**ARACY Submission** Senate Select Committee on Cost of Living





## Senate Select Committee on Cost of Living ARACY Submission October 2024

## About ARACY

ARACY would like to thank the Senate Select Committee on Cost of Living for this opportunity to contribute to this inquiry.

ARACY's purpose is to champion all Australian children and young people to thrive. As our children's and young people's needs grow and change, so too must the support systems that surround them, striving for best practice and policy to prevent disease and provide the best conditions for their holistic health.

Today's fast-paced world challenges parents, carers, educators, health professionals, and policymakers to continuously adapt. Governments must lead the charge in systemic improvements, navigating the complexities of various jurisdictions and sectors to truly prioritise young Australians. ARACY stands at the forefront of this mission, bringing together the latest evidence, practitioners and policymakers to develop childcentred strategies that make a real difference.

We listen to and amplify the voices of young people. Amplifying their issues and solutions. When we say 'thriving' and 'wellbeing', we mean living a life of value as defined by children and young people. Focused on holistic wellbeing, including health, we aim for sustainable system changes to prevent diseases and promote early intervention. Our commitment to the complete wellbeing of young people drives us to seek meaningful and continual improvements.

## **Recommendations Summary**

- Poverty has lifelong implications for children and young people, and long-term implications for the economy. Addressing poverty well and early is a powerful mechanism to disrupt intergenerational disadvantage and provide long-term social and economic benefits to all Australians.
- 2) Social security payments are an effective mechanism to address poverty that will preferentially benefit those who need it more, including families with young children and young adults. The Australian Government should develop and implement a method of setting the level of social security payments that ensures children and young people dependent on them have their full range of needs met in alignment with their human rights.
- 3) Jobseeker should be immediately increased by \$75 per week.



- 4) Australia lacks a comprehensive definition of poverty on a federal level. The Australian government should commission an agreed definition of poverty which should be included as a key indicator in the Measuring What Matters wellbeing framework established by the Commonwealth Government.
- 5) Prioritisation should be given to housing support, access to basic material needs like food and clothing, and mental health services.
- 6) Genuine partnership with children, young people, and families of diverse lived experiences is needed to ensure services are accessible and to overcome barriers such as cost, transport, trust, and waiting times.

### **Terms of Reference**

#### a) The cost-of-living pressures facing Australians.

Issues

- Children and young people have told us that cost of living and poverty affects them across all age groups.
- For younger children (under 8 years) this manifests as social exclusion at school, in community events (such as sports), and noticing family tension over finances [1, 2].
- For children in the middle years (8 to 14 years), poverty is associated with poorer educational outcomes including bullying, school disengagement, and reduced life satisfaction [3, 4, 2].
- Among adolescents and young adults (14 to 25 years), poverty largely manifests as food insecurity, as a barrier to their career and study goals, and as concerns about their financial future. In extreme cases, poverty has led to homelessness and criminal behaviour (such as stealing food) [2, 5, 6, 7, 8, 9, 10].
- Cost of living pressures are compounded for gender diverse young people, who experience financial and housing challenges more frequently than the general young population [5, 7].
- Under- and unemployment is common among young people, especially those living in rural areas [9].

#### Solutions

- Partner with children and young people about what supports and services are needed to meet their needs
- At our brief consultation, young people highlighted affordable rent, and convenient, low-cost public transport options (including cycle lanes, walkable streets, public transport options for weekends and evenings) as some of the ways to ease cost of living for young people.

#### Evidence

Evidence for the above statements was drawn from a variety of consultation undertaken with children and young people in Australia, as well as through polling ARACY's young subscriber base 'Young & Wise'. See References and Appendix for further details.



#### b) The Government's fiscal policy response to the cost of living;

#### Issues

- Children and young people are among those most commonly experiencing poverty and are among the top beneficiaries of income support payments.
- Australia lacks a comprehensive definition of poverty on a federal level.

#### Solutions

- Jobseeker should be immediately increased by \$75 per day
- The Australian Government should develop and implement a method of setting the level of social security payments that ensures children and young people dependent on them have their full range of needs met in alignment with their human rights.
- The Australian government should commission an agreed definition of poverty which should be included as a key indicator in the Measuring What Matters wellbeing framework established by the Commonwealth Government.

#### Evidence

- Increased social security payments provide economic stimulus that addresses both poverty and under- and unemployment [11, 12].
- Modelling by Deloitte Access Economics shows the economic stimulus of just a \$75 weekly increase in (what was then) Newstart would help create 12,000 jobs nationally [12].
- About one third of families with children, or 245 000 families, were lifted out of poverty during the COVID-19 income support payments. About a quarter of young adults (15 to 24 years), or 115 000 young people, were similarly lifted out of poverty [11].
- ACOSS reports families with children, followed by young adults (15 to 24 years) have the greatest rates of poverty aside from older Australians on the age pension without home ownership [11].
- 16.6% of children with families and 14% of young adults (15 to 24 years) were living in poverty [11].
- c) Ways to ease cost of living pressures through the tax and transfer system; and

#### d) Measures to ease the cost of living through the provision of Government services

#### Issues

- Support for accommodation was the top need identified among adolescents and young Australians with vulnerabilities to keep them safe. This was followed by help with basic material needs and mental health services.
- The top barriers to service use were cost and transport.
- Among First Nations young people and young people with disability, 'not being listened to' was a significant barrier to service use.
- The most important qualities of services as nominated by young people were 'treating everyone equally' and 'friendly people'.

