



# A SNAPSHOT OF THE AGED CARE INDUSTRY IN AUSTRALIA.

Now more than ever the Aged Care Industry is experiencing hardship and change - the land-scape paints a very different picture compared to this time last year. The Aged Care industry is one that naturally evolves and adapts as time passes, but COVID-19 has led to monumental shifts in how facilities are operating. Plus, with Australia’s ageing population predicted to boom over the next 10 years, the industry must begin preparations now in order to ensure they can support and scale to meet demands. It is crucial for facilities and Aged Care work-ers to be equipped with an understanding of the current industry landscape and to keep up to date as the market evolves. Staying abreast of new rules, regulations and insights will help facilities look to the future and stay ahead of their competition.

## A SNAPSHOT:

Total revenue 2020:	<b>\$22.6bn</b>
Annual growth 2015-2020:	<b>^2.8%</b>
Predicted growth 2020-2025:	<b>^3.4%</b>
Profit margin 2020:	<b>^2.7%</b>
Wages as a share of revenue 2020:	<b>70.0%</b>
Number of Businesses 2015-2020:	<b>v0.3%</b>

## THE IMPACTS OF COVID-19

The Residential Care sector has faced heavy disruption related to the global pandemic, and Australia was no exception:

- Aged care residential facilities are vulnerable to potential COVID-19 outbreaks, and staff have been expected to respond accordingly to minimise risk for themselves and residents.
- Shortages of preventative medical supplies, have negatively affected these facilities, as preventative measures are more difficult to implement without access to these basic supplies.

The virus, coupled with the outcomes of the 2019 Royal Commission, has seen many Aged Care facilities adapt their operating systems, IT and technology environments to adhere to new rules and regulations and to deal with a fast-changing landscape.

## DESPITE DISRUPTION, STRONG GROWTH IS EXPECTED

Despite the disruption that COVID-19 and the 2019 Royal Commission have caused, growth is projected for the Aged Care industry.

Due to the approaching ageing population, industry revenue is forecast to rise at an annualised **3.4%** over the next five years through 2024-25, to **\$26.7 billion**.

## A GREYING POPULATION -STATS AND STATISTICS

The number of Australians aged 65 doubled between 2014-15 and is forecast to double between 2054-55, leading to higher demand for services, and the need for innovation around IT, in particular, agile and secure technology.

### Plus, the proportion of older seniors is set to increase:

In 2017:

- 57% of older people (2.2 million) were 65-74
- 30% (1.2 million) were 75-84
- 13% (497,000) were 85 or over

By 2047 it is expected that:

- 45% of older people (3.4 million) will be 65-74
- 35% (2.6 million) will be 75-84
- 20% (1.5 million) will be 85 or over

## INDUSTRY OPPORTUNITY

- i. The number of elderly individuals in the community and the proportion of elderly people with disabilities naturally influences industry demand.
- ii. Many elderly people receive a government subsidy for residential Aged Care accommodation
- iii. Greater demand for this accommodation influences government expenditure on industry services

Therefore, an increase in the population aged 70 and older **provides an opportunity for the industry to EXPAND.**

## A DIGITAL OVERHAUL

In 2020, several residential Aged Care facilities have implemented IT platforms and systems to maximise service delivery and support their patients' care needs, including the use of:

- Electronic health records
- Health technology programs

New technology based administrative platforms have improved overall efficiencies for many facilities with:

- Staff rostering to improve operational efficiencies
- Electronic medication administration apps to reduce error
- Automated and streamlined admin systems
- Tools to support and manage remote workers

## Talk to Brennan today

If you need a trusted technology partner, then look no further. Brennan are Aged Care Industry experts and can help you navigate through any technology changes required to keep up to date with this changing landscape. If you're looking to:

- Improve the customer experience of your Aged Care business through technology,
- Introduce new innovative systems into your facility,
- Empower and support your remote workers,

Then Brennan can help you make changes quickly, efficiently, and seamlessly.

## M&As AND EXPANSION

- Increasing government scrutiny and regulations contribute to an environment **ripe for consolidation.**
- Operating Company-Property Company deals will become more prevalent as investors seek to dissect portfolios and **leverage revenue streams** from beds.
- Digital home care models are likely to be developed in Asia, but Australian aged care operators will have opportunities to leverage their experience and IP to move into niche areas in the Asian market

## WHAT'S THE RISK?

Overall risk in the Aged Care Residential Services industry is forecast to be **LOW** over 2021-22.

The key positive factors affecting this industry are low competition and high industry assistance. Overall risk will be lower than the MEDIUM-LOW level of the previous year, a result of favourable movements in total government expenditure on aged care services as well as average weekly hours worked

Western Australia aged care provider Brightwater was the first in Australia to introduce robotic technology into its aged care dementia facilities in 2015. Speak to Brennan about how agile automation could improve your care.