



Statement of Issues

6 June 2024

Icon – proposed acquisitions in the radiation oncology sector

Purpose

1. The Icon Group (**Icon**) proposes to acquire:
 - a lease to establish a new radiation oncology clinic at Ramsay Health Care’s (**Ramsay**) St Andrew’s Ipswich Private Hospital in Queensland (**St Andrew’s Ipswich**) (**Proposed Ipswich Acquisition**)
 - a lease to establish a new radiation oncology clinic at St Vincent’s Private Hospital Northside in Chermside, Queensland (**St Vincent’s Chermside**) (**Proposed Chermside Acquisition**)
 - a lease to establish a new radiation oncology clinic at the St John of God Geelong Hospital in Victoria (**St John of God Geelong**) (**Proposed Geelong Acquisition**)(together, the **Proposed Acquisitions**).
2. This Statement of Issues:
 - gives the Australian Competition and Consumer Commission’s (**ACCC**) preliminary views on competition issues arising from the Proposed Acquisitions
 - identifies areas of further inquiry, and
 - invites interested parties to submit comments and information to assist our assessment of the issues.
3. Statements of Issues do not refer to confidential information provided by the parties or other market participants and therefore may not fully articulate the ACCC’s preliminary position.

Overview of ACCC’s preliminary views

4. In considering each of the Proposed Acquisitions, the ACCC applies the legal test set out in section 50 of the *Competition and Consumer Act 2010* (the **CCA**). In general terms, section 50 prohibits acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in any market.

5. The ACCC divides its preliminary views into three categories, 'issues of concern', 'issues that may raise concerns' and 'issues unlikely to raise concerns'. In this Statement of Issues there is one 'issue of concern' and two 'issues that may raise concerns'.

Issue of concern

- **Proposed Geelong Acquisition:** The ACCC is concerned that the Proposed Geelong Acquisition is likely to increase barriers to entry for private radiation oncology services in the greater Geelong area. Icon's capacity may be in excess of forecast demand in the Geelong area and Icon could restrict potential rivals' access to essential radiation oncology specialists, further entrenching its position as the only private provider of radiation oncology services in this area.

Issues that may raise concerns

- **Proposed Chermside Acquisition:** The ACCC is concerned that the Proposed Chermside Acquisition may increase barriers for alternative radiation oncology providers to enter or expand in the area. Icon's capacity to provide private radiation oncology services may be in excess of forecast demand in the greater Brisbane area and Icon may be able to restrict potential rival's access to essential radiation oncology specialists.
- **Proposed Chermside Acquisition and Proposed Ipswich Acquisition:** The ACCC is concerned that the Proposed Chermside Acquisition in combination with the Proposed Ipswich Acquisition, may further raise barriers to entry and/or expansion for alternative providers of private radiation oncology services in the south-east Queensland region. This could reduce competition among radiation oncology providers in one or more areas within the region in the medium to long term and entrench Icon's already strong position in the area.

Making a submission

6. The ACCC invites submissions from interested parties, particularly on the following key issues:
 - The current and future demand for private radiation oncology services in the geographic regions that the ACCC is considering, including whether current patient demand can be met by existing facilities.
 - The current level of utilisation at nearby public and private radiation oncology providers, and average waiting times for alternative providers in each geographic region.
 - The availability of radiation oncology specialists within each geographic region, including the existence of any financial or other arrangements that may limit radiation oncology specialists' incentives to switch between private providers.
 - The likelihood of new entry and/or expansion in these regions by alternative providers of private radiation oncology services.
 - The effect of the transaction and potential benefits of scale accruing to Icon on barriers to entry in wider geographic areas, such as south-east Queensland.

- The extent to which the availability of public radiation oncology services effectively constrain the out of pocket fees charged by private radiation oncology providers.
7. Interested parties should provide submissions by 5pm on 20 June 2024. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Icon Group's proposed acquisitions*.
 8. The ACCC anticipates making a final decision on the Proposed Acquisitions on 29 August 2024, however, this timeline can change. To keep up with possible timing changes and to find relevant documents, interested parties should visit the Mergers Register on the ACCC's website at www.acc.gov.au/publicregisters/mergers-registers/public-informal-merger-reviews.

Confidentiality of submissions

9. The ACCC will not publish submissions regarding the Proposed Acquisitions. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the CCA. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, please identify any confidential information that is provided to the ACCC. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

About ACCC 'Statements of Issues'

10. A Statement of Issues is not a final decision about the Proposed Acquisitions. A Statement of Issues outlines the ACCC's preliminary views and identifies further lines of inquiry.
11. A Statement of Issues provides an opportunity for all interested parties to consider the primary issues identified by the ACCC. It is also intended to provide the merger parties and other interested parties with the basis for making further submissions should they consider it necessary.

