



NSW 2025-2026 Pre-Budget Submission

December 2024

Acknowledgment of Country

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

Dear Treasurer,

RE: 2025-26 Pre-Budget Submission

Thank you for the opportunity to provide a submission regarding the NSW 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

Executive Summary

Specialist Homelessness Services (SHS) assisted 67,891 clients in 2023–2024, with 49% of these clients aged under 25 years. 13,217 of these clients were young people aged 15–24 presenting alone to SHS, representing almost 20% of the total number of clients assisted. The specific number of clients supported by Homeless Youth Assistance Program (HYAP) funded services aged 12–15 presenting alone is not presented in the publicly available AIHW dataset.

Recognising that a proportion of this under 25 cohort includes children accompanying family groups, and that domestic and family violence is a major driver of homelessness as experienced by unaccompanied children and young people, it is troubling that children and young people under the age of 25 comprise almost half of the homelessness population in NSW. The presentation of this cohort to SHS services has remained steady since 2019–2020 (13,673 clients), indicating that the current level of investment in this cohort needs to be substantially increased to effectively reduce child and youth homelessness.

The current housing and rental crisis has resulted in a scarcity of exit options for young people receiving HYAP and/or SHS accommodation, with many being stuck in a 'crisis circuit', moving from one short-term temporary accommodation provider to another. In 2023–2024, of the 4,291 young people experiencing homelessness who began their support with an SHS within short-term temporary accommodation, 1,972 (45.96%) ended their support in short-term temporary accommodation, indicating little progress in their housing circumstances.

Access to the continuum of crisis accommodation, medium-term and transitional housing has been proven over many years to effectively enable young people to break the cycle of homelessness. At present, however, there is inadequate investment in medium-term and youth transitional housing across NSW, particularly in country and regional locations. This inadequate investment, alongside the current housing and rental crisis, is exacerbating the existing bottleneck within short-term temporary accommodation provision, increasing the number of young people staying within these services for longer due to this lack of an exit option.

Alongside this, youth SHS providers are facing significant cost pressures that threaten their capacity to deliver quality support to unaccompanied children and young people experiencing homelessness. While annual indexation using Consumer Price Index (CPI) and Wage Price Index (WPI) metrics is standard, these measures fail to fully account for the rising operational costs that SHS providers face.

To this end, Yfoundations makes the following recommendations:

Recommendation 1: Increase SHS and HYAP Program funding by 50%

Recommendation 2: Increase targeted youth-specific Social Housing Investment

Recommendation 3: Provide \$13.75 million to the youth SHS sector to enable the provision of specialised responses to children and young people experiencing domestic and family violence (DFV)

Recommendation 4: Adequately address the rising cost of service provision through indexation and other mechanisms

Recommendation 5: Fund the development and implementation of the NSW Child and Youth Homelessness Action Plan

Recommendation 1: Increase Youth SHS and HYAP Program Funding by 50%

Unaccompanied children and young people require prioritisation and targeted investment in the NSW Budget. Specialist Homelessness Services are experiencing a surge in demand, and current inadequate resourcing of these services is resulting in approximately 50% of young people, nationally, being turned away from crisis accommodation services. Alongside this, recent Temporary Accommodation (TA) reform with the introduction of co-payments results in further barriers for an already unrepresented group needing this housing product.

Youth SHS provide an essential safety net for children and young people experiencing and at risk of homelessness. With expertise in responding to the developmental and other needs of this cohort, youth SHS and HYAP (Homeless Youth Assistance Program) services provide a range of fundamental services aimed at intervening early to prevent young people becoming homeless, responding effectively to the crisis when a child or young person does become homeless, and supporting young people in their journey out of homelessness.

Crisis accommodation must be viewed as a fundamental component of the accommodation and housing continuum required by children and young people experiencing homelessness. Crisis services should provide the intake point for children and young people to a service system well equipped to respond to their needs. However, the inadequate funding of youth SHS prevents these services from meeting the needs of all children and young people who seek their assistance, and the lack of exit points into appropriate housing solutions often results in this cohort becoming stuck in the crisis system, thereby limiting the availability of services when they are most needed.

Put simply, making child and youth homelessness rare, brief and non-recurring in NSW requires an increased investment in SHS and HYAP, as well as appropriate housing solutions. Without this investment, young people will continue to unnecessarily fall into and become entrenched in homelessness, and the rate of child and youth homelessness, and, therefore, homelessness overall, will remain unacceptably high in NSW.

