



Phasing out of housing subsidy doing damage to teacher recruitment and retention in Katherine

Report on housing situation of AEU members in Katherine

4 March 2021

Overview

AEU officers visited Katherine on 15-16 February 2021 and met with union members in six of the seven public schools in the town, as well as staff in the regional office.

In all workplaces, the current and future situation regarding housing was the major topic of concern raised by AEU members. This is unsurprising, given the Department of Education's (DoE) decision in 2019 to phase out longstanding head leasing arrangements to save an estimated \$500,00 per year.

This scheme provided most DoE teaching staff in Katherine with low-rent housing at fixed rates, the only incentive specific to the town to attract and retain teaching staff.

Under the new arrangements, the existing scheme is grandfathered for existing employees for at least three years, and new employees are offered a fortnightly relocation allowance that declines each year – from 20 fortnights in 2020, to 15 in 2021 and 10 in 2022 – equivalent to the relocation incentive offered to Alice Springs teachers.

[A housing shortage in Katherine has been precipitated by major upgrades to the Tindal defence base and an influx of contractors.](#) This is not a short-term problem that will quickly resolve itself: upgrade works are expected to continue for at least seven years.

Main concerns

Concerns about housing was almost unanimous among those we spoke to, ranging from several newly arrived teachers who are having great difficulty in securing leases to long-term Katherine residents who are covered under the Department's grandfathered scheme but have no assurance about continued access to subsidised housing beyond 2022.

Some of the overarching concerns raised by our members:

- Rental housing supply in Katherine is extremely limited. The town has a very low rental vacancy rate, with at most typically several properties available for lease at any time. Properties that are advertised are typically leased almost immediately. Houses that are available are often in undesirable areas deemed unsafe by locals.
- Teachers applying for properties report being squeezed out of the market by government agencies (notably police), with landlords preferring the security of a head leasing arrangement to private tenancies. One teacher reported being rejected on 20 applications.
- Several teachers we spoke to were distressed about finding a place to live, because their current leases are coming to an end and they do not know if they will be able to find somewhere suitable to live.
- Typical rental prices are expensive for a small country town, with private 3-bedroom rentals often advertised for \$500 or more a week. This leads teachers to weigh up whether other

locations may be more desirable. Many teachers asked the question: “Why would I live in Katherine instead of Darwin?” Others are considering moving to a remote locality, enticed by access to rent-free government employee housing.

- Katherine no longer has a dedicated housing officer for DoE employees, which has created confusion among employees who still have access about the old scheme about who to submit queries to. It also creates a disadvantage for education in relation to government agencies which have a dedicated housing officer able to build relationships with local real estate agents and property managers.
- Many teachers felt that they were treated poorly compared to other public servants in terms of the housing support they were provided, with a number pointing out that police receive either fully-subsidised rental accommodation or up to \$700 a week as a housing allowance.
- Even teachers who still have access to the grandfathered scheme are concerned about the lack of any certainty about continued access to fixed rental arrangements beyond 2022, with several longstanding teachers stating definitively that they would not remain in Katherine without the continuation of subsidised rent.

Impact of phasing out of subsidies on recruitment and retention

The removal of the fixed rent scheme for new employees and the phasing out of the enhanced relocation allowance appears to be deterring teachers from either moving to Katherine or remaining there for extended periods.

Katherine High School especially has had difficulty recruiting staff – at the time of writing KHS is six teachers short of its expected staffing allocation. According to information shared with the AEU, at least five teachers who had verbally agreed to accept a contract later pulled out once learning about the lack of departmental housing support combined with high rental costs.

Several teachers mentioned that they would seek to leave Katherine once the enhanced relocation allowance they are in receipt of expires.

Unsurprisingly, the lack of a fixed rental housing subsidy is a potential barrier to early career teachers on lower incomes, including Teach for Australia associates who commence at only 80% of a first-year teacher’s salary. We were informed of one well-regarded teacher at KHS last year who left because they said they couldn’t afford to remain in Katherine once their subsidy expired.

The impact is also being felt in the non-teaching stream. An HR consultant position has remained vacant for more than 12 months and one source attributed this partially to the lack of an ongoing housing subsidy. School psychologist positions are also proving ever harder to fill.

Furthermore, current arrangements may be creating perverse incentives: one teacher was reported to have worked at a Katherine school last year, received the relocation allowance for 20 fortnights, left upon its exhaustion and plans to return this year to backfill a teacher on parental leave, claiming the relocation allowance for 15 fortnights.

Conclusion and recommendations

The AEU NT warned in 2019 that the decision by the NT Government and the Department to cut the Katherine housing subsidy would cause problems in teacher recruitment and retention. These fears are being borne out and the problem will likely only worsen given housing pressures in the town combined with the phasing out of subsidies.

The relatively small savings (\$500,000 per annum over four years) that were sought in cutting the subsidy will likely be offset by additional costs associated with relocation of teachers due to rapid churn, and intangible effects on student performance resulting from higher turnover.

In turn, this will threaten the future viability of Katherine as a Territory regional centre if the Department cannot guarantee the supply and retention of suitably qualified teachers, notably at high school level.

We therefore recommend the following:

- The NT Government and the Department must immediately commit to ensuring the continuation of a viable housing subsidy scheme for DoE staff that provides sufficient incentives for teachers and other essential employees to not only move to Katherine but remain there for the medium to long term.
- The Department should urgently review the current housing situation and consider abandoning its plan to phase out the old housing scheme. This would mean a return to head leasing arrangements on behalf of eligible employees. (We note that no exit interviews have been conducted on employees departing Katherine and as such the Department has no line of sight beyond anecdotal evidence on the impact of the subsidy reduction.)
- The Department should commence negotiations with the AEU and other key stakeholders ASAP on what arrangements will be in place beyond 2022, to provide certainty to employees and maximise staffing continuity.
- If the Department does not wish to return to head leasing arrangements, we recommend the Department and the Commissioner for Public Employment negotiate with the AEU on introducing an ongoing fortnightly allowance paid to all teaching employees in Katherine as an incentive to remain in the town and to offset the higher rental prices caused by the Tindal upgrade housing bubble. Payment of an ongoing allowance could potentially extend to those employees who purchase property in Katherine, as an incentive for education employees to become home owners and remain in Katherine.



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