## Understanding key workers

Who are they and what are their challenges?





#### What we'll cover



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Jim Spillane City of Melbourne - Principal Policy Officer - Affordable Housing - Home Melbourne



#### **1** Introduction and context

The need to address key worker housing affordability and .id's service

#### **2** What is a key worker?

There is no standard definition

#### 3 Demographic and housing profile of key workers

Who are key workers? What are their housing characteristics?

#### 4 Challenges

Housing affordability, long commutes and economic development issues

#### 5 Implications

How has the City of Melbourne used this evidence base to support key workers?

#### **6 Q&A** and closing

Q&A and final remarks





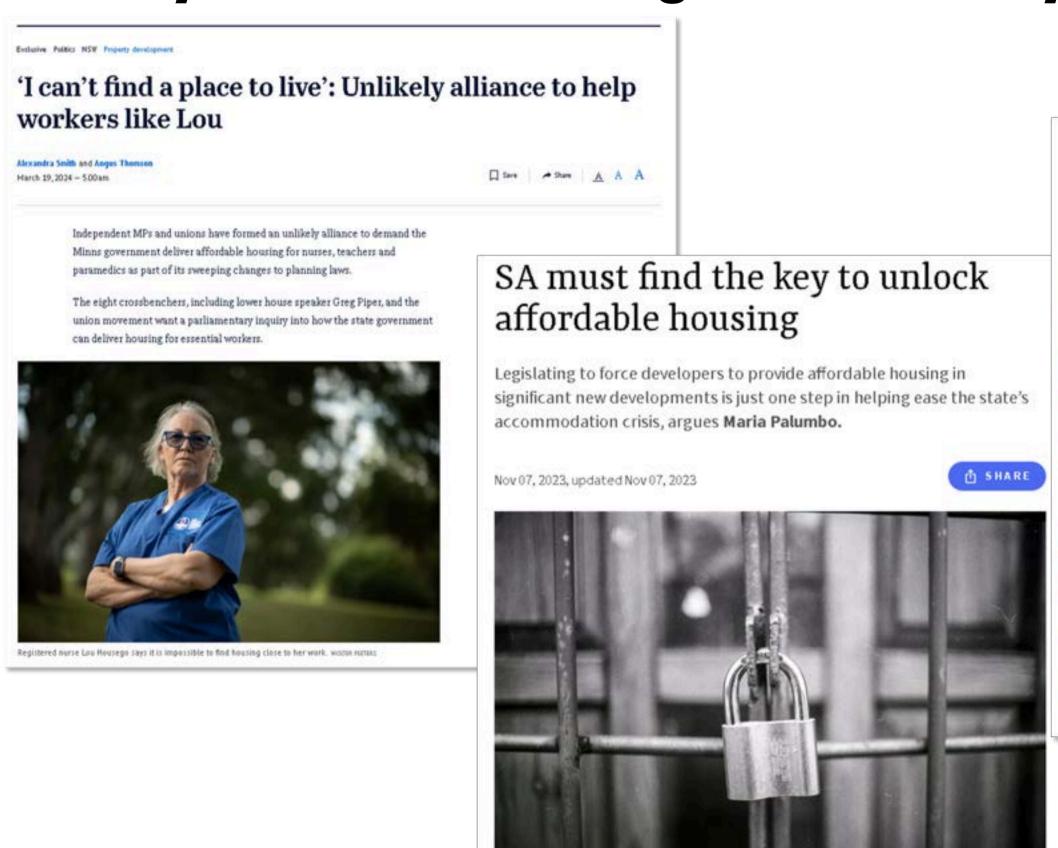


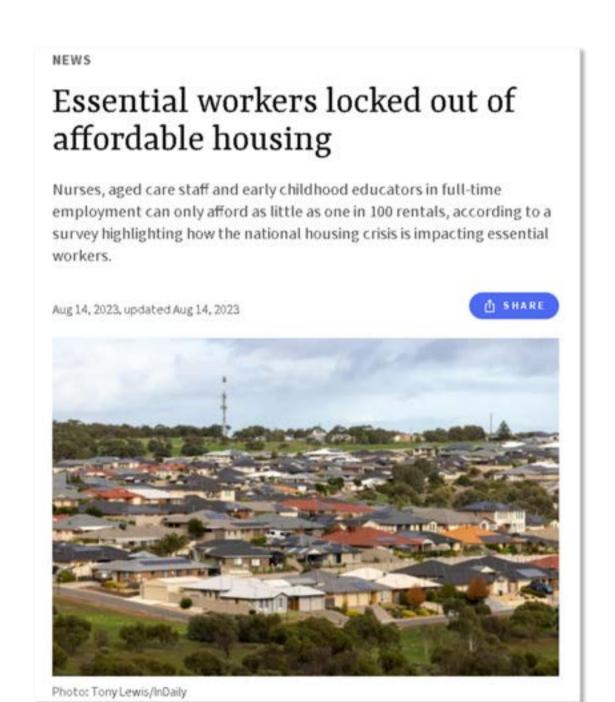
Photo: Pexels.com

## Australia's rental crisis prices out educators, nurses and aged care workers

Posted Mon 14 Aug 2023 at 5:12pm



Essential workers are struggling to afford rental homes across Australia. (ABC News: John Gunn)



#### 'Screwed up': There is 'virtually no part of Australia' these people can afford to rent in

Colleen Carena was living in a caravan park and is now in a unit a charity is providing. For her and other essential workers who rent, a new survey shows "virtually no part of Australia is affordable".



Council NSW in the long-term, but we are in back development, with a Using data from Prioritoder

ing crisis with many worstern and faster we need more plan or under-stillined politicity (LGAs) of inner Sydney, Par-know to do is to save because new facing housing costs signing the faster we need more plan or under-stillined politicity.

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on the Minni government to and spartments across the 12

executive director Katile Steve a crisis trow, and that requires focus or reducing these to un-

problem alone.

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Worker shortage, rising costs put pressure on Queensland businesses as confidence falls



Queensland's Sunshine Coast has 13,000 short-term lets but just 745 homes to rent. Are online platforms Stayz and Airbnb to blame?



Noosa locals feel short-term lets are affecting the fabric of their community. (Supplied: Aaron Webb)

#### About .id



# We convert data into knowledge of place to help you make informed decisions.



#### **Digital tools**

for informed decision-making



#### **National datasets**

to monitor and benchmark local area progress.



#### **Consulting services**

informed by your needs

#### Our digital platform



#### **Tools for informed decisions**



VICVVO.IU HOW NO IDSINGHES IDDI AND WHAT HEDDS **Understanding people in place** to happen to advance quality of life? profile.id **How is your community Understand your community** changing? นแนง..เน vviiicii ai cas ai c i i i ost disadvantaged? เบเซษตอนแน vviiat ievei oi ueilialiu do you need to plan for? economy.id What are the drivers of your **Build strong local economies** economy & barriers to growth? เเบนอเเเษู.เน Is housing affordability

impacting your community?

**Monitor housing provision** 

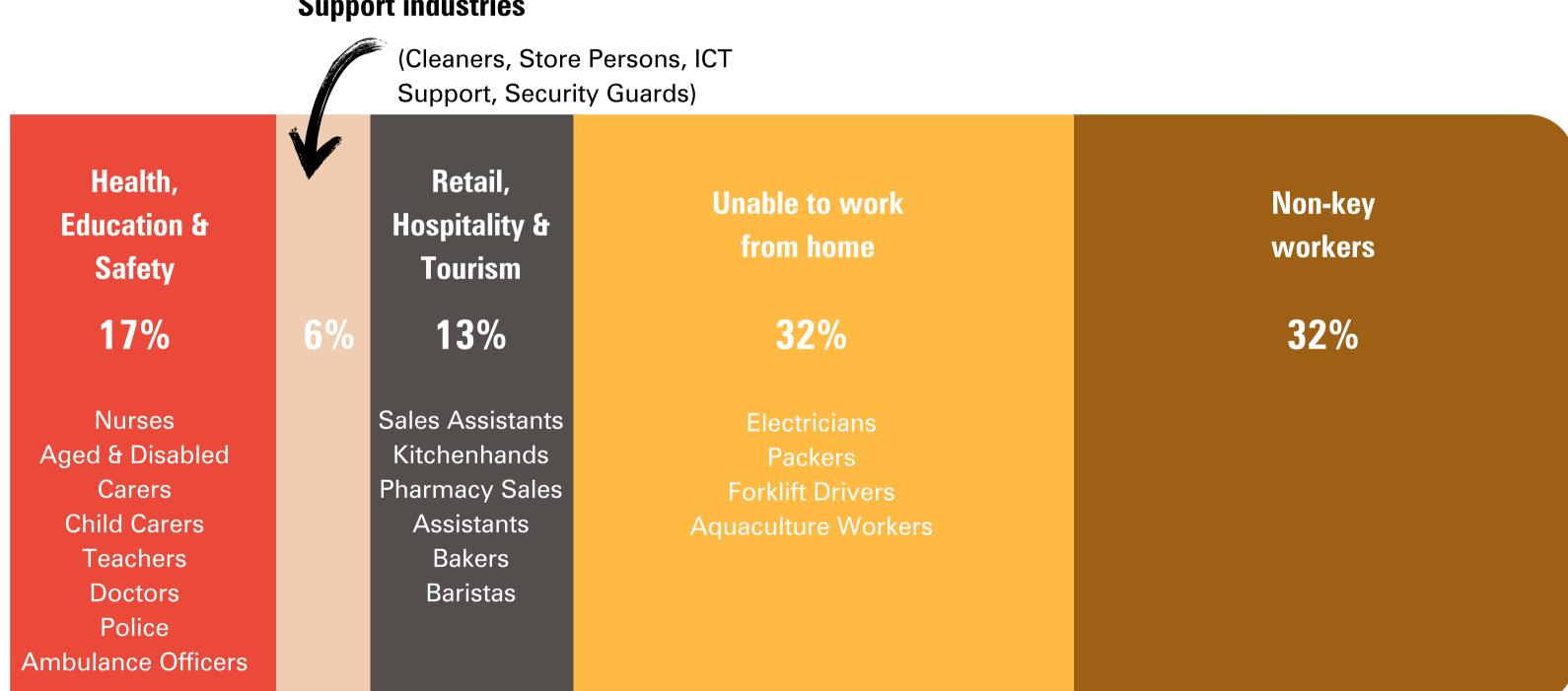


What is a key worker?

