

Competition in
Professional
Services

veterinary practitioners

The Competition Authority is undertaking a study across a range of eight professions in the construction, legal and medical sectors of the Irish economy. The specific professions being reviewed are engineers, architects, dentists, optometrists, veterinary surgeons, medical practitioners, solicitors and barristers.

June 2008



The Competition Authority
An tÚdarás Iomaíochta

EXECUTIVE SUMMARY

Context of the Report

1. There have been significant changes in the demand for veterinary services in Ireland in recent years. The number of food animals being produced has steadily decreased and at the same time regulatory requirements have increased, implying an increased amount of veterinary services per animal. Higher disposable incomes have contributed to a substantial rise in demand for veterinary services for companion animals (i.e. pets). Overall, it is likely that the demand for veterinary services in the foreseeable future will remain buoyant but may be shifting away from food animals towards companion animals.
2. In addition, the Veterinary Practice Act 2005 brought welcome reforms to the regulatory system. These include: a process for recognising non-EU/EEA vets, broader representation on the Veterinary Council of Ireland (including consumers) and increased transparency regarding complaints about vets and their fitness to practise.
3. The Competition Authority examined the veterinary profession in this context and found a number of unnecessary restrictions on competition between vets. The Competition Authority also examined ways of ensuring an adequate supply of veterinary services now and in the future. This is particularly important for the agricultural sector.²

Restrictions on Competition and Recommendations

4. Competition between vets is actively discouraged by the Veterinary Council of Ireland's *Code of Professional Conduct*. The restrictions placed on vets go beyond what is necessary to protect animals and the public from unethical conduct. For example, it is forbidden to advertise prices, to offer discounts, or to tout for business. These restrictions have the following effects:
 - Vets are prevented from competing through normal methods of competition such as advertising prices and offering discounts;
 - Vets are severely restricted in how they advertise and promote their business and this denies consumers access to basic information about the availability, terms and prices of veterinary services in their area;
 - Vets are unable to promote awareness of their practices and their services and this discourages them from innovating;
 - Lack of transparency in prices reduces competitive pressure on vets and this can push up the price of veterinary services;
 - New vets are hindered from competing with established vets.

Truthful, informative advertising and price discounts typically drive competition. Relaxing these unnecessary restrictions would encourage vets to compete on price, to offer new services and to deliver their services in new customer focused ways.

² The Competition Authority has in the past addressed competition issues in the veterinary profession. On October 19th 1998, the Competition Authority agreed settlement terms with the Irish Veterinary Union in a court action taken by the Competition Authority under Section 6 of the Competition Act 1991, as amended.

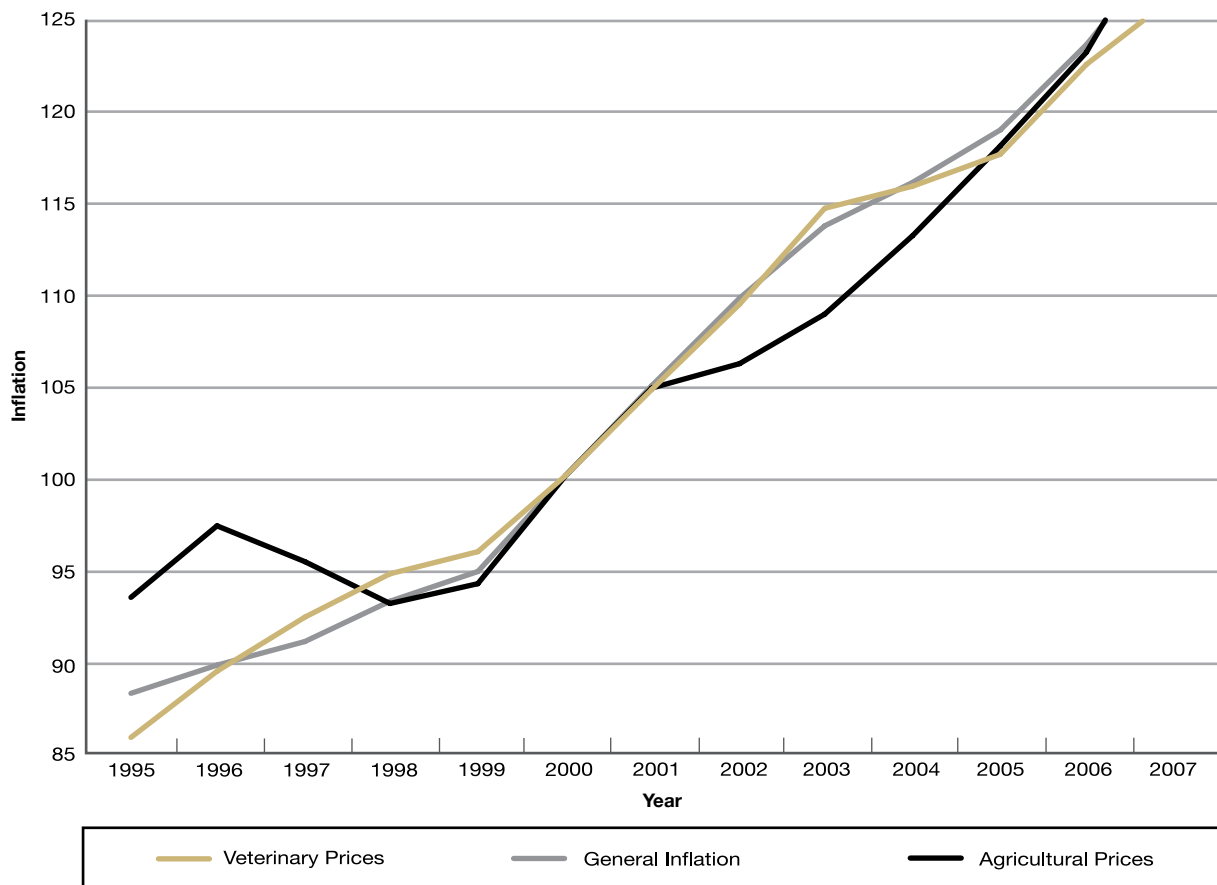
5. Another problem is that the Veterinary Practice Act 2005 appears to prohibit vets from incorporating. Vets traditionally work in partnership with other vets, with three vets being the average practice size. Competition between corporate bodies of vets would have many benefits for vets and consumers by improving access to capital and non-vet business skills. These benefits include: cost savings, ability to provide locations and opening hours that are more convenient for many consumers of companion animal services, flexible working arrangements and checks and balances on the quality of each vet's services (put in place to maintain the corporate body's reputation). The Veterinary Practice Act 2005 needs to be amended to allow incorporated veterinary practices.
6. The number of vets in Ireland is being supplemented by a large influx of foreign-trained vets. Between 2001 and 2007, nearly 40% of new vets registered with the Veterinary Council of Ireland qualified outside Ireland. The Competition Authority is concerned that Ireland should not be reliant on other countries to train vets for its own needs. The number of training places for vets in Ireland should continue to be closely monitored, in the context of the changing market circumstances, to ensure no shortage in the future. Additionally, the Department of Agriculture, Fisheries and Food should monitor the number of vets providing food animal veterinary services, especially in remote areas, with a view to ensuring that shortages in the provision of essential veterinary services will be avoided.
7. Training non-vets to an appropriate standard to provide certain routine work, such as TB testing services, could have benefits in terms of freeing vets to focus on the more complex tasks that only they could provide. The Department of Agriculture, Fisheries and Food should consider introducing a new para-profession of TB testers, in the wider context of overall animal health, increasing regulatory demands for testing, and Ireland's competitiveness in high quality food-production.
8. In this report, the Competition Authority makes five recommendations that aim to:
 - Encourage vets to be more innovative in the delivery of services;
 - Ensure an adequate supply of veterinary services in Ireland in the long term; and
 - Ensure value for money in veterinary services.

