![CEDA - committee for economic development of australia]

Aged-care funding must be overhauled to stop beds sitting empty: CEDA

Australia must urgently step up efforts to address the growing shortage of aged-care workers as beds sit empty in homes around the country despite long waiting lists, the Committee for Economic Development of Australia (CEDA) says.

Duty of care: Aged-care sector running on empty, the third report in CEDA's series on aged care, finds many homes are now operating under capacity due to worker shortages, with some as low as 50 per cent capacity.

Those in regional and remote areas are the most affected.

"New mandated staffing levels mean many facilities are operating well below full capacity because they can't get enough workers. Some have closed altogether," CEDA Chief Economist Cassandra Winzar said.

"These staffing changes are important to increase the quality of care for older Australians, but they are adding pressure on providers already struggling to maintain their workforces and come on top of growing demand for home-care services."

Previous CEDA research found there would be a shortfall of at least 110,000 direct-care workers by 2030.

"Not enough has been done to fix this," Ms Winzar said.

"There must be more action from government to make meaningful progress on closing this workforce gap."

Aged-care patients are now being kept in hospitals because of the lack of available places in residential care.

From December 2021 through to June 2022, the number of regional patients in NSW awaiting discharge to an aged-care facility nearly tripled. There is no sign this trend has abated.

Regional hospitals are particularly affected given the growing number of aged-care facilities closing in those areas.

In the 2022 December quarter alone, 13 residential providers left the sector and at least 18 aged care homes are due to close this year.

"Despite recent wage rises, many workers are finding it hard to remain in the sector at a time of stubbornly high inflation, and employers are unable to compete on pay and conditions," Ms Winzar said.

"New labour agreements have proven hard to implement and are insufficient for broad application across the industry. But migration alone will not solve the workforce challenge."

To meet this challenge, we must prioritise the following measures.

- Recruit personal-care workers directly by introducing a new "essential skills visa" to allow workers to migrate with long-term residency opportunities. This visa would only be for areas of critical need such as aged care, childcare, disability and healthcare.
- Introduce a user-pays system for aged-care clients who meet certain income or asset thresholds, to help ensure the long-term viability of the sector.
- Prioritise key worker housing in regional areas under the national Housing Accord and look at options for rental assistance such as the National Rental Affordability Scheme.

"Funding for the sector, through a mix of increased government and personal contributions, will have to rise to ensure we can provide high quality care to older Australians," Ms Winzar said.

"Without further action, we will be unable to provide the care the community rightfully expects."

CEDA Chief Economist Cassandra Winzar is available for further comment and interviews.

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CEDA has more than 620 members from a broad cross-section of industry, government, community and academia. Our members span every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid the development of Australia continues to drive our work today.