

## **CHIEF EXECUTIVE OFFICER'S REPORT**

***Annual General Meeting of Members  
Friday, 5 December 2008***

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The 2007-08 year was dominated by EBA negotiations and associated industrial action across a wide front in this sector. These negotiations covered four key occupational groupings, Nurses, Psychiatric Services, Allied Health Professionals and Medical Scientists. All of the negotiations were characterised by comprehensive claims for wages, conditions, classification improvements and additional resources. VHIA, on behalf of its members and in collaboration with DHS, developed employer proposals which, in essence, sought modest improvements in labour efficiency and flexibility. The pursuit of these improvements was closely linked to any capacity to provide wage increases above the 3.25% annual adjustment sanctioned under the Government wages policy framework.

These ingredients led inevitably to major disputation with the ANF and Health Services Union (No 3 Branch). The unions resorted to both protected and unprotected industrial action, resulting in proceedings in both the AIRC and the Federal Court. Tensions were further heightened when employers were obliged, under the Workplace Relations Act, to 'dock' the pay of the employees who were engaging in industrial action, protected or otherwise. It is noteworthy that the issue of pay 'docking' of some nurses remains a disputed matter in the AIRC at the time of writing.

Settlements were ultimately reached in respect of general nurses (ANF and HSU (No1)), psychiatric staff (HACSU and ANF) and medical scientists, pharmacists, psychologists (HSU No 4 Branch). Elaborate implementation mechanisms have been put in place for each of these agreements particularly for managing the processes for distributing the additional resources.

The dispute with HSU (No 3 Branch) regarding an EBA settlement became utterly intractable and it is apparent that the union was aspiring to an arbitrated solution as the intensity of the industrial action was calculated to force a termination of the bargaining period and thus ultimately force the matters to arbitration.

At the time of writing, the Full bench of the AIRC is hearing the respective cases put by VHIA, the HSU No 3 and DHS, as intervener. A decision may possibly emerge by Christmas 2008.

At this stage, I wish to record my strong appreciation to those members who have so directly contributed to our efforts, either by providing direct witness evidence or participating in the various Reference Groups and Steering Committees. I would also wish to acknowledge the efforts and good humour of members who responded to our many (often urgent) requests for data, feedback or survey responses. Much of this is not on the critical path of running a health service but it enabled us to prosecute our positions with relevant and strong evidentiary material.

The future usefulness of the enterprise bargaining process, as currently conducted under the government's policy framework, must now be seriously questioned as the means to secure improved efficiency and productivity.

The degree of industrial pain and ongoing damage to local labour relations to secure, in effect a CPI level wage increase, is not serving the interests of employers or their employees, particularly as the process is not yielding meaningful labour reform, even at the micro level. Consideration must urgently be given to how any modest labour reform initiatives can be 'de-industrialised'. This is a central theme of discussions at the VHIA Board, particularly in an environment of chronic and worsening labour supply challenges. It also requires that the membership acts upon its capacity to make its collective voice challenge the current practices and proffer viable alternatives that resonate not only with government but with our workforce. VHIA will be actively exploring this matter during 2009.

Notwithstanding the industrial tensions described above, we generally enjoy sound working relationships with all unions.

At the time of writing, VHIA, together with DHS, has commenced enterprise bargaining with the AMA in respect of employed doctors. This negotiation is being conducted against the background of the Ministerial Review of Medical Workforce Report and the AMA demand for remuneration parity with New South Wales. These negotiations are not likely to achieve a rapid conclusion.

### **Significant Staff Changes**

During the year VHIA lost the services of Mr Brian Sullivan who retired. Brian's contribution was significant and delivered in a highly respected and professional manner. Mr Graham Clay came and went in a relatively short space of time but contributed meaningfully in his usual insightful and intelligent manner. VHIA was most fortunate to secure the services of Mr Simon Chant whose deep knowledge of the industry, its players and its workings is widely respected.

Ms Ruth Hutchison was recruited during the year to add tangible firepower to our telephone advisory service. Ruth's deep knowledge of the diverse industrial instruments relevant to our sector is a real 'value add' to our services.

Ms Anna Panuzzo, a seasoned HR professional, has joined us to develop HR support services to be made available on a consulting basis.

