This research paper was compiled by the independent market research firm, Kantar Public, on behalf of the Department of Health and Aged Care.

This research was used by the Aged Care Taskforce to assist it in forming recommendations to government on the issue of how to fund the aged care sector in a fair, simple and sustainable way.

The Aged Care Taskforce has provided its final report to government for consideration. The Taskforce's final report has been published on the Department of Health and Aged Care website and represents their final views.

The Government is now considering the Taskforce's final report and will release its response to the recommendations in due course.

The Government is committed to seeing an aged care system that is sustainable, fair and allows Australians to age with the dignity and respect they deserve.

Upon release of the report, to provide clarity to the public on a number of important issues, the Government has ruled out changes to how the family home is means tested and has ruled out any new taxes or levies to fund the aged care sector.

The conclusions contained within this research paper do not represent the views of the Aged Care Taskforce or the views and policies of the Australian Government.

KANTAR PUBLIC

Consumer contribution to aged care services

Final report

3 April 2023

Australian Government
Department of Health and Aged Care

Methodology

Phase 1: Quantitative Verification

A combination of online and computer assisted telephone interviews (CATI) was used. The 20-minute survey was scripted and hosted by Q&A Market Research, who also recruited participants from their panel partners. CATI fieldwork was conducted by Q&A Market Research interviewers. Fieldwork was conducted between 1 March and 6 March 2023. A total of n=1,084 Australians were surveyed nationally.

Phase 2: Discreet Choice Experiment

A 20-minute online DCE was conducted. The survey was designed by Kantar Public in collaboration with CaPPRe. It was scripted an hosted by Lightspeed Research, who also recruited participants from their panel partners. A total of n=975 Australians were surveyed nationally. Fieldwork was conducted between 16 March and 20 March 2023.

Audience

To qualify, respondents had to be either:

- Aged between 40 and 69 years and be solely or jointly responsible for the care of an older family member, parent, partner or close friend (aged 60+ years); OR
- Aged 70 years and over (i.e. an older individual)

Quotas and targets were set based on ABS Census data to ensure the sample was representative of the population by gender, age and location, with soft quotas on people who are culturally and linguistically diverse (CALD), living with a disability and First Nations to ensure these groups were represented. Targets and sample achieved are outlined in the table to the right. Data was also post-weighted by gender, age and location for analysis.

		Stage 1	Stage 2
Sample Targets	**Population proportion %**	**Total**	**Total**
Gender			
Male	48%	488	436
Female	52%	596	531
Non-Binary – Natural Fallout		0	8
Age			
40 - 49 years	27%	271	247
50 - 59 years	26%	282	268
60 - 69 years	23%	239	207
70 - 79 years	16%	196	159
80 years and over	9%	96	94
Location			
Sydney	21%	232	
NSW Regional	11%	116	
Melbourne	19%	218	
Vic Regional	6%	67	
Brisbane	10%	106	
QLD Regional	10%	109	
Perth	8%	90	
WA Regional	2%	14	
Adelaide	5%	67	
SA Regional	2%	19	
Hobart	1%	11	
TAS Regional	1%	11	
NT	1%	5	
ACT	2%	19	
Specific audiences			
English speaking	73%	944	802
CALD	25%	140	173
First Nations	2%	32	19
Living with disability	18%	634	
TOTAL		1,084	975

Methodology cont.

Qualitative research

Two phases of qualitative research were undertaken, with the initial phase to inform questionnaire design, and a secondary exploration phase.

Stage 1 included a mix of in-depth interviews, focus groups and family sessions were conducted on the 27th February 2023.

The second stage of qualitative was conducted between 21 – 28 March 2023. a total of 12 sessions were undertaken online or face to face, and included a mix of in-depth interviews, focus groups, and family sessions.

Audience

Research included a mix gender, age and location, and SES. Dedicated sessions were conducted with people who are culturally and linguistically diverse (CALD), living with a disability and First Nations to ensure these groups were represented. All recruitment was conducted by recruitment partners, Q&A Research.

As standard practice, all participants were given an incentive as a ‘thank you’ for participation.

Session Type	Segment	Gender	SES	Care Status	Culture	Disability	Location
Stage 1							
Telephone IDI	Older individual	Male	Mid	HS			Metro
Virtual IDI	Older couple	Mixed	Mid	Informal			Reg/ Remote
Virtual focus group	Older	Male	Low	Informal			Metro
Face-to-face focus group	Influencer	Mixed	Low	HC			Metro
Virtual family session	Family	Mixed	Low	None			Reg/remote
Stage 2							
Face-to-face focus group	Older	Female	High	Informal			Metro
Face-to-face focus group	Influencer	Mixed	Mid	None			Metro
Virtual IDI	Older individual	Male	High	HS/NDIS		Disability	Metro
Virtual focus group	Influencer	Mixed	High	HS			Metro
Virtual family session	Family	Mixed	High	Informal	CALD		Metro
Face-to-face focus group	Older	Male	Low	None			Metro
Telephone IDI	Older individual	Female	High	HC	First Nations		Metro
Telephone IDI	Older couple	Mixed	Low	HS			Reg/remote
Virtual focus group	Older	Female	Mid	None			Reg/remote
Virtual focus group	Influencer	Mixed	Mid	HC	First Nations		Reg/remote
Virtual IDI	Older individual	Female	Low	HC	CALD		Metro
Virtual family session	Family	Mixed	Low	None			Reg/remote

Summary of key insights…

1. Understanding how the system works has the ability to drive overall perceptions of system quality and pave the way for better conversations around potential changes. Since 2017, understanding of the system has deteriorated. Currently, only one quarter (24%) indicate confidence in their knowledge of how to access the system (previously recorded at 33% in 2017). Knowledge is a core driver of perceptions of the system – for example, among those who feel they 'know a lot' about the system 46% believe the system is 'high quality' …whereas comparatively, among those who 'know little/nothing', only 2% believe the system is 'high quality'. Establishing a core knowledge base from which to introduce potential changes in the way the system works could be considered.

2. While system change is 'anticipated', current levels of understanding of how this will personally impact is, not unexpectedly, limited. While people are theoretically aware (when prompted) of potential changes that may / are being introduced, only one in ten (9%) indicate a confidence in their current understanding of these changes. Thus, the current 'frame of reference' for receiving messages relating to potential changes emerges within the context of a low locus of personal control.

3. Cost is not a rational concept in the context of ageing and aged care. While cost is an expected element of the aged care system, conversations and information around cost can be uncomfortable and confronting for older Australians and their family / close others. Consideration of cost rarely exists in combination with reassurance of the 'benefits' and tangible positives of the aged care system …e.g. what people 'get' for the cost.

4. There is a 'pull' between the rational and emotional sides of contribution, and understanding of a "reasonable" co-contribution is not universal. On the surface, contribution to cost is rationally accepted as necessary. However, low knowledge and heightened vulnerability in the absence of information impede people's ability to be fully supportive.

5. In the absence of information, people are cautious about their capability to pay. Half (53%) are concerned about their ability to afford aged care long-term and that the costs associated with paying for aged care may reduce their quality of life, rather than enhance it.

6. The way cost/pricing information is shown has an impact on willingness to pay. Without being aware of the total cost of services, citizens generally indicate that they would be willing to pay between 30-35% of the total service cost.

   If the total cost of the service is shown, citizens are willing to pay higher contributions. Using the total cost of the service changes the value equation and allows citizens to place their co-contribution within the context of the total value of the service. If the current contribution bands are shown, willingness to pay decreases – as citizens anchor on the highest value that is relevant to them (the highest price cap) rather than the total cost to provide the service.

   When shown the total cost of the services, there is evidence of potential willingness to pay more than the current set contribution ranges for respite care, personal care and nursing services.

Summary of key insights… (continued)

6. A ‘user pays’ system is preferred. There is general consensus for a system which is structured around the ‘user pays’ model, with almost three quarters of all cohorts (other than those on a part pension living in government housing) indicating that this is the preferred system.

7. Without knowing the total costs for care in residential care, citizens generally assume the contribution (of the five scenarios presented) should be higher than current. In each of the scenarios, the key factors people consider relate to income and assets, excluding their primary residence.

8. There is some tension in perceived equity of contribution based on comparisons of pension and financial status. In particular, those of middle SES perceive a disadvantaged position (paying a similar amount to those with high net wealth, and considerably more than those with low SES). There is no assertion that those unable to pay should be treated differently in the system, however, it is a conflicted position for some.

9. There is tension in attribution of an ‘asset value’ to primary residences. In general, there is a reluctance to consider the ‘family home’ a financial-asset, as it is more aligned to an affect-asset. Currently, people may consider the family home an ‘optional asset’ from which to access additional amenities / services, but not to access a baseline.

10. The concept of using the family home for a reverse mortgage may have potential, but it is currently clouded with the concept of ‘mortgage’.

11. Respondents were most likely to consider paying additional funds to secure additional amenities related to room size. At a total level, respondents indicated that they would be willing to pay an additional $58.08 per day ($21,119.20 per year) for their own room with shared facilities and an additional $77.15 per day ($28.159.75 per year) for their own room with an ensuite and living area.

12. Distance was the second most important accommodation element behind room size and amenity. Being close to loved ones, being connected to the history you have in a location and continuing to feel as sense of ‘place’ were key drivers behind the selection of a residential age care facility for both residents and those who were financially responsible for older family members.

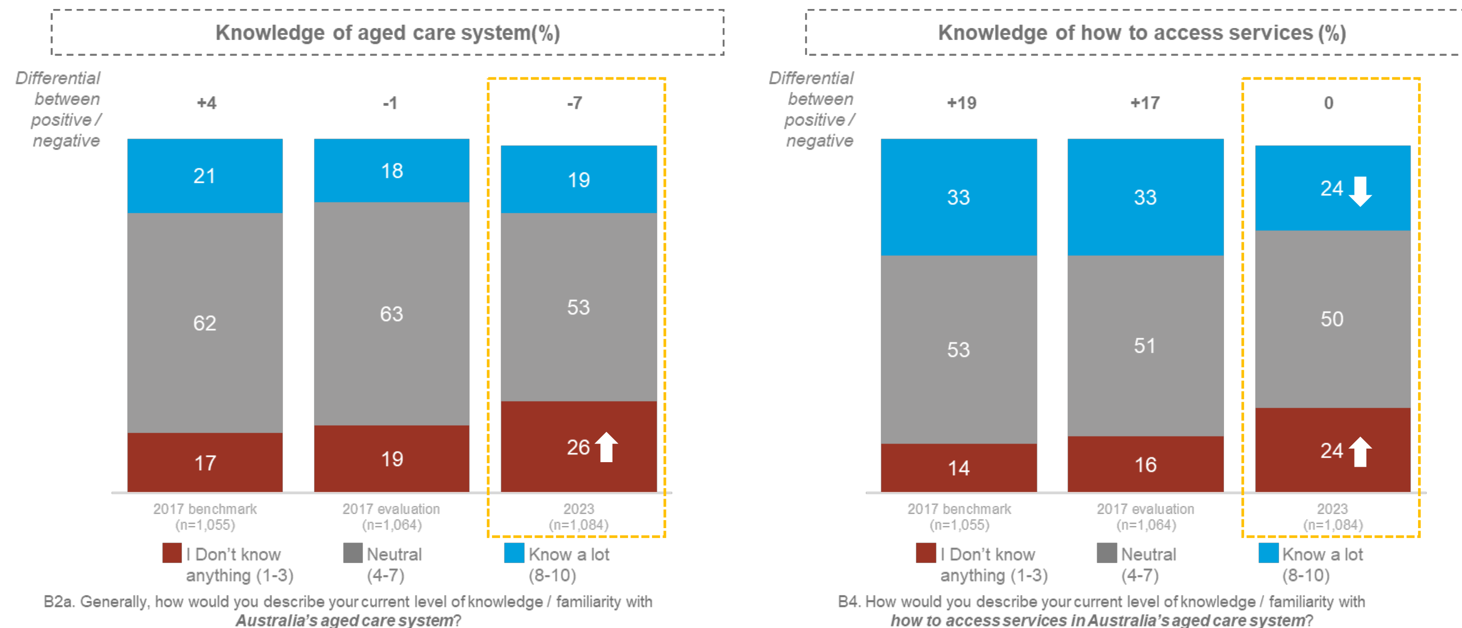
13. The third most important attribute related to accommodation services was meal choice. Generally, choice of meal was seen as more important than choice of time – with respondents indicating they would pay an additional $11,701.90 per year for this option. Respondents were willing to pay an additional $14,205.80 per year to ensure they were able to choose the time that the meal would be served, in addition to what the meal would be.

1
Aged care system: understanding and perceptions

Personal confidence in understanding the overall system has reduced.

