AUSTRALIA'S FINANCIAL STRAIN — WHO PAYS THE PRICE?

COST OF LIVING

Stat: 13% of Australians (or 1 in 8) are in financial stress

Source: AIHW (HILDA Survey)

Financial stress—difficulty paying essential bills or covering unexpected expenses—has climbed back to levels last seen after the Global Financial Crisis. Rising prices for food, fuel and utilities continue to outpace wage growth, forcing many households to cut back on essentials and delay major purchases.

DEBT & INTEREST RATES

Stat: Cash rate increased from 0.10% → 4.35% (2022–2024)

Source: Reserve Bank of Australia

The steep rise in the cash rate has flowed directly into mortgage repayments, sharply increasing monthly costs for borrowers. Australia's high household debt amplifies the impact, leaving many families struggling to absorb repayment shocks even with full time employment.

HOUSING AFFORDABILITY

Stat: Home ownership among 25–29-year-olds fell from 50% (1971) → 36% (2021)

Source: ABS / AIHW

Younger Australians are being priced out of home ownership. High house prices, rising rents and slow wage growth make saving a deposit significantly harder than it was for previous generations. The decline in ownership among under-35s reflects a widening generational divide in access to stable housing and long term wealth.

REAL INCOME DECLINE

Stat: Real household disposable income per person fell 5.1% in the year to mid-2023

Source: OECD / AMP analysis

Inflation, higher taxes and rising interest payments have eroded purchasing power. Australians are effectively earning less in real terms despite working the same hours. Analysts describe this as one of the sharpest real income squeezes in the developed world, reshaping living standards nationwide.

GOVERNMENT PRESSURE

Stat: Gross federal debt ~A$940 billion (2024–25), exceeded A$1 trillion

Source: Treasury Budget Papers

Government debt surged following pandemic spending and structural pressures in health, aged care, defence and the NDIS. While Australia's net debt to GDP ratio remains moderate internationally, rising interest costs and long term obligations constrain fiscal flexibility. Critics argue that expanding government and regulatory burdens act like a "python," tightening around households and businesses.

FINANCIAL STRESS & INSOLVENCIES

Stat: Business insolvencies are at their highest levels in a decade, led by construction, hospitality and retail

Source: ASIC corporate insolvency statistics

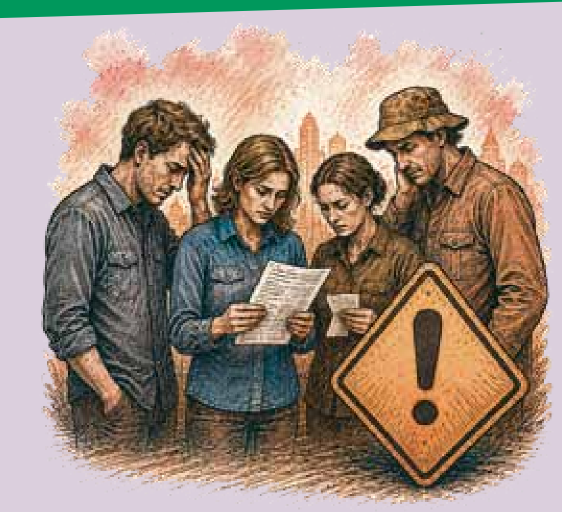
Financial stress has returned to levels last seen after the 2008 crisis. Renters, single parents and low income households are most affected. Business failures have climbed sharply as operating costs rise, interest rates remain high and consumer spending weakens. Construction, retail and hospitality are experiencing the greatest strain, reflecting broader pressures across the economy.

CONFIDENCE & RESILIENCE

Stat: 79% of young Australians expect to be financially worse off than their parents

Source: 2025 Australian Youth Barometer

Economic pessimism is rising. A majority of young Australians believe their long term financial prospects are weaker than previous generations, reflecting concerns about housing, insecure work and rising living costs. Households are bracing for continued strain rather than anticipating recovery.



WHO IS MOST AFFECTED?

Stat: 85% of young Australians experienced financial insecurity in the past year

Source: 2025 Australian Youth Barometer (Monash University / Roy Morgan)

Young people, renters and single income households face the most severe hardship. Many cannot build savings or plan for major life milestones such as home ownership, education or family formation. Financial insecurity is shaping long term decisions and eroding confidence in future stability.

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Sources: ABS • AIHW • RBA • OECD • AMP • Treasury Budget Papers • Monash University (Australian Youth Barometer) • Roy Morgan • Macrobusiness (commentary)