



foundations

creating a future without youth homelessness

2025–2026

Federal Pre-Budget Submission

January 2025

Dear Treasurer,

RE: 2025-26 Pre-Budget Submission

Thank you for the opportunity to provide a submission regarding the Federal Government's 2025-26 Budget.

For over 40 years, Yfoundations has served as the NSW peak body providing a voice for children and young people at risk of and experiencing homelessness, as well as the services that provide direct support to them. Yfoundations is proudly a membership-based organisation with a network of over 50 organisations across NSW. We aim to create a future without youth homelessness by campaigning for children and young people experiencing and at risk of homelessness.

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

If you would like to discuss any of these recommendations in further detail, please do not hesitate to contact myself at john@yfoundations.org.au.

Yours sincerely,



John Macmillan
Interim CEO
Yfoundations

Acknowledgement of Country

Yfoundations acknowledges the traditional custodians of the land we and our members operate on across NSW. We pay our respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples. We thank them for protecting the land and its ecosystems for time immemorial and acknowledge that sovereignty was never ceded.

Executive Summary

Yfoundations has taken this opportunity to reiterate and reaffirm our sustained and ongoing calls to the Australian Government to invest in age-appropriate approaches and responses, innovative housing models, and a stronger homelessness services system, to address child and youth homelessness in this country.

These calls are even more critical given the cost-of-living and affordable housing/rental crises that have locked young people out of the private rental market, increased the demand for support from specialist homelessness services (SHS), and reduced exit options for children and young people aged 15–24 years in crisis and transitional accommodation and support. Yfoundations also reiterates the urgent need for investment in responses for children and young people presenting alone to SHS who are experiencing domestic, family and sexual violence.

Homelessness, particularly child and youth homelessness, represents a violation of a wider set of fundamental rights than the right to adequate housing alone. The solution to child and youth homelessness requires a focus on a broader range of systemic issues and responses.

Appropriate funding of the specialist homelessness services sector and of targeted youth-specific appropriate responses and housing models for children and young people experiencing and at risk of homelessness are part of a broader response to child and youth homelessness. The Australian Government has the opportunity to lead the way in the development and implementation of a national action plan that provides a roadmap to address child and youth housing and homelessness as part of the forthcoming National Housing and Homelessness Plan.

To this end, Yfoundations makes the following recommendations:

Recommendation 1: Fund the design and delivery of a National Child and Youth Homelessness and Housing Action Plan.

Recommendation 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.

Recommendation 3: Review the method of indexation applied under the National Agreement on Social Housing and Homelessness to ensure homelessness funding keeps pace with the real costs of homelessness service delivery.

Recommendation 4: Raise youth allowance and Job Seeker to \$88 a day (being the Henderson poverty line).

Recommendation 5: End unfair tax breaks that contribute to generational inequality and drive-up housing prices.

Recommendation 1: *Fund the design and delivery of a National Child and Youth Homelessness and Housing Action Plan.*

Yfoundations has provided comprehensive submissions to inform the Australian Government's development of its National Housing and Homelessness Plan (NHHP) and has repeatedly and consistently called for a standalone National Child and Youth Homelessness and Housing Plan.

While we welcome the increase in Specified Homelessness Funding under the National Agreement on Social Housing and Homelessness, and the Australian Government's investment into housing infrastructure under the National Housing Infrastructure Fund, there is no clarity as to when the National Housing and Homelessness Plan (NHHP), which should guide the effective and efficient use of these investments, will be finalised.

Furthermore, despite the clear evidence of the need for a standalone National Child and Youth Homelessness and Housing Plan, to date there has been no indication of the government's intent to develop and implement one. Without such a plan there is no firm national commitment or roadmap to end child and youth homelessness in this country.

On the assumption that the delivery of the NHHP may be imminent, Yfoundations is calling on the Australian Government to, at the very least, fund the design and delivery of a National Child and Youth Homelessness and Housing Action Plan (NCYHHAP) that will sit alongside or under the anticipated NHHP.

