



2025/26 FEDERAL BUDGET SUBMISSION



Introduction

ARACY the Australian Research Alliance for Children and Youth thanks Federal Treasury for the opportunity to contribute to the 2025-2026 Budget consultation. We are a national NGO with the purpose of seeing every Australian child and young person thriving. We use evidence to drive systemic change, improve policies and practices. Our focus is on prevention, early intervention and equity for child wellbeing and Australia's holistic long-term prosperity.

About ARACY's Young and Wise Report:

Our submission utilises a new, ground-breaking report by ARACY which distils the diverse perspectives of over 10,000 children and young people, based on 117 child and youth consultation reports conducted over five years. It provides evidence-based recommendations to guide decisions shaping the lives of young Australians and emphasises their strong desire to be heard in matters that affect them. An embargoed preview of the full report can be arranged for the Department on request.

Our 2025-26 Budget submission outlines four critical areas that have been informed by children and young people, along with child development and wellbeing experts to address the most pressing systemic barriers faced by young Australians. These align with Treasury's objectives to ensure sustainable economic growth and intergenerational equity:

1. PARTICIPATION AND REPRESENTATION

2. COST OF LIVING

3. MENTAL HEALTH

4. PREVENTING CONTACT WITH YOUTH JUSTICE SYSTEMS

By addressing these pressing challenges, the Federal Budget can lay the foundation for a thriving future for all Australians.

Acknowledgement of Country

ARACY acknowledges the Traditional Custodians and their enduring connection to the lands, waters, and skies. We pay our respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander people. In solidarity, ARACY supports the Uluru Statement from the Heart and the need for truth-telling about the history and impact of colonisation. We treasure the rich and diverse cultures and customs of First Nations people - valued knowledge holders, leaders and partners in creating the conditions for all our children to thrive.

"Set an imagination agenda for our classrooms, remove the limited thinking around our disadvantage, stop looking at us as a problem to fix, set us free to be the solution and give us the stage to light up the world" - **Imagination Declaration (2019)**

1. Participation and Representation

Problem/Issue:

Legislation for and Federal Cabinet representation of children and young people remains fragmented, with limited systemic integration of young people's voices in policymaking processes. This gap reduces the inclusivity and effectiveness of decisions affecting young Australians.

Evidence:

ARACY Young and Wise Reportⁱ:

- Children and young people of all ages strongly want to be heard in decisions that affect them, whether at home, in their communities, by government, or in research.
- Formal consultation is empowering and rewarding, improving the effectiveness of initiatives and policy, and helps young people develop critical civic skills.
- Many young people feel unheard, often describing feelings of being "powerless," "invisible," "helpless," "frustrated," and "excluded." This is particularly true for young people with disability, those in the child protection system, and those living in disadvantaged areas.

Medical Journal of Australia - Future Healthy Countdown 2030 Supplement (2024)ⁱⁱ:

- The Government has a responsibility to children, yet they are not always explicitly visible in the National Cabinet's priorities. By ignoring social determinants of wellbeing, we wait for crises to react. Politics hinders prevention, leaving vulnerable children as victims of "federation failure."

Recommendations:

1. ARACY joins a growing new movement in the *Act for Children* campaignⁱⁱⁱ calling for: a **Cabinet Minister for Children**: Appoint a dedicated Minister to oversee and coordinate child wellbeing and rights across all Commonwealth government portfolios; a **National Children's Act**: Introduce legislation to ensure accountability for children's rights and wellbeing, aligned with the UN Convention on the Rights of the Child; a **Ministerial Council for Child Wellbeing**: Form a multidisciplinary council to advise the Minister and National Cabinet, elevating child wellbeing as a national priority; and a **National Plan for Child Wellbeing**: Create a comprehensive plan with clear responsibilities across portfolios and jurisdictions.
2. **Establish an independent office for a Commissioner for Future Generations**^{iv}: to advocate for intergenerational equity, assess major policies, and coordinate collaboration across sectors.
3. **National Child and Young Person's Wellbeing Framework**: Develop a dedicated children's framework alongside Treasury's current *Measuring What Matters* framework as modelled by the OECD^v. This should include holistic indicators sensitive to children's age and developmental stage. We invite Treasury to collaborate with ARACY as the organisation that pioneered The Nest^{vi}, Australia's first evidence-based wellbeing framework for children and young people.
4. **Introduce Youth Consultation Criteria in Government Grants**: Incorporate Selection Criteria and Performance Indicators mandating and evaluating meaningful youth consultation in relevant Government procurement, grant and tender processes to ensure applicants are incentivised to embed young people's perspectives effectively in their work.

2. Cost of Living

Problem/Issue:

Rising costs of living are placing significant strain on families, children, and young people and is a top priority for young people. Financial pressures are affecting access to basic needs, social inclusion, and long-term opportunities, particularly for those in disadvantaged and rural communities.

Evidence:

ARACY Young and Wise Report and ARACY Senate Select Committee on Cost of Living Submission^{vii}:

- Younger children notice and are impacted by household financial pressures, such as parental stress and reduced ability to participate in quality time with their family through community and recreational activities
- Poverty contributes to social exclusion, including bullying, disengagement from school, inability to participate in school excursions, and challenges with friendships.
- Adolescents report financial barriers to accessing food, health services, and that cost is a significant barrier to their career and study goals.
- One in five young adults have experienced running out of money for accommodation and food in the past year, compounded by under- and unemployment. Employment challenges are especially significant for young people in rural areas and those with disabilities.
- Poverty is a well-established and powerful determinant of long-term health outcomes.

