



2024-2025 Pre-Budget Submission



Dear Treasurer,

RE: 2024-25 Pre-Budget Submission

Thank you for the opportunity to provide a submission regarding the Australian Government's 2024-25 Budget.

For over 40 years, Yfoundations has served as the NSW peak body advocating for children and young people (C&YP) at risk of and experiencing homelessness, and the services that support them. Our members and board comprise highly experienced youth specialist homelessness services (SHS) providers who have direct knowledge of and experience with the issues children and young people experiencing or at risk of homelessness face. We are also the only peak body representing this cohort nationally.

Our submission makes several recommendations based on our vision of ending child and youth homelessness.

Summary of recommendations

1. Fund the design & delivery of a Standalone National Child and Youth Housing and Homelessness Plan.

2. Recognise and fund responses for children and young people experiencing domestic, family and sexual violence on their own (without their mothers or caregivers) within Action Plans under the National Plan to End Violence Against Women and Children.

3. Fund the Equal Remuneration Order (ERO).

4. Apply sufficient indexation to ensure funding keeps pace with the real costs of homelessness service delivery.

5. Raise youth allowance and Job Seeker to \$88 a day (being the Henderson poverty line).

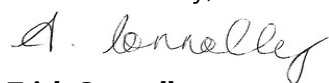
6. Increase public, community and affordable housing stock and quarantine for young people.

7. Intervene in the private rental market through emergency measures such as a rent freeze or rent caps.

8. End unfair tax breaks that disproportionately benefit older people and drive-up housing prices.

Please contact Trish Connolly, CEO Yfoundations at trish@yfoundations.org.au should you wish to discuss any element of our submission.

Yours Sincerely,



Trish Connolly
CEO Yfoundations

Recommendation 1: *Develop and fund a Standalone National Child and Youth Housing and Homelessness Plan*

To effectively address and eliminate child and youth homelessness we need a standalone plan that responds to the diversity and complexity of the children and young people at risk of or experiencing homelessness, to support their transition into a future of self-reliance and wellbeing.

Children and young people have diverse experiences of homelessness compared to adults and therefore need a dedicated and focused response. Age-appropriate responses are crucial: those under 16 years need care, guidance and support like any child. This is likely to be similar for 16-17-year-olds, whereas 18-24-year-olds, mostly, need support to transition into adulthood

The Australian Government should, in partnership with state and territory governments, develop and fund a standalone National Child and Youth Homelessness and Housing Plan (standalone National C&Y Plan) that outlines the approaches and resources required to effectively prevent, intervene and respond to children and young people at risk of or experiencing homelessness.

In this wealthy nation, child and youth homelessness is a disgrace and should not exist. Homelessness should be prevented wherever possible and when it does happen, it must be rare, brief and a one-off occurrence for the person involved.

We believe a standalone National C&Y Plan should:

- 1.** Commit to an ambitious target to eradicate child and youth homelessness within a reasonable timeframe.
- 2.** Commit to sufficient, long-term funding commensurate with the ambition of the plan. Funding matters: where homelessness services have the resources to respond to people at risk of homelessness, they achieve excellent results, with 80% of clients avoiding an experience of homelessness.¹
- 3.** Be developed and funded with the urgency it deserves.
- 4.** Give primacy to the expertise of those with lived experience of being homeless or at risk of homelessness as a child or young person.
- 5.** Be developed and led by sector experts rather than private consultants.
- 6.** Face the reality that the root causes of child and youth homelessness include poverty and domestic violence, and that efforts to eradicate child and youth homelessness will only be effective if governments address these root causes.
- 7.** Include specific, culturally sensitive strategies to end child and youth homelessness amongst First Nations and CALD communities. First Nations children are overrepresented amongst child and youth homelessness statistics and that is a national shame that requires redress.

¹ Productivity Commission (2024). *Report on Government Services 2024: Homelessness services data tables, Table 19A. 30 Clients at risk of homelessness who avoided homelessness*

8. Recognize that young people are more likely to experience homelessness upon leaving youth justice settings and out-of-home care due to poorly planned exits, difficulty securing accommodation, and loss of family and/or social supports.
9. Recognize that investment is required in a range of specialized youth supported housing and long-term housing models to respond flexibly to the housing and development needs of young people experiencing homelessness. A one size fits all approach will not be effective as 'Housing First' is not necessarily the best model for all young people.