Children and young people have diverse experiences of homelessness compared to adults and therefore need dedicated and focused responses. Many may be escaping domestic and family violence or family breakdown, and/or be managing issues arising from mental health, alcohol and other drugs; some may have children themselves; many may be dealing with discrimination related to culture, sexuality or gender; and others may have a disability. 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 core tenets of our call for a NCYHHAP are that:

- ending child and youth homelessness looks different to ending adult homelessness or solving the housing crisis
- an innovative approach to housing infrastructure, particularly social housing infrastructure, is necessary to address the housing and support needs of young people experiencing homelessness. A one-size-fits-all 'Housing First'-type approach (where allocating housing is the first response combined with wrap-

around supports) is not necessarily the best or appropriate model for all young people.

This action plan would respond to the diversity and complexity of the needs of children and young people at risk of or experiencing homelessness, to support their transition into a future of self-reliance and wellbeing and contribute to a future without child and youth homelessness in Australia. It would recognise that this cohort's pathways into and out of homelessness are different to those of adults, and outline the approaches and resources required to effectively prevent, intervene and respond to all children and young people at risk of or experiencing homelessness.

We believe the NCYHHAP should:

1. commit to an ambitious target to eradicate child and youth homelessness within a reasonable timeframe
2. commit to appropriate, long-term funding commensurate with the objectives and anticipated outcomes 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 homelessness¹.
3. be developed and funded with the urgency it deserves
4. give primacy to the expertise of people with lived experience of homelessness or risk of homelessness as a child or young person
5. be developed and led by sector experts rather than private consultants
6. confront the reality that the root causes of child and youth homelessness include poverty and domestic violence, and efforts to eradicate child and youth homelessness will only be effective if governments address these root causes
7. include specific, culturally sensitive and culturally safe strategies to end child and youth homelessness among First Nations and CALD communities. First Nations children are overrepresented in child and youth homelessness statistics - this is a national shame that requires redress
8. recognise 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. recognise that investment is required in a range of specialised youth supported medium-term/transitional housing and affordable long-term housing models to respond flexibly to the needs of young people experiencing homelessness, reduce the bottleneck for young people requiring crisis accommodation (due

¹ SCRGSP (Steering Committee for the Review of Government Service Provision) 2024, *Report on Government Services 2024: Homelessness services data tables*, Table 19A. 30 Clients at risk of homelessness who avoided homelessness, Productivity Commission, Canberra.

to the lack of exit options), and reduce the demand for permanent social housing.

Furthermore, the Australian Government should develop and fund this action plan in partnership with all state and territory governments. We applaud the NSW Government's intention to develop a homelessness action plan for children and young people as part of its forthcoming Homelessness Strategy 2025-2035 and look forward to working with them to achieve this. However, NSW is the only state so far to commit to doing so, the Homelessness Strategy itself is still in the making, and to date there has been limited discussion around the timetable and process for the development of the action plan.

Yfoundations agrees that governments must invest significantly to improve and increase housing infrastructure and the stock of social housing. It is crucial that a proportion of this new social housing stock is quarantined to provide longer-term solutions for young people, particularly young people managing complex needs, a long-term mental health diagnosis, or living with disability. These groups of young people should be given a priority housing allocation category for social housing with partnership arrangements put in place to support transitions from SHS support to living in social housing.

Traditionally, social housing has not been an option for the majority of young people exiting supported accommodation due to the priority focus on other cohorts as well as other barriers, for example, concerns that a young person will not be able to sustain the tenancy because they do not have an income, even if it is only for a short period, and the very low income-based social housing rents that could be provided by a young person on Youth Allowance, which may not be considered adequate to cover the operational costs of providing the housing. In 2023, only 2.6% of social housing head tenants (across public and community housing in Australia) were aged 15-24 years².

This is not likely to change any time soon. For example, the provision of new housing stock in NSW and the projected timing of this are overshadowed by significant increases in the number of households on social housing waitlists. At the end of November 2024, there were 62,592 households on the social housing waiting list in NSW (an increase of more than 6,000 households since the end of June 2024), 10,800 of which were priority approved households³.

² Australian Institute of Health and Welfare (2024). *Housing Assistance in Australia*. Cat. no: HOU 337 data tables, Table HOUSEHOLDS.5 Households, by tenure length, age group of main tenant and social housing program, at 30 June 2023. AIHW, Australian Government.

