

Trade and Investment Policy and The Care Economy

How the Indonesia-Australia Comprehensive Economic
Partnership (IA-CEPA) is Closing the Care Gap

November 2024

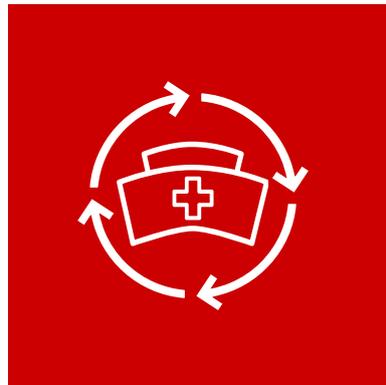
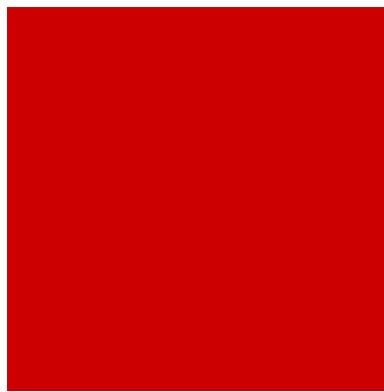


Table of Contents

Foreword	2
Executive summary	3
The case for investing in care	4
Bilateral opportunities for trade and investment	5
Direct investment in Indonesia’s growing care economy	
Care Economy Skills Development and Exchange	
Innovative digital healthcare solutions	
Opportunities for enhanced economic partnership between the governments of Indonesia and Australia	8
Accelerate growth in the care economy through trade agreements, including in future IA-CEPA negotiations	
Promote Mutual Recognition Agreements (MRAs)	
Provide technical assistance, capacity building and skills exchange	
Empowering change: Cultivating a thriving care economy	
Conclusion	11
Annex	12



Foreword



As governments and the development community continues to explore avenues for sustainable and inclusive growth, the care economy stands out as a transformative sector, crucial to addressing both economic and social inequalities.

“Trade and Investment Policy and The Care Economy: How the Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) is Closing the Care Gap ” provides examples and recommendations drawn from the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) of how governments and businesses can design and capitalize on existing conducive trade agreements, to accelerate the pace of investment into the care economy. It highlights the importance of reducing unpaid care work and formalizing care services through targeted trade and investment to unlock economic opportunities. The care economy, by providing essential services such as early childhood education and childcare, aged care, and healthcare, not only empowers women to participate fully in the workforce but also fosters long-term economic growth.

Katalis’s commitment to accelerating growth in the care economy is demonstrated through our efforts to showcase the potential for bilateral trade and investment in healthcare, aged care, and childcare sectors in both Indonesia and Australia. The findings presented in this strategy document are backed by research, case studies, and ongoing initiatives aimed at expanding investment, fostering skills development, and promoting innovation. By bridging the care gaps, advancing mutual recognition agreements, and addressing restrictive social norms around care, this paper underscores the opportunities available for government stakeholders to deepen collaboration.

As the Lead Trade and Gender Equality and Social Inclusion Advisor to Katalis, I am honoured to introduce this document. By highlighting existing trade and investment in the care economy and focusing on practical policy recommendations, we aim to enhance the care sectors' contributions to economic growth while promoting social equity. The potential benefits of these investments are vast, creating new jobs, improving care standards, and ultimately supporting more resilient societies across Indonesia and Australia.

Holly Lard Krueger
Lead Trade & GESI Adviser
Katalis

Executive summary

Reducing and redistributing unpaid care work, and formalising paid care work, are both critical to improving economic and social outcomes.

In Indonesia, investing in long-term care services, including childcare, will generate almost 10.4 million jobs by 2035 and reduce the gender gap in employment rates by 5.5 percentage points.¹ Similarly, in Australia unpaid care work, particularly childcare, remains the largest barrier to female participation in the Australian labour force.² In recognition of the potential macroeconomic gains, including from increased participation of women in the labour force, both governments have articulated strategies to develop their respective care economies.

Though not designed to explicitly address gaps in the care economy, the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) supports bilateral trade and investment in care sectors, including healthcare, aged care, and healthtech.

