

Aged care opportunities in Australia and Indonesia

Investing for the Golden Age

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Across Indonesia and Australia, ageing populations and rising incomes are driving growth in aged care, together with the favourable policy environment enabled by the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). The IA-CEPA allows Australian companies to own up to 67 per cent of aged care facilities in Indonesia, unlocking exciting new trade and investment opportunities in the Care Economy. In support of the “Economics of Care: Trade and Investment Opportunities in the Care Economy” webinar series, three briefing papers will explore from multiple angles the high potential bilateral trade and investment opportunities in childcare, aged care, and healthcare. This paper focuses upon aged care.

What is the aged care sector?

The aged care sector spans a wide range of services that address a continuum of care needs and can be provided in the home, community or residential facilities. The two core components of aged care service offerings are to meet: (1) health needs — which become increasingly complex with age; and (2) daily care needs — whether provided in the home, the community or residential care, and includes both services and assistive technologies such as mobility aids and ‘AgeTech’.

The aged care markets in Indonesia and Australia

Indonesia

The window of opportunity to plan for, prepare, and adapt to the needs of ageing populations is now.

Indonesia is experiencing a significant demographic shift. By 2030, the demographic dividend will likely close and by 2040 the population aged 65-79 and 80+ is projected to double and reach 31.6 million and 5.5 million people, respectively, or collectively, 12 per cent of the total population.

Demand for aged care is growing. This is driven by growing numbers of millennials and Gen Z’s moving away from family to live in urban centres to seek better employment opportunities, together with growing women’s workforce participation rates and declining co-residency.¹ This is

driving a shift in social norms, as younger generations seek formal aged care services for their parents. In Indonesia, most aged care is currently provided by family caregivers.² This has opportunity costs for the economy from lost education and paid workforce opportunities on the part of family caregivers, primarily women.

Indonesia’s burgeoning silver economy is estimated to be valued at US\$7.5 billion by 2025³ and is expected to be the second-largest silver economy by 2030, after China. In recognition of this, in 2021, the Ministry of National Development Planning (Bappenas) launched a national strategy on the silver economy. The strategy prioritises developing multisectoral policies to support

1 World Bank, 2020, ‘Economic Cost of Familial Aged Long-Term Care Provision in Indonesia’.

2 Three are operated by the central government, 71 are operated by local governments, and 189 residential homes are private. ADB, 2021, ‘Country Diagnostic Study on Long-Term Care in Indonesia’.

3 ERIA & BAPPENAS, 2020, ‘Preparing Indonesia to Expand the Silver Economy’.

population ageing, including digitising the national Elderly Information System (Silani) to strengthen data, service referrals and case management, and facilitate elderly services provision.⁴

Indonesia's aged care market represents an exciting growth opportunity, ripe for investment from early entrants and is primed for innovative aged care service delivery models. Currently, while some aged care services are offered, the availability, accessibility, affordability, and quality of services are uneven, and coordination is lacking.⁵ The Government of Indonesia (GoI) is prioritising home care and elderly “posyandu”⁶ — community-based integrated health services, with limited investment to date in residential care or nursing homes. In 2021, there were around 270 government-run and private residential facilities with a capacity for around 18,000 elderly.⁷ Geriatric clinic services are provided in only 88 of 2,813 hospitals, located in only 21 of the 34 provinces, and mostly in cities, not meeting the diverse needs of a geographically dispersed elderly population. The opportunities for innovation and new market entrants are vast — particularly in rehabilitation and dementia care, which is especially lacking.

A quick look at Indonesia's emerging aged care sector

Whilst the market is nascent, several companies are offering quality aged care services in Indonesia including:

- **HoviCare** offers assisted elderly care in Saba, Bali, integrated with Kasih Ibu Hospital Saba, Hovi Assist provides high-quality 24/7 individualised care to promote independent living and wellbeing. Residents of the facility include locals and expats, including Australians. HoviCare also runs HoviClub, providing high-quality elderly day care for seniors.
- **Living Well Seniors Communities** operates senior living communities in Jakarta, initially via its Seniors Clubhouse offering, providing meeting places for seniors to attend and enjoy social interaction. The Clubhouse addresses a gap in aged care services for middle to middle-upper-income Indonesians. The organisation is co-founded, run and managed by an Indonesian and Australian leadership team.
- **LoveCare** is a digital platform offering in-home care services including on-demand access to caregivers and nurses as well as live-in caregivers and nurses, tailored to meet individual care needs.

Australia

Aged care is already an area of critical need in Australia, with the government exploring different funding models to potentially increase private contributions to fund aged care.