#### Solutions

• Prioritisation should be given to housing supports, provision of basic material goods, and mental health supports for vulnerable young people.



- These services must be accessible to young people, especially in relation to affordability, accessibility by transport; and a culture in which young people feel listened to, are treated equally and with respect and kindness.
- Codesign with children and young people of diverse lived experience is essential for services to be effective, especially for those from complex backgrounds. Partnership with them should span across identifying the kinds of services needed, designing and implementing them, and ensuring continuous monitoring and evaluation of services to ensure they are meeting the needs of children and young people.

#### Evidence

- Young people experiencing vulnerability (including those with complex needs, disability, experience of maltreatment, and First Nations young people) identify safe accommodation and access to basic material needs as the most important services and supports to keep them safe [13].
- 'A safe place to go when needed' was the top priority service nominated by 75% of adolescents and about 70% of young adults. 'Help with basic needs' like food and clothes was nominated by more than 50% of adolescents and young people [13]. Children and young people living with a disability and First Nations children and young people selected the same responses and in similar proportions.
- Cost was nominated as a barrier by 30% of adolescents and 56% of young adults [13]. This is similar to other studies of health service navigation [14]. Being 'too hard to get to' was nominated by 25% of adolescents and 40% of young adults.
- Trust and waiting times were also significant barriers. First Nations young people identified 'They don't listen to us' (28 per cent) as the top barrier, while young people with disability identified listening as the second greatest barrier (33 per cent) [13].
- The most important qualities of services as nominated by young people were 'treating everyone equally' and 'friendly people' [13].

#### e) Any other related matter.

# Issue: Childhood poverty has lifelong impacts on children development, mental, and physical health.

**Evidence:** ARACY's The First Thousand Days, An Evidence Paper shows adversity experienced by children in their earliest years can have lifelong health implications [15]. Poverty is associated with increased risk of prematurity [16]. Poverty is also associated with increased risk of mental health issues and adult health conditions [17]. For example, heart disease, stroke, diabetes, and cancer are among the adult health issues now being linked to pathways originating in the first 1000 days [15].

#### Issue: Childhood poverty compounds other areas of disadvantage.

**Evidence**: Evidence shows that children living in poverty are more likely to commence school developmentally vulnerable [18]. Research by ARACY has found that children in



jobless families were more likely to suffer from a greater number of deprivations than any other group [4]. These deprivations included:

- Bullying (twice as likely)
- Family disintegration
- Social exclusion (twice as likely)
- Poor nutrition
- Housing instability or homelessness (4 times as likely)
- Chronic absenteeism from school
- Chronic illness
- Food insecurity (1.7 times as likely)
- Home learning (2.5 times as likely)

#### Issue: Poverty is perpetuated across generations.

**Evidence:** The lifetime experience of poverty forms a vicious cycle within families [19]. Toxic stress affects brain development, interfering with a child's ability to regulate emotions, follow instructions, incorporate direct speech, and motivation [15]. These effects on brain development begin in the womb. Harmful effects on brain development are perpetuated by parents' limited ability to mitigate their own and their children's toxic stress. Children who grow up in this environment are then likely to have similar struggles with their own children, thus perpetuating disadvantage across generations.

#### Issue: Addressing childhood poverty is economically effective.

**Evidence:** It is well established that prevention and early intervention is more cost effective than interventions that are reactive in nature [20]. For example, modelling in the Australian context found that **Australians are each paying \$607 per year (\$15.2 billion in total) for services that could have been avoided** had children and families in need been provided with early and appropriate help [21].

#### Issue: Poverty is a breach of children and young people's human rights.

**Evidence:** Article 11 of the UN Declaration of Human Rights which recognises "the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions" [22]. Article 26 of the Convention on the Rights of the Child effectively extends these rights to children [23]. Cost is affecting children and young people's access to food, their lives at home, contributing to homelessness and crime, their ability to participate at school and in their communities, limiting their educational and career goals, and affecting their confidence in their future financial security, thus violating their right to an adequate standard of living.

**Solution:** Addressing poverty well and early is a powerful mechanism to disrupt intergenerational disadvantage and provide long-term social and economic benefits to all Australians.



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## Appendix

 Responses obtained from ARACY's poll asking our Young & Wise subscriber base, 'As a young person aged 25 years and below, what do you want the Government to know about how the rising cost of living is affecting young Australians?'.

Reducing housing insecurity by lowering rent rises and rent prices will help out young people the most.

Making cars the only viable form of transport for work, uni & meeting friends, you are locking me into a significant cost burdan. I want cycle lanes, walkable streets, convenient public transport!

I want safe and seperated (and connected to hubs!) cycling lanes so I can bike to the shops, friends and train stations instead of spending 10k plus a year driving!! I'm in my first year of uni but living at home. I would love to find a place but I'm worried that I'd be so stressed having to work more for rent etc. that my quality of life would decrease a lot.

I want public transport, especially trains and metros to run all night Friday and Saturday. If I need to get an uber home it's too expensive to go out with friends!

I want free public transport for affordable, sustainable and healthy transport options. Or something like Queensland's 50c fares!