KPMG

Home care market analysis 2019

Who's new?

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Home care market analysis

In 2017 KPMG's analysis of the home care package market showed a fast-changing environment, with new entrants making up over a third of all providers in key locations.

In early 2019, KPMG researched the same locations to see how the home care package market is continuing to change following the introduction of the Increasing Choice in Home Care reforms in 2017. We also analysed changes in government funding for Australia's largest home care package providers to get a better picture of the national home care market.

Key findings

Our latest research shows that while growth is continuing, 2017's explosive rate of growth in new providers has slowed. As with 2017, the new entrants are predominantly for-profit providers and those targeting the home care package market, with a sizeable proportion also targeting services in the home for people living with a disability.

Who's new?

The Home Care Package market has continued to grow, but slowed significantly after 2016-17's rapid expansion, For-profit providers continue to dominate the new entrants, and many are also offering disability services.

14 percent are new to the delivery of home care packages.

Actions for leaders

Despite the slower growth, home care packages are still a highly competitive market, and in an environment of tightening margins, high quality care and a positive customer experience remain paramount to staying competitive. Although analysis of funding data published by the Australian Government indicates many providers have seen significant uplift, this does not necessarily reflect profitability, which is the key to success in the home care package market. Rapid growth can also bring risks, and there is ongoing need to manage overheads and expenses, invoicing, package management, workforce efficiency and consumer retention.

Shifts in geographic focus

Although there has been a slowdown in the number of new providers, 14 percent (48 out of a total of 349 providers in the markets surveyed) were new to the delivery of home care packages. In the major metropolitan regions of New South Wales, Victoria, Queensland, Western Australia and South Australia, new entrants represented between 10 percent and 23 percent of the market. Notably, the significant growth of new entrants in key locations such as Double Bay, Caboolture and Mornington that was identified by our 2017 research has slowed, while other markets with relatively smaller populations of older people such as Canberra and Darwin are now seeing increased competition.