Recommendation 2: *Recognise and fund responses for unaccompanied children and young people experiencing domestic, family, and sexual violence (DFSV) alone within Action Plans under the National Plan to End Violence Against Women and Children*

The National Plan to End Violence against Women and Children 2022–2032 (The National Plan) sets a goal to end gender-based violence in one generation, with commitments across the four domains of prevention, early intervention, response, and recovery and healing. Encouragingly, The National Plan acknowledges children and young people experiencing DFSV as victim-survivors in their own right. While this is an important step away from viewing children as an appendage of their mothers or female carers, it fails to acknowledge, explicitly define and address the needs of children and young people who are experiencing DFSV on their own and turning up to Youth SHS unaccompanied.

Of children and young people presenting alone to SHS in 2022–23, 34% or over one in three of them experienced DFSV.² Anecdotally, Yfoundations' members tell us this number is closer to 80%-90%, as children and young people often don't view themselves as victim/survivors of DFSV and/or take time revealing the entirety of their situation to their caseworkers, meaning it might not be identified in the initial assessment.

Children and young people presenting alone to SHS because of DFSV have unique experiences of DFSV and, therefore, responding appropriately requires a different approach than that needed for adults and accompanying children.. Given the number of children and young people presenting to SHS on their own because of DFSV, the youth SHS sector must be more appropriately resourced and equipped to support this cohort. Importantly, some of these young people won't be accepted into youth SHS (because they have children) and are too young to go into a women's domestic violence SHS. There is nowhere for them to go and the youth homelessness sector fills this gap without any existing resources. Mostly however, these children and young people remain or return to violent homes, sleep rough, or couch surf often in dangerous environments.

The execution of The National Plan is outlined by 5-year Actions Plans, as well as a dedicated Aboriginal and Torres Strait Islander Action Plan. These Action Plans will detail the Australian, State and Territory governments investments towards its implementation.

² Australian Institute of Health and Welfare (AIHW) (2023). *Specialist Homelessness Services Annual Report 2022-23*.

It is crucial that children and young people who are unaccompanied or experiencing DFSV on their own are identified as a priority cohort within these Action Plans so that appropriate investment can be made to reflect the needs of this cohort in the DFSV space.

A portion of the funding from the Action Plans should be quarantined to support unaccompanied children and young people experiencing DFSV on their own. For youth SHS workers to provide person-centred, age-appropriate, trauma-informed responses, funding from the Action Plan should be allocated to sector capacity building. This funding would also support the development of best practice guidelines, case management, tools and training to better equip youth SHS workers to respond to this cohort.

Yfoundations calls on the Australian Government to recognise children and young people who are experiencing DFSV on their own as a distinct cohort that requires a distinct response. Additionally, we call for a portion of the funding allocated in the Action Plans to be quarantined for youth-specific DFSV responses and accommodation.

Recommendation 3: Fund the Equal Remuneration Order (ERO)

The ERO has been in place for over a decade in recognition of low wages in female dominated industries. It has been key to delivering fairer wages to workers in the homelessness sector and in ensuring the government's stated commitment to advancing gender equality as a national priority is met.

Unfortunately though, the Federal Government's commitment to fund the ERO has wavered in recent years. In March 2023, after months of campaigning by organisations like Homelessness Australia and Yfoundations, the Federal Government committed to a 'one off' payment equivalent to the ERO Supplement. While this outcome was welcomed, it's extremely disheartening that continual requests for yearly extensions are necessary. The stability of our frontline providers and essential service support shouldn't be contingent upon organizations repeatedly advocating for their funding security.

This is especially so given the recent release of homelessness data from the Australian Institute of Health and Welfare shows that the homelessness crisis is not improving. The funding allocated for these services has been failing to meet the demand for years now, and with The National Housing and Homelessness Agreement due to expire in June 2024, the sector faces a \$73 million funding gap.³ In an already underfunded and over-stretched industry, the loss of ERO funding would have substantial impacts, posing a significant risk to crucial services and the children and young people they support. In 2022/23, every day, 295 people who needed a crisis bed or help were turned away because services were at capacity.⁴ In 2022-23 only half of the young people presenting alone to SHS for short-term or emergency accommodation received it.⁵

While demand for specialist homelessness services (SHS) continues to increase, the SHS sector is experiencing staff shortages and worker retention issues. Research undertaken by AHURI on building and retaining an effective homelessness sector workforce found that a key component impacting staff engagement and retention was the lack of financial security.

