Ageing population and key workers in health & community services

The role of housing affordability in three areas of Melbourne

Many local governments in Victoria have difficulty in attracting home and community care (HACC) staff. Generally understood in local government as a skills shortage, we thought it warranted examination in relation to housing affordability. We surmised that as they are low income workers, declining housing affordability in inner and middle suburbs of Melbourne would influence where HACC staff worked.

AHURI (2006) research found that care and aid workers were experiencing housing affordability problems but recommended against occupational-based housing strategies.

We decided to investigate the ageing of the population issue, the implications for the supply of ‘key workers’ in aged care, and the role of housing affordability in that supply. To do this we utilised the health and community services occupation category of the 2006 Census (excluding child care) for three Melbourne metropolitan local governments: inner-city Boroondara and the suburban fringe councils of Casey and Melton. We also examined ABS data for population trends and the Victorian Department of Human Service 2009 Rental Report.

The data suggested that HACC workers have a very strong preference to work close to home and that, if housing affordability were to continue to decline, most inner and middle suburbs could expect a labour shortage over and above that which can be expected with the ageing of the population. However, current outer suburban areas are also likely to lose HACC workers as housing affordability also declines in those areas.

In addition, the current affordability crisis and housing supply patterns mean that the urban periphery can expect to house large numbers, and a high proportion, of aged residents. Indeed, we believe that it is pertinent to ask if we are not exporting the ageing population crisis to the urban fringe? In terms of demand for HACC workers in the inner and middle suburbs, we can speculate that there will be increasing use of tied accommodation (especially live-in arrangements) including for international guest workers.

HACC workers are predominately women. There are 3 to 4 women for every man in the sector. They are mainly 40–49 years old but it is an industry where workers keep working in significant numbers until their 70s. The work is overwhelmingly part-time and poorly paid.

Where HACC workers live and where they will live in the future will play a significant part in whether or not a local government can provide aged care services into the future. A single HACC worker living on her own could not afford to live almost anywhere in modern day Melbourne unless she already owns her housing outright.

Inner-city Boroondara currently supplies about a third of its own HACC workers, with another third coming from neighbouring local government areas (LGAs). The rest come from far and wide. Casey supplies around 55% of its HACC workers with 30% from its neighbours. Melton manages to supply 65% locally.

Exhibit 1. Percentage of Affordable properties 1999–2009
Exhibit 2. Indexed House Prices 1985–2008

Boroondara’s contribution is reasonable given current housing costs but we speculate that this is a legacy issue. This 32% probably represents workers who purchased in Boroondara before housing prices took off in the late 1990s. When these workers retire they will not be replaced by low income households. The neighbouring LGAs currently provide a large proportion of HACC workers to Boroondara and some of these will also face the same issue.

Exhibit 1 provides the percentage of affordable rental dwellings in each of the case studies. Affordable rental housing stock in Melton and Casey has tumbled since 2006. Boroondara has not had really any affordable rental housing for a decade.

Purchasing Affordability

Exhibits 2 compares Boroondara units with houses in Melton and Casey because there is a reasonable number of units in Boroondara and these represent the most affordable housing, however there are few units in Melton and Casey.

Based on a 10% deposit and a 6% interest rate, if the average couple bought a house in Melton in 1994 it would have taken them 6 years to pay it off by allocating 30% of their income. By 2008 it would have taken them 12 years.

Boroondara’s spectacular housing price increase indicates very considerable locational competition. Not only is the area renowned for education options but there are considerable employment opportunities, including a large aged and health care sector. It should also be noted that in 1985 the housing in Melton was far more prestigious than what it is today.

Private rental as a share of tenure is growing far faster in places like Melton (27%), Cardinia (15%) and Wyndham (20%) than in the middle and inner suburbs of Melbourne. Anecdotally, a private developer informed us that a large part of their portfolio was going straight to ‘mum and dad’ investors. By 2009, 15% of housing in Melton was private rental and in Cardinia it was 13.7%1. These proportions are under the average for Melbourne, but these are areas that are traditionally considered first home owner territory.

The City of Casey reports that nearly 27% of its private renters and over 13% of mortgagees are in housing stress (Dickson 2010). Presumably, the urban fringe will expand and provide relative affordability but this takes low income workers like HACC staff further away from the inner and middle suburbs.

