

*The Northern Hospital  
Broadmeadows Health Service  
Bundoora Extended Care Centre*



*Northern Health*

*January*  
4 December 2002

*Northern Health*  
201 Bell Street Preston Vic 3072  
Telephone 03 9495 0400 Facsimile 03 9495 1084

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



Dear Sir

I write in support of an application by Health Purchasing Victoria, under Sub Section 88(I) of the Trade Practices Act, for an authorisation under that sub section.

The submission by Northern Health is in the attached document and it is requested that the submission remain confidential on the basis that, should the application by Health Purchasing Victoria fail, Northern Health does not wish to have information relating to its current costs of producing health services available to providers of nurse agency services.

Our submission demonstrates dramatically rising nurse agency costs in a publicly funded environment with relatively stable funds and income. We support the Health Purchasing Victoria application because Northern Health sees no rate limiting factors to constrain a continuing upward movement in nurse agency costs. In simple terms the more nurses are paid by agencies the more their colleagues will leave public employment to gain those rates and the more vacancies needing agency staff will arise etc etc.

Competition is extremely limited amongst the providers of these services. The need for agency staff can often arise at short notice and, in a situation analogous to the supply of electricity in the national market during peak demand periods, suppliers are able to nominate prices knowing that there are few alternatives to the purchaser in the market.

To break the upwards spiral in nurse agency costs and to ensure the continuing availability of dedicated permanent nursing staff who properly understand the nature of our health organisation and its clients, Northern Health strongly supports the application for public group tendering of nurse agency services in Victoria.

Yours sincerely

Dr Andrew Perrignon  
Chief Executive Officer



**CONFIDENTIALITY GRANTED**

**TO**

**NORTHERN HEALTH NURSE AGENCY  
POSITION PAPER**

**7 January 2002**