Since 2017, when myagedcare was last supported with above the line media activity, perceived *knowledge of the aged care system* and *how to access it* has significantly declined. At a total target audience level, the balance of those who lack personal confidence ('know very little') in their knowledge and understanding has shifted – with a higher proportion now lacking confidence than holding it.

Personal confidence in knowledge of how to access is lowest among self-funded retirees (18% 'know a lot') and, highest among those who are renting and on a full or part pension (38%, 38% respectively).



Statistically significant at 95% confidence interval (comparing years)

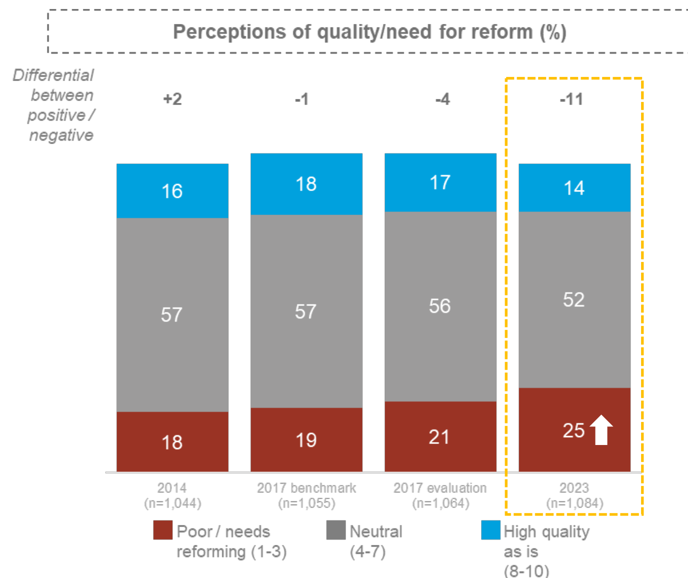
Statistically significant at 90% confidence interval (comparing years)

This reduction in understanding is important to note because system-level knowledge contributes to overall perceptions of system quality.

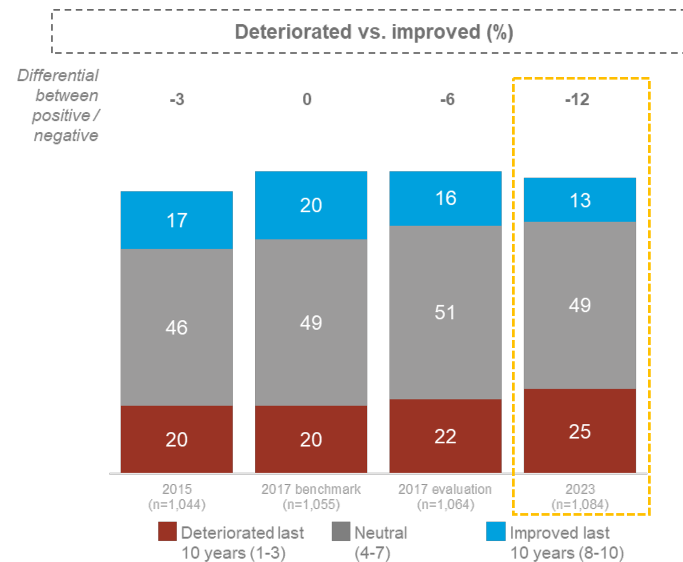
Declining knowledge is met with declining perceptions of the system's overall quality. This is not surprising given that feeling knowledgeable about the aged care system has a clear (current and historical) link to perceptions of system quality. The higher one's self-assessed level of knowledge, the more likely one is to consider the Australian aged care system:

- to be high quality (46% among those who 'know a lot', 2% among those who 'know nothing at all').
- to have improved in the last decade (42% among those who 'know a lot', 4% among those who 'know nothing at all').
- to be better in comparison to other countries (51% among those who 'know a lot', 13% among those who 'know nothing at all').

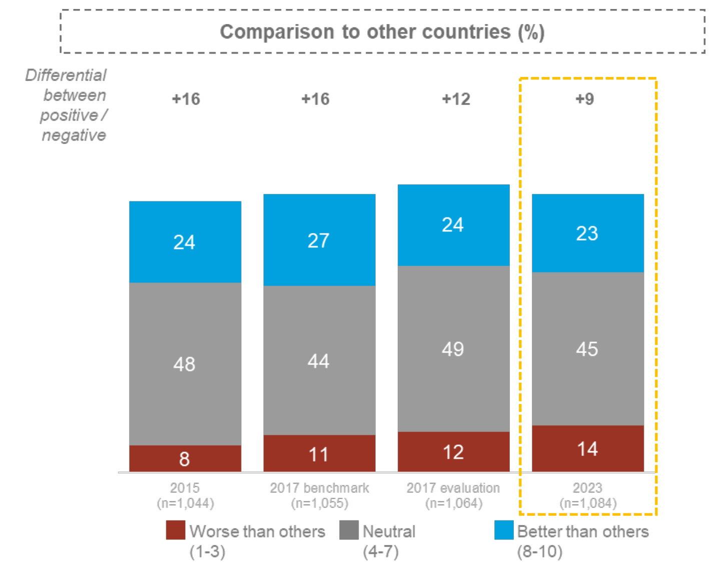
In short, a knowledge gap has a significant negative impact on one's overall perception of the aged care system. Equally improving knowledge has the potential to engage and prompt receptiveness to messages around potential change.



B3a. Based on what you currently know …"it is a poor quality system and needs reforming (1)" …"it is a high quality system as it is (10)"?



B3b. Based on what you currently know …"it has deteriorated over the last 10 years (1)" …"it has improved over the last 10 years (10)"?



B3a. Based on what you currently know …"it is worse than other developed countries (1)" …"it is better than other developed countries (10)"?

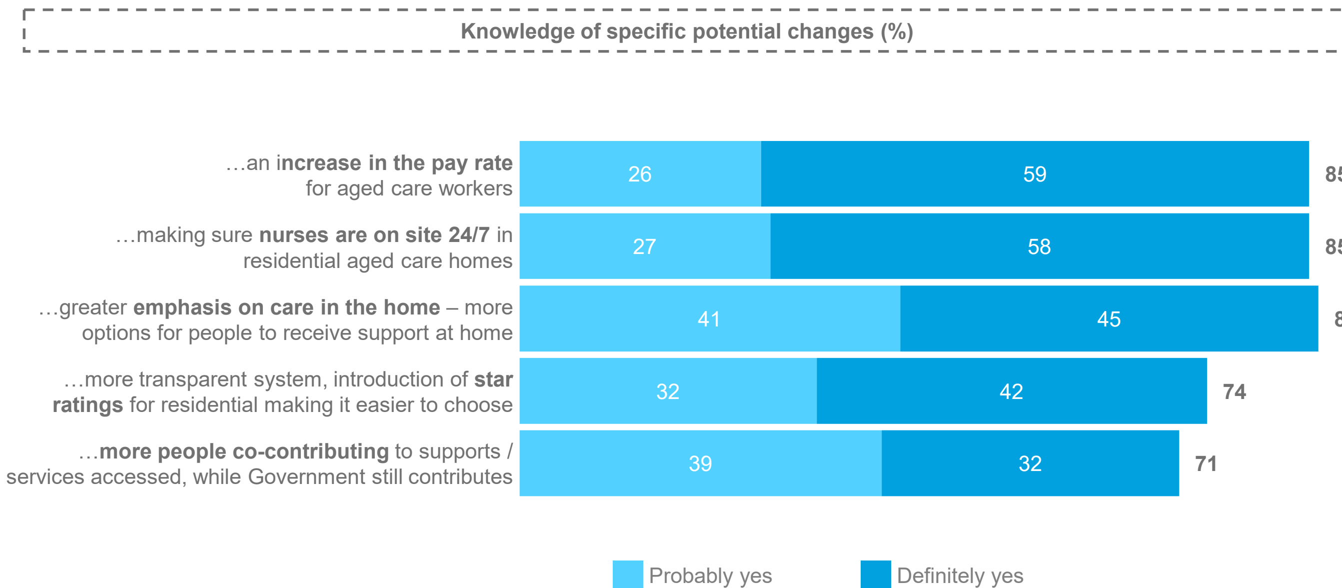
Statistically significant at 95% confidence interval (comparing years)

Statistically significant at 90% confidence interval (comparing years)

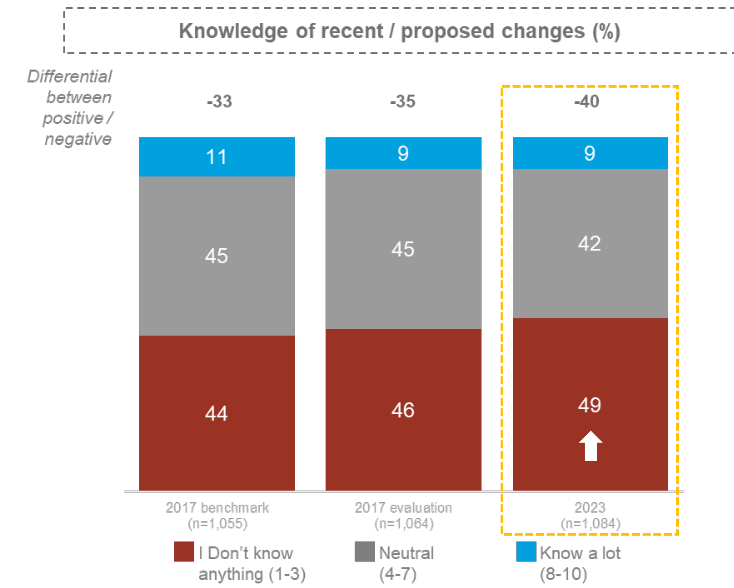
While change is ‘anticipated’ …
…understanding what this means is limited.

When prompted with specific ‘potential changes’ to the aged care system, some changes (e.g. increase pay rates / nurses on site 24/7) record high levels of claimed awareness (59% and 58% ‘definitely yes – aware of’ respectively). However, awareness of potential changes around co-contribution are comparatively lower, only one in three (32%) have ‘definitely’ heard something about it. This represents a communications opportunity to lead the narrative around any potential changes in this area.

Importantly, however, while there is some knowledge (when prompted) of specific potential / actual elements of system change, understanding / familiarity of these changes is low – only one in ten indicate a confidence in their understanding (9% ‘know a lot’). Thus, while people may be ‘aware’ of changes, their confidence in understanding how they will impact individuals, and the system, is weak. Similarly, this represents a communications opportunity to contribute to people’s understanding and generate confidence.



A7. Which of these changes to Australia’s aged care system were you already aware of?



A5. Generally, how would you describe your current level of knowledge / familiarity with the *recent changes / proposed reforms to Australia's aged care system?*

Statistically significant at 95% confidence interval (comparing years)

Statistically significant at 90% confidence interval (comparing years)

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Cost is <u>not</u> a rational concept in the context of ageing and aged care.

It can be easy to appraise 'cost' a rational concept …one that is associated with numbers and influenced by financial capacity and willingness to pay. However, throughout this report, it is valuable to remember that conversations and information around cost in the context of aged care are deeply personal and, difficult for people to disconnect from emotion.

Rationally, aged care is acknowledged as universally relevant because it is grounded in the reality that – everyone has a parent (even if estranged, departed), many have older family members, ageing is inevitable for everyone and, everyone knows someone who is 'older' than themselves. Fundamentally, ageing, and the need for support throughout ageing, is understood as universal. And, the Australian aged care system is considered one that seeks to support older Australians.

However, in reality, there are multiple layers of emotional avoidance, which result in an overarching desire to delay and disengage from thinking about its need, as well as consider the costs associated with its delivery.

While cost is an expected element of the aged care system, conversations and information around cost can be uncomfortable and confronting for older Australians, and their family / close others, as they can:

- be perceived as attributing a final dollar value on ones' dignity at the end of life.
- drive an intrinsic fear of immediate and long-term affordability for individuals (capacity to pay with money considered a finite resource with no ability for individuals to generate additional income), reducing their sense of safety.
- remind people that while cost / payment is to access supports, services, care and accommodation to benefit older Australians, there is an emotional signal of a situation that feels tenuous, and is about loss rather than gain (e.g. a point in life of needing help, lost control and independence).

In this context, information and conversations relating to cost (and elements associated with it) benefit from being intertwined with reassurance of the 'benefits' and tangible positives of the aged care system …e.g. clarifying exactly 'what' they get for the cost.

> It's a scary thing
> …shit, everything I've done, I thought I did for my kids and own life
> …and, now it's a big machine of residential care that's left to look after us
> …and it hurts.

> I've had my head in the sand because it's something I really don't want to face.

> You want to be seen as a priority, you don't want to be thought of as a cost.

There is a 'pull' between the rational and emotional sides of contribution.

On the surface, contribution to cost is rationally accepted as an underpinning and highly necessary facet of the aged care system. The vast majority of Australians appear to consider it the 'right' thing for individuals to pay towards the cost of their care (at home, and in residential care) as well as the cost of accommodation.

