

Media Release

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Sydney/Melbourne facing key worker shortage as home ownership hopes diminish: report

Deposit gap locks out nurses, ambulance officers, teachers, firefighters

Sydney and Melbourne are facing a shortage of our most essential workers - nurses, firefighters, teachers and ambulance officers – due to housing affordability pressures, according to a Report prepared by PwC Australia for Genworth Mortgage Insurance Australia Limited (Genworth) and Teachers Mutual Bank Limited.

The Report, entitled “The Deposit Gap Dilemma – the impact on key workers” is the first of its kind in Australia, and is based on an exclusive CoreData survey, coupled with analysis, research and in-depth key worker interviews undertaken by PwC Australia.

The survey found that 79% of key workers in Sydney and Melbourne believe that home ownership is not achievable for them. As a result, almost 1 in 4 are looking to either relocate away from those cities or change careers altogether.

“We are potentially looking at a drain of key workers from Australia’s two largest cities, when demand for their services is growing and at a time when 57% of the general public believe a shortage already exists,” said Steve James, CEO of Teachers Mutual Bank Limited.

“If our key workers can’t find homes, our cities can’t function.”

The Report concludes that despite having the ability to service a home loan, key workers are finding the time taken to save a deposit to secure a loan, is one of the major barriers to buying a home in Sydney and Melbourne. Exacerbating this challenge is the fact that many key workers are required to be “on-call” which restricts their access to homes in more affordable, outer suburbs.

“Given that it takes a single income key worker over 12 years in Sydney and more than 9 years in Melbourne, to save a 20% deposit, it’s clear something needs to be done to help them secure a home sooner,” said Georgette Nicholas, CEO and Managing Director of Genworth.

Recent home price depreciation in Sydney and Melbourne has not been significant enough to ease the affordability crisis for key workers. PwC Australia analysis reveals that a 50%-60% decline in prices is needed before key workers can contemplate buying a home within a reasonable, five-year timeframe.

This is resulting in key workers in disproportionate numbers, making significant personal sacrifices to achieve home ownership. 47% of those surveyed are working overtime – nearly twice as much as members of the general population. 23% are moving in with family or friends to save a deposit, and 29% are delaying starting a family. This latter sacrifice is critical, given the importance key workers place on being able to have a family.

“Key worker shortages are not unique to Australia’s major cities. Overseas experience shows that governments can successfully halt the loss of staff in the education, health and emergency sectors by

implementing programs to assist them in buying homes in metropolitan areas,” said PwC Australia Partner Jeremy Thorpe.

One of the most interesting findings of the CoreData survey is that 80% of the general population surveyed want the government to do more to help key workers in Sydney and Melbourne buy a home. The Report sets out two possible policy options – one federal government and one state government - to ease accessibility and affordability issues for key workers in these two cities, and help retain them where demand for their services is greatest.

“We need to discuss and identify a range of solutions that help support key workers buy a home. The viability of essential education, health and emergency services in our two biggest cities could depend on it,” Georgette Nicholas said.

“Key workers like most other Australians, want to own their own homes, provide for their families and establish stability and security in their lives. Helping them buy a home in a reasonable timeframe, is a tangible and significant way to retain key workers in Sydney and Melbourne and support the smooth functioning of vital services,” Steve James said.

To download a copy of “The Deposit Gap Dilemma – the impact on key workers” go to: tmbank.com.au or genworth.com.au/DepositGapDilemma

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About the CoreData survey

The CoreData survey of key workers and the general population, evenly divided between Sydney and Melbourne. It examined participants’ attitudes and experiences in achieving (or not achieving) home ownership, comparing key workers with those of the general population. Some respondents to the survey also participated in interviews. The key workers surveyed for this Report include: teachers, nurses, ambulance officers, paramedics, fire and emergency workers.

About Teachers Mutual Bank Limited

For over 50 years Teachers Mutual Bank has provided key financial services to Australian educators. Now, Teachers Mutual Bank Limited comprises four brands: the original Teachers Mutual Bank; UniBank; Firefighters Mutual Bank; and Health Professionals Bank. With currently over 200,000 members and almost \$8 billion in assets, Teachers Mutual Bank Limited is one of Australia’s largest mutual banks and continues to be passionate about assisting members secure their financial futures through superior member support and banking products. Teachers Mutual Bank Limited is a market leader in member advocacy in the Australian banking sector and is also committed to strong standards of corporate responsibility through community investment and ethical business as one of the World’s Most Ethical Companies*. For more information about Teachers Mutual Bank please visit: www.tmbank.com.au

*World’s Most Ethical Companies’ citation, from the Ethisphere Institute (Awarded 2018, 2017, 2016, 2015, 2014).

About Genworth

Genworth Mortgage Insurance Australia Limited (Genworth), through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd (together, the Genworth Group or the Group), is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage lending market. The Genworth Group has been part of the Australian residential mortgage lending market for 50 years since the Housing Loans Insurance Corporation was founded by the Australian Government in 1965 to provide LMI in Australia. Genworth is currently a subsidiary of Genworth Financial, Inc. and part of the Genworth Financial, Inc. group of companies. The Genworth Financial, Inc. group of companies’ current ownership interest in Genworth is approximately 52% of the issued shares in Genworth.