In just four years of implementation, the IA-CEPA and complementary health sector reforms has helped produce more than AUD100 million in new care-related and care-adjacent investments in Indonesia and Australia, demonstrating the power of trade policy to unlock investment and the strong complementarity of Indonesia's and Australia's care sectors. Further, Katalis, the bilateral trade and investment program designed to support the implementation of the IA-CEPA, has identified through research and consultations that there is appetite from investors and trade negotiators to both deepen two-way trade and investment activities and expand bilateral collaboration in the care economy, especially in:



Direct investment in caring sectors

Indonesia's health, aged care and childcare sectors are in their early stages of development, yet demographic shifts,³ rising incomes and shifting social norms, make it a compelling investment opportunity for Australian providers.



Care economy skills development and exchange

Australia is experiencing a surge in demand for care workers, while Indonesian nurses and care workers are seeking advanced training and qualifications to access new job opportunities,⁴ including in Australia. This creates an opportunity for Australian Registered Training Organisations (RTOs) to partner with digital platforms and aged care facilities in Indonesia to respond to this demand with affordable and accessible courses.



Innovative digital (health)care solutions

Rising care needs in both Indonesia and Australia requires innovative digital care solutions to reach scale, while maintaining quality and affordability. Indonesia's dynamic tech landscape, including a thriving ecosystem of 'unicorns',⁵ presents a wealth of opportunities for joint venture with Australian businesses.

Considering the economic and social benefits of responsibly expanding the care economy and interest from traders, investors and policymakers, Katalis is encouraging both governments to do more.

Our recommendations include options to apply a 'care lens' to future negotiations of IA-CEPA (e.g. an IA-CEPA review or upgrade) and other trade agreements, continuing to support progress on mutual recognition agreements (MRAs) and supporting further investments in skills exchanges.

This paper synthesises Katalis's research on the care economy, highlights case examples, and provides recommendations on how both governments can prioritise cooperation to further catalyse growth in bilateral trade and investment and reduce the sizeable care gaps in Indonesia and Australia. It is intended for policymakers and development partners.

1 International Labour Organization (ILO), 2023, Press release. [Indonesia to develop a road map on care economy.](#)

2 Australian Bureau of Statistics (ABS), 2022, Press release.

3 [Childcare still largest barrier to female participation.](#)

4 Projections made by Statistics Indonesia estimate that one in five people in Indonesia in 2025 will be elderly (more than 60 years old, and by 2045, the elderly population will be almost the same as other age classes (combined). Currently, the majority of the ageing population resides on the western side of Indonesia - in Sumatra, Java and Sulawesi.

5 Indonesia now has an over-supply of nurses. The annual number of newly qualified nurses growing by an average of more than 20% per year. An average of 24,374 nurses graduated from vocational training programs, and an average of 28,787 graduated from bachelor degrees every year between 2018 and 2023. Indonesia is a source country of nurses for international migration, meeting workforce needs across the Middle East and Asia, while nurses who remain in Indonesia are increasingly not working in nursing. This creates opportunities for qualified Indonesian nurses to meet Australia workforce gaps, but the bilateral mobility is still limited. Nurses from Indonesia made up 0.4% of all nurse visa grants in Australia, with 51 visa grants in 2022-2023, up from 17 in 2013-2014.

6 A startup company valued at over USD1 billion that is privately owned and not listed on a share market.

The case for investing in care

The care economy is the cornerstone of a thriving economy and society. By providing essential services such as childcare, aged care and disability support, it empowers individuals, particularly women, to participate fully in the workforce. This in turn drives economic growth. Investing in this sector not only presents lucrative business opportunities but also yields long-term social and economic dividends; a well-developed care economy enhances the quality of life for care recipients, reduces poverty and fosters a more equitable society.

Reducing and redistributing unpaid care work and formalising paid care work are critical to improving economic and empowerment outcomes.