³ NSW Department of Communities and Justice (2025). *Social housing waiting list data*. <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/social-housing-waiting-list-data.html>

Yfoundations does not advocate an increase of permanent social homes as a one-size-fits-all panacea to addressing youth homelessness in Australia. Plans for new housing infrastructure and social housing builds make no provision for flexible and innovative approaches to social housing and models of social housing that will meet the needs of young people experiencing homelessness.

We strongly advocate for an innovative approach to social housing that incorporates a range of youth housing models to best suit the needs of young people experiencing homelessness. Many young people who are supported through the homelessness service system would benefit from access to social housing for a medium-term period while they study or finish an apprenticeship. They do not require social housing as a long-term or permanent housing option as they have been supported to enter the workforce and may have capacity to cover private rental market costs in shared housing and, in some circumstances, affordable rental housing (although they are often under housing stress).

There is a need to diversify what constitutes social housing for young people, to achieve better outcomes for young people experiencing homelessness and drive down the demand for permanent social housing over time. The chronic underfunding of the SHS sector, the 50% turn away rate for young people presenting alone seeking crisis accommodation⁴, and limited access to transitional accommodation for young people seeking assistance from the sector, point to the need for substantial new investment in these areas.

Providing a range of innovative medium-term youth housing models with the requisite support to enable young people to enter the private rental or affordable housing markets would effectively reduce the demand for permanent social housing, as well as provide more exit options for those in crisis accommodation, thereby reducing the number of children and young people who are currently turned away.

Yfoundations welcomes investments like the roll-out of additional funding under the National Housing Infrastructure Facility (NHIF) for crisis and transitional accommodation targeted to young people, and women and children escaping domestic violence. There is significant potential for the NHIF to begin the process of reversing the shortfall in crisis and transitional accommodation for young people as an essential component of a national action plan for child and youth homelessness and housing. However, there is a need to ensure the crucial support component of crisis and transitional accommodation for young people is included

⁴ Australian Institute of Health and Welfare. (2024). *Specialist homelessness services annual report 2023–24*. Cat. no: HOU 339. AIHW, Australian Government
<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/young-people-presenting-alone>

as an eligibility component in project proposals for this funding and that this support is funded under the NHIF to ensure the effective utilisation of these resources.

The proposed NCYHHAP should prioritise the development and funding of innovative supported youth housing models that offer a holistic and innovative approach to addressing the myriad causes of youth homelessness, and create a diversity of housing options that meet the needs of specific cohorts, such as First Nations young people, young people exiting youth justice and institutional care, LGBTQIA+ young people, and young people living with disability.

The level of investment required could be informed by Australian Institute of Health and Welfare (AIHW) data to establish the number of youth housing units required.

Yfoundations supports the call of the HomeTime Campaign for the development and maintenance of a national pool of 15,000 dedicated youth tenancies for 16-24-year-olds⁵. To address this, we estimate an investment of \$5.25 billion would be required to ensure a rapid medium-term housing response is available for young people experiencing homelessness. This estimate assumes a \$350,000 cost per new dwelling, prioritising smaller studio dwellings to accommodate mostly single people and some shared housing models⁶.

⁵ Home Time. (n.d.). *Background*. Home Time. <https://www.hometime.org.au/background>

⁶ Centre for International Economics. (2024). *Cost and feasibility estimates for supplying new residential dwellings in New South Wales: Final report*. Prepared for NSW Treasury. The Centre for International Economics.

Recommendation 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.*

Yfoundations reiterates our call made in previous submissions to the Australian Government for the recognition and targeted funding of responses for children and young people experiencing domestic, family and sexual violence (DFSV) who present on their own to specialist homelessness services (SHS).

The *National Plan to End Violence Against Women and Children 2022-2032* (the National Plan) aspires to eliminate gender-based violence in one generation, focusing on prevention, early intervention, response, and recovery and healing. Importantly, the National Plan acknowledges children and young people impacted by DFSV as victim-survivors in their own right, marking a positive shift from the outdated view of children and young people as simply dependents of their female caregivers.