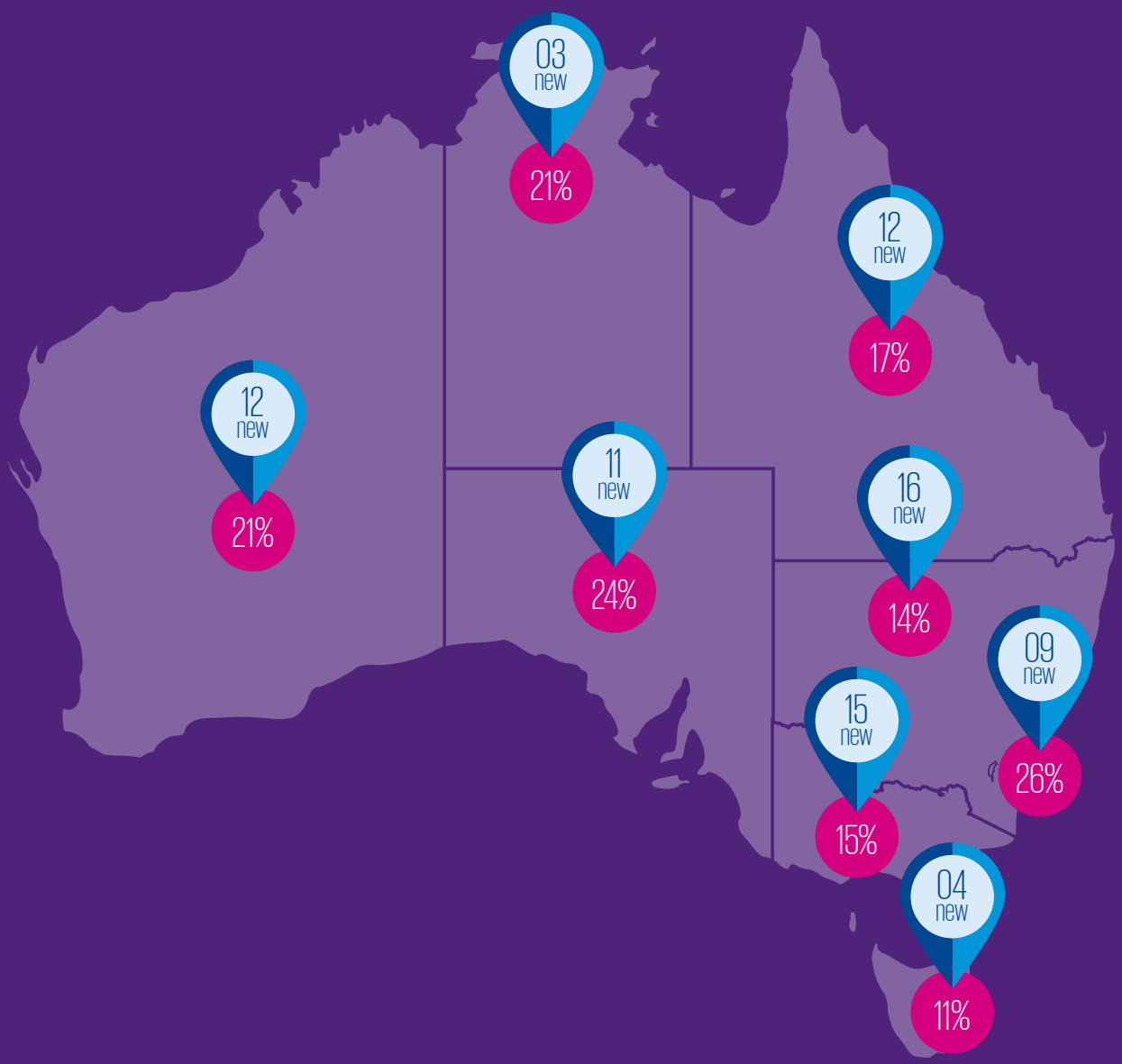


Table 1. Summary of new and existing HCP providers in the locations researched

State	Suburb	New	Total	% new 2017	% new 2019
New South Wales	Double Bay	16	80	39%	20%
	Mosman	11	71	27%	15%
	Port Macquarie	6	49	29%	12%
	Summary of locations reviewed	**16**	**113**	**33%**	**14%**
Victoria	Mornington	10	78	28%	13%
	Brighton	11	76	20%	14%
	Yarraville	10	74	28%	14%
	Summary of locations reviewed	**15**	**101**	**30%**	**15%**
Queensland	Caboolture	11	52	35%	21%
	Maroochydore	9	53	29%	17%
	Bribie Island	8	48	22%	17%
	Summary of locations reviewed	**12**	**71**	**35%**	**17%**
Western Australia	Dianella	11	51	29%	22%
	Joondalup	8	40	30%	19%
	Rockingham	8	40	33%	20%
	Busselton	2	17	29%	12%
	Summary of locations reviewed	**12**	**58**	**62%**	**21%**
South Australia	Glenelg	10	42	23%	24%
	Victor Harbor	6	23	35%	26%
	Summary of locations reviewed	**11**	**46**	**31%**	**24%**
Tasmania	Sandy Bay	4	32	7%	13%
	Devonport	3	25	19%	12%
	Summary of locations reviewed	**4**	**38**	**25%**	**11%**
Australian Capital Territory	Kambah	9	34	12%	26%
	Kaleen	9	34	12%	26%
	Summary of locations reviewed	**9**	**34**	**18%**	**26%**
Northern Territory	Darwin	3	14	0%	21%

Source: KPMG analysis of My Aged Care listings

Notes: 'Summary of locations reviewed' results describe the number of unique Home Care Package providers listing services in the suburbs researched, and hence do not reflect state / territory wide results.

