

1997–98



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DENTAL SERVICES

AUSTRALIA

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- For further information about these and related statistics, contact Annette Scott on Melbourne 03 9615 7977, or Client Services in any ABS office as shown on the back cover of this publication.

NOTES

INTRODUCTION

This publication presents results, in respect of the 1997–98 financial year, from two Australian Bureau of Statistics (ABS) surveys of private sector practitioners and businesses involved in the provision of dental services. These were the first ABS surveys of this industry.

The first survey was a sample of private practice dental practitioners. Results of that survey are presented in section 1 of this publication. The second survey was of private practice dental businesses (and their related administrative service businesses) which were identified from the first survey. Results from the second survey are presented in section 2 of this publication.

This publication is one of a series to be issued in respect of 1997–98 covering selected allied health industries. Other publications in this series are:

Audiology and Audiometry Services, Australia, 1997–98

(Cat. no. 8554.0)—issued 28 June 1999;

Chiropractic and Osteopathic Services, Australia, 1997–98

(Cat. no. 8550.0)—issued 20 August 1999;

Physiotherapy Services, Australia, 1997–98 (Cat. no. 8552.0)—issued 31 August 1999; and

Optometry and Optical Dispensing Services, Australia, 1997–98

(Cat. no. 8553.0)—expected release October 1999.

COMMENTS ON THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industries surveys. These comments should be addressed to the Director, Service Industries Surveys, ABS, PO Box 10, Belconnen, ACT, 2616.

W. McLennan
Australian Statistician

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SECTION 1

INTRODUCTION

DENTAL PRACTITIONERS

This section of the publication presents the results of a survey conducted in April–May 1998 of practitioners providing dental services in private practice.

There were 7,134 dental practitioners working in private practice during March 1998, of whom 6,299 were general practitioners and 835 were specialists. Overall, general practitioners were younger than specialists, with 56% of general practitioners being less than 45 years of age, whereas only 45% of specialists were in this age group.

Males dominated the profession, with 79% of dental practitioners being male. This gender imbalance varied with age, with 58% of practitioners less than 35 years of age being male, compared with 93% of those 55 years of age or older being male. The proportion of males varied by type of practitioner, with 78% of general practitioners and 86% of specialists being male.

The Northern Territory and Victoria had the highest proportion of female practitioners with 26% and 25% respectively. The lowest proportions were recorded in Queensland (15%) and Tasmania (17%).

There was one dental practitioner in private practice for every 2,628 persons in Australia. The Northern Territory (one practitioner for 5,428 persons) and Tasmania (one practitioner for 4,815 persons) had the smallest number of dental practitioners in private practice per head of population. The Australian Capital Territory had the highest (one practitioner for 1,704 persons).

In an average working week, dental practitioners had 409,271 patient consultations, comprising 337,490 consultations by general practitioners and 71,781 consultations by specialists. On average each dental practitioner had 57 consultations per week. General practitioners averaged 54 consultations per week while specialists averaged 86 consultations per week. Whereas 26% of specialists had more than 124 consultations per week, less than 1% of general practitioners had more than 124 consultations per week.

1.1 GENERAL PRACTITIONERS AND SPECIALISTS, BY AGE AND SEX

	Males		Females		Persons	
	no.	%	no.	%	no.	%
GENERAL PRACTITIONERS						
Less than 35 years	895	18.2	618	45.1	1 513	24.0
35–44 years	1 537	31.2	462	33.7	2 000	31.8
45–54 years	1 438	29.2	204	14.9	1 642	26.1
55–64 years	716	14.5	*45	3.3	761	12.1
65 or more years	342	6.9	*42	3.1	384	6.1
<i>Total</i>	<i>4 928</i>	<i>100.0</i>	<i>1 371</i>	<i>100.0</i>	<i>6 299</i>	<i>100.0</i>
SPECIALISTS						
Less than 35 years	*49	6.8	*59	50.4	*108	12.9
35–44 years	222	30.9	*45	38.5	267	32.0
45–54 years	270	37.6	*13	11.1	283	33.9
55–64 years	104	14.5	—	—	104	12.5
65 or more years	*73	10.2	—	—	*73	8.7
<i>Total</i>	<i>718</i>	<i>100.0</i>	<i>117</i>	<i>100.0</i>	<i>835</i>	<i>100.0</i>
TOTAL						
Less than 35 years	944	16.7	677	45.5	1 621	22.7
35–44 years	1 759	31.1	507	34.1	2 266	31.8
45–54 years	1 708	30.2	217	14.6	1 925	27.0
55–64 years	820	14.5	*45	3.0	865	12.1
65 or more years	416	7.4	*42	2.8	457	6.4
Total	5 646	100.0	1 488	100.0	7 134	100.0