### **Training Services**

VHIA's Training Services, under the leadership of Ms Helen Kierce, continues to grow and evolve to meet new and emerging needs. There has been a marked shift in emphasis away from IR topics, although all the basic courses in that area remain sought after, to broader HR and management skills. The VHIA Management Induction Program is finding more and more acceptance and recognition. It is eminently adaptable to sub-sectoral needs and emphases and can be delivered in a very flexible manner. The Program provided the basis for an extensive leadership program being conducted at Banyule Community Health. VHIA publishes an annual calendar of offerings, both in Melbourne and regionally with over 30 courses designed for managers, supervisors and leaders in health and community services. Our relationship with the Gordon Institute has entered its fourth year and continues to deliver very relevant, practical and adaptable accredited management training to various qualification levels. The Training Services Unit is also engaged with the Medical Technology Association of Australia in an e-learning project after winning a grant from DEWR and the Australian Flexible Learning Network

## **Consulting Services**

VHIA continues to provide a range of fee for service consulting services under the leadership of Mr Ignatius Oostermeyer. It is apparent that there is a decline in 'one off' IR 'disputes' requiring representation in the AIRC but our capacity to handle this needs to be retained given the possible consequences of the changes to industrial legislation being foreshadowed by the new federal government.

VHIA is responding to members' wishes and need by developing new services and capacities. Ignatius has developed and conducted many Board Governance training sessions, in conjunction with Mr David Wenban from Health Financial. Considerable work has and continues to be carried out in the Aboriginal Health services sector through VACCHO.

A major activity of course is our ongoing agency by agency negotiations in respect of non-employee medical staff. In this regard, VHIA has represented members in respect of applications by the Rural Doctors Association for approval to collectively bargain to the Australian Consumer and Competition Commission (ACCC). The implications of an ACCC approval and the likelihood of the AMA seeking to follow in the RDA footsteps has to be carefully assessed in the face of our members overwhelmingly rejecting the opportunity for a specific form of statewide collective negotiation.

## **VHIA Related Entities**

The President's Report refers to the VHIA Related Entities. The creation of these entities, Health Legal, Health Financial, Workplace Legal and Health Communications, was to build a wide, diverse service base for members by connecting with key personnel who have the knowledge, standing and drive to build successful businesses with initial support from VHIA. Each of these is at various stages of their development and demonstrating their value and relevance to members' needs. For example, under Health Financial led by Mr David Wenban, a successful Salary Packaging service has been developed in direct competition with the so called big players. This is in a growth phase and will provide VHIA with a discrete revenue stream through its shareholding in Health Financial,

The VHIA Board has finalised all the inter-entity legal and governance arrangements and we look forward to consolidating services and working in a mutually supportive manner on projects and opportunities for our members benefit.

Our regular membership interface takes many forms, including annual membership Forums in the regions, monthly IR managers meetings, rural HR Director conferences, EBA Reference Groups and Steering Committees, CEO meetings and many ad hoc meetings with individual or group of members to deal with specific issues. Whilst these are all effective means of connecting with members, VHIA is most receptive to any suggestion by members for any improvements in such mechanisms and would welcome any feedback.

In May 2008, the Board and management conducted a Strategic Planning Day which focussed on the challenges and priorities for VHIA going forward. It dealt with internal governance improvements, resolution of inter-entity business and shareholding arrangements, analysis of our service standards and capacity and identification of the key issues, from an industrial/management perspective, confronting the VHIA membership and this VHIA. The ground work has been laid for moving forward in a strategic and responsive manner.

The frustrations of inadequate and incorrect financial reporting are now a thing of the past (see President's Report) and we are on track to turn around our financial position from a significant deficit to a modest surplus in the 2008-09 financial year.

In conclusion, I wish to record my appreciation to Mr John Stanway and the Board of VHIA for the support provided to me in this most difficult and challenging year. The Board's measured and focussed attention to the financial and governance challenges has positioned us in a positive way.

I would also thank the staff, particularly Ignatius Oostermeyer, Simon Chant and Lisa Iacobucci for their significant contributions and wise counsel.

A handwritten signature in black ink, appearing to read 'Alec Djoneff', with a stylized flourish at the end.

**Alec Djoneff**  
**Chief Executive Officer**  
**Victorian Hospitals' Industrial Association**