However, *beneath their stated rational agreement* are two factors which impede not only their ability to be fully supportive, but also the way they respond to any information regarding cost:

- **Low knowledge:** Their 'unknown' elements associated with cost (in terms of total cost, and the way contributions are calculated) lead to a perceived potential to experience personal inequity. Their unanswered questions, as well as questions they don't know exist, result in perceived risk of committing to the idea.
- **Vulnerability:** While people do not want to be a 'burden' on the system, taxpayers and future generations, conversations around the costs of cost and contribution can result in an erosion of self-worth and heightened vulnerability.

While there is **high morality**…	…the 'unknowns' drive **fear of inequity** …	…and is underpinned by a **sense of vulnerability**.
"It's necessary … because the government would be bankrupted otherwise.	I think a co-contribution if a good idea. It just needs to be a fair system and I certainly don't understand enough about it to know whether it's fair or not.	I don't want to end up feeling worthless because it's sent me bankrupt.
I'm happy to pay to help support myself. I don't think it's the government's responsibility to look after me in my old age.	… to be honest I wouldn't know what a fair system is, it just needs to be there according to people's needs.	I don't want to feel like I'm being stripped of every dollar I have to pay for something that is unhappy.
		I don't want to feel like I'm being penalised for working hard all of my life.
		I don't want to feel like my honesty (/not gaming the system) is disadvantaging me.
		I don't want to feel like I'm being taken advantage of to make providers rich ."

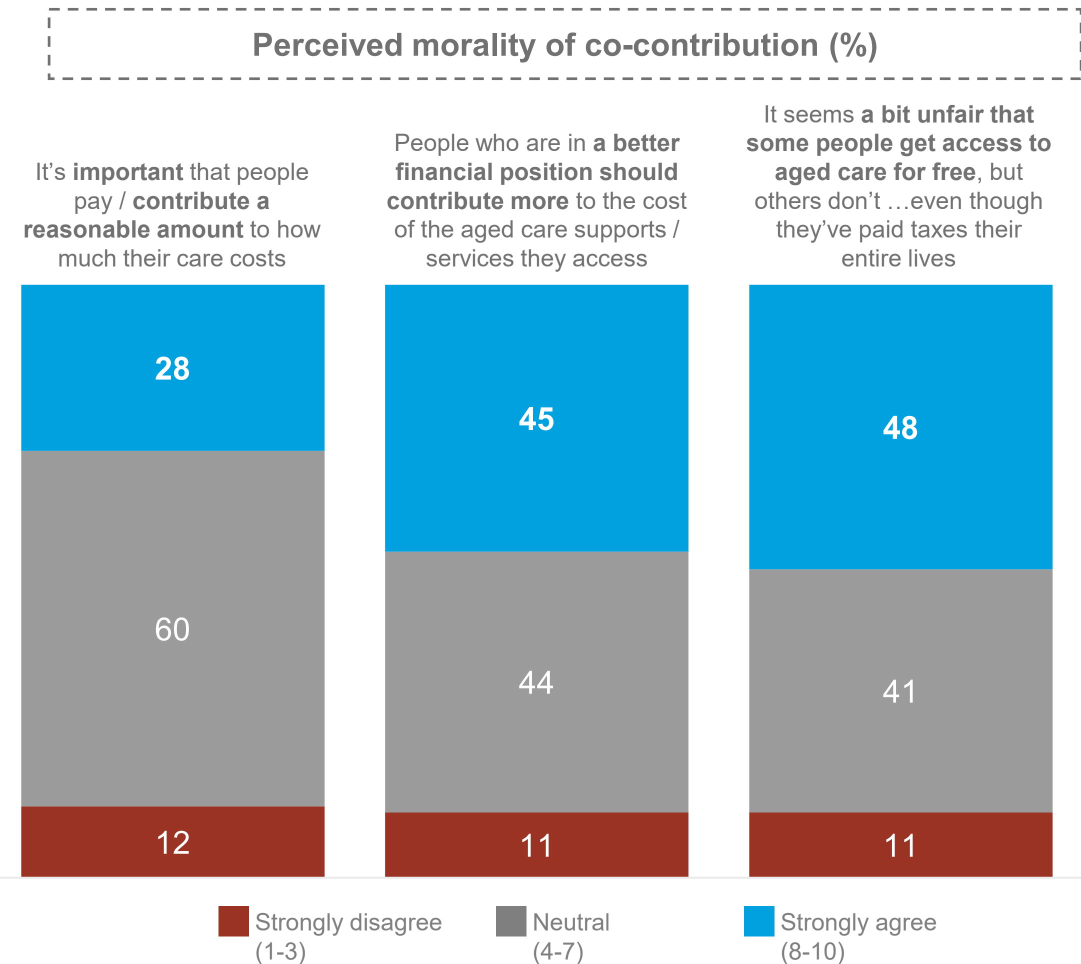
This ‘pull’ impacts overall perceptions of what is ‘reasonable’ for individuals to contribute.

While people rationally accept the importance of contributing to the cost of aged care, conceptual acceptance of contributing a “reasonable amount” is not universal (28% strongly agree, but only 12% strongly disagree). There are potential influences of this including:

- difference in opinion based on personal financial situations - self-funded retirees are less supportive (24%), and those on the full pension are more supportive (39%). This divergence is discussed further in relation to the specific ‘scenarios’ tested in Phase 2.
- low understanding of how a “reasonable amount” is defined / calculated – for example, whether it is personalised to an individual’s financial circumstance, and/or whether Government and individuals hold a common interpretation of what is “reasonable”. This represents a potential opportunity to provide individuals clarity in order to garner stronger in-principle support.

There is also difference in opinion relating to how much a reasonable contribution amount should flex according to personal financial situations when it is framed in relation “paying more”. For example, three in five (57%) of those on the full pension and renting strongly agree those in a “better financial position should contribute more”. This is twice the level of agreement of self-funded retirees (30%).

However, when framed in terms of “paying taxes”, differences in opinion subside – 48% strongly agree among full pension and renting, 54% agreement among self-funded retirees that “it seems a bit unfair that some people get access to aged care for free but others don’t, even though they’ve paid taxes their entire lives”. This potentially highlights the impact of language and the differences in framing in generating acceptance.



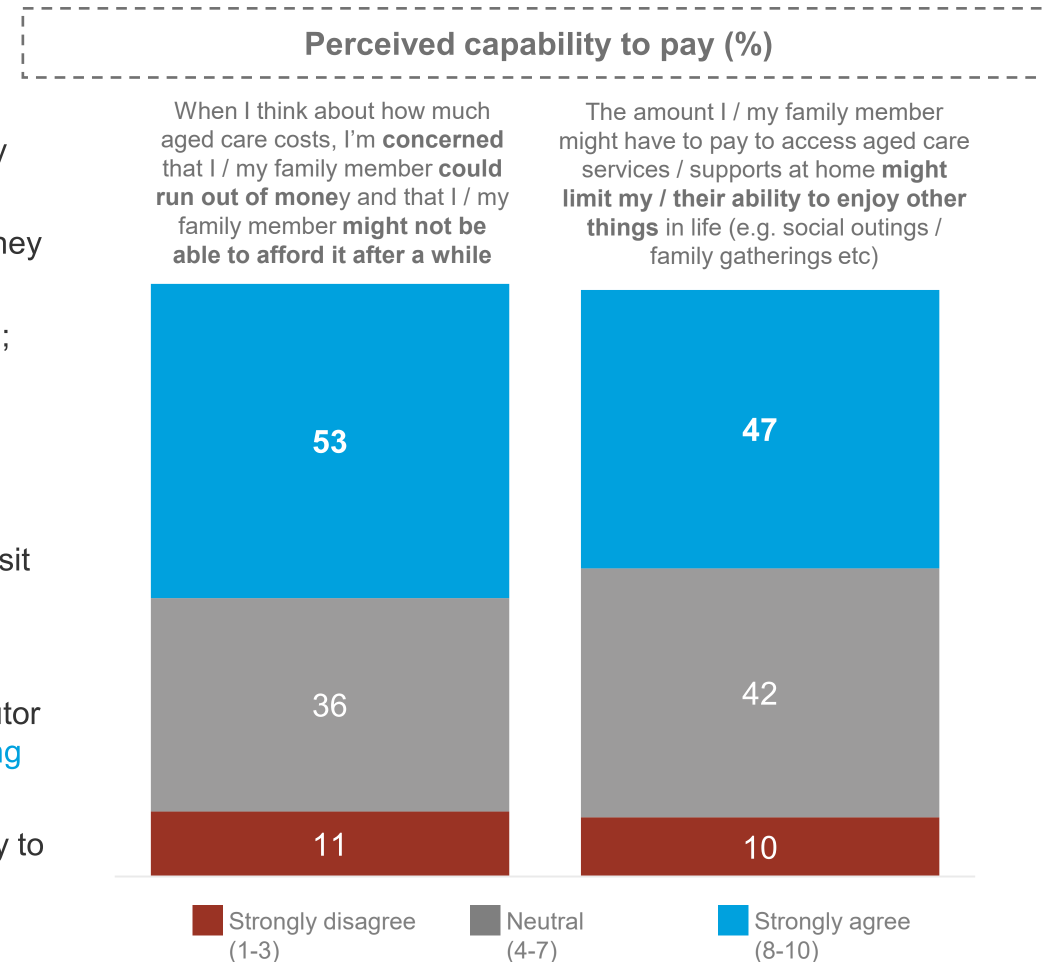
Many appear cautious about their *capability* to pay.

Half of the target audience indicate some 'nervousness' or 'uncertainty' around their capability to pay which can contribute to either under or over-stating their 'willingness' to pay. For example:

- **53%** are concerned about long-term affordability - that "I / my family member could run out of money and would not be able to afford it after a while". This concern is:
  - highest among those on the full pension (65% among those on the full pension and renting; 54% among those on the full pension owning a home);
  - present, but at lower levels among self-funded retirees (39%).
- **47%** are concerned about potential trade-offs and a reduction in quality of life, rather than enhancement from accessing supports / services - that "the amount paid to access aged care services / supports might limit their ability to enjoy other things in life" (for example, travelling to visit grandchildren etc). This concern is similarly highest among those on the full pension and renting (58%), and lowest among self-funded retirees (37%).

Qualitatively, this uncertainty is borne out emotionally and low knowledge of the system is a contributor to its existence. What appears to fundamentally sit behind the emotional response is the fear of being 'left behind'. For example, there is uncertainty relating to:

- implications of a change in one's financial situation and how this would impact their ongoing ability to access of services / supports (ie. is it possible that they may be left un/under-supported).
- what would happen if an individual needed services / supports, but did not have sufficient funds.
- the perceived potential for impact on family members, with 49% of family/partner/close other carers strongly agreeing that they would be 'worried that if my older family member couldn't pay for the supports and services they need, I might have to pay for it'.

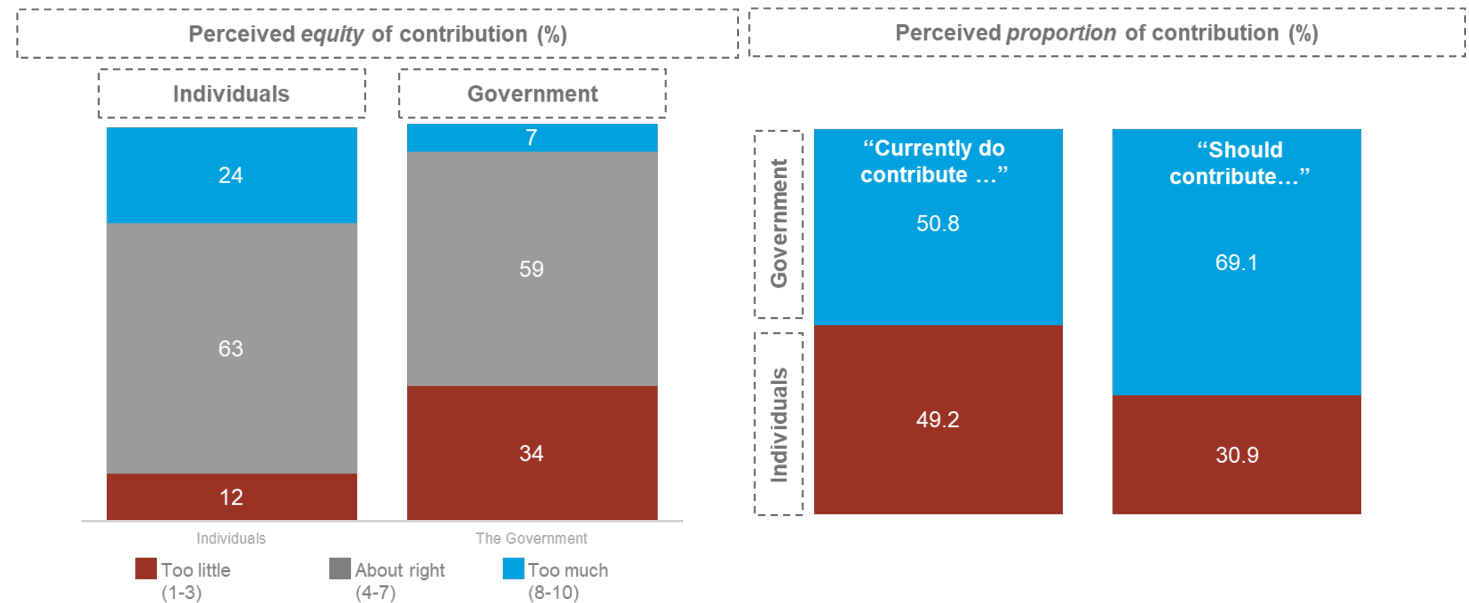


B5e. Based on how you currently feel, how much do you agree or disagree with each of the statements below?