1.2

GENERAL PRACTITIONERS AND SPECIALISTS, BY STATE AND TERRITORY—BY SEX

	<i>Males</i>		<i>Females</i>		<i>Persons</i>		<i>Population per practitioner</i>
	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>	<i>no.</i>
GENERAL PRACTITIONERS							
New South Wales	1 874	38.0	501	36.5	2 375	37.7	2 670
Victoria	1 128	22.9	397	29.0	1 525	24.2	3 056
Queensland	800	16.2	148	10.8	949	15.1	3 642
South Australia	424	8.6	122	8.9	546	8.7	2 724
Western Australia	482	9.8	144	10.5	626	9.9	2 926
Tasmania	78	1.6	*15	1.1	94	1.5	5 020
Northern Territory	23	0.5	9	0.7	32	0.5	5 937
Australian Capital Territory	119	2.4	*34	2.5	153	2.4	2 016
<i>Australia</i>	<i>4 928</i>	<i>100.0</i>	<i>1 371</i>	<i>100.0</i>	<i>6 299</i>	<i>100.0</i>	<i>2 977</i>
SPECIALISTS							
New South Wales	246	34.3	*47	40.2	293	35.1	21 644
Victoria	148	20.6	*35	29.9	183	21.9	25 469
Queensland	136	18.9	**19	16.2	154	18.4	22 444
South Australia	65	9.1	*14	12.0	79	9.5	18 827
Western Australia	90	12.5	—	—	90	10.8	20 349
Tasmania	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Northern Territory	3	0.4	—	—	3	0.4	63 330
Australian Capital Territory	28	3.9	—	—	28	3.4	11 015
<i>Australia</i>	<i>718</i>	<i>100.0</i>	<i>117</i>	<i>100.0</i>	<i>835</i>	<i>100.0</i>	<i>22 456</i>
TOTAL							
New South Wales	2 120	37.5	548	36.8	2 668	37.4	2 377
Victoria	1 276	22.6	432	29.0	1 708	23.9	2 729
Queensland	936	16.6	167	11.2	1 103	15.5	3 134
South Australia	489	8.7	137	9.2	626	8.8	2 376
Western Australia	572	10.1	144	9.7	716	10.0	2 558
Tasmania	81	1.4	17	1.1	98	1.4	4 815
Northern Territory	26	0.5	9	0.6	35	0.5	5 428
Australian Capital Territory	146	2.6	*34	2.3	181	2.5	1 704
Australia	5 646	100.0	1 488	100.0	7 134	100.0	2 628

1.3

GENERAL PRACTITIONERS AND SPECIALISTS, BY AGE AND NUMBER OF CONSULTATIONS

	Consultations per week						Total number of practitioners	Total number of consultations per week
	Less than 25	25-49	50-74	75-99	100-124	125 or more		
GENERAL PRACTITIONERS								
Less than 35 years	161	556	572	174	*42	**7	1 513	73 815
35-44 years	222	600	702	307	153	**14	2 000	109 603
45-54 years	113	390	578	340	197	*25	1 642	101 099
55-64 years	162	218	210	99	*61	**10	761	38 039
65 or more years	128	142	*74	**23	**18	—	384	14 934
Total	786	1 907	2 136	944	472	*56	6 299	337 490
SPECIALISTS								
Less than 35 years	*49	**32	**4	—	—	**23	*108	*6 427
35-44 years	*35	*50	*34	*32	*52	63	267	24 632
45-54 years	*40	*42	*50	*26	*25	101	283	28 827
55-64 years	*25	**5	**15	*15	*17	*26	104	9 726
65 or more years	*34	*21	**15	—	**3	—	*73	*2 169
Total	184	151	119	*72	97	213	835	71 781
TOTAL								
Less than 35 years	210	589	577	174	*42	*30	1 621	80 242
35-44 years	258	651	736	339	206	77	2 266	134 234
45-54 years	152	432	628	366	222	126	1 925	129 927
55-64 years	187	224	225	114	*78	*36	865	47 765
65 or more years	162	162	*89	**23	**21	—	457	17 103
Total	969	2 057	2 254	1 016	569	269	7 134	409 271

SECTION 2

DENTAL SERVICES INDUSTRY

INTRODUCTION

This section of the publication presents results in respect of 1997–98 from a sample survey of dental businesses in private practice.

TYPES OF BUSINESSES

At the end of June 1998, there were 5,257 businesses in the dental services industry, comprising 4,621 businesses providing general dental services, 126 businesses providing oral surgery services and 510 businesses providing other specialist dental services. The majority (71%) of these businesses were unincorporated businesses, i.e. sole proprietorships or partnerships. In this industry, as with other allied health professions the unit of most interest is the practice, i.e. all businesses working jointly, usually from the same location.

Practices can be formed in varying ways. In its simplest form the dental business equates to the practice, i.e. all income is received and all expenses are paid through the one business. This was the situation for the majority (58%) of dental businesses, representing 3,038 practices. In the more complex situations there is an administrative service business providing administrative, secretarial or similar services to the associated dental business. In addition, there are a small number of practices where more than one dental business is linked to a single administrative service business. In all these cases the practice is defined as the administrative service business and all linked dental businesses. There were 2,219 (42%) dental businesses linked to administrative service businesses, resulting in 2,061 practices. In total, at 30 June 1998 there were 5,099 dental practices in the industry.

Further details on the definition of the practice and associated business arrangements are detailed in paragraphs 5–9 of the Explanatory Notes.

