



australian
nursing federation

Productivity Commission Draft Research Report:
Economic Implications of an Ageing Australia

March 2005

1. Introduction

- 1.1 The Australian Nursing Federation (ANF) welcomes this opportunity to make this submission to the Productivity Commission Draft Research Report: Economic Implications of an Ageing Australia.
- 1.2 The ANF is the national union for nurses in Australia with branches in each state and territory. The ANF is also the largest professional nursing organisation in Australia. The ANF's core business is the industrial and professional representation of nurses and nursing in Australia.
- 1.3 The ANF's 145,000 members are employed in a wide range of enterprises in urban, rural and remote locations in the public, private and aged care sectors, including hospitals, health services, schools, universities, the armed forces, statutory authorities, local government, offshore territories and industries.
- 1.4 The ANF participates in the development of policy in nursing, nursing regulation, health, community services, veterans affairs, education, training, occupational health and safety, industrial relations, immigration and law reform.
- 1.5 The ANF does not disagree that ageing of the Australian population is a phenomenon that will call for careful planning and monitoring. Nor do we think it will be a crisis of unmanageable proportion. So it was pleasing to see that the Productivity Commission has acknowledged as much in its report.
- 1.6 The prediction of a fiscal gap of 7.1% of GDP by 2044-45 is acknowledged throughout the report as an estimate that is based on assumptions, an estimate that may or may not change. This however seems to be taken as fact along with the "threat" that in reality it could be much more. There is little reference to the possibility of it being less and little thought seems to have been made to discussing strategies to lessen the proposed fiscal impacts of ageing.

1.7 We make the following comments on the draft report with reference to our original submission and refer the Commission to our submission for elaboration and clarification.

- We are pleased that there is acknowledgement that rising costs will, to a degree, be offset by a wealthier “Generation X” and that increased income and a consequent increase in taxes will go some way to financing any gap, and further that productivity will not necessarily decrease as a direct result of the ageing workforce.
- We are disappointed that the discussion on superannuation was limited to unfunded liabilities and did not explore the impact of government policy changes that could improve retirement savings, especially for women.
- We are concerned that the degree and effect of increased female workforce participation has been underestimated.
- We again emphasise our concerns relating to barriers for workers, especially women, to extending their full time working lives, in particular:
 - occupational health and safety issues such as workloads;
 - access to education and training;
 - paid carers’ leave;
 - child and elder care services;
 - paid maternity leave;
 - issues associated with the casualisation of the workforce and consequential underemployment;
 - cultural attitudes of employers, employees and the community generally to older workers;
 - attitudes of employers, employees and the community regarding rehabilitation and the employment of injured workers, the employment of Indigenous Australians and the long-term unemployed.

- 1.8 The ANF notes the Commission's discussion regarding areas of policy attention that can influence the impact of ageing, ie. population policy, economic growth, and the cost effectiveness of government provided services, particularly health and aged care.

2. Population Policy

- 2.1 It seems ironic that we are considering immigration policies in light of the government's strong stand and harsh policies against permanent residency for asylum seekers who are already, in many instances contributing to the economy. A review of the Temporary Protection Visa is warranted.
- 2.2 In the case of nursing where there is a major worldwide shortage, migration policy must be carefully considered, as the ANF does not support stripping underdeveloped countries of such skilled labour. Many countries have aggressively recruited nurses from nations that cannot cope with losing such a valuable resource. We would be better placed to ensure adequate numbers are educated on our own shores for future needs.

3. Labour supply

- 3.1 Nurses are in short supply and it is well worth noting that nurses working in the aged care sector earn on average \$200 per week less than their colleagues in the acute care sector. It is becoming more and more difficult to recruit skilled nurses to the sector. Registered nurses with specialised skills and qualifications in the care and assessment of older people are essential for the provision of quality care to our older Australians.
- 3.2 It follows therefore with respect to increased labour supply, that careful analysis needs to be undertaken to develop policy initiatives that enable economic growth but that also focus on areas of greatest need. The health sector features prominently in the report, and it is well acknowledged that the health care sector is struggling currently to meet demand for its services due in no small part to a labour shortage, particularly of nurses. Any policy initiatives related to health provision must incorporate recruitment and retention strategies for nurses in order to provide adequate health care to the community. Our original submission dealt with this issue in detail.

