

# Australia: Labor government and unions inflict deep cut to workers' living standards

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New statistics released this week confirm that the Albanese Labor government and its trade union partners are continuing to deepen the greatest reduction in working-class living conditions since at least the 1950s.

The ongoing decline of nearly 10 percent, which officially began under the previous Liberal-National Coalition government, further exposes the fraud of Labor's May 2022 election pledge of a "better future."

An analysis of Australian Bureau of Statistics (ABS) data showed that the cost-of-living crisis has hit households, on average, twice as hard as the devastating 1990–91 and 1982–83 recessions and significantly more sharply than in any period dating back to 1959.

A "living standards index," based on ABS data measuring gross disposable income divided by household final consumption and population figures, first began to fall in September 2021, under the Morrison Coalition government, but has kept plunging under Labor.

This data, headlined as an "exclusive" report in the *Australian* today, in fact camouflages the deeper and continuing pain being inflicted on working-class households.

As the *World Socialist Web Site* pointed out last week, such average results, covering all households, hide the disproportionate impact of mortgage payments—which have risen by 155 percent since May 2022—and still-soaring prices for rents and services. These affect lower-paid workers and young people the most.

Over the past year alone, the ABS "employee household" cost of living rose 4.7 percent. But in the September quarter, average wages rose at an annual rate of just 3.5 percent, down from 4.1 percent in the June quarter.

That was the biggest one quarter fall in nominal pay growth since the global financial crisis in 2009. This is primarily due to the trade union apparatuses stepping up their efforts to force workers in both the public and

private sectors to accept sub-inflation pay deals.

As measured by the ABS Consumer Price Index (CPI), rents rose 6.7 percent over the year to September, health costs by 4.8 percent, education expenses by 6.4 percent and insurance premiums by 14 percent. The CPI does not even count mortgage costs.

New studies this week showed that rental affordability is the worst on record in Australia and up to three million people are at risk of homelessness. This is largely because property developers and other investors are inflating house prices and rents, far above wage rises.

At the same time, the Reserve Bank of Australia, backed by the Labor government, has hiked interest rates 13 times since 2022, supposedly to fight inflation. It is deliberately driving up unemployment in order to suppress workers' wage demands. Last week, the central bank effectively ruled out any interest rate cuts until mid-2025, or even 2026.

\* In the country's major cities, tenants are now on average paying more than, or close to, 30 percent of their income toward their rent—double the "affordable" level—for the first time since the National Shelter-SGS Economics and Planning Rental Affordability Index was first published a decade ago.

SGS Economics and Planning principal Ellen Witte stated: "Huge swathes of Australia are now unaffordable to even median income renters. With rental affordability deteriorating this rapidly, rents are now 'critically unaffordable' for pensioners, JobSeekers and some single parents."

\* Three million people in Australia, or more than 11 percent of the population, are "at risk" of homelessness due to increasing rental stress and low incomes, a Homelessness Australia report concluded. That is a 63 percent increase since 2016, yet homeless service providers are shutting their doors to new clients due to poor federal and state government funding.

Homelessness Australia CEO Kate Colvin told the Australian Broadcasting Corporation: “People who could have afforded private rentals just a few years ago are now resorting to couch surfing, sleeping in cars or pitching a tent.”

\* As a result of the cost-of-living and social crisis, the rate of business closures has reached a four-year high, mostly affecting small and medium-sized companies. Data released by debt-monitoring firm CreditorWatch showed the failure rate of businesses rose above 5 percent.

The government’s corporate regulator, the Australian Securities and Investment Commission (ASIC), reported a 43 percent increase in insolvencies in the first three months of the 2024–25 financial year from the corresponding period last year. During the September quarter, 3,568 companies entered external administration or had a controller appointed, with the highest failure rates in the accommodation, food services and construction industries.

The Albanese government and its partners in the Australian Council of Trade Unions (ACTU) are intent on maintaining this squeeze to satisfy the demands of the money markets. They are falsely claiming that this month’s ABS Wage Price Index figures showed a rise in workers’ real wages since Labor took office—despite the fall in average rises, before inflation, to just 3.5 percent.

In response to the *Australian* report, Treasurer Jim Chalmers did not dispute its numbers but still insisted that the Labor government had made “quite remarkable progress” in the national data. He again spoke of the government’s supposed success in cutting “huge” government budget deficits and debt.

That has meant slashing public health, education, disability, housing and other social spending, even while ramping up military outlays to support the US-backed war drives in the Middle East and against Russia and China.

At the same time, Chalmers claimed that this “progress” did not “always immediately translate into how people are feeling and faring in the economy.” The truth is that all the government’s token “cost-of-living” measures such as one-off income tax cuts and power bill rebates (both benefitting wealthy households the most) have failed to dent the social crisis.

Labor’s union-enforced agenda of war and austerity is leading to an implosion of its already near-record low electoral support of 32.5 percent at the May 2022 election. Labor only scraped into office then because of the greater fall in support for the widely reviled Coalition.

The Labor and union apparatus is opening the door for the return of the right-wing Coalition to ramp up the attack on workers, just as the Biden-Harris administration did in paving the way for the fascistic Trump victory in the United States.

Workers in Australia, like their fellow workers worldwide, are being made to bear the burden of the global inflationary spiral since 2020. This is on top of years of the suppression of wage levels, while the billionaires’ wealth has soared through price-gouging and the massive corporate bailouts in the 2008-09 global financial crisis and the ongoing COVID-19 pandemic.

The union bureaucrats are having increasing difficulty in containing workers’ discontent. In the latest instance, more than 1,500 workers at Woolworths supermarket and liquor distribution centres began indefinite strike action this week over low wages and intolerable workplace conditions associated with relentless automation by the investment fund-controlled retail giant.

In response, the Albanese government has called on the United Workers Union, whose leaders occupy key posts in the Labor Party, to broker a sell-out deal with the company, one of the largest employers in the country, as soon as possible, in order to prevent the strike from igniting a wider wave of workers’ struggles.

This underscores the reality that workers are in a political fight against the Labor government, the union bureaucracy and the capitalist profit system itself, which is a dictatorship of the banks, investment conglomerates and billionaires.

In order to democratically discuss and organise against the government-corporate assault and link up with workers worldwide who face the same offensive, workers need to build rank-and-file committees, totally independent of the unions.

The only possible alternative to the Labor-union-employer offensive is a socialist program aimed at establishing a workers’ government that would place such major corporations and the banks under public ownership and democratic workers’ control, and halt the slide into another disastrous world war.



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