While the 2021 Census data was a stark reminder that children and young people in Australia are experiencing homelessness in significant numbers, the actual level of child and youth homelessness across Australia, including in NSW, is undercounted. The most dominant forms of homelessness experienced by unaccompanied children and young people are couch surfing; severe overcrowding; and living in crisis accommodation, often refuge hopping every three months due to time limits and then there is nowhere else to go. The

Australian Bureau of Statistics has acknowledged that it is unable to measure the extent of 'couch surfing' in its census count.

Of the 122,494 people experiencing homelessness on Census night in 2021 nearly:

- a quarter (23%) of all people experiencing homelessness were aged 12-24 years (28,204 people)
- 38% of people experiencing homelessness in the 2021 Census were under 24 years old.

In NSW, unaccompanied children and young people are more likely than any other SHS client to be engaged in couch surfing. The NSW Government has a responsibility to protect this vulnerable cohort from the impacts of couch surfing, including psychological distress, substance misuse, social isolation, barriers to employment and education, violence and conflict, by providing adequate funding to youth SHS and HYAP services.

Children and young people are under-represented in the population accessing the Temporary Accommodation (TA) Program, the other part of the 'safety net' designed to capture people when they become homeless. This is particularly the case for 16-18-year-olds, who represent only 3% of the population accessing TA. At the same time, the national SHS Annual Report 2023-24 data indicates that approximately 50% of young people seeking assistance from youth SHS are being turned away due to under-resourcing.

The statistics, as limited as they are, paint an alarming picture of the experience for children and young people at risk of and experiencing homelessness in NSW. Even when they know where and how to seek assistance, that assistance is simply not available for a significant proportion of those in need. A turnaway rate of 50% points to the urgent need for additional investment. Yfoundations advocates that this additional investment should be at least 50% over a two-year period as a starting point to addressing the level of unmet need of children and young people seeking support.

It is critical to increase SHS Program funding over the next two years, with the inclusion of a proportionate, targeted increased investment of 50% specifically for youth-focused SHS and HYAP providers.

Unaccompanied young people aged 12-25 face unique challenges that require specialised interventions, including trauma-informed care, education and employment support, and age-appropriate housing solutions. By increasing funding and allocating a proportional share to youth-specific services, the NSW Government can build the capacity of and better equip service providers to

address the needs of this vulnerable group, reduce homelessness among young people, and support them in achieving long-term stability and independence.

Research consistently shows that preventing youth homelessness leads to improved outcomes, including higher rates of educational attainment, stable employment, and community connection, all of which are key protective factors against adult homelessness. This targeted investment will not only change individual trajectories but also reduce the long-term social and economic costs associated with homelessness, benefiting society as a whole.

Recommendation 2: Increased targeted youth specific Social Housing Investment

2.1 Invest \$2 billion per year for the next 10 years to grow accessible social housing by 10,000 properties per year with the goal of achieving 10% of all housing being social housing by 2050.

2.2 Allocate a 20% share of new investment in social housing to specifically address the needs of unaccompanied young people aged 16 to 24.

2.3 Prioritise the development of medium-term and transitional housing for young people as part of any investment in new social housing, recognising that funding for support is a fundamental component of these housing models.

Currently, social housing products in NSW target those who have a housing need living on low to moderate income levels. Generally, these products are only available to those over the age of 18, with some considerations made for those aged 16-18.¹ Social housing products include public housing properties and community housing properties. Within community housing provision, young people can access medium- to longer-term accommodation, with the view to these young people developing age-appropriate living skills to transition into independence.

Yfoundations acknowledges and commends the investment into new social housing made in the 2024-25 Budget. Nevertheless, it is of note that this investment will not be enough to redress the current waitlist for social housing in NSW, let alone respond to future need.² While the availability of social housing is a critical component of establishing a service system that can adequately respond to the level of homelessness in this state, there is a clear need to invest in the type of housing models that will be most effective in addressing the causes and symptoms of homelessness.

The housing needs of young people are different to those of adults. Young people need specialist housing solutions, delivered in a way that recognises and responds to their unique pathways into homelessness and their developmental needs.³ Medium-term and transitional housing, generally provided from one up to five

¹ Applying for social housing. (2024, July). Family & Community Services. <https://www.facs.nsw.gov.au/housing/help/applying-assistance/applying>

² van den Nouwelant, R., Troy, L, and Soundararaj, B. (2022) Quantifying Australia's unmet housing need - A national snapshot, prepared for the Community Housing Industry Association, University of NSW City Futures Research Centre.