In Indonesia, the International Labour Organization (ILO) found that investing in long-term care services, including childcare, will generate almost 10.4 million jobs by 2035. This research also showed that investment in a universal and comprehensive care policy package could reduce the gender gap in employment rates by 5.5 percentage points, translating into an increase in women's employment rate from 40% to 56.8% by 2035.⁶ Similarly, in Australia, research shows that caring for children remains the largest barrier to female participation in the labour force.⁷ In 2021, Australian women worked on average eight hours less a week than Australian men, one of the highest gaps among Organisation for Economic Cooperation and Development (OECD) member countries.⁸ This reflects much higher rates of part-time work: 36% of employed Australian women work less than 30 hours a week compared to 25% for Canada, 28% for New Zealand, and the OECD average of 24%.⁹ Women in Australia are three times more represented in part-time employment than men.¹⁰

Addressing growing care gaps is becoming an urgent government priority. Indonesia is the fourth most populous country in the world. It also has one of the most rapidly ageing populations, with an estimated 37.1 million people aged 65 years and older by 2040, nearly twice the number than today. These demographic trends, coupled with rising incomes, urban migration, and shifting social norms around care, are rapidly increasing demand for care services for young and old family members. Australia is also experiencing dramatic demographic shifts, increasing demand for health and aged care services. The number of Australians over 60 is expected to double in the next 40 years, with those aged over 80 years old tripling to account for nearly 26% of the population by 2064.¹¹



The care economy

The care economy constitutes the production of goods and services necessary for the physical, social, mental and emotional wellbeing of both care-dependent groups (e.g. children, the elderly, people with chronic illnesses, people with disability) and healthy working-age adults. Care economy enterprises and solutions reduce, redistribute, and reward care work, which can comprise direct care, care enabling, care adjacent, care friendly enterprises.



The Economics of Care

Katalis supports bilateral trade and investment in the care economy through its innovative 'Economics of Care' campaign which showcases the commercial opportunities in Indonesia's and Australia's respective aged care, healthcare and childcare sectors through a dedicated webinar series, briefing papers, and care economy stakeholder dialogue. In addition, Katalis provides catalytic support to select care businesses in Indonesia and Australia to demonstrate the investment potential (more information in the annex).

This is expected to lead to a rapid increase in demand for aged care and health services. While Australia has more established aged care, early childhood education and childcare (ECEC) and healthcare sectors compared to Indonesia, they are already over-stretched, and projected increases in demand will create additional pressure. In recognition of the rising demand for care services, both governments have articulated strategies to develop their respective care economies.

6 ILO, 2023, Press release. [Indonesia to develop a road map on care economy.](#)

7 ABS, 2022, Press release. [Childcare still largest barrier to female participation.](#)

8 ACCC 2023, [Childcare inquiry: Interim Report](#)

9 Ibid.

10 [Workplace Gender Equality Agency | Unpaid care work and the labour market](#)

11 [Deloitte Access Economics \(2024\); AIHW \(2024\), ABS \(2018, 2019\).](#)

Bilateral opportunities for trade and investment

Australia and Indonesia offer a wealth of opportunities for collaborative growth and development in the care economy.

The two nations are already successfully partnering on various fronts, laying a strong foundation for future cooperation in the care sector. The potential for expanded partnerships between Australia and Indonesia in the care economy is immense and includes, but is not limited to, the following three areas, which have been identified because they offer the greatest two-way trade potential and significant economic and social returns.



Direct investment in Indonesia's growing care economy

Indonesia's health and centre-based aged care and childcare sectors are in their early stages of development, presenting a strong opportunity for Australian providers seeking to use their expertise and expand their reach into this growing market. A significant gap in services exists in Indonesia in areas such as childcare, where 20% of Indonesian parents state a preference for centre-based childcare but only 6% currently use it.¹² This creates a fertile ground for Australian providers to establish themselves as market leaders, shaping the future of this sector in Indonesia (more detail provided in Box 1).

Box 1. Examples of direct investment

aspenmedical

A joint venture between Australian healthcare company Aspen Medical and Indonesian construction company PT. Jasa Sarana, which is planning a nearly AUD2 billion investment to build 23 hospitals and 650 community clinics in West Java alone. Aspen Medical International is also collaborating with PT Tridaya Group to establish a flagship hospital in Makassar, connected to world-class healthcare facilities across eastern Indonesia.

KindyROO™

Established in Australia in 1982, KindyRoo is a research-based early childhood development program that aims to provide a fun and educational environment for babies, toddlers, and preschoolers. Since its foundation, KindyROO has expanded internationally, with centres around the world, including four in Jakarta and Batam.

By adapting its curriculum to suit local cultural and developmental needs, KindyROO has resonated with Indonesian parents seeking high-quality early childhood education. Its franchise model has been instrumental in KindyROO's expansion, allowing for localised ownership, management and job creation.