The loss of ERO funding will most likely result in a considerable loss of staff to more well funded sectors that can offer better wages and permanent job opportunities. For the staff that don't seek out other opportunities, loss of ERO funding could reduce working hours, lead to job losses, and

³ Homelessness Australia (2023). [Housing crisis: Homelessness emergency](#).

⁴ AIHW (2023).

⁵ Ibid.

exacerbate the challenges already faced by workers amidst the cost-of-living crisis. This would have flow-on effects to the levels of support available to children and young people experiencing or at risk of homelessness

Recommendation 4: *Apply sufficient indexation to ensure funding keeps pace with the real costs of homelessness service delivery*

Federal funding for homelessness services delivered through the NHHA and related supplementary payments are indexed, but at a significantly lower rate than needed to meet increasing costs. The method of indexation provided for under the NHHA (using the wage price index) does not reflect the real and rising costs of providing services, support and accommodation to people experiencing or at risk of homelessness. Indexation is not based on need nor the different costs of providing services in each jurisdiction.

The 2021 census data showed an increase in the number of people experiencing homelessness since 2016, including an increase in young people (12-18).⁶ SHS are already operating beyond capacity and cannot fully meet the current scale and complexity of need due to a lack of resources. Services are already under severe funding stress to deliver on ever-increasing demand while struggling to meet rising costs and fund long-overdue increases to staff wages.

We understand that the Commonwealth will not continue the National Housing and Homelessness Agreement (NHHA) from 30 June 2024 and is working towards developing new arrangements. It is vital that the new arrangements apply sufficient indexation to ensure funding keeps pace with the real costs of homelessness service delivery. Sufficient indexation is vital to ensure the ongoing provision of essential, life-saving services to those in need.

Recommendation 5: *Raise income support payments, including youth allowance and Job Seeker, to the Henderson poverty line of \$88 a day.*

As one of the root causes of housing stress and homelessness, the Commonwealth Government must eradicate poverty. Poverty shouldn't exist in this country, and yet a staggering 3.3 million Australians live in poverty along with one in six children.⁷ According to an ACOSS report from last year, one in five renters (20 per cent) and more than half the people in public housing live below the poverty line.

Anglicare Australia's 2023 Rental Affordability Snapshot found that a mere four rentals were affordable for a single person receiving JobSeeker across Australia. None were affordable for someone on Youth Allowance, while the percentage of affordable rentals for a person on the minimum wage has dropped to below one percent for the first time.

Young people locked out of the rental market have limited options but to join already overblown social housing has waitlists, but there is no requirement for community housing providers (CHPs) to quarantine a portion of the dwellings for YP. This explains why in 2022, only 3.2% of social housing principal tenants were YP aged 15-24.⁸ With financial exclusion from the private rental

⁶ Australian Bureau of Statistics (2023). *Estimating homelessness: Census*

⁷ Mission Australia (2023). *Poverty in Australia: Five alarming statistics.*

⁸ AIHW (2023). *Housing assistance in Australia.*

market and limited pathways into social housing, unaccompanied YP at risk of or experiencing homelessness are forced to refuge-hop, couch-surf or sleep rough.

An obvious way to address poverty is to raise the current rate of income support payments which are woefully inadequate especially during a raging cost of living crisis, to the poverty line of \$88 a day.

A substantial raise in income support for YP would be a lifeline for this cohort. The boosted income support during the pandemic brought 646,000 Australians, including 245,000 children, out of poverty,⁹ highlighting that the government's investment in raising income support would have a meaningful impact.

