



**Austin & Repatriation
Medical Centre**

December 21, 2001.

The General Manager
Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

**AUST. COMPETITION &
CONSUMER COMMISSION
CANBERRA**
27 DEC 2001

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Dear Mr Grimwade,

**Re: Application for Authorisation Nos A90811 & A90812 lodged by Health Purchasing
Victoria**

The Austin & Repatriation Medical Centre (ARMC) fully supports the application for authorisation from Health Purchasing Victoria (HPV), for the calling and awarding of a tender by HPV on behalf of various Victorian Health Services, for the exclusive acquisition of temporary agency nursing staff, from suppliers of agency nursing staff by such health services.

We believe this tender has likely public benefits in that it will:

Provide a means to control casual nurse staffing costs

Currently nursing staff employed by the hospital are paid according to the Victorian Nurses Award and hospitals are funded accordingly. Until Recently Temporary Agency Nursing Staff have usually been paid according to the award + a 25% allowance + agency administration costs. Over the past two years agency rates have increased at a rapid rate such that the charges are now 1.5 to 4 times above the award rates.

In addition we are often requested to pay the person above their usual award classification (eg: to pay Grade 2 nurses at a Grade 3,4 or 5 rate). This has been brought about as the agencies are charging rates in excess of the staff member's award classification which is based on postgraduate qualifications and or experience.

The agencies have increased the charges to hospitals in relation to the allowances and penalties provided for under the award; for example the night duty penalty according to the award is \$38.00 the agencies now charge up to \$135.00.

These issues have placed significant financial pressure on the hospital and resulted in a reduction of services in other areas of the hospital. A successful tender will reduce the cost of staffing by ensuring that Temporary Agency Nursing Staff and our employed nurses are paid at comparable rates which will enable us to increase the provision of health services.

Produce a more stable nursing workforce

Paying Temporary Agency Nurses at rates far in excess of the relevant award rates results in disharmony in the workplace and many of our employed nurses feel aggrieved at the pay differences. The end result is a destabilisation of the workplace such that our employed nursing staff either leave to join a Temporary Nursing agency or reduce their hours of employed work so they can work for agencies. In some cases this has led to a reduction in services that can be provided.

Enable increased provision of health services to the Victorian Public

Currently under the Nurses Award we are mandated to meet nurse / patient ratio's. If we are unable to fill shifts with our permanently employed staff we must either close beds or services, or employ Temporary Nursing Agency staff. If we close beds our funding is adversely affected and we are unable to meet our service targets and community obligations..


Provide some certainty in planning for casual staff costs

Currently agency rates are increasing at a rapid rate, with the hospital often receiving notification of price increases on a monthly basis. One agency group increased it rates for all their subsidiary agencies five times in four months, frequently the notification of increased rates arrived with an immediate or retrospective effective date.

Frequently these increases are prefaced by a letter apologising for the increase but saying that they must raise rates because other agencies have raised their rates. This makes it extremely difficult to plan and budget for such costs. The tender will enable some certainty in the planning for such costs.

We thus have very little bargaining power with agencies and are often forced to pay very high charges, and engage Temporary Agency Nursing staff at levels above their appropriate award classifications, in order to meet performance targets and community obligations. These charges are managed by the hospital, by reducing other programs and services that we provide to the community. The tender will provide a means to manage these costs and enable the expansion of health service delivery in Victoria.

Yours sincerely,



Jennifer Williams
Chief Executive Officer