

## **HOW MUCH ARE AUSTRALIANS WILLING TO PAY FOR QUALITY AGED CARE?**

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OVER 60% of current taxpayers would be willing to pay an additional 1.4% of income tax per year on average in order to achieve a satisfactory level of quality aged care, and an additional 3.1% per year on average to ensure a high level of quality aged care, according to the authors of a Perspective published today by the *Medical Journal of Australia*.

Professor Julie Ratcliffe, Professor of Health Economics at Flinders University's Caring Futures Institute, and colleagues were commissioned by the Royal Commission into Aged Care Quality and Safety, to design and conduct a nationwide survey of Australians' willingness to pay more for better aged care.

"At present, 4% of Australia's income tax contributions are allocated to aged care," Ratcliffe and colleagues wrote.

"Modelling by the Commission indicates that a doubling of this expenditure base may be required in the short to medium term to meet the needs of Australia's rising numbers of older people."

An additional issue is the declining ratio of working age Australians to those aged over 85 years and older, which has dropped from 101:1 in 1978, to 33:1 in 2018. By 2058 it is expected to be 15:1.

Ratcliffe and colleagues' survey sample included 6500 current income taxpayers not currently receiving aged care.

"We found that 61% of current income taxpayers would be willing to pay an additional 1.4% income tax per year on average to ensure a satisfactory level of aged care, while income taxpayers would be willing to pay an additional 3% income tax per year to achieve high quality aged care," Ratcliffe and colleagues wrote.

"Respondents with experience of aged care through a close family member were willing to pay more to guarantee universal access to satisfactory or high quality care compared with those without experience.

"Similarly, younger people were also willing to pay slightly more than older people to ensure universal access to satisfactory or high quality care."

Ratcliffe and colleagues said increasing the income tax contribution to aged care would not be enough to sufficiently bolster the aged care system.



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“There will be an increasing need for additional pillars of financial support beyond the current system, comprising income tax contributions as the major financial pillar supplemented by means-tested personal co-contributions and voluntary self-funded contributions for extra services or supports,” they wrote.

Germany and Japan have compulsory social insurance schemes, and other potential support included taxing superannuation earnings above a certain threshold, and private insurance.

“As a society, we need to take collective responsibility, building upon the foundations laid by our Australia-wide survey to carefully consider all options for ensuring the quality, safety and sustainability of Australia’s aged care system for all Australians in need, now and into the future,” Ratcliffe and colleagues concluded

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