



**Recruitment &
Consulting Services
Association**

Leading the Recruitment Industry

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Mr Tim Grimwade
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Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
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Dear Mr Grimwade

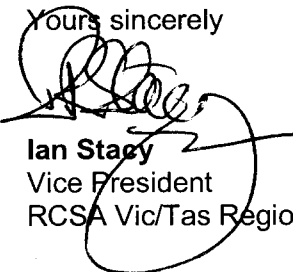
Health Purchasing Victoria Application for Authorisation Nos A90811 & A90812

Please find enclosed Submission relating to the above Application for Authorisation prepared by the Recruitment and Consulting Services Association Ltd (RCSA) on behalf of members of both the RCSA and the Nursing Agencies Group.

The RCSA submission opposes the granting of the Application for Authorisation by Health Purchasing Victoria.

If so requested, the RCSA is prepared to make oral representations on the matters outlined in the submission. Additionally, should you require any further information, please do not hesitate to contact the Association.

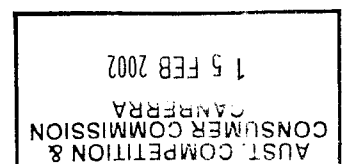
Yours sincerely



Ian Stacy
Vice President
RCSA Vic/Tas Region

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**SUBMISSION TO THE ACCC
REGARDING APPLICATION FOR
AUTHORISATION NOs A90811
AND A90812**



Submitted by:

**Recruitment and Consulting Services
Association Ltd**

14 February 2002



RCSA SUBMISSION TO THE ACCC REGARDING APPLICATION FOR AUTHORISATION NOs A90811 AND A90812

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INTRODUCTION

Thank you for the opportunity to submit a response on behalf of the Recruitment and Consulting Services Association (RCSA).

RCSA Association Profile

The Recruitment and Consulting Services Association (RCSA) is a not-for profit association that is the peak body for the recruitment and consulting services throughout Australian and New Zealand.

The central focus of the RCSA is its mission "To represent and service the interests of members for the increased profile and professionalism of the industry."

There are more than 3000 members of the RCSA in Australia and New Zealand comprising multi-national companies who operate inter and intrastate, their respective branches within each state, single consultancies, and individual practitioners operating within a recruitment consultancy

The RCSA represents its members to a range of state and federal governments and instrumentalities on issues that impact upon the industry. It is increasingly well recognised for its views by its stakeholders in the public and private sector, as well as the media.

Corporate Membership According to Size: Membership Distribution

| | | | | | |
|--------------------------|-----|---------|-----|----|-----|
| Small (1-10 employees) | 69% | NSW/ACT | 33% | NZ | 13% |
| Medium (11-69 employees) | 19% | VIC/TAS | 28% | WA | 6% |
| Large (70-400 employees) | 12% | QLD/NT | 15% | SA | 4% |

Top 10 Industry Sectors Represented by Members

| | | | | | |
|----|----------------------------|-------|-----|-----------------------|-----|
| 1. | Medical | 70% | 6. | Accounting | 27% |
| 2. | Admin/Secretarial/Clerical | 38% | 7. | Call Centre | 25% |
| 3. | IT/Computing | 31.5% | 8. | Finance & Banking | 25% |
| 4. | HR/Recruitment | 28% | 9. | Engineering/Technical | 24% |
| 5. | Sales/Marketing | 27% | 10. | Telecommunications | 19% |

Membership Consultation on this Issue

The RCSA Board Of Directors invited both nursing agency members and non-members to respond to this issue. A sub-committee was elected to formulate, evaluate and collate the many issues raised.

Both member companies and non-member companies will also forward their own submissions regarding this issue, which the RCSA encourages as the industry is too diverse and the matter too complex for all issues to be addressed within this submission.

EXECUTIVE SUMMARY

The RCSA has reviewed the application submitted by Health Purchasing Victoria (HPV) and rejects the argument that any public benefits that may be achieved by this tender will outweigh the substantial lessening of competition. Legal advice also confirms that the tender contravenes the Trade Practices Act (TPA).

Our report aims to highlight the complex nature of this worldwide problem and refute the proposed public benefit of the tender suggested by HPV.

Effective competition is dependent upon the natural process of supply and demand. The proposed tender and service agreement will artificially restrict the supply of temporary nursing services within the public hospital system, substantially undermining competition.

We have received feedback from agency nurses through a survey conducted independently by the RCSA that clearly illustrates that agency nurses will leave nursing or reduce shifts, compounding an already critical shortage.

