

**Submission  
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## **OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES**

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**SUBMISSION**

# INQUIRY INTO ESSENTIAL WORKER HOUSING



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## **Inquiry into Essential Worker Housing**

The Public Service Association (PSA) represents state public servants from across all government Clusters, Departments and State-Owned Corporations, inclusive of the tertiary education sector within NSW. In total we represent over 40,000 members across New South Wales.

Given the well-known crisis which continues to exist around housing across the State for our essential workers, we encourage this Inquiry to expedite its final report and recommendations to the government.

Worker housing is of critical importance in New South Wales. If we are to have the public services the Government of the day claims it wishes to provide, it is of paramount importance that relevant, decent places to live are available to all citizens, many of whom will provide those essential public services. The NSW Government defines an 'essential worker' as: "*Any employee of the following industries:*

- *Health*
- *Education*
- *NSW Police*
- *NSW Fire & Rescue*
- *Department of Communities & Justice.*"

(Source: <https://www.nsw.gov.au/regional-nsw/makethemove/partner-employment>)

Table 1: NSW public sector essential workers.

<b>Department</b>	<b>Employees</b>
Health	164,000
Education	100,000
NSW Police	19,500
NSW Fire and Rescue	6,300
Communities and Justice	24,000
<b>Total Employees</b>	<b>313,800</b>

The PSA would argue that the definition of 'essential worker' is clearly inadequate when considering the way that government works. For instance, the above figures do not take into account the essential role that Service NSW workers have performed in supporting local communities during both the pandemic and series of natural disasters which have impacted the state in recent years. It also appears that the figure for the above sectors takes no account of the service sectors or support services that these groups rely upon.

If workers cannot afford to live within a reasonable distance of any location in the state then issues this will have an effect on the provision of services in that area. The only sure way to solve housing issues is to ensure that all workers can afford to live in the areas where their labour is required is to ensure that housing becomes affordable for all.

The provision of public housing by the State Government presents a ready-made solution to this ongoing issue. It is the role and responsibility of the Government of New South Wales to provide public housing for all citizens. The fact that the current policy settings are not even capable of supporting the limited goal of providing appropriate housing to a small, defined group of occupations identified as essential workers is shameful. This role should not be abdicated by government to the private sector.

We would strongly argue that the reliance on the private sector to provide essential worker housing has failed. This policy is demonstrably both economically unsustainable and morally wrong. We note that figures obtained from the Budget Estimates 2020-21 Supplementary Questions demonstrate there has been an overall reduction of over **23,500** community housing units in the period 2011-12 to 2019-20. Given these statistics, it is little wonder that we have a significant issue in terms of essential worker housing amidst a wider housing crisis. In a recent survey of our members – all of whom we consider essential workers, some 87% indicated that the cost of housing had impacted on where they lived in relation to their place of employment – irrespective of a rural or metropolitan location.

### **The case for reversing the residualisation of public housing in NSW.**

The declining in or residualisation public housing in Australia between 1981-2011 has been chronicled, by amongst others Groenhart and Burke (2014); and Pawson et al, (2020). The preeminent driver here has been the dogmatic adherence of political parties of all persuasions to the tenets of neoliberalism. Specifically, the New Public Management reforms adopted by governments globally since the early 1980s seemingly normalised neoliberalism and the underpinning Public Choice Theory (Niskanen, 1973). The privatisation and outsourcing of previously core public sector functions and roles to private and Non-Governmental Organisations – specifically the transfer of public housing into the social sector through grants and the transfer of existing stock - has seemingly become the accepted model of public service delivery (c.f. Hood, 1991; Hughes, 2018; Pollitt, 1994).

Over the last 12 years there has been a marked decline in the provision of public housing in NSW. This has been to the detriment of the whole of the state. It is a given that decent housing lies at the core of not only civil society, but in the promotion of a healthy, productive workforce. Public housing – that is, rental accommodation provided by the state - is a key cornerstone to the provision of a range of housing options. Unfortunately, policy decisions over the last 12 years have led to the undermining of public housing provision – and the significant growth of both social and private sector rental markets.

