EVERYBODY'S HOME
Housing solutions for all Australians

Priced Out

An Index of Affordable Rentals for Australia's Essential Workers

April 2023

About

Everybody's Home

Everybody's Home is a national campaign to fix the housing crisis. It was launched in 2018 by a coalition of housing, homelessness and welfare organisations to achieve the change needed so everybody has a safe and decent place to live.

The campaign is now supported by 400 organisations and 40,000 individuals across Australia.

Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

This report

This report has been produced by Anglicare Australia for Everybody's Home. The author is Maiy Azize.

This and previous reports are available at **www.everybodyshome.com.au.**

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EVERYBODY'S HOME Housing solutions for all Australians

Introduction

Everyone needs a home. A home where they can feel safe, a home that's secure, and a home they can afford. Yet more and more people are missing out on the dream of a home, including many of the essential workers that our communities rely on. They now face a housing market that has never been less affordable or more volatile as they are forced to spend record amounts to keep a roof over their heads. More and more of them are in rental stress.

These Australians are on the frontline of Australia's housing crisis. With soaring costs and vacancy rates at record lows, many have turned to desperate measures to keep up with rents. Others are forced to live for years and even decades in sharehomes, or find themselves couch-surfing with friends and family because they can't find a home. Some employers have resorted to providing housing for their workers because there is no other way they could afford to live in their own communities. They have simply been priced out, leaving Australia with major workforce shortages in some of our most critical industries.

These experiences are borne out by hard statistics. This report looks at fifteen essential workers in different industries and analyses how affordable rents are across the country based on their incomes. The results are dire. Virtually no region of Australia is affordable for aged care workers, early childhood carers, cleaners, nurses, and many others that our communities rely on to function. Our findings show that an average worker would be forced to spend around two thirds of their income to keep up with rents, putting them in severe rental stress.

To say that housing in Australia is broken is an understatement. It is in meltdown, and we won't be able to truly fix it until we redesign our housing policies so that they work for everyone. Rather than simply reporting on the scale of the problem, *Priced Out* offers solutions that match the scale of the crisis.

Priced Out offers proposals to make renting more secure and more affordable. We call for major reform of our tax and policy settings. And most importantly, we outline strategies to end the undersupply of social and affordable housing. If we don't end this shortfall, we don't stand a chance of protecting the workers we all rely on from rental stress and homelessness.

With homes on the line, the stakes for our housing system couldn't be higher. Australia cannot afford more lost opportunities to tackle this crisis.

Our hope is that finally, Australia will reach a tipping point that spurs real change.

Findings

Methodology

This analysis was developed by comparing data on rents against award wages for fifteen essential worker categories. The essential workers covered in this report are:

- Aged care worker[I]
- Ambulance officer[II]
- Childcare worker[III]
- Cleaner[IV]
- Construction worker[V]
- Delivery driver[VI]
- Dispatcher[VII]
- Firefighter[VIII]
- Freight driver[IX]
- Hospitality worker[X]
- Meat packer[XI]
- Nurse[XII]
- Postal worker[XIII]
- Retail worker [XIV]
- School teacher.[XV]

Gross weekly earnings for these workers are based on current consolidated modern awards from the Fair Work Commission. Our calculations assume full-time employment. All workers are assumed to be fully qualified, not working as trainees or apprentices. All workers are assumed to be earning adult wages, rather than youth wages. All consolidated modern awards include amendments up to and including 15 March 2023.

Net weekly earnings for each category are calculated using guidance from the Australian Taxation Office on withholding tax for individuals.[XVI] Workers are assumed to be Australian residents for tax purposes, holding no Study and Training Support Loan debts, and claiming the Tax-Free Threshold.

Weekly rents are sourced from the most recent SQM Research Weekly Rents Index for the week ending 28 March 2023.[XVII] Our analysis uses the data on weekly unit rents, rather than the weekly house rents. National, capital city, and regional data from SQM are used in our data tables.

Any study is confined by its methodology. Our methodology is based on single person households earning a full-time award wage. In some cases, this is likely to overestimate the affordability of rents. Hospitality and retail workers, for example, are likely to be younger workers on casual hours earning a lower youth wage. Other sectors offer workers the opportunity to boost their weekly incomes by working overtime and taking on shifts outside normal hours. These findings should simply be taken as reflective of rental affordability for those on a standard full-time award wage.

I Fair Work Ombudsman (2023) Aged Care Award 2010. See 14.1 Minimum wages—Aged Care Employee.
II Fair Work Ombudsman (2023) Ambulance and Patient Transport Industry Award. See 16. Minimum rates.
III Fair Work Ombudsman (2023) Children's Services Award. See 14. Minimum wages.
IV Fair Work Ombudsman (2023) Cleaning Services Award. See 15.1 Adult rates.
V Fair Work Ombudsman (2023) Building and Construction General On-site Award. See 19. Minimum rates.
VI Fair Work Ombudsman (2023) Fast Food Industry Award. See 15.1 Adult rates.
VII Fair Work Ombudsman (2023) Clerks - Private Sector Award. See 16.1 Adult employees.
VIII Fair Work Ombudsman (2023) Fire Fighting Industry Award. See 15. Minimum rates—public sector.
IX Fair Work Ombudsman (2023) Road Transport and Distribution Award. See 17. Minimum rates.
X Fair Work Ombudsman (2023) Hospitality Industry (General) Award. See 18.1 Adult rates.
XI Fair Work Ombudsman (2023) Meat Industry Award. See 16.1 Adult rates.
XII Fair Work Ombudsman (2023) Nurses Award. See 15.3 Minimum rates, enrolled nurses.
XIII Fair Work Ombudsman (2023) Australia Post Enterprise Award . See 15. Minimum rates.
XIV Fair Work Ombudsman (2023) General Retail Industry Award. See 17.1 Adult rates.
XV Fair Work Ombudsman (2023) Educational Services (Teachers) Award. See 17. Minimum rates.
XVI Calculations can be replicated and tested using the Australian Taxation Office's tax withheld for individuals calculator.
XVII SQM Research (2023) Weekly Rents. Data utilised for this report looks at results for capital cities and non-capital regions.

