

16 November 1998



Mr Ian Gibbs  
Assistant Commissioner  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

Dear Ian

#### Inquiry into Nursing Home Funding

The purpose of this letter is to respond specifically to statements in the Commission's Position Paper regarding the narrowing of differences in wages in the aged care sector in recent years.

In this regard, it would be appropriate to share with you specific information ACA sought from the Australian Bureau of Statistics regarding the Employee Earnings and Hours Survey (EEHS). Attached is a summary of the customised data from this survey which outlines the average weekly earnings and hours of **full-time non-managerial employees within the hospital and nursing homes industry** in the 1994, 1995 and 1996 surveys. The data is disaggregated to allow for comparisons between the public sector and private sector (the latter includes not-for-profit as well as for-profit nursing homes).

The EEHS information differs from the use of wage rate comparisons in that it demonstrates actual differences in average weekly ordinary time earnings for full-time employees, thus taking into account differences in staff mix and experience. As such it provides another perspective on wage costs trends within this industry and the relationship to broader public health sector wage movements.

The data speaks for itself. However, it is relevant to draw your attention to the following trends evidenced by this data:

- Changes in average weekly ordinary time earnings within the private sector (including not-for-profit providers) have varied among the States: in NSW, Queensland and Tasmania, average weekly ordinary time earnings moved closer to the national average over the three surveys; however, in Victoria, South Australia and Western Australia they moved further away from the national average. Thus in practice, the EEHS gives a mixed result in relation to the notion of increasing convergence of wage rates.
- Comparing movements in average weekly ordinary time earnings between the public and private sectors, the surveys indicate an increase in the disparity between the two sectors with average weekly earnings in the public sector being



substantially higher; only in Western Australia and Tasmania does the disparity decline between 1994 and 1996 and even then, the disparity is 10% or more. in 1994 the national average weekly ordinary time earnings in the public sector was 12% higher than in the private sector and by 1996 this differential had risen to 18%.

- Between 1994 and 1996 there was an increasing divergence in the public sector average weekly ordinary time earnings; in 1994 there was a 7.5% difference between the States but by 1996 this had risen to an 11.5% difference.

In the light of this information, it would be unwise to assume that the State differences in wage rates in aged care are likely to converge more closely in the future, particularly given the role of the public sector in setting prices.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Odette' followed by a stylized surname.

Odette Waanders  
Policy Officer

## **ABS Survey of Employee Earnings - Hospitals Nursing Homes 1994-1996**

Australian Bureau of Statistics - Survey of Employee Earnings and Hours

Full-time Adult Non-managerial Employees - Persons

Industry ANZSIC code 861 (Hospitals and Nursing Homes)

Private Sector - Full-time

Reference Period		Average weekly ordinary time earnings (\$)	Average weekly ordinary time hours paid for	Average weekly total earnings (\$)	Average weekly total hours paid for
New South Wales	May-94	554.8	38	572.6	38.7
	May-95	549.7	38.3	563.6	39
	May-96	590.5	38	602.3	38.4
	Movement			5.19%	
Victoria	May-94	560.1	38.1	566.9	38.4
	May-95	570.8	37.9	580.8	38.3
	May-96	599.9	36.9	611.2	37.4
	Movement	7.11%		7.81%	
Queensland	May-94	565.8	38	586.3	38.7
	May-95	593.8	38.2	629.4	39.1
	May-96	587.4	37.9	598.5	38.5
	Movement	3.82%		2.08%	
South Australia	May-94	574.4	37.8	584.3	38.3
	May-95	598	37.6	604	37.8
	May-96	568	38.1	578.7	38.4
	Movement	-1.11%		-0.96%	
Western Australia	May-94	558.1	37.6	564	37.8
	May-95	581	38.3	584.3	38.4
	May-96	608.1	38.5	613	38.7
	Movement	8.96%		8.69%	
Tasmania	May-94	502.7	37.9	509.8	38.3
	May-95	577.1	37.9	580	38
	May-96	564.1	38.8	565	38.9
	Movement	12.21%		10.83%	
Northern Territory	May-94	--	--	--	--
	May-95	706.9	38.2	727.8	39.3
	May-96	568.1	37.9	568.1	37.9
	Movement	#VALUE!		#VALUE!	
Australian Capital Territory	May-94	605.8	38.1	605.8	38.1
	May-95	672.1	38.2	679.9	38.5
	May-96	667.3	37.8	667.3	37.8
	Movement	10.15%		10.15%	
Australia	May-94	559.7	38	574.7	38.5
	May-95	574	38.1	590.4	38.7
	May-96	591.6	37.8	601.7	38.2
	Movement	5.70%		4.70%	