Figures obtained from the Budget Estimates 2020-21 Supplementary Questions, shown below in Table 1, demonstrate how the public housing stock has declined under the Liberal/National Coalition in NSW between 2011-2020:

Table 2: Total number of public and social/community housing units in NSW:

Year	2011-12	2011-12	2019-20	2019-20
Provider	Public	Social	Public	Social
Dwellings	112,489	18,479	94,543	30,811
<b>Totals</b>		<b>130,968</b>		<b>125,354</b>

Source: Budget Estimates 2020-21 Supplementary Questions

Figures obtained from the Budget Estimates 2020-21 Supplementary Questions demonstrate that there has been an overall reduction in public housing of **17,946** over the 12 years the previous coalition government was in office in NSW, whilst we witnessed a decline in DCJ/community housing units in the period 2011-12 to 2019-20 of **5,614**.

This marked decline took place during a period when the 2016 census estimated some 37,000 people in NSW were homeless, a figure estimated by researchers from UNSW to have increased by 8% in the four years to 2021-22. The reduction in the number of public housing dwellings results from two main sources:

- The sale of **3,960** public housing units to tenants over a 10-year period.
- This reduction in public housing stock is further exacerbated by the transfer of **14,038** public housing units to social housing providers.

As such, circa 18,000 public housing units have been lost, with far fewer new builds being constructed to fill the shortfall. In addition to this, the Commonwealth Productivity Commission's Report on Government Services 2022 notes public housing occupancy in NSW is 98% - meaning 92,652 out of 94,453 are occupied – leaving **1,891** homes vacant at any one time.

Against this backdrop of acute public housing need, the Coalition Governments own figures showed that only **4,632** new dwellings were completed between 2011-12 and 2019-20.

Of equal significance would be where the properties sold were located and comparing this to where the new dwellings have been built. Given the somewhat opaque nature of reporting housing statistics under the former Coalition Government – along with its lack of commitment to public housing in general, the PSA has had difficulty obtaining a clear picture of this pattern but at least anecdotally it is clear that the last decade has seen many changes to the demographic spread of public housing, and the hollowing out of some areas.

What is also revealed from the Budget Estimates data is that only 72% of the proceeds from the privatisation of public housing has been reinvested into the new build programme. Whilst the proceeds from the sale of public housing during the period 2011-12 to 2019-20 were **\$2.110bn**, this is significantly in excess of the figure invested in new

builds during this same period which was **\$1.525bn**. This effectively equates to the fact that some 1,780 new homes could have been constructed using the full proceeds of the sales.

Community Housing Industry Association (CHIA) NSW states that there more than **54,000** community housing properties in NSW, provided by 169 different organisations. The CHIA membership in NSW consists of 42 community housing providers and 55 Aboriginal housing providers. The scope and scale of the former can be grasped by data in Table 2 (below) from two of the larger community housing providers:

Table 3: Examples of CHA surpluses.

Housing provider	No of dwellings	Surplus in 2021-22	Surplus/dwelling
Evolve Housing	4,552	\$22,259,323	\$4,890
Amelie Housing	1,413*	\$3,371,770	\$2,386

\* Total for both NSW and SA.

Source: CHA Annual Reports

It is clear that community housing is not acting solely for the public good with significant amounts of funding not being reinvested in new, much needed critical housing stock. ██████ for example, have cash or cash equivalents of over ██████ listed on their balance sheet. Such organisations morph into medium, even large-scale social enterprises with supporting infrastructure. These come at a cost – taking funds away from the core purpose – that of providing homes to the most vulnerable sections of society. When you take the number of such enterprises – 42 listed by CHIA in NSW – then you have a significant number of positions duplicated, each taking funds out of the sector.

In terms of new build funding from both State and Federal government, it is not possible to say who would construct the greater number of dwellings – the state or the community housing sector. However, given the combination of surpluses within community housing organisations, and the infrastructure each one needs to maintain it operations, it is clear that a single State-owned agency with one organisational structure would focus all available funding into new builds, without holding significant amounts of cash in the bank - cash which could and should be used to provide public housing.

