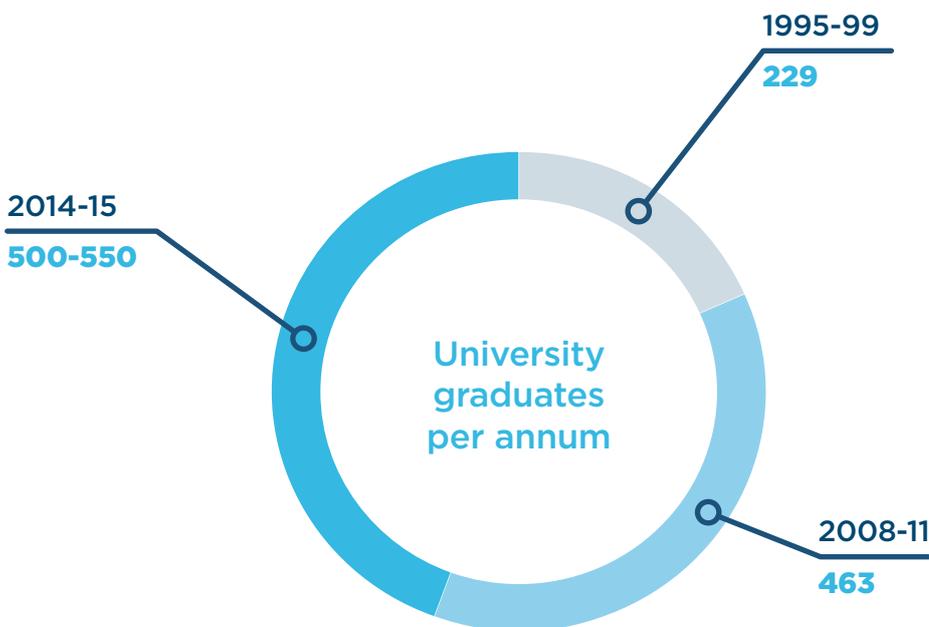
The feminisation of veterinary science

One of the most significant features of the vet workforce is that it is predominantly female, particularly for younger age cohorts. Incomes for vets are generally lower than for doctors and (for now) dentists.

Collectively, Australia's doctors are working very hard to keep up with demand for their services. By contrast, there is an increasing oversupply of dentists and dental technicians. The picture for Australia's varied vets is less clear, although there has been a substantial increase in the number of veterinary science graduates over time.

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One of the most significant features of the veterinarian workforce is that it is predominantly female
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New vets at a glance



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Sources:

AVA, Australian Veterinary Workforce Review Report, 2013

Conclusion

Most Australians would recognise the vital nature of the work that is performed by the country's doctors, dentists and vets. Not so many would necessarily appreciate the complex challenges that are faced by each of these different groups of specialists.

Doctors are working long hours and will continue to do so – thanks in part to the growing demand for their services. The peculiar nature of medical economics – where increased supply of services boosts demand for those services – means there is the risk that the absolute spending on healthcare in this country will become a political issue. Like optometrists, doctors could well face increased competition from medical entrepreneurs.

For dentists, the main challenge is the income squeeze that comes mainly from the growing number of dentists. This is in the context of costs of establishment which are being boosted by rising expectations on the part of patients and the need to use state-of-art equipment. Dental services are unlike medical services, because increased supply does not automatically boost demand. Unless and until the government changes its policies in relation to immigration of foreign dentists and/or the size of enrolments in relevant tertiary courses in Australia, the problem of over-supply will persist.

Vets have an advantage that, in a country with an ageing population, pet lovers are likely to remain owners of companion animals for longer. However, they also have to run their practices in ways that recognise the fluid nature of the veterinary workforce, and the fact that many of their competitors are operating significant retail businesses. As individuals, vets are more likely to be female and working part time – and therefore earning less – than are the other specialists.

