

Dental and Health Services in Australia Report 2023

This report provides key statistics about Dental and Health Services in Australia.

The data has been sourced from IBISWorld as well as the Dental Board of Australia and the Australian Prudential Regulation Authority.

The Australian Institute of Health and Welfare (AIHW), and the Department of Health are robust sources of information regarding health-related statistics for IBISWorld. However, they also use a variety of other data sources, such as:

- Taxation statistics sourced from the Australian Taxation Office (ATO)
- Private company data sourced from the Australian Securities and Investments Commission (ASIC)
- Data sourced from catalogues released by the Australian Bureau of Statistics (ABS).

Individual reports will also have additional qualitative information added to assist analysis, which often differs from update to update and can take a variety of forms, such as an industry body publication, a newspaper or even a conversation with an industry operator, to name a few.

Overview of Dental Services

The Dental Services subdivision includes registered general and specialist dental practitioners. The industry also includes dental clinics, through which multiple dentists associate to provide dental services, and dental hospitals that only provide outpatient services. (IBISWorld, 2023)

Continued demand for dental services from older Australians, the need for improved oral health standards and increased demand for cosmetic and restorative dental procedures will support industry revenue in the coming years. Industry revenue is forecast to rise at an annualised 2.0% over the five years to 2027-28 to \$12.0 billion. While the industry will remain highly fragmented over the period, a growing number of dentists may join corporate dental groups or allied health groups. This may lead to rising industry concentration as larger dental service providers continue to expand. This development may also support industry profit margins as larger dental service providers benefit from economies of scale and scope. (IBISWorld, 2023)

Overview of Health Services

The Health Services subdivision includes entities that primarily provide direct treatment to patients or perform auxiliary services in support of treatment. Health services entities that provide direct treatment to patients include general hospitals, general practices and physiotherapy clinics, while auxiliary service providers include pathology and diagnostic imaging operators. (IBISWorld, 2023)

Overall, subdivision revenue is expected to edge up by an annualised 1.2% over the five years to 2023-24 to \$202.4 billion. This soft growth rate reflects the flow-on effects associated with the COVID-19 pandemic, including supply disruptions caused by national and regional lockdown measures, state government-mandated surgical restrictions and higher staff absenteeism in the face of isolation requirements. Inflationary pressures are expected to translate into zero (0.0%) growth in inflation-adjusted terms in 2023-24, with the increasing cost of living potentially leading to many Australians deferring non-essential healthcare services. (IBISWorld, 2023)

Dental Services



Figure 1. Dental Services, Source: IBISWorld

"In contrast with other health services, the industry is predominantly privately funded. While most individuals pay for dental check-ups and procedures with their own income, some use private health insurance extras cover to subsidise the cost. Patients with private health coverage tend to be more willing to visit their dentist regularly and undergo expensive procedures. In 2021-22, private health insurance companies paid \$2.9 billion in dental benefits for 44.8 million out-of-hospital dental services. A marginal gain in private health insurance membership numbers has supported demand growth. However, weak growth in household disposable incomes has constrained demand, with many Australians opting to defer dental work because of the cost." (IBISWorld, 2023)

Health Services



Figure 2. Health Services, Source: IBISWorld

"General hospitals are the subdivision's largest revenue driver, accounting for over half of Australia's health services revenue. General practitioners (GPs), clinical specialists and dentists also represent significant revenue streams for the subdivision. While Australia's growing and ageing population has bolstered demand for health services in recent years, the COVID-19 pandemic disrupted subdivision expansion, as health services redirected resources to contain the virus. Overall, subdivision revenue is expected to edge up by an annualised 1.2% over the five years to 2023-24 to \$202.4 billion. This soft growth rate reflects the flow-on effects associated with the COVID-19 pandemic, including supply disruptions caused by national and regional lockdown measures, state government-mandated surgical restrictions and higher staff absenteeism in the face of isolation requirements. Inflationary pressures are expected to translate into zero (0.0%) growth in inflation-adjusted terms in 2023-24, with the increasing cost of living potentially leading to many Australians deferring non-essential healthcare services." (IBISWorld, 2023)

