In late 2013, the Department of Health engaged ACIL Allen Consulting to undertake an analysis of optometry services in Australia and a final report, outlining the findings of the study, was produced by ACIL Allen Consulting in April 2014. The key points from the Optometry Market Analysis report are outlined in this Fact Sheet and a full version of the report is available from the consultant’s website: ACIL Allen Consulting - Optometry Market Analysis.

The decision to examine optometry services in Australia was driven by a submission from Optometry Australia (formerly Optometrists Association Australia) to Government which, among other things, sought a removal of the cap on Medicare Benefits Schedule (MBS) fees for participating optometrists. In order for patients to be eligible for Medicare benefits for optometry services, they must be provided by an optometrist who has signed the Common Form of Undertaking. By signing the Common Form of Undertaking, optometrists agree to charge no more than the MBS fee for most services, an arrangement unique to optometrists. Before Government was able to determine whether removal of the fee cap would be appropriate, the market implications of such a change needed to be understood.

There were 2978 optometry practices identified through the research process. Of these, 1044 practices, or 35%, were categorised as standalone practices (that is, they were not linked to a corporation, franchise, or buying group).

The breakdown of practice types across region types was found to be consistent. However, different patterns for practice types were evident in remote and very remote areas. 42% per cent of optometrists in remote areas were classified as standalone, as were all optometrists identified in very remote areas.

In response to a specific set of data requirements set by the Department of Health, the report highlighted the following points:
• 48 standalone private optometry practices provide optometric consultation and procedural services only
• 833 standalone private optometry practices provide optometric services and also dispense optical appliances
• in regions classified as RA2 (inner regional) to RA5 (very remote)
  o 15 standalone private practices do not dispense optical appliances
  o 191 standalone private practices provide optometry services and dispense optical appliances
  o 156 practices are with a franchise arrangement
  o 249 practices are part of a buying group
  o 113 practices are part of a corporation.

Nationally, approximately 87% of optometrists provide consultation and dispensary services, 6% dispense only and 2% consult only (about 5% are unknown).

In addition to the points above, the study found that there is a very strong competitive market nationwide with 75% of all practices having at least one competitor within 500 metres, 88% have a competitor within 2 kilometres and 95% have competitors within 10 kilometres.

Overall, the analysis has identified a strong competitive market in optometry; it shows that a large proportion of optometrists are providing both consultation and dispensary services. Less than half of optometrists in regional areas are classified as standalone and nationally, even fewer are classified as standalone.

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