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Prime Minister Pushes to Fulfill Key Election Pledge on Cost-of-Living Relief

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Prime Minister Anthony Albanese is moving to deliver on a major 2025 election promise to ease cost-of-living pressures, focusing on healthcare, childcare, and tax relief. This article examines the Labor government's initiatives, their limitations, and the opposition's criticism that the measures do not go far enough to address Australia's economic challenges.

Following Labor's landslide victory on May 3, 2025, Albanese has prioritised a suite of policies aimed at reducing financial strain on Australian households. Key among them is an \$8.5 billion investment in Medicare designed to increase bulk-billing rates, introduce a 24/7 GP helpline, and establish 50 new Medicare Urgent Care Clinics. "No Australian should check their bank balance before seeing a doctor," Albanese said during the campaign, according to ABC News.

From January 1, 2026, changes to the Pharmaceutical Benefits Scheme (PBS) will reduce the maximum co-payment for medicines from \$31.60 to \$25, a measure expected to save Australians an estimated \$200 million annually. On the childcare front, reforms beginning January 5, 2026, include three days of subsidised care for families earning under \$530,000 annually and the removal of the activity test. These changes are projected to cost \$427 million over five years.

Further relief includes a 20% reduction in Higher Education Contribution Scheme (HECS-HELP) debts, which took effect in July 2025 and is expected to save the average student around \$5,000. In addition, a \$1,000 no-receipt tax deduction will be available from July 2026 for eligible workers.

Despite these measures, the Coalition argues that Labor's response is inadequate. Opposition Leader Peter Dutton labelled the extension of the \$150 quarterly energy rebate through 2025 a "temporary band-aid," noting it does little to offset electricity price increases that have risen by 9% over the past year. The Coalition has proposed halving the fuel excise for 12 months to reduce transport costs and reinstating 20 Medicare-subsidised mental health sessions, replacing the current 10-session cap.

Dutton also criticised Labor's \$2.3 billion household battery subsidy scheme, claiming it prioritises "optics over substance" and fails to deliver immediate relief. Shadow Treasurer Angus Taylor warned that increased government spending, including new cost-of-living measures, risks fuelling inflation. "Labor's spending lacks discipline, and their return to budget deficit threatens long-term stability," Taylor said.

Economists estimate that Australian households have experienced a 9% decline in real purchasing power since 2019, while national rents have increased by 36% over the same period. Critics argue that while Labor's long-term "Future Made in Australia" plan focuses on economic transformation, it does not adequately address the urgent cost pressures facing low- and middle-income families.

As Albanese's government rolls out its economic agenda, questions remain about whether these policies can deliver lasting relief in an economy still grappling with inflation, housing shortages, and wage stagnation. The coming months will test whether the government's approach is enough to restore confidence and ease the burden for everyday Australians.