Care economy skills development and exchange

A range of factors including an ageing population, growth of the National Disability Insurance Scheme (NDIS), and more women entering the workforce, is creating a surge in demand for care workers across Australia. At the same time, Indonesian nurses and care workers are seeking advanced training and qualifications to access new job opportunities locally and internationally, including in Australia.

This is creating an opportunity for Australian RTOs to partner with digital platforms and aged care facilities in Indonesia to provide affordable and accessible courses that respond to this demand (examples provided in Box 2). In parallel, efforts to develop an MRA for nursing professionals between the two countries will also contribute to skills exchange and expanded opportunities.

Box 2. Examples of care economy skills development and exchange



A leading developer and operator of premium seniors living in Indonesia, originally from Australia. It was the first foreign company to receive certification to undertake seniors living in Indonesia. With Katalis support, it is now partnering with an Australian RTO to deliver aged care training in Indonesia to graduate nurses, and providing the required work experience in their centres, paving a new pathway for Indonesian nurses to access aged care jobs in Australia.



Healthcare micro-credentials: Australian RTOs the University of New England, Chisholm Institute and TAFE Queensland are partnering with Indonesian training platforms, PINTAR and BINUS, to offer healthcare micro-credentials spanning broad topics such as infection control, healthcare customer service, improving workplace mental wellbeing and resilience, and medical administration including managing confidentiality, privacy and security in healthcare. The courses are self-paced and students obtain a certificate of completion from an Australian RTO on completion.



Innovative digital healthcare solutions

Indonesia's dynamic tech landscape, including a thriving ecosystem of tech unicorns, presents a wealth of opportunities for Australian businesses. As a rapidly growing digital economy, Indonesia is actively seeking advanced solutions to address its healthcare challenges. Bappenas, Indonesia's Ministry of National Development Planning, has explicitly identified digital health as a priority, aiming to improve access, cost, quality, and patient experience.

Australia's expertise in healthcare information technology offers valuable solutions to Indonesia's needs. Its proven track record in electronic care management, medication administration, and workforce management systems can significantly enhance Indonesia's healthcare system. Conversely, Australia can benefit from Indonesia's innovative digital health startups, fostering collaboration and knowledge exchange (see examples in Box 3).

Box 3. Examples of innovative healthcare solutions



An Indonesian digital identity leader that is partnering with Australian firm, Five Faces, to streamline registration and enhance customer experiences in the health sector. Collectively, the two companies are working on solutions for patient verification, data protection, and secure document management, which are all ideally suited to the care sector. With a strong Indonesian base and supported by a market entry report facilitated by Katalis, Privy has successfully expanded to Australia, while Five Faces have recently formalised an agreement with Privy to enter the Indonesian market.

Opportunities for enhanced economic partnership between the governments of Indonesia and Australia

Increasing trade and investment between Australia and Indonesia in the care economy holds vast potential with clear economic and social returns. Dynamism in the care economy means that businesses on both sides have access to exciting commercial opportunities, while at the same time, governments can strengthen the industry through targeted initiatives. This includes negotiating future trade agreements for mutual benefit and fostering fruitful government-to-government collaborations. The next section outlines potential actions to operationalise proposed areas of collaboration.



Accelerate growth in the care economy through trade agreements, including in future IA-CEPA negotiations

The IA-CEPA offers a valuable starting framework for facilitating trade and investment in the care economy between Australia and Indonesia. Increasingly, trade agreements are recognising the importance of addressing specific issues beyond traditional tariff reductions (e.g. sustainability, capacity building and gender). Targeted chapters, or thematic chapters, are increasingly being included to address specific social, environmental and regulatory issues that are considered important by negotiating countries. Consideration should be given to including a dedicated chapter on the care economy, plus a dedicated gender chapter, in any review of IA-CEPA (as well as other trade agreements the two countries may be negotiating with other parties).

A dedicated chapter on the care economy could:

- Unlock services and investment opportunities, through a targeted emphasis on increasing market access for care-related investment and service provision, reducing barriers such as content requirements and streamlined regulation, and greater promotion and awareness of investment opportunities. For example, under IA-CEPA Indonesia has committed to allow majority Australian-owned large hospitals as well as aged care institutions to operate in Indonesia, with no restrictions where these are located. However, there is no clear market access commitment on child day-care services and or to allowing the movement of contractual service suppliers. The ability to provide service across borders is critical to the success of the care-related sector.¹³
- Facilitate knowledge sharing, by promoting the exchange of expertise including curriculum in caregiving professions, leading to skills improvement, better service quality and innovation.
- Promote the establishment of common standards, to ensure high-quality provision of services and increasing ease of trade.