Clarifying ‘cost’ presents a potential opportunity to generate better understanding of co-contribution.

The low understanding of cost-related elements such as co-contribution is evident when people are asked to indicate their level of comfort with the amounts they theoretically (ie. in the absence of actual cost information) believe they and the Government currently pays, in conjunction with their perceptions of how much believe they / the Government pays. This shows that:

- One quarter (24%) of individuals believe they currently contribute ‘too much’ to the cost of services / supports at home …but, overall, believe they are contributing 50.8% of the costs.
- One third (34%) believe the Government contributes ‘too little’ …but believe the Government is, on average contributing 49.2%.
- Overall, individuals believe the Government should be contributing 69.1% to the cost of aged care supports and services people can access at home.



B5a. Based on what you currently think/know about the cost of accessing aged care supports and services at home … “in general, the amounts <<individuals: people like me / my family member>> <<the government>> pay to access services and supports at home is …”

B5b. How much do you think people like yourself / your family member currently do / should contribute towards the cost of aged care supports and services people can access at home as a percentage (totalling 100% between individuals and Government)?

1
Home Care:
Willingness to pay

Without knowing the total costs of services, citizens feel that their contribution should be between 30-35% of the service cost

What citizens current ***think*** is the contribution settings	Full government pension	Part government pension	Self-funded retiree	Older family member solely/jointly responsible for care
Individual contribution	43%	46%	54% ↑	52%
Government contribution	57% ↑	54% ↑	46%	48%

What individuals ***want*** for contribution settings	Full government pension	Part government pension	Self-funded retiree	Older family member solely/jointly responsible for care
Individual contribution	30%	32%	35%	30%
Government contribution	70%	68%	35%	70%

Without knowing the total costs, citizens assume that their contributions for in-home care services are higher than current settings, with most feeling that they are currently being asked to contribute over 40% of the cost for specific services.

Self-funded retirees assume their contribution is as high as 54%, with 46% contributed to by the government.

Looking at what citizens *want* in relation to contribution, there is relative consistency across all cohorts, with citizens willing to contribute between 30-35% of the total cost of services as a co-contribution.

B5b1: How much do you think people like yourself/your family member **currently** contribute toward the cost of age care supports and services people can access at home?
B5b2: How much do you think people like yourself/your family member **should** contribute toward the cost of age care supports and services people can access at home?
Base: All respondents – full pension n=257, part pension n=150, self –funded retiree n=141, older family member n=488

↑ Significant differences

The cost/pricing information that citizens see, and how it is presented, can change the value equation

	Contribution (those who DID NOT SEE current co-contribution ranges)	Contribution (those who DID SEE current co-contribution ranges)
Respite Care (hour)	$30.18 ↑	$9.65
Personal Care (hour)	$33.38 ↑	$11.75
Nursing (hour)	$44.70 ↑	$15.87
Social Support Group (hour)	$9.29 ↑	$6.16
Meals – delivered (per meal)	$9.13 ↑	$6.87
Transport (one way trip)	$16.88 ↑	$13.61
Social Support Individual (hour)	$28.68 ↑	$20.96
Meals - prepared	$29.39 ↑	$23.50
Allied Health and Therapy Services (hour)	$49.55 ↑	$37.60
Specialised Support Services (hour)	$66.24 ↑	$48.91
Domestic Assistance (hour)	$29.08 ↑	$26.51
Home Maintenance (hour)	$35.60 ↑	$33.29

D1a/D2a: So, looing at the below, how much do you feel is a reasonable contribution to receive these services
Base: Did not see n=540, Did see n=544

↑ Significant differences

Respondents were provided with the co-contribution and total costs of service in two different ways:

- Half were provided with the current cost ranges for service and the total cost and asked to indicate their willingness to contribute in dollar terms
- Half were provided with only the total cost for service and asked to indicated their willingness to contribute in dollar terms

When current co-contribution ranges are provided, the total willingness to pay declined significantly - respondents anchor on the highest possible figure that applies to them personally and ignore the total cost (e.g. for respite care, rather than considering co-contribution within the max $75 p/h range, the max is seen as the top current setting of $15 and co-contribution is considered to be a proportion of $15, not $75).

When current contribution ranges are not provided, the actual service cost is the most personally relevant figure, and willingness to pay increases.

This has implications for how pricing structures and contribution bands may be shown as part of any systemic reform. At its simplest:

- The inclusion of contribution bands may reduce willingness to pay as a result of anchoring on the highest band value.
- The inclusion of total cost without bands changes the value equation, resulting in an assessment of contribution amount on the actual service value, not the highest set contribution level.

When shown total costs, citizens are willing to co-contribute between 30-40% of the total cost of specific services, with the contribution for three services being above the current price settings

	Stated individual Contribution (those who DID NOT SEE current co-contribution ranges)	Stated desired government co-contribution	Percent of individual contribution willing to pay	Current government contribution value	Stated desired contribution compared to current cap
Respite Care (hour)	$30.18	$44.82	40%	$60-75	Potential willing to pay more than set ranges
Personal Care (hour)	$33.38	$61.62	35%	$76-95	
Nursing (hour)	$44.70	$85.30	34%	104-130	
Social Support Group (hour)	$9.29	$10.71	46%	$8-20	In line with current settings
Meals – delivered (per meal)	$9.13	$10.87	46%	$8-20	
Transport (one way trip)	$16.88	$33.12	34%	$20-50	
Social Support Individual (hour)	$28.68	$56.32	34%	$34-85	
Meals - prepared	$29.39	$60.61	33%	$36-90	
Allied Health and Therapy Services (hour)	$49.55	$105.45	32%	$62-155	
Specialised Support Services (hour)	$66.24	$153.76	30%	$88-220	
Domestic Assistance (hour)	$29.08	$55.92	34%	$17-85	
Home Maintenance (hour)	$35.60	$64.40	36%	$20-100	

D1a: So, looing at the below, how much do you feel is a reasonable contribution to receive these services
Base: n=544

When the total cost of the service is shown in isolation, respondents are willing to pay 30-40% of the cost of service provision, with proportions being highest for:

- Social Support Groups (46% of total cost as individual contribution)
- Meals (46%)
- Respite care (40%)

This is higher than the desired contribution stated when participants had not seen total costs or pricing information (30-35% as seen on slide 12).

For three services (respite care, personal care and nursing), the dollar figure of stated government contribution is higher than the current price cap settings, with this difference being greatest for:

- Nursing ($85.30 compared to the current $104+ setting
- Respite care ($44.82 compared to the current $60+ setting)

Qualitatively, the services which people claim theoretical willingness to pay more for appears linked to two factors:

1. Whether the service is considered ‘essential’ versus ‘desired’.
2. The service is considered to deliver increased ‘preservation’ of quality of life to either the carer or the individual.

There is relative consistency in stated personal contribution across key cohorts – and uncertainty is relatively low

	Full government pension	Part government pension	Self-funded retiree	Older family member solely/jointly responsible for care
Respite Care (hour)	$30.89	$32.11	$32.51	$28.68
Personal Care (hour)	$33.62	$36.29	$33.79	$32.33
Nursing (hour)	$44.49	$48.03	$44.33	$43.94
Social Support Group (hour)	$9.11	$9.72	$9.41	$9.23
Meals – delivered (per meal)	$9.11	$9.09	$10.20	$8.88
Transport (one way trip)	$17.73	$19.26	$17.13	$15.71
Social Support Individual (hour)	$27.74	$30.19	$25.84	$29.42
Meals - prepared	$30.01	$33.51	$26.93	$28.50
Allied Health and Therapy Services (hour)	$47.98	$53.39	$54.22	$48.09
Specialised Support Services (hour)	$66.46	$69.74	$69.06	$64.43
Domestic Assistance (hour)	$29.12	$31.81	$29.50	$28.18
Home Maintenance (hour)	$34.77	$38.80	$39.22	$34.20

D1a: So, looking at the below, how much do you feel is a reasonable contribution to receive these services
Base: Full pension n=257, Part pension n=150, Self-funded retiree n=141, older family member responsible for care n=536

There are no significant (real) differences between different cohorts – with those on full pensions, part pensions, self-funded retirees and those with financial responsibility for an older family member all indicating a similar willingness to pay across all services.

That said, those on the full pension showed a trend toward lower contributions when compared to those on part pensions or self-funded retirees.

Relatively few differences were also seen across other demographics including age, gender and cultural status.

There are also few differences in 'capability' or 'certainty' to pay across all groups, with around one in five (25%) indicating that they were 'undertrain' about their ability to pay, despite being willing to pay stated co-contributions.

While this is positive, it is important to note that specific services were measured on a item by item basis and total costs per week/month were not provided as part of this study (as these are not available to profile). As a result, some caution on financial capability to pay when accessing multiple services over a prolonged period is required.

Once shown the total cost of services, those on a full and part pension are willing to pay more than their original stated ‘desired contribution’ for most services

Those on a full pension	Desired individual contribution	Desired government contribution	Comparison against stated individual ideal contribution at B2c (29.2%)
Respite Care (hour)	$30.89	$44.11	41%
Personal Care (hour)	$33.62	$61.38	35%
Nursing (hour)	$44.49	$85.51	34%
Social Support Group (hour)	$9.11	$10.89	46%
Meals – delivered (per meal)	$9.11	$10.89	46%
Transport (one way trip)	$17.73	$32.27	35%
Social Support Individual (hour)	$27.74	$57.26	33%
Meals - prepared	$30.01	$59.99	33%
Allied Health and Therapy Services (hour)	$47.98	$107.02	31%
Specialised Support Services (hour)	$66.46	$153.54	30%
Domestic Assistance (hour)	$29.12	$55.88	34%
Home Maintenance (hour)	$34.77	$65.23	35%

D1a: So, looking at the below, how much do you feel is a reasonable contribution to receive these services
Base: Those who did not see contribution ranges - Full pension n=141
Desired contribution column: GREEN=Higher than government current cap
Comparison against stated individual column: GREEN=higher than original stated willingness to contribute at 29.2%

Those on a part pension	Desired individual contribution	Desired government contribution	Comparison against stated individual ideal contribution at B2c (32.2%)
Respite Care (hour)	$32.11	$42.89	43%
Personal Care (hour)	$36.29	$58.71	38%
Nursing (hour)	$48.03	$81.97	37%
Social Support Group (hour)	$9.72	$10.28	49%
Meals – delivered (per meal)	$9.09	$10.91	45%
Transport (one way trip)	$19.26	$30.74	39%
Social Support Individual (hour)	$30.19	$54.81	36%
Meals - prepared	$33.51	$56.49	37%
Allied Health and Therapy Services (hour)	$53.39	$101.61	34%
Specialised Support Services (hour)	$69.74	$150.26	32%
Domestic Assistance (hour)	$31.81	$53.19	37%
Home Maintenance (hour)	$38.80	$61.20	39%

D1a: So, looking at the below, how much do you feel is a reasonable contribution to receive these services
Base: Those who did not see contribution ranges - Part pension n=79
Desired contribution column: GREEN=Higher than government current cap
Comparison against stated individual column: GREEN=higher than original stated willingness to contribute at 32.2%

Those solely/jointly responsible for an older family member's care show a similar pattern

Financially responsible for family member's care needs	Desired individual contribution	Desired government contribution	Comparison against stated individual ideal contribution at B2c (31.2%)
Respite Care (hour)	$30.33	$44.67	40%
Personal Care (hour)	$34.91	$60.09	37%
Nursing (hour)	$47.49	$82.51	37%
Social Support Group (hour)	$9.29	$10.71	46%
Meals – delivered (per meal)	$9.17	$10.83	46%
Transport (one way trip)	$17.10	$32.90	34%
Social Support Individual (hour)	$30.42	$54.58	36%
Meals - prepared	$30.75	$59.25	34%
Allied Health and Therapy Services (hour)	$52.43	$102.57	34%
Specialised Support Services (hour)	$70.47	$149.53	32%
Domestic Assistance (hour)	$30.16	$54.84	35%
Home Maintenance (hour)	$36.15	$63.85	36%

D1a: So, looking at the below, how much do you feel is a reasonable contribution to receive these services
Base: Those who did not see contribution ranges - Older family member responsible for care n=257
Desired contribution column: GREEN=Higher than government current cap
Comparison against stated individual column: GREEN=higher than original stated willingness to contribute at 31.2%

Self-funded retirees	Desired individual contribution	Desired government contribution	Comparison against stated individual ideal contribution at B2c (34.8%)
Respite Care (hour)	$32.51	$42.49	43%
Personal Care (hour)	$33.79	$61.21	36%
Nursing (hour)	$44.33	$85.67	34%
Social Support Group (hour)	$9.41	$10.59	47%
Meals – delivered (per meal)	$10.20	$9.80	51%
Transport (one way trip)	$17.13	$32.87	34%
Social Support Individual (hour)	$25.84	$59.16	30%
Meals - prepared	$26.93	$63.07	30%
Allied Health and Therapy Services (hour)	$54.22	$100.78	35%
Specialised Support Services (hour)	$69.06	$150.94	31%
Domestic Assistance (hour)	$29.50	$55.50	35%
Home Maintenance (hour)	$39.22	$60.78	39%

D1a: So, looking at the below, how much do you feel is a reasonable contribution to receive these services
Base: Those who did not see contribution ranges - Self-funded retiree n=67,
Desired contribution column: GREEN=Higher than government current cap
Comparison against stated individual column:
GREEN=higher than original stated willingness to contribute at 34.8%
ORANGE= marginally below original stated contribution
RED: below original stated contribution

While self-funded retirees are somewhat less likely to be willing to pay more for services when shown the cost of service…

…their total desired contribution values in dollar terms are similar to other cohorts*.

