

# Australian Labor governments: Nothing for renters, a bonanza for property developers

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Last Wednesday, the federal Labor government convened the National Cabinet for a meeting on the deepening housing crisis. After the gathering, Prime Minister Anthony Albanese proclaimed that it had agreed upon the “most significant reforms to housing policy in a generation.”

The boast underscores the ever greater disconnect between Labor’s public relations spin and its actual policies. Leading a government of the banks and the corporations that has nothing to offer the working class, the Labor leadership is increasingly depending upon outright fabrications.

In reality, the National Cabinet did not institute a single policy that would ameliorate, let alone address, the worst rental crisis in decades. Far from marking a shift from previous programs, the measures that it did announce were a continuation of a decades-long trend of governments doing everything they can to boost the fortunes of the property developers, the banks and the other financial institutions that dominate the housing market.

The meeting was significant from two standpoints. It underscored the federal Labor government’s maintenance of the National Cabinet. This extra-parliamentary and extra-constitutional body, whose deliberations are entirely secret, was established during the pandemic to spearhead profit-driven attacks on necessary COVID safety measures.

Secondly, the flagrantly pro-business character of the housing policy was adopted by a National Cabinet now completely dominated by the Labor Party. All of its members, federally and from each state and territory, represent Labor administrations, except for Tasmania, the only state where the Liberals are in office.

The rental crisis is at the sharp end of a broader housing crisis. While 31 percent of the population are renters, they disproportionately include working-class and lower-income households, those that have been hit hardest by the broader cost-of-living crisis.

The National Cabinet statement claimed that it had “strengthen[ed] renters’ rights across Australia.” But the only tangible measure announced relating to rental costs was a declaration of the status quo.

The Cabinet said that it would “move towards a national standard of no more than one rent increase per year for a tenant in the same property across fixed and ongoing agreements.” As commentators have noted, such restrictions already apply in all states and territories bar the Northern Territory.

The Cabinet did not instate or even call for a cap on the once-per-year increase, meaning landlords are free to increase rents by as much as they wish. Calls for a freeze on rental increases, itself a grossly inadequate measure that would not lessen the already exorbitant housing costs, were summarily dismissed.

Everything else related to rents was tinkering around the edges. This included lip-service to tightened regulations against punitive evictions, greater abilities for those suffering domestic violence to break a lease and the like. Not one of the measures will reduce rents.

They are increasing at the fastest rate recorded. Last financial year, median asking rents for houses increased by 11.5 percent across the country’s capital cities. For apartments, that figure exceeded 26 percent. In Sydney, the median asking rate for an apartment went from \$525 a week in June 2022, to \$670 in June 2023.

Over the same 12-month period, the wage price index increased by just 3.6 percent. Annualised inflation for the financial year was above 6 percent. However, that headline figure masks higher increases in the cost of essentials such as food, fuel and electricity. At the same time, many housing expenses are excluded from the official consumer price index, meaning ordinary people fell far further behind over the year than it indicates.

The rental hikes are making life increasingly impossible. A recent Anglicare Australia report found that of 45,992 rental properties listed on a day in March, just 1,600 were “affordable” for 16 cohorts of “essential workers,” including nurses and teachers. The report assumed that the workers lived alone. A property was affordable if it would cost less than 30 percent of the worker’s net income.

Pointing to the consequences, a Homelessness Australia

report this month documented skyrocketing demand for support, from 89,109 requests in December 2022, to 95,767 by March 2023.

The rental increases are bound up with the broader inflationary pressures driven by the US-NATO war against Russia in Ukraine, supply chain issues from the unchecked spread of COVID and the pumping of vast sums of money into the financial markets by governments around the world. They have also been exacerbated by the Reserve Bank of Australia's year of interest rate hikes, with owners who are mortgaged passing on the costs.

Tax office figures for the 2020-21 financial year found that 53 percent of landlords made a profit, with the total windfall exceeding \$10 billion. The majority of landlords, moreover, owned multiple properties, belying claims that the market is dominated by small-time players. In other words, rampant profiteering is a significant factor in the rental hikes. The National Cabinet meeting was a green flag for this to continue.

To the extent that the governments have provided any analysis of the rental crisis, it has been to point to limited supply. The solution, they proclaim, is to increase supply.

The issue, however, is that this program is to be entirely subordinated to property developers and the private real estate market. The Labor governments have effectively adopted a version of the trickle-down economics associated with the Thatcher and Reagan governments of the 1980s. Essentially, they claim that more property development in the private market will at some point result in a decrease in rents.

Consequently, at Wednesday's meeting the federal Labor government boosted its goal of an additional 1 million homes to be constructed across the country over five years beginning in 2024 to 1.2 million.

This is, however, far from being a public works program, much less the construction of vast new stocks of public housing. The federal government is pushing a Housing Australia Future Fund. It would invest \$10 billion, and the returns, if they eventuate, would be funnelled to non-government organisations to construct just 30,000 "social and affordable" properties over the five years.

Housing advocates have estimated that the current social housing shortfall is 524,000 properties across the country. That figure is set to reach 671,000 over the next decade. The 30,000 properties, therefore, even if they do materialise in years' time will amount to a drop in the ocean.

Instead, the bulk of the homebuilding program consists of subsidies to private operators.

For instance, the federal government has committed to \$3 billion for performance-based funding under its New Home Bonus to the states and territories. As the *Australian*

*Financial Review* commented, this will be to "accelerate land release, planning and approvals processes to build 'well-located' homes."

An additional \$500 million will provide a "competitive funding program for local and state governments to kick-start housing supply in well-located areas through targeted activation payments for things like connecting essential services, amenities to support new housing development, or building planning capability."

All this means is a bonanza for the property developers. The various states and territories are not increasing social housing. They are destroying it.

In New South Wales, the most populous state, the recently-elected Labor government has revealed it is pressing ahead with a plan to destroy the Waterloo South housing estate in Sydney's inner-city in a move targeting 2,000 public and social housing residents.

The government has declared that just 30 percent of the rebuilt properties will be social housing. The rest will be given over to the private market. Of those, 20 percent will be so-called "affordable" properties. All that means is the private landlords will be compelled to charge no more than 80 percent of market rent. Given that Sydney apartment rents increased more than 27 percent last financial year, those living in the "affordable" dwellings will still be paying more than they would have for full rent at the beginning of 2022.

Such is the fraud of the "affordable" housing line more generally.

At the same time, the NSW Labor government has declared a war on planning restrictions. That means more and more apartment construction, including of poor quality, almost all of it controlled by the major corporations that dominate the housing market. The aim is not to reduce rents, or house prices, but to keep them elevated to ensure the profits keep rolling in.



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