Greater consideration of gender could also be included in an IA-CEPA review to promote equal opportunities for women in trade and address gender-based discrimination. Service subsectors covering the care economy have not been prioritised in the past because they have been seen as domestically focused and ‘women’s work’. A dedicated focus could be made to advance the various goods and investment areas outlined in Katalis’s ECEC, aged care and healthcare briefs.

Greater focus could occur through the actions listed below (in order of most robust to least), each of which have associated trade-offs in terms of rigor and feasibility. Regardless of the approach taken to incorporate the care economy and gender into IA-CEPA II, an overarching focus could be taken to advance the care economy through prioritising the liberalisation of associated goods and services.

¹³ The benefit of such commitment can be illustrated as follows: if mobility of contractual service suppliers is allowed, professional scientific and technical support from Australian institutions can provide consultation and collaboration on architectural and interior design of play space for children on a contractual basis in Indonesia, focusing on safety (playground safety standards) and inclusivity (safe and friendly for children of all abilities, including those with special needs and disability).

A dedicated gender chapter	The recent United Kingdom and the Canada-Chile and Canada-Israel Free Trade Agreements include a dedicated chapter on trade and gender.
Mainstreaming gender considerations throughout future trade agreements	The Cotonou Agreement, which provides the legal basis of the economic partnership agreements between the European Union and the African, Caribbean and Pacific groups of countries, explicitly states that parties should respect international conventions regarding women’s rights and gender equality and commit to include a gender perspective in ‘all areas of cooperation’.
A specific gender focus in labour chapters/clauses to support care economy workers	This could reflect commitments to international labour conventions and acknowledge that women face relatively higher risks, including abuse, when providing services abroad, as demonstrated by historical treatment of domestic-service workers and fruit pickers, and that protections are needed.
A side letter or side accord acknowledging the importance of gender equality	This could promote inclusive economic growth and specific areas for collaboration, such as promotion of trade in the care economy. For example, the North American Agreement on Labour Cooperation—one of the two North American Free Trade Agreement side agreements—exhorts parties to promote cooperative activities regarding the equality of women and men in the workplace; the elimination of employment discrimination, including gender-based; and equal pay for women and men.

Promote Mutual Recognition Agreements (MRAs)

A lack of recognition for qualifications remains a major obstacle for women to provide their services abroad (through the World Trade Organization’s (WTO) General Agreement on Trade in Services (GATS) Mode 4). The GATS allows member states to deviate from the ‘most-favoured-nation’ requirement and to set up MRAs of academic or professional qualifications. This is particularly relevant for professions dominated by women, such as healthcare and social work, which are often categorised as ‘accredited’ or ‘regulated’ in most countries.

While the WTO framework provides a foundation for MRAs, further uptake is crucial to unlock the potential of women in the care economy. For example, Katalis is laying the foundations for a potential MRA for nursing professions, and further MRAs could be established for other caring professions, including ECEC.

Furthermore, given the informal nature of the care skills market in Indonesia, it can be difficult for Indonesian workers to prove prior experience to meet requirements of a temporary skills shortage visa. Australia could work with Indonesia to develop alternative forms of experience verification that mutually benefit both economies



Provide technical assistance, capacity building and skills exchange

A care economy specific skills-exchange program would be mutually beneficial to both Australia and Indonesia, through:

- Supporting Indonesian workers to become accredited to international standards with the necessary qualifications and experience to help establish the workforce and industry standards in Indonesia in the long-term
- Assisting Australia to address labour shortages in the care economy by fostering a pipeline of skilled professionals
- Enabling Australian care workers to gain valuable experience on culturally sensitive care practices relative to the Indonesia context
- Improving service delivery standards and innovation within the care economy of both nations

IA-CEPA has already established a framework for collaboration. For example, the Katalis-supported Indonesia-Australia Skills Exchange (IASE) program has already facilitated skills development in care economy related areas. Moreover, Katalis's success in fostering nursing collaborations between Indonesia and Australia, including a comparative assessment of nursing standards, underscores the potential for similar initiatives in other care sectors.

