

Jones Gavin

From: Grimwade Tim
Sent: Thursday, 14 February 2002 1:37 PM
To: Jones Gavin; Palisi Paul; Gilbert Jewel
Subject: FW: Ref A90811 & A90812

D02/7195



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For your attention

-----Original Message-----

From: Murray Erwin [mailto:merwin@baysidegrp.com.au]
Sent: Thursday, 14 February 2002 1:11
To: adjudication@accc.gov.au
Subject: Ref A90811 & A90812

The General Manager
Adjudication Branch
Australian Competition & Consumer Commission
Attn Mr Tim Grimwade

Dear Sir,

Please find attached, our submission in respect to the substantive application for Authorisation Nos A90811 & A90812 lodged by Health Purchasing Victoria.

Kind regards,

Murray E Erwin
Manager
AustraHealth

13 February 2002



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

*We'll find the answer...
Whatever it takes.*

Dear Mr Grimwade

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

Further to your letter of 14 December 2001, inviting submissions in respect to the above, we advise that we conduct a nursing agency in Victoria and are a major supplier of agency nursing staff to many of the Health Services providers represented by Health Purchasing Victoria. We wish to comment as follows in relation to the substantive application.

We understand that the Recruitment and Consulting Services Association (Vic/Tas Division) is making a submission in relation to this matter and as a member of that organisation we support the arguments and assertions contained therein.

We are opposed to the granting of the authorisation sort by Health Purchasing Victoria (HPV) and make the following points:

1. It would appear from legal opinion obtained by the RCSA that the proposal by HPV would clearly contravene restrictive trade practices legislation.
2. Cost pressures suggested by the applicant are as a result of shortages of qualified and skilled nurses (a phenomenon currently existing throughout the western world) and that an attempt at simplistic price control will not be effective in reducing costs without severely reducing service levels. We believe that other fundamental measures should be used to solve the demand pressures.
3. The premise that restricting pay rates to Award or EBA levels will increase hours worked by agency nurses is naive and unrealistic.
4. Agency nurse rate examples used in the applicant's submission are extreme examples based on specialist nurses and do not acknowledge that a significant number of nurses are general nurses on substantially lower rates. Also comparisons do not consider casual loading, on-costs (superannuation, insurance, etc) or employment costs (payrolling, HR, training etc). Pay rate examples for employee nurses do not acknowledge the benefits of 'salary packaging', which is now common.

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5. Agencies currently add to the total pool of nurses available to the public hospital sector by attracting nurses who would not otherwise be available (eg those who require flexible rosters, travelling nurses, sponsored foreign nurses, etc). This would be put in jeopardy under the proposal.
6. RCSA survey of over 800 respondents indicates 68% of agency nurses will either reduce shifts in the public system or seek alternative careers if they were forced onto Award/EBA rates.
7. Nurses have other options (alternate career, other health sectors, overseas) and 'will vote with their feet' if their remuneration is significantly reduced.
8. Pressure for nurses required by public hospitals will render preferred supplier arrangements unworkable, as hospitals will be forced to draw staff from outside the agreement.
9. HPV public benefits test is largely based on perceived cost reduction and does not take into account the risk of reduced service levels (if nurses vacate the public health sector).
10. HPV proposal could lead to reduced numbers of agencies operating (most probably favouring the larger organisations) thus allowing future bargaining imbalances.
11. Public health authorities have not consulted with the nursing agency industry to consider alternative proposals. More beneficial solutions may result from such consultation.

We therefore believe that the public benefits suggested by HPV do not outweigh the risks to service provided by the public hospital system and the inevitable distortion of the market place. In our view market forces must ultimately prevail.

Accordingly, we request the ACCC not grant approval in respect to this application.

Yours faithfully,

Murray E Erwin
Manager
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