During the IRC hearings surrounding the current EBA, Commissioner Blair made a profound statement. In part, he says "The VHIA [Victorian Hospitals' Industrial Association], in acknowledging that there were difficulties within the public health sector, believe that the simplistic position of the ANF will not fix all of the problems and nurses will not come flocking back to the public health system. There needs to be, according to the VHIA, a genuine commitment from all parties and a strong desire to turn the current problems around, but that can only be done by not dealing with crude solutions."

The governments' short-term idea of reducing the cost of nursing through a tendering process is unworkable in the current market place.

The chronic problems associated with the Health System and in particular with respect to the nursing shortage, are long term problems that will need long term solutions utilising the resources from all sectors of the health community.

1 Background Information on the State of Nursing Services in Victoria.

There are a number of fundamental problems within the Victorian Health Care system that have lead to the increasing use of agency nurses within the Victorian Public Health Sector. These are complex, long term problems and often form part of a vicious cycle, where their existence further exacerbates the problem.

Within the Victorian Public Hospital system, registered nurses (RNs) including specialist nurses and enrolled nurses (ENs), provide the majority of health care. Within the hospital system, registered nurses are responsible for clinical nursing care and carry out medical regimens; they are normally assigned to one area such as maternity, general medical, paediatrics etc., but may rotate through units. Registered nurses are licensed to practice nursing in the field/s in which they are registered without supervision, and assume accountability and responsibility for all their actions and aspects of care.

Specialist nurses, such as those working in Intensive Care Units (ICU) are responsible for individual patient monitoring, ventilators, complex drug administration; in essence keeping patients alive. To specialise, nurses must undertake additional courses of study or develop skills and competencies within their area of speciality over a number of years.

In order to become an RN, a nurse must undertake tertiary level study, generally a three year course to attain a Bachelor Of Nursing. These qualifications are highly portable, with Australian nurses able to work in the UK, the Republic of Ireland, Canada, South Africa , the Middle East or the United States (subject to passing a US nursing exam). To illustrate this portability, 1166 Australian nurses registered with the UKCC in the year ending March 2000.

1.1 Shortage of Nurses

As identified within both the HPV submission and the Victorian Government Nurse Recruitment and Retention Committee Report (May 2001), there are insufficient numbers of qualified nurses available in Australia to meet the demand for appropriate patient services¹. This is the case for both general and specialist nurses, such as those in Critical Care.

This problem will become even more acute as the population ages and the demand for patient services increases. Admissions to Victorian Public Hospitals grew by four percent in 1999-2000 and were estimated to grow by a further three or four percent in 2000-2001. In addition, the greatest growth has been the area of emergency admissions, which increased by 8% in the period 2000-2001.²

¹ *Nurses Recruitment And Retention Committee – Final Report May 2001* Department Of Human Services. (2001)

² *Victoria – Public Hospital Policy and Funding Guidelines 2001-2002* Department Of Human Services (pp 6)

1.2 Problems with Recruitment and Retention

Failure to recruit and diminishing retention levels are cited as the two critical factors contributing to the nurse shortage.

The problems associated with recruitment and retention are complex, however underlying reasons for this include:

- Increased workloads, with no 'downtime';
- inflexible working hours and shift rotation, including compulsory periods of night duty;
- poor remuneration;
- work place stress; and
- lack of career opportunity³.

In many cases, retention is often to do with barriers to exit rather than satisfaction with or commitment to the profession.

Nursing is highly stressful, both physically and mentally. As a result of changes in technology and patient care techniques to maximise cost effectiveness, the length of patient stays has in many cases been reduced by moving less acute patients to aged care, community or home based care, when these services are available.

The acuity of those patients remaining within the hospital system has increased and therefore the level of care required is more complex and intense. Additionally, patients are discharged in more acute phases of their illness, thereby increasing the workload of nurses within these 'downstream' areas. The utilisation of nurse/patient ratios often ignores the level of patient acuity or individual patient consideration.

Inflexible work hours or a compulsory requirement to undertake night duty do not support modern lifestyle requirements such as raising and supporting a family while continuing to work, study, being able to socialise with friends or family or travel for extended periods of time. For nurses with families, childcare is often un-affordable or unavailable during the periods they are required to work, especially in areas where the prevalence of night duty is high, or where weekend work is required. While 'self rostering' successfully exists in some facilities, contention can still arise over 'peak' periods.

