



Spending on aged care

Australian aged care services operate through a combination of government (federal, state, territory and local), non-government (charities, religious and community groups), and personal financial contributions. This factsheet presents highlights from the GEN topic Spending on aged care.

Allocation of government spending

Government spending referred to in this factsheet is the total spending from both Australian Government and state and territory governments.

During 2019–20 governments spent over \$21.5 billion on aged care, with nearly two-thirds (63%, \$13.6 billion) spent on residential aged care. The remaining funds were spent on home care and support (31%, \$6.7 billion) and on other care, including flexible care, workforce and service improvement, and assessment and information services (5%, \$1.2 billion) (Figure 1).

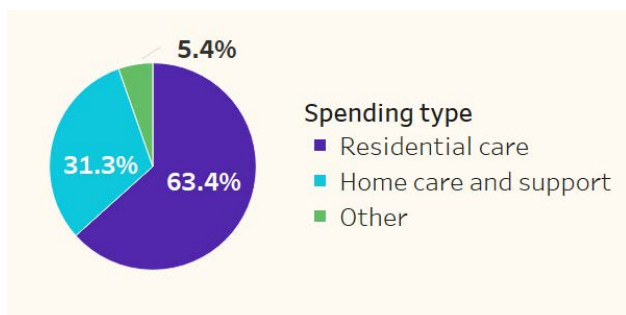


Figure 1: Government spending on aged care services, 2019–20
Source: Report on Government Services 2020: part f, chapter 14, aged care services report

Government spending over time

During the 5 years between 2015–16 and 2019–20, spending patterns on aged care services have changed. For example, spending on community care services (including home care and home support) increased by a larger proportion than spending on residential aged care services (Note: Time series data in this topic have been adjusted for inflation).

During 2019–20:

- Government spending on aged care services was 26% higher than it was during 2015–16, resulting from annual spending increases across this period.
- Spending for home care and support services was 47% higher than it was during 2015–16, compared with 18% higher for residential aged care services (Figure 2).

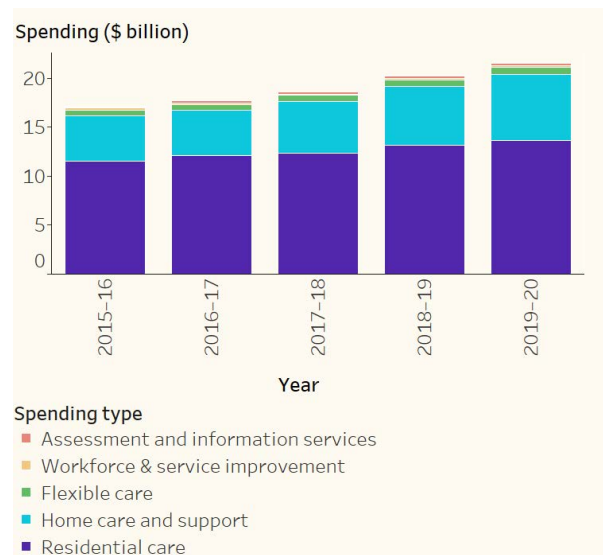


Figure 2: Government spending on aged care services by spending type, 2015–16 to 2019–20
Source: Report on Government Services 2020: part f, chapter 14, aged care services report

Consumer spending

Most people using aged care contribute to the cost of their care. Overall, during 2018–19, contributions from residents (excluding lump sum deposits) represented 27% of total residential care provider revenue (Figure 3). People using home care packages contributed 4% of home care provider revenue, and people using home support contributed 9% of total spending on home support.

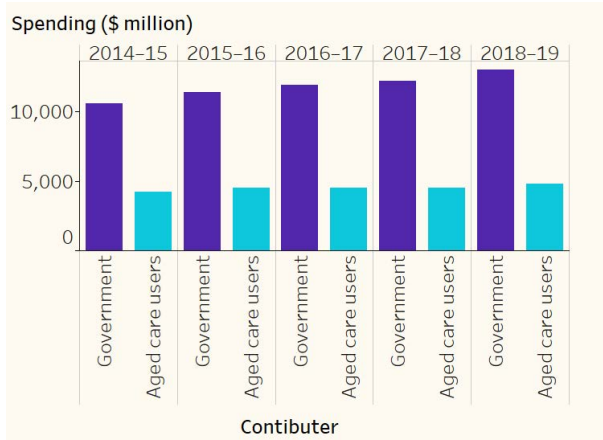


Figure 3: Government and aged care user contributions to residential aged care costs, 2014–15 to 2018–19

Source: Eighth report on the Funding and Financing of the Aged Care Industry

Government spending by state and territory

Australian and state and territory government spending varies. The amount spent on aged care services per person in the target population (that is, all people aged 65 years and over and Aboriginal and Torres Strait Islander Australians aged 50–64 years) differed by spending type and state and territory.

During 2019–20, spending on residential aged care was highest in South Australia (\$3,556 per person), followed by Victoria (\$3,489 per person). The Australian Capital Territory and the Northern Territory had the highest rates of government spending for home care and support (\$2,464 and \$2,431 per person respectively), followed by Western Australia (\$1,827 per person) (Figure 4).



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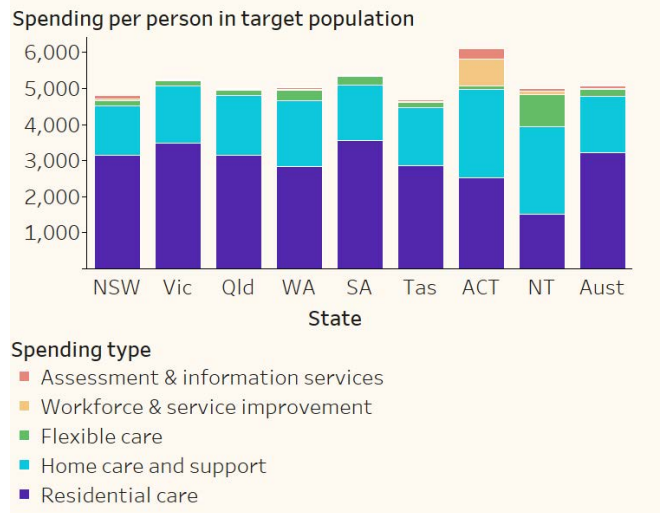


Figure 4: Government spending on aged care services per person in the target population, by state and territory, 2019–20

Source: Report on Government Services 2020: part f, chapter 14, aged care services report

COVID-19 and government spending

Australia has faced significant challenges during the COVID-19 pandemic. COVID-19 can be more serious for people who are vulnerable, including older Australians. This heightened risk prompted a specific response in the aged care sector.

By May 2020, the Australian Government had announced more than \$850 million in COVID-19-specific support to the aged care sector. A number of these measures will continue into 2020–21, along with further supports for the sector.

Where can I find out more?

GEN Topic: Spending on aged care

<<https://www.gen-agedcaredata.gov.au/Topics/Government-spending-on-aged-care/>>

Report on government services:

Steering Committee for the Review of Government Service Provision 2021. *Report on government services 2021: Part F, Chapter 14, aged care services report and attachment tables*. Accessed. Available at: <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/community-services/aged-care-services/>>

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Information and data on aged care in Australia

[GEN-agedcaredata.gov.au](http://gen-agedcaredata.gov.au)

Contact

GPO Box 570, Canberra, ACT 2601
(02) 6244 1000 | GEN@aihw.gov.au

