



Australian Medical Association

# Pre-Budget Submission 2024–25

Chapter 5: A Health System for the Future



## CHAPTER 5: A HEALTH SYSTEM FOR THE FUTURE

### Problem statement

Creating a healthcare system that is ready for the future is contingent on building a sustainable healthcare workforce. The effectiveness and efficiency of healthcare services are intrinsically linked to the availability of a workforce that can meet the evolving needs of communities. In Australia, there are many regions where access to the appropriate healthcare professionals remains a challenge due to the maldistribution of healthcare professionals.<sup>1,2</sup> The consequences of this maldistributed or insufficient workforce include prolonged wait times for appointments, delayed diagnosis, and a backlog in care, which ultimately impacts patient health outcomes.

### Policy proposals

#### Establish and fund an independent national health workforce planning agency

##### Overview

The primary role of an independent national health workforce planning agency is to ensure the healthcare workforce meets the current and future healthcare needs of the population, through planning, coordination and policy advice. The agency would take into account factors such as population demographics, healthcare trends, technological advancements, and the changing nature of diseases to make informed decisions about workforce requirements.

While health workforce data is being collected, it isn't being used effectively to inform resource allocation, strategic planning, and to ensure healthcare services are distributed efficiently to meet the evolving needs of the population. The AMA is calling for the establishment and funding of an independent national health workforce planning agency to collate, analyse, and utilise health workforce data to inform evidence-based policies and strategies, enabling us to proactively and efficiently adapt to changing healthcare demands and ensure that all Australians have access to high-quality healthcare. It should also use this data to produce evidence-based national supply and demand projections for various health professions based on a range of alternative planning scenarios. This will ensure that Australia has a health workforce — with the right skills and in the right locations — to meet community needs and demand. Given the focus on the medical workforce with the [National Medical Workforce Strategy 2021–2031](#), priority should be given to medical workforce planning in the first instance.

##### Risks and implementation

An analysis of the strengths and weaknesses of Health Workforce Australia — which was abolished in 2014 — should be performed so learnings can be applied to the new agency. In-scope and out-of-scope functions from the initial consultation phase in 2022 should be further developed and delineated in conjunction with key stakeholders and clearly defined in legislation establishing the independent agency to ensure accountability for decision-making, using the data and advice produced through the agency to ensure it is transparent and verifiable. The following key principles that should unpin the agency:

##### *Autonomy and independence*

The agency must have a high degree of autonomy to function effectively. It should be insulated from political influence to make unbiased decisions based on data and healthcare needs.

##### *Data collection and analysis*

A crucial aspect of the agency's work is collecting and analysing data on healthcare trends, workforce supply, and demand. This requires a sophisticated data infrastructure and expertise in healthcare analytics.

##### *Stakeholder engagement*

Stakeholder Engagement: Collaboration with various stakeholders, including healthcare providers, educational institutions, and government bodies, is essential. Engaging these stakeholders ensures that the agency's planning aligns with the real-world needs of the healthcare system.

### *Funding*

Adequate funding is crucial for the agency to carry out its tasks effectively, including up-front investment to support establishment.

### *Transparency and accountability*

The agency should maintain transparency in its operations and be accountable to the public and policymakers. Regular reporting on workforce planning and progress is essential to building trust.

### **Risks of not taking action**

Australia, like many countries, is grappling with health workforce shortages and maldistribution.<sup>3</sup> These challenges significantly impact healthcare delivery across the nation. Shortages of healthcare professionals in certain regions and oversaturation in others can result in unequal access to care, prolonged wait times, and decreased healthcare quality. Additionally, the inefficient allocation of resources can drive up healthcare costs, straining both individuals and the government. Moreover, during healthcare crises, the absence of a centralised agency for workforce planning can hinder the country's ability to respond effectively, exacerbating the challenges posed by such emergencies.

### **Timeframe and costing**

The AMA has used the budget allocated for Health Workforce Australia — which was abolished in 2014 — to estimate the cost of an independent national health workforce planning agency. It was estimated that the savings from closing Health Workforce Australia was \$861.9 million over four years (2014–15 to 2017–18).<sup>4</sup> These savings were used to estimate the cost of the new agency at \$1.06 billion over the forward estimates. This assumes a cost increase of 1.2 per cent each year, and a 2.0 per cent increase for the first year to support establishment. It is worth noting that since the abolition of Health Workforce Australia in 2014, technological advancements and improved data analytics capabilities have likely resulted in more efficient data gathering and analysis methods. The projected cost of the new agency may therefore not accurately reflect potential cost savings resulting from these advancements, and the \$1.06 billion estimate is likely at the upper limit.

Table 11: Cost of establishing and funding an independent national health workforce planning agency

	2024–25	2025–26	2026–27	2027–28	Total
Annual cost of the agency (\$m)	257.64	260.84	264.09	267.38	1,049.95
Establishment cost (\$m)	5.15				5.15
<b>Total cost to government (\$m)</b>	<b>262.79</b>	<b>260.84</b>	<b>264.09</b>	<b>267.38</b>	<b>1,055.10</b>

## CHAPTER 5 REFERENCES

- <sup>1</sup> Australian Population Research Institute (2022). *Australia's Medical Workforce: maldistributed and lately never enough*. Retrieved 17/10/2023 from: <https://tapri.org.au/wp-content/uploads/2022/11/MWF-7-1122.pdf>
- <sup>2</sup> Australian Government Department of Health and Aged Care. *National Medical Workforce Strategy 2021 – 2031*. Retrieved 17/10/2023 from: <https://www.health.gov.au/sites/default/files/documents/2022/03/national-medical-workforce-strategy-2021-2031.pdf>
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- <sup>4</sup> Portfolio Budget Statements 2014 – 15. *Budget related paper no. 1.10. Health portfolio*. Retrieved 17/10/2023 from: <https://www.health.gov.au/sites/default/files/health-portfolio-budget-statements-2014-15.pdf>



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