



CARE

EPICOR

# The Australian Aged Care System 3.0

*Preparing your organisation to thrive out the other side.*





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# Opportunity Beyond Adversity

In 2018, Epicor wrote The Australian Aged Care System 2.0 to highlight how the interrelationship and cumulative impact of current and proposed changes in the aged care industry would have a transformational effect. After the white paper's release, the term 'Aged Care 2.0' was widely adopted in the market to encapsulate the myriad of political, economic, sociocultural and technological forces that aged care providers were experiencing and adjusting to.

While many understood that transformational times were ahead, no one could have predicted how significantly and suddenly the industry would experience turbulence. In addition to preparing for the tectonic shifts from the Royal Commission into Aged Care Quality and Safety, aged care providers needed to deal with a 'once-in-a-lifetime' pandemic.

Either of these factors alone would have presented a significant challenge. But they occurred together,

and in addition to funding constraints, increased competition and a new era of aged care recipients with unique needs and preferences created unprecedented market conditions that caused some providers to exit the market.

Yet, despite the difficulty of this period, many organisations have emerged stronger, with a newfound capability to navigate transformation. Epicor believes that the magnitude of these market forces and the industry's rapid response warrants an acknowledgement in the form of a new industry generation classification: 'Aged Care 3.0'.

This guide provides insights and frameworks to support your organisation in making strategic decisions for the 'Aged Care 3.0' era, which Epicor predicts will be best described as "opportunity beyond adversity."

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# A New Era of Aged Care Clients

The youngest Baby Boomers are now in their 60s, and the older cohort members are approaching their 80s, meaning this unique generation will dominate the 'Aged Care 3.0' era.

Unlike the Silent Generation before them, this new wave of aged care recipients has experienced significant growth in equity in their homes and was the first generation to receive compulsory superannuation. Moreover, Baby Boomers have lived many of their working adult years in a period of heightened consumerism and technology proliferation. This has equipped them with a greater propensity and capability to seek out and afford higher standards of diverse care offerings.

The support network of these Baby Boomers is also more digitally capable, which presents opportunities for aged care providers to leverage technology to better connect care recipients and their support network through social channels. PwC reports that many aged care recipients and their family members have had poor experiences finding an aged care provider that meets their needs. Family members want providers to utilise technology to provide more information about services<sup>1</sup>. As we explored in our eBook, [The Aged Care Productivity Maximiser](#), the modern aged care client and their support network have become accustomed to operating in the digital world, so it's reasonable that they would expect to manage their healthcare needs in a fit-for-purpose digital ecosystem.

These financial and cultural differences between the generations will result in a significant adaptation in consumer behaviour. The modern aged care client will increasingly make considered and informed buying decisions based on selection criteria that are important to them, including a preference to live in their own homes for longer<sup>2</sup>.

The growth of home care is already evident, with 61% of operators actively providing home care in 2023, up from 46% in 2022<sup>3</sup>. For the year ending 30 June 2023, a total of 258,374 Australians were accessing a Home Care Package, which is an increase of 20% from the prior year<sup>4</sup>. Beyond the market demand, home care will also play an important economic role in the years ahead as our growing ageing population will spend more time using government-funded services. The Albanese Government has committed to invest \$4.3B in the Support at Home program, which, by 2035, is projected to help around 1.4 million people stay in their homes as they age<sup>5</sup>.

The Intergenerational Report 2023 outlines that the Australian economy is forecast to experience 2.2% annualised average growth, in real terms, in the next 40 years compared with 3.1% in the prior 40 years. In this forecast period, total Australian Government payments as a share of GDP are projected to rise from 24.8% to 28.6% in 2062–63, with aged care in the top five fastest-growing payments alongside interest on government debt, defence, health, and the NDIS<sup>6</sup>.

The proportionality of working-age Australians to aged care recipients has been moving out of balance for some time, emphasising the need for significant care reform to ensure financial viability. Australia's fertility rate has been below the replacement rate since the 1970s and while fertility rates continue to remain low, as is expected for some time, life expectancy at birth continues to increase. As a result, the median age in Australia will increase from 38.5 years in 2022–23 to 43.1 years by 2062–63. In this same period, there will be over twice as many people aged 65 and older and more than three times as many people aged 85 and older<sup>6</sup>. Most aged care providers (70%) are concerned with how well-equipped the country is to support this rapid increase in older Australians<sup>3</sup>.

A new wave of aged care clients alongside adapted funding models creates a unique opportunity for providers to reimagine their business strategy, enhance their value proposition and harness technology to thrive during the National Digital Health Strategy 2023–2028 era.