Dental Services

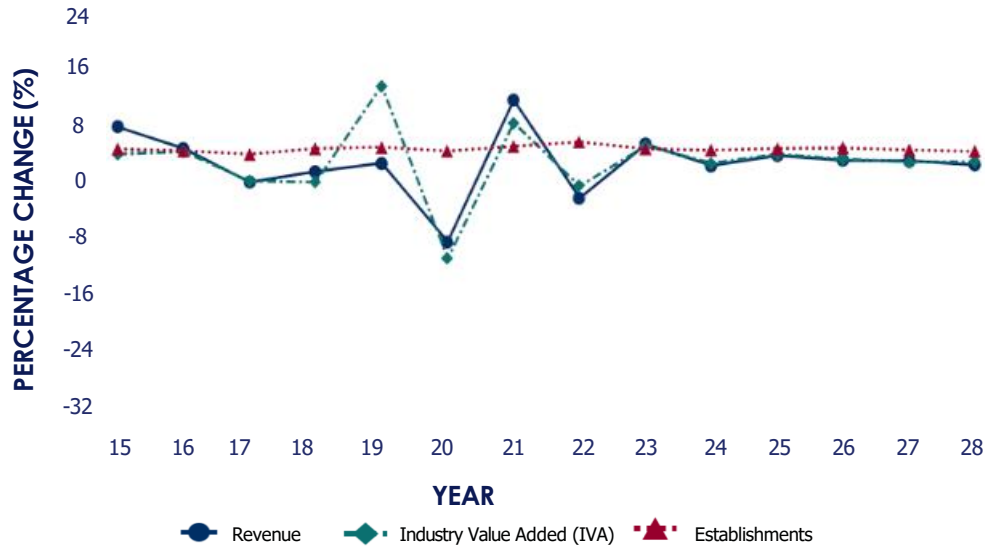


Figure 3. Dental Services Industry Performance, Source: IBISWorld

“Industry revenue has been growing at an annualised 0.1% over the past five years - including an estimated 5.1% rise in the current year - and is expected to total \$10.9 billion in 2022-23, with profit margins set to rise to 25.5%. The COVID-19 pandemic created significant challenges for the industry. Following the COVID-19 outbreak in March 2020, the Federal Government implemented level three restrictions on the industry that only allowed dentists to perform emergency surgeries to temporarily stabilise serious dental problems and prevent hospitalisation.” (IBISWorld, 2023)

Health Services

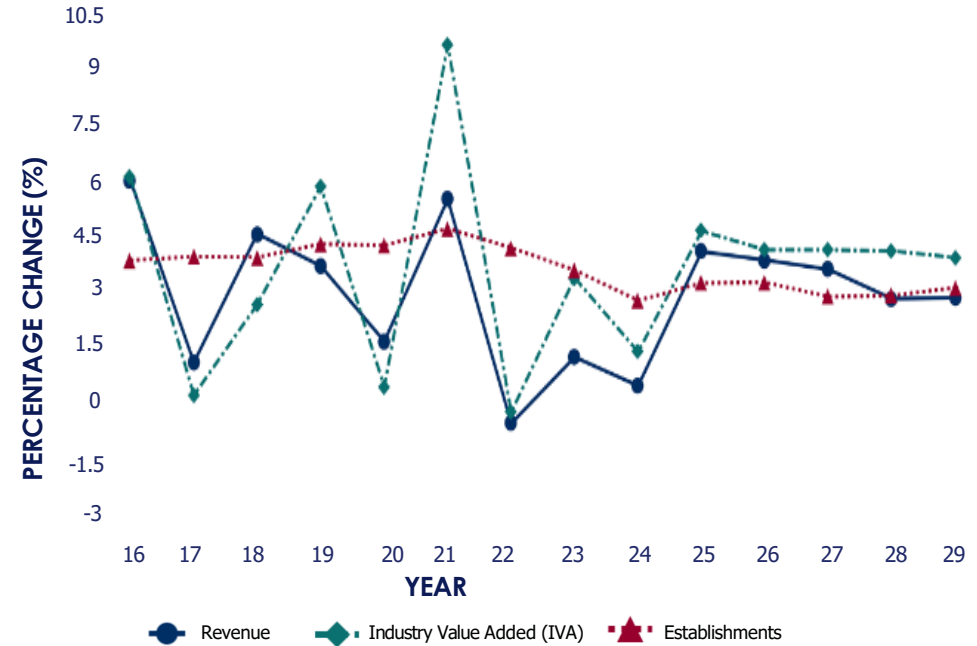


Figure 4. Health Services Industry Performance, Source: IBISWorld

“Subdivision revenue is expected to post weak growth of 1.2% annualised over the five years through 2023-24 – including no growth (0.0%) in the current year – to total \$202.4 billion, when profit margins will represent an estimated 11.4% of revenue. Disruptions to traditional growth patterns have been common. The COVID-19 pandemic has constrained sector growth, as subdivision resources have been diverted to treating and containing the virus.” (IBISWorld, 2023)

Dental Services

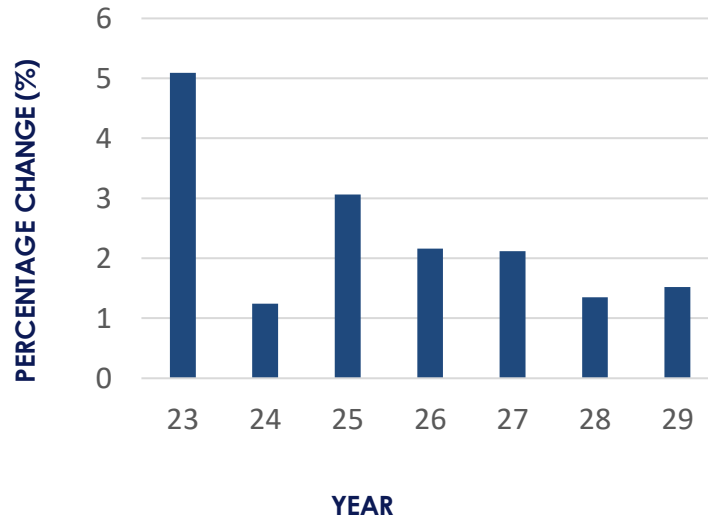


Figure 5. Dental Services Industry Outlook, Source: IBISWorld

“The Dental Services industry is forecast to grow at an annualised 2.0% to \$12.0 billion over the five years to 2027-28, when profit margins are estimated to dip to 23.3%. Underlying growth drivers will support industry growth. The industry’s performance is forecast to improve, supported by a growing and ageing population and rising disposable incomes.” (IBISWorld, 2023)