The execution of the National Plan is outlined by 5-year action plans, as well as a dedicated *Aboriginal and Torres Strait Islander Action Plan 2023-2025* and *First Action Plan 2023-2027*. These Action Plans detail the investments made by the Australian, state and territory governments to support their implementation. However, while they represent important steps, they fail to explicitly define or address the unique needs of children and young people experiencing DFSV on their own - particularly unaccompanied children and young people seeking support from youth SHS.

While the National Plan references the *National Strategy to Prevent and Respond to Child Sexual Abuse 2021-2030*, the *Australian Child Maltreatment Study*, and *Safe and Supported: The National Framework for Protecting Australia's Children 2021-2031* to address child sexual abuse and maltreatment, its actions under the *First Action Plan 2023-2027* remain largely focused on early intervention and prevention for those at risk of experiencing or perpetrating violence.

This fragmented approach fails to adequately reflect the recognition of children and young people as victim-survivors in their own right. Furthermore, the National Plan section on housing - identified as essential to ending gender-based violence - fails to acknowledge and address the experiences of unaccompanied young people experiencing or at risk of homelessness and experiencing DFSV in their own right.

Of children and young people aged 15-24 years presenting alone to SHS in 2023-24, approximately 14% (over one in eight) experienced DFSV.⁷ Two thirds of all children and young people presenting alone in 2023-2024 were females⁸.

Anecdotally, Yfoundations' members tell us the rate of those who present to them experiencing DFSV is closer to 80%-90%, as children and young people often do not view themselves as victim/survivors of DFSV and/or take time revealing the entirety of their situation to their caseworkers, meaning it may not be identified in the initial assessment. This may be further reflected in the approximately 12% who identify relationship/family breakdown as the main presenting reason, 3% who identify lack of family and/or community support, and 3% who identify time out from family/other situation⁹.

Yfoundations applauds the reflections in Point 8 of the *First Action Plan 2023-2027* regarding elevating the needs and voices of children and young people as victim-survivors in their own right to influence and inform policies that respond to their needs; however, again, we highlight the lack of recognition and responses for those engaging with specialist homelessness services.

Yfoundations therefore recommends that either a portion of the funding from the Action Plans be quarantined to support unaccompanied children and young people experiencing DFSV on their own, or that the funding be topped up and quarantined to provide responses for unaccompanied children and young people experiencing DFSV who present to youth SHS. Part of this quarantined/topped-up funding should be allocated to SHS sector capacity building to enable youth SHS workers to provide person-centred, age-appropriate, trauma-informed responses. This funding would support the development of best practice guidelines, case management, tools and training to better equip youth SHS workers to respond to this cohort. Furthermore, funding should be allocated proportionately for DFSV support and accommodation specifically for unaccompanied children and young people presenting to youth SHS.

Yfoundations again 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 again call for a portion of the funding allocated in the Action Plans to be quarantined for youth-specific DFSV responses and accommodation.

⁷ Australian Institute of Health and Welfare. (2024). *Data tables: Specialist homelessness services annual report 2023-24*. Retrieved January 6, 2025, from <https://www.aihw.gov.au/reports-data/health-welfare-services/homelessness-services/data>

⁸ *Ibid.*

⁹ *Ibid.*

Recommendation 3: *Review the method of indexation applied under the National Agreement on Social Housing and Homelessness to ensure homelessness funding keeps pace with the real costs of homelessness service delivery.*

Federal funding for homelessness services delivered through the National Housing and Homelessness Agreement (NHHA) and related supplementary payments were indexed annually but at a significantly lower rate than was needed to meet the increasing costs of homelessness service provision. The method of indexation provided for under the NHHA (using the wage price index) was not based on need nor was it based on the varying costs of providing services in each jurisdiction.

While Yfoundations has welcomed the commitment of Specified Homelessness Funding for the homelessness services sector under the new National Agreement on Social Housing and Homelessness (NASHH), which also provides for the Commonwealth's financial contribution to be indexed annually, we are concerned that the current method of indexation will not cover the ongoing real and rising costs of providing services, support and accommodation to people experiencing or at risk of homelessness.