Source list

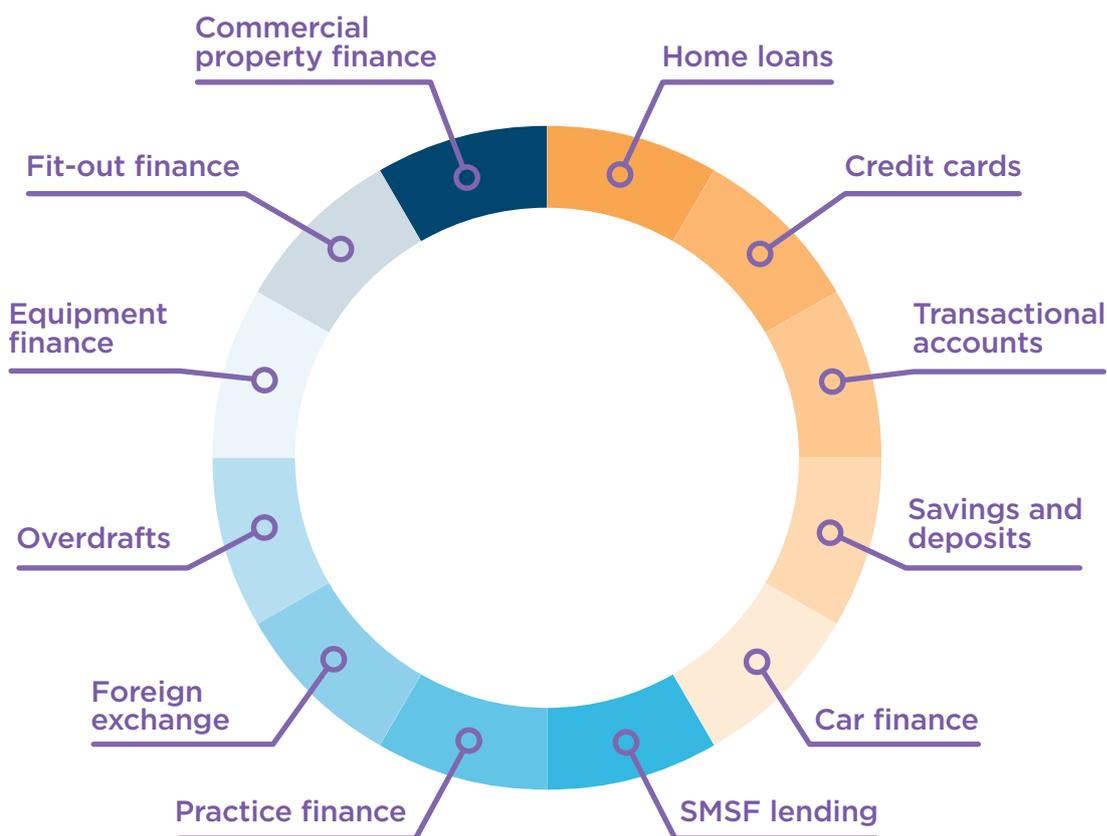
- Australian Bureau of Statistics – 4102.0 Australian Social Trends, 10 April 2013
- Australian Dental Association – Special Purpose Committee, Dental Workforce Report, 2013
- Dental Board of Australia – Dental Practice Registrant Data, June 2014
- Australian Veterinary Association, Australian Veterinary – Workforce Survey 2013, May 2014
- www.livingin-australia.com, as at 24 October 2014

BOQ Specialist - distinctive banking

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BOQ Specialist understands that there is a huge variety of needs within each of the three groups of specialists, and that each group is quite different to each other. We also recognise that no two specialists are the same, even within the same profession. Offering expertise and partnership, we find solutions that match our clients' personal or professional banking needs.

The data is clear. Doctors, dentists and vets are busy people. We aim to save time by guiding them towards the tailored, and sophisticated solutions that are right for them. For some specialists, those solutions relate to growing their business, investing in equipment, or moving to bigger premises. For others, it is bringing together personal and professional finance needs to one primary banker whom they know they can trust.



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