The parties

The acquirer: Icon

12. Icon is a large provider of cancer care services. In Australia, Icon provides radiation and medical oncology services, pharmaceutical compounding services, pharmacy management services and clinical cancer trials. Icon operates radiation oncology clinics in all states of Australia and the ACT.

The targets:

13. Icon proposes to acquire:
 - a lease of existing building space at Ramsay's St Andrew's Ipswich hospital
 - a lease of existing building space at St Vincent's Chermside, and
 - a lease of vacant land at St John of God Geelong Hospital.
14. In each case, Icon proposes to acquire the lease in order to establish a new radiation oncology clinic.

Industry Background

15. Patients who have been diagnosed with cancer may receive various types of treatment, and often receive multiple types of treatment over time. Treatment methods for cancer may be broadly categorised as follows:
 - Surgical oncology – which uses surgical methods to remove tumours.
 - Medical oncology – which uses drugs to treat cancer and includes chemotherapy and immunotherapy.
 - Radiation oncology (or radiation therapy) – which uses x-rays to destroy or damage cancer cells so they cannot multiply.
16. Patients generally receive some combination of the three types of treatment, with radiation oncology generally occurring last. Most patients are referred to radiation oncologists by surgeons, medical oncologists or other specialists.
17. The Royal Australian and New Zealand College of Radiologists (**RANZCR**) states that one in two people diagnosed with cancer would benefit from radiation therapy at some point in their cancer journey.¹ In a strategic plan for radiation oncology for 2012-2022, it was identified that utilisation rates were below this target, with approximately 38% of patients receiving radiation therapy treatment.² This plan identified that a critical barrier for patients accessing services was their proximity to radiation oncology facilities.³

Public and private radiation oncology services

18. Public radiation oncology providers provide bulk-billed services with no out-of-pocket costs to patients, whereas private radiation oncology providers may charge patients some out-of-pocket costs.
19. Since radiation oncology is generally provided as an out-patient service, these costs are not covered by private health insurance. Patients can typically only claim for radiation oncology treatment through their private health insurance only when they are an “in-patient”.
20. Inquiries suggest treatment through public providers is associated with longer wait times than treatment through private providers. The ACCC received information from market participants indicating that waiting times for public providers may be up to 6 weeks in some locations, and that waiting times for private providers are frequently less than one week. We understand that waiting times will vary depending on a patient’s individual circumstances, such as tumour type and its severity, the age and comorbidities of the patient, as well as the geographic area in which the patient is receiving treatment.

Referral pathways

21. The referring doctor will decide which radiation oncologist a patient is referred to in consultation with the patient. Referring doctors are able to refer a patient to radiation

¹ Royal Australian and New Zealand College of Radiologists, [Establishing and Sustaining Regional and Rural Radiation Therapy Centres](#), May 2020, p 2.

² Royal Australian and New Zealand College of Radiologists, Australian Institute of Radiography and Australian College of Physical Scientists and Engineers in Medicine, [Tripartite National Strategic Plan for Radiation Oncology 2012-2022](#), June 2012, p 31.

³ Royal Australian and New Zealand College of Radiologists, Australian Institute of Radiography and Australian College of Physical Scientists and Engineers in Medicine, [Tripartite National Strategic Plan for Radiation Oncology 2012-2022](#), June 2012, p 13.

oncologists in the public or private system, regardless of which system the patient has received other forms of cancer care services in.

22. Medical practitioners refer patients based on a number of factors, which may vary in each case and typically include (but are not limited to):
 - the type of cancer being treated, and the radiation oncologist's area of specialisation
 - the distance between the patient's home and treatment facility and associated convenience and transport costs
 - price and wait times, with private providers potentially having significantly shorter wait times but likely higher out-of-pocket costs for patients (unless bulk-billing is made available by a private provider), and
 - pre-existing referral patterns and relationships between the referring medical practitioner and the radiation oncologist.
23. The ACCC understands that geographic considerations are often central to referral decisions. We understand that radiation oncologists tend to receive referrals from areas proximate to the facilities at which they consult, and patients are likely to be referred to radiation oncologists near their home, where available.

Radiation oncology treatment process

24. Once a patient has been referred to a radiation oncologist, the patient's treatment is generally planned by a team involving a radiation oncologist, a radiation therapist and a medical physicist.
25. Delivery of treatment is typically done on an out-patient basis, meaning that patients are not admitted to a hospital to receive treatment. The number of attendances and length of treatment is different for each patient, but daily treatment over 3-6 weeks is common. The treatment is performed by a radiation therapist.

