



AUDITOR GENERAL  
for  
Western Australia

## SUMMARY OF THE PERFORMANCE EXAMINATION

### A Critical Resource: Nursing Shortages and the Use of Agency Nurses

Report No. 3 - August 2002

## Background

Nurses are a vital element in the provision of an effective health care system for the State. Yet, an ongoing shortage of nurses has raised concerns about the quality and cost of nursing care and use of agency nurses to address nurse shortages.

This report examines the prevalence and management of nurse shortages and risks to service delivery and health care within the Western Australian public health system. The examination also reviewed the use and cost of agency nurses during 2001.

The period of this examination, October 2001 to March 2002, coincided with the Department of Health initiating a range of fundamental reforms affecting the issues examined. Therefore, this report provides a broad assessment of the management of nursing shortages in the period to March 2002 and a benchmark on which to evaluate the reforms.

## What the examination found...

The examination found that over the period examined:

- The Department of Health did not have the system-wide information available for a clear understanding of the extent and implications of the nursing shortages in the public health system, nor a clear understanding of the extent of the use of options such as private agency nurses.
- There was a shortage of nurses as evidenced during 2001 by reported vacancies of up to 780 nurses over a total workforce of 8 947 full-time equivalent (FTE) nurses. This situation is compounded by high turnover and mitigated by the use of overtime equating to 107 FTE nurses and agency nurses representing 374 FTE staff.
- Strategies to attract and retain nurses in the public health system generally had not been well coordinated and had been undertaken without adequate workforce information and planning.

- In 2001, agency nurses, who are mostly Level 1 Registered Nurses (RNs), represented eight per cent (374 FTEs) of the State's public health system Level 1 RNs. For the six health services examined, the proportion ranged from three per cent to 38 per cent in 2001.
- Limited orientation and pre-employment checks of agency nurses by health services is putting service delivery and the quality of health care at risk, particularly where agency nurses represent a high proportion of staffing.
- There are significant differences in the cost of the nursing resource options. For example in 2001, agency nurses cost 31 per cent more per hour worked than Level 1 RN employees.
- The approach to hiring agency nurses was administratively inefficient and puts health services at unnecessary risk of inadvertently breaching a contract.

Since the examination commenced, the Department of Health has moved towards greater coordination of nurses including collecting more centralised workforce information, more coordinated recruitment of nurses and developing a generic contract for hiring agency nurses.

## What the examination recommended...

The recommendations in the report provide a firm basis for the Department to implement its reforms. The major recommendations are that the Department of Health should:

- **To help address nurse shortages:**
  - undertake purposeful workforce planning, plan and evaluate strategies to attract and retain nurses and develop indicators to monitor the impacts of shortages on quality of care.
- **To ensure that quality of care is maintained while contracting agency nurses:**
  - develop a framework for undertaking pre-engagement checks on agency nurses and ensuring that they receive appropriate orientation and feedback on performance; and
  - monitor and evaluate the effectiveness of the framework.
- **To ensure value for money in contracting agency nurses:**
  - progress the proposed 'generic contract';
  - ensure that financial evaluations are undertaken of the use of agency nurses; and
  - monitor the cost and effective use of agency nurses compared with other options.

A copy of the report can be accessed at [http:// www.audit.wa.gov.au/](http://www.audit.wa.gov.au/)

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