What is clear from the data provided by the NSW Coalition Government is that over the last 12 years, public housing has been allowed to decline at the expense of both the social and private rental sectors. An incoming NSW Labor Government needs to redress this decline in the number of dwellings in the public housing stock. Key steps in achieving this are:

- Cease transfers of public housing to social housing entities.
- Adopt a policy which sees public housing as an **investment** in the people and wellbeing of NSW (Mintrom, 2018); specifically, by assigning funds above and beyond proceeds from housing sales into new builds.

- Legislate that public housing must form a percentage of new dwellings in all new build projects.
- Assigning funds to purchasing existing dwellings in areas where public housing is currently not available or where housing prices make affordable housing difficult.

### Housing as a Human Right.

The Public Service Association of New South Wales firmly subscribes to the view that everyone is entitled to a safe place to call home. ‘Housing as a human right’ has been debated in Australia for a number of decades. Through the 2009 National Human Rights Consultation, Australians identified housing as one of their most important rights. This is because housing provides the basis for stability and security in many social, cultural, and economic aspects of individual and family life.

Australia’s main international obligation on housing derives from the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR), which the Federal Government ratified in 1980. Under the ICESCR, governments recognise the right of everyone to adequate housing and must take appropriate steps to ensure the realisation of this right (AHURI, 2024).

For housing to be considered adequate, it must be secure, accessible, affordable, habitable, well located, and culturally appropriate. However, governments are not required to build housing for the entire population; rather, they are compelled to use appropriate means to ensure that everyone has access to housing resources adequate for health, wellbeing, security, and other human rights. This is achieved through ‘negative’ obligations (e.g., the repeal of discriminatory laws, regulation of the private sector), and progressive ‘positive’ obligations, such as subsidised housing, housing finance schemes, and support services for marginalised groups (Lui et al, 2023).

### Housing affordability.

While the Federal Government is developing a National Housing and Homelessness Plan, currently there is no federal housing act or strategy that enshrines the right to adequate housing or establishes a suitable monitoring framework. It remains the responsibility of State governments to address this issue.

The first is the broader context in which to understand the lack of housing affordability: that of falling wages and the increased casualisation of work; of austerity measures; the privatisation of public goods, and the weakening of substantive welfare rights more broadly, in which the discourse around homeownership as savings and wealth creation unfolds. Since at least 2013, Australians have experienced stagnation in average real earnings, negatively affecting household financial stability, consumer spending power and government revenues. The overall picture is of falling wages, but this has been experienced highly unequally: The wealth share held by the top 1% of households in Australia has been growing almost continuously over the past two decades. The wealth

share held by the poorest 50% of Australians has been falling almost continuously over the same period.

The erosion of workers' rights has been a key factor in the decline of wages and rise of income inequality. Australia has become 'a labour market dominated by insecure and unreliable employment patterns, in which the ability of working people to find and keep reliable work is increasingly in question'. The sudden job losses brought on by the COVID-19 pandemic highlight and exacerbate existing precariousness. However, falling wages and income inequality are not inevitable market outcomes but policy choices which successive governments have made (Stewart et al, 2022). Not only are wages falling and work increasingly precarious, but public goods have been privatised, austerity measures imposed, and other social rights stripped back, particularly for vulnerable and marginalised households (Hohmann, 2020).

The position our members are in can readily be related to the large proportion of the workforce – irrespective of their role and location – who still find themselves in precarious employment. In addition, both surveys of our members and considerable anecdotal evidence reinforce these points. In addition, the consistent message from our members across all NSW Government Departments highlights the impact this has on their relationships with the people they serve in the community and the ability to provide the level of professional service they aspire to provide. In a 2024 survey of our members, over 90% reported that the cost of housing negatively affected the location of their home – with those working in education, justice and communities being particularly impacted. The provision of both public and essential worker housing would reduce significantly the negative impact of housing costs on key servants of the state. This would both benefit employee morale and filter through to an enhanced level of service to the people of NSW.