Results: National findings

For most people, rent needs to be no more than 30 percent of a household budget to avoid financial stress and difficult choices. [XVIII] This is an internationally accepted benchmark based on many years of study into the impact of the cost of living and how it affects people. Based on this benchmark, our findings show that rents are out of reach for essential workers across the country (Table 1).

Table 1. National average results, Australia-wide

Occupation	Weekly pay (gross)	Weekly pay (net)	Weekly unit rent	Percentage of income on rent
Aged care worker	$861	$747	$489	65%
Ambulance officer	$1101	$904	$489	54%
Childcare worker	$830	$723	$489	68%
Cleaner	$865	$750	$489	65%
Construction worker	$908	$778	$489	63%
Delivery driver	$889	$766	$489	64%
Dispatcher	$861	$747	$489	65%
Firefighter	$1214	$978	$489	50%
Freight driver	$858	$745	$489	66%
Hospitality worker	$813	$710	$489	69%
Meat packer	$813	$710	$489	69%
Nurse	$958	$811	$489	60%
Postal worker	$873	$755	$489	65%
Retail worker	$889	$766	$489	64%
School teacher	$1224	$984	$489	50%

These results show that rents are severely unaffordable for essential workers, with unit rents leaving every occupation we studied in deep rental stress. The results are so critical that for several occupations, a person could be earning double the award wage and still be in rental stress. These results become even more grim when looking at the average across capital cities, where rents are higher and rental stress is even more severe (Table 2).

XVIII Australian Housing and Urban Research Institute (2019) Understanding the 30:40 indicator of housing affordability stress.

Table 2. National average results, capital cities

Occupation	Weekly pay (gross)	Weekly pay (net)	Weekly unit rent	Percentage of income on rent
Aged care worker	$861	$747	$572	77%
Ambulance officer	$1101	$904	$572	63%
Childcare worker	$830	$723	$572	79%
Cleaner	$865	$750	$572	76%
Construction worker	$908	$778	$572	74%
Delivery driver	$889	$766	$572	75%
Dispatcher	$861	$747	$572	77%
Firefighter	$1214	$978	$572	58%
Freight driver	$858	$745	$572	77%
Hospitality worker	$813	$710	$572	81%
Meat packer	$813	$710	$572	81%
Nurse	$958	$811	$572	71%
Postal worker	$873	$755	$572	76%
Retail worker	$889	$766	$572	75%
School teacher	$1224	$984	$572	58%

In considering these results, it is important to remember that rents continue to rise at prodigious rates. Over the past three years typical unit rents across the country have gone from $372 per week in March 2020, before the onset of the COVID-19 pandemic, to $489 in March 2023. That is an increase of 31 percent. Based on the hourly award rate, we found that most workers have lost an average of six hours a week from their weekly income to these rent increases (Table 3). Based on that finding, the essential workers we profiled are losing an average of 37 days each year, more than many workers' annual leave entitlements.

Table 3. Extra hours needed to fund rent increases

Occupation	Hourly rate	Weekly rent increase since March 2020	Equivalent number of hours per week	Number of 'lost' days per year
Aged care worker	$22.67	$117	6	**39**
Ambulance officer	$28.97	$117	5	**32**
Childcare worker	$21.85	$117	6	**40**
Cleaner	$22.76	$117	6	**39**
Construction worker	$23.91	$117	6	**37**
Delivery driver	$23.38	$117	6	**38**
Dispatcher	$22.67	$117	6	**39**
Firefighter	$31.95	$117	5	**30**
Freight driver	$22.59	$117	6	**39**
Hospitality worker	$21.38	$117	6	**41**
Meat packer	$21.38	$117	6	**41**
Nurse	$25.22	$117	5	**36**
Postal worker	$22.98	$117	6	**38**
Retail worker	$23.38	$117	6	**38**
School teacher	$32.20	$117	5	**29**

Looking across all states, territories, and local regions, it is clear that this dire lack of affordability for essential workers is a truly national problem. Virtually no region of Australia is affordable for aged care workers, early childhood carers, cleaners, nurses, and many other workers that our communities rely on to function.

Results: New South Wales

Tables 4 and 5 present the results across NSW. They highlight that Sydney continues to be Australia's most expensive capital city, with rents for an average unit taking up double the income of even the most highly-paid essential workers. Others can expect to be spending almost all their income on rent with dangerously little left over to meet other essential costs.

In looking at the results across NSW more broadly, there are no regions where rentals are affordable for any essential worker on award wages. In every region across the state, an essential worker paying a typical rent would be in rental stress. Affordability is particularly poor for coastal areas where many highly paid professionals have been able to relocate and work from home, and for commuter areas with transport links to Sydney.

It is worth noting that the Tamworth region, which has the most affordable unit rent rate in NSW, has a current rental vacancy rate of 1.4 percent.[XIX] That means that competition for rentals within the budget of an essential worker is likely to be fierce.

Table 4. New South Wales results

	Percentage of income on rent					
Occupation	**Sydney**	**Blue Mountains**	**Broken Hill – Dubbo**	**Central Coast**	**Central Tablelands**	**Hunter Region**
Aged care worker	87%	55%	40%	71%	55%	62%
Ambulance officer	72%	46%	33%	59%	45%	52%
Childcare worker	89%	57%	42%	73%	57%	64%
Cleaner	86%	55%	40%	71%	55%	62%
Construction worker	83%	53%	39%	68%	53%	60%
Delivery driver	84%	54%	39%	69%	53%	61%
Dispatcher	87%	55%	40%	71%	55%	62%
Firefighter	66%	42%	31%	54%	42%	48%
Freight driver	87%	55%	40%	71%	55%	63%
Hospitality worker	91%	58%	42%	75%	58%	66%
Meat packer	91%	58%	42%	75%	58%	66%
Nurse	80%	51%	37%	65%	50%	57%
Postal worker	86%	55%	40%	70%	54%	62%
Retail worker	84%	54%	39%	69%	53%	61%
School teacher	66%	42%	31%	54%	42%	47%

XIX SQM Research (2023) Residential Vacancy Rates: Tamworth.