2.1 BUSINESSES, BY TYPE

	<i>General dental services</i>	<i>Oral surgery services</i>	<i>Other specialist dental services</i>	<i>Total</i>
	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>
Businesses at end June				
Sole proprietorships	2 956	67	316	3 339
Partnerships	356	*7	52	415
Incorporated companies	1 179	47	134	1 360
Trusts	129	**5	**8	143
<i>Total</i>	<i>4 621</i>	<i>126</i>	<i>510</i>	<i>5 257</i>
Businesses without an administrative service business	2 740	66	232	3 038
Businesses with an administrative service business	1 881	60	278	2 219
<i>Total</i>	<i>4 621</i>	<i>126</i>	<i>510</i>	<i>5 257</i>
Administrative service businesses	1 725	58	278	2 061
Practices	4 465	124	510	5 099

SUMMARY OF OPERATIONS

The 5,099 practices in the dental services industry at the end of June 1998 provided their services from 6,384 locations, with 80% (5,099) being in capital cities and 20% (1,285) in non-capital city areas. This contrasts with the population distribution of 64% in capital cities and 36% in non-capital city areas.

During 1997–98, the industry received total income of \$1,685 million. Fee for service income was the major component, accounting for 97% (\$1,641 million) of total income. The industry incurred expenses of \$1,234 million, of which costs of \$568 million was the major component.

The operating profit before tax for the industry was \$451 million, which represented an operating profit margin of 26.9%. The operating profit margin for general dental practices was 25.2%, oral surgery practices was 34.1% and other specialist practices was 33.8%.

At the end of June 1998, there were 24,108 persons working in the dental services industry. Dental practitioners accounted for 31% of employment, with support staff accounting for the balance. This represented a ratio of 2.3 support staff per practitioner.

During 1997–98, the return per practitioner in the dental industry was \$87,000, comprising a return per general dental practitioner of \$76,600, a return per oral surgeon of \$183,000 and a return per other dental specialist of \$165,500. By way of comparison, results from the 1994–95 Australian Bureau of Statistics (ABS) survey of the private medical practice industry showed that the return per general medical practitioner was \$71,400 and the return per specialist medical practitioner was \$163,300.

2.2 KEY FIGURES

	<i>General dental services</i>	<i>Oral surgery services</i>	<i>Other specialist dental services</i>	<i>Total</i>
Practices at end June (no.)	4 465	124	510	5 099
Locations at end June				
Capital city (no.)	4 190	214	696	5 099
Other (no.)	961	71	252	1 285
Total (no.)	5 151	285	948	6 384
Employment at end June				
Practitioners (no.)	6 539	144	685	7 368
Other (no.)	13 800	558	2 382	16 740
Total (no.)	20 339	702	3 067	24 108
Income				
Fee for service (\$m)	1 317.6	56.8	266.9	1 641.3
Other income (\$m)	35.7	*2.7	5.4	43.9
Total (\$m)	1 353.4	59.5	272.3	1 685.2
Expenses				
Labour costs (\$m)	470.9	18.1	79.4	568.4
Other expenses (\$m)	543.0	21.5	101.1	665.6
Total (\$m)	1 013.8	39.6	180.5	1 234.0
Operating profit before tax (\$m)	339.5	20.0	91.7	451.2
Operating profit margin (%)	25.2	34.1	33.8	26.9
Return per practitioner (\$'000)	76.6	183.0	165.5	87.0

SOURCES OF INCOME

During 1997–98, the total income of practices in the dental services industry was \$1,685 million. General dental practices accounted for \$1,353 million while specialist dental practices generated \$332 million.

Fee for service income of \$1,641 million represented 97% of the total income. This very high proportion of total income from fee for service was evident for both general and specialist dental practices.

Other minor income items for dental practices included income from other dental-related services such as teaching and writing of articles (\$18 million) and rent, leasing and hiring income (\$15 million).

The average income per general dental practice was \$303,100 compared with \$523,300 for specialist dental practices.

2.3 SOURCES OF INCOME

	<i>General dental services</i>		<i>Specialist dental services</i>		<i>Total</i>	
	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>
Sales of goods and services						
Fee for service						
Direct patient payments	1 276.3	94.3	319.9	96.4	1 596.2	94.7
Department of Veterans' Affairs payments	21.6	1.6	*1.2	0.4	22.8	1.4
Other	19.7	1.5	2.6	0.8	22.3	1.3
<i>Total</i>	1 317.6	97.4	323.7	97.6	1 641.3	97.4
Income from other dental-related services	15.2	1.1	2.6	0.8	17.8	1.1
Rent, leasing and hiring income	11.6	0.9	*3.2	1.0	14.8	0.9
Other operating income	*3.8	0.3	*0.7	0.2	*4.6	0.3
<i>Total</i>	1 348.3	99.6	330.2	99.5	1 678.5	99.6
Other income						
Interest income	3.3	0.2	0.8	0.2	4.0	0.2
Other non-operating income	*1.8	0.1	**0.8	0.2	*2.6	0.2
<i>Total</i>	5.1	0.4	*1.6	0.5	6.7	0.4
Total income	1 353.4	100.0	331.8	100.0	1 685.2	100.0

EXPENDITURE

The total expenditure of practices in the dental services industry during 1997–98 was \$1,234 million.

Labour costs accounted for 46% (\$568 million) of the total expenses of the industry. The average wages and salaries per employed practitioner for the dental industry was \$59,600, with directors working as practitioners averaging \$70,100 and other employed dental practitioners averaging \$47,700.

Other major expenses for the industry were purchases of \$153 million, payments to external laboratory services of \$117 million and rent, leasing and hiring expenses of \$115 million. The payments to external laboratory services represented 9% of total expenses, with \$105 million being paid by general dental practices. Rent, leasing and hiring expenses also represented 9% of total expenses. This proportion was similar for the two types of practices.