Current competitive landscape for private radiation oncology services

26. Icon and GenesisCare are the two largest private radiation oncology providers in Australia. Combined, they operate 94% of radiation oncology clinics in Australia.⁴ Other private radiation oncology providers include Cancer Care Associates and Lifehouse, both of which currently only operate in NSW and have significantly smaller footprints than Icon and GenesisCare. Cancer Care Associates operates 5% of private radiation oncology clinics and Lifehouse operates approximately 1%.⁵
27. Cancer Care Associates has announced new proposed clinics in Noosa and Caboolture, both of which it intends to open in mid-2024,⁶ as well as in Bowen Hills, Brisbane, which it expects to open in 2025.⁷ We understand that Cancer Care Associates also proposes to add radiation oncology services to its existing clinics in Miranda and Wollongong.⁸

⁴ ACCC estimates based on number of clinics providing radiation oncology services listed on each provider's website. We understand that GenesisCare operates 51% of private radiation oncology clinics and Icon operates 43%.

⁵ ACCC estimates based on number of clinics providing radiation oncology services listed on each provider's website.

⁶ Cancer Care Associates, [Our Clinics – Under Development](#), accessed 31 May 2024.

⁷ Cancer Care Associates, [Our Clinics – Under Development](#), accessed 31 May 2024 and Essence, [Cancer Care Associates Clinics](#), accessed 31 May 2024.

⁸ Cancer Care Associates, [Our Clinics – Under Development](#), accessed 31 May 2024.

28. Private radiation oncology providers establish clinics co-located with private hospitals and also standalone clinics outside of hospital grounds. There can be competitive benefits to being co-located on hospital grounds, including in developing new referral pathways or disrupting existing ones. However, we understand that the extent of these benefits can vary from region to region, depending on the size and the nature of the hospital.
29. We understand that private hospitals often invite radiation oncology providers to tender for these co-location opportunities, and it is common for hospitals to invite tender responses from providers that already have a presence in the geographic region, or a nearby geographic region. Feedback from clinicians working in the private hospital, such as medical oncologists or haematologists, and clinician familiarity with radiation oncology providers are likely to be important factors for private hospital operators making decisions about co-location opportunities.
30. Both Icon and GenesisCare have a large number of clinics co-located within private hospitals. We understand that smaller radiation oncology providers more frequently set up standalone clinics and have limited presence at co-located sites.
31. The ACCC has received information which indicates that significant economies of scale can accrue to radiation oncology providers within a geographic region, as operating more clinics enables providers to enhance the utilisation of their equipment and staff, and deal with fluctuations in demand and availability of staff.
32. Some radiation oncology providers also offer medical oncology services and/or supply pharmacy services for cancer care providers. The ACCC is considering the significance of this, and whether it gives radiation oncology providers increased opportunities to develop co-located sites.

Factors considered when opening new clinics

33. Decisions to open a new radiation oncology facility will take into account multiple factors including forecast patient demand in the relevant region and access to the requisite specialists and staff to provide services at the site.
34. As radiation oncology facilities involve significant capital expenditure, the decision to establish a new radiation oncology clinic is typically a long-term decision.

Forecast demand

35. Patient demand is forecast by radiation oncology providers by considering the population in a given area and predicted population growth. These population estimates are considered alongside average cancer incidence rates and the average proportion of cancer patients that are likely to need radiation oncology services during their cancer treatment program. Due to expected population growth, it is expected that most areas in Australia will require additional radiation oncology capacity at some point in the future.
36. The Australian Department of Health also provides grants to assist with funding of radiation oncology equipment for both public and private providers in identified priority areas through the Radiation Oncology Health Program Grants (**ROHPG**) Scheme. The Australian Department of Health seeks advice on priority areas from states and

territories, which are likely to consider factors such as cancer incidence, population and existing services available in an area.⁹

Access to specialists

37. Radiation oncology treatment involves input from a team of radiation oncology specialists, which include radiation oncologists, radiation therapists and medical physicists.
38. We understand that there is limited supply of radiation oncology specialists in Australia. The availability of relevant specialists is therefore likely to be a key factor when deciding to open a new clinic.
39. Radiation oncology specialists, in particular radiation oncologists, may consult within both the public and private systems. However, we understand that radiation oncologists working with one private radiation oncology provider are generally restricted from working with a competing private radiation oncology provider.
40. We understand that private providers may introduce incentive schemes to assist them in attracting and retaining qualified radiation oncologists.
41. The ACCC considers that private radiation oncology providers operating multiple sites within a geographic region might benefit from economies of scale and scope. Such providers may be able to offer specialists and staff particular benefits such as opportunities to work at more locations, shorter travel times given the multiple number of locations and/or higher salaries. Radiation oncology providers with larger networks may also be able to flexibly deploy radiation oncology specialists between multiple locations. Given the limited number of radiation oncology specialists, a provider with a smaller network or single clinic in an area, is likely to incur higher per-patient staffing costs to enter, expand, or maintain their operations.