Exhibit 3 shows the increase in each age group by 2021. In Boroondara and Casey there is a collapse in the HACC worker age group. By 2010 many of these HACC workers will have retired and some of them will have gone into care. Melton and Casey will have another aged boom but it will coincide with a boom in children. A boom in children
probably means less female workforce participation and more competition from children-related occupations.

Boroondara has a reduction in the over 70s, and slight increases through each age group. However, it will lose the “pool” of key workers available from the neighbouring LGAs. Casey has increases across all ages. In 2021, Casey will have over 80,000 55-year-olds and more than 17,000 will be over 70 years old. By 2021, 41% of the Mornington Peninsula’s population will be over 55 years old. In Melton there will be more than 12,000 people over 70 year of age; there were only 11,146 jobs in Melton in 2006.

What does this mean for aged care?

To understand the relationship between supply and demand for HACC workers we developed an indicator as a way of making comparisons. The indicator takes the number of women in the HACC age cohort and compares that with the number of people needing care. It is necessarily rough and ready, a major consideration being that simply because there are women aged 35-54 does not mean they will all become HACC workers.

Exhibit 4 suggests that for every person over 85 years old in Boroondara there is a woman aged between 35 and 54. For every person over 85 there are 2.8 women aged 35-54. Casey and Melton are currently doing quite well which explains how they manage to supply most of their own HACC workers. By 2021 this capacity declines considerably. In addition, Melton will be looking for early years workers. While Boroondara is stable, the decline in housing affordability will require higher-income residents which is likely to result in negligible local supply of HACC workers.

The implications

Boroondara is not likely to be able to attract HACC workers from Banyule, Manningham or Whitehorse as it did in 2006. These LGAs will also experience declining ratios of key workers. Yarra and Stonnington will have an increased number of women aged 35 to 54 but they are likely to be higher income women.

Boroondara (and the other inner LGAs) will be competing with the outer LGAs who will both house and have huge demand for HACC workers. It is likely that, unless wages on offer to HACC workers in Boroondara were to increase dramatically, HACC workers will work close to home. There will also be issues as to the extent to which the aged in the outer suburbs will be able to afford aged care services, and the extent to which these local governments will be able to raise rates to provide subsidised services.

Boroondara already has a thriving aged care sector because the capacity to pay exists. That capacity is likely to continue but we may see the re-emergence of forms of tied accommodation like nurses quarters to address staffing shortages. That raises the question of where retiring HACC workers go to live at that point in time. It could also mean international ‘guest’ workers from the third world.

Casey and Melton have also experienced a considerable decline in housing affordability and this may mean that potential HACC workers are pushed even further out.

Whilst generalised provision of low income housing in the inner and middle suburbs could relieve this key worker labour shortage, the social justice aspects are very complex. State-subsidised housing in inner areas for workers for whom there is considerable competition may be seen as unfair given the advantages these communities already have by virtue of their locality. If low income housing provision is not considered in relation to occupation we may merely relocate services. That is, in terms of a key worker labour shortage, key worker housing in expensive localities may transfer these key workers away from communities who cannot replace them.

What the example of HACC workers and ageing population raises is that more attention needs to go into the questions of which jobs go where in our cities and why. If there is strong locational competition why is there not more effort going into dispersing the elements that are the attraction? But as staff at one local government on the urban fringe said, “we have good professional jobs on offer but those professionals do not want to live here”. They point out that the current monocultural urban form of the outer suburbs is a factor in the decision to take up employment. The local paper in Craigieburn, an outer northern suburb of Melbourne had a headline a short time ago which ran: ‘We want good coffee too’.

In summary, the growth in the aged population will be extraordinary in the outer suburban areas of Melbourne in the coming decade. It will far outstrip that occurring in the inner and middle suburbs, although this in no way undercuts the need for HACC workers in these central localities. This boom in the aged population creates demand for HACC workers, but by definition there is a declining pool of potential workers available.

This potentiality is further reduced in the inner and middle suburbs as rising housing costs result in the replacement of low wage residents with higher income professionals. The impact of higher housing costs however is not exclusive to the more central localities, and declining housing affordability will have many people seeking less expensive housing markets, presumably on the new periphery or in the regions. Across the board there will be a mismatch of supply and demand for HACC workers, which is exacerbated by declining housing affordability.

Endnotes


1 These numbers are the number of private dwellings forecast for 2009 by each council (existing stock plus commencements) compared with the active bonds reported through DHSS (2009).