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# Australia's Changing Legislative Landscape

The Final Report of the Royal Commission into Aged Care Quality and Safety emphasised that “a profound shift is required in which the people receiving care are placed at the centre of a new aged care system<sup>7</sup>.” Several significant reforms will commence across 2025 to further bring about this shift.

In particular, the new rights-based Aged Care Act, which passed Parliament on 25 November 2024, will become the new Aged Care Act on 1 July 2025<sup>8</sup>. The new Act will replace the Aged Care Act 1997, the Aged Care (Transitional Provisions) Act 1997, and the Aged Care Quality and Safety Commission Act 2018<sup>9</sup>. Amongst other notable inclusions, this new Act will create a single entry point with clear requirements for eligibility, a single assessment framework, and a new regulatory model to increase the accountability of providers while strengthening the aged care regulator.

The new Aged Care Act will legislate 60-odd Royal Commission recommendations and commence alongside the updated Aged Care Quality Standards and the new Support at Home Program<sup>10</sup>. These updates build upon a series of other significant legislative changes following the Royal Commission, including the abolishment of the Aged Care Financing Authority, the introduction of Star Ratings, 24/7 registered nurse requirements for residential care, and the new Australian National Aged Care Classification funding model<sup>9</sup>. Suffice to say, there is a lot for providers to prepare for and stay abreast of.

Ageing Australia, formerly known as The Aged & Community Care Providers Association, report that 84% of providers believe the new requirements will put a greater strain on the aged care sector, and 97% are concerned about increasing costs associated with service delivery<sup>3</sup>.

An absence of adequate support to prepare for and maintain compliance with such legislative changes will place significant stress and pressure on your operations and further stray your focus from core operations. If your software vendor has a demonstrated commitment to keeping pace with the Australian legislative environment, you have much more time to focus on your core business activities.

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# The Market Competition Impact

The continued desire for older Australians to remain in their homes for longer presents a challenge for providers to attract and retain enough staff to meet the demand. In the 'Aged Care 3.0' era, the leading aged care providers will find creative solutions to overcome such barriers to growth, such as Uniting NSW/ACT's acquisition of Find a Carer, the online marketplace that connects care workers and care recipients<sup>4</sup>.

The aged care sector will undergo a significant provider shift in the year ahead. Ageing Australia reports that 48% of aged care providers were considering an expansion this year, and 32% were considering an acquisition<sup>3</sup>. In the home care market, the suite of new legislative changes occurring across 2025 will likely reduce the barriers to entry, attracting new providers.

Equally, the funding model and regulation changes may cause some providers to exit the market. In the residential care market, merger and acquisition activity remained high in FY23, alongside continued market exits by smaller providers due to pressures caused by current and upcoming funding and regulatory changes.

These levels of market consolidation are expected to continue, emphasising the need for providers to focus on their strategic direction and occupy a deliberate and valuable position in the market. Such an approach does not imply a necessity to deny care but rather to deploy your core competencies towards meeting the needs of a specific market segment in a focused manner that results in a standard of care you would not have otherwise been able to meet.

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# Your Compelling Answer

Historically, the aged care market was primarily operated by not-for-profit organisations, including religious, community-based providers and charities. Due to the inherent nature of how these organisations operate, marketing concepts such as client acquisition and value proposition development were typically not core tenets of their operation.

However, the market has gradually moved towards a focus on client-centricity, both by government mandate and the commercial imperatives caused by greater competition from for-profit providers. As this trend continues and more and more organisations develop and implement value propositions directed towards specific market segments, care recipients will be more likely to find services that meet their needs and wants.

Developing a successful value proposition requires the organisation to identify its core competencies. These unique, hard-to-imitate ‘superpowers’ are the key to developing a competitive advantage and achieving the organisation’s strategic objectives while helping ensure financial sustainability on the road to getting there.

Moreover, a compelling value proposition will also serve to attract and retain industry talent as it provides a clear vision of the organisation’s purpose. For example, a value proposition that leverages the organisation’s unique capability of providing specific types of care to a particular cohort, such as those with dementia or diverse cultural and linguistic needs, will also appeal to people who desire to work in such fields. This type of focus and the resultant ability to attract the best talent in a nominated market sector acts as a positive feedback loop, further enhancing the organisation’s specialisation.