Table 5. New South Wales results (continued)

Occupation	Percentage of income on rent					
	Murray Region	North Coast	Riverina Region	South Coast	Tamworth	Wollon-gong
Aged care worker	44%	67%	42%	69%	38%	70%
Ambulance officer	36%	55%	35%	57%	32%	58%
Childcare worker	45%	69%	43%	71%	40%	72%
Cleaner	43%	67%	42%	69%	38%	70%
Construction worker	42%	64%	40%	66%	37%	67%
Delivery driver	42%	65%	41%	67%	37%	68%
Dispatcher	44%	67%	42%	69%	38%	70%
Firefighter	33%	51%	32%	53%	29%	53%
Freight driver	44%	67%	42%	69%	38%	70%
Hospitality worker	46%	70%	44%	73%	40%	74%
Meat packer	46%	70%	44%	73%	40%	74%
Nurse	40%	62%	39%	64%	35%	64%
Postal worker	43%	66%	41%	68%	38%	69%
Retail worker	42%	65%	41%	67%	37%	68%
School teacher	33%	51%	32%	52%	29%	53%

Results: Victoria

Across Victoria, there are no affordable regions for any of the essential workers we profiled as shown at Table 6. Consistent with trends across other states and capital cities, Melbourne has the least affordable rents in Victoria leaving each worker we profiled in severe rental stress. Most workers would be spending anywhere between two thirds and three quarters of their income on rent. All would be spending at least half of their income on housing.

Even in Victoria's most affordable region, Gippsland, rents are so high that every worker we profiled would be left in rental stress. It is worth noting that rental availability is a major issue in Gippsland, with Anglicare Victoria reporting difficulties in the availability of rental properties. They also report that there are many people living in hotels waiting for secure long-term accommodation in the region.[xx]

Table 6. Victorian results

	Percentage of income on rent						
Occupation	**Melbourne**	**Bellarine Peninsula**	**Gippsland**	**North East Victoria**	**Northern Victoria**	**South West Victoria**	**Western Victoria**
Aged care worker	68%	57%	44%	47%	52%	53%	46%
Ambulance officer	56%	47%	36%	38%	43%	44%	38%
Childcare worker	70%	59%	45%	48%	53%	55%	47%
Cleaner	68%	57%	44%	46%	51%	53%	46%
Construction worker	65%	55%	42%	45%	50%	51%	44%
Delivery driver	66%	55%	43%	45%	50%	52%	45%
Dispatcher	68%	57%	44%	47%	52%	53%	46%
Firefighter	52%	43%	34%	36%	39%	41%	35%
Freight driver	68%	57%	44%	47%	52%	53%	46%
Hospitality worker	72%	60%	46%	49%	54%	56%	48%
Meat packer	72%	60%	46%	49%	54%	56%	48%
Nurse	63%	52%	40%	43%	48%	49%	42%
Postal worker	67%	56%	43%	46%	51%	53%	45%
Retail worker	66%	55%	43%	45%	50%	52%	45%
School teacher	52%	43%	33%	35%	39%	40%	35%

xx Anglicare Victoria (2022) Rental Affordability Snapshot: Victoria.

Results: Queensland

Our results show that Queensland has become one of the least affordable states for renters (Tables 7, 8 and 9). Brisbane's rental affordability for essential workers is particularly low. The highest paid essential workers would be spending at least half of their incomes on rent. This rises up to around three quarters for the lowest paid, such as hospitality workers.

The Gold Coast easily ranks as the least affordable region for essential workers anywhere in the country, outstripping every capital city including Sydney. The most generous awards we profiled would still see workers spend more than three quarters of their income on a typical rent on the Gold Coast, while several others would simply be unable to rent on a single income. Rents have simply outstripped wages for essential workers, meaning that those who work in the region would either be forced into permanent sharehousing or pushed to live in other parts of the state with a long commute.

Table 7. Queensland results

	Percentage of income on rent				
Occupation	**Brisbane**	**Beenleigh Corridor**	**Cairns**	**Central Queensland**	**Gold Coast**
Aged care worker	70%	66%	53%	42%	100%
Ambulance officer	58%	54%	44%	35%	83%
Childcare worker	72%	68%	55%	43%	104%
Cleaner	70%	65%	53%	42%	100%
Construction worker	67%	63%	51%	40%	96%
Delivery driver	68%	64%	52%	41%	98%
Dispatcher	70%	66%	53%	42%	100%
Firefighter	53%	50%	40%	32%	77%
Freight driver	70%	66%	53%	42%	101%
Hospitality worker	74%	69%	56%	44%	106%
Meat packer	74%	69%	56%	44%	106%
Nurse	64%	60%	49%	39%	92%
Postal worker	69%	65%	52%	42%	99%
Retail worker	68%	64%	52%	41%	98%
School teacher	53%	50%	40%	32%	76%

Table 8. Queensland results (continued)

Occupation	Percentage of income on rent				
	Ipswich	North Queensland	Queensland Central Coast	Queensland Far North Coast	Queensland North Coast
Aged care worker	55%	36%	48%	40%	50%
Ambulance officer	46%	30%	39%	33%	41%
Childcare worker	57%	37%	49%	41%	52%
Cleaner	55%	36%	48%	40%	50%
Construction worker	53%	35%	46%	39%	48%
Delivery driver	54%	35%	47%	39%	49%
Dispatcher	55%	36%	48%	40%	50%
Firefighter	42%	28%	37%	31%	38%
Freight driver	56%	36%	48%	40%	50%
Hospitality worker	58%	38%	50%	42%	53%
Meat packer	58%	38%	50%	42%	53%
Nurse	51%	33%	44%	37%	46%
Postal worker	55%	36%	47%	40%	49%
Retail worker	54%	35%	47%	39%	49%
School teacher	42%	28%	36%	30%	38%