### There is no standard key worker definition

#### **Employment in Australia by type of occupation, 2021**

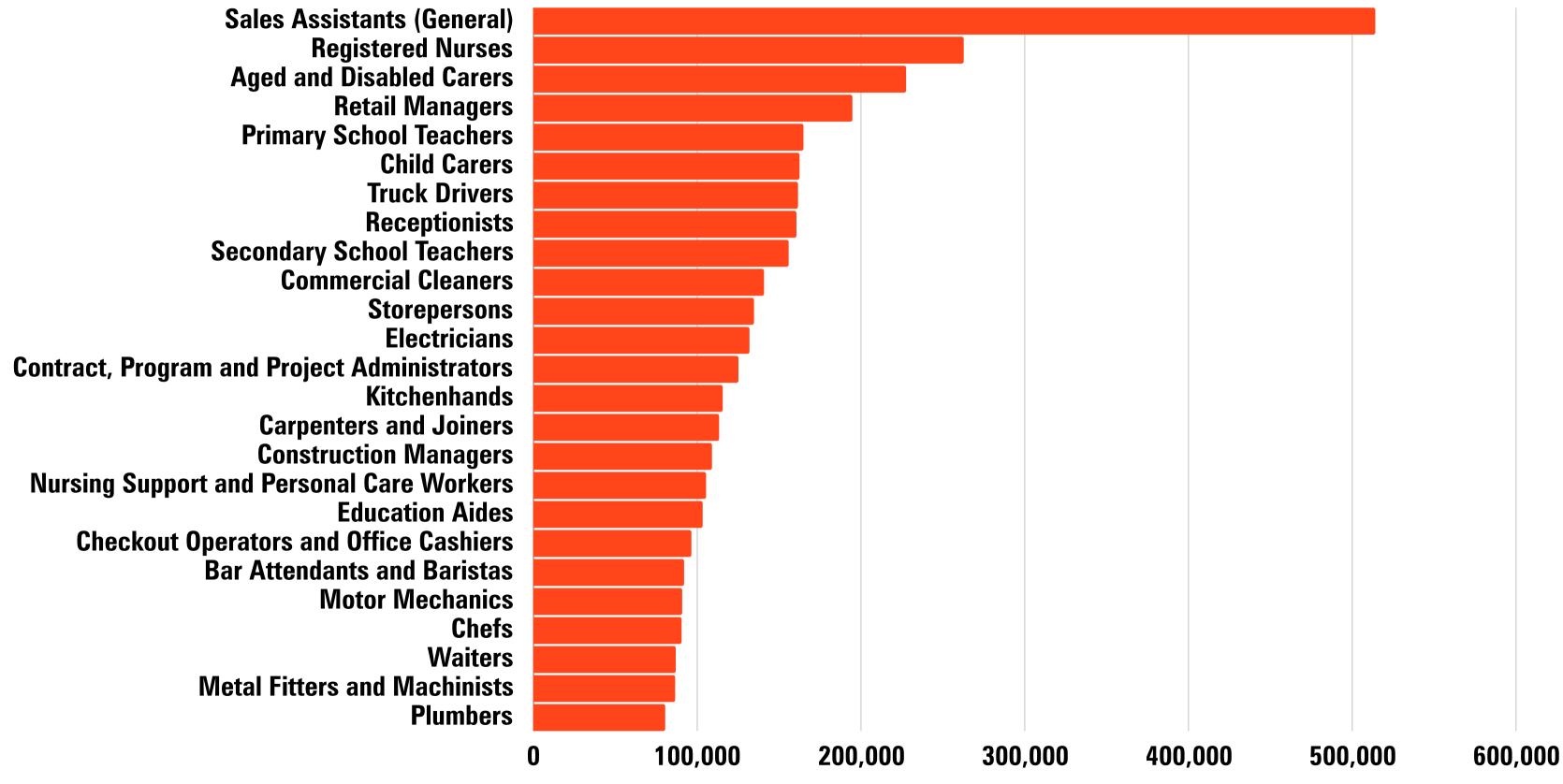
**Support industries** 



Source: ABS Census of Population and Housing, 2021



## Top 20 Key Worker Occupations in Australia







## "Key workers" mean different things in cities vs regions

Examples of key worker occupations in...

#### Cities or inner-urban areas:

- Registered Nurses
- School Teachers
- Police Officers
- Bus, Tram, Train Drivers
- Paramedics

#### Middle or outer suburban areas:

- Registered Nurses
- School Teachers
- Child Care Workers
- Tradespeople (e.g. electricians)
- Aged and Disabled Carers

#### **Regional Centres**

- General Practitioners
- School Teachers
- Agricultural Technicians
- Aged and Disabled Carers
- Social Workers

#### **Coastal regions**

- Marine Transport Professionals
- Tour Guides
- Lifeguards
- Fishermen
- Environmental Scientists

#### Mining regions

- Mining engineers
- Geologists
- Drillers, Miners and Shot Firers
- Occupational Health and Safety Advisers

These examples illustrate how key worker occupations vary across different Australian regions, reflecting the unique economic activities and community needs of each area.



## The importance of Key Workers

They serve the local community

They add to labour productivity

They support other industries







They enable economic recovery and growth

They support demographic change







### Industry importance of Key Workers

#### Critical to the successful operation of large industries

	Total key workers	Key workers earning a very low to moderate income	Proportion of key workers earning a very low to moderate income
Health Care and Social Assistance	1,473,668	837,117	56.8%
Retail Trade	961,441	799,750	83.2%
Construction	836,697	397,408	47.5%
Education and Training	801,543	369,129	46.1%
Accommodation and Food Services	735,935	653,091	88.7%
Manufacturing	542,744	316,749	58.4%
Transport, Postal and Warehousing	443,753	245,229	55.3%
Public Administration and Safety	426,620	133,064	31.2%
Other Services	340,087	245,533	72.2%

Source: ABS Census of Population and Housing, 2021





## Key Worker demographics

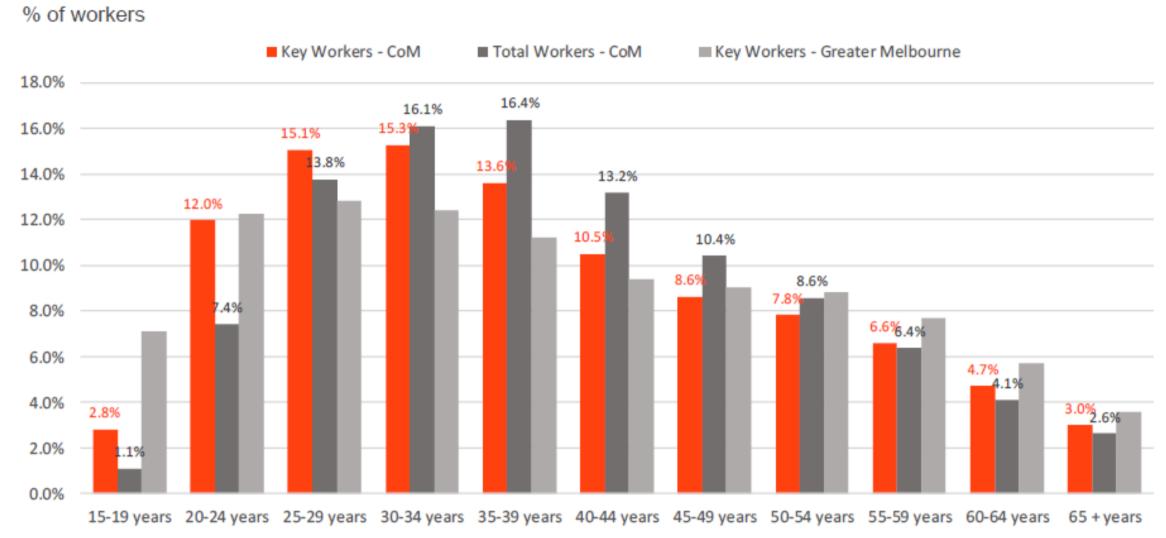
### Key Worker demographics vary widely

- Some key worker occupations are over-represented by men (e.g. electricians, carpenters, plumbers)...others by women (e.g. child care workers, registered nurses).
- Some key workers are predominantly younger people and others, older.
- Some key workers predominantly live in family households while others are lone person households.
- Some have a much larger proportion of non-English speakers than others.
- Some have high levels of tertiary education qualifications, and others don't.



## Age of Key Workers

Key workers age profile, 2021



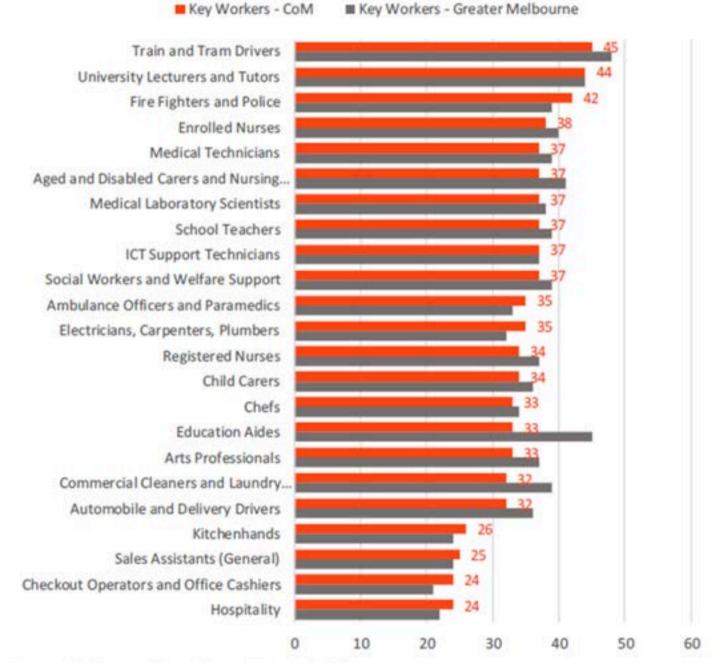
- Median age of Greater Capital City key workers = 40 years, similar to all GCC workers.
- The City of Melbourne's key worker median age is lower (35.6 years).



## Age of Key Workers

#### Key workers median age profile by occupation groups, 2021

% of total key workers, selected 23 occupation groups



Source: ABS Census of Population and Housing, 2021

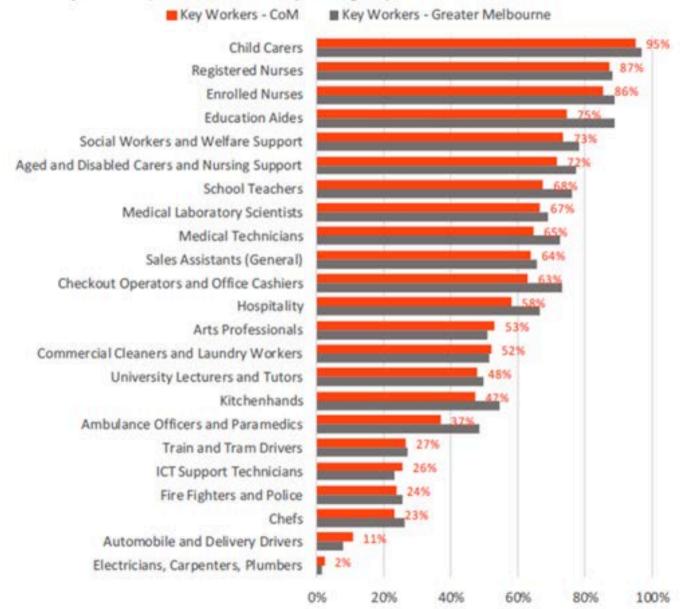
- Median age of hospitality workers, checkout operators, office cashiers is 24-25 years.
- On the other hand, train/tram drivers, university lecturers/tutors, fire fighters have a median age of 38-45 years.