Health Services

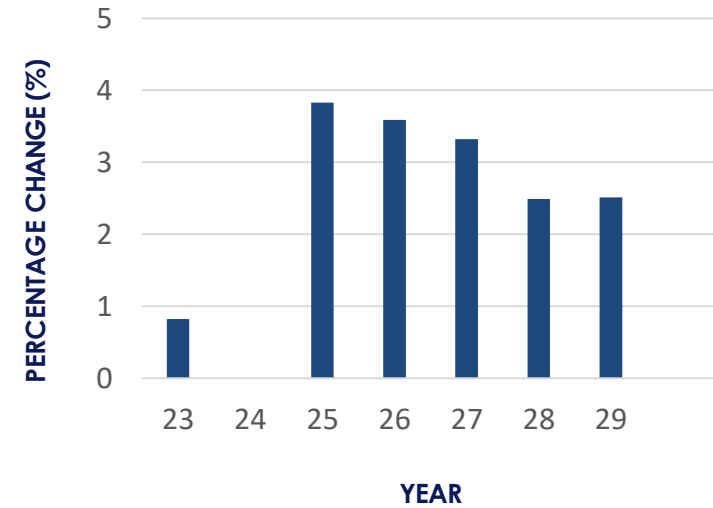


Figure 6. Health Services Industry Performance, Source: IBISWorld

“The Health Services subdivision is forecast to grow at an annualised 3.1% to \$236.3 billion over the five years to 2028-29, when profit margins are projected to dip to 11.0%. Favourable growth drivers will see the subdivision revert to its traditional growth path. With most of the disruptions associated with the COVID-19 pandemic ameliorated, the Health Services subdivision will revert to its traditional growth path, driven by Australia’s ageing population and the growing prevalence of many chronic diseases.” (IBISWorld, 2023)

Dental Services

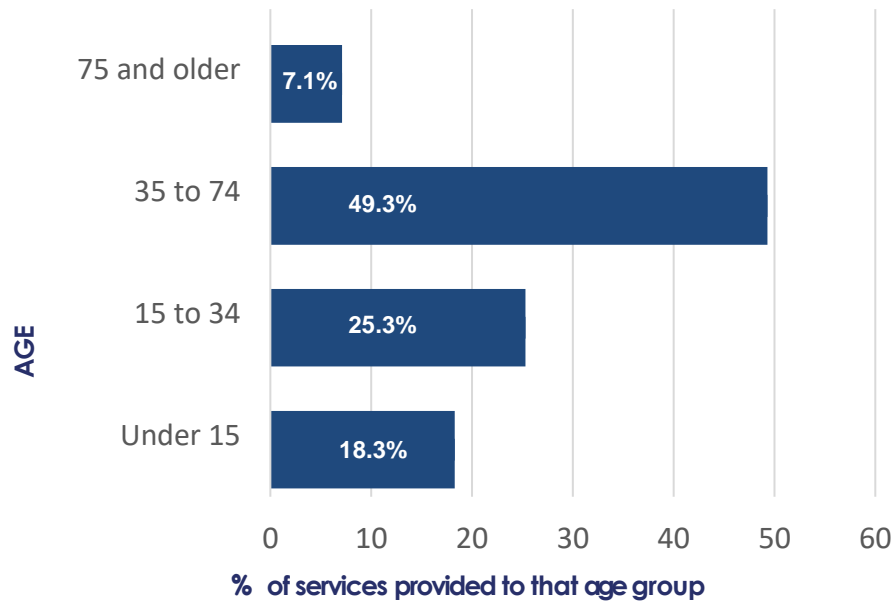


Figure 7. Dental Services Major Market Segmentation, Source: IBISWorld

"People aged under 15 may be eligible for free dental care under the CDBS. People aged 15 to 34 may opt to defer dental care on the basis of cost. People aged 35 to 74 have the greatest financial means to pay for dental care. Dental problems are highest for people aged 75 and older." (IBISWorld 2023)

