

Sold as ‘a better deal for young people’ yet leaves many in poverty.

The 2024-2025 May Budget was a promise to close the generational divide amidst a challenging time for young people, who continue to be disproportionately impacted by cost-of-living pressures across various life domains, including mental health, employment, and housing.

While the Budget introduces investments in critical areas such as housing and homelessness, family violence, and education and training, it falls short of fully addressing the severe cost-of-living pressures faced by young Australians, particularly those on income support or unemployed.

AYAC supports the government's efforts to reduce cost-of-living pressures but emphasises the urgency for more robust measures. Increasing Youth Allowance and JobSeeker payments remains a critical priority to help young Australians rise above the poverty line and live secure, healthy, and dignified lives.

Quotes can be attributed to AYAC's CEO, Jo Rostami.

“Despite being marketed as a better deal for young people, this budget has prioritised those already privileged, and failed to deliver tangible relief for young Australians doing it tough today.”

“The government’s failure to increase Youth Allowance and the base-rate of JobSeeker payments overlooks a vital step needed to lift young people out of poverty.”

“The measures announced will offer little respite from the continuing cost of living crisis that’s disproportionately affecting young Australians.”

Note: this is a summary of some key points and is not intended to be a comprehensive analysis.

Cost of Living

Energy Bill Relief

All households will receive a \$300 rebate on electricity bills, split into quarterly instalments.

What this means: This one-off \$300 rebate is the sole cash support for many young people on social security payments, and only those with stable housing will access this relief. Providing this support to everyone seems an inefficient use of funds, and while it will help some, this relief demands means-testing and a redirection to those most vulnerable.

Tax Cuts

Average tax cuts of \$1900 per year were announced.

What this means: These tax cuts include big returns for the wealthiest in our country. While this relief for young people will be variable, it will remain largely outweighed by the absence of increase to income support, and continuing cost-of-living pressures.

PBS Medication Cap

The cost of PBS-listed medications is frozen for up to five years.

What this means: PBS-listed medications are capped at \$7.70 for up to five years for those with concession cards, and at \$31.60 for one year for those without. While helpful, this will only provide limited relief to young people in the short term.

Income Support

Commonwealth Rent Assistance

An increase of 10% from September 2024.

What this means: This is a modest increase amounting to an extra \$9.40 per week for a single person and pales in comparison to skyrocketing rental prices. This increase is unlikely to provide relief for most young people, who are already in deep housing distress.

JobSeeker

JobSeeker recipients able to work up to 14 hours a week are now eligible for the higher rate, an increase of \$54.90 a fortnight.

What this means: Changes to JobSeeker will only benefit 0.06 per cent of recipients, leaving 99.4% living below the poverty line. We also know that 18- to 24-year-olds make up 25.2% of the long-term unemployed and financial difficulties are compounded by the disproportionate job insecurity among young people.

Missing:

Despite boosts to concessions, there is also no increase to the Youth Allowance and standard JobSeeker payments, leaving young people living significantly below the poverty line.

Education and Training

HELP Indexation Rate Cap

The HELP indexation rate will be capped and backdated to 1 June 2023.

What this means: This short-term relief will support young people who had a higher-education debt last June by reducing the amount owed; and aims to reduce financial barriers to education and training moving forward. However, analysts have suggested fixing the maximum indexation rate would do a better job of preventing debt blowout.

Commonwealth Practice Payment

From 1 July 2025, students on clinical and professional placements will receive \$319.50 per week.

What this means: These payments aim to reduce 'placement poverty', but still fall below the poverty line, equating to approximately \$8 per hour while on placement. Students who manage to qualify for these placement supports also won't see any benefits for more than a year, when they come into effect on 1 July 2025.

Housing and Homelessness

Crisis Accommodation Funding

\$1 billion has been allocated from the National Housing Infrastructure Facility (NHIF) toward crisis accommodation and transitional housing for youth, and for women and their children leaving violence.

What this means: This funding is a welcome first step toward unlocking 15,000 dedicated youth tenancies for homeless youth, one of the goals outlined in the national Home Time campaign. However, this Budget notably lacks appropriate funding for frontline services to support these facilities. With nearly 40,000 children and young people aged 15-24 experiencing homelessness each year, these measures are but a first step.

Mental Health

Boost to various mental health services and initiatives

This Budget allocates \$888.1 million to a mental health package over eight years.

What this means: These funding injections into key areas of mental health are welcome, however only a modest \$42.5 million of the \$888.1 million is specifically allocated to young people, with \$12.8 million of that allocation going towards the Indigenous Youth Connection to Culture program. Young people with trauma and mental ill health require support that is specifically tailored to them, addressing their unique needs and circumstances. These measures also won't address the overall demand for mental health services.

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About AYAC: The Australian Youth Affairs Coalition (AYAC) is the national peak body for young people (12-25) and the sector that supports them. To learn more about our initiatives, visit ayac.org.au.