Other identified expense items for the industry included interest expenses (\$44 million), depreciation and amortisation (\$26 million), contract payments to dental practitioners (\$16 million) and repair and maintenance expenses (\$16 million).

2.4 ITEMS OF EXPENDITURE

	<i>General dental services</i>		<i>Specialist dental services</i>		<i>Total</i>	
	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>
Labour costs						
Wages and salaries						
Working directors and principals of incorporated companies						
Practitioners	95.2	9.4	23.5	10.7	118.7	9.6
Other	10.7	1.1	*2.0	0.9	12.7	1.0
<i>Total</i>	<i>105.9</i>	<i>10.4</i>	<i>25.5</i>	<i>11.6</i>	<i>131.4</i>	<i>10.6</i>
Other employees						
Practitioners	66.4	6.5	4.5	2.0	70.9	5.7
Other	246.7	24.3	56.7	25.8	303.4	24.6
<i>Total</i>	<i>313.1</i>	<i>30.9</i>	<i>61.2</i>	<i>27.8</i>	<i>374.3</i>	<i>30.3</i>
<i>Total</i>	<i>419.0</i>	<i>41.3</i>	<i>86.7</i>	<i>39.4</i>	<i>505.7</i>	<i>41.0</i>
Employer contributions to superannuation funds	49.2	4.9	10.3	4.7	59.5	4.8
Workers' compensation costs	2.6	0.3	0.5	0.2	3.1	0.3
<i>Total</i>	<i>470.9</i>	<i>46.4</i>	<i>97.5</i>	<i>44.3</i>	<i>568.4</i>	<i>46.1</i>
Selected expenses						
Contract payments to dental practitioners	11.9	1.2	**4.2	1.9	16.2	1.3
Continuing education expenses	7.0	0.7	1.5	0.7	8.4	0.7
Subscriptions and indemnity insurance	11.0	1.1	2.3	1.0	13.3	1.1
Payments for external laboratory services	104.6	10.3	11.9	5.4	116.5	9.4
Telecommunications services	11.7	1.2	2.8	1.3	14.5	1.2
Travel and accommodation expenses	4.2	0.4	2.0	0.9	6.2	0.5
Repair and maintenance expenses	12.8	1.3	2.7	1.2	15.5	1.3
Rent, leasing and hiring expenses						
Land, buildings and other structures	68.9	6.8	15.7	7.1	84.6	6.9
Other	24.3	2.4	6.0	2.7	30.3	2.5
<i>Total</i>	<i>93.2</i>	<i>9.2</i>	<i>21.7</i>	<i>9.9</i>	<i>114.9</i>	<i>9.3</i>
Other operating expenses	89.7	8.8	25.7	11.7	115.4	9.4
<i>Total</i>	<i>346.0</i>	<i>34.1</i>	<i>75.0</i>	<i>34.1</i>	<i>420.9</i>	<i>34.1</i>
Other costs						
Purchases	121.7	12.0	31.6	14.4	153.3	12.4
Other insurance premiums	10.5	1.0	2.3	1.0	12.8	1.0
Interest expenses	35.6	3.5	8.4	3.8	43.9	3.6
Depreciation and amortisation	22.1	2.2	3.9	1.8	26.1	2.1
Other	7.1	0.7	1.5	0.7	8.6	0.7
<i>Total</i>	<i>197.0</i>	<i>19.4</i>	<i>47.7</i>	<i>21.7</i>	<i>244.7</i>	<i>19.8</i>
Total expenses	1 013.8	100.0	220.1	100.0	1 234.0	100.0

EMPLOYMENT

At the end of June 1998, there were 24,108 persons working in the dental services industry. Of this employment, 16,740 (69%) were support staff and 7,368 (31%) were dental practitioners.

The employment represents the aggregate of the employment of each practice in the industry. As such, persons (including dental practitioners) will be counted more than once if working for more than one practice in the industry. This may occur in respect of part-time practitioners and support staff.

While only 21% of dental practitioners were female, 97% of support staff were female. Of the 16,740 support staff, the majority (11,004) were assistants, of whom 10,956 were female.

The working practices also varied by type of employment with 74% of dental practitioners working on a full-time basis compared to 53% of support staff working full-time. The high proportion of part-time support staff is reflected in the relatively low average wage of support staff employees of \$19,100.

2.5 CHARACTERISTICS OF EMPLOYMENT

	<i>Full-time</i>			<i>Part-time</i>			<i>Total</i>		
	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>	<i>Males</i>	<i>Females</i>	<i>Persons</i>
	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>
GENERAL PRACTITIONERS AND SPECIALISTS									
Working proprietors and partners	2 992	375	3 367	483	338	821	3 475	713	4 188
Working directors	1 385	139	1 523	102	67	169	1 487	206	1 693
Other dental practitioners	344	217	560	488	440	927	831	656	1 487
<i>Total</i>	4 720	730	5 451	1 073	845	1 918	5 794	1 575	7 368
OTHER									
Working proprietors and partners	**15	81	96	—	*80	*80	**15	161	176
Working directors	*10	256	266	**24	227	251	*33	483	516
Other employees									
Dental hygienists	—	171	171	**9	271	280	**9	441	451
Dental therapists	**8	*80	*88	—	99	99	**8	178	186
Dental technicians	120	*30	150	*46	*91	137	166	121	287
Chairside assistants	**21	5 996	6 017	**28	4 960	4 987	*48	10 956	11 004
Other	*77	1 976	2 053	132	1 935	2 067	209	3 911	4 120
<i>Total</i>	226	8 252	8 478	214	7 356	7 570	440	15 607	16 048
<i>Total</i>	251	8 589	8 840	238	7 662	7 900	489	16 251	16 740
TOTAL									
Working proprietors and partners	3 007	456	3 464	483	417	901	3 490	874	4 364
Working directors	1 394	395	1 789	126	294	420	1 520	689	2 209
Other employees	570	8 468	9 038	702	7 795	8 497	1 272	16 263	17 535
Total	4 971	9 319	14 291	1 311	8 507	9 818	6 282	17 826	24 108

