

C2001/1712-

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Our ref: 02206594

9 April 2002

Mr Tim Grimwade
A/g General Manager
Adjudication Branch
Australian Competition & Consumer Commission
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cc:
Mr Gavin Jones
Contact Officer
Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
Dickson ACT 2602
By mail and by fax (02) 6243 1211

Dear Mr Grimwade

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

We are writing on behalf of our client, Health Purchasing Victoria ('HPV'), to advise you of changes to the proposed tender for nurse agency services, the subject of our client's application for authorisation Nos A90811 and A90812, in response to the Department of Human Services ('DHS') direction of 1 March 2002 to address the issue of nurse agency utilisation.

As you will no doubt be aware, the Secretary of DHS issued a direction under section 42 of the Health Services Act 1988 (Vic) on 1 March 2002 to address the issue of nurse agency utilisation by Victorian public hospitals and metropolitan health services. The direction regulates the maximum price which can be paid for agency nursing services and the conditions by which agency nursing services may be utilised. Of relevance to the current matter, the direction requires that all public hospitals, metropolitan health services and multi-purpose services identified in Schedules 1, 2 and 3 of the Health Services Act 1988 (Vic) must

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engage agency nursing services, from the commencement of the first nursing shift on Thursday 4 April 2002, only in accordance with the following conditions:

2. Replacement Grade

Where an agency nurse is required to perform services that would otherwise be performed by a permanently employed nurse, the replacement nurse must be engaged and paid at the same grade as the permanently employed nurse.

...

4. Maximum Price

The amount that any Victorian public hospital pays to any employment agency for the services of a temporary nurse must not exceed:

- 80% above the basic award rate for the replacement grade nurse; plus
- 15% above the allowances provision included in the award.

The Request for Tender and the Services Agreement (together, 'the Tender Documents'), as lodged with the application for authorisation on 30 November 2001 and subsequently amended on 16 January 2002, have now been amended so that the Tender Documents are consistent with the conditions of engagement of agency nursing services set out in the DHS direction. These amendments involved changes to the provisions requiring a conforming tender to comply with conditions regarding the remuneration of agency nurses and the fees payable for the provision of nurse agency services. We attach a copy of the amended Tender Documents (to the mailed version of this letter only) with the changes to the Tender Documents the subject of this letter marked up.

We are available to discuss any questions you may have regarding either the amendments to the Tender Documents referred to in this letter or in relation to our client's application for authorisation generally.

Yours sincerely



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Simon Uthmeyer
Partner

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