Regulatory and Commercial Environment

9. The veterinary profession is regulated by the Veterinary Council of Ireland (VCI) under the Veterinary Practice Act 2005. It is unlawful for a person to use titles such as "veterinary practitioner" or "veterinarian" or otherwise give the impression they are a vet or provide veterinary services without being registered by the VCI. The VCI regulates the conduct and standards of both vets and veterinary nurses.
10. Demand from consumers for veterinary services for companion animals (pets) is increasing as a result of rising incomes in Ireland and scientific developments in the field of animal healthcare.
11. Demand from farmers and the State for veterinary services for food animals is also changing though it is not yet clear whether it will decline in the future or stabilise at current levels. There has been a marked decline in livestock numbers in Ireland that is likely to continue as the number of farms decrease and the emphasis on food production switches from high volume to higher quality produce. However, the emphasis on quality also means that rigorous testing of food animals is required if Ireland is to retain its status as a producer of high quality disease-free meat, and vets are the recognised professionals for a number of disease-eradication and meat inspection schemes. In addition, as a result of EU Directives, an increasing number of animal medicines and remedies have been designated as "Prescription Only Medicines", meaning that many animal remedy prescriptions should only be issued by a vet, and under specific conditions.

12. Overall, it is likely that the demand for veterinary services in the foreseeable future will remain buoyant but may shift away from food animals and towards companion animals.
13. The majority of the 2,446 vets working in Ireland practise in the private sector, offering their services direct to the public.³ However, the State also employs the services of vets under a variety of schemes covering inspection of meat and rendering plants, disease-eradication schemes, and contagious disease outbreaks. In 2007, the State spent €58.8 million on veterinary services supplied by vets who participated in the Department's animal disease-eradication programmes.
14. According to data from the Central Statistics Office, the price of veterinary services in the agricultural sector, paid for privately by farmers (not the State), has been in line with the general rate of inflation and the rate of inflation for agricultural inputs over the last eleven years. There is no data available for the prices of companion animal veterinary services paid by consumers.

Inflation in Food Animal Veterinary Prices, Agricultural Inputs and General Inflation 1995-2007



Source: CSO.

³ There were 2,446 registered vets at the start of 2008, although some 270 of these are likely to retire but remain on the register.

Recommendations

Recommendation 1: Monitor the number of vets providing food animal services.

Details of Recommendation	Action By
The Department of Agriculture, Fisheries and Food should monitor the number of vets providing food animal services, especially in remote areas.	The Department of Agriculture, Fisheries and Food

Recommendation 2: Consider the introduction of lay TB testing.

Details of Recommendation	Action By
The Department of Agriculture, Fisheries and Food should consider the introduction of lay testers for bovine TB, following the completion of the Herd Health Initiative.	The Department of Agriculture, Fisheries and Food December 2008.

Recommendation 3: Remove unnecessary restrictions on advertising.

Details of Recommendation	Action By
The VCI should limit its restrictions on advertising to prohibit advertising that is false or misleading.	The Veterinary Council of Ireland December 2008.

Recommendation 4: Remove restriction on touting.

Details of Recommendation	Action By
The VCI should remove its prohibition on touting.	The Veterinary Council of Ireland December 2008.

Recommendation 5: Allow corporate bodies to supply veterinary services.

Details of Recommendation	Action By
The Minister for Agriculture, Fisheries and Food should bring forward legislation amending the Veterinary Practice Act 2005 to allow incorporated veterinary practices.	The Minister for Agriculture, Fisheries and Food June 2009.