The 2021 census data showed an increase in the number of people experiencing homelessness since 2016, including an increase in children and young people (aged 12-18 years)¹⁰. Specialist homelessness services are still (as in previous years) operating beyond capacity and cannot fully meet the increasing scale and complexity of need due to ongoing insufficient resourcing and the lack of crisis accommodation and exit options, particularly in the form of appropriate medium- and long-term housing options for young people experiencing and at risk of homelessness. Services continue to be under severe funding stress to deliver on ever-increasing demand while struggling to meet rising costs and fund increases to staff wages and entitlements and other increasing costs.

Under the NASHH the Commonwealth has committed to index homelessness funding using Wage Cost Index 1. The rate paid in 2024/25 was 3.25%. This fell well short of the minimum wage case of 3.75% which increased the cost of the wages component of service provision by that amount. Other increases in terms of staff entitlements during the year that were not covered by the Wage Cost Index 1 rate included the 0.5% increase in the superannuation guarantee and increased workers compensation insurance costs. Neither did the Commonwealth's rate of

¹⁰ Australian Bureau of Statistics (2023). *Estimating homelessness: Census*. <https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/latest-release>

indexation under the NASHH cover non-wage related increases to the cost of providing services reflected in the Consumer Price Index.

Put simply, where these increased costs are not catered for through the payment of indexation, there is a significant risk that service level capacity will be constrained and/or reduced. The rate of Indexation paid by the Commonwealth under the NASHH in 2024/25 did not cover the increased annual cost of service provision. Should the same method of calculating indexation continue to be applied annually to funding under the NASHH, the homelessness services sector will continue to be under pressure to absorb the ongoing real and rising costs of providing services, support and accommodation, perpetuating the cycle of severe funding stress and reduced capacity to deliver on national and state homelessness priorities, to the detriment of those experiencing or at risk of homelessness.

Yfoundations calls on the Australian Government to review the current method of indexation provided under the NASHH to ensure it is based on need and the varying costs of providing homelessness services in each jurisdiction. Sufficient indexation is vital to ensure funding keeps pace with the real costs of homelessness service delivery and to ensure the ongoing provision of essential, life-saving services to all people experiencing and at risk of homelessness, including vulnerable children and young people.

Recommendation 4: *Raise Youth Allowance and Job Seeker to at least \$88 a day.*

In 2022, a staggering 3.3 million Australians were living below the poverty line, including approximately 761,000 children¹¹. With the rising cost of living and a housing market characterised by high demand, limited supply and significant affordability challenges, it is most likely this number has grown exponentially since last reported.

According to the ACOSS and UNSW Sydney *Material Deprivation in Australia: The Essentials of Life, A Poverty and Inequality Partnership Report (2024)*, 44% of those receiving a JobSeeker Payment and 26% of those receiving a Youth Allowance payment are living below the poverty line.

The Henderson Poverty Lines for the June Quarter 2024 for a single person in the workforce is \$612.18 per week, and for a single person not in the workforce, \$496.39 per week¹². In relation to Yfoundations' key stakeholders – children and young people at risk of or experiencing homelessness – the current Youth Allowance payment rate for a single person, no children, under 18, living away from parents' home to study, train or look for work is \$663.30 maximum per fortnight¹³. A single person with no children can receive a JobSeeker payment of \$778.00 maximum per fortnight¹⁴.

A young person on a Youth Allowance or JobSeeker payment who enters a share house setting may be eligible for a Rent Assistance payment of \$140.80 maximum per fortnight¹⁵. The maximum payment a young person can receive per fortnight on Youth Allowance or JobSeeker with Rent Assistance included is \$804.10 or \$918.80 respectively.

If we assume this young person is single, unemployed and receiving a JobSeeker allowance with the full rate of Rent Assistance, this young person is living in poverty, being approximately \$74 below the Henderson Poverty Line for a single

¹¹ Mission Australia (2023). *Poverty in Australia: Five alarming statistics*.