³ Gaetz, S., Bonakdar, A., Ecker, J., MacDonald, C., Ilyniak, S., Ward, A., Kimura, L., Vijayaraj, A. & Banchani, E. (2023). Evaluating the Effectiveness of the Housing First for Youth Intervention for Youth Experiencing Homelessness in Canada: Protocol for a Multisite, Mixed Methods Randomized Controlled Trial. *JMIR research protocols*, 12, e46690. <https://doi.org/10.2196/46690>

years' duration, has a proven track record⁴ in building the life skills and capacity of young people to sustain housing in the longer term and live a life free of homelessness. Importantly, a majority of young people participating in these models are able to move into independence outside of the social housing system. Investment in these models as an integral part of the social housing mix, therefore, represents a cost-effective way of driving down demand over time for permanent social housing, ensuring this important product is more readily available for those most in need.

Yfoundations endorses and supports the Homelessness NSW recommendation that the NSW Government invest \$2 billion per year for the next 10 years to grow accessible social housing by 10,000 per year, with the goal of achieving 10% of all housing being social housing by 2050.

Yfoundations further advocates for a proportionate allocation of this investment to reflect the percentage of young people experiencing homelessness, ensuring that the corresponding share of social housing is prioritised for unaccompanied young people aged 16–24 years. Given young people consistently represent 20% of the total population of people accessing SHS⁵, 20% of the total investment in new social housing should be invested in youth-appropriate housing models. While there will always be a need for permanent social housing responses for young people with more complex needs, for the reasons identified above we recommend that a significant proportion of this new investment into social housing be directed to youth-appropriate medium-term and transitional housing models.

The provision of support must be recognised as a fundamental component of these housing models, the cost benefit of which will only be realised when the full model, including support, is adequately resourced. The current distinction made between capital investment and support provision reflects government funding program structures, rather than what works in housing responses to youth homelessness. Future investments in the type of social housing responses that are most effective in addressing youth homelessness in the immediate and longer-terms must build in the cost of support provision. Accordingly, the recommended 20% new youth-appropriate social housing investment would need to incorporate capital and support costs.

⁴ Ernst & Young. (2018). State Return on Investment through Lighthouse Foundation's Model of Care.

⁵ Australian Institute of Health and Welfare. (2024, December 11). *Specialist homelessness services annual report 2023–24: Young people presenting alone*.
<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/young-people-presenting-alone>

Recommendation 3: Provide \$13.75 million to the youth SHS sector to enable the provision of specialised responses to children and young people experiencing domestic and family violence (DFV).

Yfoundations reiterates the call in our 2024-25 NSW State Government Pre-Budget Submission to fund the youth SHS sector to enable the provision of specialised responses to children and young people experiencing DFV. The continuing lack of public discourse and service responses, and the absence of policy and funding to respond to DFV for unaccompanied children and young people ignores the scale of DFV-related homelessness among children and young people, and undermines the work of youth SHS providers who work hard to address it. Of the 38,600 children and young people aged 15-24 years who presented alone to an SHS in 2023-24, DFV was still the second highest main reason (13.9%) for presenting after housing crisis.

The exposure of children and young people to DFV is often understood to be their experience of witnessing violence from a male parent to female parent. However, the experience of young people experiencing DFV 'in their own right' as victim survivors is often invisible to the DFV service system and not addressed in the available support and responses. The impact of the trauma of these experiences can result in violent behaviour, and responses from young people can also go unrecognised.

A Yfoundations' member organisation described a situation in which a 15-year-old young woman with a one-year-old baby sought crisis accommodation in their youth refuge because of DFV. However, they couldn't accommodate her in their refuge because of the baby and they were unable to refer her to a women's refuge because of her age. The only option was to place her in a hotel and provide 24-hour support to ensure she and the baby were safe.

This is just one of many such situations confronting youth SHS, which are not funded anywhere near the required amount to provide these intensive responses but they do it because they know there is nowhere for a 15-year-old and her baby to go except back to a violent home or on the streets.

Children and young people experiencing DFV are unlikely to access or seek out a DFV service. This is attributed to the complete absence of youth-specific DFV services, children and young people not being eligible for adult DFV services, and the fear of the consequences and potential involvement of child protection services. This results in children and young people staying with friends - i.e. couch surfing - to avoid conflict at home, or presenting to an SHS service reporting a range of other issues such as mental health as opposed to DFV. Consequently,

while frontline SHS providers advise that DFV is most likely to be the reason why 90-100% of unaccompanied children and young people turn up to them for support, the AIHW SHS data does not reflect the extent of the issue of DFV for unaccompanied children and young people.

