

MATH2404 Assignment 1

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Please carefully read the statements below and check each box if you agree with the declaration. If you do not check all boxes, your assignment will not be marked. If you make a false declaration on any of these points, you may be investigated for academic misconduct. Students found to have breached academic integrity may receive official warnings and/or serious academic penalties. Please read more about academic integrity [here](#). If you are unsure about any of these points or feel your assessment might breach academic integrity, please contact your course coordinator for support. It is important that you DO NOT submit any assessment until you can complete the declaration truthfully.

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I agree and acknowledge that:

- ☒ I have read and understood the Declaration and Statement of Authorship above.

- ☒ If I do not agree to the Declaration and Statement of Authorship in this context and all boxes are not checked, the assessment outcome is not valid for assessment purposes and will not be included in my final result for this course.

URL to vodcast hosted on OneDrive

[MichaelTeixeiraS4133975.mp4](#)

Vodcast Transcript

Hello, my name is Michael, and today I'll be exploring the financial pressures faced by Australians.

In recent years, the cost of living in Australia has become a significant concern, particularly for younger generations. With inflation on the rise and mortgage costs growing, many Australians are finding it harder to achieve financial security.

Let's start by looking at inflation. This chart, sourced from the Australian Bureau of Statistics and the Reserve Bank of Australia, shows inflation trends in Australia from the 1950s through to 2024.

Before COVID-19, Australia enjoyed a period of remarkable stability, with inflation generally staying within the RBA's target range of 2-3% from 2000 to 2020. However, the pandemic triggered unprecedented changes, sending inflation from negative -0.3% in June 2020 to a peak of 7.8% in December 2022 - levels not seen since 1987. As of June 2024, inflation has moderated to 3.8%, showing signs of improvement though still above the target range.

When inflation rises, so do prices for essentials such as food, fuel, and utilities, creating a ripple effect that impacts nearly every household expense. This recent spike in inflation has had a significant impact on the overall cost of living for Australians.

While inflation is a primary driver of rising living costs, mortgage expenses are another major factor. This chart, created by the Australia Institute, illustrates the trend of mortgage-to-earnings ratios over the last few decades.

In 1993, the mortgage-to-earnings ratio was just under 4:1. This means that, on average, Australians needed to save about four times their annual income to afford a home. Today, this ratio has nearly doubled, reaching close to 8:1. In other words, mortgage costs have outpaced income growth, making it significantly harder to buy a home.

This increase in mortgage burdens doesn't just impact first-time buyers but also imposes long-term financial pressure on households. With a larger share of income going toward housing, there's less available for other living expenses, which compounds the impact of inflation.

In conclusion, the rising cost of living in Australia is being driven by both high inflation and skyrocketing mortgage costs. Addressing these issues is critical to ensure that future generations can achieve financial stability, and that homeownership remains attainable for Australians.

References

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