¹² Melbourne Institute: Applied Economic & Social Research. (2024). *Poverty Lines: Australia*. https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0006/5148069/Poverty-Lines-Australia-June-2024.pdf

¹³ Services Australia. (2024). *How much Youth Allowance for students and apprentices you can get - Youth Allowance for students and Australian Apprentices - Services Australia*. [www.servicesaustralia.gov.au. https://www.servicesaustralia.gov.au/how-much-youth-allowance-for-students-and-apprentices-you-can-get?context=43916](https://www.servicesaustralia.gov.au/how-much-youth-allowance-for-students-and-apprentices-you-can-get?context=43916)

¹⁴ Services Australia. (2024). *How much JobSeeker Payment you can get - JobSeeker Payment - Services Australia*. [www.servicesaustralia.gov.au. https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411](https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411)

¹⁵ Services Australia. (2024). *How Much Rent Assistance You Can Get - Rent Assistance - Services Australia*. [www.servicesaustralia.gov.au. https://www.servicesaustralia.gov.au/how-much-rent-assistance-you-can-get?context=22206](https://www.servicesaustralia.gov.au/how-much-rent-assistance-you-can-get?context=22206)

person not in the workforce. The daily Henderson Poverty Line rests at approximately \$88 for this cohort.

The Australian Government is responsible for ensuring it is not placing (and keeping) some of our most vulnerable citizens in poverty. In real terms, the Youth Allowance and Job Seeker rates should be raised to a minimum of approximately \$1232 per fortnight to be on par with the Henderson Poverty Line.

Young people presenting alone to SHS services were more likely to be couch surfing compared to any other SHS client¹⁶, indicating a significant lack of housing options for this vulnerable cohort.

According to Anglicare Australia's *Rental Affordability Snapshot 2024*, there were no affordable housing options for a single person receiving Youth Allowance (zero options) or JobSeeker (three properties out of 45,115 rental listings)¹⁷. Comparing these figures to those of the previous three years¹⁸, we see a stagnation in the availability of affordable rentals for those on Youth Allowance and a decline for those on JobSeeker. Young people, especially those who are at risk of or are experiencing homelessness, face significant systemic economic barriers for their housing goals, with social income support payments excluding them from participating in the private rental market and trapping them in a cycle of poverty. This is in addition to the myriads of other factors that contribute to youth homelessness.

Alongside this, the opportunity for young people to enter the social and community housing market is severely restricted, with only 2.4% of social housing head tenants (across public and community housing) aged 15-24 years in 2023-2024¹⁹.

Considering the Australian Government's recognition of housing as a human right²⁰, root causes of housing inequality must be addressed.

¹⁶ Australian Institute of Health and Welfare. (n.d.). *Specialist homelessness services annual report 2023-24: Young people presenting alone*. Retrieved January 17, 2025, from <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/young-people-presenting-alone>

¹⁷ Anglicare Australia. (2024). *Rental affordability snapshot 2024*. <https://www.anglicare.asn.au/publications/2024-rental-affordability-snapshot/>

¹⁸ Anglicare Australia. (2023). *Rental affordability snapshot 2023*. <https://www.anglicare.asn.au/publications/2023-rental-affordability-snapshot/> and Anglicare Australia. (2022). *Rental affordability snapshot 2022*. <https://www.anglicare.asn.au/wp-content/uploads/2022/04/Rental-Affordability-Snapshot-National-report.pdf>

¹⁹ Australian Institute of Health and Welfare. (2024). *Data tables: Social housing households 2024*. Retrieved January 6, 2025, from <https://www.aihw.gov.au/reports-data/health-welfare-services/homelessness-services/data>

²⁰ Commonwealth of Australia. (2022). *National plan to end violence against women and children 2022-2032*. Department of Social Services.

The Australian Government can respond to the needs of many young people experiencing homelessness by, at the very least, preventing them from entering and becoming trapped in a cycle of poverty that results in a lack of available housing options.

Yfoundations calls on the Australian Government to respond to this inequality by raising the Youth Allowance and JobSeeker rates to at least \$88 a day. This raise in income support for young people would be a lifeline for this cohort. The boosted income support during the pandemic brought 646,000 Australians, including 245,000 children, out of poverty²¹, highlighting the meaningful impact of the government's investment in raising income support.

Ample and reliable evidence 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 growth²². Additionally, increased incomes for the unemployed and low-income earners would lead to improved national outcomes in indicators such as health, crime and employment²³.

Raising the rate of income support for young people would help end cycles of poverty, stop many young people entering homelessness and reduce the numbers of those entrenched in a cycle of homelessness, enabling many more young people to thrive and contribute to the national economy, making this country fairer and more prosperous.

