Homeowners pay the high price of Labor's fiscal mismanagement

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COMMENT

While we can lay the blame for rising electricity bills, undeniable fiscal profligacy, and the resultant inflation squarely at the feet of Labor's financial mismanagement, spare a thought for those enduring those pressures while also trying to service a mortgage.

For millions of Australian households, opening the bank statement has become a moment to dread. Behind closed doors, the calm belies the angst of families making impossible choices between putting food on the table, keeping the lights on, or making the next home loan repayment.

The latest figures from Roy Morgan confirm what millions already know: the cost-of-living crisis has reached breaking point, and economic policies implemented since Labor's election in 2022 are directly responsible.

According to Roy Morgan, 32.5 per cent of mortgage holders are classified as "at risk" of mortgage stress in July 2026. This translates to 1,786,000 Australians – an increase of 180,000 people in a single month.

To put this crisis into perspective, it's the highest level of mortgage stress recorded in Australia in 18 years. We're now approaching the historical peak of 35.6 per cent set in mid-2008 at the onset of the global financial crisis.

Even more alarming is the subset of homeowners facing catastrophe – 22 per cent of all mortgage holders, or 1,210,000 people, are now classified as "extremely at risk".

This figure drastically exceeds the 20-year long-term average of 16.4 per cent, and it means that even if they were required to pay only the interest on their home loans, it would still consume an unmanageable proportion of household income.

Compared to just one year ago, an additional 341,000 people have been dragged underwater and into financial distress.

Of course, champagne socialists – those who vote for socialist policies but are unaffected by them – will still be cheering on Labor's policies, scarcely sparing a thought for those doing it tough – as long as they get a discount on their Tesla.

How did Australia end up here? The current trajectory stems directly from policy decisions made in Canberra since 2022 that have fuelled sticky inflation and forced the Reserve Bank into prolonged monetary tightening.

When the government announced successive federal budgets packed with expansionary spending, public sector expenditure surged, competing directly with, and crowding out, the private economy for materials, energy and labour.

As federally profligate spending injected tens of billions of dollars into the economy, inflation remained stubbornly elevated – spiking to an official annual CPI peak of 4.6 per cent. The RBA had no choice but to aggressively increase the cash rate, taking it up by 0.75 per cent this year alone to 4.35 per cent. In other words, homeowners are literally paying the price for a lack of federal fiscal discipline.

Meanwhile, the failure to deliver affordable, reliable energy transition policies has sent electricity and gas bills soaring across every state. Instead of lowering power bills which, by the way, is something no nation transitioning to renewables has ever achieved, Labor's green missteps add hundreds and even thousands of dollars in "essential" costs to family budgets every quarter, draining wallets that might otherwise service debt.

More recently, and frighteningly, Labor has agreed to extend the 50 per cent capital gains tax discount for foreign investors in renewable energy projects to 2040. This will ensure the pain consumers feel when they open their electricity bill will continue for another decade or more.

It's worth remembering that mortgage stress is bound to income stability. But Australia's labour market is rapidly softening. According to Roy Morgan, full-time employment was at 9,093,000 in July 2026 – down 228,000 from 9,321,000 in January. Meanwhile, their latest unemployment estimates reveal more than one in five workers are either unemployed or underemployed – 3,228,000 (20.4 per cent of the workforce). In other words, family incomes are shrinking just as monthly energy and home loan commitments surge.

Disturbingly, the crisis shows no sign of stabilising. The RBA raised interest rates three times in early 2026, and Roy Morgan's modelling paints a grim picture if the central bank raises rates again. Indeed, if rates rise to 4.6 per cent, the share of "at-risk" mortgage holders will increase to 32.7 per cent (1,798,000 people). Even delaying a rate rise will push mortgage stress to 33.1 per cent (or 1,818,000 people) – adding another 32,000 households by October and edging us closer to the all-time stress records set during the 2008 GFC.

Roy Morgan chief executive Michele Levine paints a simple picture, noting: "Mortgage stress ... has now increased six months in a row; interest rates have increased three times this year; housing prices are coming down in key markets; and the Australian workforce has contracted."

I can paint a similarly simple picture. Labor has literally cheered on the biggest annual tax take in Australia's history. If it were spent well, our economy would be booming, and our debt would be low. Instead, the opposite exists: debt is at a record, and the economy is in a real per capita recession. There is no other conclusion than Australia's finances are terribly and painfully mismanaged.

Families can't tighten their belts any further. For many families, discretionary spending has already been slashed to zero, the savings buffers they accumulated in previous years have been exhausted, and households are taking on multiple jobs or credit card debt just to keep a roof over their heads.

Economic policy has everyday consequences, and so, while the unqualified, inexperienced hard-left ideologues in Canberra practise their socialist experiment on Australia, everyday citizens and their homes are being shattered. Without an immediate shift towards disciplined fiscal management, reduced regulatory burdens and genuine supply-side economic reforms to tame structural inflation, almost 1.8 million mortgage holders will bear an increasingly unbearable yoke.

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