Given the prevalence of DFV and until such time as statewide DFV Plans and services recognise and address this need, the NSW Government must adequately fund youth SHS to provide intensive, specialised responses for unaccompanied children and young people experiencing DFV. Yfoundations is calling for an investment of \$13.75 million for this purpose (factoring in a 3.75% indexation increase on the \$10 million requested in our 2024-25 pre-budget submission).

Recommendation 4: Adequately address the rising cost of service provision through indexation and other mechanisms

The SHS sector faces a range of annual increases in the cost of service provision, including rapidly escalating insurance costs, annual employment-related and wage increases, and other increases linked to the cost of living crisis, such as increased electricity and other utility costs. While the youth SHS sector is committed to good governance, growing compliance and legislative requirements also bear a cost that must be met from grant funding.

Where grants do not grow at the same pace as these rising costs, the capacity of organisations to continue to deliver the same level of services is placed at risk.

Yfoundations notes that in 2024–25 the NSW Government applied the minimum wage case rate of 3.75% as the rate of indexation across 100% of SHS Program grants. This approach did not account for additional costs such as increases to the rate of superannuation as well as to workers compensation premiums. An appropriate level of indexation should account for the full cost of the national minimum wage case, superannuation increases and workers compensation increases against the wage component of grants, and also apply the Consumer Price Index to the non-wage component of grants to account for other cost of living increases. Only then will grant levels keep up with the increased cost of service provision and preserve the amount of services being funded year on year.

The NSW Government must adopt a comprehensive and realistic approach to indexation to ensure financial stability across the SHS sector. Doing so will allow service providers to adapt to rising costs, protect their workforce and maintain critical services for the state’s most vulnerable populations.

In 2024–25, youth SHS providers have also been required to meet significant unfunded insurance increases under the government’s Special Liability Insurance Scheme. The insurance premiums under this new scheme, that begins operation on 1 January 2025, are up to five times more expensive than under the government’s previous scheme. Organisations have advised that, where funds are not available to meet this dramatic increased cost, their service delivery capacity will be negatively impacted. Given organisations have only just received quotes for these premiums in November and December 2024, they have been given little if any opportunity to appropriately plan for this cost. As Yfoundations call to extend the existing scheme until such time as a more sustainable approach could be established has been ignored, we now call on the government to fund the difference in cost between the previous scheme and the Special Liability Insurance Scheme to avoid these operational implications. This can be achieved by either

incorporating the cost of this insurance into the indexation rate for youth SHS providers or through another funding arrangement.

Recommendation 5: Fund the development and implementation of the NSW Child and Youth Homelessness Action Plan

Yfoundations supports the intention of the NSW Government to develop a standalone NSW Child and Youth Homelessness Action Plan (C&YH Action Plan), a plan we believe is needed to effectively address and eliminate child and youth homelessness.

According to the most recent ABS data, NSW had the highest number of children and young people (0-24 years) experiencing homelessness (11,912) across all states and territories.⁶ Clearly, current levels of funding are not meeting the current need and we urgently need to turn the tide. The NSW Government must accordingly commit to funding the design and delivery of the C&YH Action Plan in the upcoming budget.

With our substantial knowledge of child and youth homelessness and accommodation models, Yfoundations is in an excellent position to contribute to the development of an effective, sector-informed C&YH Action Plan. In our expert view, the NSW Government's C&YH Action Plan should:

1. commit to an ambitious target for eradicating child and youth homelessness within a reasonable timeframe
2. commit to sufficient, long-term funding commensurate with the ambition of the plan
3. give primacy to the expertise of those with lived experience of being a child or young person who is homeless or at risk of homelessness
4. be developed and led by sector experts rather than private consultants
5. recognise that experiences of child and youth homelessness are diverse and highlight the need for different, age-appropriate responses among children and young people
6. address the root causes of child and youth homelessness, including poverty, abuse, neglect, and family and domestic violence
7. include specific, culturally sensitive strategies to end child and youth homelessness among First Nations and CALD communities.

The C&YH Action Plan must be informed by a thorough analysis of where the demand for child and youth homelessness services is greatest and where current supply is located. Effort needs to be targeted to addressing unmet need and preventing children and young people drifting far away from their communities and supports to where services are currently available. Where it is properly connected to and drives appropriate utilisation of existing and new resources, the C&YH Action

⁶ [Australian Bureau of Statistics \(ABS\) \(2023\). Estimating Homelessness: 2021 Census.](#)

Plan will provide an effective mechanism by which to drive the objective of making child and youth homelessness rare, brief and non-recurring.