



Submission to the *Inquiry Into Affordable
Housing*

March 2014

www.youthcoalition.net

The Youth Coalition of the ACT acknowledges the Ngunnawal people as the traditional owners and continuing custodians of the lands of the ACT and we pay our respects to the Elders, families and ancestors.

We acknowledge that the effect of forced removal of Indigenous children from their families as well as past racist policies and actions continues today.

We acknowledge that the Indigenous people hold distinctive rights as the original people of modern day Australia including the right to a distinct status and culture, self-determination and land. The Youth Coalition of the ACT celebrates Indigenous cultures and the invaluable contribution they make to our community.

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The Youth Coalition would like to acknowledge the ongoing support and input of the ACT Peaks network, in particular our partnership work with the ACT Council of Social Services, ACT Shelter, and the Women's Centre for Health Matters.

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1. Introduction

Section 1 of this submission provides contextual information about the Youth Coalition of the ACT, young people in the ACT, and the process for developing and format of this submission.

Youth Coalition of the ACT

The Youth Coalition is the peak youth affairs body in the ACT. Comprised of 100 members, programs, and individuals the Youth Coalition is responsible for representing and promoting the interests and wellbeing of young people aged 12 to 25 years and those who work with them.

The Youth Coalition is represented on many ACT Government advisory structures and provides advice to the ACT Government on youth issues, along with providing information to youth services about policy and program matters.

A key role of the Youth Coalition is the development and analysis of ACT social policy and program decisions for young people and youth services. The Youth Coalition facilitates the development of strong linkages and promotes collaboration between the community, government and private sectors to achieve better outcomes for young people in the ACT.

Young People in the ACT

Young people are a distinct, and often discrete, population group aged between 12 and 25 years. Young people frequently experience systematic and systemic disadvantage, discrimination and unequal access to resources.

Canberra has one of the youngest populations of any Australian State or Territory, with approximately 77,000 young people residing in the ACT, representing more than 20% of Canberra's population.¹ With over one fifth of Canberra's population comprised of young people, it is important that the wellbeing of young people be regarded as an indicator of the ACT's future population health and development.

Process for Developing this Submission

The Youth Coalition welcomes the opportunity to provide input into Senate Standing Committees on Economics' inquiry into affordable housing. This submission is based on the following:

- The priority areas highlighted in the *Youth Coalition Strategic Plan 2011-14*;
- The policy positions outlined in the *Youth Coalition Policy Platform*;
- The views of participants of the Youth Coalition's Forums and Networks;
- Previous Youth Coalition submissions to the ACT and Australian Governments;
- One-on-one consultations with member services and organisations; and,
- Current and topical research on youth affairs.

2. Housing Affordability and Young People

Despite recent falls, the private rental market in the ACT is amongst the highest in Australia. Many young people report difficulty in gaining entry to private rental properties, due to cost, availability and discrimination.

Many young people in the ACT experience severe financial hardship associated with the high cost of living.² As young people are often working casually or still completing training, they struggle to compete in the private rental market. In December 2012 median weekly house rentals in the ACT were \$480 per week and median weekly unit rentals were \$430 per week.³ Over the last three years rents have risen by an average of 10 per cent nationally, while the maximum rates of Commonwealth Rent Assistance (CRA) have increased by only 2.7 per cent.⁴

Even if students receive Rent Assistance, 43% of recipients experience housing stress because they are paying more than 30% of their income in rent. Housing stress for a young person means having to forego living close to shops, schools and public transport. It could also mean forgoing other items such as food. 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.⁵ The Commonwealth Rent Assistance is capped at the rate of inflation, but due to extremely low vacancy rates (especially in the ACT), rents have risen much more quickly than the inflation rate.

Consultations with young people indicated it is difficult to access affordable housing in Canberra given the expensive rental market and high student population. In the 2012 *Rate Canberra* survey conducted by the Youth Coalition, 12% of respondents indicated 'paying rent, board, or mortgage repayments' was worrying them.⁶ Vulnerable young people also report 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 for their needs.⁷

The private rental market in the ACT is amongst the highest in Australia. Many young people report difficulty in gaining entry to private rental properties, due to cost, availability and discrimination. The Youth Coalition advocates that more work needs to be done by all levels of government in the area of housing affordability, and supporting young people to rent privately. In particular, more funding needs to be allocated to affordable housing initiatives for young people. This is a particular concern in light of the uncertain future of the National Partnership Agreement on Homelessness.

Various groups of young people have particular problems accessing housing including: tertiary students, apprentices, Aboriginal and Torres Strait Islander people and women. In general, young people require housing that is located close to transport, educational institutions, employment, and universal services. They also require a range of different accommodation models and choices to ensure their needs can be met to the highest possible standard.