Health Services

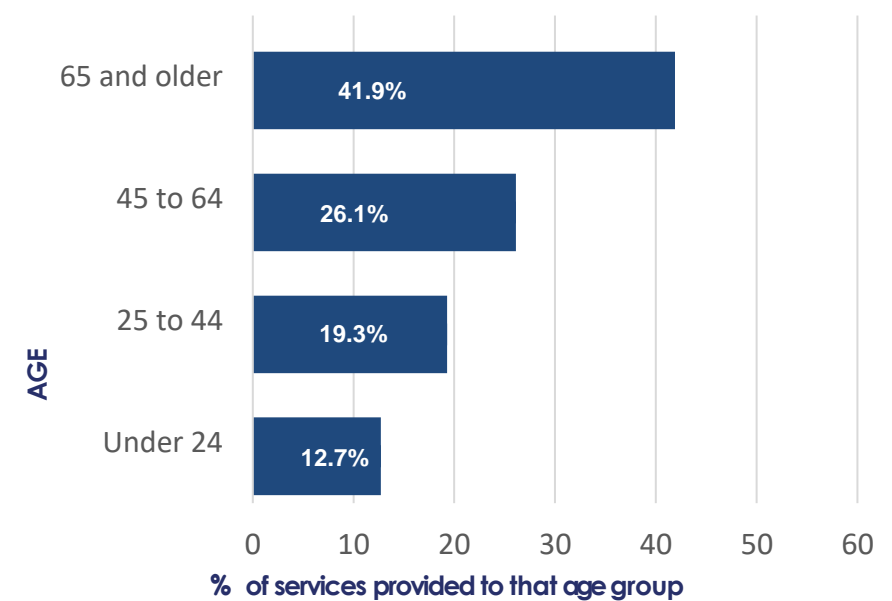


Figure 8. Health Services Major Market Segmentation, Source: IBISWorld

"Australia's age profile is having a growing impact on demand patterns across the industry subdivision. Australia's ageing population is driving revenue growth, with individuals over the age of 65 accounting for a disproportionate percentage of health services revenue." (IBISWorld 2023)

Business Locations

Dental Services

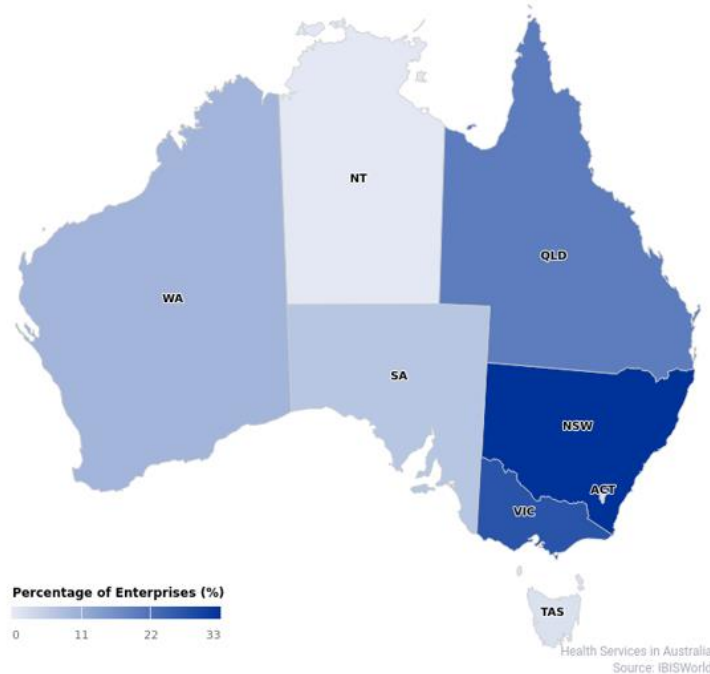


Figure 9. Dental Services Business Locations, Source: IBISWorld

“The Dental Services industry's geographic distribution is largely influenced by the spread and age profile of Australia's population and household income distribution. The extent of public dental services, which varies among jurisdictions, affects the demand for private dental services, and private activity distribution. Dental health standards in a jurisdiction also affects industry activity. Some dental practitioners are attracted to large cities for personal lifestyle reasons” (IBISWorld, 2023)

Health Services

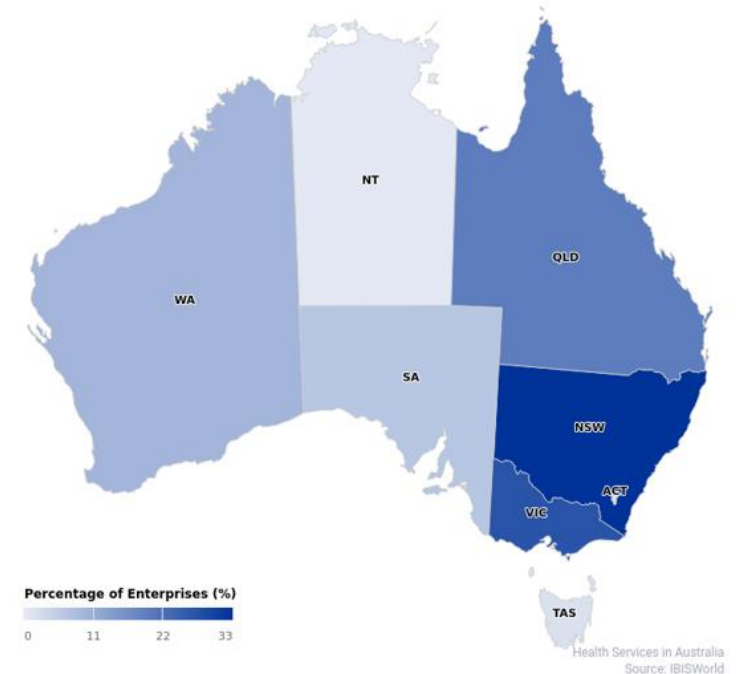
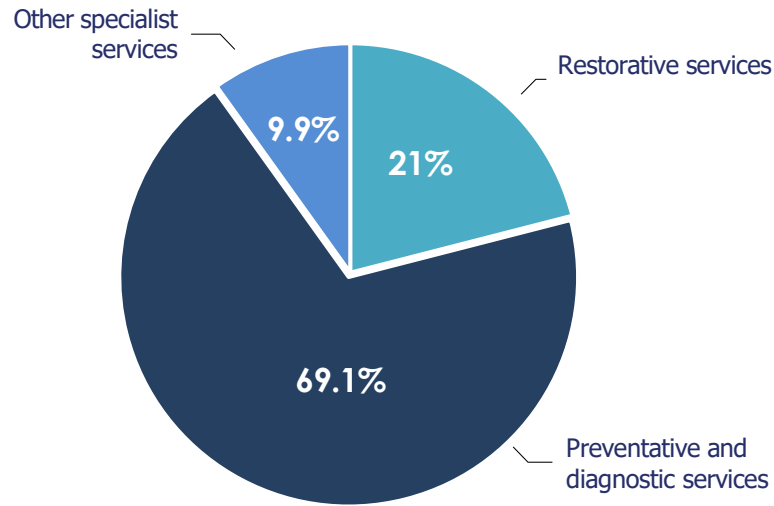