### **Sex of Key Workers**

#### Female share of key workers by occupation group, 2021

% of key workers, selected 23 occupation groups

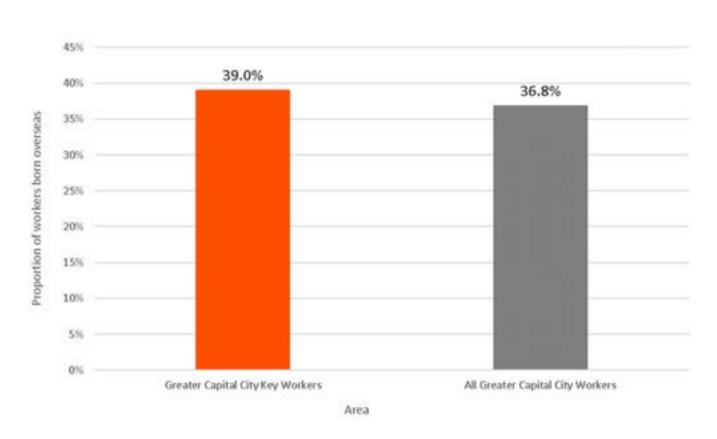


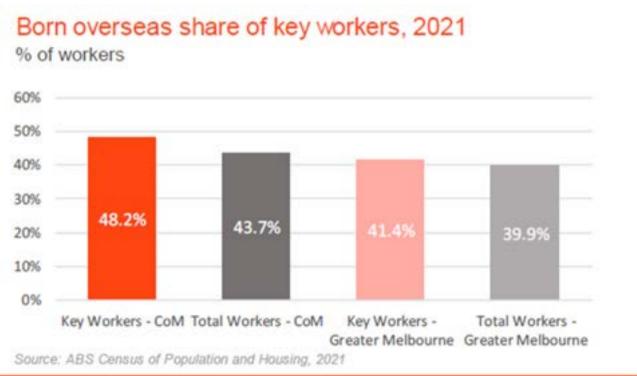
Source: ABS Census of Population and Housing, 2021

- Chefs, firefighters and police, etc. are between 75-98% male dominated ocupations.
- Child carers, registered nurses enrolled nurses and education aides are 75% + women.
- These differences, when coupled with income and household composition data can mean some women are more exposed to housing affordability challenges.



### **Cultural diversity of Key Workers**



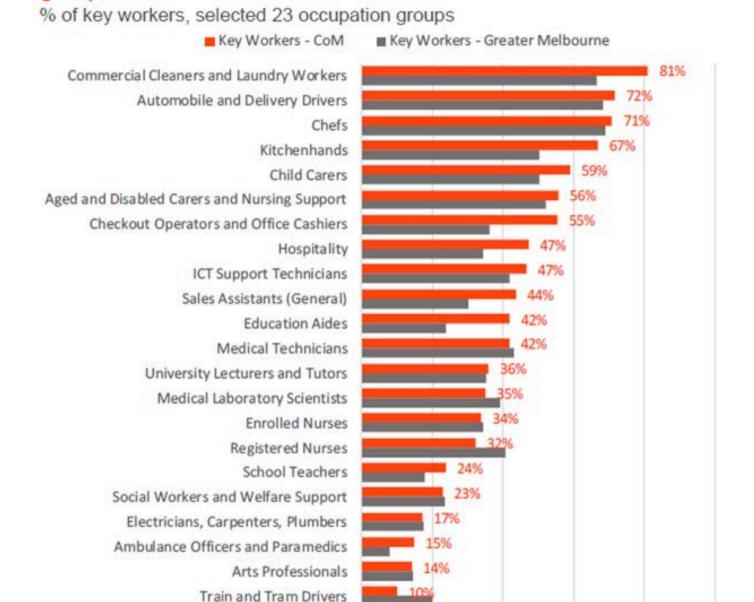


- More key workers are born overseas compared to the rest of the workforce.
- In the City of Melbourne, 48% of key workers were overseas-born compared to 44% of all workers.
- Almost 9 in 10 workers in certain occupations were born overseas (e.g. commercial cleaners, laundry workers or chefs).



### **Cultural diversity of Key Workers**

#### Non-English language spoken at home by key workers occupation group, 2021



20%

100%

Source: ABS Census of Population and Housing, 2021

Fire Fighters and Police

- More key workers do not speak English as their first language, 33% compared to 31% of all workers, even more so in our City of Melbourne example.
- Occupations such as commercial cleaners, laundry workers, delivery drivers, chefs and kitchenhands were predominantly non-English speakers.



#### Income of Key Workers

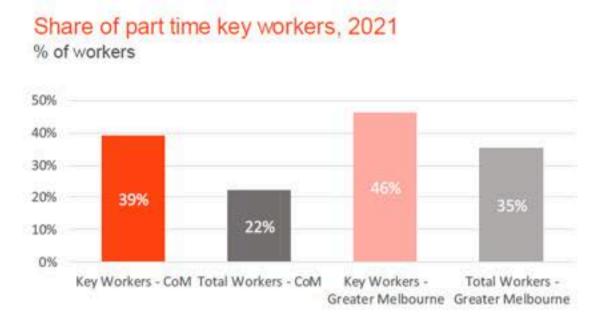


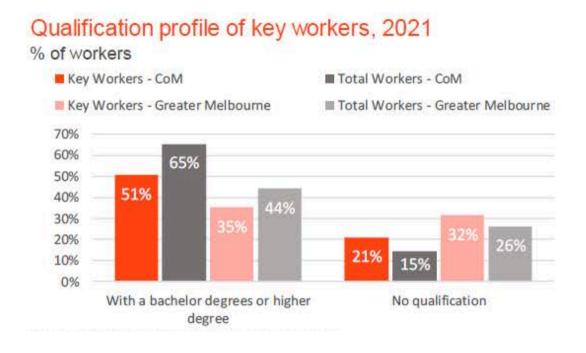
Source: ABS Census of Population and Housing, 2021

- The median income for key workers in Australian capital cities is \$1,010 per week, 26% lower than the \$1,272 median for all workers.
- In the City of Melbourne, key workers earn a higher median of \$1,274, but this is still 27% below the median for all Melbourne workers.
- There are vast differences in income when broken down by key worker occupation.



## Income of Key Workers





- The incomes of key workers are influenced by the occupation itself but also by the fact that more key workers work in part-time roles compared to all workers (49% compared to 42% in capital cities).
- Also, a smaller proportion of key workers hold Bachelor or Higher degrees, compared to all workers (49% compared to 58% in capital cities.

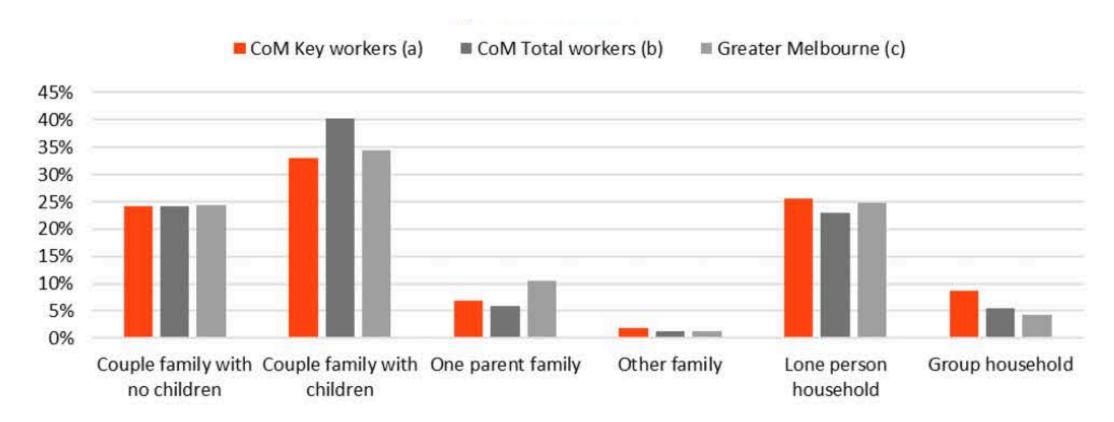




## Key Worker households

### Household types of Key Workers

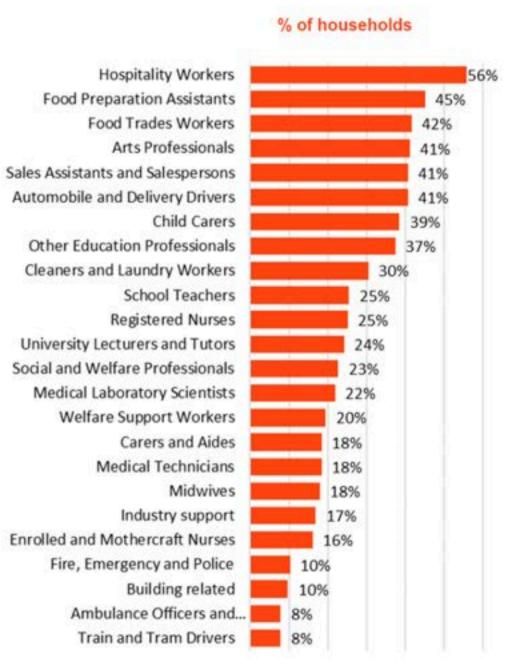
- Key workers' household types significantly influence their housing needs and affordability.
- Unsuitable or undersized housing near a key worker's job is effectively unaffordable.
- An outcome of inadequate housing is overcrowding. In the City of Melbourne, 4.6% of key worker households face overcrowding, compared to 2.6% of all worker households, with some occupations more affected than others.





#### **Dwelling types of Key Workers**



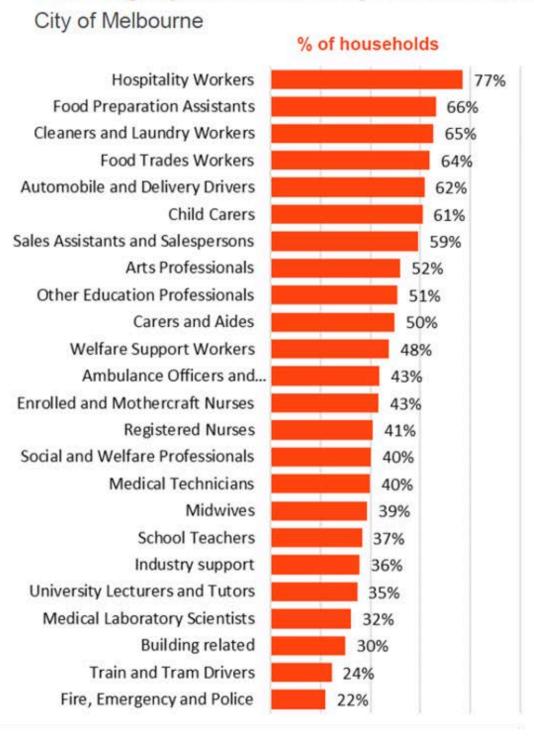


- In Australian capital cities, 75% of key workers live in separate houses, 15% in mediumdensity, and 10% in high-density housing, varying by city and housing stock.
- Fewer capital city workers live in separate houses, with more in denser housing.
- In the City of Melbourne, fewer key workers live in separate houses and more in medium or high-density housing than other workers.