Characteristics of new providers

FOR PROFIT

2017

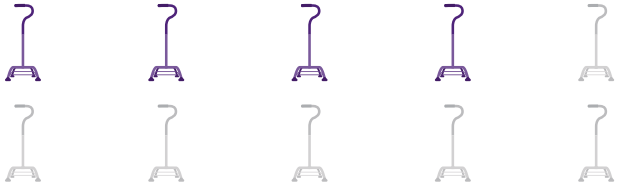
2018

79 percent were for profit businesses (up from 68 percent in 2017).

SERVICE HISTORY

2017

2018



Only 38 percent were providing other types of home care, retirement living or residential care prior to entering home care package market (down from 69 percent in 2017).

DISABILITY SERVICES

2017

2018

48 percent were also targeting the disability sector (up from 40 percent in 2017).

CULTURALLY AND LINGUISTICALLY DIVERSE

2017

2018

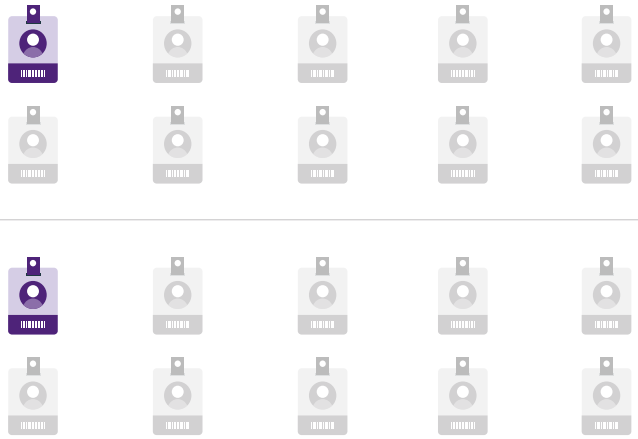
A small number were working with culturally and linguistically diverse communities (similar to 2017).

Characteristics of new providers:

LABOUR HIRE AGENCIES

2017

2018



Several were labour hire agencies that have expanded into direct service provision (similar to 2017).