The proposed acquisitions

42. Icon proposes to acquire:
 - a lease of existing building space at Ramsay's St Andrew's Ipswich hospital
 - a lease of existing building space at St Vincent's Chermside, and
 - a lease of vacant land at St John of God Geelong Hospital.
43. In each case, Icon proposes to acquire the lease in order to establish a new radiation oncology clinic at the site.

Future with and without the acquisitions

44. In assessing a proposed acquisition under section 50 of the CCA, the ACCC considers the effects of the acquisition by comparing the likely future state of competition if the acquisition proceeds (the 'with' position) to the likely future state of competition if the acquisition does not proceed (the 'without' position) to determine whether the proposed acquisition is likely to substantially lessen competition in any relevant market.

⁹ Department of Health and Aged Care, [Radiation Oncology Health Program Grants Scheme – Administrative guidelines](#), January 2020, p 5.

45. On the basis of information currently available, the ACCC considers that absent the Proposed Acquisitions, the private hospitals are likely to lease these sites to alternative providers of radiation oncology services. Private hospitals generally identify space at their hospitals and determine what they may wish to use this space for, considering any perceived gaps in their service offerings. In circumstances where hospitals have identified that they wish to provide radiation oncology services onsite at these locations, the ACCC considers it likely that if the proposed acquisitions did not proceed, these hospitals would seek to have these services offered by alternative private radiation oncology providers.
46. The ACCC considers that in the event that these co-location opportunities were not offered to alternative private radiation oncology providers, there may still be an incentive for alternative private radiation oncology providers to develop new independent sites in the relevant geographic regions assuming there were sufficient levels of contestable demand and available specialists.

Potential markets

47. The ACCC has not formed a concluded view on market definition. However, the ACCC's preliminary view is that there are local markets for the supply of radiation oncology services in geographic regions, being:
 - Proposed Geelong Acquisition: market for the supply of radiation oncology services in the greater Geelong region of Victoria, including Surf Coast and other towns south-west of Geelong.
 - Proposed Chermside Acquisition: market for the supply of radiation oncology services in the greater Brisbane region of Queensland.
48. The ACCC is also considering the impacts of the Proposed Acquisitions in broader regions, such as south-east Queensland. The ACCC is considering the extent to which a provider operating across these wider geographic regions may raise barriers to entry and expansion for alternate private radiation oncology providers, particularly where expansion occurs in excess of demand.
49. The ACCC's preliminary view is that private radiation oncology providers are likely to compete most closely with other private radiation oncology providers, and public radiation oncology services are unlikely to impose a material constraint on private providers. Public radiation oncology providers reportedly have materially longer waiting periods than private radiation oncology providers. As such, patients that are willing and able to pay an out-of-pocket fee for private services with shorter waiting lists, are unlikely to switch to a public provider in the event of a small but significant price increase.