#### Tenure types of Key Worker households

#### Renting by selected Key Worker groups



- Key workers are more likely to rent than own compared to all workers.
- In Australia's capital cities, 34% rent, 47% have a mortgage, and 18% own outright.
- In the City of Melbourne, nearly 80% of hospitality workers rent, compared to 22% of fire, emergency, and police workers.

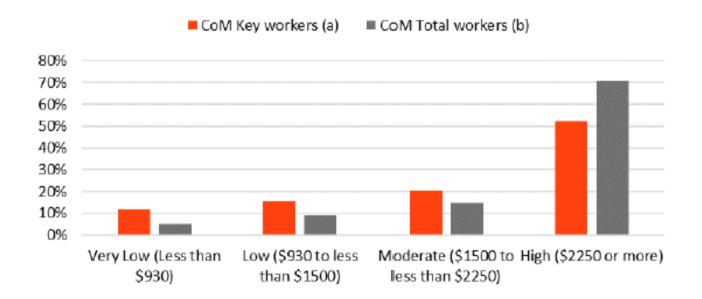


#### Key Worker household income

#### Key Worker Households (a) by Household Income Mix, 2021



#### % of households

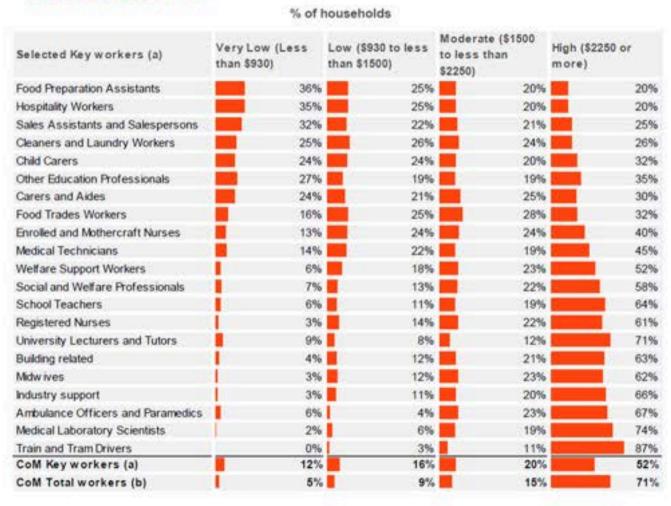


- a) Where the household reference person is a City of Melbourne key worker
- b) Where the household reference person is a City of Melbourne worker
- c) All households in Greater Melbourne

Source: ABS Census of Population and Housing 2021, Custom data order

• 48% of key worker households in the City of Melbourne had a very low to moderate income compared to 29% of all workers.

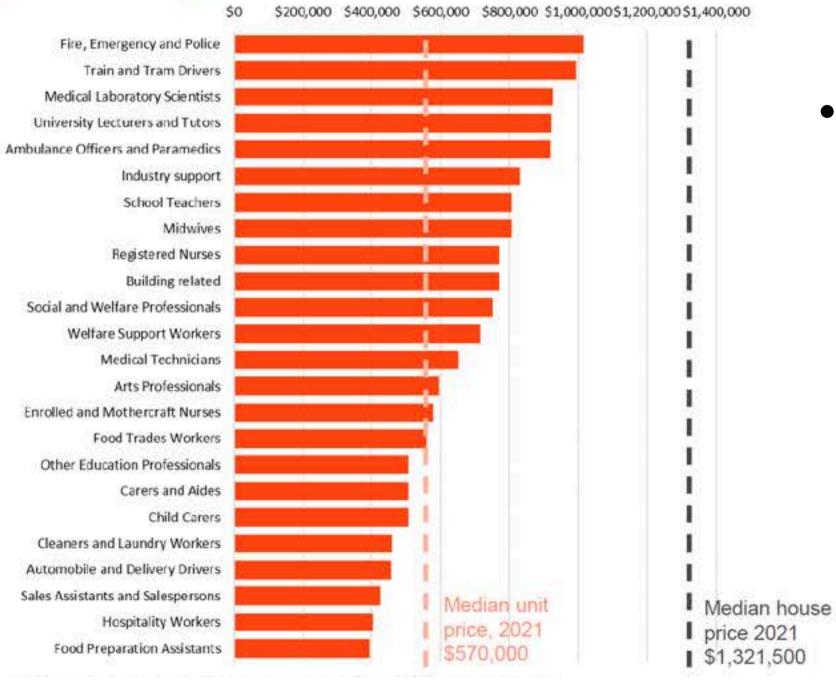
#### Weekly household income mix by selected Key Worker Households, 2021





## Housing affordability price points

What Key Worker Household Groups (a) can afford to purchase vs City of Melbourne median prices, 2021

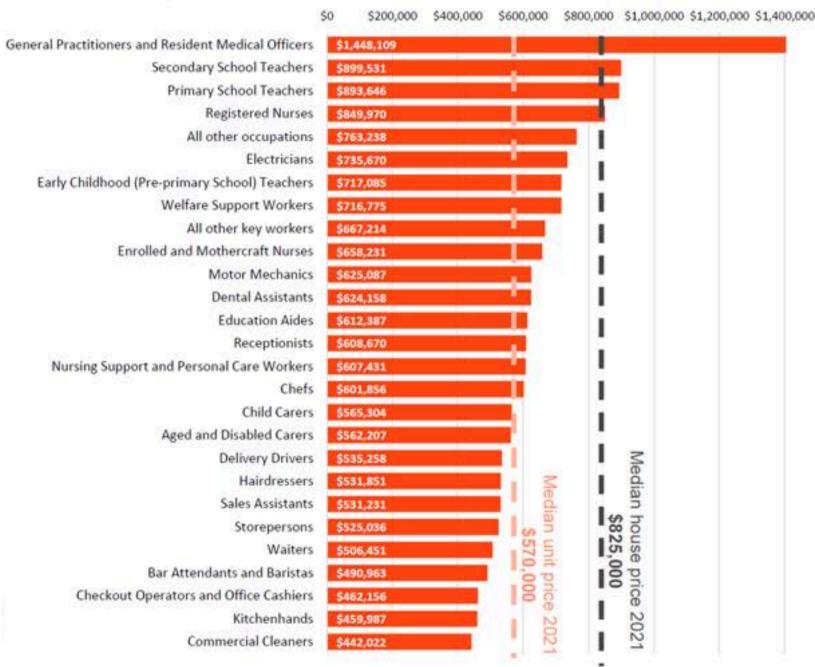


- Key worker income, age, housing type, and household size determine what is affordable.
- In the City of Melbourne, no key workers could afford to buy a house due to limited and expensive housing (just 1.8% of stock).
   However, many key worker groups could afford units.



## Housing affordability price points

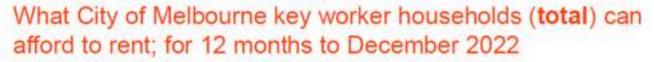


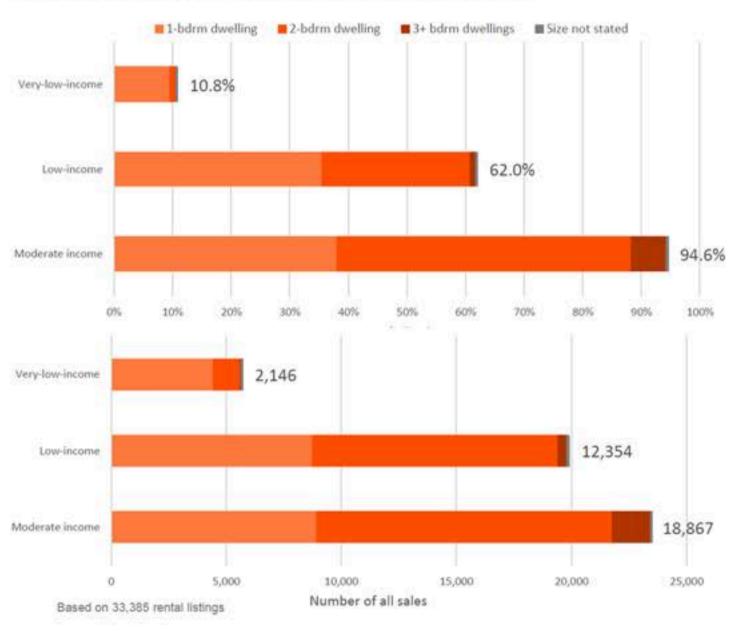


 In our Sunshine Coast study, buying a house anywhere within the Sunshine Coast LGA (where separate houses make up 69% of all dwellings) was unaffordable to most key workers, while some could afford to buy a unit.



### Housing affordability price points





- While renting is more affordable for most key workers, the type of rental available to them varies.
- In the City of Melbourne, key workers on very low incomes, like food preparation assistants, hospitality workers, and sales staff, could afford only 10.8% of all rentals listed in a year.
- However, most of these affordable options are one-bedroom units, which are unsuitable for couples or families.



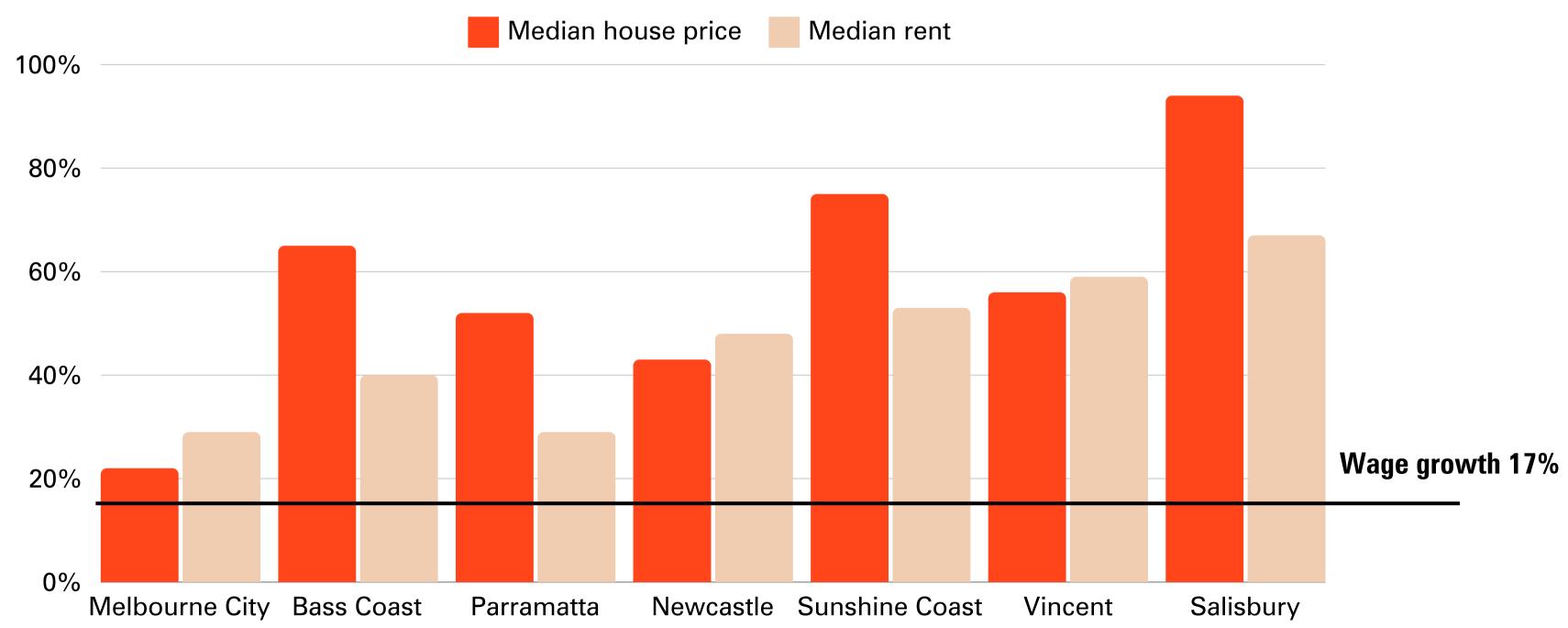


## Challenges

## Incomes have not kept up with housing costs

Key workers earn less already. Recent housing cost growth has made it even harder