As the ‘baby boomer’ generation continues to age, the number of Australians over the age of 60 is expected to double in the coming 40 years. Those over the age of 80 will more than triple in that time and will account for nearly 26 per cent of the total population. By 2033, the first of the baby boomer generation will enter the 85+ age bracket (the largest cohort using aged care facilities), resulting in a rapid increase in demand for aged care, assisted living and healthcare services.⁸ Currently, the Australian Government pays aged care providers to deliver aged care.⁹ This funding model is becoming unsustainable as the old-age dependency ratio grows and the taxation burden for funding aged care services falls on a shrinking working-age population.^{10, 11}

In recognition of the wealth of a large proportion of Australia's ageing demographic, Australia's silver economy¹² was ranked third in the ‘Ageing Asia Silver Economy Index 2020-2025’. Spending on aged care reflects Australian expectations, for people to be able to live well and receive the care they need as they age. The role and demands of the aged care system have changed considerably over recent decades and will continue to shift as the elderly population's needs become more complex and community expectations evolve. Today's retirees are the first generation to have access to less than half-a-working-life's worth of superannuation contributions.¹³

Aged care service delivery is shifting towards providing a continuum of care, contributing to the growth and attractiveness of the Australian aged care market.¹⁴

4 Presidential Regulation No. 88/2021 outlines the national strategy for ageing, aiming to raise the number of elderly “posyandu” from 80,759 in 2017 to 100,000 by 2024, ensuring coverage for every village, and to expand home care services for the elderly to more districts.

5 ADB, 2021, ‘Country Diagnostic Study on Long-Term Care in Indonesia’.

6 Presidential Regulation No. 88/2021 outlines the national strategy for ageing, aiming to raise the number of elderly “posyandu” from 80,759 in 2017 to 100,000 by 2024, ensuring coverage for every village, and to expand home care services for the elderly to more districts.

7 ADB, 2021, ‘Country Diagnostic Study on Long-Term Care in Indonesia’.

8 Salt, 2024, ‘The ageing train that's thundering towards us’.

9 Through subsidies and supplements, capital grants for aged care services and program funding

10 Ibid.

11 Which measures the number of people aged 65 and over for every 100 people of traditional working age (15 to 64). The old-age dependency ratio projected to increase from around 27 per cent in 2022-23 to over 38 per cent in 2062-63. Australian Government, 2024 ‘Final Report of the Aged Care Taskforce’.

12 The silver economy refers to existing and emerging economic opportunities associated with the growing public and consumer expenditure related to population ageing and the specific needs of the population over 50.

13 Salt, 2024, ‘The new creed being embraced by post-Covid retirees’.

14 Aged care residents fall into three categories: supported, partially supported or self-funded, with the government paying for all or part of the accommodation charges in the first two instances via an accommodation supplement

Aged care services have traditionally been provided through government-subsided residential aged care facilities, with the government providing approximately two-thirds of industry revenue through various residential care subsidies and payments.¹⁵ Recently, there has been a shift towards providing additional care services in retirement villages, in line with a broader shift towards providing a continuum of care, as residents are increasingly demanding seamless transitions as their care needs change. Aged care service providers are increasingly offering their clients meal, cleaning, and laundry services, in addition to various health, wellness and lifestyle services —including allied health services like physiotherapy, podiatry, and occupational therapy.

The number of Australians using home aged care is projected to double over the next two decades, from around 1 million to almost 2 million people.¹⁶ The number of Australians using home aged care is projected to double over the next two decades, from around 1 million to almost 2 million people. Demand for home care is rising sharply as older Australians are increasingly seeking care at home rather than in residential aged care, a shift that is also projected to save billions of dollars in public expenditure.¹⁷ The average length of time people access in home care has also increased. As people remain at home with greater frailty, the home care system needs to be able to meet these more complex care needs.¹⁸ To enable home-based living, this will require more assistive technology devices and care workers that can provide direct care services in homes.



Australia must grow the skilled aged care workforce to service both current and projected future demand. The Australian aged care sector is facing ongoing workforce shortages, which is only expected to worsen.¹⁹ By 2030 there is expected to be a shortfall of at least 110,000 aged care workers. The need to meet recently government-mandated ‘care minutes’ — a requirement to provide 200 minutes of ‘direct care’ per resident per day will rise to 215 minutes in October 2024 is a major challenge facing the sector.²⁰ Increased government funding to deliver additional resourcing, plus recently mandated wage increases of up to 28 per cent have been welcomed by aged-care workers. But workforce shortages are likely to remain.

