

10 October 2024



Select Committee on Essential Worker Housing  
Legislative Assembly  
Parliament of New South Wales  
Macquarie Street  
SYDNEY NSW 2000

[EssentialWorkerHousing@parliament.nsw.gov.au](mailto:EssentialWorkerHousing@parliament.nsw.gov.au)

Dear Select Committee,

**Re: Submission for consideration of Essential Worker Housing  
for early childhood educators and teachers across New South Wales**

Firstly, our sincerest apologies for our late submission. And thank you for the opportunity to offer it for consideration by this extremely important inquiry into the options for essential worker housing in New South Wales.

The Australian Childcare Alliance (ACA) NSW is the peak body for over 1,600 privately-owned predominantly small-to-medium-sized family-owned and operated businesses who provide early childhood education and care services across New South Wales. ACA NSW members employ over 25,000 employees and are committed to providing excellence in early childhood education and care for more than 125,000 children and their families.

ACA NSW is also an active member of the NSW Department of Education's Early Childhood Advisory Group as well as the NSW Education Standards Authority's Early Childhood Reference Group.

As a peak body, ACA has been engaging with the Federal Government and the unions to increase early childhood educators' and teachers' pay through the Commonwealth's Supported Bargaining Process through the [Fair Work Commission since 6 June 2023](#). And in parallel, ACA NSW [declared on 22 June 2024](#) that we will also directly assist early childhood educators and teachers in securing their own affordable home.

The affordability of housing has become a most significant obstacle for far too many Australians. Unfortunately, it is more negatively magnified on essential workers, including early childhood educators and teachers, on two fronts:

- the cost of housing; and
- their financial ability to compete for such housing.

It is self-evident that there is a continuing inequitable and ever-widening disadvantage of essential workers' financial ability to secure their homes relative to those they compete with. Moreover, community expectations on essential workers' services and outcomes currently are without the corresponding appropriate community and government responses to recognise, support and preserve them as essential workers.

ACA NSW must emphasise that affordable housing is not just an intra-Sydney issue, but also a significant regional and rural concern as well. Due to internal migration, essential workers are also disadvantaged when competing with higher numbers of better resourced individuals, couples and families for the finite local housing supply outside of Sydney.

During the COVID pandemic, both the NSW Government and the Federal Government recognised early childhood educators, teachers and supporting personnel (alongside a specific group of professions and industry sectors) as Essential/Critical Workers.

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Achieved through the relevant NSW Public Health Orders, such people were unquestioningly accepted as important and necessary to ensure the critical functioning of our society, our state and our nation.

Such unambiguous and unchallenged recognition and appreciation not only by governments but also all Australians therefore articulate the significant social and economic importance and value of Essential Workers.

Hence, this inquiry is timely in revisiting not only what governments and our communities ought to implement to not only legally define but even more importantly protect the cohort of Essential Workers.

Likewise, without this inquiry, we will be guaranteed of social and economic failure in our efforts to recruit and retain Essential Workers, thus seriously jeopardising the very functioning of our society, our state and our nation.

The Federal Department of Education, Skills and Employment had confirmed our sector's [severe labour shortage prior to the COVID pandemic](#). It was then estimated that 39,000 more early childhood educators and teachers were needed by December 2023. Such severe labour shortages have continued to persist as the following observations suggest:

- the Australian Competition & Consumer Commission (ACCC)'s [Childcare Inquiry Interim Report \(September 2023\)](#): “Current educator shortages are having a material impact on the supply and cost of childcare”;
- the national authority, the Australian Children’s Education & Care Authority (ACECQA)'s [Shaping Our Future \(2022-2031\)](#): “In the context of declining enrolments in approved educator and teacher qualifications, increasing demand for early childhood teachers and a growing shortage of primary school teachers, the children’s education and care sector continues to face significant and increasingly urgent workforce challenges”;
- the [Victorian Government offering re-location incentives of up to \\$50,000](#) and the [South Australian Government offering up to 100% housing concessions](#) (for example), for transferring early childhood educators and teachers.

Hence, housing for current as well as future early childhood educators and teachers, as essential workers, is a substantial and on-going consideration for individuals wishing to enter and continue into the early childhood education and care profession.