Change in housing costs by selected LGAs vs Wage Price Index, 2018 to 2024



Source: housing.id, ABS



### Housing stress for Key Workers



- Key workers experience higher levels of housing stress than other workers.
- 20% of City of Melbourne's key workers experienced housing stress, compared to 10% of all City of Melbourne workers.
- On the Sunshine Coast, the gap was smaller (21% key worker housing stress, 19% all workers).
- Housing stress figures would've worsened since 2021 due to increasing cost of housing.



### Housing stress by household type and for women

- Single-parent and lone-person households bear the brunt of housing stress.
- In Australia, women are the parent in 80% of single parent households, meaning that female key workers are exposed to even more affordability pressures.
- Women in lower-paying roles face greater housing pressures than their male counterparts.

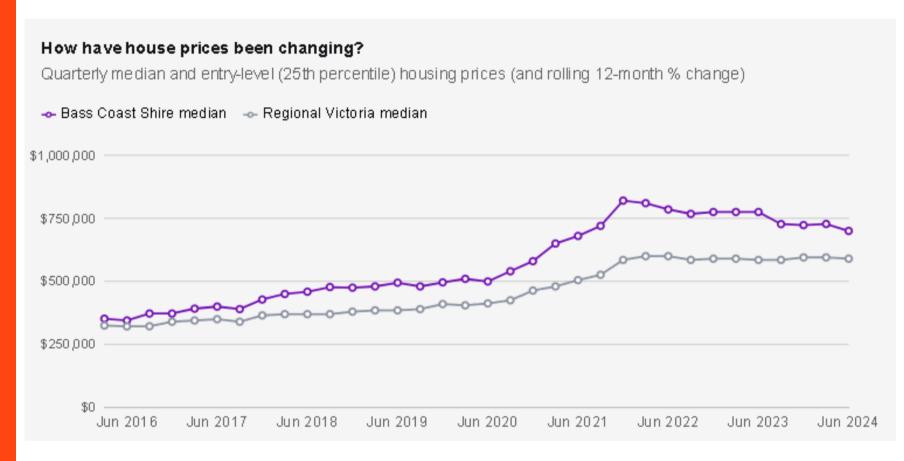
"Given the prevalence of women in lower-paying key worker roles, housing affordability pressures are more acute for female workers, limiting their access to suitable housing near their workplaces"

AHURI "Housing for Australia's key workers" 2021

"Approximately 20% of key workers in Sydney and 17% in Melbourne experience housing stress, with much higher rates among inner-city workers such as nurses, teachers, and community support workers. This includes significant impacts on affordability for female-dominated professions like teaching and nursing"

The University of Sydney "Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities" 2021

# Affordability challenges for workers - Bass Coast example

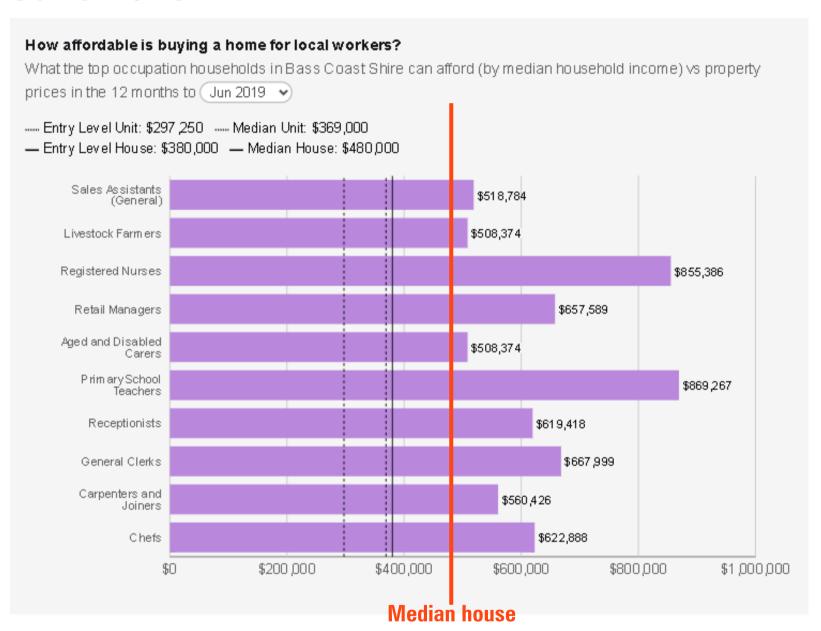


- Incomes have not been growing at the same rate as costs of housing.
- Since June 2019, Regional Victoria's median house prices have surged 53%, with rental costs up 28%.
- On the Bass Coast, house prices grew by 47% and rental costs by 42%.