Recommendations:

To create a more equal and resilient community, ARACY proposes the following measures to ease the cost of living for young Australians. These investments will help future-proof Australia by building a skilled, knowledgeable, and innovative workforce ready to tackle tomorrow's challenges:

1. **Raise JobSeeker, Youth Allowance and income support payments** to at least \$82 a day, ensuring parents can provide for their children and young people can afford to participate in education.
2. Reduce tuition fees and continue to reduce the burden of student debt to make higher education more accessible.
3. **Increase the supply and affordability of student housing** to support students in their educational pursuits.
4. **Co-invest with State Governments into more affordable public transport infrastructure** to reduce the cost and climate burden of private transport.

3. Mental Health

Problem Statement:

Mental health challenges are increasing among children and young people, with additional pressures faced by young LGBTIQ+ individuals, those with disabilities, and girls. Stigma, privacy concerns, and complex systems create barriers to accessing care, often delaying support. The cost-of-living crisis and postcode lottery creates even greater urgency for investment into creating a universal and equitable mental health care system.

Evidence:

ARACY Young and Wise Report:

- Mental health challenges are significantly higher among young LGBTIQ+ people, young people with disabilities, and girls.
- Stigma deters young people from seeking help for mental health concerns and accessing health services more broadly.
- Complex systems create barriers to support, leading to prolonged delays or disengagement from services.
- Early adolescence is a particularly vulnerable time, with reduced psychological wellbeing and body dissatisfaction emerging during high school transitions.
- Friendships, including online friendships and communities, play a vital role in providing emotional and practical support, with many young people seeking information to help their peers.
- Climate anxiety and other national and global crises (such as bushfires and COVID-19 pandemic) contribute significantly to children and young people's mental health and sense of safety.

Recommendations:

1. **Restore Medicare-subsidised psychology sessions** from 10 to 20 per year to address growing mental health needs of young Australians (under 25).
2. **Provide financial incentives for psychologists practicing in rural areas** under Medicare and expand access to telehealth services to bridge the urban-rural divide in mental health care.
3. **Introduce free health, development and wellbeing checks** for children in educational settings to identify and address issues early.
4. **Meaningful action by the Australian Government on climate change** will help mitigate young people's anxiety and stress about the world they will be inheriting from us.

4. Preventing Contact with Youth Justice Systems

Problem Statement:

Australia's youth justice system disproportionately impacts vulnerable groups, including Indigenous children, children with disabilities, and those facing additional barriers to their development. While youth justice is often viewed as a State and Territory responsibility, this cannot absolve the Federal Government of its moral responsibility to prevent state-sanctioned maltreatment anywhere in Australia. Prevention is closely tied to Federal systems that influence health, education, and social services. Addressing these challenges is also crucial for Australia to meet its international commitments to uphold child rights. The Australian Government must take leadership in driving systemic change and demonstrating best practice across the Federation to ensure that no child suffers due to failures in federalism.

Evidence:

ARACY Submission to the Senate Inquiry into Australia's Youth Justice and Incarceration System^{viii}:

- Aboriginal and Torres Strait Islander children make up 54% of youth under juvenile justice supervision despite comprising only 5% of the youth population.
- Australia's age of criminal responsibility, at 10 years, is among the lowest globally and misaligned with brain development science, drawing international criticism.
- Maltreatment and deprivation of basic needs in detention contravene Articles 19 and 27 of the UN Convention on the Rights of the Child.
- Hearing and neurodevelopmental impairments, such as Foetal Alcohol Spectrum Disorder (FASD), are widespread, with 36% of WA detained children diagnosed with FASD and 89% showing severe impairments, most undiagnosed before contact.
- In Victoria, 80% of youth offenders have a history of drug misuse, 67% have been suspended or expelled from school, and 62% are victims of abuse or neglect, demonstrates systemic failures in health, education, and social services.

Recommendations:

1. **Support First Nations self-determination** by adequately resourcing First Nations led prevention, and rehabilitative efforts.
2. Immediately increase the minimum age of criminal responsibility for federal offences to 14 years without exception.
3. **Scale up prevention and early intervention and integration investments** in health, education, and social services to reduce youth incarceration rates.
4. **Establish national minimum standards for incarceration** that uphold human rights to ensure all States and Territories within the Federation adhere to Australia's international obligations regarding child rights. This includes outlawing spithoods, strip searches, isolation, and other forms of state-sanctioned maltreatment.
5. Mandate a national screening for hearing and developmental impairments for all children at their first contact with the child protection and/or youth justice system.
6. **Develop systems-change strategies** to transition Australia to zero children in youth or adult detention, using Scotland's model, and eliminate systemic racism.

References:

- ⁱ **ARACY** – Young and Wise Report Embargoed preview [available on request](#) (2024)
- ⁱⁱ **Medical Journal of Australia** – Future Healthy Countdown 2030: from passive trickle-down to active participation for improved health and wellbeing of children, young people and future generations [Article](#) by Kevin Kapeke, Anne Hollonds and Susan Maury (2024)
- ⁱⁱⁱ **Act for Children** – [campaign](#) (2024)
- ^{iv} **Foundations for Tomorrow** – *For Our Future* [Policy Brief](#) (2024)
- ^v **OECD** – [Measuring What Matters for Child Well-being and Policies](#) (2021)
- ^{vi} **ARACY** – Australia's first evidence-based framework for national child and youth wellbeing [The Nest](#) (2013)
- ^{vii} **ARACY** – Senate Select Committee on Cost of Living [Submission](#) (2024)
- ^{viii} **ARACY** – Senate Inquiry into Australia's Youth Justice and Incarceration System [Submission](#) (2024)