For your consideration, our submission will outline proposals that the NSW Parliament and the Federal Parliament can implement independently as well as in concert with each other.

Please do not hesitate to contact us should you require any further information/clarification.

Thanking you in anticipation.

Yours sincerely,



Chiang Lim  
CEO

cc The Hon Prue Car MP, NSW Deputy Premier & Minister for Education and Early Learning  
The Hon Dr Anne Aly MP, Federal Minister for Early Childhood Education

att Attachment A - Proposals for the NSW Parliament’s consideration  
Attachment B - Proposals for the Federal Parliament’s consideration

# ATTACHMENT A – PROPOSALS FOR THE NSW PARLIAMENT’S CONSIDERATION

## A1 The Essential Workers Act

Following the COVID pandemic, it may be worthwhile to have a standing legal definition and list of essential workers for New South Wales. And such legislation should be emulated in all other Australian states and territories.

With such legal recognition, a range of NSW Government and non-government services and benefits can therefore be extended to this important group of people, including housing, health care, transport and education.

Moreover, the Federal Parliament can then refer to such a legally recognised group of people so that improved treatment of them can be realised. This can include taxation, superannuation, financial lending practices and new government benefits and initiatives.

When implemented, such positive changes will assist existing as well as future essential workers to continue in their chosen professions and vocations. Moreover, such structural yet positive differences will also assist in attracting even more individuals to consider becoming essential workers.

**RECOMMENDATION A1:** That the NSW Parliament introduce appropriate NSW legislation such that the term “essential workers” and a defined list is articulated and managed.

## A2 Removing structural impediments to increase supply specifically for essential workers

A significant contributor towards housing unaffordability especially for essential workers is supply due to the existing planning framework.

Development applications for new residential housing stock must comply with a range of planning instruments, including the NSW [Apartment Design Guide \(ADG\)](#). Specifically in the ADG’s [Part 4 – Designing the Building](#), the residential mix poorly favours 1 bedroom as well as studio apartments simply by their inferences on pages 106 and 107.

And while there is no quantum requirement for a minimum number of 1 bedroom and/or studio apartments as part of the mix within the proposed development, the text and representations on pages 106 and 107 effectively infers a small percentage of the overall development proposal.

And should the mix be contested at the NSW Land and Environment Court, the text and representations on pages 106 and 107 only reinforce the negative bias against more affordable housing stock.

Hence, it is recommended that a minimum and higher percentage of 1 bedroom and studio apartments are required in future development applications for new medium and higher density residential buildings so that a greater supply of such more affordable housing stock can be achieved.

There may also be a need to specify a higher minimum proportion for future development applications of such more affordable housing specifically for essential workers.

The consequential financial viability of such new obligations on future development applications must also be considered. Hence, additional planning incentives in terms of higher floor space ratios as well as increased height allowances may be necessary to ensure the positive viability of producing more affordable housing stock through a greater number of 1 bedroom and studio apartments.

**RECOMMENDATION A2:** That the NSW Minister for Planning revise the NSW Apartment Design Guide such that the necessary quantum of more affordable housing supply can be achieved and potentially reserved for essential workers. (NOTE: There may be a necessity to consider the impact of local governments’ [Development Control Plans \(DCPs\)](#) as such planning instruments can override the ADG.)

# ATTACHMENT A – PROPOSALS FOR THE NSW PARLIAMENT’S CONSIDERATION

## A3 A new planning requirement for local governments

Notwithstanding affordable housing obligations under the [NSW State Environmental Planning Policy \(Housing\) 2021](#) (Housing SEPP), local governments do not have any obligations to:

- (a) fulfil the annual quantum of new housing stock specifically for essential workers;
- (b) report the annual number of essential workers needed in their local government areas; and
- (c) publish the annual number of essential workers housed and the number registered essential workers awaiting housing in their local government areas.

Such new obligations must also be harmonised with local governments’ [Local Environmental Plans \(LEPs\)](#) that are updated typically every five years.