*This is because their original ‘stated desire’ for contribution was higher than all other cohorts at B2c (before this group was shown information on costs of service)

What do we think someone else should be paying*?

There is general consensus that self-funded retirees should be paying ‘more’ than those who are receiving government assistance, with between 30-50% of respondents across all groups indicating that this was the case. This view was most extreme for those on a full pension living in government housing (51% feel self-funded retirees should be paying more) and more moderate for carers who were financially responsible for family members (23%).

There is also general consensus that those on pensions (either part or full) should be paying less, with around 25% of all respondents across key cohorts indicating that this should be the case. Family member who were financially responsible for potential care costs were more extreme in their view, with almost half indicating that those on a full or part pension living in government housing should be paying less.

Family members who were financially responsible for potential care costs were also more likely to indicate that costs should be lower across all cohorts and the least likely to indicate that costs should remain the same. When commenting on each of the different pension holding cohorts, between 34-45% of family members felt that costs for other groups should be less than what they were comfortable paying.

Self-funded retirees are the least likely to indicate that any other cohort should be paying more, with less than one-in-ten indicating that this should be the case for other retirees who were not self-funded.

Those on a part pension living in government housing are the most likely to indicate that other cohorts receiving government assistance should pay more – particularly those who on a full pension who live in government housing – potentially reflecting a perception that those on a full pension already receive sufficient benefits as part of their broader support provision.

*’Paying more or less’ in this context was measured at D4a/D5a – assessing whether a respondent indicated someone else in another cohort should pay more, about the same or less than what they themselves were comfortable contributing. It is not based on actual tailored assessment of personal costs for service.

What do we think someone else should be paying*? (continued)

Full pension, living in government housing	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	-	17%	20%	35% ↑	51% ↑
About the same	-	60%	51%	55%	44%
Less	-	22%	29%	11%	4%

Part pension living in own home	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	9%	14%	8%	-	33%
About the same	66%	67%	63%	-	59%
Less	24%	20%	29% ↑	-	8%

Full pension, living in own home	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	9%	-	14%	15%	34% ↑
About the same	66%	-	61%	66%	59%
Less	25%	-	25%	19%	7%

Self-funded retiree	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	7%	8%	4%	7%	-
About the same	59%	65%	70%	76%	
Less	35% ↑	28%	25%	17%	

Part pension living in government housing	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	20% ↑	21%	-	21%	26%
About the same	55%	67%	-	62%	66%
Less	24%	12%	-	17%	6%

Family member responsible for costs	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
More	8%	8%	6%	9%	23%
About the same	46%	54%	51%	57%	58%
Less	45% ↑	38% ↑	43% ↑	34% ↑	18% ↑

B5b1: Thinking about these care services provided at home, do you think that [cohort] should pay more, about the same or less than what you are comfortable contributing?
Base: All respondents – full pension n=257, part pension n=150, self –funded retiree n=141, older family member n=488

↑ Significant differences against the population or sub-cohorts that are important in context of commentary

*'Paying more or less' in this context was measured at D4a/D5a – assessing whether a respondent indicated someone else in another cohort should pay more, about the same or less than what they themselves were comfortable contributing. It is not based on actual tailored assessment of personal costs for service.

A ‘user pays’ model is generally preferred

There is general consensus for a system which is structured around the ‘user pays’ model, with almost three quarters of all cohorts (other than those on a part pension living in government housing) indicating that this is the preferred system. There are few meaningful differences across all demographics with the exception of gender, where women are more likely to prefer a ‘user pays’ system than men (75% compared to 64%).

	Full pension living in government housing	Full pension, live in own home	Part pension, living in government housing	Part pension, live in own home	Self-funded retiree
'A system which is ‘user pays’, meaning you make a small contribution for each service received and do not pay anything if you don’t receive services	77%	72%	48%	64%	77%
'A system in which you pay a ‘capped set contribution’ each month that is payable regardless of how many or how few services you receive	23%	28%	52%↑	36%	23%

D6: Thinking about how you could contribute, would you prefer …
Base: All respondents – full pension n=257, part pension n=150, self –funded retiree n=141, older family member n=488

↑ Significant differences

3. RAC service provision

Willingness to pay

What was undertaken…

Respondents were shown five fixed scenarios that depicted ‘new residents’ about to enter aged care. For each new resident, participants were asked to respond with the dollar value of how much they think the resident should pay each year for their residential care, and how much the Australian government should pay each year for their residential care, based on each person’s current circumstances.

Care was defined as:

- Help showering and getting dressed, and assistance with eating meals.
- Ensuring residents take the right medications and access to a nurse to manage wounds.
- Help communicating with family, and making arrangements to access specialist medical care, therapy and social activities.

Participants were provided with the following information prior to completing the questions:

- All residents across the scenarios will receive the same level of care.
- The cost of aged care is the same for all new residents ($64,000 per year).
- Questions relate only to the cost of care (as listed above) - other accommodation and living costs (like room size, type of meals, etc.) are considered additional extras and not covered in these vignettes.
- The cost of care depends on a person’s individual circumstances (income, assets) and the amount of government subsidy they may receive.
- Any government subsidy must come from somewhere – the more the government pays for each resident, the less money they have available for other services like health, education, transport, infrastructure, etc.

What was undertaken… (continued)

Our five 'residents' differed across a range of financial metrics, including income, asset value, pension status and home ownership. The cost of care in these examples was for 'care' only and excluded other accommodation and living costs (like room size, type of meals, etc.) which were considered additional extras and assessed separately (results can be found in the next chapter of this report).

Attributes	New Resident 1	New Resident 2	New Resident 3	New Resident 4	New Resident 5
Pension status	Full pension	Part pension	Part pension	Self-funded retiree	Self-funded retiree
Housing type and Homeowner House value	Currently living in own home ($750,000 value)	Currently living in own home ($1,000,000 value)	Private rental or Government housing ($0 value)	Currently living in own home ($1,000,000 value)	Currently living in own home ($1,000,000 value)
Income (pensions amount + any other income)	$27,000	$36,000	$36,000	$15,000	$75,000
Total assets excluding house (savings, superannuation, etc.)	$20,000	$215,000	$215,000	$950,000	$215,000
Yearly cost of care	$64,000	$64,000	$64,000	$64,000	$64,000

Headline perceptions

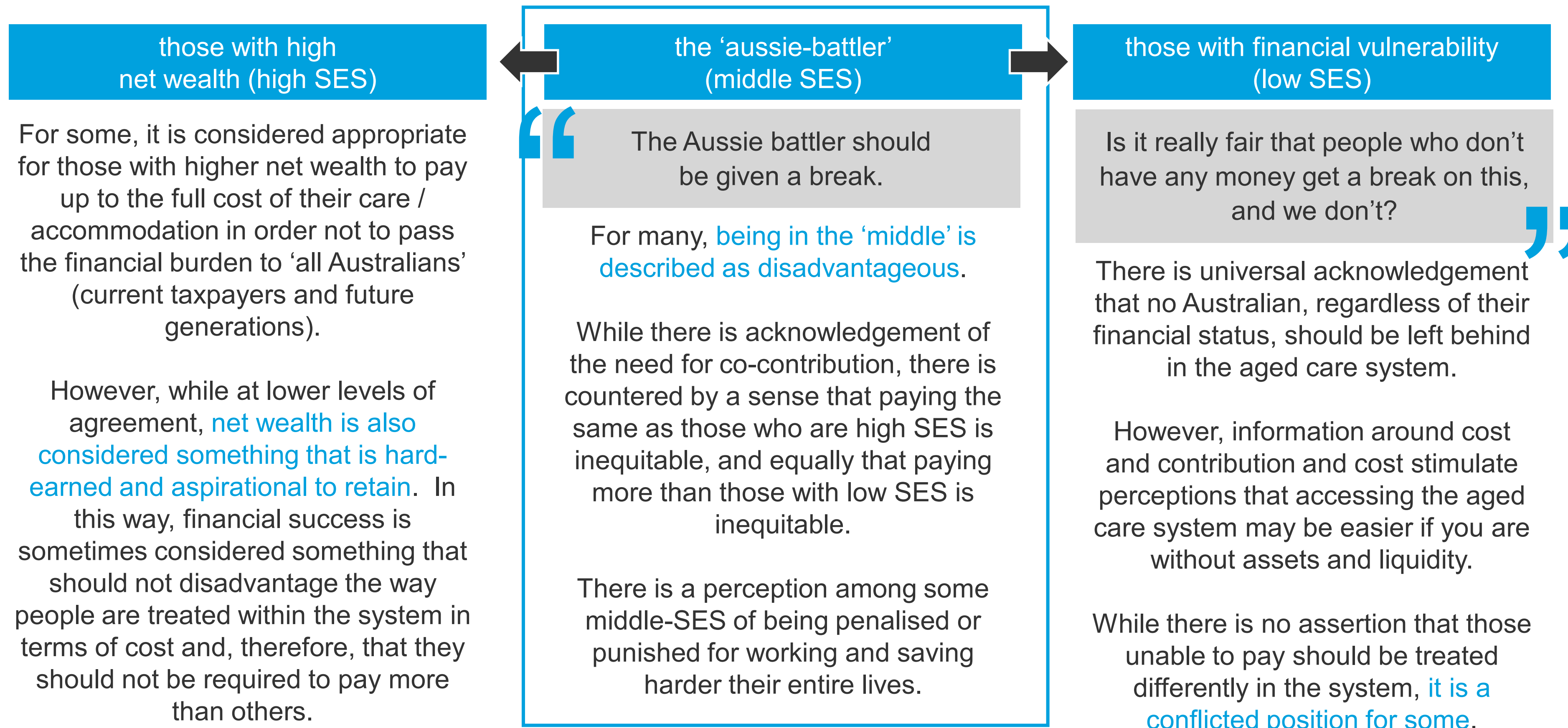
Attributes	New Resident 1	New Resident 2	New Resident 3	New Resident 4	New Resident 5
Pension status	Full pension	Part pension	Part pension	Self-funded retiree	Self-funded retiree
Housing type and Homeowner House value	Currently living in own home ($750,000 value)	Currently living in own home ($1,000,000 value)	Private rental or Government housing ($0 value)	Currently living in own home ($1,000,000 value)	Currently living in own home ($1,000,000 value)
Income (pensions amount + any other income)	$27,000	$36,000	$36,000	$15,000	$75,000
Total assets excluding house (savings, superannuation, etc.)	$20,000	$215,000	$215,000	$950,000	$215,000
Yearly cost of care*	$64,000	$64,000	$64,000	$64,000	$64,000
What citizens *think* resident should contribute	$22,270 (35.5%) ↑	$27,744 (45.35%) ↑	$22,272 (34%) ↑	$32,384 (51%) ↑	$36,115 (56%) ↑
Current resident contribution	$0	$0	$5,252 (8%)	$18,944 (30%)	$26,473 (41%)

*Total yearly average cost, including government and resident contribution

All resident contributions are significantly higher than the current settings

Pension / financial status can drive tension in perceived equity of contribution.