Figure 10. Health Services Business Locations, Source: IBISWorld

“Given the need for one-to-one contact, demographics play a key role in determining where health practitioners are located. The distribution of health service establishments broadly corresponds with the geographic spread of the national population and population density. Australia's two largest states, New South Wales and Victoria are marginally overrepresented in terms of their share of the population. These two states account for just over 60.0% of all health service establishments and just under 57.0% of Australia's population.” (IBISWorld, 2023)

Dental Services

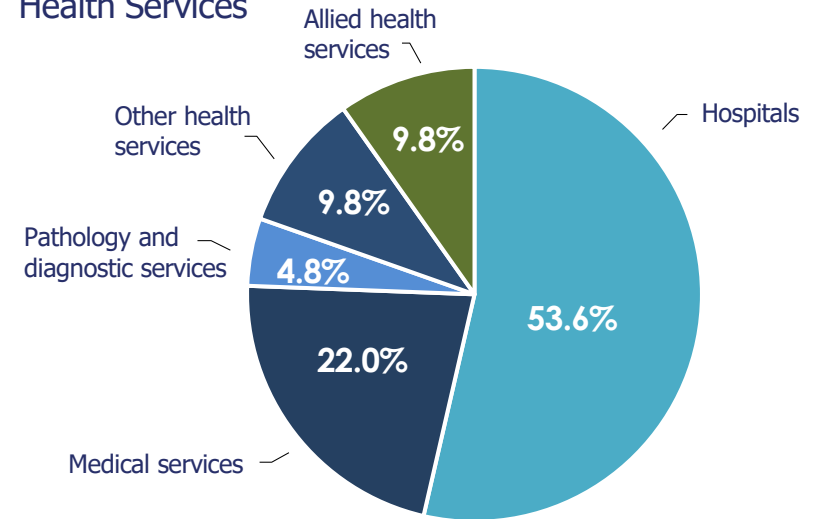


2023 Industry Revenue **\$10.9bn**

Figure 11. Dental Services Products and Services Segmentation, Source: IBISWorld

"Most dental professionals in the Dental Services industry are general dental practitioners that predominantly provide preventative and diagnostic services. The industry also includes dental professionals providing specialist dental services." (IBISWorld, 2023)

Health Services



2024 Industry Revenue **\$202.4bn**

Figure 12. Health Services Products and Services Segmentation, Source: IBISWorld

"Hospitals account for over half of the subdivision. Public hospitals perform a range of services, including inpatient care, outpatient care, emergency services, medical training and research. State and territory governments are responsible for managing public hospitals across Australia." (IBISWorld, 2023)

Sector vs Dental Service Industry Costs

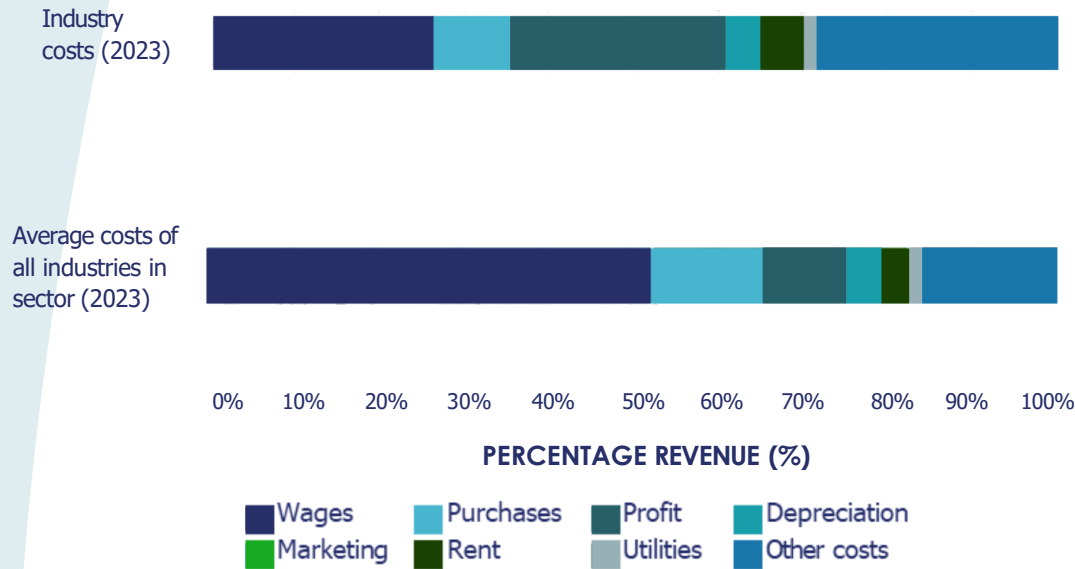


Figure 14. Sector vs Dental Industry Costs, Source: IBISWorld

"Profit margins in the industry are typically high. Many dental practices are run by one dentist who employs support staff, which means that many operators draw personal income directly from operating profit. Specialist dental practices tend to have higher profit margins than general dental practices. Profit has increased over the period as dental practices have sought to control their operating expenses." (IBISWorld, 2023)