Table 9. Queensland results (continued)

Occupation	Percentage of income on rent			
	Southern Queensland	**Sunshine Coast**	**Toowoomba**	**West Queensland**
Aged care worker	43%	80%	50%	28%
Ambulance officer	36%	66%	42%	23%
Childcare worker	45%	83%	52%	29%
Cleaner	43%	80%	50%	28%
Construction worker	42%	77%	48%	27%
Delivery driver	42%	78%	49%	27%
Dispatcher	43%	80%	50%	28%
Firefighter	33%	61%	39%	21%
Freight driver	43%	81%	51%	28%
Hospitality worker	45%	85%	53%	29%
Meat packer	45%	85%	53%	29%
Nurse	40%	74%	46%	26%
Postal worker	43%	79%	50%	28%
Retail worker	42%	78%	49%	27%
School teacher	33%	61%	38%	21%

Results: Western Australia

Rental affordability for essential workers is consistently poor across Western Australia (Table 10). Northern WA is easily the least affordable region across the state, outstripping Perth and far surpassing the national average result. This highlights the difficulties facing essential workers and other low and middle income earners in competing for rentals in a market with very high income earners. In the case of Northern WA, the mining industry is a major employer with highly paid industry workers skewing the rental market for others.

Table 10. Western Australia results

	Percentage of income on rent				
Occupation	**Perth**	**Central Coast WA**	**Goldfields Region**	**Northern WA**	**South West WA**
Aged care worker	69%	40%	60%	77%	60%
Ambulance officer	57%	33%	50%	64%	50%
Childcare worker	71%	41%	62%	80%	62%
Cleaner	68%	40%	60%	77%	60%
Construction worker	66%	39%	58%	74%	58%
Delivery driver	67%	39%	59%	75%	59%
Dispatcher	69%	40%	60%	77%	60%
Firefighter	52%	31%	46%	59%	46%
Freight driver	69%	40%	60%	77%	60%
Hospitality worker	72%	42%	63%	81%	63%
Meat packer	72%	42%	63%	81%	63%
Nurse	63%	37%	55%	71%	55%
Postal worker	68%	40%	59%	76%	60%
Retail worker	67%	39%	59%	75%	59%
School teacher	52%	30%	46%	58%	46%

Results: South Australia

In spite of South Australia's status as the most affordable state in this study (Table 11), Adelaide remains a very unaffordable rental market for essential workers in line with other capital cities. Most essential workers in our study would find themselves spending at least half of their weekly income on rent in Adelaide.

The only region in this entire report where rents could be regarded as affordable for essential workers is Kangaroo Island. However it is important to note that Kangaroo Island is unlikely to offer job prospects for the workers we have profiled given its size, and in any case, its rental vacancy rate is extremely low at 0.2 percent.[XXI] All other regions in South Australia would either see essential workers in rental stress or on the cusp of it.

Table 11. South Australia results

Occupation	Percentage of income on rent					
	Adelaide	**Kangaroo Island**	**Murraylands**	**Northern SA**	**Southern SA**	**Yorke and Lower North SA**
Aged care worker	54%	24%	32%	34%	36%	29%
Ambulance officer	45%	20%	26%	28%	30%	24%
Childcare worker	56%	25%	33%	35%	37%	30%
Cleaner	54%	24%	31%	34%	36%	29%
Construction worker	52%	23%	30%	33%	35%	28%
Delivery driver	53%	23%	31%	33%	35%	29%
Dispatcher	54%	24%	32%	34%	36%	29%
Firefighter	42%	18%	24%	26%	28%	22%
Freight driver	54%	24%	32%	34%	36%	30%
Hospitality worker	57%	25%	33%	36%	38%	31%
Meat packer	57%	25%	33%	36%	38%	31%
Nurse	50%	22%	29%	32%	33%	27%
Postal worker	54%	24%	31%	34%	36%	29%
Retail worker	53%	23%	31%	33%	35%	29%
School teacher	41%	18%	24%	26%	28%	22%

XXI SQM Research (2023) Residential Vacancy Rates: Kangaroo Island.

Results: Tasmania

Over the years, Tasmania has become one of Australia's most unaffordable rental markets. This is reinforced by our results (Table 12). As is typical of all capital cities, rents in Hobart would see all of the essential workers we profiled in rental stress. Yet this phenomenon is not restricted to Hobart, with rents out of reach across all of Tasmania's five regions for all fifteen essential workers.

It is important to remember that average incomes in Tasmania are the lowest of any Australian state or territory,[XXII] which means that demand and competition for affordable rentals is likely to be fiercer in Tasmania than on the mainland.

Table 12. Tasmania results

	Percentage of income on rent				
Occupation	**Hobart**	**Burnie**	**East Coast**	**Launceston**	**West Coast**
Aged care worker	64%	50%	58%	58%	49%
Ambulance officer	53%	41%	48%	48%	41%
Childcare worker	66%	51%	59%	60%	51%
Cleaner	64%	50%	57%	58%	49%
Construction worker	61%	48%	55%	56%	47%
Delivery driver	62%	49%	56%	56%	48%
Dispatcher	64%	50%	58%	58%	49%
Firefighter	49%	38%	44%	44%	38%
Freight driver	64%	50%	58%	58%	50%
Hospitality worker	67%	52%	61%	61%	52%
Meat packer	67%	52%	61%	61%	52%
Nurse	59%	46%	53%	53%	45%
Postal worker	63%	49%	57%	57%	49%
Retail worker	62%	49%	56%	56%	48%
School teacher	49%	38%	44%	44%	38%

XXII Australian Bureau of Statistics (2022) Personal Income in Australia.

