

Australian working-class households plunged into financial stress

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3 February 2025

As the Australian parliament resumed this week—for possibly the last two-week session before the Labor government calls a federal election—new data further revealed the depth and intensity of the cost-of-living and housing crisis confronting working-class households.

Figures compiled for the Australian Broadcasting Corporation (ABC) “Four Corners” program gave another indication of the historic cut to living standards for workers and their families since 2021. That has mostly occurred since Labor scraped into office in May 2022, cynically promising a “better future” that would “leave no one behind.”

According to the analysis, conducted by the University of New South Wales (NSW) and consulting firm Digital Finance Analytics, 82 percent of electorates nationally now have a majority of homes suffering household financial stress. In 2021, that figure was 8 percent—10 times less.

This is a staggering shift. Households with less than 5 percent of their earnings left over after essentials are considered to be under financial stress.

Most of the stress has been produced by soaring rents and home mortgage payments—the impact of which is covered up by the official estimates of inflation cited by Prime Minister Anthony Albanese’s government and the media.

Working-class electorates held by Labor on narrow margins are among the most financially stressed in the country. That provides another insight into the mounting social discontent and political crisis behind the media polls predicting that Labor could lose the election, which must be held before May 17, or be forced into an unstable minority government.

The financial pain is most acute in working-class areas of southwestern Sydney and the NSW Central Coast, just north of Sydney. For example, in the outer suburban Sydney seat of Werriwa, which Labor has held for decades, 87 percent of households are under mortgage or rental stress. In 2021, that figure was 61 percent.

Today, 93 percent of tenant households in Werriwa are suffering from rental stress. Of those who are paying off a

home, 83 percent are struggling to afford anything more than paying their mortgage.

In Chifley, another traditionally Labor-held western Sydney electorate, 84 percent of households are suffering financial stress. Another Labor-held seat, Robertson, on the NSW Central Coast, has the most strained renters in the country, with 95 percent of households financially stressed.

Similar patterns of working-class stress, at slightly lower levels, were reported in other states, notably Victoria, Queensland, Western Australia and Tasmania.

The results further expose Labor’s desperate claims to be providing cost-of-living relief, including by lifting real wages, handing out electricity rebates and promising to build social and affordable homes.

According to real estate consultancy, CoreLogic, rents have risen nationally by an average of 36 percent in the past four years, while incomes have only risen 13 percent. These calculations underestimate the impact on working-class households, whose incomes are well below the average.

Over the same period, housing affordability has declined sharply, with prices driven sky-high by property developers and speculators. Just 10 percent of properties were deemed genuinely affordable last September, on the basis of similarly averaged figures, compared to 40 percent in March 2022.

This crisis is taking an immense social toll. Homelessness services have reported 10,000 new people trying to access their assistance each month, with many being turned away due to a lack of resources and government funding.

A recent Impact Economics and Policy report revealed that by 2022, between 2.7 million and 3.2 million people were at risk of homelessness—a 63 percent increase since 2016. Just one negative shock could put them at risk of losing their homes.

Contrary to the Labor government’s boasts that wages have grown since 2022, they nominally rose by an average of just 3.5 percent in the year to September 2024, well below the real inflation rate, while mortgage repayments rose by 155 percent under the government-backed Reserve Bank of

Australia's 13 interest rate increases.

The official inflation figures hide this reality. The Australian Bureau of Statistics (ABS) Consumer Price Index (CPI) rose 2.4 percent in the 12 months to December, while core inflation fell from 3.6 percent to 3.2 percent in the December quarter. But those indices exclude mortgage payments.

A more accurate measure (still based on averages), the ABS Living Cost Index for employee households, rose by 4.7 percent year-on-year in its most recent report released in November.

The housing affordability crisis has deep economic and political roots. There have been decades of cuts by both Labor and Liberal-National governments to public housing, reducing these dwellings to a tiny fraction of total stock, for the benefit of the property developers and banks.

The Albanese government claims to be addressing the housing crisis with a \$10 billion Housing Australia Future Fund, holding out the hope of financing the construction of 30,000 new "affordable" homes by 2029. However, its primary purpose is to increase the wealth of the major property developers that control the supply of land and projects. Even if the homes were built by 2029, it would be less than 10 percent of the estimated 650,000 shortage of affordable or social housing nationally.

Under a National Housing Accord, Labor also claims to be aiming for the construction of 1.2 million new homes over the next five years. However, ABS data has shown that 2023–2024 was the worst year for home building in more than a decade. Housing construction dropped 8.8 percent.

The "Four Corners" report falsely reported that the Greens, the third party of the parliamentary establishment, are pushing for "major economic reforms," including "a cap on rent increases."

The truth is that in December the party dropped all its remaining demands for modifications to Labor's housing legislation, including for rent freezes and an end to tax concessions for property developers. It waived through two housing bills, both aimed at ensuring the continuation of the speculative property bubble.

As a result, "Build to Rent" tax breaks will subsidise the corporate construction of large apartment projects to rent, with only 10 percent of the dwellings required to be "affordable"—defined as 75 percent of the exorbitant market rates. The "Help to Buy" scheme will offer new homebuyers a little easier access to loans, but only in return for the government part-owning their homes—also fuelling the profits of developers.

The Greens claimed credit for securing a few token concessions, such as a pitiful \$500 million extra in social housing electrification upgrades over four years—covering

only a quarter of social housing tenants.

The Greens-Labor deal was part of Greens leader Adam Bandt's appeal for Labor to accept a formal alliance with the Greens if the looming election results in a hung parliament. The Greens are trying to prop up a Labor government that would continue to advance the interests of the corporations and the ultra-wealthy, along with militarism and war.

Labor's collapsing electoral support is compounded by its political, diplomatic and material support for Israel's mass murder of the Palestinians and its continuation of Australia's transformation into a frontline state for a US-led war against China. That has included pressing ahead with the AUKUS pact for Australia to acquire offensive nuclear-powered submarines, arming the military with long-range missiles and expanding US basing arrangements.

Labor is also vying with the Liberal-National Coalition to make immigrants and international students scapegoats for the housing crisis and historic cut to working-class living conditions, as are capitalist governments around the world, now spearheaded by the Trump administration in the United States.

Labor's record could open the door for the return of a far-right Coalition government, just as the Biden-Harris administration paved the way for Trump.

More fundamentally, the social crisis is an indictment of capitalism and all its political servants. The obscene wealth of the corporations and the billionaires continues to increase, while vast sums are allocated to the military and war. That underscores the necessity for the complete socialist reorganisation of society, to ensure that the social needs of all are met, including affordable and decent housing.



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