

Australia's housing crisis demands a socialist solution

**Mike Head, SEP candidate for NSW Legislative Council
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The global cost-of-living spiral and aggressive central bank interest rate rises have intensified an acute housing crisis in Australia. This is causing mounting social misery, particularly among working-class households and young people.

Millions of working people—both homebuyers and renters—face severe financial stress, and evictions or the danger of foreclosures, compounded by sky-rocketing prices for food, petrol, electricity, gas and other essentials.

Across the country, there are already growing reports of people living in caravans, campervans and tents, or sleeping on the streets or in cars alongside freeways. These are scenes reminiscent of the Great Depression of the 1930s.

Young workers and students, as well as older workers, are being priced out of both the purchase and rental markets. Homelessness is rising rapidly, with impossibly long waiting lists for public and social housing, amid widespread distress and suicides.

Surveys and inquiries are producing evidence of people skipping meals, delaying medical treatments, not filling doctors' prescriptions, avoiding dentists and dropping insurance policies to pay mortgages or rent.

This is a deep-rooted social crisis. There have been decades of punishing cuts by successive Labor and Liberal-National governments to public housing, contributing to soaring property prices and rising levels of household debt—among the highest in the world.

One figure points to the depth of the housing crisis and the culpability of the entire ruling class and parliamentary establishment. A 2021 Australian government-funded review found that “an investment of around \$290 billion will be required over the next two decades to meet the shortfall in social and affordable housing dwellings.”

That is about the same amount of money that the Albanese Labor government, with the support of the media and political establishment, is planning to spend over the same period on AUKUS nuclear-powered attack submarines, hypersonic missiles and other weaponry to place Australia on the frontlines of a potentially catastrophic nuclear war against China to try to reassert US global hegemony.

By contrast, the Labor government has promised only to establish a \$10 billion investment fund, supposedly to deliver

30,000 social-housing properties over the next five years.

Even if implemented, this will be a drop in the bucket. According to several research reports, Australia's shortfall in social-housing dwellings is 524,000 and is set to reach 671,000 over the next decade.

This decades-long disaster is now being compounded by the interest rate drive by the Reserve Bank, backed by the federal Labor government. It is seeking to further suppress real wages and inflict on working-class households the burden of the inflationary and economic crisis triggered by the pouring of trillions of dollars into the money markets since the 2008 global financial breakdown, the unchecked COVID pandemic and the US-NATO war against Russia in Ukraine.

At the same time, the food and energy companies and the banks are making record profits by exploiting this social disaster. This financial year, Australia's big four banks are on track to land profits exceeding \$33.5 billion, up by 18 percent, for the benefit of their wealthy shareholders.

The Socialist Equality Party is standing in the March 25 New South Wales (NSW) state election to advance the only means of addressing this long-developing crisis. That is a socialist program directed to completely overturn the power of the profiteering property developers, landlords and banks, and their governments, that have created it. Every other party running in the election is proposing policies that will only actually benefit the interests of this super-rich capitalist elite.

The housing crisis, while it particularly affects young people and retired workers, especially older women, has an overwhelming social class content. It is concentrated in working-class suburbs, including in Sydney, the NSW capital, one of the least affordable housing cities around the globe.

A recent study of “unmet housing need” in low-income households—overcrowding, rental stress and homelessness—found staggering levels. In the western Sydney Bankstown local council area, where Max Boddy is the SEP candidate for the lower house electorate of Bankstown, it was hitting 15.5 percent, or 4,800 households. Bankstown had the second highest level in NSW, exceeded only by neighbouring Fairfield (17.8 percent or 5,400 households).

Altogether, 221,500 households across NSW—about a million of the state's roughly 8 million population—were experiencing

unmet need for social housing. And by last June, the most recent official figures, over 51,000 households were on the social-housing waiting list, up by 15 percent in a year.

That is because social housing, involving government subsidies to non-government organisations, has been slashed on top of the decimation of public housing. The Australian Homelessness Monitor states that “over the period 1991–2021, social-housing lettings plunged by 42 percent—or proportionate to population, 61 percent.”

Shockingly, there are no up-to-date statistics measuring homelessness. But almost 280,000 people sought help from homelessness services in Australia last year, up by around 8 percent from four years earlier. Many were turned away due to a lack of resources.

This is just the tip of the iceberg. There is a far wider crisis engulfing homebuyers and renters, who each make up about a third of the population.

Because most homebuyers in Australia are on variable mortgage interest rates, with another 800,000 nationally on fixed rates that expire in 2023, they are extremely vulnerable. The Reserve Bank’s 10 consecutive rate hikes since last May have already added a \$1,474 increase in monthly repayments on a \$750,000 loan.

Together with the banks, landlords are also seizing on the housing crisis to gouge tenants. Rents across NSW rose by up to 40 percent in some areas over the past year. Poorer tenants are being pushed out of their homes as desperate renters are forced to outbid each other to offer higher rents.

Over the past two decades, especially, housing has become one of the drivers of social inequality. Between 2003 and 2021, a university report last year calculated that the proportion of median household disposable income required to service a typical home mortgage rose from 27 percent to 41 percent.

The same report estimated that, counting household property, over 130 billionaires in Australia each held an average of \$3,600 million in wealth, up by 12 percent or \$395 million in a year. The richest 10 percent of households held 46 percent of all wealth in 2021, up from 42 percent in 2003.

Under these worsening conditions, the policies proposed by all the other parties in the NSW election are not just woefully inadequate. They will feed the ever-greater accumulation of private wealth.

The official Labor Party opposition has given the Perrottet Liberal-National government bipartisan, pro-business backing on virtually every front, including housing. They are both proposing measures that will only boost property developers, such as stamp duty exemptions for first homebuyers, while promising pittances, if anything, for affordable housing.

Labor promises only that 30 percent of homes built on unspecified “surplus government land” would be set aside for “social, affordable and universal housing.” Even that is an illusion. The policy just speaks of a \$30 million pilot scheme.

Not accidentally, the Greens, who are hoping to form a de

facto coalition with a minority Labor government, are similarly vaguely calling for “affordable and accessible housing targets for state and local government.” The Greens are also requesting a freeze on rent increases—thus leaving rents at their already exorbitant levels.

In turn, the pseudo-left Socialist Alliance is mirroring the Greens, and thus Labor, by proposing that the government “cap private rents at current levels for ten years.” On this front, as on every other, the falsely named Socialist Alliance has nothing whatever to do with socialism.

Only the SEP is telling the truth. Ending the worsening housing crisis requires rejecting the entire pro-business program of the political establishment and the trade unions that enforce it. As we explain in the SEP election statement, not a single major social problem can be solved as long as society’s resources, created by the working class, are controlled by a corporate oligarchy.

That is why the SEP is advancing a socialist program to reorganise society to meet the pressing social needs of the vast majority, not enlarge the private profits of the super-rich.

Our demands include:

- Affordable housing for all! Tens of billions for education and healthcare, not for militarism and war!
- Major pay rises for all workers now, to compensate for years of cutbacks!
- Place the banks and the corporations under public ownership and democratic workers’ control!

A workers’ government would redirect the massive wealth accumulated by the billionaires, property developers and financial speculators, and the billions being spent on war preparations, to housing, health, education and other essential social programs. To do that, it would place the banks, finance houses and property industries under public ownership and workers’ control.

We appeal to all our readers to support, broadcast and participate in our campaign.

Contact the SEP

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