**RECOMMENDATION A3:** That the NSW Parliament introduce appropriate obligations on NSW local governments such that they must annually fulfil the requisite amount of new housing stock for essential workers, report the number of essential workers they need each year, and publish the number of essential workers housed and are awaiting to be housed in their local government areas.

## A4 Reductions/Exemptions to NSW Government’s stamp duties and charges

In emulating the NSW Government’s [First Home Buyers Assistance scheme](#), the NSW Government should enshrine all essential workers as being exempt from stamp duties on their housing (as their principal residence) regardless of whether it is their first home or not.

Moreover, the proportion of all government charges imposed on developers for the respective building should be reimbursed to essential workers via rebates upon purchasing their homes if such homes are new and their principal residence.

Such benefits will assist essential workers to better afford housing and can even assist the initial repayments for some time.

**RECOMMENDATION A4:** That the NSW Government exempt essential workers from stamp duties when purchasing their principal residence, and create a mechanism to provide rebates of the proportionate value of the government charges imposed on developers for their new principal residence.

## A5 Introduce an annual Essential Workers’ Liveability Index for every local government area

Similar to the Australian Urban Observatory’s [Liveability Index](#) on housing, a publicly available, consistent and easy to understand index for every local government area can be extremely useful for essential workers. Moreover, such an annual index can assist local governments in enhancing their reputations to attract and compete for essential workers towards and for their local government areas.

This index for essential workers will also assist real estate agents and housing providers to communicate with potential essential workers, thereby ensuring available housing supply is not only produced but also maximised while skewed toward essential workers.

**RECOMMENDATION A5:** That the NSW Government introduce an Essential Workers’ Liveability Index for every local government area.

# ATTACHMENT B – PROPOSALS FOR THE FEDERAL PARLIAMENT’S CONSIDERATION



## B1 Increase the tax-free threshold

In anticipation of a NSW legislation defining essential workers, the Federal Parliament can then consider increasing the tax-free threshold for essential workers (as a formal group of individuals) from \$18,200 to, for example, \$50,000.

This can substantively assist essential workers by providing them with an immediate pay improvement. Moreover, this structural difference in tax treatment can help attract more individuals to become and continue as essential workers.

While the number of essential workers would increase as a result of this preferential tax treatment, the total amount of tax receipts forgone by the Federal Government would be eclipsed by the benefits of greater tenure and easier recruitment.

GROSS SALARY: \$55,000		GROSS SALARY: \$65,000		GROSS SALARY: \$70,000	
<b>ATO TAX RATES 2024-2025</b> Tax-free threshold (\$0 - \$18,200) 16c for each \$1 (\$18,201 - \$45,000) 30c for each \$1 (\$45,001 - \$135,000)		<b>ATO TAX RATES 2024-2025</b> Tax-free threshold (\$0 - \$18,200) 16c for each \$1 (\$18,201 - \$45,000) 30c for each \$1 (\$45,001 - \$135,000)		<b>ATO TAX RATES 2024-2025</b> Tax-free threshold (\$0 - \$18,200) 16c for each \$1 (\$18,201 - \$45,000) 30c for each \$1 (\$45,001 - \$135,000)	
PAYG Tax	Nett Pay	PAYG Tax	Nett Pay	PAYG Tax	Nett Pay
\$0	\$47,712	\$0	\$54,712	\$0	\$58,212
\$4,288		\$4,288		\$4,288	
\$3,000		\$6,000		\$7,500	
PAYG Tax	Nett Pay	PAYG Tax	Nett Pay	PAYG Tax	Nett Pay
\$7,288	\$47,712	\$10,288	\$54,712	\$11,788	\$58,212
GROSS SALARY: \$55,000		GROSS SALARY: \$65,000		GROSS SALARY: \$70,000	
<b>INCREASING TAX FREE THRESHOLD</b> Tax-free threshold (\$0 - \$50,000) 30c for each \$1 (\$50,001 - \$135,000)		<b>INCREASING TAX FREE THRESHOLD</b> Tax-free threshold (\$0 - \$50,000) 30c for each \$1 (\$50,001 - \$135,000)		<b>INCREASING TAX FREE THRESHOLD</b> Tax-free threshold (\$0 - \$50,000) 30c for each \$1 (\$50,001 - \$135,000)	
PAYG Tax	Nett Pay	PAYG Tax	Nett Pay	PAYG Tax	Nett Pay
\$0	\$53,500	\$0	\$60,500	\$0	\$64,000
\$1,500		\$4,500		\$6,000	
PAYG Tax	Nett Pay	PAYG Tax	Nett Pay	PAYG Tax	Nett Pay
\$1,500	\$53,500	\$4,500	\$60,500	\$6,000	\$64,000
IMPROVEMENT:		IMPROVEMENT:		IMPROVEMENT:	
Nett Pay (annual)	\$5,788	Nett Pay (annual)	\$5,788	Nett Pay (annual)	\$5,788
Nett Pay (per week)	\$111	Nett Pay (per week)	\$111	Nett Pay (per week)	\$111
%age increase in pay	12.13%	%age increase in pay	10.58%	%age increase in pay	9.94%

