

Jones Gavin

From: Russell Bateman [russell.bateman@staffingaustralia.com.au]

Sent: Thursday, 24 January 2002 6:15 PM

To: 'gavin.jones@accc.gov.au'

Subject: Attention: Mr Gavin Jones

Hello Gavin

i hope this document can be accepted in response to the letters submitted by Dr Capp from Southern Health. Dr Capp's letter has only just been recieved and we are concerned about the implications of poorly researched information.

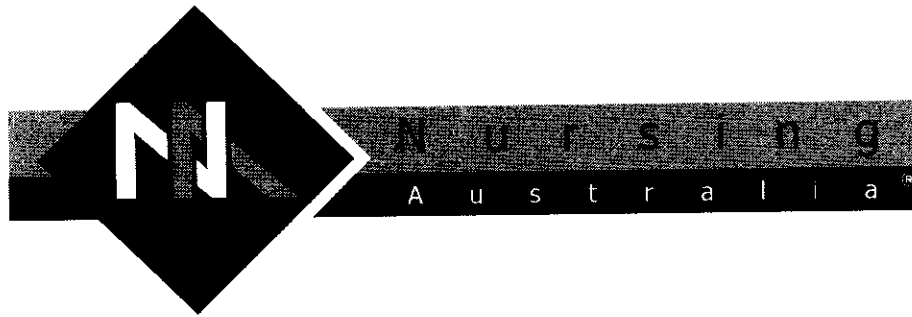
Regards

Russell Bateman

D02/5818



RAC0008ZIK



24th February 2002

Attention: Mr Gavin Jones

Mr Tim Grimwade
A/g General Manager
Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Mr Grimwade

Applications for Authorisation Nos. A90811 and A90812
Applicant: Health Purchasing Victoria

We submit this document as an addition to our submission opposing interim authorisation for the above application.

We note that additional information supplied by both Health Purchasing Victoria (HPV) and Southern Health make reference to the public benefit assumed to accrue from the substitution of nurses provided by an agency with nurses provided through a nurse bank.

It is apparent that significant confusion exists within the data analysis process undertaken by both HPV and Southern Health. We believe that it is imperative that any decision making process related to the supply of a scarce resource such as nursing services should occur on the basis of accurate facts and data. Therefore we provide the following information by way of both rebuttal and clarification of the information submitted by Southern Health.

The document dated 4th January 2002 submitted by Southern Health refers to the staffing establishment of the network consisting of 2,280 Full Time Equivalents (FTE). Of this sum 150 FTE are described as being supplied by nursing agencies. We concur with this assessment in terms of the numerical sum of the nursing services provided. It is therefore readily agreed by Southern Health that a workforce of at least 2,280 full time staff is necessary. By implication therefore it must be assumed that the health service agrees to

the cost of employment of 2,280 FTE. This is significant in the context of a global shortage of skilled nurses and a resultant need to rely on additional hours being worked by nurses regardless of their means of employment.

It must be appreciated that although agency nurses are the same as permanent nurses in qualifications and experience, they undertake a very different role in that they are required to work over a wide range of shifts (morning, daytime and nighttime) over as many as 20 wards and multiple departments in a number of different facilities across an entire health care system. There are over 800 different types of nurses. The 150 FTE that HPV and Southern Health refer to is not simply 150 nurses working 150 FTE positions. In fact it requires over 5000 individual nurses to staff over 150 FTE over a 12 month period.

The transaction costs involved in recruiting, allocating, managing, and administering 5,000 persons are considerable. These costs are not acknowledged in the document submitted by Southern Health or any other document submitted by HPV in this process.

There is also no recognition of the fact that a significant majority of the 150 FTE supplied through a nursing agency will be persons working hours in addition to their normal employment. Statistically we would calculate that at least 66% of nurses working through a nursing agency have employment in another health service as either full or part time workers. This occurs as a normal aspect of agency placements. That is nurses work additional hours at their personal convenience. Nurses effectively offer their services at a time convenient to themselves in addition to the hours that they would normally work. The requirement of flexibility in order to balance the needs of their personal lives and other commitments in conjunction with the limited range of work opportunities available with a single employer creates the need to work through an agency. Effectively what occurs is that a significant proportion of the 150 FTE of nurses provided via an agency will in any one week be working greater than their normal "ordinary hours".

The Nurses (Victorian Health Services) Award 2000 indicates quite clearly that a nurse working in excess of their ordinary hours will be:

Paid at the rate of time and half for the first two hours and double time there after.

The implication of this is that employees working in excess of their normal hours are entitled to be paid at the higher rate. The document submitted by Southern Health indicates that some nurses are indeed working within the same health service as both an employee and an agency nurse. The implication is clear. The nurse if working hours greater than their normal "ordinary hours" will have a claim for overtime payments. Any suggestion that a conversion of agency nurse hours to employee hours will result in a linear reduction in expenditure is poorly informed and potentially misleading.

Health services will be required to account for accruals of superannuation, long service leave and annual leave in addition to the payments, which must be made at the higher rate. The implication of this for Southern Health is that a transfer of agency nurse hours to internal nurse bank hours will not be able to provide cost savings in any way similar to those eluded to in the submitted document.

Table (1) indicates the breakdown of cost items associated with employment of any casual staff member. The table indicates those items, which are statutory requirements and those, which are potentially not applicable to the public sector. It is of note that the cost for the Victorian government to recruit 2,600 FTE is reported as being as great as \$26.9 million. The cost for recruitment by nursing agencies, which have a structure designed to support mass recruitment evolved over 80 years, are markedly less. The cost to the Government cannot be ignored in the examination of the public benefit accruing from this submission.

The argument submitted by Southern Health is incorrect in its assumptions.

Table 1

Casual Loading	- Award / EBA Requirement
Penalty Rates	- Award / EBA Requirement
Overtime Payment	- Award / EBA Requirement
Superannuation	- Statutory Requirement
Workcover Insurance	- Statutory Requirement
Personal Indemnity	- Requirement
Advertising	- Effective Requirement
Infrastructure	- Effective Requirement
Education	- Effective Requirement
Recruitment	- Unavoidable Requirement
General Overhead	- According to Accounting Principles at each service
Profit	- Not applicable to a public entity

In summary the submission by Southern Health and the primary document submitted by HPV fail to address a number of specific considerations that cannot be avoided in the use of labour resources:

- Nurses provided through an agency and nurses working as employees of the health service will in a large proportion of cases be one and the same person.
- All costs attributable to employment are applicable regardless of the process by which they are delivered.
- That an underlying systemic issue exists related to the relative attractiveness of nursing as a profession and therefore the supply of nurses.

The historical days of male conscription to the armed services ended in Australia during the 1970's. The historical pattern of young women being limited in career choices also ended during the 1970's. It is clear from a plethora of research, including the documentation previously supplied in our

submission that nursing is not attractive to potential entrants. The shortage of nurses results in a need for nurses to work additional hours. The additional hours must be accounted for in a true and accurate sense.

Disruption of the market for additional nursing hours will not assist in resolving the true causation of the nurse labour force shortage.

We therefore lodge this document as further opposition to the application for interim authorisation submitted by Health Purchasing Victoria.

Yours sincerely

Russell Bateman
Chief Executive Officer
Nursing Australia