Katalis's research and support for bilateral cooperation demonstrate a clear path forward. Expanding the IASE program with new courses and replicating Katalis's nursing research in areas like aged care could significantly strengthen this partnership.

Consideration should also be given on how to best capture not only formal employment but also the informal care economy, where many women are employed, including self-employed and homeworkers. This could include training on topics like entrepreneurship, financial literacy, legal rights, and access to social protection programs.



Empowering change: Cultivating a thriving care economy



Both the Australian and Indonesian governments have a crucial role to play in fostering a flourishing care economy. While social norms differ between the two countries, both can work to dismantle entrenched societal norms – such as those surrounding equalising caring and household responsibilities for men in Australia and familial caregiving in Indonesia.

This process has already commenced through the Indonesian government's care economy roadmap and changes to paid parental leave to better incentivise and recognise fathers in Australia (e.g. Care Economy Strategy and taskforce, changes to childcare subsidies, reserved leave for secondary parents).

Further progress can be achieved through a multi-pronged approach of:

- Public awareness campaigns that celebrate the value and professionalism of care work and challenge the perception that it is solely a family responsibility
- Government support for affordable, high-quality childcare and aged care facilities to (further) normalise the use of these services
- Promoting flexible work arrangements and parental leave policies can empower both men and women to participate more equally in the workforce and caregiving duties.



Conclusion

The case for investing in care is clear. Anticipated demographic shifts in both Australia and Indonesia portend a massive surge in care needs in the coming decades, and current infrastructure and human capital is insufficient to meet it. Despite differences in the composition of their respective care sectors, Australia and Indonesia care economies are highly complementary. This is evidenced by the significant trade and investment potential in care sectors, as well as increasing investor appetite to execute more commercial deals in health and aged care, skills exchange and digital care.

A more intentional focus on the care economy (as well as gender equality) in a future review of the IA-CEPA, will unlock more trade and investment opportunities, and contribute to responsibly closing the care gaps in Indonesia and Australia.

Annex: About Katalis and its support for trade and investment in the care economy

Indonesia- Australia Comprehensive Economic Partnership Agreement (IA-CEPA) 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 is supported by the governments of Australia and Indonesia and was established under the IA-CEPA Economic Cooperation Program (IA-CEPA ECP). It 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.

Katalis did not set out to spark trade and investment activity in the care economy. However, its commitment to mainstream gender equality and social inclusion and the fact that IA-CEPA opened new investment opportunities in health and aged care meant that Katalis has, nonetheless, developed an impressive portfolio of investments and activities in direct and adjacent care related goods and services.

Katalis care economy portfolio of investment and activities

Investments

[Aspen Medical International - West Java health infrastructure program](#)

Cochlear - Centre of Excellence

Living Well Seniors Communities - [Support for Australian certified aged care training](#)

Privy ID* - [Facilitating the entry of an Indonesian digital identity verification service into Australia](#)

Simple Health - [Sanur regenerative health clinic](#)

Activities, Studies and Events

Bilateral cooperation between nursing professions ([study](#), exchanges, dialogue)

[Bilateral trade and investment flows in medical devices and assistive technology \(study\)](#)

[Digital health market insight \(brief\)](#)

Pharmaceutical market opportunity assessment

Public dialogues on bilateral trade in assistive technology ([Event 1](#), [Event 2](#))

* care economy adjacent

In 2024, Katalis launched its ‘Economics of Care’ campaign to intentionally raise awareness around the trade and investment opportunities in Indonesia’s and Australia’s respective care economies. To date, the campaign has been very well received with the podcast receiving over 11,000 views on YouTube and over 250 participants in the webinar series.

Economics of Care Campaign

Dialogue

- [Care and trade podcast and article](#) featuring Principle Social Development Specialist, Asian Development Bank
- Care and Trade Roundtable (planned Quarter 2, 2025)

Briefing papers

- [The case for investing in the care economy](#)
- [Aged care trade and investment opportunities](#)
- [Healthcare trade and investment opportunities](#)
- [Childcare trade and investment opportunities](#)

Three-part webinar series

- [Investing for the golden age \(aged care\)](#)
- [Investing with the heart \(healthcare\)](#)
- [Investing for the future \(childcare\)](#)