[Click above or here to download the above spreadsheet](#)

**RECOMMENDATION B1:** That the Federal Parliament increase the tax-free threshold of essential workers from \$18,200 currently to, for example, \$50,000.

## B2 Allow Essential Workers to pay their mortgages/rents using gross income (ie pre-tax)

The benefits of salary packaging for employees of not-for-profit and government entities as well as novated leasing of electric vehicles as a climate change related national initiative are self-evident.

Leveraging a legally defined cohort of essential workers, the Federal Parliament should enable all essential workers, regardless of their employers, to be able to pay the mortgages/rents for their primary residences using their remuneration before income tax.

There should also not be any fringe benefits obligations on their employers.

**RECOMMENDATION B2:** That the Federal Parliament allow all essential workers, regardless of their employers, to be able to pay the mortgages/rents for their primary residences using their remuneration before applying income tax. There should also not be any fringe benefits obligations on their employers.

## B3 Allow Essential Workers to access their superannuation funds to form part of the deposit

Presently, superannuation funds can be withdrawn for medical treatment, transport, home renovation and vehicle modification (see <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/withdrawing-and-using-your-super/early-access-to-super/access-on-compassionate-grounds/access-on-compassionate-grounds-what-you-need-to-know>).

# ATTACHMENT A – PROPOSALS FOR THE NSW PARLIAMENT’S CONSIDERATION

As housing is arguably more important than those stated reasons, essential workers should therefore be allowed to withdraw from their superannuation funds in order for that to form part of the deposit alongside the financial loan to purchase their principal residence.

**RECOMMENDATION B3:** That the Federal Parliament allow all essential workers to be able to withdraw from their superannuation funds in order to contribute toward the deposit alongside the financial loan for their principal residence.

## **B4 Expand the eligibility criteria for Help To Buy scheme for essential workers**

In anticipation of the Federal Government’s [Help To Buy](#) scheme, there is an eligibility criteria for the yearly income to be \$90,000 or less for individuals and \$120,000 or less for couples.

Using NSW school teachers as an example, since 9 October 2023, two school teachers as a couple on the lowest band (ie Step 1) will have a combined gross income of \$170,000. Their household income would therefore render them ineligible for the Federal Government’s Help To Buy scheme.

NSW SCHOOL TEACHERS			
CURRENT	FOR JAN 2023	NEW	FROM 9 OCT 2023
Band 1, Year 1	\$75,791	Step 1	\$85,000
Band 1, Year 2	\$75,791	Step 2	\$91,413
Band 2.0, Year 1	\$91,413	Step 3	\$95,317
Band 2.0, Year 2	\$91,413	Step 4	\$99,220
Band 2.1	\$99,220	Step 5	\$106,131
Band 2.2	\$103,132	Step 6	\$114,115
Band 2.3	\$113,042	Step 7	\$122,100
Band 3	\$120,322	H.A.L.T.	\$129,948

To remedy this, the Federal Government should modify the eligibility criteria of the Help To Buy scheme to allow essential workers (as a legal group) to be included by changing the \$120,000 or less threshold to at least \$170,000 for couples.

**RECOMMENDATION B4:** That the Federal Parliament change the criteria for couples to have up to \$170,000 as their household income to still be eligible for the Help To Buy scheme.