Recommendation 1:

Match Centrelink's Rent Assistance payments to geographical needs, and increase Rent Assistance to ACT residents who attempt to rent in one of the most expensive rental markets nationally.

Recommendation 2:

Develop and implement mechanisms that support young people to access the private rental market, and remove current barriers related to cost, availability, and discrimination.

Recommendation 3:

Expand affordable housing programs for vulnerable young people.

Recommendation 4:

Actively involve young people in designing, planning, and evaluating affordable housing policy and programs.

3. Employment and Income Support as Necessary Prerequisites for Accessing Affordable Housing

The way that employment and income support is structured for young people can create an extra barrier to accessing affordable housing.

Employment

The labour market for young people has changed significantly during the last three decades. The national unemployment rate for all teenagers is three times higher than for all adults.⁸ Rises in youth employment have mainly been in part-time and casual work, creating uncertainty in the lives of many young people. Over the last two years, youth unemployment has risen 13% in the ACT, reaching 10.8% in the year to February 2014.⁹ The forecast for youth unemployment in the ACT is 12.4% by 2016.

A recent independent inquiry found that 40% of all casual workers are aged between 15 and 24 years of age.¹⁰ Casual employment makes workers more vulnerable to dismissal, and prevents them accessing entitlements such as sick leave or holiday pay. Young people as a whole are more vulnerable to unfair and illegal work-place arrangements, such as unpaid work, sham subcontracting, below award wages and unfair dismissal. Many young people also report a lack of awareness regarding their rights, worker's compensation, taxation, and anti-discrimination policies.

Young people in Australia can be paid less in many industries, such as the hospitality and retail industries, simply due to their age.¹¹ This is age-based discrimination. It ignores the fact that young people are still doing the same work, at the same productivity rate as other workers. It further incorrectly presumes that young people do not have the same financial commitments as other workers such as family, loans, rent and food. The Youth Coalition believes that this discrimination needs to be removed.

The Youth Coalition recognises that most apprentices are young people. Apprentices can be more vulnerable to exploitative practices in the workplace. Additionally apprentice rates of pay do not adequately reflect the real cost of living.

Recommendation 5. Ensure that minimum wages reflect the current economic cost of living.

Recommendation 6. Remove discriminatory age based (youth/junior) wage scaling.

Income support

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.¹²

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.¹³ 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.¹⁴

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, not only is housing unaffordable, but 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.¹⁵

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.

Recommendation 7.

Increase youth income support payments, that accurately reflect the cost of living, bringing young people above the Henderson poverty live.

Recommendation 8.

Index all income support payments to the cost of living (CPI).

Recommendation 9.

Ensure equity and consistency between pensions and allowance payments, including Youth Allowance and Newstart Allowance, to meet the requirements of the cost of living.

Recommendation 10.

Consult with young people about their income support needs in all related policy decisions.

4. References

- ¹ Australian Bureau of Statistics (2008) *Population by Age and Sex, Australian States and Territories*, Australian Government, Canberra.
- ² The Salvation Army (2010) *Perceptions of Poverty: An Insight into the Nature and Impact of Poverty in Australia*
- ³ Australian Property Monitors (2012) *Rental Report December 2012*, Australian Property Monitors, viewed 25 February 2013, <<http://apm.com.au/MarketReports.aspx>>
- ⁴ National Welfare Rights Network (Jan 2012) *Fairness & support in uncertain times: 2012-13 Federal Budget Statement Priorities*, National Welfare Rights Network, p. 19.
- ⁵ Australian Youth Affairs Coalition (2012) *Submission in response to: The adequacy of the allowance payment system*, ⁵ Australian Youth Affairs Coalition, p.14.
- ⁶ Youth Coalition of the ACT (2012) *Rate Canberra 2012: Findings from the Survey of Young People aged 12-25 in the ACT*, Youth Coalition of the ACT, Canberra, p.23.
- ⁷ The Salvation Army (2010) *Perceptions of Poverty: An Insight into the Nature and Impact of Poverty in Australia*
- ⁸ Ibid, p.45.
- ⁹ Brotherhood of St Laurence (2014) *Australian Youth Unemployment: Snapshot – March 2014*
- ¹⁰ Independent Inquiry Into Insecure Work (2012) *Lives on Hold: Independent Inquiry Into Insecure Work* (ACTU, Melbourne), p 23 <http://www.securejobs.org.au/Home/Howe-Inquiry/Report.aspx>> Accessed 12 April 2013.
- ¹¹ *Fair Work Act 2009* (Cth), section 153(3)(a), 195(3)(a), 294(3)(a).
- ¹² Australian Institute of Health and Welfare (2011), *Australia's Welfare 2011*, AIHW, Canberra.
- ¹³ 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>
- ¹⁴ Australian Youth Affairs Coalition (Aug 2012) *Submission in response to: The adequacy of the allowance payment system*, p.8
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