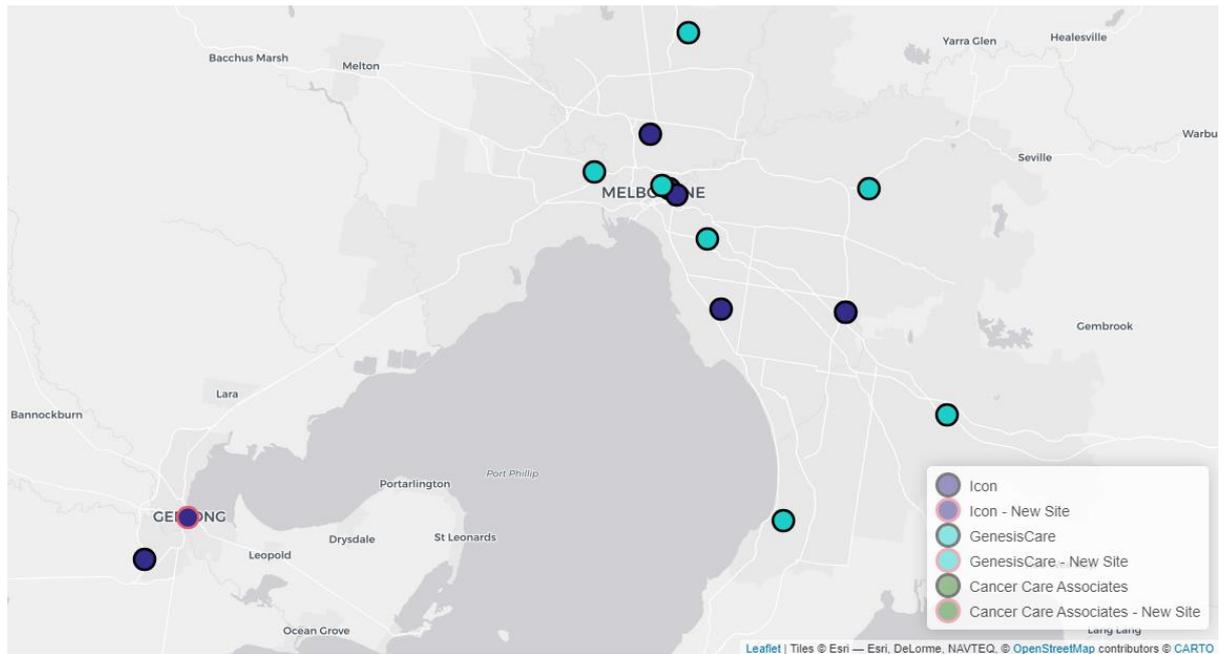
The ACCC invites comments from market participants on its preliminary views about the definition of the relevant markets. In particular, market participants may wish to comment on:

- The relevant geographic dimension for the supply of private radiation oncology services, including the bounds of the relevant local market for each of:
 - Proposed Geelong Acquisition, and
 - Proposed Chermside Acquisition.
- The extent to which economies of scale and scope may accrue to providers operating across broader geographic regions, such as south-east Queensland, and if so, the bounds of these broader geographic regions.
- The degree of constraint imposed by public providers, with particular reference to differences in waiting times between private and public providers in each relevant geographic market.
- The extent to which a change in pricing of private radiation oncology services would affect the quantity of patients electing to receive treatment from private providers.

Issue of concern – Proposed Geelong Acquisition likely to reduce potential for future competition in the greater Geelong area

50. The ACCC's preliminary view is that the Proposed Geelong Acquisition is likely to substantially lessen competition, as it is likely to increase barriers to entry for alternative radiation oncology providers in the greater Geelong area. Icon's capacity may be in excess of forecast demand in the Geelong area and Icon could restrict rivals' access to essential radiation oncology specialists. This could disincentivise entry by competitors and further entrench Icon's position as the only private provider of radiation oncology services in this area.
51. Icon already has a presence in Geelong through its clinic at Epworth Geelong Hospital, which is located approximately 20 minutes drive from the St John of God Geelong hospital. There are no other private radiation oncology providers in Geelong and the closest alternative private radiation oncology clinics is GenesisCare's Footscray clinic which is located approximately 1 hour drive from St John of God Geelong.

Figure 1: map of private radiation oncology providers in Geelong and Melbourne



52. The ACCC has received information indicating that the local Geelong region already has an adequate number of suppliers in the immediate proximity to meet total demand in the short term.
53. As discussed above, the decision to open a new radiation oncology facility in a given area is generally determined by forecast patient demand in the relevant region and the ability to access required radiation oncology specialists.
54. We understand that radiation oncology facilities involve high fixed and sunk costs to establish and high fixed operating costs to run on an ongoing basis. For these reasons, providers are likely to need confidence that the new facilities will reach sufficient levels of utilisation in order to make an acceptable return on investment.
55. We are concerned that the Proposed Geelong Acquisition is likely to disincentivise future new entry or expansion by competitors, further entrenching Icon's dominant position in the greater Geelong area and insulating it from future competition. We understand that if the Proposed Geelong Acquisition proceeds, there is unlikely to be sufficient demand in the area to justify another clinic for several years at least.
56. The ACCC is also concerned that if the Proposed Geelong Acquisition proceeds, Icon may be able to restrict access to additional radiation oncology specialists for alternative private providers of radiation oncology services in the area. We understand that financial or other arrangements may limit radiation oncology specialists' incentives to switch between private providers. Since radiation oncology specialists generally do not work across multiple private radiation oncology providers, Icon may be able to engage in conduct that limits alternative providers' ability to access an essential input if they wished to expand into the area in the future.
57. If Icon's position in Geelong was entrenched as a result of the Proposed Geelong Acquisition, Icon would likely have the ability to increase prices and/or decrease service levels compared to a situation where there was new, or at least a credible threat of, timely entry.