Results: Northern Territory

Rents across the Northern Territory are unaffordable for all the essential workers we profiled (Table 13). In addition, there are several unique factors across the Northern Territory which combine to exacerbate rental unaffordability. Darwin has a high proportion of skilled professional workers on high incomes skewing average upwards. At the same time, rural, regional, and remote parts of the Northern Territory have much lower incomes, high rates of disadvantage, and competition for rentals at the affordable end of the market. Combined with systematic underinvestment in social housing, all of these factors have culminated in major issues with remote housing, a major social housing shortfall in the Territory, and issues with overcrowding in homes.[XXIII]

Table 13. Northern Territory results

Occupation	Percentage of income on rent		
	Darwin	**Northern NT**	**Southern NT**
Aged care worker	61%	47%	58%
Ambulance officer	50%	39%	48%
Childcare worker	63%	49%	60%
Cleaner	60%	47%	58%
Construction worker	58%	45%	56%
Delivery driver	59%	46%	57%
Dispatcher	61%	47%	58%
Firefighter	46%	36%	44%
Freight driver	61%	47%	58%
Hospitality worker	64%	50%	61%
Meat packer	64%	50%	61%
Nurse	56%	43%	53%
Postal worker	60%	47%	57%
Retail worker	59%	46%	57%
School teacher	46%	36%	44%

XXIII Australian National Audit Office (2022) Remote Housing in the Northern Territory.

Results: Australian Capital Territory

Canberra's rental affordability problem for essential workers far outstrips the national average results (Table 14). Canberra has some of Australia's highest income earners, driving up rents and adding to unaffordability for each of the essential workers we've studied. In reality, this could mean that many essential workers in lower paid sectors such as aged care and childcare could be forced to live in surrounding regions in NSW, commuting into Canberra.

Table 14. Australian Capital Territory results

	Percentage of income on rent
Occupation	**Canberra**
Aged care worker	**76%**
Ambulance officer	**62%**
Childcare worker	**78%**
Cleaner	**75%**
Construction worker	**72%**
Delivery driver	**74%**
Dispatcher	**76%**
Firefighter	**58%**
Freight driver	**76%**
Hospitality worker	**79%**
Meat packer	**79%**
Nurse	**70%**
Postal worker	**75%**
Retail worker	**74%**
School teacher	**57%**

Major trends from our findings

Our calculations suggest that essential workers in single households are likely to be in serious financial stress with little or no savings buffer, while workers in coupled households are likely to be financially dependent on a partner's income.

The results reinforce concerns that workers in essential industries are being priced out of housing in their own communities. Based on the internationally accepted benchmark that rent needs to be no more than 30 percent of a household budget to be affordable, each of the workers we modelled is in severe rental stress. This is likely to be even more severe in the case of single-parent households.

Our results show that capital cities have become so expensive that several key workers would be left with less than $30 a day. Those on the lowest awards would be left with around $20 a day based on the capital city average. Even those on the most generous awards, teachers and firefighters, would still find themselves in severe rental stress. Any remaining income after housing costs would need to cover transport, groceries, utilities, monthly and quarterly bills, and incidental household expenses. Essential workers with children, particularly single parents, would need to factor in childcare costs and may need to pay rent on a larger unit or house. This would significantly worsen their financial stress.

In considering these findings, it is important to note that our models cannot tell the whole story. Although we assume the workers we profile are in full-time employment, we know that more and more people are working casually and part-time.[XXIV] Their plight is likely to be much worse than these results show. Nor can this study consider the competition for each rental property. In an overheated market, an affordable property can attract dozens of applications.

XXIV Gilfillan, G. (2021) Recent and long-term trends in the use of casual employment.

Policy implications

Our findings help explain why so many essential industries are facing workforce shortages. Put simply, workers have been priced out of their communities. Many cannot afford to move to parts of the country where these shortages are at their worst, while others, such as those in aged care, are leaving the profession altogether in favour of higher paid work. This is placing unprecedented pressure on employers, who have had responsibility for the housing crisis outsourced onto them.

Case Study: St Vincent's Care

St Vincent's Care offers home-based and residential care in Queensland, NSW, and Victoria. It has struggled to attract workers in areas where rents are continuing to climb.

> *"We're really struggling to find staff on the Sunshine Coast,"* **said Lincoln Hopper, CEO of St Vincent's Care Services.**
>
> *"We currently have to fill up to 242 shifts a fortnight with temporary and other staff – which equates to about 40 people – because of a lack of available locals to fill permanent roles and plug the gaps.*
>
> *"Housing affordability is undoubtedly a major factor in our struggle to fill these positions. People can't work in the region if they can't afford a place to live.*
>
> *"A lot of people don't understand the multiplying effect the housing crisis has. This crisis not only hurts individuals – who can't find a place to live – but it also hurts the people who need their support; it hurts the local towns and communities that miss out on their contribution.*
>
> *"The Federal Government must recognise that people can't work and contribute to society if they don't have a place to live. We need a plan, and we need an urgent investment in social and affordable housing."*

Case Study: Benetas

Benetas is a not-for-profit aged care provider operating in Victoria. It has been facing difficulties attracting staff to work in affordable regions for years. In 2021, Benetas began re-purposing independent living units in Bendigo to provide temporary accommodation for aged care employees struggling to pay local rent or having to commute from Melbourne to maintain their employment.

> *"At the moment, we have a number of employees wanting to work at our St Laurence Court Eaglehawk home in Bendigo but are finding it extremely difficult to find affordable places to rent, or are having to commute every day from Melbourne,"* **said Benetas CEO Sandra Hills OAM**.
>
> *"Many of our carers want to work part time due to other commitments such as caring for family members or raising children.*
>
> *"But with the challenges of rental affordability, particularly in regional areas, we are struggling to attract and keep really good carers in our aged care homes.*
>
> *"In the meantime, we will be doing all we can – including re-purposing our independent living units - to make it possible for our incredible carers to do their job for the sake of our residents and their loved ones."*

It should not be the responsibility of individual employers to solve a housing crisis that has been created by Government. Nor should workers be forced to turn to boarding houses, couch-surfing, or other informal solutions.

