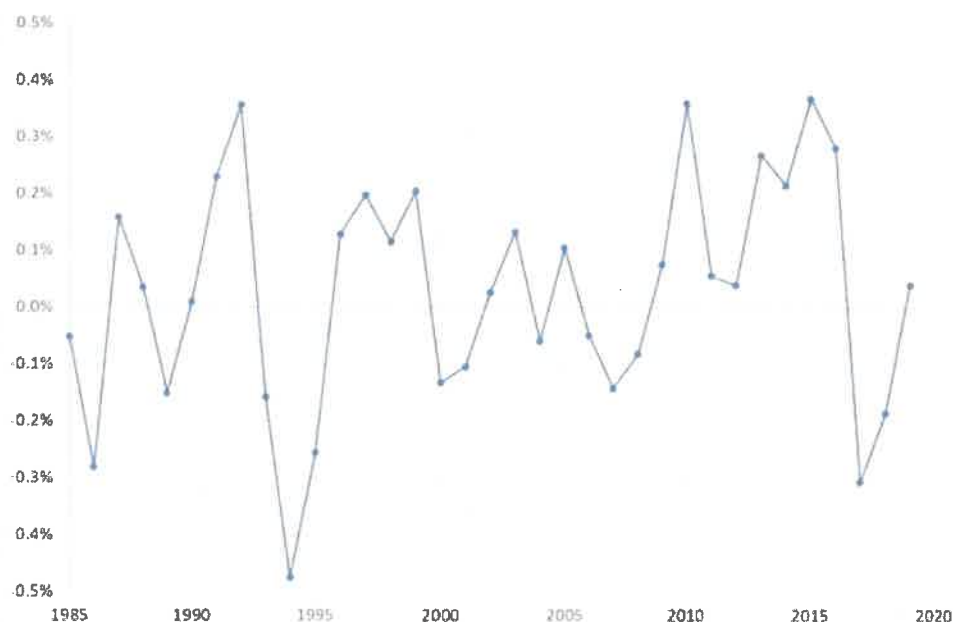


population for the services (or a proxy for those services) controls for increases in expenditure driven by increases in the demand population. As a result, changes in a variable like “Government expenditure per person in the proxy demand population expressed as a share of GDP per capita” allow an analysis of the extent to which expenditure has increased in line with demand from a quantitative perspective and in line with community standards from a qualitative perspective.

Australian Government expenditure on aged care per person in the 70+ population (measured as share of GDP per capita) also grew between 1963-64 and 2018-19, from 2.21% of GDP per capita to 8.35% of GDP per capita. However, as Figure 1 shows, expenditure per person in the 70+ population (as a share of GDP) was relatively constant between 1981-82 and 2009-10, fluctuating between 6.5% and 7.5% of GDP per capita. Over the last four years, since 2015-16, expenditure per person in the 70+ population (as a share of GDP) has been declining.

Between 1984-85 and 2018-19, expenditure per person in the 70+ population (as a share of GDP per capita) declined in 14 of the 35 years (see Figure 4).

*Figure 4: Historical Expenditure – Change in Expenditure on Aged Care per Person Aged 70+ (as a share of GDP per capita)*



Until 1984-85, aged care supply had been largely unconstrained by the Australian Government. The aged care planning ratios were meant to ensure that growth in new residential places was in line with growth in the aged population and to provide a sustainable framework for planning aged care services in the context of an ageing population. They were also meant to ensure an appropriate balance of services, including services in residential care for people with lower levels of need, and to directly link the planning of care to the numbers of older people in a region. The government committed itself to maintaining the national provision ratio of 100 residential care places for every 1000 persons aged seventy or older.