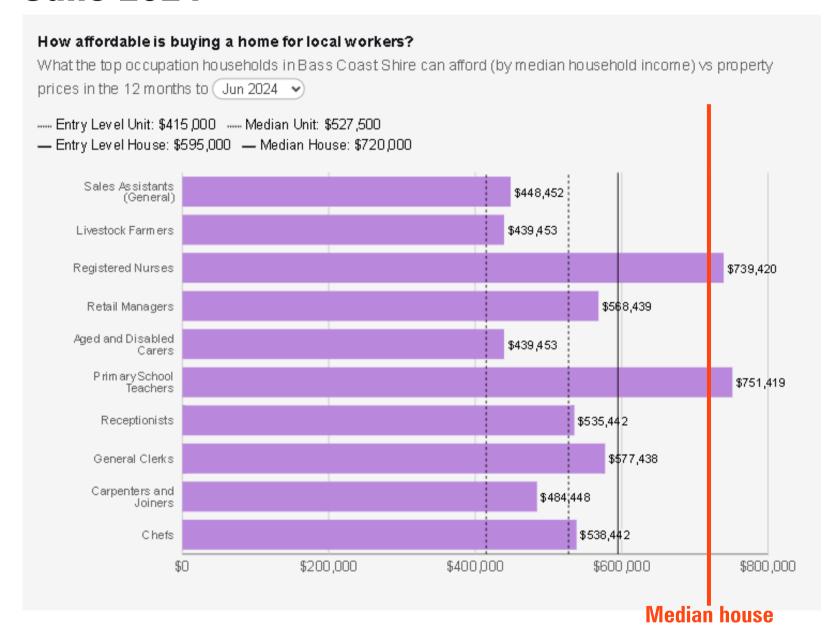


# Affordability challenges for workers - Bass Coast example

#### **June 2019**



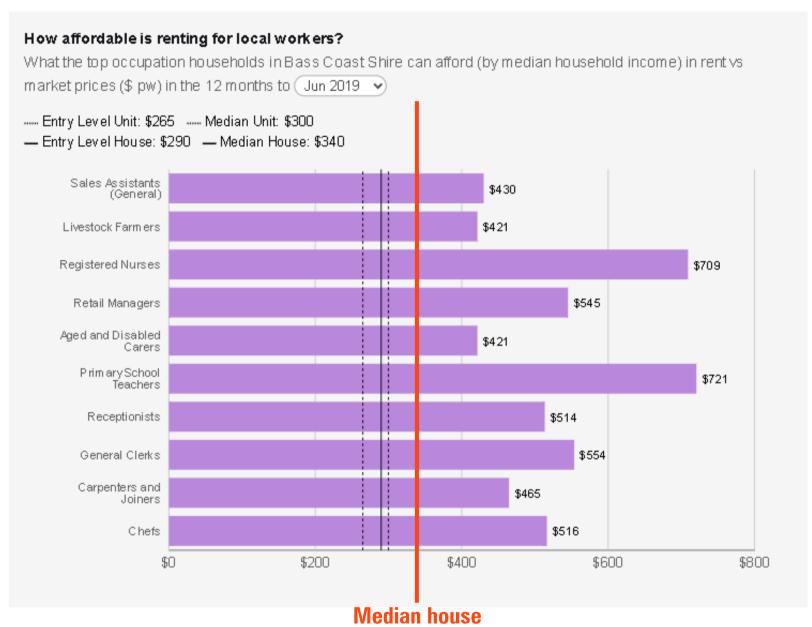
#### **June 2024**



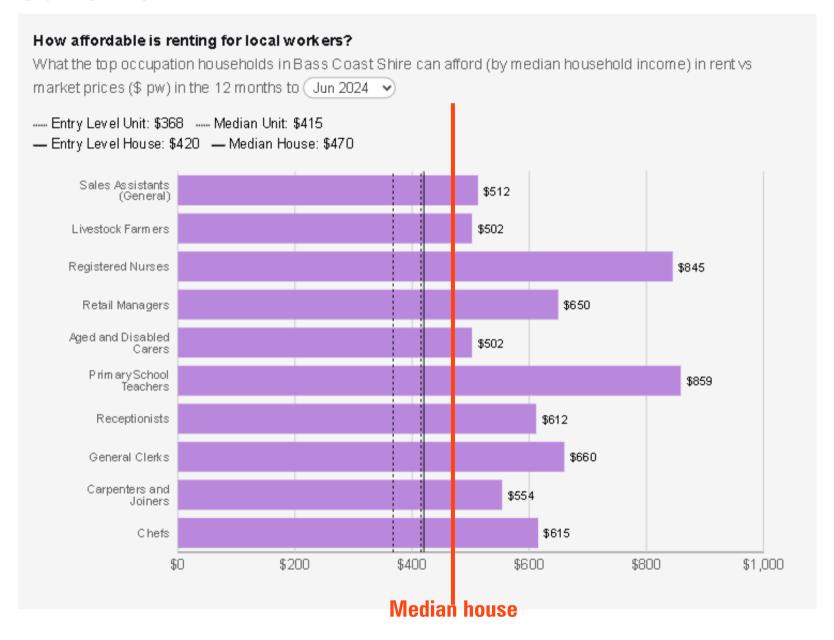


### Affordability challenges for workers - Bass Coast example

#### **June 2019**



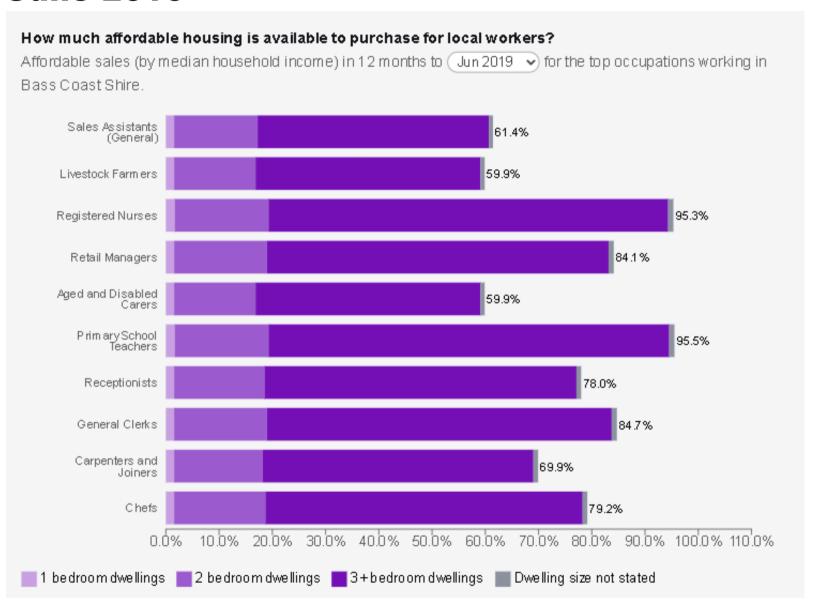
#### **June 2024**



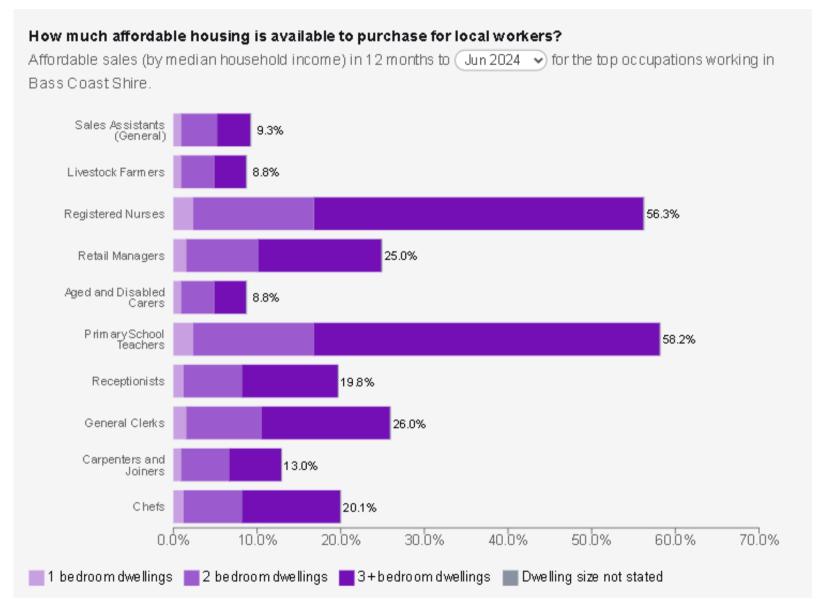


### What type of housing can workers afford?

#### **June 2019**



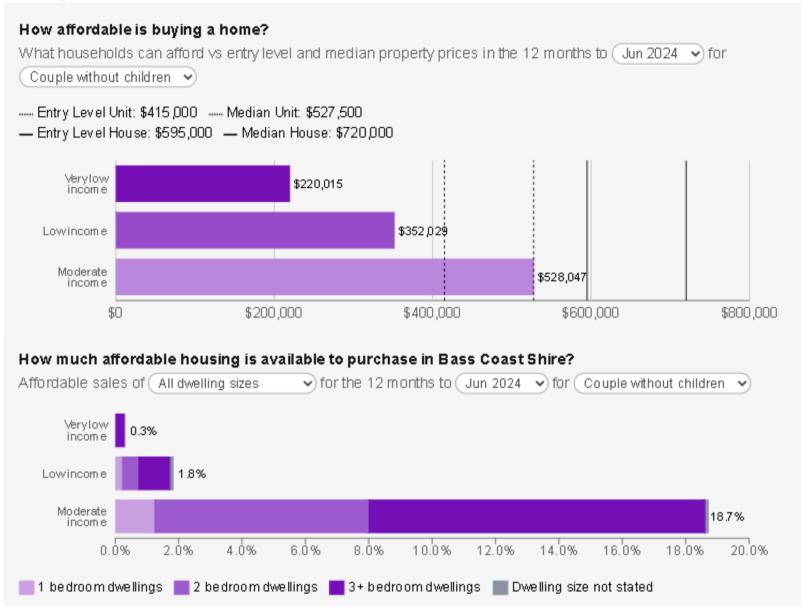
#### **June 2024**



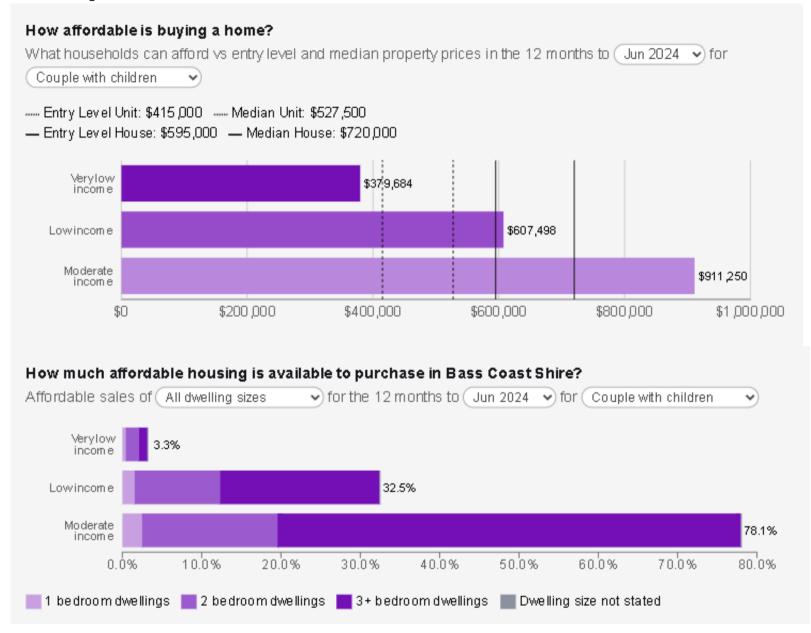


# Housing "suitability" of affordable housing

#### **Couples without children**



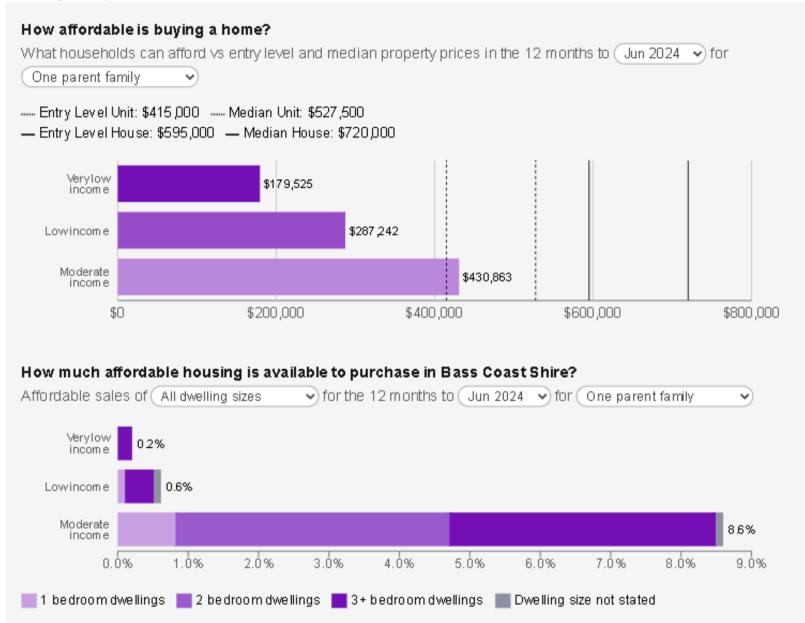
#### **Couples with children**



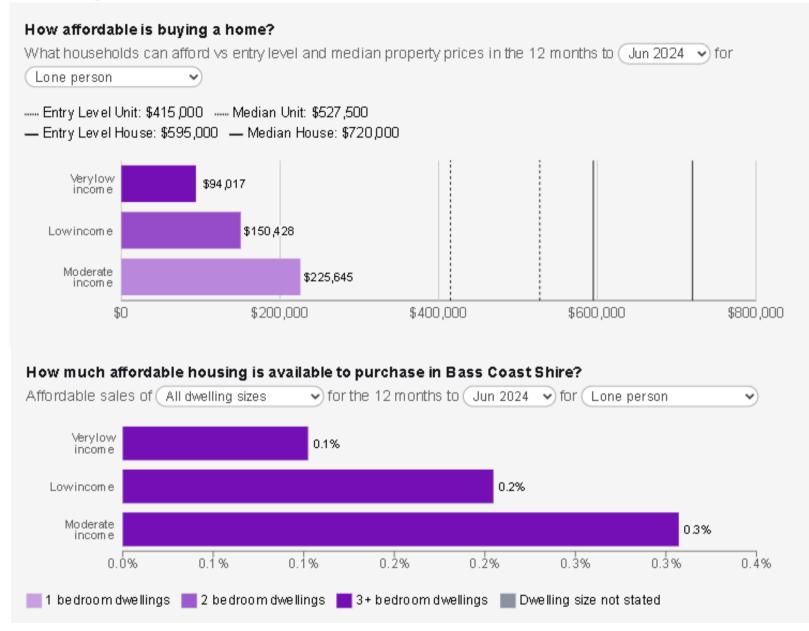


# Housing "suitability" of affordable housing

#### **Single parent families**



#### **Lone person households**

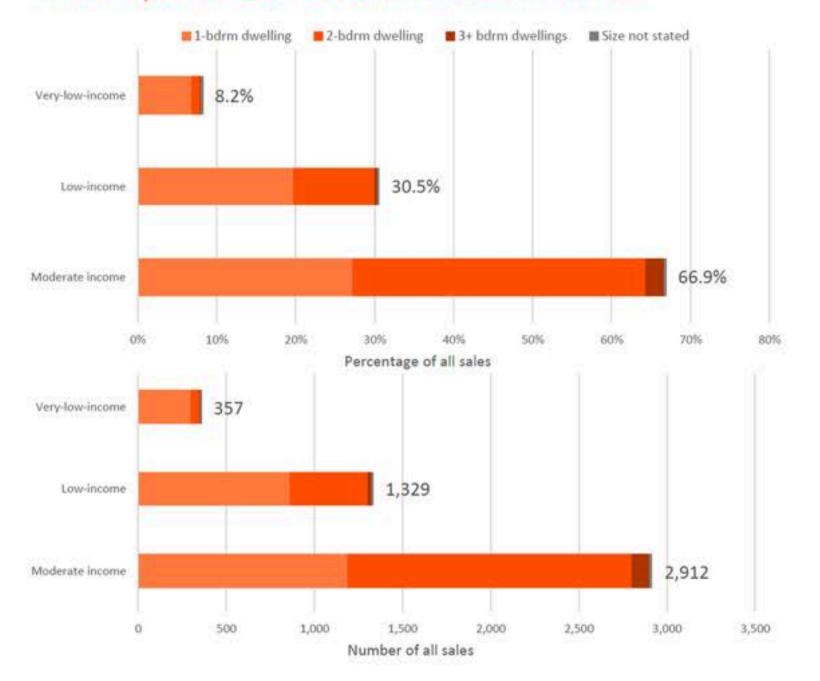




### Housing "suitability" for Key Worker households

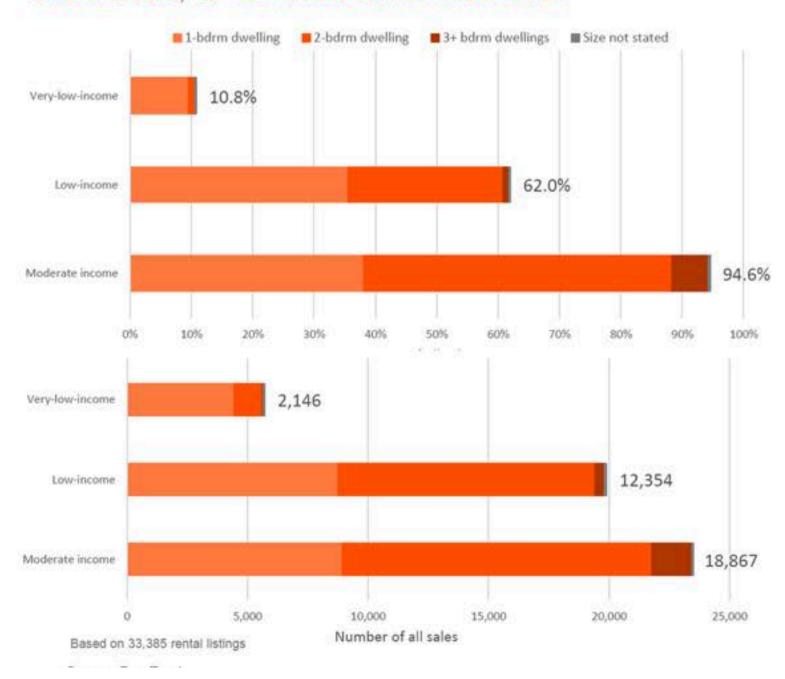
#### **Ability to purchase - City of Melbourne**

What City of Melbourne key worker households (total) can afford to purchase; for 12 months to December 2022



#### **Ability to rent - City of Melbourne**

What City of Melbourne key worker households (total) can afford to rent; for 12 months to December 2022

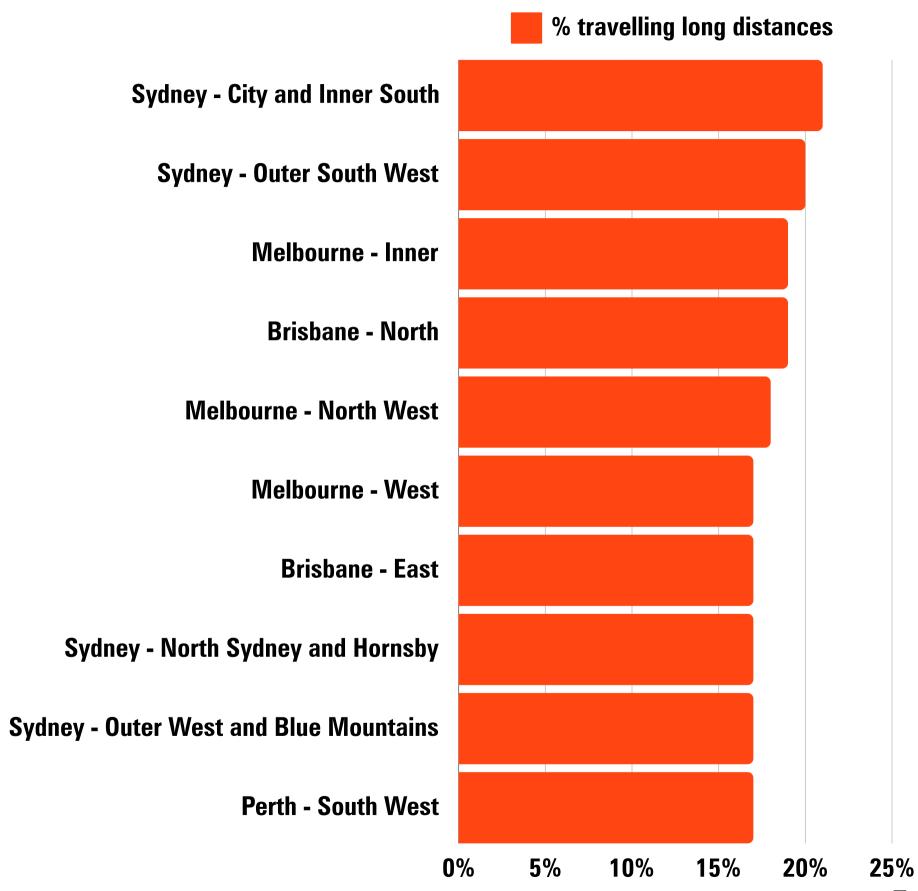




# Key workers are traveling greater distances to work

The proportion of key workers traveling more than 30 kilometers to reach their jobs in Inner Melbourne increased from 16% in 2016 to nearly 20% in 2021.

#### **Key workers travelling more than 30km to work**



Source: ABS Census of Population and Housing, 2021



# Rising Healthcare Demand vs. Workforce Challenges

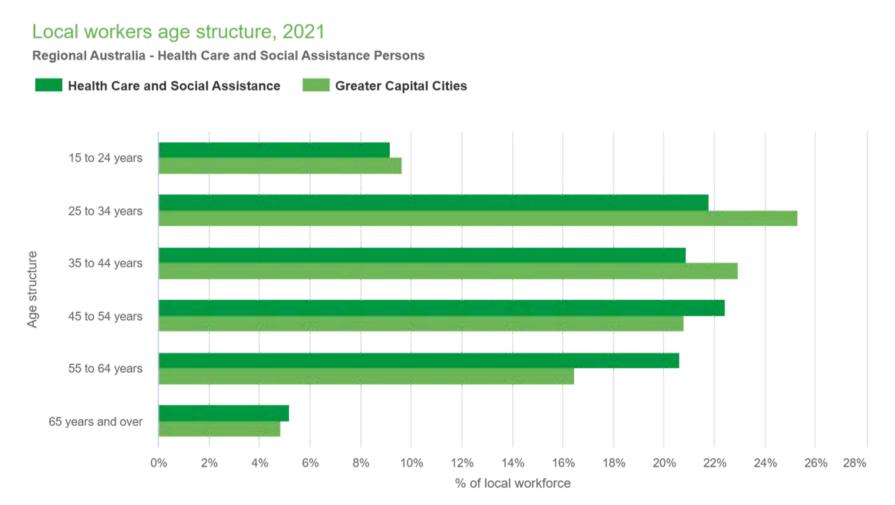
Ageing will create strong demand for key workers, especially in health

**Regional Australia's 65+ Population** 



+1.4 Million by 2044 (+50%)

# Regional Australia's health workforce is ageing



Source: Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0). Compiled and presented in economy.id by .id (informed decisions).