There is ample and reliable evidence that shows the social costs of entrenched disadvantage and poverty – costs that can be alleviated with appropriate investment in breaking cycles of disadvantage. Inequality can directly affect the economic prosperity of a country; nations with higher levels of inequality experience poorer economic growth.¹⁰ Additionally, increased incomes for the unemployed and low-income earners would lead to improved national outcomes in indicators such as health, crime and employment.¹¹ Raising the rate of income support for young people would help end cycles of poverty, as well as make this country fairer and more prosperous.

Recommendation 6: *Substantially invest in increasing public, community and affordable housing stock and quarantine some of the stock for young people.*

Australia's stock of social housing has fallen consistently over preceding decades. There's currently a shortage of 640,000 social and affordable homes and that's expected to grow by 75,000 over the next five years. Nationally, about 175,000 households are on the social housing waiting list, and many can expect to wait years for a home.¹² In NSW, for example, people on the general waiting list can expect to wait 10 years or more in most locations.¹³

Australia's proportion of social housing (4.1 per cent in 2022¹⁴) is lower than 15 other OECD countries. Countries such as the Netherlands, Austria and Denmark had over 20 per cent of social housing in 2020.¹⁵

Economics professor Andi Nygaard estimates the "large, but avoidable, annual social and economic costs" of the affordable housing shortage will top \$1 billion a year by 2036.¹⁶ The shortage of adequate social housing disproportionately impacts First Nations peoples.

In the recent senate inquiry into the worsening rental crisis, numerous experts called for specific targets for the construction of new social housing dwellings. For example, the Australian Council of Social Service (ACOSS) urged the Australian Government to deliver 'a ten year, 25,000 dwelling per year pipeline of social housing investment' to meet current and projected demand estimated by ACOSS at 500,000 dwellings.¹⁷ Other inquiry participants, including National

⁹ Davidson, P. et al. (2022). *Poverty in Australia 2022: A snapshot*. Australian Council of Social Service (ACOSS), UNSW Sydney.

¹⁰ Deloitte Access Economics (2018). *Analysis of the impact of raising benefit rates*. Report commissioned ACOSS.

¹¹ Ibid.

¹² AIHW (2023). *Housing assistance in Australia*.

¹³ NSW Department of Communities and Justice (2020). *Expected waiting time*.

¹⁴ AIHW (2023). *Housing assistance in Australia*.

¹⁵ OECD (2023). *Social rental dwelling stock. Public policies towards affordable housing*.

¹⁶ Nygaard, A. (2022). *Cost of Inaction: social and economic losses due to the social and affordable housing shortage*. Swinburne University of Technology.

¹⁷ The Senate Community Affairs Reference Committee (2023). *The worsening rental crisis in Australia: final report*.

Shelter, Everybody's Home, Anglicare Australia and the Tenants' Union of Tasmania, agreed that 25,000 dwellings per year are needed to meet the current shortfall.¹⁸

A joint statement to the committee by over 80 organisations submitted that governments should aim for investment consistent with meeting a target of a minimum 10 per cent of all housing being public or community housing by 2036.

Yfoundations agrees that governments must invest significantly to increase the stock of social housing. Part of this stock should be specifically quarantined for young people to reduce the risk of young people on waitlists ending up homeless.

Recommendation 7: Intervene in the private rental market by working with the states and territories to coordinate an emergency temporary rent freeze, ongoing measures to protect renters from unsustainable rent increases following the freeze and improve renters' rights.

Yfoundations recently surveyed our members, being services that advocate for children and young people experiencing homelessness, to understand the key concerns and priorities of the sector. They told us that the number one issue of concern amongst a clear majority of members (65.1%) was unaffordability in the private rental market.¹⁹

We are clearly in a rental crisis. Rents across Australia have risen at the fastest rate in at least 15 years, according to Corelogic's Rental Value index.²⁰ Annual rent increases, which are calculated monthly, topped 10% in late 2022 and early 2023. The last time rents increased at such a pace was during the global financial crisis, when peak annual rent growth reached 9.7%.

Virtually no part of Australia is affordable for aged care workers, early childhood educators, cleaners, nurses and other essential workers.²¹ The rental vacancy rate has fallen to record lows and sits well below healthy levels.

There are no signs that the crisis is abating or that measures currently in place are working. Rental prices are tipped to continue to increase across the country next year, according to a panel of economic experts.²²

The rental crisis is exacerbating the broader housing and homelessness crisis, with rising rent levels putting pressure on public, social and affordable housing and crisis accommodation services and contributing to the current rate of homelessness.