Conversations about contribution frequently generate questions of equity. While people understand the complexity of determining co-contributions, they are often conflicted in terms of how they should be applied and, in turn, struggle to definitively conclude what they consider to be ‘fair’ and ‘equitable’. This is because financial success and hard work, in the context of paying for aged care, is emotionally appraised as being disadvantageous. If we consider financial capacity in three broad categories:



those with high net wealth (high SES)

For some, it is considered appropriate for those with higher net wealth to pay up to the full cost of their care / accommodation in order not to pass the financial burden to ‘all Australians’ (current taxpayers and future generations).

However, while at lower levels of agreement, net wealth is also considered something that is hard-earned and aspirational to retain. In this way, financial success is sometimes considered something that should not disadvantage the way people are treated within the system in terms of cost and, therefore, that they should not be required to pay more than others.

the ‘aussie-battler’ (middle SES)

“The Aussie battler should be given a break.

For many, being in the ‘middle’ is described as disadvantageous.

While there is acknowledgement of the need for co-contribution, there is countered by a sense that paying the same as those who are high SES is inequitable, and equally that paying more than those with low SES is inequitable.

There is a perception among some middle-SES of being penalised or punished for working and saving harder their entire lives.

those with financial vulnerability (low SES)

Is it really fair that people who don’t have any money get a break on this, and we don’t?”

There is universal acknowledgement that no Australian, regardless of their financial status, should be left behind in the aged care system.

However, information around cost and contribution and cost stimulate perceptions that accessing the aged care system may be easier if you are without assets and liquidity.

While there is no assertion that those unable to pay should be treated differently in the system, it is a conflicted position for some.

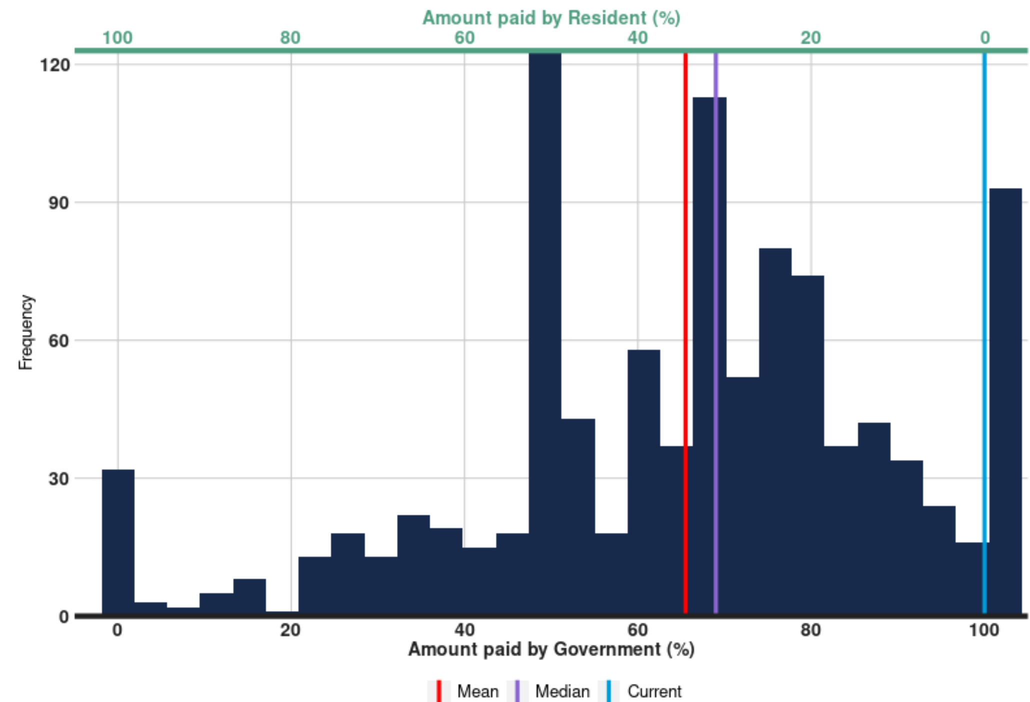
Pension / financial status can drive tension in perceived equity of contribution. (continued 1)

Resident 1 has the largest gap between respondent stated personal contributions and current government contributions – often driven by a sense of this individual ‘having used the system all their life’ or ‘not having taken steps to secure their future housing needs while they were working’.

Resident 1

Aged Care Resident		
Pension status	Full pension	
Housing type and Homeowner House value	Currently living in own home ($750,000 value)	
Income (pensions amount + any other income)	$27,000	
Total assets excluding house (savings, superannuation, etc.)	$20,000	
Yearly cost of care	$64,000	
Mean payment scheme		
Government pays	64.50%	$41,280
Resident pays	35.50%	$22,720

Resident pays Government pays

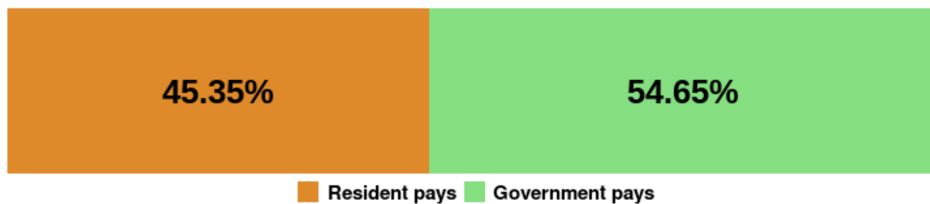


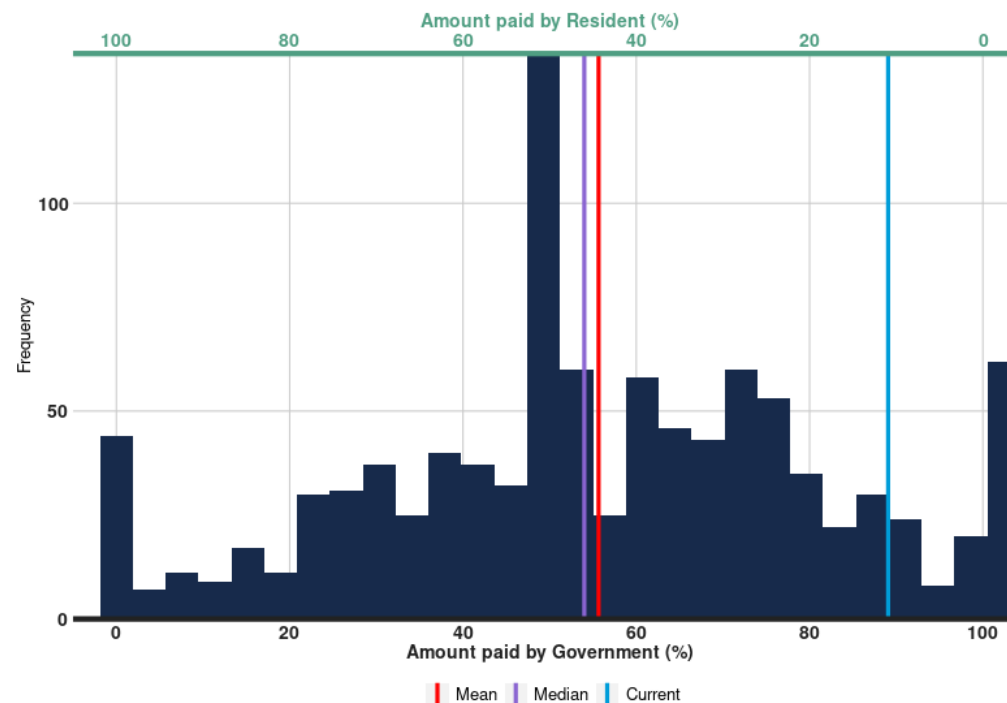
Pension / financial status can drive tension in perceived equity of contribution. (continued 2)

We see a similar pattern for Resident 2 – again related to perceptions of preparedness and use of the system

Resident 2

Aged Care Resident		
Pension status	Part pension	
Housing type and Homeowner House value	Currently living in own home ($1,000,000 value)	
Income (pensions amount + any other income)	$36,000	
Total assets excluding house (savings, superannuation, etc.)	$215,000	
Yearly cost of care	$64,000	
Mean payment scheme		
Government pays	54.65%	$34,976
Resident pays	45.35%	$29,024





Compounding this tension is their consideration of the 'family home', and the attribution of an 'asset value' to it.

Willingness to include a primary residence within the calculation of contribution levels and financial capacity to pay is somewhat divided. There is rational acceptance that a primary residence is often an individual's biggest asset (for those without other investments) and, would be a valuable resource to contribute to the cost of their care and accommodation if it were included in means testing.

However, conflict arises because – for many - the family home is not considered a financial 'asset'. Rather, it is considered something with high affect in that it is:

- a **tangible reminder of hard wor**k throughout your lifetime.
- something that has **protected** you from experiencing housing insecurity.
- your primary mechanism to **protect** yourself against financial insecurity.
- a signal of personal control and independence – somewhere you could return to live if you really wanted to (i.e. avoidance of 'inevitability') **…a 'safety net'.**
- a bank **of personal memories** and happy times, which is hard to let go of.
- a way to **care and look after your family** even when you're no longer around, through a financial inheritance, which drives a **sense of pride**.

Fundamentally, there is not universal agreement that the family should be included in a means test …however, this potentially changes (for some) when the value of the home is considered 'above the median' for that jurisdiction.

Importantly, conversations relating to 'reverse mortgages' against the primary residence were conflicted, however, this was based purely on a lack of trust in the concept in the absence of knowledge / understanding (further detail overleaf).

I've got friends who live in a $7 million home, but they don't have any money ...they have to live in that home …they shouldn't be discriminated against.

I built my family home …I want it to stay in my family, for one of my kids to eventually move in there …its about much more than just the financial value of it as an asset, it's about my family and our history.

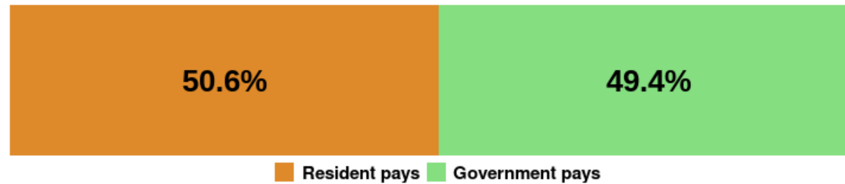
Please note this research report is from April 2023, since then the Government has ruled out changes to how the family home is means tested and has ruled out any new taxes or levies to fund the aged care sector.

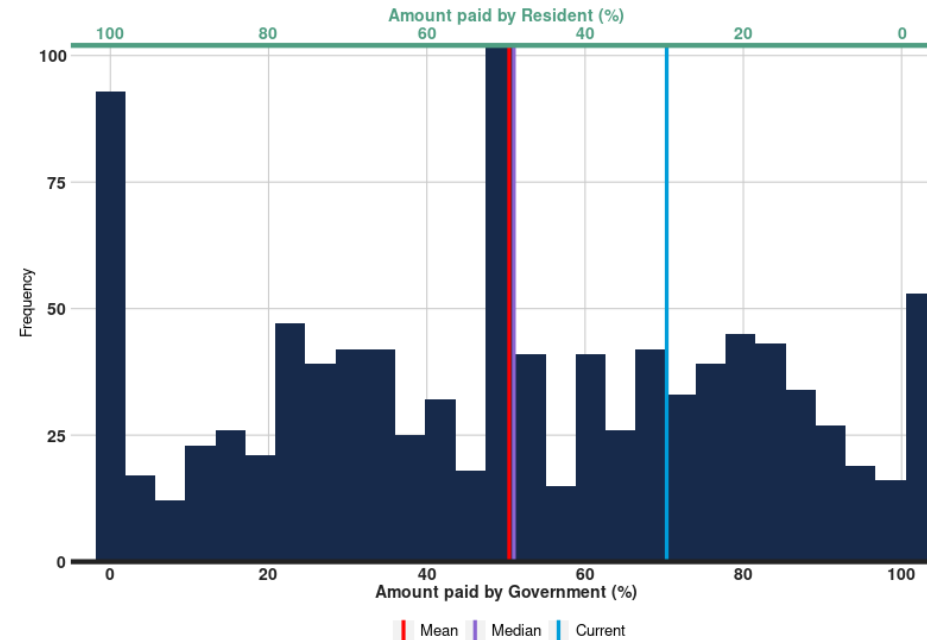
The view of the family home

When discussing Resident 4, there was minimal discussion about the value of the property – the sole focus on why contributions for this individual should be higher than current settings was related to their liquid assets ($950,000). The general sense was that these assets should be 'exhausted' before personal contributions should be dropped to lower levels reflective of the financial position of some of the other resident scenarios. No participants discussed the value of the house…indeed, the only discussion about property across all scenarios was for Resident 3 (living in rented accommodation), where there was a general consensus that government support should be increased given lack of 'security' present from non-home ownership.