PRACTICE SIZE

Of the 5,099 dental practices operating at the end of June 1998, 3,622 (71%) were single practitioner practices. This proportion varied between types of practices, with 70% of general dental practices and 77% of specialist dental practices having only one practitioner.

These 3,622 small practices had 51% of industry employment and 52% of industry income. In contrast, there were 1,477 practices with two or more practitioners (29% of all practices), which accounted for 49% of industry employment and 48% of industry income. There were 44 general dental practices with six or more practitioners. These practices had employment of 893 persons and generated \$57 million in income.

The operating profit margin of the dental services industry was 26.9% with general dental practices recording 25.2% and specialist dental practices recording 33.8%. However, the operating profit margin varied by size of practice. The single practitioner general dental practices recorded an operating profit margin of 27.7%, while those practices with 2–5 practitioners recorded 23.2% and those with six or more practitioners recorded 18.3%. Single practitioner specialist dental practices recorded an operating profit margin of 35.0% and those with two or more practitioners recorded 31.6%. A contributing factor to the operating profit margin of single practitioner practices was the fact that most of these practices are operated by sole proprietors, and the drawings of these persons are not included in business expenses, and thus profit calculations.

2.6 KEY CHARACTERISTICS, BY PRACTICE SIZE

	Number of practitioners			
	1	2–5	6 or more	Total
GENERAL DENTAL SERVICES				
Practices at end June (no.)	3 134	1 287	44	4 465
Employment at end June				
Dental practitioners (no.)	3 134	3 102	303	6 539
Other employment (no.)	6 870	6 340	590	13 800
Total (no.)	10 004	9 442	893	20 339
Fee for service income (\$m)	634.5	626.5	56.6	1 317.6
Total income (\$m)	658.6	637.6	57.2	1 353.4
Total expenses (\$m)	477.0	490.2	46.7	1 013.8
Operating profit margin (%)	27.7	23.2	18.3	25.2
	1	2 or more		Total
SPECIALIST DENTAL SERVICES				
Practices at end June (no.)	488	146		634
Employment at end June				
Dental practitioners (no.)	488	341		829
Other employment (no.)	1 868	1 072		2 940
Total (no.)	2 356	1 413		3 769
Fee for service income (\$m)	208.7	115.0		323.7
Total income (\$m)	215.0	116.8		331.8
Total expenses (\$m)	140.1	80.0		220.1
Operating profit margin (%)	35.0	31.6		33.8
	1	2 or more		Total
TOTAL				
Practices at end June (no.)	3 622	1 477		5 099
Employment at end June				
Dental practitioners (no.)	3 622	3 746		7 368
Other employment (no.)	8 738	8 002		16 740
Total (no.)	12 360	11 748		24 108
Fee for service income (\$m)	843.2	798.1		1 641.3
Total income (\$m)	873.6	811.6		1 685.2
Total expenses (\$m)	617.1	616.9		1 234.0
Operating profit margin (%)	29.5	24.1		26.9

STATE AND TERRITORY
DIMENSION

New South Wales accounted for 40% of private dental practices, 36% of employment and 36% of total income in the dental industry during 1997–98. New South Wales' proportion of the Australian population is 34%. In comparison, Queensland, whose proportion of the Australian population is 18%, accounted for 15% of the dental practices, 16% of employment and 16% of industry income. However, Queensland accounted for 14% of general dental practices and 20% of specialist dental practices.

Western Australia accounted for 9% of dental practices, which is slightly below its 10% proportion of the Australian population. However, the 71 specialist dental practices in Western Australia account for 13% of employment and total income of all specialist practices.

The average income per dental practice was \$330,500. Practices in Tasmania (\$543,600), the Australian Capital Territory (\$411,300) and Western Australia (\$400,600) were well above this average, while practices in New South Wales (\$292,800) and Northern Territory (\$304,400) were the only ones below the average.