The Committee for Economic Development of Australia (CEDA) released research in 2021 estimating that the aged care market would need a net increase of around 170,000 workers, or an additional 17,000 direct care workers on average each year

from 2020 to 2030, to meet Australia’s direct-care workforce needs. However, just 12 months on, the market’s skill shortages have prompted CEDA to revise the projects to show an annual shortfall of 30,000 to 35,000 direct care workers<sup>11</sup>. By 2025, the care and support workforce of 2049-2050 will need to be twice the size that it was in 2020-2021<sup>6</sup>.

As new market entrants and existing providers both strive to occupy strategic market positions and attract the best industry talent, now is the time to ensure your organisation deploys a client-centric value proposition that leverages your core competencies.

So, why you? Out of all the aged care providers in the market today, why should someone seeking care choose you? Why will your existing clients stay with you? Why will existing employees stay with you? Why will new employees be motivated to join your organisation? These are fundamental questions to your future strategy and the success of your value proposition and employee value proposition, which is why you need compelling answers.

**Now is the time to ensure your organisation deploys a client-centric value proposition that leverages your core competencies.**

# The Power of Business Enablement

While business enablement encompasses a full range of resources and strategies for a company to operate productively, the one factor that can arguably deliver the most significant improvement for many aged care organisations is software. But how do you know what type of software tools your organisation needs? The answer lies in a considered assessment across key evaluation criteria specific to your organisation.

Compared to other sectors, the typical aged care organisation has displayed slow technology adoption for information and services. Moreover, the variance of technology maturity across the industry is significant, ranging from organisations with sophisticated automation systems to providers that don't even have Wi-Fi. Therefore, each organisation will have unique software evaluation criteria and existing competencies.

Here are seven categories (7 Cs) that Australian aged care organisations should deeply assess their software solutions against:

- Client-centred
- Compliant
- Customised
- Connected
- Collaborative
- Contextualised
- Cyber-secure





Below is an introduction to the **7 Cs**. For a more detailed overview of each category, download your copy of Epicor's eBook, [The 2025 Guide to Agile Aged Care](#), which you can access from the next link.

- 1 **Client-centred:** If clients don't receive care quality that meets their expectations, they will likely transition to a provider that will. Your client's experience should be at the centre of everything your organisation does.
- 2 **Compliant:** Maintaining compliance with a broad suite of obligations will put your organisation under significant pressure unless you receive support. For the most part, software can facilitate this support.
- 3 **Customised:** Your evaluation should also assess whether the vendor specifically built the software for the Australian market and whether the tools were purpose-built as a senior living solution.
- 4 **Connected:** Best-in-class software provides all the required functionality to manage your organisation's marketing, administration, client, procurement, document management, and financial aspects.
- 5 **Collaborative:** Alongside leveraging technology such as automation and hand-held devices, your software should free your team up to focus on delivering the highest possible standard of care to your clients.
- 6 **Contextualised:** Aged care providers need a 360-degree view of client profiles where all information lives in a truly integrated system, providing a single source of truth.
- 7 **Cyber-secure:** To adopt best-in-class security, aged care organisations need services such as complex encryption, single sign-on (SSO), intrusion detection and redundancy.

## Unlock organisational agility through software in an ever-changing Australian aged care market

Download your copy of our eBook,  
**The 2024 Guide to Agile Aged Care | Epicor ANZ**

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***Interested in further insights to guide your business enablement efforts?***  
The Epicor eBook, Australian Home Care Reimagined, introduces the Epicor Care Quadrant, a model for aged care organisations to use when reviewing their service mix, processes and employee value proposition, amongst other key considerations. You can view that eBook from the link below.

## Using the Epicor Care Quadrant to become the leading care provider in your market

Download your copy of our eBook,  
**Australian Home Care Reimagined**

**DOWNLOAD**

# Thrive Out the Other Side

What constitutes success for your organisation in the “Aged Care 3.0” era will differ from that of other care providers. Attainment of these unique, specific objectives requires team alignment and focus as you embark on a strategic direction to achieve a better tomorrow for all stakeholders.

Epicor is here for the hard-working aged care organisations that strive to deliver the best possible care for older Australians. Epicor Senior Living is a fully functioning, scalable, and end-to-end enterprise resource planning (ERP) software solution.

Designed in Australia, Epicor Senior Living is built into our award-winning, global ERP system.

If you’d like to explore how our integrated business software solution maximises productivity through mobility, collaboration, simplicity, responsiveness, and optional cloud/on-premises deployment, then follow the link below to speak to an Epicor for Care expert.

We’ll work with you to curate the right solution for your aged care organisation.

**Speak with an Epicor  
for Care Expert**



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*That's what makes us the essential partner to the world's most essential businesses.*

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