



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

ACCC RELEASES STATEMENT OF ISSUES ON RAMSAY'S PROPOSED ACQUISITION OF WOLLONGONG DAY SURGERY

The Australian Competition and Consumer Commission has issued a Statement of Issues on the proposed acquisition by Health Care Corporation Pty Ltd, (Ramsay) a subsidiary company of Ramsay Health Care Ltd (ASX: RHC), of Wollongong Day Surgery (WDS).

The Statement of Issues seeks more information on the competition issues that have arisen in the ACCC's review to date.

"The ACCC is concerned that the proposed acquisition is likely to substantially lessen competition in the supply of day surgery services to private health funds and the Department of Veteran Affairs," ACCC Chairman Rod Sims said.

The proposed acquisition would see Ramsay acquire its closest competitor. The only other significant provider of day surgery services in the Wollongong area is Shellharbour Private Hospital, located approximately 20km away from WDS.

"Health funds need to ensure adequate day surgery coverage for members. The ACCC is concerned that this increase in market concentration would enable Ramsay to demand higher rates from health funds for the supply of day surgery services in Wollongong and its surrounding areas," Mr Sims said.

As negotiations are also conducted at a national level, any increase in Ramsay's market power in Wollongong may also give it the leverage to negotiate higher prices from health funds at other locations in Australia where Ramsay supplies day surgery services.

"The ACCC is also concerned that the proposed acquisition is likely to substantially lessen competition in the supply of day surgery services to patients in Wollongong, which may increase prices for uninsured patients or reduce the quality of facilities and/or services available to doctors and patients," Mr Sims said.

"Absent sufficient competitive constraints, we are concerned that the proposed acquisition is also likely to reduce Ramsay's incentive to invest in and improve the quality of its day surgery services to patients."

The ACCC's preliminary view is that Shellharbour Private Hospital would not provide a sufficient constraint to replace the competition lost due to this merger.

The ACCC invites further submissions from interested parties in response to the Statement of Issues by Thursday 2 July 2015. The ACCC's final decision will be announced on Thursday 27 August 2015.

WDS operates a day-only procedure centre in Wollongong. Ramsay owns and operates Figtree Private Hospital (Figtree), which is located approximately 5km from WDS. Ramsay is also developing Wollongong Private Hospital (WPH), located immediately adjacent to WDS.

WDS and Figtree provide day surgery services across a range of overlapping surgical specialties. Ramsay intends to open WPH in early 2016, at which point Ramsay will transfer the majority of Figtree's services (including both day and overnight hospital services) to WPH. Figtree will then be transformed into a rehabilitation facility.

The Statement of Issues is available on the [public register](#).