

# Australian election campaign covers up housing affordability crisis

John Davis, Socialist Equality Party candidate for the Senate in QLD  
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Increasingly unaffordable housing is a major factor in the social crisis facing millions of working people, but the official campaign for Australia's May 21 federal election has sought to bury the issue.

Neither of the ruling political parties, Labor and the Liberal-National Coalition, that are responsible for the soaring cost of housing are offering any solution. Instead, they are advancing policies that will make the disaster even worse.

The median price for housing across Australia surpassed \$1 million in January, a staggering increase from \$549,918 in February 2020 at the beginning of the COVID-19 pandemic. Prices have escalated throughout metropolitan centres and regional areas.

This is making home ownership virtually impossible for millions of young people and working-class families, who confront severe financial stress, deteriorating living and social conditions and homelessness.

Financial research company Canstar published a survey last month that estimated that 11 million people—almost half the country's population—are worried they will not be able to meet household costs. One-third of the respondents cited housing as their biggest concern.

Last month, the Property Council of Australia estimated that almost 70 percent of eligible voters feared that young people would never be able to buy a home.

The Australian Housing and Urban Research Institute estimated in a report released last November that 1.5 million to 2 million low-income people are at risk of homelessness.

Rents also have jumped significantly since the pandemic began. A report released by the Australian Council of Social Services and the University of New South Wales last month, showed that rental prices across regional areas rose 18 percent in the two years to late 2021.

According to an analysis from the *Conversation*, rents

are up nationally nearly 10 percent over the past 12 months. Low-income renters are especially hard hit, with a third having less than \$500 of savings on hand in the event of an emergency.

An Australian Institute of Health and Welfare (AIHW) report last September revealed that the number of welfare recipients depending on Commonwealth Rent Assistance (CRA) increased from 262,000 in June 2019 to 508,800 in March 2021.

Despite this, a July 2021 AIHW report found that in 2020, 31 percent of those receiving CRA and JobSeeker unemployment payments were still in housing stress—that is, paying more than 30 percent of their income on rent. That figure is likely to be much higher now because COVID support payments were scrapped in March 2021.

Adding to the pressure, official inflation has hit 3.5 percent, with the prices of food and essential goods skyrocketing higher, far exceeding increases in average wages, which have gone backward in real terms for a decade.

Labor and Liberal-National governments at the federal and state level have sought to offset the economic repercussions of the 2008–09 global financial crisis, followed by the collapse of the mining boom in 2014 and then the pandemic, by pumping up property prices. They have provided multi-billion dollar business stimulus packages and tax write-offs, propping up speculative activity on the share and property markets.

The explosion in prices has been further fuelled by record low interest rates. The Reserve Bank of Australia (RBA) has set its cash rate at the ultra-low level of 0.1 percent, effectively churning billions into the financial markets.

Around the world, central banks, including the RBA, are preparing substantial rate hikes, above all to keep further downward pressures on wages. Backed by both the Liberal-National government and Labor, the RBA has

indicated that interest rate rises are scheduled after the election is over.

As a result, millions of families, already struggling to meet mortgage payments, are threatened with financial ruin.

Analyst Martin North told the Australian Broadcasting Corporation last month that 1.5 million (approximately 42 percent) of households with a mortgage were already in financial stress, defined as spending more than they earn. North estimated that this would increase to more than two-thirds if interest rates rose 2 percentage points.

The prospect of higher rates is already impacting on house prices. Last week, the *Australian Financial Review* reported that median house prices fell in 354 Sydney suburbs and 303 Melbourne suburbs. This risks a situation where people are left with mortgages that are greater than the value of their homes.

Thus, an interest rate hike could set off a financial meltdown akin to the 2008–09 global financial crisis, which was triggered by the subprime mortgage crisis in the United States.

Prime Minister Scott Morrison has touted the Coalition government's First Home Guarantee program, claiming that it allows people to enter the property market with only a 5 percent deposit. But to be eligible for the scheme, a single person in New South Wales needs to have an annual after-tax income of \$149,868, while a couple must earn \$155,934. Moreover, any such subsidies only have the effect of driving up prices.

Labor leader Anthony Albanese has backed the government's scheme, and junked Labor's 2019 election promises to reduce the lucrative tax write-offs for landlords, while pledging to build 30,000 social housing properties over the next five years. This is a drop in the bucket. A Deloitte report commissioned by the Western Sydney Leadership Dialogue think tank found that 316,000 more community homes are needed in NSW alone by 2036.

Similar state government schemes have been likewise totally inadequate. Furthermore, social housing refers to subsidies given to non-government organisations, often charities, by consecutive governments as a mechanism to abolish public housing.

Public housing has been destroyed for decades. Joint venture "partnerships" with private developers were established, permitting developers to tear down housing estates to build replacements with significantly less public housing. In 1980, public housing made up almost 20 percent of all homes that had been built since World War

II. By 2018, public housing properties constituted only 4.6 percent nationally of all properties.

No trust can be placed in any of Labor's promises. In fact, the Hawke and Keating Labor governments from 1983 to 1996 were the chief instigators in the dismantling of public housing. In 1983, Hawke introduced a market-driven program, providing those on welfare payments with cash subsidies if they were unable to find public housing—redirecting them into the hands of private landlords.

Waiting lists for public housing have lengthened so much that Jago Dodson, a professor of urban policy, told the *Saturday Paper* earlier this month that "it would take another 730,000 dwellings to meet demand as measured by the waiting lists for public housing, requiring an investment of about \$5 billion a year over 20 years."

The only party advancing a program to address the housing crisis is the Socialist Equality Party (SEP). Our election statement insists: "A vast expansion of public housing is needed to end homelessness as part of a broader program to provide affordable housing for all."

That means pouring tens of billions of dollars into public housing, rather than into the pockets of the billionaires who dominate the property development industry. It poses the necessity to nationalise the banks, finance houses and major corporations under the democratic control of the working class to redirect society's resources to meeting the needs of all, not feeding the wealth of a tiny minority.

As our election statement explains, these demands inexorably lead to the issue of which class is to hold the reins of power. A workers' government has to be established to reorganise society along socialist lines as part of the fight for socialism internationally. Only that can guarantee decent affordable housing for all.

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