Questions for market participants

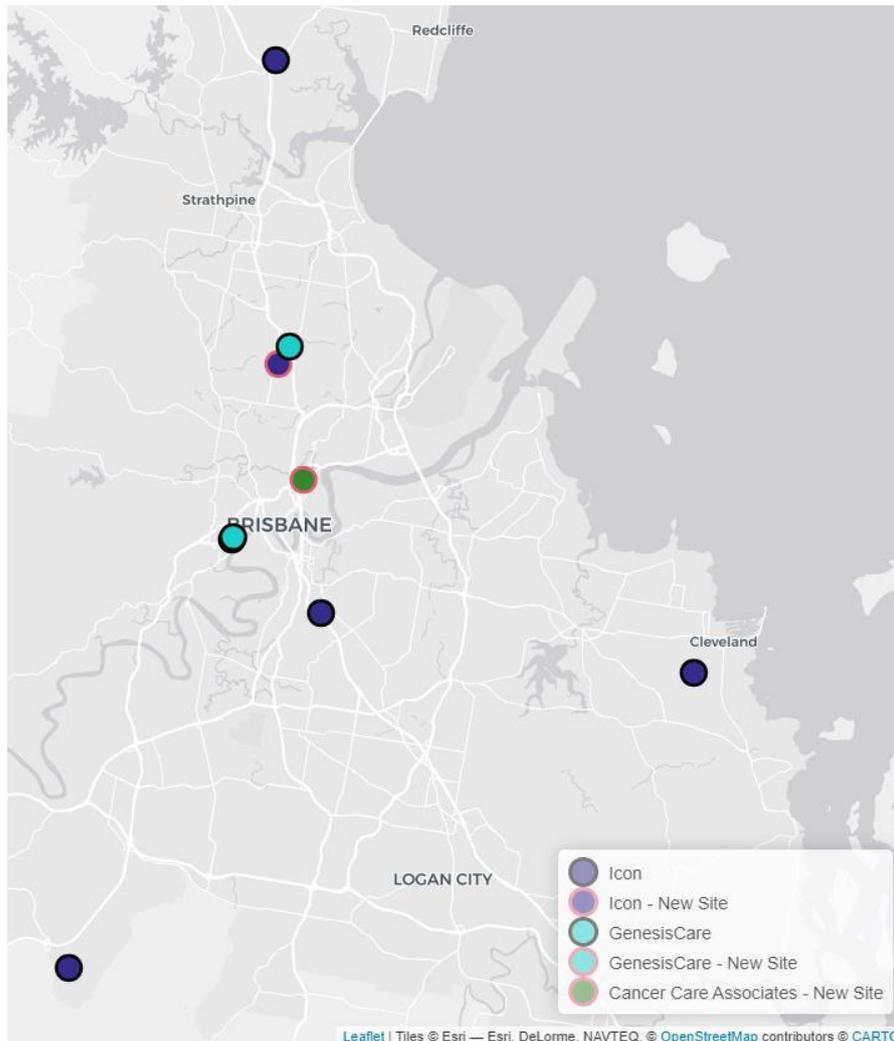
The ACCC invites comments from market participants on its concerns in relation to the Proposed Geelong Acquisition, including on the following:

- The level of current demand and likely future demand in the greater Geelong region, including whether there is currently sufficient supply to meet patient demand.
- The availability of radiation oncology specialists within the greater Geelong region, including the existence of any financial or other arrangements that may limit radiation oncology specialists' incentives to switch between private providers.
- The current level of utilisation at nearby public and private radiation oncology providers, and average waiting times for alternative providers in the area.
- The likelihood of new entry in the area, both with and without the Proposed Acquisition.

Issue that may raise concerns – Proposed Chermside Acquisition may make it unprofitable for alternative providers to remain, enter or expand

58. The ACCC's preliminary view is that the Proposed Chermside Acquisition may increase barriers for alternative radiation oncology providers to enter or expand in the area. This may be the case if the acquisition enables Icon to expand private radiation oncology services in excess of demand and/or restricting access to essential specialist radiation oncology staff. Reducing the incentives for potential providers to enter or expand their services may further entrench Icon's already strong position in this area. As a result, the Proposed Chermside Acquisition may have the effect of reducing price or service level competition for private radiation oncology services in the area compared to where alternative providers entered or expanded, and therefore provided a competitive constraint on Icon.
59. Icon already has a significant presence in Brisbane relative to its competitors, with Icon operating 5 of 7 private radiation oncology clinics in the greater Brisbane area.