2.7 STATE AND TERRITORY COMPARISONS

	<i>Employment at end June</i>							
	<i>Practices</i>	<i>Locations</i>	<i>Working proprietors and partners</i>	<i>Employees</i>	<i>Total</i>	<i>Wages and salaries</i>	<i>Total income</i>	<i>Operating profit margin</i>
	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>\$m</i>	<i>\$m</i>	<i>%</i>
GENERAL DENTAL SERVICES								
New South Wales	1 830	2 010	1 745	5 632	7 377	130.0	483.0	28.9
Victoria	1 062	1 253	719	4 416	5 136	117.4	331.1	20.6
Queensland	644	734	444	2 680	3 124	78.3	208.8	18.8
South Australia	353	462	344	1 317	1 660	30.0	111.9	30.7
Western Australia	407	489	487	1 566	2 053	37.4	149.3	31.1
Tasmania	51	65	n.p.	n.p.	318	10.2	27.5	21.0
Northern Territory	21	26	n.p.	n.p.	*126	2.1	6.4	21.4
Australian Capital Territory	96	111	*54	490	545	13.5	35.4	*16.0
<i>Australia</i>	<i>4 465</i>	<i>5 151</i>	<i>3 830</i>	<i>16 509</i>	<i>20 339</i>	<i>419.0</i>	<i>1 353.4</i>	<i>25.2</i>
SPECIALIST DENTAL SERVICES								
New South Wales	215	439	197	1 105	1 302	31.4	115.8	33.6
Victoria	127	258	109	701	810	18.3	72.7	34.8
Queensland	126	229	*77	553	631	16.3	57.0	31.9
South Australia	68	132	57	324	381	6.1	28.4	35.3
Western Australia	71	127	76	412	489	*9.3	*43.1	37.3
Tasmania	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
Northern Territory	3	5	n.p.	n.p.	9	0.2	0.6	34.2
Australian Capital Territory	19	*31	12	99	111	4.3	*11.9	*25.2
<i>Australia</i>	<i>634</i>	<i>1 233</i>	<i>534</i>	<i>3 235</i>	<i>3 769</i>	<i>86.7</i>	<i>331.8</i>	<i>33.8</i>
TOTAL								
New South Wales	2 045	2 450	1 942	6 738	8 680	161.5	598.7	29.8
Victoria	1 188	1 511	829	5 117	5 946	135.7	403.8	23.2
Queensland	771	963	521	3 233	3 755	94.6	265.8	21.6
South Australia	421	594	401	1 640	2 041	36.1	140.3	31.6
Western Australia	480	616	564	1 978	2 542	46.7	192.3	32.5
Tasmania	55	77	24	330	354	11.1	29.9	21.5
Northern Territory	23	31	17	118	135	2.3	7.0	22.5
Australian Capital Territory	115	142	66	590	656	17.8	47.3	18.3
Australia	5 099	6 384	4 364	19 744	24 108	505.7	1 685.2	26.9

PERFORMANCE MEASURES

Because many dental businesses are sole proprietorships or partnerships the most appropriate performance measure is 'return per practitioner' which is the average amount returned to practitioners in the form of either profits or wages and salaries. It is defined as the sum of operating profit and wages and salaries paid to practitioners, divided by the number of practitioners working for practices in the industry. During 1997–98, the return per practitioner in the dental industry was \$87,000, comprising a return per general dental practitioner of \$76,600, a return per oral surgeon of \$183,000 and a return per other dental specialist of \$165,500. By way of comparison, results from the 1994–95 ABS survey of the private medical practice industry showed that the return per general medical practitioner was \$71,400 and the return per specialist medical practitioner was \$163,300.

The return per practitioner in the dental industry varied by size of practice. A major contributing factor to this variation is the greater prevalence of part-time practitioners in the larger practices. As a result single practitioner practices had a return per practitioner of \$89,100 compared to \$84,900 for multi practitioner practices. In the case of oral surgeons the situation is reversed with the incidence of part-time practitioners being greater in the single practitioner practices. This is reflected in the return per practitioner of single practitioner oral surgery practices being \$177,000 whereas the return in multi practitioner oral surgery practices was \$199,100 per practitioner.

Fee for service income per practitioner was \$222,700, with single practitioner practices having an average of \$232,800 and multi practitioner practices recording an average of \$213,000. The difference is partly explained by the greater prevalence of part-time practitioners in the larger practices.

Fee for service income per practitioner was \$201,500 for general dental practices, \$393,500 for oral surgery practices and \$389,800 for other specialist practices.

The proportion of labour costs to total expenses increased according to practice size. For general dental practices, the proportion was highest for practices with six or more practitioners (55%), with single practitioner practices at 42% and practices with 2–5 practitioners at 50%.