Sector vs Health Service Industry Costs

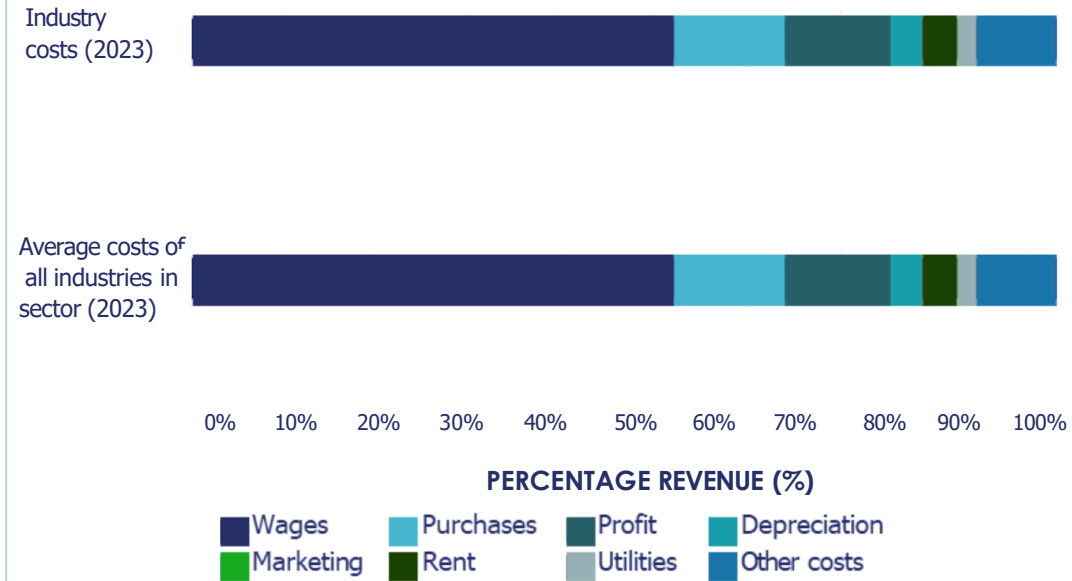


Figure 15. Sector vs Health Industry Costs, Source: IBISWorld

"Profit for the Health Services subdivision is the average of low margins from public hospitals and ambulance services and high margins from owner-operators and private entities. Public hospitals are the largest players in the subdivision but have no profit motive as they are funded by federal and state governments. Conversely, skilled owner-operators, including general practitioners, specialists and dentists, operate with sizeable profit margins reflecting the high value-added nature of their work. Overall, profit has narrowed slightly over the past five years to account for an estimated 11.4% of industry revenue in 2023-24." (IBISWorld, 2023)

"The first column in both images represent all industries within the health care and social assistance sector."

Dental Services

"With limited publicly funded dental care available, changes in household income underpin revenue volatility. The bulk of Australian dental care is provided by private dental practices on a fee-for-service basis. This means that changes in household income can influence the volume of services provided on a yearly basis.

For example, consumers may opt to delay elective procedures like implants or cosmetic dentistry procedures in response to reduced disposable income. In some instances, consumers may also opt to defer basic check-ups during times of economic hardship.

With private health insurance playing a notable role in financing dental care, variations in membership numbers may also impact volume and service fee levels on a year-by-year basis." (IBISWorld, 2023)

Health Services

"Government funding traditionally helps to reduce volatility. While using health services to assist with health problems is a necessity, the presence of government funding tends to ensure that most patients do not have to worry about the potential cost of many health treatments. Changes in price do not tend to influence demand patterns for essential healthcare services, reflecting the prevalence of bulk billing services and the existence of Medicare safety nets. Ongoing government funding has supported the subdivision over the period, with the government boosting its healthcare funding as part of its COVID-19 response plan. Higher prices for healthcare services have also contributed to rising health expenditures.

COVID-19 has disrupted both demand and supply patterns, adding to industry volatility. The COVID-19 pandemic has been a significant challenge for the industry, impacting the number of medical services provided, the type of health services provided and the way in which they are provided. Essential health services initially diverted resources to managing outbreaks, leading to restrictions on non-urgent elective surgeries and treatments to free up capacity and resources, including personal protective equipment. Stay-at-home orders during national and regional lockdowns severely restricted the ability of many non-essential health services to operate. The introduction of COVID-19 telehealth services for various Medicare-subsidised health services has helped to change the operating format for relevant health services." (IBISWorld, 2023)

Dental Practitioners Registrant Data

Table 1.1 Dental practitioners – registration type by state or territory

Registration types	Registration subtypes	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	No PPP	Total
General		427	7,037	162	4,942	1,917	387	5,779	2,752	383	23,786
General and Non-practising					1						1
General and Specialist		47	530	5	362	157	26	452	200	43	1,822
Specialist		1	14		11	4	1	15	9	14	69
Limited	Postgraduate training or supervised practice					3		4	2		9
	Public interest		1								1
	Teaching or research		5		15	4		2	6		32
Non-practising		13	231	5	142	70	10	185	75	241	972
Total		488	7,818	172	5,473	2,155	424	6,437	3,044	681	26,692