- 3.3 We are disappointed that the Commission's report does not include a discussion on issues affecting employment for the underemployed, for Indigenous Australians and for those who require rehabilitation or who are long-term unemployed – issues that have far reaching implications, socially and fiscally, and also have a direct bearing on the health of those people involved, and their demands on the health sector.

4. Productivity growth

- 4.1 The Australian Government's proposed Industrial Relations changes have far reaching consequences for Australian workers and their resultant "productivity". Stripping awards, decreasing workers' rights and removing the powers of the Australian Industrial Relations Commission, will not make it any easier for workers to earn a decent wage, plan for retirement or increase a desire to work later in life.
- 4.2 The current proposal to have a minimum wage set by the government instead of an independent umpire could see the minimum wage become a victim of political ideology and not a reasonable indication of the cost of living or what is a fair day's pay for a fair day's work. The proposed changes will lead Australia down the path of the United States of America who are in a dire situation regarding the impact of ageing, a situation that the Commission's report takes pains to explain this is not the situation Australia finds itself in thanks to good social and fiscal policy and planning over the years. Is that all to diminish before our eyes and be undone by the harsh Industrial Relations changes as they are proposed?
- 4.3 Also, productivity gains for the Australian economy will need a concerted investment in research. To date a large proportion of Australia's wealth has been tied in up in primary agriculture and resources - both labour intense industries. Manufacturing industries are fast becoming less economical with global market impacts. It is generally accepted that Australia has to face the future with new, value added industries that can only emerge and be fostered with genuine investment in their development and supply. There is no reference to this in the report.

5. Effective and efficient services

- 5.1 The report focuses on the health care system as the government service most likely to feel the impact of an ageing society. Whilst this is still a matter of debate and by no means considered fact by many, the ANF does agree that considerable reform of the health sector is desperately needed, regardless.

We agree with most of the proposals and discussion points put forward, but are concerned with the report's contention that the "health care labour market is characterised by a range of inflexible professional demarcation rules that determine who can do what for whom".

- 5.2 There is currently a great deal of work being done, examining the health workforce by AHMAC committees and State and Territory Governments and innovative measures are being investigated to best use the resources we have to deliver the services needed. Enrolled and registered nurses have expanded their roles and have adapted rapidly to the increased and changing health demands of the community. They have taken up the challenge of further education required for the role changes and are wholeheartedly encompassing the associated challenges. The issue for the profession is the lack of undergraduate places currently funded in the tertiary sector, a problem that needs urgent attention by the Australian Government. Over 4,500 eligible applicants were turned away by nursing faculties last year as there were not enough places.
- 5.3 Utilising unlicensed workers (however titled) to fill the gaps created by the nursing shortage is fraught with problems and is not merely a demarcation issue. There is now a growing body of evidence worldwide to show the negative impact of an inadequate skill mix on patient outcomes and the improved health and consequent cost saving outcomes of care provided by an educated and highly skilled health workforce.
- 5.4 The Private Health Insurance Rebate and its uncapped costs has notably been left out of the discussion on fiscal drivers of health care costs. The rebate has failed to deliver on any of its objectives, most importantly the decrease in demand for public services, yet it continues to deny our health system generally funding to the tune of \$2.7 billion. A review of the rebate would be timely.

6. Conclusion

- 6.1 Finally the ANF would like to reiterate its concern about the approach generally to analysis of the ageing of the population, its impact on society and its supposed impact on the health sector. In our original submission we argued that analysis based solely on chronological cohorts is flawed. Socioeconomic factors and their impacts may far outweigh any of those based on chronological or even gender specific cohorts. The recent report by the Royal Australian College of Physicians (The Australian, 7 March 2005) clearly shows the relationship between socioeconomic status and health in this country, news that is not new. It may be that a fresh approach to the future impacts on our health sectors is needed, taking into account the future well being of our communities, and that along with this, there is a reconstruction of the ageing demographic from a socioeconomic viewpoint. Ensuring that all Australians have access to quality health care, can earn a decent wage, and can accumulate an adequate retirement income will go a long way to allaying fears for our future.