# ABS Survey of Employee Earnings - Hospitals Nursing Homes 1994-1996

## Private Sector - Part-time

Reference Period		Average weekly ordinary time earnings (\$)	Average weekly ordinary time hours paid for	Average weekly total earnings (\$)	Average weekly total hours paid for
New South Wales	May-94	346.9	21	347.8	21
	May-95	341.3	21.4	344.1	21.5
	May-96	367.4	19.9	368.2	19.9
	Movement	5.91%		5.87%	
Victoria	May-94	312.2	18.8	313.4	18.8
	May-95	339.6	20.1	340.3	20.1
	May-96	363.2	20.5	365.5	20.6
	Movement	16.34%		16.62%	
Queensland	May-94	340.2	22	342	22.1
	May-95	336.2	22.6	344.3	23
	May-96	379.7	22.5	381.6	22.6
	Movement	11.61%			
South Australia	May-94	322.9	21.3	328.5	21.5
	May-95	345.2	21.5	347.9	21.6
	May-96	365.1	23.4	365.9	23.4
	Movement	13.07%		11.39%	
Western Australia	May-94	325.7	23.2	327	23.2
	May-95	326.6	21	327.4	21.1
	May-96	318.3	22.9	319.5	22.9
	Movement	-2.27%		-2.29%	
Tasmania	May-94	280.3	17.3	301.5	18.5
	May-95	376.5	21.5	380.3	21.6
	May-96	375.4	19.5	377.3	19.6
	Movement	33.93%		25.14%	
Northern Territory	May-94	--	--	--	--
	May-95	390.3	21.8	390.3	21.8
	May-96	385.5	18.1	387.6	18.2
Australian Capital Territory	May-94	411.8	26.4	424.3	27.1
	May-95	416.1	23.1	416.1	23.1
	May-96	416.1	20.9	418.3	21
	Movement	1.04%		-1.41%	
Australia	May-94	330	20.8	333.2	20.9
	May-95	341.2	21.4	344.4	21.5
	May-96	362.7	21.3	364.1	21.3
	Movement	9.91%		9.27%	

## **ABS Survey of Employee Earnings - Hospitals Nursing Homes 1994-1996**

### Public Sector - Full-time

Reference Period		Average weekly ordinary time earnings (\$)	Average weekly ordinary time hours paid for	Average weekly total earnings (\$)	Average weekly total hours paid for
New South Wales	May-94	617.4		644.4	
	May-95	674.1	37.8	719.8	38.6
	May-96	696.7	37.5	738.6	38.8
	Movement	12.84%	37.8	14.62%	38.9
Victoria	May-94	645.5		676.6	
	May-95	640.5	38.8	680	39.9
	May-96	739.6	39.1	775.4	40.3
	Movement	14.58%	39.1	14.60%	40.2
Queensland	May-94	628.9		661	
	May-95	664.9	38.5	687.4	39.5
	May-96	698.5	38	728.7	38.7
	Movement	11.07%	37.9	10.24%	38.7
South Australia	May-94	632.9		653.3	
	May-95	655.6	37.7	674.1	38.4
	May-96	654.3	37.9	676.8	38.6
	Movement	3.38%	38.1	3.60%	39
Western Australia	May-94	634.5		654.1	
	May-95	645.5	37.9	663.1	38.4
	May-96	672.1	38.1	694.2	38.8
	Movement	5.93%	38	6.13%	38.7
Tasmania	May-94	596.5		634.4	
	May-95	645.1	40.5	657.5	42
	May-96	655.7	37.1	685.9	37.7
	Movement	9.92%	37.4	8.12%	38.6
Northern Territory	May-94	665.3		692	
	May-95	745.5	36.7	757.4	37.5
	May-96	919	36.9	974.2	37.3
	Movement	38.13%	37.4	40.78%	38.7
Australian Capital Territory	May-94	--	--	--	--
	May-95	--	--	--	--
	May-96	--	--	--	--
Australia	May-94	629.3		657	
	May-95	662.3	38.2	695.2	39.1
	May-96	702.5	38	737.2	39
	Movement	11.63%	38.1	12.21%	39.1

## **ABS Survey of Employee Earnings - Hospitals Nursing Homes 1994-1996**

### Public Sector - Part-time

Reference Period		Average weekly ordinary time earnings (\$)	Average weekly ordinary time hours paid for	Average weekly total earnings (\$)	Average weekly total hours paid for
New South Wales	May-94	370.2	19.1	374.8	19.2
	May-95	407.2	20.9	409.3	20.9
	May-96	420	19.9	422.4	20
	Movement	13.45%		12.70%	
Victoria	May-94	388.6	21.4	390.4	21.5
	May-95	400.7	21.6	404.5	21.8
	May-96	442.4	22.3	446.6	22.5
	Movement	13.84%		14.40%	
Queensland	May-94	345.8	19.4	362.1	19.8
	May-95	372.6	18.7	375.5	18.9
	May-96	420.9	19.8	425.7	20
	Movement	21.72%		17.56%	
South Australia	May-94	369.7	21.2	371.8	21.5
	May-95	357.2	20.3	363.8	20.4
	May-96	383.2	21.3	385	21.3
	Movement	3.65%		3.55%	
Western Australia	May-94	379.3	20.6	386	20.8
	May-95	366.8	20.9	369.4	21
	May-96	397.8	20.5	406.1	20.8
	Movement	4.88%		5.21%	
Tasmania	May-94	325.3	19.7	326.6	19.8
	May-95	462.4	21.2	477.7	21.4
	May-96	478	21	482.4	21.1
	Movement	46.94%		47.70%	
Northern Territory	May-94	427.1	20.9	508.8	23.7
	May-95	341.8	18.8	341.8	18.8
	May-96	213	8	213	8
	Movement	-50.13%		-58.14%	
Australian Capital Territory	May-94	--	--	--	--
	May-95	--	--	--	--
	May-96	--	--	--	--
Australia	May-94	373.7	20.4	378.8	20.6
	May-95	393.7	20.7	397.6	20.9
	May-96	423.4	20.9	427.4	21
	Movement	13.30%		12.83%	

-- No data available

Note: Copyright Commonwealth of Australia, 1998