The impact casualisation, temporary contracts and job insecurity are starkly illustrated in the example below (Box 1) which related to a significant number of our members working in NSW schools prior to the decision to offer them permanency.

#### **Box 1**

The impact of insecure work is now widely recognised. Casualisation and job insecurity do little to address the issue of school support staff or teacher shortages. The multiple negative aspects of casual and temporary forms of employment are chronicled by amongst others: Gallop (2021); the McKell Institute (2022) and Stewart et al (2022).

A disproportionate number of those employed on a casual, temporary basis are female. Those employed in a casual/temporary basis have a very uncertain future. They cannot plan ahead because of the indeterminate nature of their employment. Hence, things we tend to accept as being 'normal' – such as the ability to obtain a mortgage and build a life within a stable community - are beyond the means of many within the schools' workforce. The Department of Education's own statistics show that of the 21,388 employees in schools covered by the SASS award, 53% are either on short- or long-term temporary contracts. For school psychologists, there are 39% of staff working in insecure



employment, whilst over 14% of Student Support Officers (youth outreach workers) finds themselves in a similar position. This is neither positive for employees, schools nor the students.

We would urge that those employed in insecure employment are moved into a permanent basis – especially those 9,965 covered by the SASS Act and Crown Employees (School Administrative and Support Staff) Award 2019 who are classed as Long-Term Temporary. This can only add to the stability of all concerned, with immediate beneficial impact on student wellbeing.

Another concern we have is that whilst we have many members who are employed on a short term or long-term temporary basis, there is a tendency for senior employees in schools to enjoy permanency – with all the associated benefits this brings. Job insecurity and the associated issues are seemingly something which are concentrated in the most junior of school employees – both teaching and school support staff. In the overall interest of student wellbeing, temporary staff offers little in terms of long-term stability and continuity. This is an issue where a key factor of wellbeing and student success is the ability for School Learning Support Officers to build and maintain trusting relationships with students, they deal with over the longer term. Also, little to no incentive is provided for these people to further their careers in education, many leaving the sector for stable employment – again undermining the ideal of student wellbeing.

An ongoing issue here though, is that even with permanency, the level of remuneration – less than \$60,000 per year for School Learning Support Officers for example, still leaves far too many essential and other workers in a position where they are unable to afford decent housing in areas where they desire to reside which are convenient for their place of employment.

### Housing NSW

We welcome the creation of a single agency by the Minns Labor Government in the form of Housing NSW. This is an excellent example of the concept of joined-up government (Aoki et al, 2024; Carey et al, 2015; Talbot, 2011) This clearly signals that only by having a strategic government entity and a whole of government approach can the NSW Government attempt to tackle the housing crisis which exists in the State. Indeed, international experience shows the value of a broadly scoped approach to housing policy, and of dedicated housing agencies (Martin et al, 2023).

Here too we advocate for an audit of surplus Government owned land to identify sites which can be utilised for the construction of new publicly owned dwellings. The use of Government owned land removed the largest and most expensive variable from the building equation – the cost of development land. We also support further examination of the streamlined planning process utilised by Newcastle City Council which was highlighted by the Secretary from the Planning, Housing and Infrastructure Department at a recent Housing Now! Event which significantly shortened the timeframe for planning and constructing new dwellings. Although outside the precise remit of this inquiry, we

would also suggest that the recent review of NSW VET (Bruniges et al, 2024) is of critical importance to the issue of tackling the chronic housing shortage in the state. NSW TAFE has a leading role to perform in training the tradespeople of tomorrow who will be needed to construct the dwellings we so desperately need.

## Recommendations.

- An essential worker housing guarantee
- An end to the sale or outsourcing of public sector housing in NSW.
- A streamlining of planning processes across NSW with a uniform system covering all local councils.
- An audit of unused NSW Government land to identify development sites for new public housing.
- A return to Housing NSW of all housing units transferred to the social housing sector.
- Utilise a rebuilt and rejuvenated TAFE to train the next generation of skilled trades people to construct the homes NSW desperately needs.

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