In addition, the Australian Institute of Criminology has reported that the health industry is the most violent in Australia⁴ with verbal, psychological and physical violence suffered from patients and their families. 'Horizontal violence', which is characterised by bullying, verbal harassment and ostracism between peers is also rife. Work place injuries are also prevalent, even with safer workplace practices.

³ *Nurses Recruitment And Retention Committee – Final Report May 2001* Department Of Human Services. (2001)

⁴ Perrone, S. (1999) *Violence In The workplace*, Australian Institute Of Criminology Research & Public Policy Series No. 22, Australian Institute of Criminology, Canberra.

1.3 Trends in the Nursing Workforce

As a result, nurses burnout and leave, moving to 'safer' and often more rewarding careers or work only part time within nursing, either within a hospital or an agency. While there is an abundance of (often conflicting) statistics on the number of registered nurses, the number of nurses actually working or the number of effective full time (EFT) equivalent nurses available within the system, it is the work pattern *trends* which are of most significance.

- The workforce is ageing
- The workforce is reducing in numbers per 100,000 of population
- The number of nurses working part time is increasing⁵

This movement to part time work has not been brought about by agencies; rather it is reflective of the demands of the job. As early as 1996, when most agencies paid nurses at or close to the award, it was found that the proportion of nurses working part time had increased from 37.8% in 1989 to 42.3% in 1996.⁶

1.4 Nurses have other Career Choices

Nursing, together with teaching was previously viewed as a traditionally female career path. Today, although nursing is still a predominantly female profession (92% female), females have greater career choices and alternatives when evaluating their future. In Victoria, while nurse enrolments are increasing, so too are the number of students who fail to complete their course of study.⁷

Today, many other career alternatives are available with better working conditions, requiring little or no shift work and at higher levels of remuneration, both at entry level and in an on going capacity.

In research undertaken on behalf of the Nurse Recruitment and Retention Committee by 'Research International', it was found that:

'Remuneration is typically one of the first issues raised when the negatives of nursing are probed. It is the yardstick by which they measure their value. Nurses are quite vocal in expressing a perceived mismatch between their contribution to health care and their compensation.'⁸

This, together with the large amount of unpaid overtime which occurs in hospitals every week, estimated at between 300 and 450 EFT positions per week, further exacerbates the problem with poor remuneration when compared with other fields.

⁵ *Nurses Recruitment And Retention Committee – Final Report May 2001* Department Of Human Services. (2001), page 82, 83

⁶ Australian Institute Of Health And welfare – *Nursing Labour Force 1997*

⁷ The Nurses Board Of Victoria – Annual Report 2001

⁸ *Nurses Recruitment And Retention Committee – Final Report May 2001* Department Of Human Services. (2001)

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As a result of these issues, full time nurses are often electing to leave the system and therefore hospitals are required to utilise agency nurses. While the use of agency nurses has been cited as contributing to an employed nurse workload, (because they may lack experience in that particular unit), workload stress would be even greater if these resources were not available or not used. (It should be noted that nursing agencies will send a nurse who has worked within a particular unit back to that unit, wherever possible.)

1.5 Victorian State Government Response to the Problem and the Results so far

Successive Victorian State Governments have recognised this problem and the current government appointed the Nurse Recruitment and Retention Committee in February 2000 to provide advice on such matters. A number of recommendations have been made, largely with an emphasis on career structure and training and with the introduction of refresher courses to bring nurses back in to nursing.

In Victoria, the number of nurses registered as at June 30, 2001 showed a net increase of 1.5% over the previous year. The most significant increases have occurred in the 46 – 65 year age bracket.⁹ It is unclear as to how these figures translate into effective full time nurses.

However, in research undertaken for the committee by Campbell Research and Consulting¹⁰, it was found the five most important factors influencing nurses returning to work were:

- Working conditions
- Flexible rosters
- Employment opportunities
- Professional development
- Training opportunities

The ability to offer nurses highly flexible rosters and attractive working conditions has been a key factor in the increasing popularity of agency nursing.

1.6 The Nursing Shortage is Worldwide

Unfortunately, the nursing shortage and underlying causes are a global problem and as such, nursing needs to be viewed in the context of a global market place.