Examples of innovations in Australia’s aged care sector

Innovations such as smart-home systems using sensors, monitoring devices, robotics and internet-of-things (IoT) platforms are being deployed in Australian in-home and residential aged care. This allows for remote patient monitoring, in turn promoting independence, well-being and quality of life. Similarly, a virtual Emergency Department program is being developed, specifically to allow patients in residential aged-care facilities to be diagnosed, treated and monitored in situ, without the cost and distress of having to be transported to the hospital. Here, augmented reality (AR) is being used to connect patients and medical professionals remotely and is expected to reduce hospital transfers by 50 per cent, taking pressure off emergency departments and ambulance services.

15 Ibisworld, 2024, ‘Aged Care Residential Services in Australia’.

16 Department of Health and Aged Care, Financial Report on the Australian Aged Care Sector 2021–22.

17 ABC News, 2023, ‘Federal budget projects a shift in aged care, which promises to save Australia billions’.

18 Australian Government, 2024 ‘Final Report of the Aged Care Taskforce’.

19 CEDA, 2023 ‘Duty of care: Aged-care sector running on empty’.

20 Ibisworld, 2024, ‘Aged Care Residential Services in Australia’.

Bilateral opportunities

There is an urgent need in both Indonesia and Australia for care models that are affordable, accessible, sustainable, and adapted to the local context. This is evidenced by the projected rapidly ageing populations and the need to develop the infrastructure, aged care services and workforces to meet these growing needs. Businesses offering innovative and culturally appropriate technology solutions in the aged care sector will thrive and create efficiencies in the sector. Increasing public and private sector access to customised/adaptive assistive technology (AT) devices and mobility aids will improve both the productivity of care workers and lower the lifetime cost of delivering care. Similarly, recent Katalis research identified strong projected future growth and collaboration potential in digital health technologies and telemedicine, which will play a growing role in meeting healthcare needs in both countries.²¹

Age-related health conditions will become more prevalent in both countries. In Australia, healthcare needs are expected to outpace population growth such that dementia cases may rise by 45 per cent in just a decade.²² An increase of 25 per cent in strokes, heart disease, and kidney diseases is also predicted.²³ Similarly, Indonesia has a much larger population with growing healthcare needs. It is estimated that currently, 26 per cent of older adults (aged 60+) have some form of acute or chronic morbidity,²⁴ while at least 27 per cent are living with a disability.²⁵ This underscores the need to invest in aged care services.



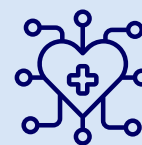
Premium aged care services



Aged care health and wellness tourism



Digital healthcare solutions



Assistive technology (AT)



Standards and quality assurance



In-home care models, systems and supports



Infrastructure development



Vocational training, tertiary education, and skilled migration

21 Katalis, 2024, 'A Prescription for Prosperity: Building a Collaborative Digital Health Future Between Australia and Indonesia'.

22 ABS Census 2021 & Centre of Population, 2024.

23 Ibid.

24 BPS, 2019 'Percent of rural-urban population having health complaint and self treatment'.

25 World Bank, 2020, 'Economic Cost of Familial Aged Long-Term Care Provision in Indonesia'.



A pilot commenced in 2023 exploring the potential to provide an international holiday destination for aged (and disability) care clients, offering full-time 1:1 nursing support.²⁶ There are opportunities for Australian and Indonesian providers to establish aged care facilities in Bali to attract Australians and wealthy Indonesians seeking a different type of aged care model and lifestyle, with the potential to leverage the existing infrastructure (hotels), tourism workforce (able to be retrained and obtain Australian standard qualifications) and Australia's long-standing fondness for Bali. Aged care residents could access wellness and cultural experiences, in addition to quality affordable care.



Digital healthcare solutions

There are two-way opportunities to share digital healthcare solutions to support aged care service delivery. This is evidenced by the recent entrance of Indonesian company Privy to the Australian market, providing cutting-edge digital trust solutions including healthcare record management. Further, the Government of Indonesia has identified digital health solutions as central to delivering better healthcare to Indonesia's geographically dispersed population and is seeking digital solutions to address healthcare access, cost, and quality challenges and enhance customer experiences. Australia has expertise and experience in IT solutions to improve operational efficiencies and care quality, including electronic care management applications to improve the accuracy of patient records, electronic medication administration apps to reduce errors, and to improve workforce management.²⁷



Assistive technology (AT)

A recent Katalis report identified opportunities to grow Australia's exports of AT to Indonesia.²⁸ In the short term, digital assistive technologies offer the greatest opportunities for enhanced bilateral trade. This is evidenced by Spokle, an Australian AT company that entered the Indonesian market in 2018 with its customised speech therapy app, together with recent investment from Australian company Cochlear in Indonesia, which will soon open the Jakarta Ear and Hearing Centre- providing a one-stop-shop for patients with hearing loss. In the future, there is potential to explore the potential to develop a bilateral AT value chain, leveraging Australian R&D and Indonesian cost-competitive manufacturing capabilities to produce customised AT products.