Resident 4

Aged Care Resident		
Pension status	Self-funded retiree	
Housing type and Homeowner House value	Currently living in own home ($1,000,000 value)	
Income (pensions amount + any other income)	$15,000	
Total assets excluding house (savings, superannuation, etc.)	$950,000	
Yearly cost of care	$64,000	
Mean payment scheme		
Government pays	49.40%	$31,616
Resident pays	50.60%	$32,384





The concept of using the family home for a reverse mortgage may have potential, but is currently clouded with the concept of ‘mortgage’

There is currently low understanding of the concept of a reverse mortgage as a potential component of an individual’s ability to fund aged care. It is therefore not surprising that, for many (older individuals and family / close others), the default position when considering a reverse mortgage is considered one of ‘disadvantage’ rather than ‘advantage’. Rather than considering the concept in terms of the additional services or accommodation amenities they may be able to access via a reverse mortgage, they initially describe:

- low trust in financial institutions;
- a misperception of a need to make mortgage payments, and therefore inability to make payments;
- risk associated with interest rates; and,
- concern over long-term financial viability and security of this as an option, with a perception that the entire house value could eventually be eroded.

In this context, few are able to rationalise the potential advantages, as the concept is too closely aligned with the desire to ‘avoid banks’, and similar arguments of equity as those referenced previously towards the family home.

“As soon as you’re talking to older people, reverse mortgage equals banks …reverse mortgage banks will rip you off.

People who are working all their lives, paying mortgage and taxes, and then have to pay for their own health …that’s not fair.

How is it sustainable for the government to support you when you run out of equity …do you go back to being poor?

I think this is the way to go …particularly if people want a much higher standard of care …and, they deserve it …particularly if they’ve worked hard all their life and they want to take the equity to live off …that’s fair.”

However, as shown in the final quote above reverse mortgages potentially do represent an opportunity for some. Information relating to reverse mortgages in terms of addressing the misperceptions, and confirming the benefits could have the potential to introduce greater interest in this concept. This may be particularly true when it comes to willingness to pay for ‘additional’ accommodation services / features.

4
RAC accommodation services:
Willingness to pay

Assessing willingness to pay: Discrete Choice Analysis

Discrete Choice Experiment (DCE) is a methodological approach to studying choice behavior which recognises that understanding agents' (be they individuals, households, firms, etc.) preferences should not be limited to the choices they make in real markets.

Incorporating community preferences into real-world outcomes is known as Community Value Mapping (CVM). We refer to these types of studies as CVM because the process involves mapping attributes and features of an item – in this case, a residential aged care facility. The value framework is established using trade-off techniques (such as Discrete Choice Experiments (DCEs)) which directly measure the relative value of specific components of an item. Output is illustrated visually, using an interactive dashboard tool supplied with this report (https://cappre.shinyapps.io/DOH_AgedCare/).

Assessing willingness to pay: Discrete Choice Analysis (continued)

Prior to beginning the choice task, participants were provided background information on residential aged care accommodation. Participants were informed that their responses would be used in decision making about proposed government changes to the aged care system. The payment vehicle in the DCE was presented as a daily fee to cover basic services and accommodation costs.

The attributes and levels used in the DCE were derived through discussions with the project team at Kantar Public and the Health Minister's policy team. The DCE residential aged care attributes are:

1. Outdoor garden/balcony
2. Room size
3. Room temperature control
4. Age of the room
5. Social and leisure activities
6. Choice of food
7. Pets
8. Distance from you
9. Cost per day*

The DCE experimental design consisted of 120 unique scenarios, split into 10 blocks, so that each participant only saw 12 scenarios. The experimental design followed good practice guidelines and the combinations of levels presented in the tasks were designed using D-efficient design structures in NGene. Understanding checks were performed both before and after the DCE task to determine sample validity.

Screenshots of the DCE framing, question structure and outputs can be found in the Technical Appendix which accompanies this report.

Scenario 1 of 12:
Please review the following options and choose the aged care accommodation you would prefer.

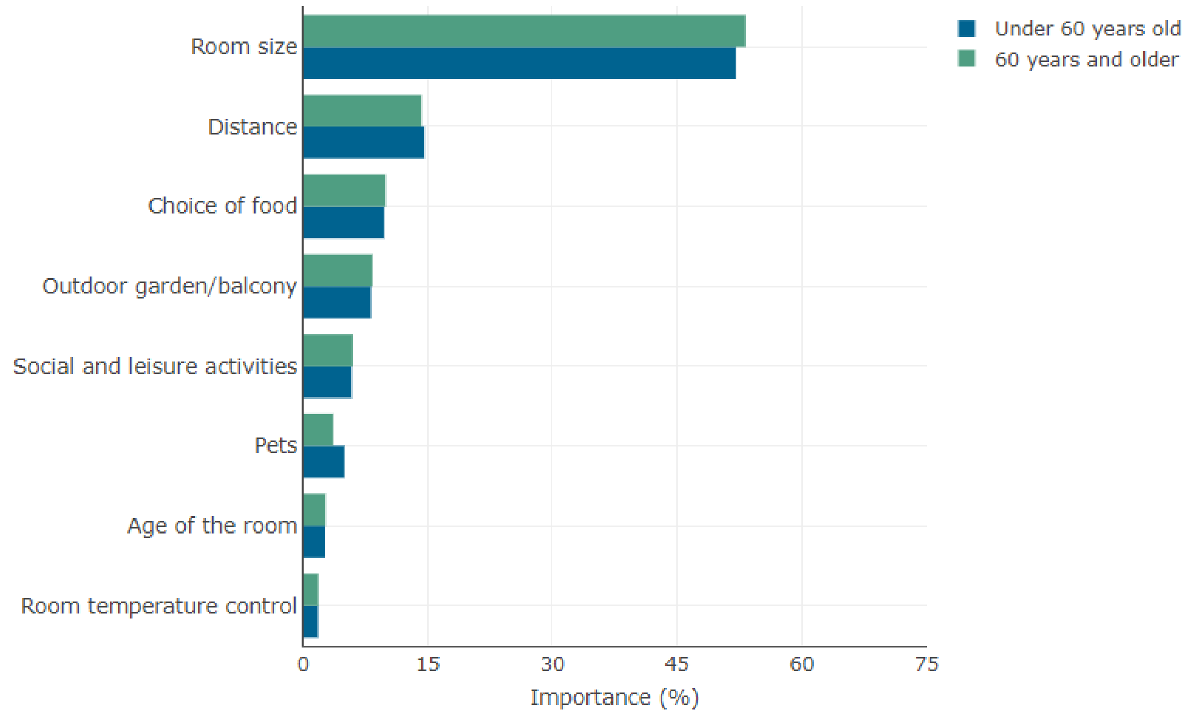
When answering the question, please keep in mind your income and the savings you have available after living expenses and paying all bills. If you think that you cannot afford either of the hypothetical options on screen, please select 'none of these'.

	Option #1	Option #2
Outdoor garden/balcony	Access to a **private** garden or balcony	Access to a **shared** garden or balcony
Room size	**2 residents** per room with **shared** bathroom	**Own** room with **ensuite** bathroom and **own living area**
Room temperature control	**Individual** (resident controls temperature of room)	**Central** (whole facility is the same temperature)
Age of the room	**10** years ago	**5** years ago
Social and leisure activities	Organised events	**No** organised events
Choice of food	**Choice** of meal but **no choice** of meal time	**No choice** of meal and **no choice** of meal time
Pets	Pets **not allowed**	Pets **allowed**
Distance from you	100km	50km
Cost per day	$225	$150
	○	○

○ None of these

*The cost range incorporates both the Basic Daily Fee (BDF) as well as upfront/refundable accommodation costs (RAD/DAP), presented to participants as one daily fee for simplicity.

Relative importance of specific amenity options



DCE: Section E of Phase 2 questionnaire
Base: Total n=975, >60 n=515, >60 n=460

Relative importance provides an indication of whether citizens consider paying for additional services to be important or not, although the reasons why something may be important or not may differ and be driven by individual circumstances (e.g. pet ownership) – with these drivers being explored in the following section.

Looking specifically at importance, room size and amenity dominates – with 51% of respondents indicating that paying for additional services to improve room amenity is important to them. Relative importance is consistent across all subgroups, including those who are on a pension or are self-funded retirees, those financially contributing to care of an older loved one, those classified as higher or lower SES and those who have had experience with the aged care system compared to those who have not.

Room size and amenity

High importance, high $ value when desired ($28,159.75 per year)

Room size was the most important attribute for respondents across all segments – willingness to pay per day for additional amenity is higher than all other RAC attributes included in the model. This feature, above all others, is where respondents are willing to pay more to receive greater amenity.

Two amenity levels were tested within the model which, on review of the qualitative findings, should be considered to be below the standard that participants were willing to accept, with these being:

- Four residents in a shared room with shared bathroom
- Two residents per room with a shared bathroom

When discussing these options, participants in discussion groups consistently indicated that, while rooms of this type are provided and do serve a purpose within the aged care system, this level of occupation and shared facilities fell well below the acceptable standards for care – this was consistent across all income levels, pension types/SFR's and those financially responsible for an older person.

'Shared rooms' (particularly 4 people) were seen to *dehumanise* an individual – to shift them into a position where they were a 'unit of care' within a *hospital or prison like setting* and to reduce the individual care and support that most felt should be a prerequisite of the Australian aged care system. 'Shared rooms' were seen to *force someone backward – to living like a student or a child.*

For others, the concept of a shared room drove home the loss of self, self-reliance and self sufficiency which is an underlying fear when moving from home to supported accommodation. Shared rooms resulted in fear and concern about all other services provided by the centre…essentially, *if this is the living conditions in the room, how poor are other conditions within the facility going to be?*

Room size and amenity

The figure below provides the detail of willingness to pay for specific levels of room amenity. As noted, conditions 1 and 2 (2-4 people in a shared room) were considered below base standards, noting that most understood that these room specifications were necessary and were provided for very low income residents. For them personally, however this type of room was not in the consideration set. As a result, these conditions have been removed from the model and the new 'base level' service provision has been set at *own room with a shared bathroom* ($0 additional payment for this option)*.

As this is the most important amenity element in the model – respondents were most likely to consider paying additional funds to secure additional amenities related to room size. At a total level, respondents indicated that they would be willing to pay an additional $58.08 per day ($21,119.20 per year) for their own room with shared facilities and an additional $77.15 per day ($28.159.75 per year) for their own room with an ensuite and living area. Willingness to pay is generally in line with capability from a pension status and income perspective.

Those who have had experience with the aged care system are more likely to consider paying additional fees to gain access to both a private room (as opposed to a shared room) and a room with a private bathroom when compared to those who have not had contact with the aged care system…with increased willingness to pay here being reflective of a *payment to avoid*, rather than a *payment to attain*).

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Own room including ensuite bathroom and living area	$77.15	$80.60	$76.40	$75.18	$85.03	$75.82	$86.31	$101.55	$80.23	$75.80
Own room including small ensuite bathroom	$58.08	$60.99	$58.84	$57.43	$64.76	$58.02	$64.95	$79.29	$60.60	$58.86
Own room with shared bathroom	Base expectation (adjusted to $0 payment in model)									
Two or four residents per room, shared bathroom	Seen as below standard (noting the understanding that these are required and provided)									

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Base: Total n=975, >60 n=515, >60 n=460, pension n=620, no pension n=355, low SES n=718, mid SES n=42, high SES n=61, has experience n=617, no experience n=358
$=increased cost per day

*The dashboard provides a full breakdown using 'four residents and shared facilities' as the base setting – these figures have been adjusted to account for community comment during the discussion groups

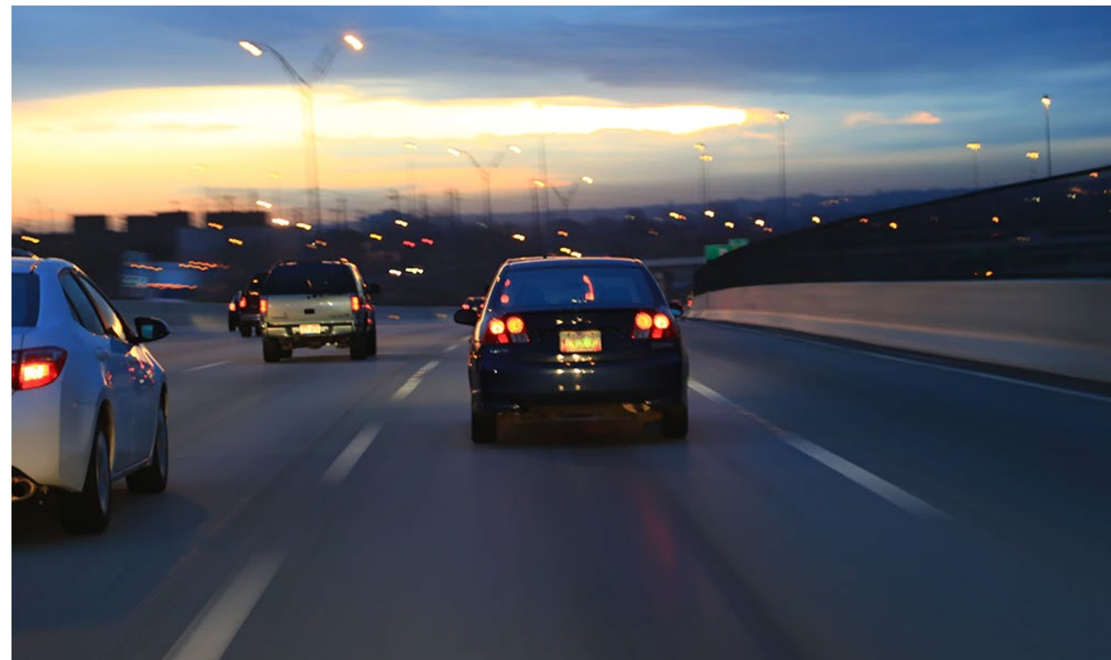
Distance

High importance, relatively low $ value when desired – traded off against room amenity

Distance was the second most important accommodation element behind room size and amenity. Being close to loved ones, being connected to the history you have in a location and continuing to feel as sense of 'place' were key drivers behind the selection of a residential age care facility for both residents and those who were financially responsible for older family members.