But housing affordability and limited availability issues creates a barrier to entry for health workers





Key worker housing is a contested term.

#### **Elected members**

"...the investment returns will build 10,000 affordable housing properties for frontline workers, the heroes of the pandemic..." - Anthony Albanese

"We should be giving awards to essential workers, and any of the other heroes out there doing an amazing job..." - Dan Andrews

"... we need to make sure there is accessible space for everyone in Melbourne – including our key workers..." - Sally Capp

#### Planning Permit applicants

"If a key worker definition were to be considered the following would be recommended: An employee who provides a vital service..."

"The contribution will house workers that provide services to residents such as teachers, doctors, pharmacists, or Council staff"

"...Will provide housing for workers in key local industries, e.g. finance"

#### Changing perceptions of key worker occupations

#### Pre-pandemic

- Teachers
- Nurses
- Police officers

#### Mid-pandemic

- Cleaners
- Delivery drivers
- Lab workers

Key workers cannot work from home

#### Post-pandemic

- Chefs
- Hotel workers
- Events workers



#### The problem

- Key worker housing is not defined in local or state government policy.
- Without an endorsed position the sector is using varying terms or approaches, which is creating inconsistency in the market.
- 3. Wage growth is not keeping up with the increase in rental prices:

4%

Growth in the Wage Price Index to September 2023

ABS, 2023

15.8%

12-month change in Melbourne rents to September 2023

Homes Vic, 2023



# 1. Understand the issue through data

Engaged .id Consulting to complete analysis of key worker data.

# 2. Explore preferences of key workers

Surveyed actual key workers on their employment and housing preferences.

# 3. Engage on a draft definition

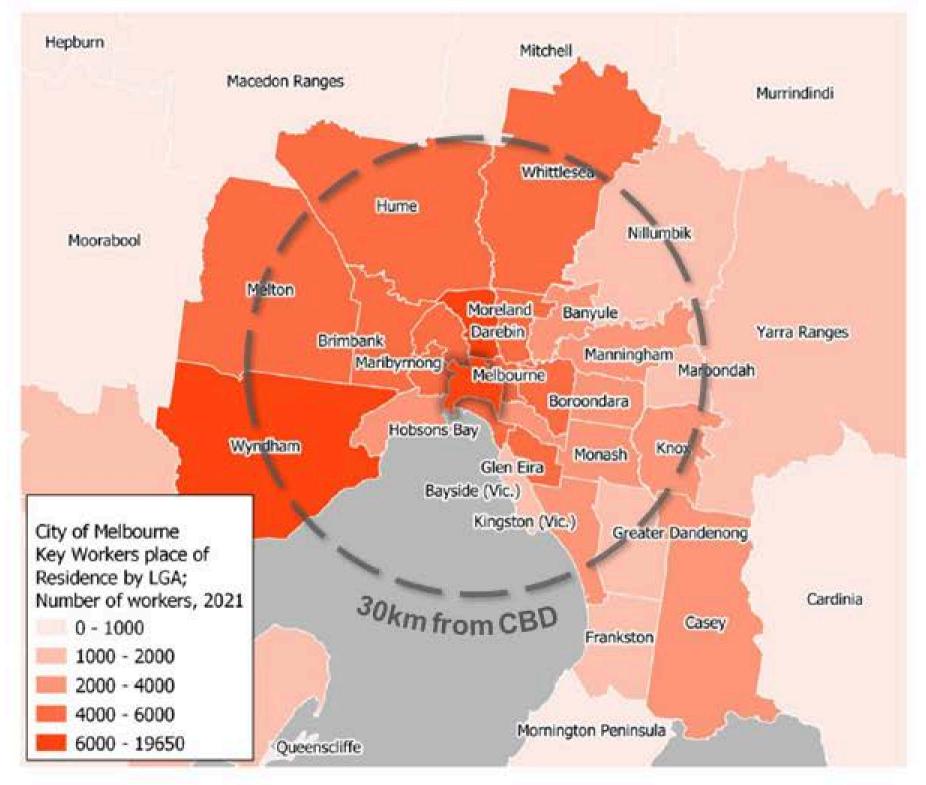
Consulted with community, internal staff, industry partners, and State Government on our draft definition.