We acknowledge that the states are responsible for rental laws. However, the rental crisis is national in scale and demands national leadership. The federal Government cannot sit back and hope the states do the right thing while the crisis gets worse.

We urge the federal government to intervene in the rental crisis by working with the states and territories to coordinate:

¹⁸ Ibid.

¹⁹ Yfoundations (2023). Yfoundations Annual Survey, November 2023.

²⁰ Nicholas, J. (2023). *Australian rents are rising at the fastest rate since the GFC - and from a higher base*. The Guardian.

²¹ Anglicare Australia (2023). *Heat map shows the depth of the rental crisis for essential workers*. Media release.

²² Raphael, A. (2023). *Rental prices expected to climb across Australia in 2024*. News.com.au.

1. An emergency freeze on rental increases for two years to protect the many renters who are one rent increase away from becoming homeless*

2. An ongoing cap on rental increases of two per cent every two years*.

3. Improved tenancy laws which include a strengthened prohibition on rent bidding, an end to no-cause evictions and minimum rental standards.

*As recommended in the recent senate report on the worsening rental crisis, the emergency freeze and ongoing cap should be attached to the property, not the specific tenancy or lease. The reference date for the freeze should be backdated to avoid rents being increased in anticipation of the freeze. The freeze and ongoing cap should apply to new properties where starting rents are set at the median rent for the area and property type.

These measures should cover all forms of private rental accommodation, including student housing, boarding houses, co-living, and share houses (excluding non-rent charges such as utilities).

It is a myth, driven by vested interests and too readily parroted by governments in this country, that rental controls do not work. There are in fact many global examples where rental controls have succeeded in protecting renters, and it is high time governments met the rental crisis with solutions commensurate with the scale of the crisis.

Recommendation 8: *End unfair tax breaks that disproportionately benefit older people at the expense of young people.*

Australia has unusually generous tax treatment for investment in rental property. Investors are able to access the benefits of negative gearing and capital gains tax concessions, which are estimated to cost the federal budget tens of billions of dollars each year.²³

Older people get the lion's share of these tax breaks because more than half of all property investors are aged over 50, with those aged over 60 accounting for the largest share of any age group, according to the Australian Tax Office's latest statistics.²⁴

Almost three-quarters of the capital gains tax discount housing benefit goes to the richest 10% of households, and more than three-quarters to people aged 50 and over.²⁵ People under 40 receive only 6% of capital gains tax discount benefits.²⁶

It's a similar story when it comes to negative gearing. More than half of the \$4.3 billion annual benefit from negative-gearing tax cuts goes to the top 20% of households by income.²⁷ Those aged between 40 and 60 capture more than 60% of the concessions.

These unfair tax breaks are symptomatic of a housing system which treats a home as an asset class rather than a human right, rewarding older, wealthy investors at the expense of young people trying to make a start in life.

²³ ACOSS (2015). *Fuel on fire: negative gearing, capital gains tax and housing affordability.*

²⁴ Motion Property (2023). *Australian landlords are now older than ever, and that spells bad news for renters.*

²⁵ Grudnoff, M; Littleton, E. (2021). *Rich Men and Tax Concessions: How certain tax concessions are widening the gender and wealth divide.* The Australia Institute

²⁶ Grundoff, M. (2016). *Tax concessions by age.* The Australia Institute.

²⁷ Grudnoff, M; Littleton, E. (2021).

Currently, people get tax deductions when they borrow money to invest in homes to rent out. This drives up the price of housing for everyone, and makes it much harder for young people to buy their first home. It also encourages and subsidises speculation in the housing market. The tax system contributes to Australia having among the highest housing costs and highest household debt in the world.

Young people are being locked out of a housing system increasingly dominated by rich older people. It is a myth, promoted by both politicians and the property industry, that the Australian landlords reducing their taxes are average-earning mums and dads. The beneficiaries of negative gearing are overwhelmingly wealthy.

Yfoundations considers that we need to radically transform our housing system to ensure younger people get a fair go. Part of that transformation means ending the unfair tax breaks that lock young people out of accessing their right to housing.