While this is the case, qualitatively, it was clear that most participants simply accepted the fact that facilities which were near them (particularly those in metropolitan settings) would be more expensive than those which may be further away…with most using a simple real estate analogy to describe the impact of distance on cost (*inner suburbs are more expensive than outer suburbs – so it makes sense that aged care homes cost different amounts based on where they are located*).

Participants will trade-off increased distance for better room size and amenity. Participants indicated that they would be happy to move (or travel) to a facility which provided higher quality standards of living (particularly room amenity and meals) or had higher quality of care provisions (self-judged and through word of mouth) than choose a facility which may be closer to where they currently live.



Decreased cost per km travelled	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Distance from current home (per km)	-$0.64	-$0.68	-$0.61	-$0.61	-$0.72	-$0.63	-$0.64	-$0.75	-$0.68	-$0.60

DCE: Section E of Phase 2 questionnaire
Base: Total n=975, >60 n=515, >60 n=460, pension n=620, no pension n=355, low SES n=718, mid SES n=42, high SES n=61, has experience n=617, no experience n=358
$=decreased cost per km travelled

Meal choice

High importance, mid $ value when desired ($14,205.80 per year)

The third most important attribute related to accommodation services was meal choice. Three meal choice service elements were included, ranging from no choice of meal/no choice of time through to choice of meal/choice of time.

Generally, choice of meal was seen as more important than choice of time – and this is reflected in the willingness to pay outputs. Participants indicated that choosing a meal provided a sense of comfort and control…and provided a level of continuity as someone shifted from home care/independent living to the residential aged care setting. Meals were seen to be more than just the provision of nutrients….they provided a connection to home, provided a sense of comfort and familiarity and allowed residents to exert control in an environment where fear of losing control is present.

From a CALD perspective, participants indicated that having to change a lifetime of meal preference for mass-produced generally 'western' food was a difficult adjustment. 'Choice' for these participants generally included the ability to choose meals that aligned with their cultural background. This was about more than sustenance, the connection to culture and family was driven through food and memories, and the ability to choose these meals was seen to reduce the dislocation that could be associated with a move into residential aged care from home care or independent living.

Meal choice

The figure below provides the detail of willingness to pay for different levels of meal choice in residential aged care facilities. As noted, respondents were generally more focused on choice of meal, than on choice of time of the meal, with the choice of time generally attracting an additional $7-$10 on top of the dollar contribution to choice of meal.

At a total level, citizens were willing to pay an additional $32.06 per day ($11.701.90 per year) to ensure they were able to choose their meal from a menu which suited their needs and preferences. Respondents were willing to pay an additional $6.86 per day (on top of the $32.06) to ensure they were able to choose the time that the meal would be served, in addition to what the meal would be.

As with room size and amenity, those with greater capability to pay are more willing to pay higher day rates for choice than those with lower capability to pay. Again, as with room size and amenity, those who have had experience with the aged care system are more willing to pay higher contributions to tailored services when compared to those who have no experience with the aged care system – potentially reflective poor lived experiences for themselves or people they financially care for (an avoidance cost).

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Choice of meal and choice of time	$38.92	$41.02	$38.70	$38.61	$42.35	$38.93	$40.81	$49.92	$40.55	$38.80
Choice of meal but no choice of time	$32.06	$33.79	$31.88	$31.80	$38.88	$32.07	$33.61	$41.12	$33.40	$31.96
No choice of meal or meal time	Base expectation (adjusted to $0 payment in model)									

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$=increased cost per day

Outdoor space

Mid importance, mid $ value when desired ($11,869 per year)

Paying additional funds to secure improved outdoor amenity was of mid-level importance to respondents - driven mainly by an expectation that facilities would provide this space as part of the base cost.

During testing, an amenity level which included ‘no access to garden or balcony’ was included in the DCE, it was clear from discussions with participants that this level of amenity was deemed to be *unacceptable to me*…often being seen to relate to *“prison like conditions”* or the fact that older people would be living in *“concrete bunkers”.* Shared access – the ability to *“breath fresh air”* and spend time in a communal green space were seen to be ‘base level requirements’ for service provision which , if not fulfilled, would result in significant dissatisfaction and criticism of a system which was designed to providing liveable, respectful conditions for our older citizens.

This was a highly emotive issue in discussion groups with participants…in many ways the ability to continue to access green space and spend time outdoors was seen as an extension of the home – reducing the dislocation from any move into Residential Aged Care and clearly demonstrating a level of respect for older people which many felt should be a prerequisite for service provision, particularly where government co-funding was in place.

When discussing the concept of accommodation without shared outdoor spaces/balconies, there was a tendency for participants to instantly infer that ‘the commercial service provider’ was *“ripping people off”* – driving increased suspicion of the system, the funding quality and fairness and the intention of governments and private providers in relation to genuine care for older people in Australia.

Outdoor space

The figure below provides the detail of willingness to pay for outdoor space and whether this is communal or private. As noted, condition 1 (no outdoor space) was considered highly undesirable. As a result, it is likely that respondents are indicating their willingness to *avoid* a facility which has no outdoor space rather than their willingness to *pay to upgrade* to a facility with a minimum amenity of shared facilities.

Within this context, while respondents indicated that they would be willing to pay an additional $32.10 for access to a shared balcony or garden, in reality, respondents expect this to be the base measure – and as such, most assume that their accommodation costs come with this element included within the base.

There is relatively little willingness to pay for 'private' space when compared to shared or common space, with almost all respondents indicating that they would only be willing to pay an additional $1 per day to secure private spaces above and beyond shared spaces. This was supported during discussions with community members, generally as long as the facility provided opportunities for residents to spend time outdoors on site, this was considered to be acceptable; private spaces were seen to be a 'luxury' for most, and not something that many would be willing to fund if it meant reducing capability to fund other more important elements (such as size of the room or meals).

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Access to private garden or balcony	$32.52	$34.22	$32.40	$32.10	$35.75	$32.45	$32.47	$44.00	$33.60	$32.89
Access to shared garden or balcony	$32.10	$33.78	$32.08	$31.79	$34.95	$32.08	$33.51	$41.37	$33.36	$32.07
No outdoor space	Unacceptable condition									

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$=increased cost per day

Social activities

Mid importance, lower $ value when desired ($8,541 per year)

Paying for additional social activities was relatively unimportant for most respondents – aspects such as room amenity, distance and meals were considered to be more important in diving perceptions of quality of life and engagement.

Most participants expressed and expectation that the age care facility would have a base level of activities that were free to access – with these activities generally being those where there was not a requirement for capital costs to be incurred by the facility (for example, bingo, movement sessions or movie nights where staff facilitated the sessions and where the facility had access to a big screen already).

Coupled with the desire for a minimum of shared outdoor space, participants felt that many activities could be self-directed as part of the building of community in the facility and the use of outdoor space. Card games, shared meals etc., (for mobile residents) were seen to be a responsibility that was driven by residents, and not necessary by the facility – as long as the amenity was provided to enable these activities to occur.

The table below provides an indication of willingness to pay for social activities on-site for those who desire these services…noting that this was relatively unimportant when compared to other core amenity provisions so take-up is likely relative low.

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Distance from current home (per km)	$23.40	$24.66	$23.27	$23.21	$25.46	$23.41	$24.54	$30.01	$24.38	$23.33

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Base: Total n=975, >60 n=515, >60 n=460, pension n=620, no pension n=355, low SES n=718, mid SES n=42, high SES n=61, has experience n=617, no experience n=358
$=decreased cost per km travelled

Pets

Low importance, lower $ value when desired ($6,314.50 per year)

Pets were also seen to be relatively unimportant at a population level – those who had pets generally recognised the need to pay additional costs to have a pet at the facility and recognised that this was their responsibility in general. There was some debate about whether pets should be additional cost if no additional staff time or care was required to look after the pet…however the general consensus after discussion was that pets would result in additional workload for staff (cleaning etc) and as a result, additional funds should be recovered.

For some participants, there was a desire to avoid living in facilities which encouraged pets, often due to allergies or concerns over cleanliness and noise. For these participants, there was a clear desire for pets to be an additional extra cost to reduce the number of animals on-site and ensure that only those who truly valued their pets and looked after them had them within the facility.

From a cost perspective, those who wanted pets within the facility were willing to pay $17.30 per day. Those aged under 60, those on a pension (part of full) and higher SES respondents were the more likely to pay more to allow for pets on-site. Those aged over 60 years and those classified as mid-SES were likely to pay less to ensure pets were able to be housed on-site.

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Distance from current home (per km)	$17.30	$20.92	$14.18	$18.30	$16.39	$17.81	$13.44	$19.37	$17.39	$18.05

DCE: Section E of Phase 2 questionnaire
Base: Total n=975, >60 n=515, >60 n=460, pension n=620, no pension n=355, low SES n=718, mid SES n=42, high SES n=61, has experience n=617, no experience n=358
$=decreased cost per km travelled

Social activities

Low importance, low $ value when desired

Age of the room was relatively unimportant within the context of accommodation services…there was a general consensus that costs would be different for an older or newer room, simply based on the costs of fitout and the differences in quality of fittings.

During consultations, most participants accepted that *newer is more expensive* and that how new a room was did not necessarily equity to a significant improvement in experience (noting minimum standards of hygiene, service and maintenance were implemented). The age of room itself did not enhance control, reduce fear, provide connection to history or increase amenity to the same degree as the room size, distance from loved ones or the choice of food.

As a result, total willingness to pay for newer rooms was relatively low, with respondents setting this value at $6.65 per day ($2427.25 per year) for a room that was around 10 years old and $10.59 per day ($3865.35 per year) for a room which was 5 years old (when compared to paying $0 for a room that was 20+ years old).

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Refitted 5 years ago	$10.59	$11.16	$10.53	$6.60	$7.24	$10.59	$11.10	$13.58	$11.03	$10.56
Refitted 10 years ago	$6.85	$7.01	$6.61	$10.50	$11.52	$6.65	$6.97	$8.53	$6.93	$6.93
Refitted more than 20 years ago	Base expectation ($0 payment in model)									

Temperature control

Low importance, low $ value when desired, polarising ($2,671.80 per year)

Temperature, despite being the least important amenity relative to others shown, was polarising – if it was deemed important, it was deemed 'very important' to quality of life within a residential aged care facility (in a similar way that pets are seen for pet owners).

For those who did not see this as important, the general assumption was that the residential setting would have appropriate temperature settings for residents and be well designed to ensure everyone was comfortable at the central setting. Others indicated that if they were unable to secure a facility that had access to open space, windows that opened or a balcony, being able to control the temperature would be more important.

At a total level, those who would pay for this amenity would be willing to pay up to $7.32 per day ($2,671.80 per year) to ensure control is localised to the room. Higher SES are likely to pay considerably more ($9.38) to secure this amenity, with all other segments sitting within the $7-$7.50 price range.

Increased cost per day	Total	Under 60 years (financial responsibility)	Over 60 years of age	Full/part pension	Self-funded or carer financially responsible	Low SES	Mid SES	High SES	Has experience	No experience
Distance from current home (per km)	$7.32	$7.71	$7.27	$7.26	$7.96	$7.32	$7.67	$9.38	$7.62	$7.29

DCE: Section E of Phase 2 questionnaire
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$=decreased cost per km travelled

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