Figure 2: map of private radiation oncology providers in greater Brisbane area



60. The ACCC has received information indicating that the local region surrounding St Vincent’s Chermiside is already well-served with an adequate number of a suppliers in the immediate proximity to meet total demand.
61. As discussed above, the decision to open a new radiation oncology facility in a given area is generally determined by forecast patient demand in the relevant region and ability to access the requisite specialists.
62. We understand that radiation oncology facilities involve high fixed and sunk costs to establish and high fixed operating costs to run on an ongoing basis. For these reasons, providers are likely to need confidence that the new facilities will reach sufficient levels of utilisation in order to make an acceptable return on investment.
63. We are concerned that the Proposed Chermiside Acquisition may disincentivise future new entry or expansion by competitors.¹⁰ The ACCC considers that this may particularly limit opportunities for smaller providers to enter into new geographic markets.
64. The ACCC is also concerned that if the Proposed Chermiside Acquisition proceeds, Icon may be able to restrict alternative providers of radiation oncology services’ access to additional radiation oncology specialists in the area. We understand that

¹⁰ The Proposed Chermiside Acquisition may also undermine the viability of existing operators to the extent they need to undertake major renewal capital expenditure in the foreseeable future.

financial or other arrangements may limit radiation oncology specialists' ability to switch between private providers. Since radiation oncology specialists generally do not work across multiple private radiation oncology providers, Icon may be able to engage in conduct that limits alternative providers' ability to access an essential input if they wished to expand into the area in the future.

65. If this was to occur, Icon would remain a dominant provider of radiation oncology services in the area. With lower prospects of entry or expansion by alternative providers to promote future competition, Icon may be insulated from competition and have the ability to profitably increase prices and/or decrease service levels.

Questions for market participants

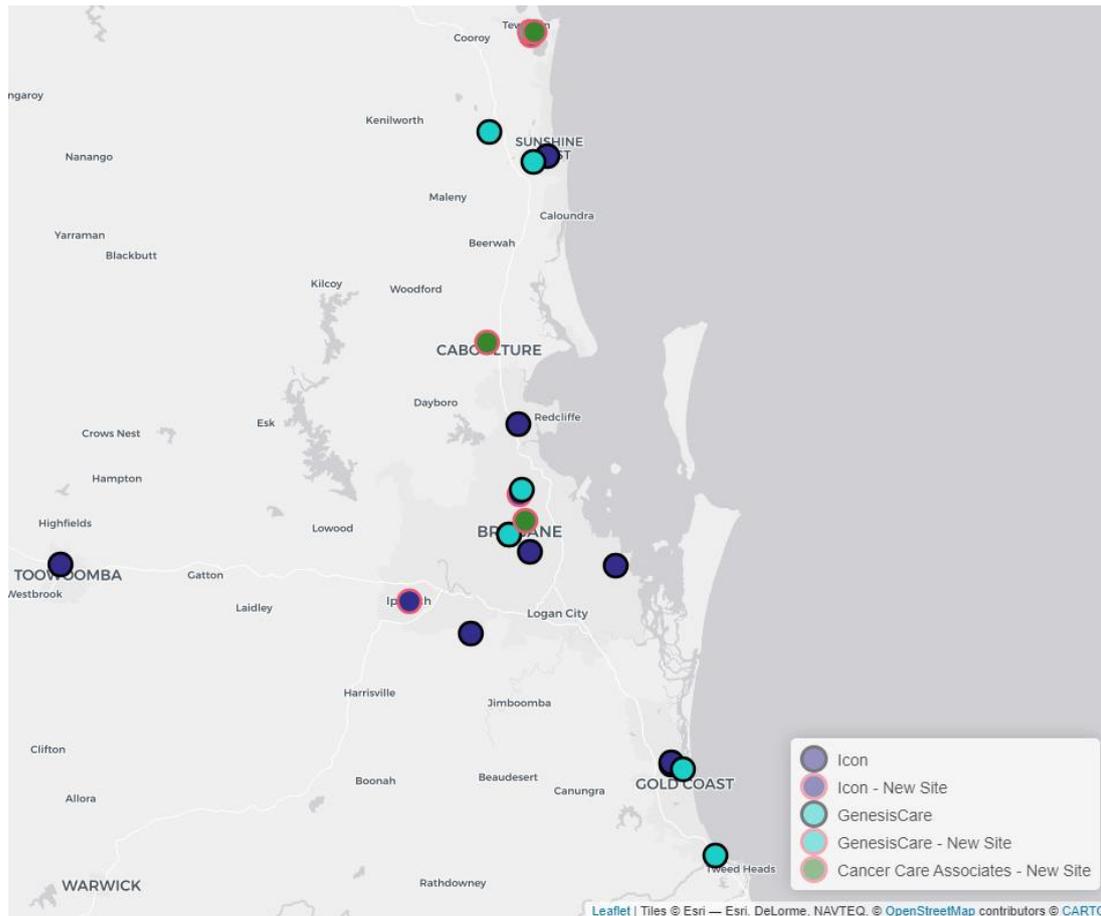
The ACCC invites comments from market participants on its concerns in relation to Icon's acquisition of a lease at St Vincent's Chermside, including on the following:

- The level of current demand and likely future demand in the greater Brisbane region, including whether there is currently sufficient supply to meet patient demand.
- The availability of radiation oncology specialists in the greater Brisbane region, including the existence of any financial or other arrangements that may limit radiation oncology specialists' incentives to switch between private providers.
- The current level of utilisation at nearby public and private radiation oncology providers, and average waiting times for alternative providers in the area.
- The likelihood of new entry in the area, both with and without the proposed acquisition.

Issue that may raise concerns – Icon's acquisitions in south-east Queensland may increase barriers to enter or expand for alternative providers

66. Icon may benefit from economies of scale and scope as a result of the Proposed Chermside Acquisition in combination with the Proposed Ipswich Acquisition, which in turn may place them in a better position to raise barriers to entry and expansion for alternate private radiation oncology providers in south-east Queensland. The ACCC is considering this issue, particularly where Icon's expansion may occur in excess of demand.
67. Icon already has a significant presence in south-east Queensland relative to its competitors.

Figure 3: map of private radiation oncology providers in south-east Queensland



68. The ACCC has received information which indicates that significant economies of scale and scope can accrue to radiation oncology providers within a geographic region, as operating more clinics enables providers to enhance the utilisation of their equipment and staff. The ACCC considers that this might enable such providers to offer their staff some combination of higher salaries, opportunities to work at more locations and/or shorter travel times to work at a given number of locations, than smaller competitors can. Given the limited supply of specialised radiation oncology staff, expansion of a significant incumbent can lead providers with smaller clinic networks to find that they need to incur higher per-patient staffing costs to enter, expand, or maintain their operations.
69. The ACCC understands that some radiation oncology specialists are willing to travel significant distances across metropolitan and urban areas and may regularly consult at multiple sites. By opening multiple clinics in a relatively close geographic area, a provider can share staff such as radiation oncologists and medical physicists, and therefore costs, across each of its sites.
70. The ACCC considers that the Proposed Chermside and Ipswich Acquisitions are likely to increase the substantial economies of scale and scope Icon benefits from across its clinics in the south-east Queensland area.
71. The ACCC notes that there can be pro-competitive benefits from increased efficiencies associated with acquisitions. However, the Proposed Chermside and Ipswich Acquisitions may have the effect of increasing barriers to entry or expansion for alternative radiation oncology providers, if the acquisitions increase actual and potential competing providers' costs of obtaining or retaining necessary specialists and staff. If alternative providers face increased costs for attracting and retaining

staff, their ability to constrain Icon on price and/or quality is likely to be reduced. This could accordingly lead to higher prices or lower quality for private radiation oncology patients in south-east Queensland.

Questions for market participants

The ACCC invites comments from market participants on its concerns in relation to the Proposed Chermside and Ipswich Acquisitions and their potential to:

- increase Icon’s substantial economies of scale and scope in the supply of radiation oncology services across broader geographic regions, including the influence on:
 - attracting and retaining specialist staff, and
 - efficient utilisation of equipment at clinics.
- raise Icon’s rivals’ costs and thereby raise barriers to entry or expansion in one or more markets for the supply of radiation oncology services in the south-east Queensland region, and
- reduce the likelihood of new entry in the area.

The ACCC also invites comments on:

- the patterns of growth in Icon’s and GenesisCare’s clinic networks over time, and the implications these have had on the level of competition in different geographic regions, and
- whether barriers to entry and/or impediments to effective competition are presented by:
 - the strategies used by Icon or GenesisCare to attract and retain specialist staff, and/or
 - the terms on which specialist staff are employed or engaged.

ACCC's future steps

As noted above, the ACCC invites submissions from market participants on each of the issues identified in this Statement of Issues and on any other issue that may be relevant to the ACCC's assessment of this matter. Submissions should be emailed to mergers@acc.gov.au by no later than 20 June 2024.

The ACCC will finalise its view on this matter after it considers submissions invited by this Statement of Issues.

The ACCC intends to publicly announce its final view by 29 August 2024. However, the anticipated timeline may change in line with the *Informal Merger Review Process Guidelines*. A Public Competition Assessment explaining the ACCC's final view may be published following the ACCC's public announcement.