

Australia at a Crossroads: What Falling Living Standards Mean for the Future

Erosion of Living Standards

Despite a resilient economy, rising costs for essential goods, rent, and housing have outpaced wage growth, leading to a significant drop in disposable income. This has left many Australians struggling to keep up with the increasing cost of living.

The Decline in Productivity Growth

A slowing in Australia's productivity growth, which has dropped to less than 1% annually, is at the heart of stagnant wage growth. Without a boost in productivity, the country faces a future where wages and living standards will remain flat or even decline.

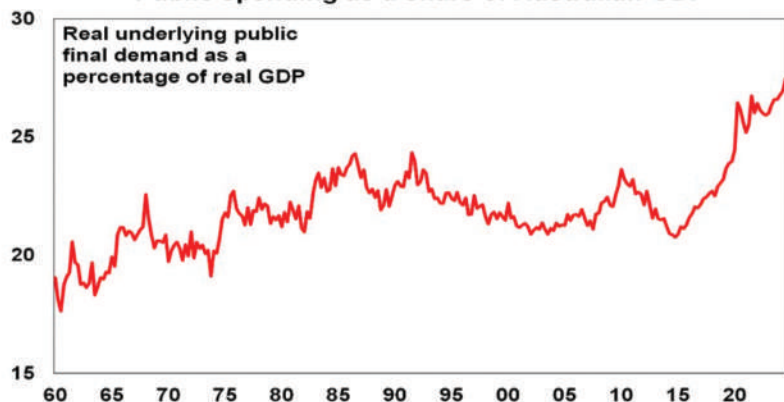
Immigration and Housing Affordability Challenges

Rapid immigration has contributed to Australia's economic growth but also exacerbates housing shortages, driving up property prices and rents. This influx, while boosting short-term economic activity, places long-term pressure on affordability and living standards for everyday Australians.

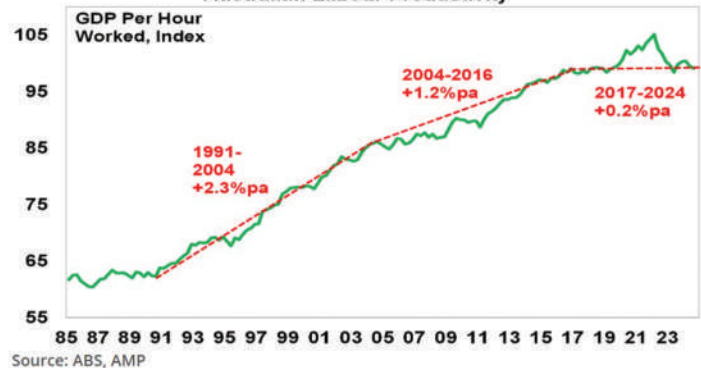
Impact of High Public Spending and Interest Rates

Record-high public spending has fueled inflation and hindered the Reserve Bank of Australia's ability to control it. High interest rates, while necessary for economic stability, disproportionately affect households with debt, reducing disposable income and further eroding living standards.

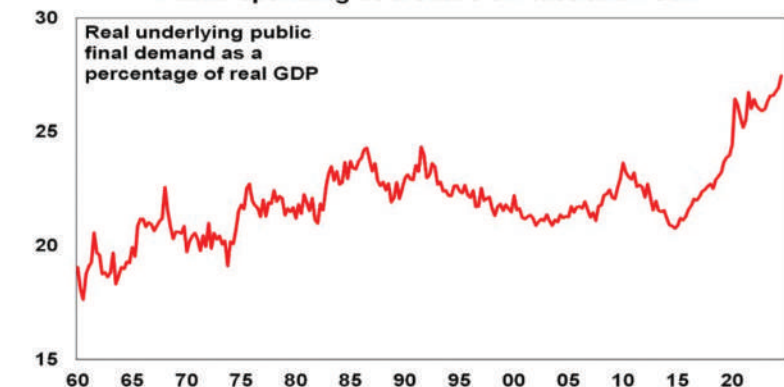
Public spending as a share of Australian GDP



Australian Labour Productivity



Public spending as a share of Australian GDP



Household Payments, % of Gross Income