Table 7.2 Dental practitioners – percentage by gender

Gender	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	No PPP	Total
Female	61.7%	51.9%	59.9%	53.4%	61.5%	50.2%	56.2%	61.1%	52.1%	55.3%
Male	38.3%	48.0%	40.1%	46.6%	38.5%	49.8%	43.8%	38.9%	47.9%	44.7%
Not stated or Intersex or indeterminate		<0.1%			<0.1%					

Source: Dental Board of Australia (2023)

General Treatment

At 30 June 2023, 14,575,294 people or 55.0% of the population had some form of general treatment cover. There was an increase of 83,194 people when compared to the March quarter. There was an increase of General Treatment policies of 40,399 for June 2023 which was mainly driven by Single Policies which increased by 23,749. For the 12 months to 30 June 2023, the number of insured persons with general treatment cover has increased by 314,552.

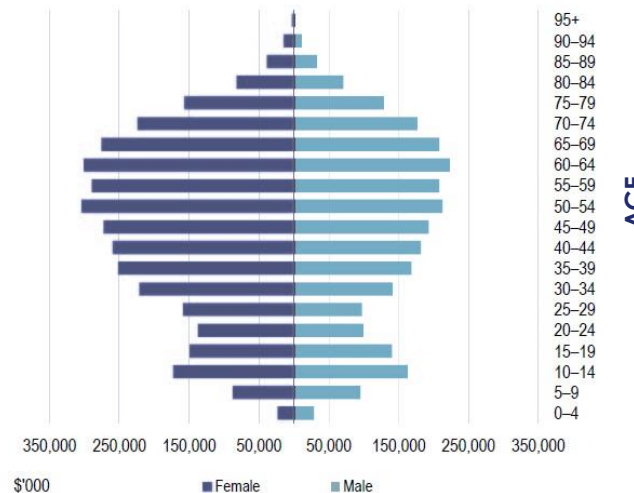
The general treatment (ancillary) by age charts and data in this report show data for those people that have general treatment policies covering ancillary services, regardless of other treatment included in the product. This excludes those general treatment policies that do not cover ancillary treatment.

There was an increase of 77,848 people with general treatment (ancillary) coverage in the June 2023 quarter. The largest net increase in coverage, after accounting for movements across age groups, was 31,148 for people in the 0 to 4 age group.” (APRA 2023)

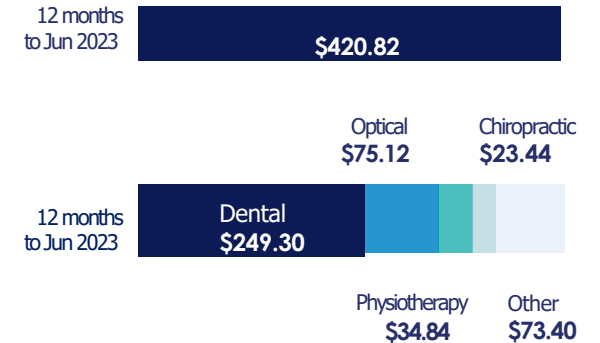
Benefits per service

Gender	June 2023	Change from March 2023
Dental	\$65	-4.3%
Chiropractic	\$34	-3.7%
Physiotherapy	\$40	-4.2%
Optical	\$79	-3.0%

General treatment benefits paid by age 12 months to 30 June 2023 (ancillary)



General treatment benefits per person (ancillary)



General treatment benefits per person covered and percentage of benefits paid by age cohort (ancillary)



Source: Australian Prudential Regulation Authority

Service Utilisation

Episodes/Services by type

	June 2023	Changes from March 2023
Hospital Episodes	1,265,154	10.5%
Hospital Days	3,238,840	13.5%
Medical Services	10,158,653	7.5%
Prostheses Items	977,805	20.2%
- Specialist Orthopaedic	169,452	16.6%
- Ophthalmic	111,942	19.6%
- Spinal	65,107	23.3%
General Treatment	25,337,962	-2.8%
- Dental	12,749,541	1.3%
- Chiropractic	2,351,844	-4.3%
- Physiotherapy	3,019,346	-1.6%
- Optical	2,719,919	-17.4%

"During the June 2023 quarter, insurers paid benefits for 3.2 million days in hospital, arising from 1.3 million hospital episodes of care." (APRA 2023)

Hospital utilisation is distributed over four categories of hospital—public, private, day only facilities and hospital-substitute. During the June 2023 quarter, hospital episodes were distributed as follows:

- public hospitals 171,926 episodes
- private hospitals 859,549 episodes
- day hospital facilities 170,670 episodes
- hospital substitute 63,009 episodes.