MULTI-JURISDICTION

2017

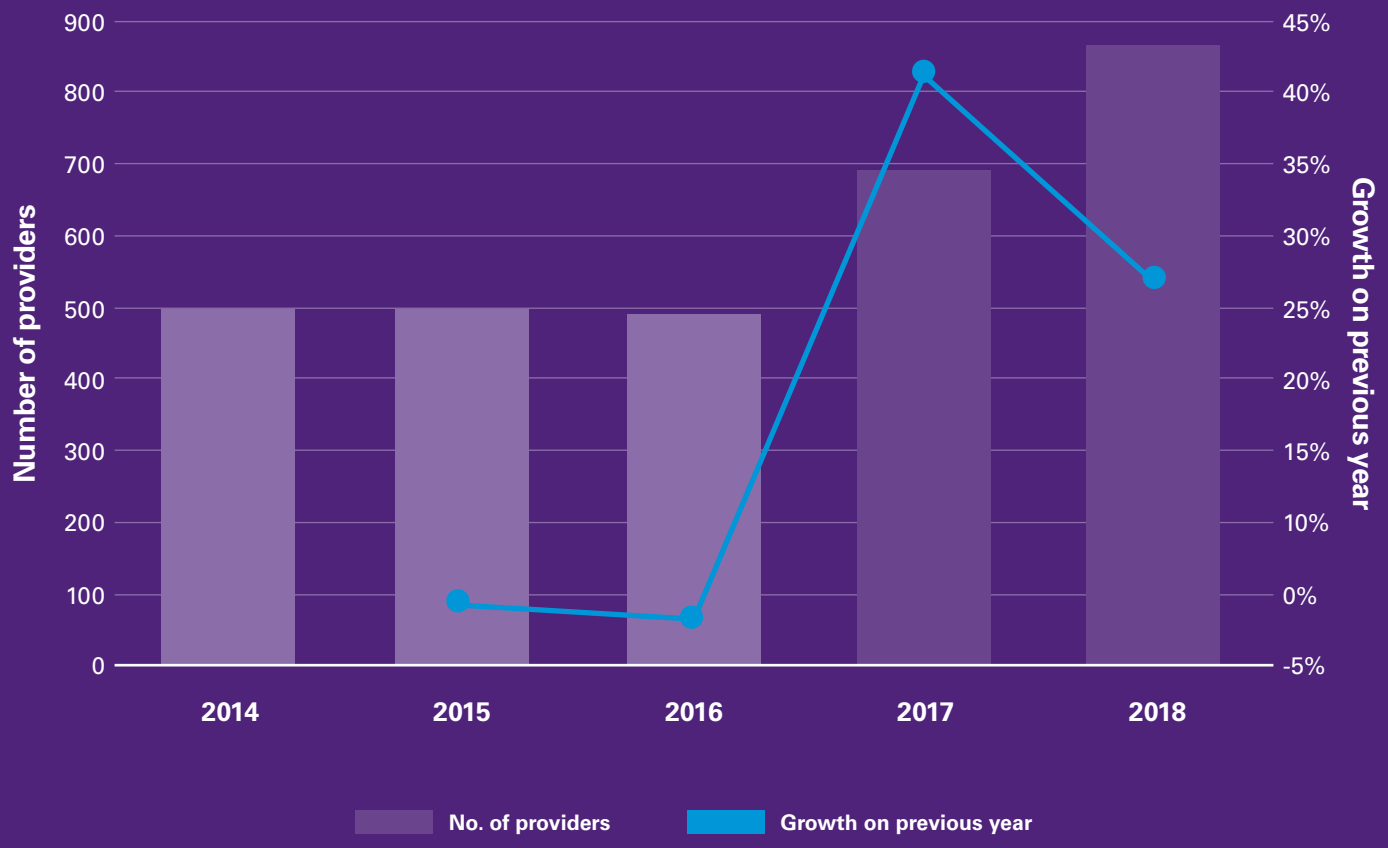
2018

85 percent were targeting only one jurisdiction at present, while five providers were targeting three or more states/territories (down from 90 percent targeting one jurisdiction in 2017).

Extraordinary growth in the national home care market

The national home care market has undergone significant growth in the last couple of years, as market deregulation, increased numbers of home care packages and changes to the approved provider application process have been introduced. Our analysis of data released by the Department of Health, depicted at Figure 1, shows that the number of approved providers of home care packages grew from 490 providers in 2016 to 863 providers in 2018, with 203 new providers entering the market in 2017 and a further 170 providers added during 2018. This is an extraordinary 76 percent growth over three years in provider numbers in a market that was largely stable in the preceding three years.

Figure 1. Number of approved home care providers in Australia, 2014 to 2018



Source: KPMG analysis of aged care service provider lists, Department of Health, 2014 to 2018 and other publicly available data

It is no longer possible to track the number of Home Care Packages held by providers, but analysis of government funding of Home Care Packages provides some interesting insights into changes in market share. The last three years in particular (2015-16, 2016-17 and 2017-18) was a period marked by mergers, acquisitions, rebranding and organic growth as well as delays in the release of new packages during the first half of 2016. In all this change, there have been a number of notable winners and losers.

Home Care Package government funding for the 20 largest providers is presented in Table 1. Collectively, these providers received almost 40 percent of Australian Government home care funding, which totalled more than $2.1 billion in 2017-18. The HCP government revenues for the largest providers ranged from $25.54 million to $95.69 million in 2017-18, and the majority experienced substantial growth between 2013-14 and 2017-18.

Some highlights include:

- Uniting Care Queensland received over $95.69 million in government funding in 2017/18, up $38.08 million on the previous year and achieving 92 percent growth in revenue over the five year period.
- Uniting Group New South Wales, which saw a significant uplift in revenue of $28.90 million, from $50.41 million in 2015-16 to $66.53 million in 2017-18, achieving 64 percent growth over the five year period.
- BaptistCare (New South Wales), which had a drop in revenue of $5.72 million from $35.67 million in 2014-15 to $29.95 million in 2015-16, before recovering to $42.24 million in 2016-17.
- HammondCare, which averaged 17 percent growth per annum between 2014-15 and 2017-18, rising from $27.24 million in 2013-14 to $49.92 million in 2017-18.
- Silver Chain Group, which grew by 143 percent over five years, from $18.1 million in 2013-14 to $44.0 million in 2017-18, driven by strong growth in the Perth and Adelaide markets.
- Anglicare Southern Queensland, which grew by 131 percent over five years, from $15.7 million in 2013-14 to $36.2 million in 2017-18, driven by strong growth in the Greater Brisbane and Gold Coast markets.
- Integrated living Australia, which grew by 369 percent over five years, from $7.61 million in 2013-14 to $35.7 million in 2017-18, driven by growth in the NSW Hunter region, Queensland Sunshine Coast region, and its entry into the Tasmanian and regional Victoria markets.
- Enrich Living Services, whose government revenue dropped by $3.76 million from $34.60 million in 2016-17 to $30.84 million in 2017-18.

Table 2. HCP government revenue for Australia's top 20 providers, 2013-14 to 2017-18

		Government HCP revenue $m				
Rank	**Provider**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
1	**Uniting Group Queensland[1]**	$49.82	$49.02	$50.11	$57.61	$95.69
2	**Uniting Group New South Wales[2]**	$48.74	$48.77	$60.68	$77.67	$80.08
3	**KinCare**	$33.32	$37.85	$42.29	$51.06	$54.76
4	**BaptistCare NSW/ACT**	$34.90	$35.67	$29.95	$42.24	$50.62
5	**HammondCare**	$27.24	$32.05	$37.09	$46.83	$49.92
6	**OzCare**	$36.02	$37.44	$35.97	$41.20	$48.11
7	**Baptcare**	$33.96	$37.08	$38.39	$42.08	$44.23
8	**Silver Chain Group[3]**	$18.08	$18.36	$21.54	$26.81	$43.96
9	**Anglicare Southern Queensland**	$15.71	$16.59	$14.69	$19.98	$36.23
10	**integratedliving Australia**	$7.61	$10.52	$17.79	$28.11	$35.69
11	**Southern Cross Care (Victoria)[4]**	$26.95	$30.93	$28.75	$35.15	$35.69
12	**Anglicare[5]**	$3.15	$1.73	$7.37	$30.05	$34.21
13	**Enrich Living Services[6]**	$26.49	$25.00	$28.77	$34.60	$30.84
14	**Catholic Healthcare**	$22.10	$23.16	$18.74	$25.05	$30.05
15	**Bolton Clarke[7]**	$0.00	$0.00	$31.68	$36.13	$43.44
16	**Calvary**	$19.74	$20.53	$13.91	$21.70	$29.30
17	**Care Connect**	$16.95	$18.86	$17.24	$21.51	$27.87
18	**Feros Care**	$15.91	$20.59	$23.49	$32.76	$26.79
19	**Resthaven**	$11.51	$13.04	$13.72	$20.44	$25.61
20	**Villa Maria Catholic Homes[8]**	$15.97	$16.10	$17.53	$23.31	$25.54

1 Group consists of Blue Care, Wesley Mission Brisbane and Australian Regional and Remote Community Services.

2 Group consists of Uniting (NSW and ACT) and Wesley Mission NSW.

3 Group consists of Silver Chain and the Royal District Nursing Service of SA.

4 Southern Cross Care Victoria merged with Mercy Health on 1 July 2018. The revenue reported is in this table is that recorded for SCCV only.

5 Anglicare Sydney merged with Anglican Retirement Villages to form Anglicare on 1 July 2016. The revenue reported is in this table is that recorded for Anglicare only.

6 St Ives Care rebranded as Enrich Living Services on 2 July 2018.

7 RSL Care Limited merged with the Royal District Nursing Service Limited to form Bolton Clarke on 15 June 2016. The revenue reported is in this table is that recorded for Bolton Clarke only.

