



## **Policy Platform: Income Support** Youth Coalition of the ACT

Income support relates to payments received by young people from the Centrelink section of the Commonwealth Department of Human Services, and includes Austudy/Abstudy, Newstart, Youth Allowance, parent, carer or disability allowances, as either full or partial payments.

A significant number of young Australians rely on these payments particularly while they are studying, training and looking for work. In 2010 over 380,000 people received Youth Allowance, which was an increase of 30,000 people from the previous year.<sup>1</sup> Recent data indicates there were 77,657 job seekers aged 20-24 receiving Newstart Allowance in September 2012.<sup>2</sup> In November 2012 the Youth Unemployment Rate in the ACT (15-24) was 8.6% - more than double the unemployment rate for the whole of the working population, 4.1%.<sup>3</sup>

In January 2013 the maximum rate of Youth Allowance was \$203.75 per week for young people aged 18-20 years living away from home or \$134.10 for those living at home.<sup>4</sup> For many recipients, in order to receive the maximum rate their parents must have annual incomes below \$30,000 to \$40,000. This means that parents have very limited capacity to supplement the income support that young unemployed people receive from the Government. These income support payments are also below the poverty line. Over 90% of young people surveyed by the Australian Youth Affairs Coalition in 2012 believed that youth allowance was too low.<sup>5</sup>

Many young people report severe financial hardship associated with the high cost of living.<sup>6</sup> Rental prices in the ACT are among the highest in the country. In December 2012 median weekly house rentals in the ACT were \$480 per week and median weekly unit rentals were \$430 per week<sup>7</sup> (see also the Youth Coalition Housing and Homelessness Policy Platform for more information). Over the last three years rents have risen by an average of 10 per cent nationally, while the maximum rates of Rent Assistance have increased by only 2.7 per cent.<sup>8</sup>

Even if students receive Rent Assistance, 43% of recipients experience housing stress, paying more than 30% of their income in rent. Additionally, rent assistance paid to students is subject to more restrictions and is paid at a lower rate than rent assistance pays to people on other payment types.<sup>9</sup> In the 2012 *Rate Canberra* survey conducted by the Youth Coalition, 12% of respondents indicated that 'paying rent, board, or mortgage repayments' was worrying them.<sup>10</sup> Vulnerable young people also report that they may have forgone proper nutritional meals, struggled to pay utility bills, especially in winter, and had difficulties paying rent due to the amount of income support being inadequate to their needs.<sup>11</sup>

The Youth Coalition believes that young people in receipt of income support are amongst the most vulnerable in our community. These young people require support and assistance during this crucial period of their lives in order to achieve social inclusion. As a result of such low rates of income support, many people will struggle

to avoid a cycle that can affect them in later life. An adequate level of income support does not act as a disincentive to work or study and can enable young people to move towards independence.<sup>12</sup>

The Youth Coalition is further concerned that the Australian Government has created and expanded income management policies nationally. The program has not been shown to provide positive benefits to vulnerable people receiving income support, nor have the impacts of the policies been adequately evaluated. The Youth Coalition is also concerned about the impact of changes made to income support payments for young mothers that have been rolled out during 2013.

The Youth Coalition is concerned about the recent proposal to convert the Youth Allowance start up scholarship into a part of the HECS loan system.

### **Commitments**

1. Advocating for Commonwealth Rent Assistance payments to be tied to geographical areas, in order to adequately meet the needs of young people in the ACT.
2. Advocating for a real increase in youth income support payments, that accurately reflects the cost of living, bringing young people above the Henderson poverty line.
3. Advocating for all income support payments to be indexed to the cost of living (CPI).
4. Advocating for equity and consistency between pensions and allowance payments, including Youth Allowance and Newstart Allowance, to meet the requirements of the cost of living.
5. Advocate for young people to be consulted about their income support needs in all related policy decisions.
6. Advocating for the active involvement of young people in designing, planning and evaluating income support policy and service delivery frameworks.
7. Advocating for the active and supported participation of young people in their individual care planning and case management around income support.

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<sup>1</sup> Australian Institute of Health and Welfare (2011), *Australia's Welfare 2011*, AIHW, Canberra.

<sup>2</sup> Department of Education, Employment and Workplace Relations. *Populations by Allowance*. Accessed 10 January 2013

[http://www.deewr.gov.au/lmip/default.aspx?LMIP/EmploymentData\\_CentrelinkandJobServicesAustraliaCustomerPopulations](http://www.deewr.gov.au/lmip/default.aspx?LMIP/EmploymentData_CentrelinkandJobServicesAustraliaCustomerPopulations)

<sup>3</sup> Department of Education, Employment and Workplace Relations. Accessed 10 January 2013

<http://www.deewr.gov.au/lmip/default.aspx?LMIP%2fLFR%2fACT>

<sup>4</sup> Department of Human Services (2013) Payment Rates for Youth Allowance. Accessed 9 January 2013 <http://www.humanservices.gov.au/customer/enablers/centrelink/youth-allowance/payment-rates>

<sup>5</sup> Australian Youth Affairs Coalition (Aug 2012) Submission in response to: The adequacy of the allowance payment system, p.8

<sup>6</sup> The Salvation Army (2010) *Perceptions of Poverty: An Insight into the Nature and Impact of Poverty in Australia*

<sup>7</sup> Australian Property Monitors (2012) *Rental Report December 2012*, Australian Property Monitors, viewed 25 February 2013, <<http://apm.com.au/MarketReports.aspx>>

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<sup>8</sup> National Welfare Rights Network (Jan 2012), Fairness & support in uncertain times: 2012-13 Federal Budget Statement Priorities, p.19

<sup>9</sup> Australian Youth Affairs Coalition (2012) *Submission in response to: The adequacy of the allowance payment system*, p.14

<sup>10</sup> Youth Coalition of the ACT (2012) *Rate Canberra 2012: Findings from the Survey of Young People aged 12-25 in the ACT*, Canberra

<sup>11</sup> The Salvation Army (2010) *Perceptions of Poverty: An Insight into the Nature and Impact of Poverty in Australia*

<sup>12</sup> Australian Youth Affairs Coalition (2012) *Submission in response to The adequacy of the allowance payment system* p.5