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**SUBMISSION FROM
THE INSTITUTE OF MEDICAL AND VETERINARY SCIENCE**

TO

**THE STANDING COMMITTEE ON HEALTH AND AGING INQUIRY INTO HEALTH AND AGEING
INTO HEALTH FUNDING 2006**

STANDING COMMITTEE
26 MAY 2006
HEALTH AND AGEING

**WITH RESPECT TO THE PUBLIC BENEVOLENT INSTITUTIONS STATUS
OF THE INSTITUTE OF MEDICAL AND VETERINARY SCIENCE**

1. Chronological History

- 1.1 The IMVS had previously been considered a non-hospital PBI by the Australian Tax Office with all employees subject to the appropriate threshold in regard to this classification.
- 1.2 Following the outcome of litigation involving the NSW Ambulance Service, the matter of which had been subject to consideration by the Full Bench of the Federal Court of Australia, the IMVS was advised by a private ruling from the Australian Tax Office on 23rd February 2004 that we were considered too governmental in character and that we would therefore lose our fringe benefit tax exemption.
- 1.3 Subsequent to this decision a compensation package was provided by the Federal Government to enable those staff members that had previously been engaged in Salary Sacrifice Arrangements to continue with those arrangements for a four year period. This was limited to the extent of the monetary amount that they had previously been committed.
- 1.4 However, this did not assist with either new employees or employees that may have been absent for part of the previous FBT year in absence, normally due to the undertaking of accouchement leave, or for those employees that wish to increase the amount that they could sacrifice due to changing financial circumstances.
- 1.5 On 14th May 2004 the Australian Tax Office ruled that the IMVS was not a public authority and was not therefore entitled to "deductable gift recipient" (DGR) status. Accordingly the IMVS was not able to receive tax deductible donations with respect to either research or diagnostic services. The IMVS lodged an objection and whilst the ATO maintained their view they ultimately conceded that the IMVS was entitled to DGR status on another ground, namely as an Approved Research Institute. This entitles the IMVS to receive tax deductible donations with respect to research but not with respect to any service

provision, ie the provision of equipment for diagnostic rather than research purposes.

2. IMVS Operations

2.1 Laboratories

In all instances IMVS laboratories are physically located on hospital campuses, either within the main hospital building. In general the laboratories are located adjacent to or in close proximity to accident and emergency and/or theatre areas to facilitate rapid access to specimens for diagnosis. The importance of rapid diagnosis is further emphasised on major campuses, like the Royal Adelaide Hospital, the Queen Elizabeth Hospital and Lyell McEwin Hospital, where air tubes are employed for the rapid transfer of specimens from accident and emergency, intensive care units, theatre, outpatient/inpatient ward area to the laboratory and transfusion medicine.

2.2 Collection Centres

The IMVS has a number of collection centres in the general community, that address and service both community and hospital needs with respect to both hospital and non-hospital patients. This is consistent with government policies at both the State and Federal levels concerning the devolvement of services to the community, thereby improving access for patients who may have difficulty attending hospital campuses to drop off or have specimens collected and to minimise the demand on the hospital for those services.

The thrust of the South Australian Government's Generational Health Review is about the provision of services at the community level and to facilitate the attainment of these objectives planning is well advanced for primary health care centres in both southern and northern precincts of the Adelaide metropolitan area. This will allow services to be provided to people more locally in areas that are close to transport and thus facilitate the provision of their primary health care needs and to take pressure off hospitals.

As indicated at our meeting this will involve follow-up diagnostic testing in patients discharged from hospital and still under the treatment of that consultant, with results being provided to hospital clinical records, data bases and systems to enable appropriate clinical management of patients in an outpatient/community setting. This is a further extension of our service in a manner that builds on a foundation of our existing collection centre network and which provides facilities for special collection in a community setting rather than requiring patients to attend a hospital campus to provide a specimen for their ongoing outpatient treatment and management.

2.3 Clinical Services

The Institute's staff, by virtue of our location within the physical confines of the hospital, provide a range of clinical services to the hospital through the management of inpatient services, the provision of outpatient clinics in a number of disciplines, conduct of patient review meetings and provision of infectious control services. The IMVS staff have admitting rights within the hospital and provide both inpatient services and training of hospital registrars. In this respect it is the IMVS staff treating and managing hospital patients within the hospital. In some instances Institute staff based on one campus transferred to another campus to provide a clinical service. This is the situation with Haematology/Oncology services and has been a situation with respect to Infection Control services.

The IMVS also provides collection services within the hospital with staff both collecting specimens taken from patients and taking these specimens directly from the patients themselves in wards and outpatient clinics. The IMVS employs suitably qualified staff to perform these tasks.

As indicated in our meeting the IMVS also provides domiciliary services whereby IMVS nursing staff will attend patient in their own home, hospitals, and nursing homes. These can be either for public or private patients at the request of the hospital or community doctors, although the ongoing care of many chronic disease sufferers is managed by general practitioners between hospital visits. The test results from these and other collections from general practitioners and specialists in private practice are available to doctors in the public hospital system now incorporated in the patients electronic records.

3. Health Services

As indicated in section 2.1 entitled "Laboratories", the integration of health services such that the primary care services are to be delivered closer to the community and in a model that devolves services out of what is conceptually a strict hospital environment. However, many of these services are designed by hospital clinicians to provide better patient management and flow to and from the hospital. The integration of the different stratum of health care into a more holistic models is an intended consequence and outcome of both the Generational Health Review, COAG reforms and Federal Government health policy. The focus on prevention, early detection and early intervention improving the general level of health in the community is designed to manage the demand on the public hospital infrastructure. In this sense it is about managing service for the acute sector by ensuring that the services are fully integrated and that management of patients is organised to provide optimal care across all tiers of services.