It has taken governments decades to create the housing affordability crisis. Ending it will take time, and a willingness to put the interests of Australians ahead of all other interests. Band-aid solutions and easy options will not tackle the problem. In most cases, they will likely make it worse.

The recommendations set out in this report put people at the centre of housing. They also place the onus on Australia's Government to reclaim responsibility for ensuring its citizens can have a home.

Boosting supply where it counts

Housing supply is perhaps the most prominent answer to housing affordability, and is often raised in response to essential workers being priced out of housing. It is the favoured solution of the development industry, property commentators, and many Federal Government representatives. In this telling, the problem is State and Local Government regulation rather than Federal Government inaction, and the solution is to create more opportunities and flexibility for developers.

Yet the reality is that Australia has an oversupply of dwellings compared to its needs and demographics.[XXV] The undersupply is not in housing, but in social and affordable housing.

Competition for affordable rental homes is so fierce that thousands of Australians are missing out every week. This scarcity is driving homelessness, rental bidding, and overcrowding. Governments can relieve this pressure with a program to deliver more social housing. More low-cost properties would mean more choices for all renters, making it cheaper and easier to find a home.

The problem

Social housing is for people who are on very low incomes who need a home. This could include people who have recently experienced homelessness, family violence, have a disability, or simply can't get a home in the private rental market. Sometimes it's public housing that's managed by government, and sometimes it's managed by community organisations.

Across Australia hundreds of thousands of Australians are on waiting lists for social housing, with an average waiting time of more than ten years for some groups.[XXVI] Around half of those on waiting lists are already homeless.[XXVII] The shortfall in social housing is projected to surge to 671,000 by 2032 as the population grows and ages.[XXVIII]

This undersupply is placing pressure on the rental market, with rents rising as home ownership rates fall. This has increased competition for rental properties, especially those at the more affordable end. Australian households are spending a growing proportion of their incomes on rent. Lower and middle income households, such as those we have profiled in this report, are struggling to find housing that they can afford.

Government has walked away from social housing

Governments in Australia used to strongly invest in social housing to meet the need. It was valued as a public asset for reducing poverty and inequality. Yet in recent years governments have withdrawn from this responsibility. Social housing stock has simply not kept pace with the growth in population,[XXIX] with demand now far outweighing supply.

Governments have also been transferring housing stock to community organisation management, with 23 percent of social housing now managed by mainstream or Indigenous community housing.[XXX] However this does not change the lack of supply. It simply outsources the issues onto non-government organisations as the overall shortfall continues to grow.

In walking away from social housing, governments have assumed that the private rental market would provide enough affordable housing for those who need it. That has been shown to be false. Analysis by the Australian Housing and Urban Research Institute shows that governments' greater reliance on 'demand-side assistance,' such as rent assistance, has not made renting more affordable. Instead, the shortage of affordable rentals for low-income households grew between 1996 and 2011, contradicting the theory that housing would 'filter' into low-rent accommodation over time.[XXXI]

XXV Centre for Social Research and Methods (2017) Regional housing supply and demand in Australia. Australian National University.

XXVI Australian Institute of Health and Welfare (2021) Housing assistance in Australia 2021.

XXVII Ibid.

XXVIII Australian Housing and Urban Research Institute (2018) Social housing as infrastructure: an investment pathway.

XXIX Australian Institute of Health and Welfare (2018) Housing Assistance in Australia 2018.

XXX Ibid.

XXXI Australian Housing and Urban Research Institute (2015) Supply shortages and affordability outcomes in the private rental sector: short and longer term trends.

The solutions

Given the abject failure of the private market to provide affordable housing, it is past time for governments to invest in the development of social housing. This is the only way that every Australian can have a safe and secure place to call home.

A recent analysis has estimated the additional social and affordable housing required to meet the present need and the projected population growth running up to 2026. The analysis focused on people who are waiting for social housing as well as those on low and moderate incomes paying more than 30 percent of their income in rent in the private market. The data, commissioned by Everybody's Home, shows Australia will need an additional 500,000 social and affordable homes to meet these needs.[XXXII] These homes can either be built, or purchased from existing housing stock.

An ongoing investment program is needed to deliver these new homes. Governments must again take up their responsibility to ensure affordable homes for every Australian, including essential workers whose roles are vital to our communities.

The design of this new social housing must reflect changing population needs and demographics.

It is vital to work with future tenants to develop modern social and community housing that reflects the needs of those who will live there. Governments must embrace their responsibility for the design of public infrastructure that supports healthy communities. This includes the development of a diverse social housing stock with accessibility to services.[XXXIII]

Investing in social and affordable housing saves money

Analysis from Swinburne University in Melbourne estimates that the current cost of the foregone wider social and economic benefits resulting from Australia's chronic undersupply of social and affordable rental housing is $676.5 million per year, rising to nearly $1.3 billion a year in 2036 if the situation continues to deteriorate at the same rate.[XXXIV]

Research shows that the benefit-to-cost ratio of investing in social and affordable housing in metropolitan areas close to work and study opportunities is 4.80.[XXXV] This is the ratio of economic benefit to economic cost of a proposed initiative. In other words, for every dollar invested in well located social and affordable housing, there is an economic return of $4.80. This applies over a 40-year period.

The productivity impacts measured by this research include travel time savings, better employment outcomes, and improved consumption and saving capacity for households who are no longer in housing stress.

