

A photograph of two healthcare professionals, likely nurses or doctors, wearing blue scrubs. The person on the left has a stethoscope around their neck. The person on the right is holding a tablet computer. They are walking in a hallway, and the background is slightly blurred.

Workforce 2025-26 Pre-budget Submission



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.^{1,2} 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

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 Department of Health and Aged Care has many competing priorities and to date has been unable to deliver the workforce modelling output that is required.

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 (HWA) — 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 underpin 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

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.

Jurisdictional support

Current health workforce planning is fragmented and there is a notable lack of collaboration and cooperation among jurisdictions, who fund and provide the vast majority of training places. The new agency will need to ensure strong jurisdictional support for its operations, without compromising its independence.

Risks of not taking action

Australia, like many countries, is grappling with health workforce shortages and maldistribution.³ 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 last budget allocation for Health Workforce Australia in 2012-13 — which was abolished in 2014 — to estimate the cost of an independent national health workforce planning agency. Previously, Health Workforce Australia had a large component of funding which was directed to grants to undertake innovative programs. The budget for grants was \$773.6 million over four years (2012–13 to 2015–16).⁴

The AMA has excluded this pool of grant funding from the estimate of the cost of the new agency, at \$182.6 million over the forward estimates. This assumes a cost increase in line with WPI (Wage Price Index) between the last budgeted figure in 2015-16 and 2025-26, which was an average of 2.5 per cent each year. In addition, a \$5 million allocation for the first year to support establishment has been added. 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.

Excluded from these costs are any offsetting savings from duplication of functions from within the Department of Health and Aged Care (where staff will initially come from). There are also likely to be savings between jurisdictions as this agency will offer a co-ordination role with state governments which is missing at present. Any savings can be put toward further innovative functions to improve the efficiency of the health labour force.

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) | 42.4 | 43.7 | 45.0 | 46.4 | 177.6 |
| Establishment cost (\$m) | 5 | | | | 5 |
| Total cost to government (\$m) | 47.5 | 43.7 | 45.0 | 46.4 | 182.6 |

CHAPTER 5 REFERENCES

- ¹ Australian Population Research Institute (2022). *Australia's Medical Workforce: maldistributed and lately never enough*. Retrieved 11/10/2024 from: <https://tapri.org.au/wp-content/uploads/2022/11/MWF-7-1122.pdf>
- ² Australian Government Department of Health and Aged Care. *National Medical Workforce Strategy 2021 – 2031*. Retrieved 27/10/2024 from: <https://www.health.gov.au/sites/default/files/documents/2022/03/national-medical-workforce-strategy-2021-2031.pdf>
- ³ Australian Population Research Institute (2022). *Australia's Medical Workforce: maldistributed and lately never enough*. Retrieved 11/10/2024 from: <https://tapri.org.au/wp-content/uploads/2022/11/MWF-7-1122.pdf>
- ⁴ Portfolio Budget Statements 2014 – 15. *Budget related paper no. 1.10. Health portfolio*. Retrieved 17/10/2024 from: <https://www.health.gov.au/sites/default/files/health-portfolio-budget-statements-2014-15.pdf>



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