4. Pathology

The IMVS provides pathology services to all public hospitals in South Australia, although it does not manage the laboratories at Flinders Medical Centre or Women's and Children's Hospital. The services provided are extensive and are all based within the hospital environment. As with these other laboratories, specimens come from both the hospital and community environments. There is no differentiation between specimens and all test results are available within the public hospital system.

5. Staffing

As a State Government Statutory Authority the IMVS recruits the majority of its staff from within the Health Sector, at either a state, national or international level. With the loss of PBI status the IMVS is significantly disadvantaged in recruiting staff in comparison with other health units, at both intra and interstate levels, as these organisations have the hospital PBI status. This results in a situation whereby staff working at the IMVS are paid less than commensurate staff doing identical duties at other institutions.

Further more, as indicated at the presentation to the Standing Committee, the IMVS and Royal Adelaide Hospital employ Medical Registrars to undertake their training program that incorporates treating inpatients, undertaking outpatient clinics, and working in the laboratory. Some staff are employed by the Institute and some by the Royal Adelaide Hospital. In the current situation their salary is differentiated because the Royal Adelaide Hospital enjoys classification as a PBI whilst the IMVS does not. This causes significant consternation amongst staff with respect to the lottery of who gets the higher salary and who does not for doing identical work and undertaking the identical training program. This has, as was indicated, resulted in significant agitation in an industrial sense to remove or to take steps to seek the removal of an arbitrary distinction for doing identical work.

To enable the IMVS to continue to provide quality pathology services it must be able to continue to recruit the best staff. This has not always been achievable and has resulted in some staff declining positions in preference to other organisations when the IMVS offers what are in effect inferior salary rates.

Not only is our ability to attract staff compromised by the current inequity, but we have also had difficulty in retaining our existing staff. Staff have sought employment elsewhere, were they have access to salary sacrifice benefits. This is not only an issue with respect to medical staff and scientists but has become an issue in those areas where there is clearly a defined skill shortage such as human resources, information technology, cytology screening, nursing and finance, all of which are areas that have lost staff to alternative institutions that enjoy the Hospital Public Benevolent Institution status.

The IMVS operates laboratories in all major regional centres in South Australia. Attraction and retention of qualified and experienced staff in rural areas is problematic across a number of professions. It is exacerbated in pathology by the fact that a qualified scientist can receive a higher rate of pay for essentially the same level of work by working for another metropolitan employer and this has exacerbated the drain of staff from rural and regional laboratories to the metropolitan area. The impact on staff replacement in regional areas, from the loss of its PBI status, is that the IMVS has severely damaged its ability to attract staff to rural areas as the hospitals in both rural and metropolitan settings offer a higher salary package for undertaking identical duties and classifications. This has a significant potential to reduce services to these rural services and has impacted on the ability to provide the services to the indigenous communities which the IMVS services through its northern laboratory network.

The attraction and retention of nursing staff within the public sector is an identified major problem for the public health system, and with the loss of the PBI status the IMVS is further disadvantaged in the attraction and retention of nursing staff when considered relative the other major metropolitan and rural hospitals. As it has been indicated at interviews "why would I come and work for the IMVS when my salary package is commensurately lower than that which I can obtain by working for the Institution in which your laboratory is located". The IMVS does not have an answer nor can it match the salary packages in all hospitals within South Australia and thus has suffered an inability to attract staff and to retain staff.

6. Conclusion

As stated during our presentation the IMVS is the provider of last resort. It operates a 24 hour service, 7 days a week, 365 day of the year. The laboratories are either staffed or the staff are on-call to provide a service at the request of medical practitioners both to the hospital and within the community. The staff at the IMVS work within the hospital and work alongside hospital colleagues providing routine and emergency services. There is no difference between the work undertaken within the Institute and hospitals and accordingly we contend that there should be no difference in the salary packages between those employees of the hospital and the IMVS.

As indicated in this submission it is somewhat of a lottery to determine which staff will be appointed, through a joint appointments committee, to the respective organisations to work within the hospital environment treating the same patients over the same period of time when there is a differential within the salary rates that is inequitable to those staff that are fortunate enough to be trained by the IMVS but in doing so receive a lower remuneration package for undertaking the identical training program. As outlined in our presentation the IMVS is a major teaching institution for the training of pathologists, scientists, IT, HR and finance professionals. Without the ability to attract and retain the best staff the ability of the IMVS to contribute to these areas will be diminished and the health service as a whole will suffer.

The decision to treat health sector employees differently depending on their place of employment and the nature of the employer is arbitrary and does not recognise the integration of health services and the direction with which the provisions of health services are undertaken and thus undervalues the contribution and value of staff not only at the IMVS but, as mentioned in the presentation, the staff of the Intellectually Disabled Services Council (IDSC) and the Metropolitan Domiciliary Care Services (MDCS). Being those organisations, like the IMVS, adversely effected by the removal of their PBI status. The IMVS requests that an amendment is made to the Fringe Benefits Tax Assessment Act 1986 to provide the staff of the Institute of Medical and Veterinary Science, IDSC and MDSC with the same benefits that have been provided to Ambulance Officers and thus bring them into alignment with the benefits provided to other employees within the health sector.