# Key findings from the ABS data analysis

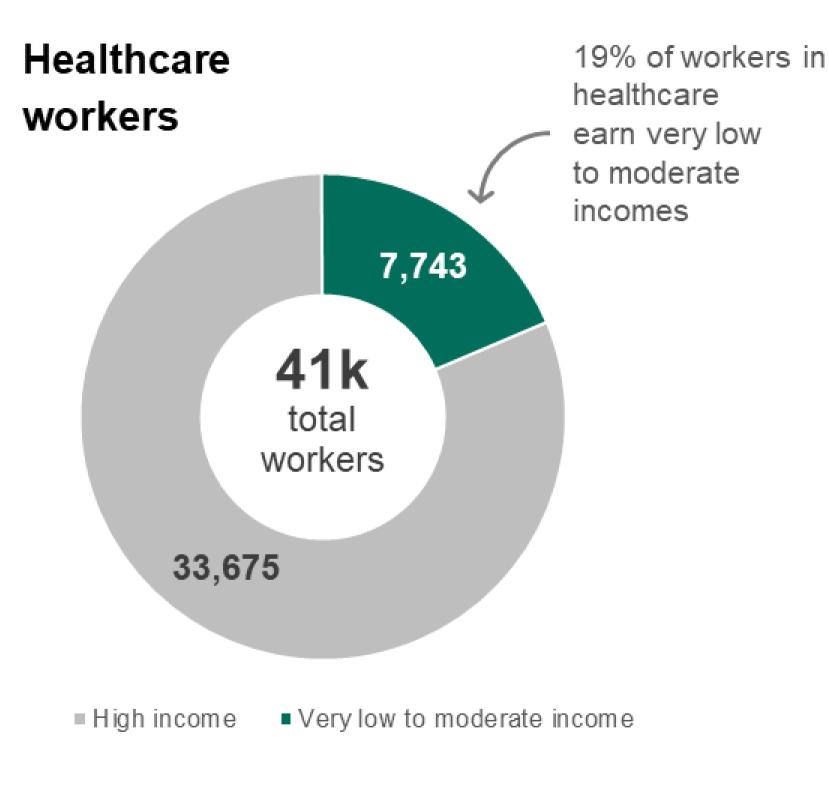
- CoM has more key workers than any other Victorian LGA (approx. 142,000).
- 48% of CoM key worker households earn very low to moderate incomes.
- 20% of CoM key worker households who earn very low to moderate incomes are in 'housing stress'.
- 'Traditional' key workers such as teachers, nurses and police are less likely to be in housing stress.
- 22% of CoM key workers are travelling more than 30km to work.

#### City of Melbourne key workers place of residence by LGA, 2021

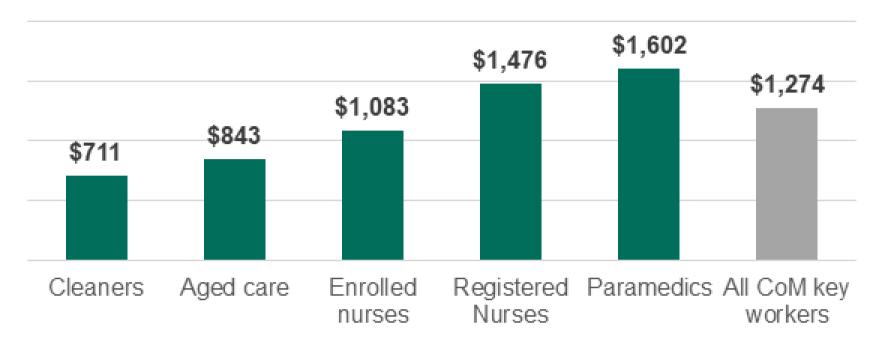


.id Consulting, ABS census of population and housing, 2021.

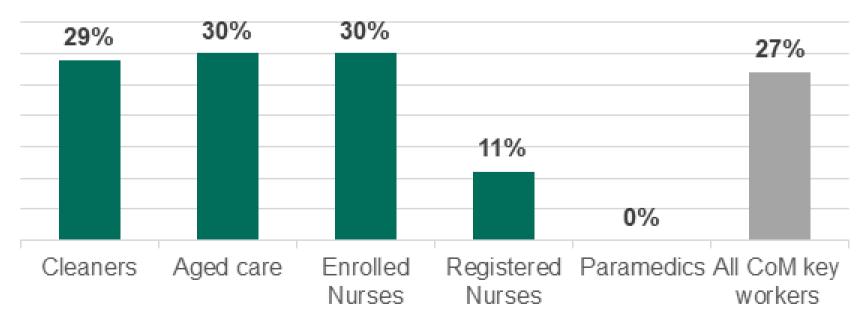
#### What did the data analysis tell us?



#### Median weekly income by occupation



### % Households that spend more than 30% income on rent



# Key findings from the key worker survey

- 304 online and intercept surveys completed.
- Responses were consistent with the ABS data analysis.
- Key worker respondents were more likely to have lower incomes.
- Key worker respondents were more likely to drive to work.
- The most common response for wanting to move to CoM was to seek 'more employment opportunities'.
- The most common response for not moving to CoM was the 'higher cost of housing'.
- 64% of key workers were 'interested' or 'very interested' in moving to CoM.

#### Willingness to spend on different housing typologies in CoM

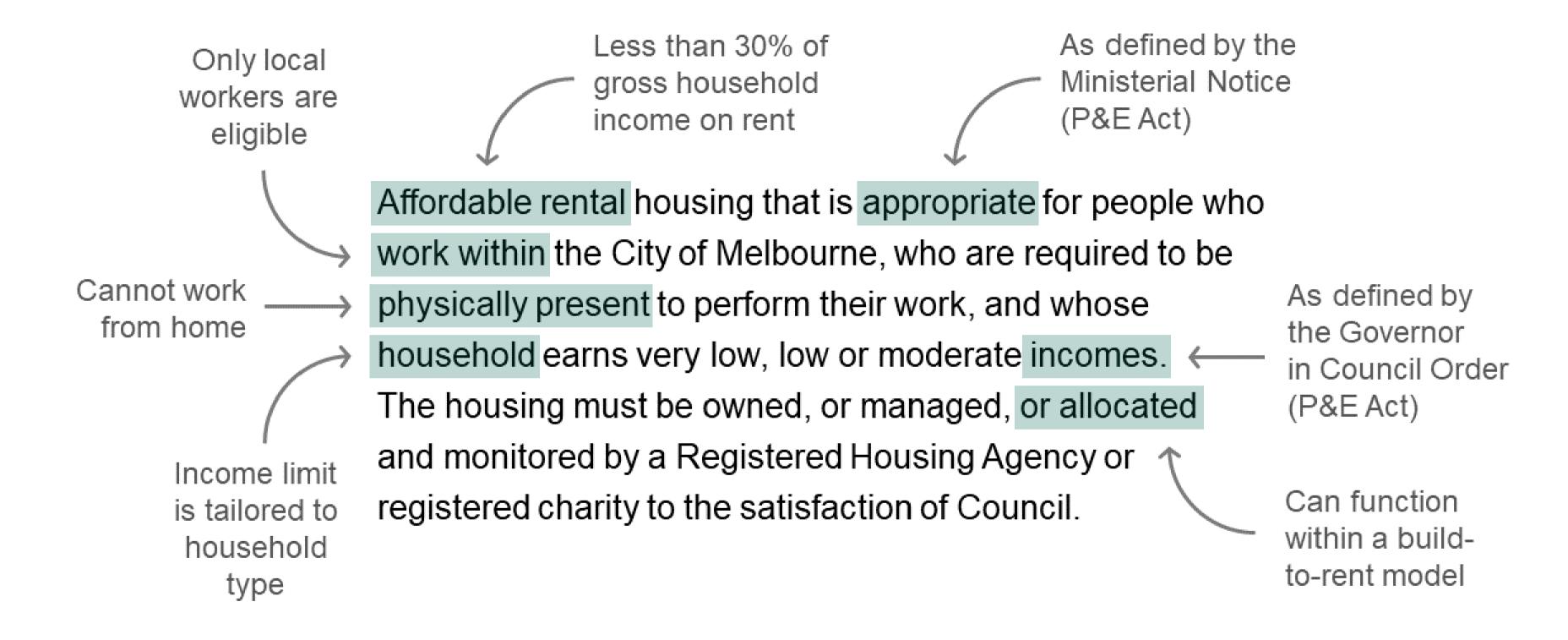
Maximum rent	Stand-alone house	Townhouse	Apartment (<9 storeys)	Apartment (9+ storeys)
\$900 to \$999	3%	3%	0%	1%
\$800 to \$899	7%	3%	4%	4%
\$700 to \$799	8%	8%	4%	3%
\$600 to \$699	7%	8%	5%	4%
\$500 to \$599	17%	12%	4%	5%
\$400 to \$499	21%	23%	29%	23%
\$300 to \$399	17%	23%	21%	23%
\$200 to \$299	12%	14%	22%	23%
Under \$200	9%	7%	12%	13%

A discount of 27% from the median two-bed unit price (\$680 per week) is needed to meet respondents willingness to spend on housing (<\$500 per week).

#### Policy alignment and implementation

- The data told us that Key Worker Housing should be a subset of affordable housing.
- It would be facilitated in the same way as affordable housing, using existing planning processes and regulatory tools.
- To assist with alignment, the Key Worker
  Housing definition is modelled on the existing
  Planning Act affordable housing definition:
  "Housing, including social housing, that is
  appropriate for the housing needs of very
  low, low, and moderate-income households"
- The research was effective in debunking myths about who lives in Affordable Housing.
- The project helped to build a supportive coalition of internal work areas.





#### **Outcomes**

- Key Worker Housing definition adopted by Council, April 2024.
- Media coverage in The Age:
   'Melbourne's plan to get cleaners, retail staff and baristas into city homes'
- A key input into a new key worker housing model being developed by Community Housing Industry Association (CHIA).
- Research Award Winner at the 2024 Planning Institute of Australia (PIA) Awards for Planning Excellence.
- First planning permit application with a key worker housing contribution submitted in October 2024.







# **Q&A** and closing



### In summary...

The research presented highlights several implications for strategic planning and economic development, particularly in the context of key worker housing:

- Recognising the importance of key workers economic, social and environmental
- Understanding it's not just a metropolitan issue
- Addressing housing affordability and stress
- Mitigating the negative impacts of long commutes
- Supporting key worker retention and attraction
- Encouraging data-driven decision making



# Thank you

