



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 2020–21 governments spent over \$23.6 billion on aged care, with the largest proportion (60%, \$14.3 billion) spent on residential aged care. The remaining funds were spent on home care and support (33%, \$7.8 billion) and on other care, including flexible care, workforce and service improvement, and assessment and information services (7.7%, \$1.9 billion) (Figure 1).

Figure 1: Government spending on aged care services, 2020–21
Source: Report on Government Services 2022: part f, chapter 14, aged care services report

Government spending over time

During the 5 years between 2016–17 and 2020–21, spending patterns on aged care services have changed. A key trend was that 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 2020–21:

- Government spending on aged care services was 26% higher than it was during 2016–17, due to annual spending increases across this period.
- Spending for home care and support services was 64% higher than it was during 2016–17, compared with 10% higher for residential aged care services (Figure 2).

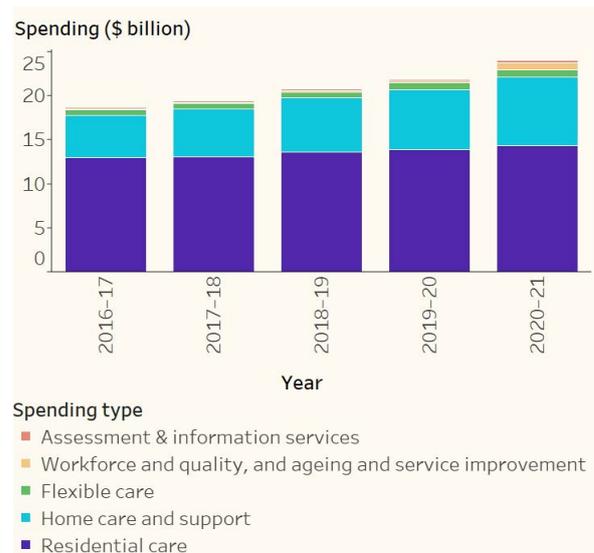


Figure 2: Government spending on aged care services by spending type, 2016–17 to 2020–21

Source: Report on Government Services 2022: part f, chapter 14, aged care services report

Consumer spending

Most people using aged care contribute to the cost of their care. Overall, during 2019–20, contributions from residents (excluding lump sum deposits) represented 27% of total residential care provider revenue (Figure 3). People using home care packages contributed 2.9% of home care provider revenue, and people using home support contributed 8.8% of total spending on home support.

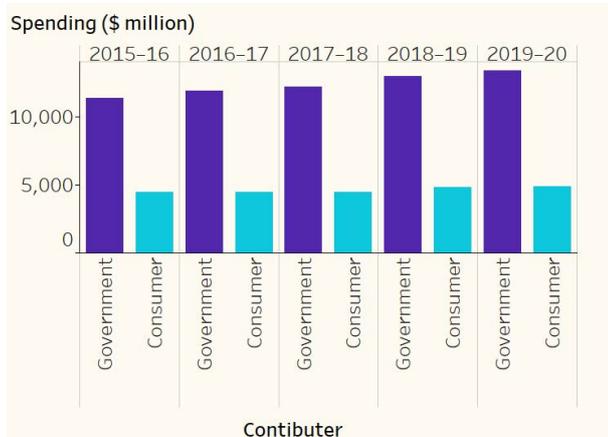


Figure 3: Annual government and aged care user contributions to residential aged care costs, 2015–16 to 2019–20
 Source: Ninth report on the Funding and Financing of the Aged Care Industry

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 2020–21, spending on residential aged care was highest in South Australia (\$3,657 per person), followed by Victoria (\$3,438 per person). The Australian Capital Territory had the highest rate of government spending for home care and support (\$3,251 per person), followed by Northern Territory and Western Australia (\$2,642 and \$2,070 per person respectively) (Figure 4).



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Figure 4: Government spending on aged care services per person in the target population, by state and territory, 2020–21
 Source: Report on Government Services 2022: 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.

According to the Report on the Operation of the Aged Care Act, the Government funded more than \$2.1 billion in aged care-specific measures to support residential aged care providers and staff, including provision of infection prevention and control training, distribution of personal protective equipment, and surge workforce support and training.

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 2022. *Report on government services 2022: 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/2022/community-services/aged-care-services>>

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Information and data on aged care in Australia

GEN-agedcaredata.gov.au

Contact

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

