Australia: Phony election promises will do nothing to resolve housing crisis

John Davis, Socialist Equality Party Senate candidate for Queensland
20 May 2022

In the Australian federal election that is being held today, none of the parliamentary parties are advancing policies to address the deepening social crisis facing millions of working people. Instead, the official campaign has been dominated by a contest between Labor and the Liberal-Nationals, pitched to the corporate elite, over which party is best placed to implement social spending cuts and a further assault on living standards.

The gulf between the political establishment and masses of ordinary people is starkly demonstrated on the issue of housing. The measures proposed by Labor and the Liberal-Nationals are aimed solely at maintaining record house prices and ensuring the profits of the banks, under conditions in which broad sections of the population are increasingly unable to afford their mortgages and rents.

In the midst of the campaign, the Reserve Bank of Australia (RBA) lifted the official interest rate to 0.35 percent, its first rise in 11 years. It has foreshadowed multiple further increases over the coming months.

Rising interest rates threaten catastrophic consequences for many working-class households. Domain.com earlier this month modeled the impact on a borrower with a $500,000 home loan fixed at 2 percent. When the fixed rate ends, a sudden increase of their interest rate of between 2 and 3 percent would increase their monthly mortgage payment by between $539 and $836.

Leith van Onselen, the chief economist at MacroBusiness Fund (MB) and MB Super, told news.com.au that if the interest rate was to rise to 3.4 percent by August 2023, then average mortgage payments would skyrocket by 46 percent, adding a massive $1,250 to monthly mortgage repayments for a median-priced Australian home.

Already, an estimated 10 percent of homeowners are in mortgage stress, defined as spending 30 percent or more of household income to service a mortgage. On the back of interest rate increases, experts have warned that mortgage stress could rapidly rise to 20 percent of all mortgage holders. The Australian Broadcasting Corporation reported at the beginning of the month that some 300,000 households are now at “significant risk” of defaulting on their loan.

The crisis extends to renters, who have been hit with average rental increases across the country of 10 percent over the past year. Rent is becoming unaffordable and homelessness is rising. An ever greater proportion of society is living a precarious existence.

An Anglicare Australia National Report provided a snapshot of 45,992 nationwide rental listings. Only eight were affordable for a single person on the sub-poverty JobSeeker unemployment payment, all of them rooms in shared houses.

The crisis is particularly stark with youth—where there was only one listing (in a share house) that was affordable for a person on Youth Allowance anywhere in the country. Couples out of work, single parents on Centrelink payments, and people on the Disability Support Pension could only afford 0.1 percent of all rental properties in the snapshot.

For a couple living on the aged pension, just 1.4 percent of rentals were affordable, most of which are rooms in shared houses. Finding an affordable rental is even harder for single aged pensioners, with 0.1 percent of listings affordable.

A single person working full-time on the minimum wage (little over $20 an hour) would find that 1.6 percent of rentals surveyed were deemed affordable. For families with two parents, each earning a minimum wage, only 15.3 percent of the rentals surveyed were affordable.

These figures have been trending downwards. In 2012, the Anglicare Snapshot showed about 30 percent of properties were affordable for families with both parents on minimum wage.

The housing crisis is the result of deliberate policies, pursued by successive Labor and Liberal-National governments, which have fuelled a speculative property bubble, to the point that Australia’s median house price now exceeds $1 million.

Alongside record low interest rates for more than 10 years, Labor and the Coalition have implemented negative gearing and other policies, including substantial tax breaks, encouraging massive investment in the property market and

© World Socialist Web Site

continuous property development.

Both Labor and the Coalition have announced housing policies during the election, that even on their face value would do nothing to resolve the hardship facing millions.

Prime Minister Scott Morrison has pledged that his government would allow first-home buyers to withdraw up to $50,000, or 40 percent, of their superannuation funds to fund a purchase.

The scheme blocks out the vast majority of young workers as you are required to have more than $120,000 in your super account to qualify. Additionally, many young workers have had to take money out of their accounts during the pandemic.

The Labor Party unveiled an equally worthless "shared ownership scheme," under which the government would provide up to 40 percent of the purchase price of a new home, and up to 30 percent for an existing home.

To be eligible, buyers would need to have a deposit of 25 percent and to have qualified for a standard home loan with a participating lender to finance the remainder of their purchase. The program is capped at 10,000 individuals a year across the country—a drop in the ocean.

Nerida Conisbee, the chief economist at real estate company Ray White, told the media that Labor's policy was similar to another implemented in the UK, which led to price rises "driven by cheap finance availability."

To the extent that their policies have any impact at all, this is the aim of both the Coalition and Labor—to ensure that house prices remain high and thus protect the profits of the banks and property developers.

Above all, nothing will be done to expand Australia's dwindling public housing stock, which has been dismantled over decades. This began under the Labor governments of Bob Hawke and Paul Keating.

Hawke introduced a market-driven program in 1983, providing those on welfare payments with cash subsidies if they were unable to find public housing—forcing them to take up accommodation with private landlords.

Private developers were permitted to buy up public housing land through joint venture "partnerships," then tear down the public homes and replace them with lucrative estates. Public housing accounted for almost 20 percent of all homes that had been built since World War II, in 1980; by 2018, public housing properties constituted only 4.6 percent of all properties.

Jago Dodson, a professor of urban policy, told the *Saturday Paper* last month that there would need to be another 730,000 dwellings to meet the demand for public housing on the waiting lists alone, requiring $5 billion every year for the next 20 years. This is entirely off the official agenda.

The interest rate rises that are fuelling increases in mortgage repayments and rents are part of a broader jump in inflation that is undermining the real wages of workers. Over the past year, understated official inflation outpaced wage growth by 2.7 percent, amounting to an effective wage cut for the majority of workers.

The election has underscored that the social rights of the working class can only be secured through a political struggle against Labor, the Coalition, all of the parliamentary parties and the capitalist system they defend.

The Socialist Equality Party is the only party advancing a solution to the housing crisis through including a massive expansion of affordable high-quality public housing, substantial wage rises, far in excess of cost of living increases, and a decent, well-paid job for all those who wish to work. These measures are incompatible with the dominance over society by a tiny financial oligarchy.

The banks and the major corporations, including in the housing sector, must be placed under public ownership and democratic workers' control. The wealth that has been hoarded by billionaires, property developers and financial speculators must be redirected, to meet social need, not private profit. This means the fight for a workers' government and for socialism.

Contact the SEP:
Phone: (02) 8218 3222
Email: sep@sep.org.au
Facebook: SocialistEqualityPartyAustralia
Twitter: @SEP_Australia
Instagram: socialistequalityparty_au
TikTok: @SEP_Australia

Authorised by Cheryl Crisp for the Socialist Equality Party, Suite 906, 185 Elizabeth Street, Sydney, NSW, 2000.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site