2.8 SELECTED PERFORMANCE RATIOS

	Number of practitioners			
	1	2-5	6 or more	Total
GENERAL DENTAL SERVICES				
Total income per employment (\$'000)	65.8	67.5	64.1	66.5
Total expenses per employment (\$'000)	47.7	51.9	52.3	49.8
Labour costs per employee (\$'000)	26.1	30.5	31.4	28.5
Labour costs to total expenses (%)	41.7	50.3	54.9	46.5
Operating profit before tax per employment (\$'000)	18.2	15.6	*11.7	16.7
Operating profit margin (%)	27.7	23.2	18.3	25.2
Fee for service per practitioner (\$'000)	202.5	201.9	186.7	201.5
Fee for service to total income (%)	96.4	98.3	98.9	97.4
Return per practitioner (\$'000)	74.3	79.3	73.6	76.6
ORAL SURGERY SERVICES				
	1	2 or more		Total
Total income per employment (\$'000)	82.3	93.3		84.7
Total expenses per employment (\$'000)	56.6	55.2		56.3
Labour costs per employee (\$'000)	29.1	30.5		29.4
Labour costs to total expenses (%)	44.6	49.4		45.7
Operating profit before tax per employment (\$'000)	25.6	38.1		28.4
Operating profit margin (%)	31.8	40.8		34.1
Fee for service per practitioner (\$'000)	403.5	366.3		393.5
Fee for service to total income (%)	94.6	98.0		95.4
Return per practitioner (\$'000)	177.0	199.1		183.0
OTHER SPECIALIST DENTAL SERVICES				
	1	2 or more		Total
Total income per employment (\$'000)	94.0	81.3		88.8
Total expenses per employment (\$'000)	60.3	56.8		58.9
Labour costs per employee (\$'000)	29.4	31.5		30.3
Labour costs to total expenses (%)	40.8	48.9		44.0
Operating profit before tax per employment (\$'000)	33.6	24.6		29.9
Operating profit margin (%)	35.9	30.3		33.8
Fee for service per practitioner (\$'000)	434.2	333.6		389.8
Fee for service to total income (%)	97.7	98.5		98.0
Return per practitioner (\$'000)	186.2	139.2		165.5
TOTAL				
	1	2 or more		Total
Total income per employment (\$'000)	70.7	69.1		69.9
Total expenses per employment (\$'000)	49.9	52.5		51.2
Labour costs per employee (\$'000)	26.8	30.7		28.8
Labour costs to total expenses (%)	41.7	50.5		46.1
Operating profit before tax per employment (\$'000)	20.8	16.6		18.7
Operating profit margin (%)	29.5	24.1		26.9
Fee for service per practitioner (\$'000)	232.8	213.0		222.7
Fee for service to total income (%)	96.5	98.3		97.4
Return per practitioner (\$'000)	89.1	84.9		87.0

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results, in respect of the 1997–98 financial year, from two Australian Bureau of Statistics (ABS) surveys of private sector practitioners and businesses involved in the provision of dental services.

2 The first survey was a sample of 1,896 private practice dental practitioners conducted in April–May 1998. The sample of dental practitioners was selected from the Medibank Private provider file in March 1998. The scope of this survey included dental practitioners working in private practice and excluded dental practitioners solely engaged in the public health system.

3 The businesses included in the second survey were identified from the responses to the first survey in which dental practitioners were asked to provide details about the dental businesses for which they work and any administrative service companies/trusts providing support services to the dental business.

4 In terms of the Australian and New Zealand Standard Industrial Classification (ANZSIC), businesses whose main activity is the provision of dental services are classified to Class 8623 (Dental services).

DENTAL BUSINESS

5 A dental business is the formal legal and accounting entity for which financial statements are produced. It is either a self-employed (incorporated or unincorporated) practitioner, a partnership, an incorporated company or a trust.

ADMINISTRATIVE SERVICE BUSINESS

6 An administrative service business is established to provide administrative, secretarial or similar services to one or more dental businesses. The cost of these support services is usually reimbursed to an administrative service entity by payment of management fees by dental businesses.

PRACTICE

7 For the purpose of this publication, a dental practice is either:

- the dental business where there is no separate administrative service business providing services to the dental business; or
- the grouping of all dental businesses with the administrative service business to which they are linked.

8 The majority (58%) of dental businesses had no administrative service business and hence each dental business formed a single practice.

PRACTICE *continued*

9 The remaining dental businesses were linked to administrative service businesses. The relationship between dental businesses and administrative service businesses usually took one of three forms. These were:

- one dental business with a single administrative service business that provides services only to that business. In such cases the dental business and the administrative service business have been combined to form a single dental practice.
- multiple dental businesses with a single administrative service business. In these cases the dental businesses and the administrative service business have been grouped together to form a single dental practice.
- multiple dental businesses with multiple administrative service businesses. In these cases the dental businesses and the administrative service businesses have been grouped together to form a single dental practice.

STATISTICAL UNIT

10 Data presented in section 1 were collected from private practice dental practitioners. Data presented in section 2 were collected from dental and administrative service businesses as defined above.

REFERENCE PERIOD

11 Data contained in the tables of the first section of this publication relate to dental practitioners practising in Australia at end March 1998. Counts of practitioners include only those working in private practice businesses at end March 1998.

12 Data contained in the tables of the second section of this publication relate to dental businesses which operated at any time during the year ended June 1998. Counts of businesses include only those businesses that were operating at 30 June 1998.

RELIABILITY OF THE DATA

13 The estimates in this publication are subject to sampling and non-sampling error.

14 The estimates in this publication are based on information obtained from a sample of practitioners and businesses in the surveyed 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 units 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 units was included.

15 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 a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.

16 Sampling variability can 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 sampling, and thus avoids the need to refer also to the size of the estimate.

17 The following table contains estimates of RSEs for a selection of the statistics presented in this publication.

RELATIVE STANDARD ERRORS, KEY FIGURES

	<i>General dental services</i>	<i>Oral surgery services</i>	<i>Other specialist dental services</i>	<i>Total</i>
	%	%	%	%
Practices at end June	3	15	8	3
Locations at end June				
Capital city	3	20	9	3
Other	8	22	13	7
Total	3	16	8	2
Employment at end June				
Practitioners	2	14	8	2
Other	3	16	9	3
Total	2	15	8	2
Income				
Fee for service	3	15	10	3
Other income	11	34	19	9
Total	3	15	10	3
Expenses				
Labour costs	3	14	10	3
Other expenses	3	15	10	3
Total	3	14	10	3
Operating profit before tax	4	21	13	4
Operating profit margin	2	11	6	2

18 As an example of the above, an estimate of total income for the dental services industry is \$1,685.2 million and the RSE is 3%, giving a SE of \$50.6 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$1,634.6 million to \$1,735.8 million would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$1,584.0 million to \$1,786.4 million.

