



# Facsimile



To Mr. Tim Grimwade  
From Eric Smith  
Date 4/1/02  
Fax No. (02) 6243 1190  
Subject Response to Application from HPV  
Number of Pages 3

Please find attached a copy of our response to the application forwarded by Health Purchasing Victoria for interim authorisation to proceed with tendering for nursing agency services. I have also e-mailed a copy.

Regards,

Eric Smith



NURSEWORKS



391A St Georges Rd., Fitzroy Nth., 3068 P.O. Box 1137 Fitzroy Nth., 3068  
Ph: 94817222 Fax: 9481 7655

[admin@ana.info](mailto:admin@ana.info)

Australian Nursing Agency Pty Ltd ABN 11 094 4548 429 trading as SwingShift Nurses, NurseWorks, NightNurses and Australian Nursing Agency

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04/01/2002

Mr Tim Grimwade  
A/g General Manager  
Australian Competition & Consumer Commission  
P.O. Box 1199  
Dickson  
ACT 2602

Dear Mr Grimwade

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

We wish to respond to the above application and in particular to the request by Health Purchasing Victoria for interim authorisation for their applications.

The Australian Nursing Agency does not support the granting of interim authorisation to HPV on the following grounds:

The time given to consider the implications of the tenders on all parties is inadequate. It is our opinion that such changes without due consideration and preparation could have a major deleterious effect upon existing nursing agencies, current hospital nursing establishments and the Victorian nursing workforce generally. Health Purchasing Victoria's request shows no justified rational as to the urgency. There are public documents, addressing health industry staff issues including current nurse staff issues, such as *'Nurse Labour Force Projections, Victoria. 1998 – 2009'* (1) which have been addressing nurse labour force dynamics, losses, gains, migration, employment patterns, etc and concluding with nurse workforce strategies most of which have not been implemented or put in place, resulting in nurse labour force losses and nurse graduation levels declining.

Given this potential it is our opinion it would not be in the public interest to grant interim authorisation at this time.

Nursing is not the only professional group to have become more 'casualised' over recent years and they are not the only locum group supplied by recruitment agencies on a casual or contract basis to health services. Other areas include medical staff, allied health, finance, IT and general management and administration staff. Given the size of the nursing group in question (5%) it is difficult to comprehend the urgency of the matter when compared to costs expended in other areas.

Our belief also is that to proceed with interim authorisation will result in significant, irreversible material change in the nursing agency industry. We have been aware for some time that a minority of nursing agencies are charging extremely high rates to health

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services for the provision of casual nurse labour. Unfortunately some of these agencies are large and command a reasonable portion of market share. We believe that the granting of interim authorisation has the potential to encourage nurses to leave the smaller agencies who are charging at a lower rate and move to the larger ones, believing their future agency work to be more secure. The results of this action would be the inevitable closure of the smaller agencies and the growth of the larger ones.

Smaller agencies are already having an impact on the larger agencies, progressively taking more and more market share due to their lower, more attractive rates and services. We believe as time progresses the impact of an open competitive market will continue this trend of 'self-regulation' and ultimately lower charge rates generally. In this regard the Health Purchasing Victoria's paper, '**Attachment B. Outline of proposed conduct, trade practices issues and public benefits**'(2) is inaccurate and misleading. For example, the paper makes assumptions on issues including nurse employment and labour force behaviours. The assumptions given can be demonstrated to be extremely inaccurate. Another example includes where the paper states, "health services have little or no bargaining power" while in fact it can be demonstrated the nurse agency industry is highly competitive.

The paper also makes no reference to the positive and productive contributions made by the nursing agency industry or where it contributes substantially to the recruitment and, more importantly, the retention of nurses in a climate that is highly competitive for the scarce nurse labour resource worldwide. Nursing Agencies have in fact been responsible for attracting a significant number of nurses back into the workforce and retaining them through a wide range of strategic approaches.

1. Nurse Labourforce Projections, Victoria. 1998 – 2009. Public Health and Development Division, Victorian Government Department of Human Services, Melbourne, Victoria. March 1999.
2. Attachment B Outline of proposed conduct, trade practices issues and public benefits. Phillips Fox, 1208309\02205594\OLLIFFER

Yours Sincerely



Eric Smith  
Manager/Director