Investing in social and affordable housing is smart economic policy. Associate Professor Christian Nygaard reviewed a wide range of previous studies that examined the economic savings made in different social areas when appropriate and affordable housing and associated support was available. These areas include savings to the health budget, and reduced spending on emergency accommodation. Associate Professor Nygaard also looked at research that had estimated productivity advantages across a raft of areas, and put a dollar figure on these. These include savings in rent that are passed on to tenants, improved school completion rates, and productivity gains.

As part of this work, Associate Professor Nygaard investigated the value-for-money of alternatives to constructing additional social and affordable housing, including increasing the rate of private sector dwelling construction. He found that these other options are poorly targeted alternatives to investing in social and affordable housing.[XXXVI]

XXXII Yates, J. for Everybody's Home (2018) Social and Affordable Housing Projections for Australia.

XXXIII Australian Housing and Urban Research Institute (2017) Public housing renewal and social mix: Policy brief.

XXXIV Centre for Urban Transitions (2019) Social and affordable housing as social infrastructure. Swinburne University of Technology.

XXXV City Futures Research Centre (2019) Strengthening economic cases for housing policies. University of New South Wales.

XXXVI Centre for Urban Transitions (2021) National program for construction of social and affordable rental housing. Swinburne University of Technology.

The right funding mechanism can maximise outcomes

Building social and affordable housing costs money. Just to maintain the current share of social housing as a proportion of Australia's housing stock will require construction of 15,000 new social housing properties a year.[XXXVII] Our current rate of new social housing construction is about 3,000 dwellings a year.[XXXVIII]

The current Government's signature housing policy would see it put $10 billion into a dedicated investment fund. It is envisaged that the earnings from this fund would create an 'off-budget' and ongoing funding source for new housing. It is estimated that this would deliver 20,000 social housing dwellings and 10,000 affordable housing dwellings in the first five years. This is a welcome first step, but will not come close to meeting the social housing shortfall.

To address the shortfall, greater investment is required. SGS Economics has modelled the economic impact of an ongoing program of investment of 25,000 new social housing properties a year. They estimate that this would require an investment of $12.4 billion a year, and create over 15,000 ongoing construction jobs right around Australia.[XXXIX]

Put simply, it is not possible to end Australia's housing crisis off-budget. It will require a major capital investment, and a plan to sustainably fund and maintain social housing. For this reason, it is critical to ensure the Government goes beyond the commitments it has already made to match the scale of the crisis faced by Australians navigating the housing market.

The role of State and Local Government

Planning regulations are regularly cited by developers and property industry commentators as a cause of expensive housing. Yet the focus on State and Local Government planning policy greatly overestimates its influence on the actual dwellings built.

When politicians, industry, and economists talk about supply, they are usually talking about potential supply. They rarely call on governments to build social or affordable housing. They instead focus on changing the planning rules around development to permit more potential supply, if the private sector finds it profitable.

Contrary to popular perception, recent research has shown that planning authorities have gone to great lengths to ensure there is enough zoned capacity to cater for projected growth.[XL] Yet there has been no rush to take up the increase in capacity. Developers instead hold off until prices are right. The vast majority of sites in the study (94 percent) were not developed within five years of the zoning changes. 71 percent of the extra capacity remained unexploited twenty years after it became available for development.[XLI]

The research suggests that planning regulations permit development, but it is the market price that determines if and where development occurs. Higher sales prices make development more desirable. Developers select their sites, build, and sell in strong markets and wait or avoid selling when markets are weak. It is the locations with the highest initial property prices that are the most likely to be developed. This fuels the market and makes housing less affordable, not more affordable.

XXXVII SGS Economics (2021) Economic Impacts of Social Housing Construction.

XXXVIII Ibid.

XXXIX Ibid.

XL Murray, C., and Limb, M. (2020) We zoned for density and got higher house prices: Supply and price effects of upzoning over twenty years.

XLI Ibid.

For the most part, the debate on planning and zoning has been a distraction. The most powerful role that State and Local Governments can play is in the funding, building, and support of social and affordable homes, where the real shortfall lies. State and Territory Governments are on the frontline of operating this system, and they must be accountable for maintaining its integrity. Instead, State Governments have been contributing to the affordability crisis by tightening eligibility for social housing so that only people in the most desperate situations can get help. This means that the social housing system no longer works in a sustainable way, and it drives up competition for affordable rentals in the private market. Without the funding from rents of tenants with higher incomes, there is not enough income to maintain public housing stock. Rather than prioritise funding for the system in their budgets, State governments have resorted to selling off more properties to cover maintenance costs. This has created a situation where hundreds of thousands of Australians on low incomes are unable to find affordable housing. It also means that the social housing stock is dwindling and poorly maintained.[XLII]

The scale of work required to maintain the current shortfall, much less reduce it, will never be met by adjusting eligibility criteria, or by selling housing through asset recycling. The only real answer to the shortfall is for Federal and State Governments to work together to prioritise spending on social and affordable housing. Federal Government incentives should be directed away from unhelpful band-aid solutions and towards a long-term, properly funded capital investment program in social housing in conjunction with their State and Territory counterparts.

Planning regulations can still play an important, albeit limited role in promoting affordability. Moves to encourage medium density development and infill should continue. Local Governments can require that a portion of new developments include allocations for affordable and low-cost housing. Levers such as concessions and rate caps can also be leveraged to promote the supply of affordable and low-cost housing.

Recommended actions

This report proposes a program to begin building social and affordable housing at a rate of at least 25,000 each year, building up to a target of 500,000 new homes.

This should be accompanied by a plan to sustainably fund and maintain social housing. This could be funded by tax and policy reforms proposed below.

Additionally, Commonwealth funding to State and Territory Governments should ensure a focus on asset maintenance and new capital investment.

State, Territory and Local Governments should also introduce incentives and requirements for new developments to include affordable and low-cost housing. Levers such as concessions and rate caps can also be leveraged to promote the supply of affordable and low-cost housing.

Funding for homes, not investments

Housing in Australia is broken. Our systems, policies, and incentives are geared towards the interests of investors, and not towards providing stable and affordable homes. The clearest example of this is in our tax settings, which have been getting more attention in recent years.