In testimony provided to the U.S. Senate on Nurse Recruitment and Retention Problems¹¹ where the nursing shortage is expected to become more serious as the population ages, it was stated that:

⁹ The Nurses Board Of Victoria – Annual Report 2001

¹⁰ Campbell Research And Consulting Quantitative Survey Of Registered Not-Working Nurses, prepared for the Nurses Recruitment And Retention Committee - 2001

¹¹ Heinrich, Janet, June 27, 2001 “Nursing Workforce Multiple Factors Create Nurse Recruitment And Retention Problem” GAO-01-912T

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“Job dissatisfaction is reported to be high among nurses. Nurses report unhappiness with a variety of issues, including staffing, respect and recognition and wages and this dissatisfaction is affecting their decision to work in nursing. Further more, the nurse workforce is aging and fewer new nurses are entering the profession to replace those who are retiring or leaving”

and further

“Providers current difficulty recruiting and retaining nurses may worsen as the demand for nurses increases with the ageing of the population.”

To combat these shortages, US hospitals are offering signing bonuses of US\$5,000, tuition and student loan reimbursement programs, childcare subsidies, flexible hours and maid or lawn services, or other enticements.¹² US hospitals currently contract a significant number of Australian nurses.

The U.S. Department of Labour reports that “imbalances between the supply and demand for qualified workers should spur efforts to attract and retain qualified RNs. For example, employers may restructure workloads, improve compensation and working conditions and subsidise training or continuing education.”¹³ Median earnings of registered nurses were US\$44,840 in the year 2000, with the highest 10 percent earning US\$64, 360. Approximately 25% of RNs work part time.

The situation is no different in the United Kingdom, where the seriousness of the problem has been recognised with the introduction (as of April 2002) of a 3.6% pay rise for employed nurses, twice the current rate of inflation; nurse consultants will receive an increase of 6.6%. As such, pay scales from April 2002 will be as follows:

| Category | Grade | Salary Range | AUD\$ Equivalent |
|---------------------------|------------------------------------|---------------------|-------------------------|
| Enrolled Nurse Equivalent | Grade A | £9,735 to £12,200 | \$26,284 – \$32,940 |
| | Grade B | £11,455 to £13,485 | \$30,928 - \$36,409 |
| | Grade C | £13,040 to £16,005 | \$35,208 - \$43,213 |
| Registered Nurse Equiv. | Grade D | £16,005 to £17,670 | \$43,213 - \$47,709 |
| | Grade E | £17,105 to £20,655 | \$46,183 - \$55,768 |
| | Grade F | £18,970 to £23,690 | \$51,219 – \$ 63,963 |
| | Grade G | £22,385 to £26,340 | \$60,439 - \$71,118 |
| Specialist Nurse | | | |
| | Consultant Nurses In Critical Care | £35,373 | \$95,507 |

¹² “U.S. Nurse Shortage Growing worse.”, extracted from
<http://www.cnn.com/2000/HEALTH/08/03/nurses.needed.ap/index.html>

¹³ Occupational Outlook Handbook – Registered Nurses extracted from
<http://stats.bls.gov/oco/ocos083.htm>

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As reported by the BBC on the 17th of December 2001¹⁴, The Health Secretary Alan Milburn stated that “These increases in pay are needed to get more staff working in the NHS and to keep them working in the NHS.”

Dr Beverly Malone, General Secretary, Royal College of Nursing said “We feel this award does not go far enough to tackle the problem of recruiting and retaining nurses. *Pay is the single most effective factor to increase recruitment, improve retention and to demonstrate to nurses that they are valued. Frankly, this award is not good enough.*”

Nursing qualifications are ‘portable’ and Australian nurses leave the Australian health care system to work in the United Kingdom, Ireland, the Middle East, Canada or the United States. The following hourly rates are indicative of casual agency rates on offer in the U.K, with Australian dollar equivalents:

| Category | Mornings | Afternoon | Weekends | Bank Holidays |
|-----------------|------------------|------------------|------------------|----------------------|
| Specialist RN | £20 (\$54) | £25 (\$67.50) | £28 (\$75.60) | £50 (\$135) |
| RN General | £16.50 (\$44.55) | £19.50 (\$52.65) | £22 (\$59.50) | £41 (\$110.7) |
| EN Specialist | £18.00 (\$48.60) | £22.50 (\$60.75) | £25 (\$67.50) | £45 (\$121.50) |
| EN General | £14.50 (\$39.15) | £18.00 (\$48.60) | £20.50 (\$55.35) | £37.50 (\$101.25) |

Victorian nursing conditions and remuneration need to be viewed relative to both the interstate and international level. Nursing services are easily portable from different sectors within the global market and cannot be viewed as a closed system. The real issue in Victoria is not that agency nurses are paid too much; rather that they view their award rate of pay as being too little.

¹⁴ “Pay Hike for NHS workers”, extracted from
http://news.bbc.com.uk/hi/english/health/newsid_1715000/1715902.stm