²¹ Davidson, P. et al. (2022). *Poverty in Australia 2022: A snapshot*. Australian Council of Social Service (ACOSS), UNSW Sydney.

²² Deloitte Access Economics (2018). *Analysis of the impact of raising benefit rates*. Report commissioned ACOSS.

²³ *Ibid.*

Recommendation 5: *End unfair tax breaks that contribute to generational inequality and drive-up housing prices.*

Australia's current tax policies, particularly negative gearing and capital gains tax (CGT) discounts have been identified as key contributors to generational inequality and escalating housing prices. Negative gearing allows investors to deduct losses from rental properties against their own income, effectively reducing their taxable income. Coupled with the 50% CGT discount on profits from property sales held for over a year, these incentives disproportionately benefit wealthier individuals, enabling them to acquire multiple properties and outbid first-time homebuyers. This dynamic inflates property prices and exacerbates housing affordability issues²⁴.

The preferential tax treatment of property investments has led to a surge in housing demand from investors, driving up prices and making homeownership unattainable for younger and lower-income Australians. This trend contributes to widening wealth disparities between generations as older, wealthier individuals accumulate property wealth while younger generations face barriers to entering the housing market²⁵. The inflationary effect these tax breaks have on the value of properties, results in an inflationary effect on rental prices.

Australians aged over 60 years comprise the largest pool of investors in housing stock, followed by those aged 50–59²⁶. Home ownership is an essential indicator of wealth in Australia from which young people are further alienated. In 2023, the average 65-year-old was 25% wealthier than those aged 35–64 years, and four times as wealthy as those aged under 35 years²⁷.

Current policies reinforce the widening wealth gap between older, wealthier generations and young people struggling to enter the housing market. These growing disparities underline the urgent need for tax reform that would make housing more accessible and equitable for future generations.

As home ownership becomes an increasingly distant dream for many young Australians, they are left with limited options in the rental market, where rising

²⁴ Australian Council of Social Service (ACOSS). (2016). *Fuel on the fire: How tax breaks for property investors are driving inequality and rising house prices*. https://www.acoss.org.au/wp-content/uploads/2016/04/Fuel_on_the_fire_ACOSS.pdf

²⁵ Australian Policy Online (APO). (2021). *Tax and housing affordability in Australia*. <https://apo.org.au/node/328119>

²⁶ Fitzsimmons, P. (2024). *Australia has passed peak property investor*. The Australian Financial Review. <https://www.afr.com/policy/economy/australia-has-passed-peak-property-investor-20241023-p5kkrc>

²⁷ UNSW Sydney and Australian Council of Social Service (ACOSS). (2024). *Inequality in Australia 2024: Who is affected and how*. https://povertyandinequality.acoss.org.au/wp-content/uploads/2024/04/Inequality-Report-2024_who-is-affected-and-how.pdf

rents - driven in part by these tax policies - make housing affordability more elusive. For those experiencing economic disadvantage, the escalating cost of rent places them at a higher risk of housing instability. As discussed in Recommendation 4, the current rental market provides no affordable rental options for those receiving Youth Allowance or JobSeeker payments²⁸. The inability to secure affordable rent has resulted in young Australians living in substandard conditions, overcrowded dwellings or worse²⁹. Young Australians individuals and families face a growing risk of homelessness due to unaffordable rents and limited access to home ownership.

Accordingly, Yfoundations calls on the Australian Government to reconsider current tax concessions to housing. Reforming or phasing out negative gearing and adjusting CGT discounts could help level the playing field for first-time buyers, reduce investment and promote housing affordability. Such reforms would contribute to the reduction of intergenerational wealth gaps and foster a more equitable society.

²⁸ Anglicare Australia. (2024). *Rental affordability snapshot 2024*.

<https://www.anglicare.asn.au/publications/2024-rental-affordability-snapshot/>

²⁹ Australian Institute of Health and Welfare. (2024). *Data tables: Specialist homelessness services annual report 2023-24*. Retrieved January 6, 2025, from <https://www.aihw.gov.au/reports-data/health-welfare-services/homelessness-services/data>