

NAMBUCCA SHIRE COUNCIL

16 July 2004

C22/9

This is my submission to the research study being undertaken by the Productivity Commission into the productivity, labour supply and fiscal implications of likely demographic trends over the next 40 years, using the heads of consideration upon which the Commission is asked to report.

Introduction

My submission is influenced by the following:

- \* Sea Change Workshop Melbourne 26 and 27 May 2004
- \* National Health Workforce Strategic Framework from the Australian Health Ministers' Conference April 2004
- \* Nambucca Shire Council's Management Plan for 2004/2009 and Budget for 2004/2005.

1 First head of consideration-the likely impact of an ageing population on Australia's overall productivity and economic growth.

The Sea Change Workshop discussed the phenomenon known as Sea Change-unprecedented movement of population to coastal lifestyle areas around Australia.

A number of coastal councils experience the highest growth rates in Australia and if this continues then there is no doubt that the low growth coastal areas will become high growth also over time.

In 2001 85% of Australians lived within 50 km of the coastline. Over 4 million Australians live in coastal communities outside capital cities-these are fast becoming a powerful lobby group, demanding the attention and consideration of all tiers of Government in terms of addressing the back log in infrastructure.

Perhaps in New South Wales some time in the future the State Government's 'Sydney centric' attitude may become a 'coastal strip' attitude or concentration.

Bernard Salt author of 'The Big Shift' sees this shift to the coast as unstoppable in the immediate future-it is too big a move with too much momentum supported by change in the fundamental values of Australians, to stop at this stage.

Mr Salt is one of Australian's leading advisors to the property investment and development industry.

He sees enormous implications with reference to the demographic avalanche that is the 'baby boomers'.

The ABS, from the most recent figures, identifies an increase of 7% compared to the previous year, in terms of numbers of people moving to coastal areas.

These changes will influence Australian culture in the 21 century.

In terms of economies, Professor Kevin O'Connor states that coastal communities share a problem in that they rarely get beyond the basic export activity of tourism.

Should higher tiers of Government look at encouraging the establishment of jobs and increased infrastructure investment (sea ports etc) as a stimulus in terms of this coastal settlement-or do we simply leave the coast to the aged, the retired etc?

Professor Ed Blakely sees the need for capacity planning and describes this as an issue that needs to be faced now in terms of how big a community wishes to grow, through what he calls 'community master settlement plans'-otherwise they stand to lose their identity.

2        Second head of consideration-the potential economic implications of future demographic trends for labour supply and retirement age.

The National Health Workforce Strategic Framework at page 9 under the heading of Demographic Change in Australia refers to the usual summary of 'Australia having a slowly growing but aging population' as missing an important point-the key workforce impact of demographic change.

It is stated that in Australia today, the national workforce grows at an annual rate of around 170,000 per year. By 2020 this is predicted to be just 12,500 per year.

Unless this outlook changes the next 20 to 30 years will see an increasing, and unprecedented, focus on obtaining (and keeping) the Australian workforce (including the health workforce).

Therefore, although the aging and care for the aging will present employment opportunities, there may be more opportunities than workers in the future.

3        Third head of consideration-the potential fiscal impact of factors 1 and 2 on Commonwealth, State and Territory and, to the extent practicable, local governments.

Firstly, the potential fiscal impact on local government has arrived. Pensioner rate subsidies already equate to some 10% of rate revenue for Nambucca Shire Council-and we have a population of only 19,000. Given rate pegging imposed by the State Government in New South Wales, bringing down a balanced budget becomes a juggling exercise.

The ratepayers are also called upon to finance or partly finance various community service projects such as Youth Workers, Community Workers, Community Transport etc.

Further, aged care housing enjoys a rate exemption status.

The future impact surely is less workers, less taxation, less central pool of funds available (the taxation pool) to spend on health, aged care and such like.

The big question is will our existing structure of Federal and State Governments be able to meet the challenges of the future-will Australia continue to accept one level of government blaming the other level of government for the lack of services, infrastructure etc?

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