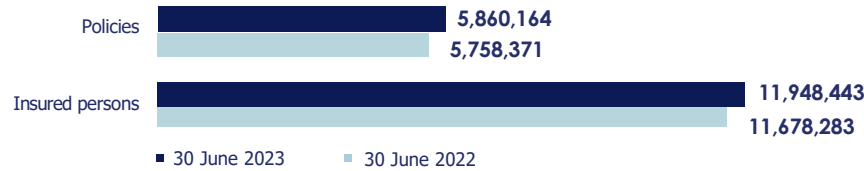
	Quarter change	Year change
Public hospitals	3.4%	1.5%
Private hospitals	12.9%	5.9%
Day hospital facilities	6.8%	3.4%
Hospital substitute	9.6%	5.1%

"Day-only episodes in the four categories of hospital totaled 884,113, with a 10.8% change compared to March 2023." (APRA 2023)

Source: Australian Prudential Regulation Authority

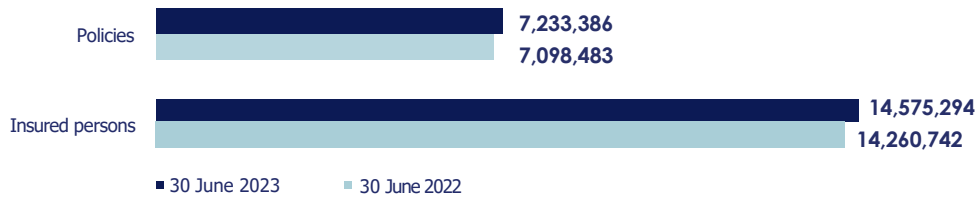
Key Metrics

Hospital treatment membership



▲ **45.1%** of population at 30 June 2023
▲ **0.1%** percentage points from 31 Mar 2023
▲ **69,607** insured persons over the quarter

General treatment membership



▲ **55.0%** of population at 30 June 2023
▲ **0.0%** percentage points from 31 Mar 2023
▲ **83,194** insured persons over the quarter

Hospital treatment episodes

▲ **4.9%** over the 12 months to June 2023
▲ **10.5%** compared to the March 2023 quarter



General treatment services (ancillary)

▲ **9.3%** over the 12 months to June 2023
▼ **-2.8%** compared to the March 2023 quarter

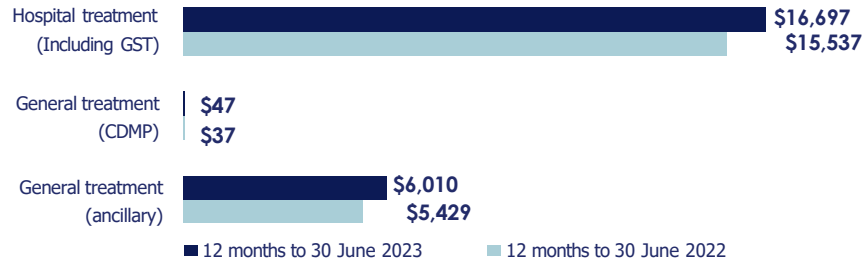


Source: Australian Prudential Regulation Authority

Key Metrics

Benefits

(millions)



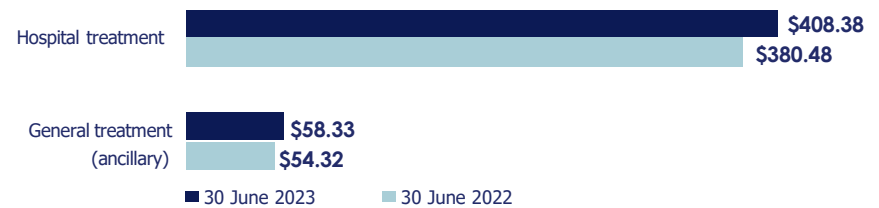
▲ **7.5%** over the 12 months to June 2023
 ▲ **14.5%** compared to the June 2022 quarter

▲ **10.7%** over the 12 months to June 2023
 ▲ **8.6%** compared to the June 2022 quarter

Out-of-pocket per episode/service

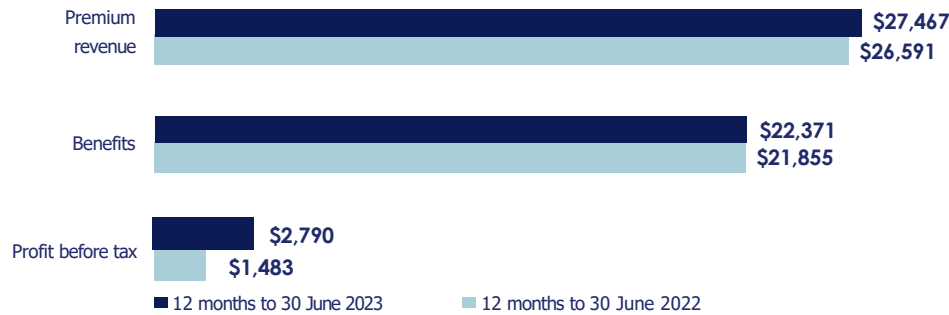
▲ **7.3%** over the 12 months to June 2023

▲ **7.4%** over the 12 months to June 2023



Financial

(millions)



▲ **3.3%** over the 12 months to June 2023

▲ **2.4%** over the 12 months to June 2023

▲ **88.1%** over the 12 months to June 2023

Source: Australian Prudential Regulation Authority

Australian Dental
Industry Association



Australian Dental Industry Association Limited
ABN 32 003 314 396

National Office: GPO Box 960, Sydney, NSW, 2001
Government Affairs: GPO Box 1, Canberra, ACT, 2601

e: national.office@adia.org.au

t: 1300 943 094

w: adia.org.au