19 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems, and appropriate methodology.

SYMBOLS AND OTHER
USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
n.p.	not available for publication, but included in totals where applicable
PAYE	pay as you earn
SE	standard error
RSE	relative standard error
*	subject to sampling variability too high for most practical purposes
**	subject to sampling variability too high for practical purposes
—	nil or rounded to zero

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

GLOSSARY

Administrative service business	This is a service company or trust established to provide administrative, secretarial or similar services to one or more dental businesses.
Capital city	Capital cities are Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Canberra and Darwin and all suburbs of these cities.
Chairside assistant	A person who assists the dental practitioner to perform dental procedures.
Consultations	Refers to individual private patient consultations/contacts/episodes made by the dental practitioner. Practitioners were asked to supply the estimated number of private patient consultations in an average working week.
Continuing education expenses and other training services	Includes external training expenses for practitioners and support staff, and conference registration fees.
Contract payments	Payments to dental practitioners who are not employees. This item includes locum service contract payments, agency payments and other payments to dental practitioners for which PAYE tax has not been deducted.
Dental business	A business whose primary source of income is derived from the provision of dental services.
Dental hygienist	Dental hygienists are based in dental surgeries, working under the supervision of a dentist, educating patients about oral hygiene. They do not operate their own practices, but are employed by a dental practice.
Dental practitioner	A person who is qualified to treat the diseases and conditions that affect the mouth, jaws, teeth and their supporting tissues, especially the repair and extraction of teeth and the insertion of artificial ones.
Dental technician	A person who is responsible for the manufacture of dentures and other oral prosthetics. Only those dental technicians employed directly by general practitioner or specialist dental businesses are included in this survey.
Dental therapist	Dental therapists are generally employed by school dental services, however in some States they are employed by dental businesses.
Department of Veterans' Affairs payments	This is income received by the dental business for the provision of dental services and paid by the Department of Veterans' Affairs.
Depreciation and amortisation	The financial charges made to 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.
Direct patient payments	This is income received by the dental business for the provision of dental services and paid by patients.

Employees	This includes working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Excludes working proprietors and partners of unincorporated businesses.
Employer contributions to superannuation funds	Includes all employer contributions to superannuation schemes (including the employer productivity contribution).
Employment at end June	Includes working proprietors and partners, working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included.
Fee for service income	This is income received by the dental business for the provision of dental services. The income includes direct patient payments, Department of Veterans' Affairs payments and other fee for service income.
Full-time employees	Employees who work 35 hours per week or more.
General dental services	Dental businesses which derive their main income from the provision of general, rather than specialist, dental services.
Interest expenses	Includes interest on bank loans, loans from partners, and loans from government funding bodies, interest in respect of finance leases, interest equivalents such as hedging costs, and expenses associated with discounted bills.
Interest income	Includes interest from loans, finance leases, deposits in banks and non-bank financial institutions.
Labour costs	Includes wages and salaries, employer contributions to superannuation funds, and workers' compensation costs.
Location	A location is a physical site from which the business provides dental services on a relatively regular basis.
Operating profit before tax	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners.
Operating profit margin	The percentage of sales of goods and services available as operating profit, i.e. operating profit before tax times 100 divided by sales of goods and services.
Oral surgery services	Specialist dental businesses which derive their main income from the provision of surgery of the mouth.
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 non-operating income	Includes net profit (loss) on the sale of non-current assets and other non-operating income not elsewhere specified.

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, advertising expenses, accounting fees etc.
Other operating income	Includes all income, not elsewhere specified, which arises from the normal operation of the business.
Other specialist dental services	Dental businesses which derive their main income from the provision of specialist dental services, e.g. endodontics, orthodontics, periodontics etc. Oral surgery services are excluded.
Part-time employees	Employees who work less than 35 hours per week.
Practice	For businesses without an administrative service business, the practice refers to the dental business. For businesses with an associated administrative service business, the practice refers to the combined entity of the businesses and their associated administrative service businesses.
Purchases	This item includes purchases of dental supplies, purchase of non-capitalised equipment and purchases of goods for resale.
Rent, leasing and hiring expenses	These expenses are the costs for rent, leasing (except finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Rent, leasing and hiring income	This item includes income derived from renting, leasing or hiring of assets such as land, buildings, vehicles, or equipment to other businesses or individuals.
Return per practitioner	This item is the sum of profit and wages and salaries paid to practitioners, divided by the number of practitioners, working for practices in the industry.
Specialist dental services	Dental businesses which derive their main income from the provision of specialist dental services including oral surgery and other specialist dental services.
Subscriptions and indemnity insurance	Payments for subscriptions to professional associations and insurance payments made to provide a level of indemnification for professional practice. In many instances these expenses are met directly by the employed practitioner and not paid by the business and therefore will not be contained in the reported business expense.
Telecommunication expenses	Includes telephone charges, facsimile charges, and Internet charges.
Wages and salaries	This refers to gross earnings of all employees before taxation and other deductions. Drawings by sole practitioners/partners are excluded.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover to be taken out by all employers, except self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.

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