Premium aged care services

IA-CEPA allows Australian companies to own up to 67 per cent of aged care facilities, offering a chance to establish premium services catering to the growing middle class. Recent bilateral partnerships and investments in healthcare such as the recent joint venture between Aspen Medical and Docta Pty Ltd from Australia, and PT Jasa Sarana in Indonesia provide examples of how similar partnerships in aged care could evolve. Shifting cultural norms towards care outside the home means this is likely to be a longer-term opportunity, though with significant potential.



Aged care health and wellness tourism

Under the New Era Bali Kerthi Economic Roadmap, the GoI is exploring the potential to diversify the existing Bali tourism industry into a new target subsegment — providing premium aged care and wellness services to international visitors and the wealthy domestic population.

²⁶ Stakeholder consultations, Steve Zannon, 2024.

²⁷ Ibisworld, 2023 'Industry Report: Aged Care Residential Services in Australia'.

²⁸ Katalis, 2024 'Enhanced Bilateral Trade and Investment between Indonesia and Australia in Medical Devices and Assistive Technology'.



Standards and quality assurance

Australia's experience in implementing its aged care reforms and setting high standards of care can be valuable for Indonesia in developing its quality assurance framework. A recent episode of [The Katalis Podcast](#) identified the need for setting quality standards for aged care in Indonesia, highlighting the success of the advocacy from Australian-owned Living Well Seniors Communities in driving standards and accreditation for personal care attendants. There are further opportunities to exchange quality standards, to support Gol ambitions to introduce further standards and accreditation systems,²⁹ whether via market entry of Australian standard residential facilities into Indonesia or through consulting services to help Indonesia's care services for older people reach international standards.³⁰



Infrastructure development

Aged and healthcare infrastructure in Indonesia is insufficient for current and future needs.³¹ Australia can support Indonesia in expanding aged care facilities and senior living and care communities through design, construction, and management services, including through Public Private Partnerships. There are opportunities for Australian aged care solutions to be adapted to meet Indonesia's unique needs, including specialist accommodation options such as senior living communities that provide independence in a supported environment.



In-home care models, systems and supports

Australia's in-home care models, smart home systems and virtual emergency department programs may be well suited to the Indonesian context, especially when considering the growing needs of a geographically dispersed ageing population and uneven service provision outside of major cities. The smart-home systems can support Indonesian in-home care needs, while augmented reality technology models could help meet Indonesia's growing healthcare delivery needs, taking pressure off the healthcare system.



Vocational training, tertiary education, and skilled migration

Australia is facing ongoing aged care workforce shortages whereas Indonesia has a large caregiving workforce that could benefit from being trained to Australian and international



standards. There are opportunities to build a mutually beneficial workforce training model where Indonesian workers fill aged care workforce gaps in Australia, and become accredited to international standards, before returning home, with the necessary qualifications and experience to help establish the workforce and industry standards in Indonesia. Australia has a well-established aged care training system and can collaborate with Indonesian institutions to upskill the local workforce and address staffing shortages. Living Well Seniors Communities, mentioned above, has announced plans to implement such a workforce training model by connecting Indonesian personal care attendants with experience working in an Australian-managed aged care facility in Indonesia with Australian aged care employers, and offering hybrid vocational training via a partnership between an Australian vocational training provider and an Indonesian nursing school. Under this partnership, Indonesian personal care attendants will obtain Australian accreditation. Further opportunities exist for professional training for geriatric nurses and caregivers which can build on Katalis' work undertaking a Comparative Assessment of Nursing Standards in Indonesia and Australia.³²

IA-CEPA ECP Katalis (Katalis) is a unique, five-year (2020-2025) government-backed business development program unlocking the vast potential of economic partnership between Australia and Indonesia. Katalis was established under the Indonesia-Australia Comprehensive Economic Partnership Agreement Economic Cooperation Program (IA-CEPA ECP). The program complements other Australian development programs with a commercially oriented, bilateral approach and places gender equality and social inclusion at the centre of everything we do.

IA-CEPA ECP Katalis is supported by the governments of Australia and Indonesia under IA-CEPA.

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29 As outlined in Presidential Regulation No. 88/2021 outlines the national strategy for ageing.

30 Austrade, 2018 'Indonesia Export Market Guide'.

31 ADB, 2021' Country Diagnostic Study on Long-Term Care in Indonesia'.

32 Katalis, 2022, "Comparative Assessment of Nursing Standards in Indonesia and Australia" accessible at: <https://iacepa-katalis.org/comparative-assessment-of-nursing-standards-in-indonesia-and-australia/>



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