Australia's tax treatment of housing subsidises property investors at the expense of people trying to buy a home. These tax breaks fuel speculative investment, causing house prices to rise much faster than incomes.

It is now well known that these tax and policy settings have locked a generation of Australians out of the housing market, and that they have driven up rents across the country as our study results attest to. What is less well understood is that this has meant that the cost to the budget is largely spent on measures that make affordability worse. At the same time, many billions of dollars in revenue have been starved from directly supplying social and affordable housing.

The Federal Government needs to reset housing taxation to deliver fairer outcomes by reducing negative gearing and capital gains tax exemptions, and use the revenue raised to encourage investment in social and affordable rental housing.

XLII Ibid.

The problem

House prices in Australia have been rising much faster than incomes for decades. This is largely fuelled by tax concessions for property ownership that encourage speculative investment, and disadvantage first homebuyers.

In addition to squeezing first home buyers out of the market, these tax concessions also cost anywhere between $76 billion and $88 billion annually,[XLIII] resources that would be much better spent directly delivering more affordable rental housing. They have also driven the lack of affordability in the market.

Changes to capital gains tax in 1999 encouraged investors to buy property, increasing investor demand for housing and pushing some first home buyers out of the market. In 1999, the CGT system was changed so that tax was levied on only 50 percent of the capital gain on an asset held for more than one year.

The CGT discount, together with negative gearing, turbocharged speculative investment in housing and led to dramatic price increases for the next decade and a half. With capital gains taxed less than income, investors have preferred investments with strong capital returns.

The relatively light taxation of capital gains increased the incentives for investors to negatively gear property. Investors can borrow to invest and deduct the interest costs against other income at their marginal rate. The capital gains are then only taxed at half their marginal rate. Negative gearing costs the Australian Government over $4 billion per year in foregone revenue.[XLIV]

Tax incentives encouraging housing investors may also explain why the prices of low-value homes have increased faster than other homes. Increased investor demand for housing has likely been channelled into low-value homes that are lightly taxed under states' progressive land taxes and tax-free thresholds.

The solution

This report proposes that the capital gains tax discount be incrementally reduced over the next ten years. This incremental approach will mitigate negative price impacts on housing markets.

Additionally, by negatively gearing, investors can also deduct the costs of investing in property, such as interest, rates and maintenance, from their wage income offsetting rental losses. This strategy is particularly attractive for high-income earners.

In addition to the house price pressures affecting first-home buyers, these tax concessions create a focus on profit from sales rather than income from renting and encourages speculative investment. As a result, both purchasers and renters are affected.

This unfairness is worsened by the fact that negative gearing benefits are heavily skewed to wealthy households. Anglicare Australia's report, *The Cost of Privilege*, showed that negative gearing and capital gains tax concessions cost the federal budget a staggering $88 billion per year, and overwhelmingly favour people on the highest incomes:

> ***"...Half of the foregone revenue from negative gearing goes to the top 20 percent, while just 6.2 percent goes to the bottom quintile. Similarly, more than 80 percent of the savings from the capital gains tax concession go to the wealthiest quintile, and just two percent to the bottom 20 percent."*** [XLV]

XLIII Anglicare Australia (2023) A Costly Choice: Tax cuts, concessions, and widening inequality; and Anglicare Australia (2018) The Cost of Privilege.

XLIV Ibid.

XLV Ibid.

Reinvesting in affordable rental and social housing

The revenue savings from these changes should be invested in measures that directly improve rental affordability, particularly investment in social housing.

Reforms should be balanced to ease the burden for first time home purchasers, without prejudicing small scale investors. This may include 'grandfathering' and designing scalable deductions that truly reflect the financial standing of investors.

With the federal government currently investing just $1.6 billion per year in public and social housing, these reforms would provide billions of dollars in new funds for homes for people on low incomes who are struggling to survive in the private rental market or are homeless.

Adopting this approach can reduce house price inflation, encourage investment in new buildings to add to housing supply, and reduce price pressure in the rental market.

Recommended actions

This report proposes phasing in a regime of tax reform.

As part of these reforms, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets.

Negative gearing should be used to target investment in social and affordable housing. The current negative gearing arrangements should be phased out for new investors.

These tax reforms should be accompanied by a reset of policy settings which provide inequitable benefits to those with existing wealth and assets. There are several options for review and reform which could raise revenue and promote equality. For example incentives to downsize, introduced in the 2017 Federal Budget, could be abolished. In practice these simply deliver a tax break for high income earners with high marginal tax rates earning income from property sales.

The revenue savings from these reforms would be used for investment to supply housing that is affordable.

Conclusion

These results confirm what many of us already know. Despite the critical role they play in the lives of all Australians, essential workers are being priced out of their own communities by soaring rents. This helps explain why so many essential industries are facing workforce shortages. Without action, the workforce crisis, and the housing crisis, will only get worse.

It has taken governments decades to create the housing affordability crisis. Its consequences are clear. More and more people have been pushed into rental stress and homelessness.

The solutions favoured by the developer lobby and many politicians – increasing land supply, relaxing planning laws, or reducing "red tape" – will not make renting more affordable for people on low incomes. Nor will band-aid solutions and easy options tackle the problem.

Instead, this report has proposed solutions that put people at the centre of housing, benefiting all of us and supporting the workers that our communities rely on the most. They also place the onus on Australia's Government to reclaim responsibility for ensuring its citizens can have a home.

Tackling this crisis will take time, and a willingness to put the interests of Australians who need a home ahead of the interests of investors. It will also require a concerted and enduring commitment from Government. This work must begin immediately.

Nobody should be forced to make impossible sacrifices just to keep a roof over their head. Rental stress, insecurity, and homelessness does not have to be the way of the future. It's time to take real action, and make sure that Australia's essential workers can have a place to call home.

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