8 Catholic Homes for the Elderly merged with the Villa Maria Society to form Villa Maria Catholic Homes on 1 July 2015.

	Growth on previous year				Growth over 5 years
Sparklines	2014-15	2015-16	2016-17	2017-18	2014-18
	-1.6%	2.2%	15.0%	66.1%	92%
	0.1%	24.4%	28.0%	3.1%	64%
	13.6%	11.7%	20.7%	7.2%	64%
	2.2%	-16.0%	41.0%	19.8%	45%
	17.7%	15.7%	26.3%	6.6%	83%
	3.9%	-3.9%	14.5%	16.8%	34%
	9.2%	3.5%	9.6%	5.1%	30%
	1.6%	17.3%	24.5%	64.0%	143%
	5.6%	-11.5%	36.0%	81.3%	131%
	38.3%	69.1%	58.0%	27.0%	369%
	14.8%	-7.0%	22.3%	1.5%	32%
	n.a.	n.a.	n.a.	13.8%	n.a.
	-5.6%	15.1%	20.3%	-10.9%	16%
	4.8%	-19.1%	33.7%	19.9%	36%
	n.a.	n.a.	14.1%	20.2%	n.a.
	4.0%	-32.2%	56.0%	35.0%	48%
	11.3%	-8.6%	24.8%	29.5%	64%
	29.5%	14.1%	39.5%	-18.2%	68%
	13.3%	5.3%	49.0%	25.3%	122%
	0.8%	8.9%	33.0%	9.6%	60%

Source: KPMG analysis of aged care service provider lists, Department of Health, 2014 to 2018

New market entrants

We also looked at the home care package related government funding reported for new service providers. Table 2 presents the home care package government funding of the 10 largest new service providers, being those who entered the aged care market during 2016-17 or 2017-18. These providers ranged in size, with home care package government funding between $1.08 million and $12.48 million during 2017-18. Notably, 9 of the 10 were for-profit providers, and two of these were franchise businesses.

While most achieved relatively low revenues during 2016-17, five received government funding of $2 million or more during 2017-18, and all increased their funding by over $1 million. Despite this growth, few can be considered large providers, with just two ranked in the top 100.

Table 3. Top 20 new market entrants in 2017-18

		Government HCP funding $m		
Rank	**Provider**	**2016-17**	**2017-18**	**Growth on previous year**
39	**Home Instead Senior Care[9]**	$0.55	$12.48	2,158%
72	**Home Care Assistance[10]**	$0.36	$6.05	1,591%
142	**HomeCare South Brisbane**	$0.11	$3.06	2,742%
175	**ComLink**	$0.72	$2.31	220%
192	**IPC Health**	$0.94	$2.05	118%
202	**Daughterly Care Community Services**	$0.06	$1.79	3,077%
245	**Manning Support Services**	$0.002	$1.33	54,932%
258	**FiveGoodFriends**	$0.00	$1.15	n.a.
260	**TPG Aged Care**	$0.05	$1.15	2,344%
267	**Dementia Caring Australia**	$0.001	$1.08	121,272%

Source: KPMG analysis of aged care service provider lists, Department of Health, 2014 to 2018

9 Franchise service, with revenue figures based on those reported for the different legal entities operating under the Home Instead Senior Care brand

10 Franchise service, with revenue figures based on those reported for the different legal entities operating under the Home Care Assistance brand.

Our approach

In 2017, we researched providers offering home care package services in 20 metropolitan and regional locations across the country, looking at suburbs with high numbers of people aged 65 years and over. For each location, we identified providers that were offering home care packages services in that suburb for the first time as well as those who were providing services in 2016. Providers were identified through analysis of the My Aged Care search engine, crossed referenced against the Commonwealth Department of Health's Aged Care Providers Service List which is published annually.

We repeated this methodology again in 2019, using the same locations and methods. We have also extended our research with analysis of the last five years of the Aged Care Providers Service List to identify changes in revenue generated from government funded home care packages. It should be noted that this revenue data relates to government home care package funding only, and does not include consumer payments or income from other home care services such as Commonwealth Home Support Program.

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