
AYAC's Submission to Economic Inclusion Advisory Committee 2026

Report to Government

About AYAC

The Australian Youth Affairs Coalition (AYAC) is the national youth affairs peak body representing the interests of the 4.7 million young Australians aged 12-25 years, and the wider youth sector. Our members include youth-led organisations, youth sector organisations, and young people themselves. Serving in a leadership and advocacy capacity, AYAC provides advice to decision-makers on issues that impact young people and the sector. AYAC is unwavering in its commitment to a nation where young people are respected and have the power to lead change for a better world.

Introduction

AYAC welcomes the invitation from the Economic Inclusion Advisory Committee (EIAC) to provide a submission on economic inclusion and disadvantage faced by young Australians. Although AYAC welcomes recent efforts from the Albanese government to assist young people's financial standing such as the 20% reduction of all study and training support loans, and the 5% Deposit Housing Scheme, this does little to address broader structural issues which consistently position young people at a financial disadvantage. The lack of robust policy response to these economic inequalities facing younger generations risks deepening civic disengagement, disenfranchisement, and ultimately undermines the opportunity to build social cohesion in Australia.

Drawing on data from AYAC's 2025 research report *Building Cohesion with Young People*, this submission looks at the main challenges experienced by young Australians across cost of living, education, employment, and housing. *Building Cohesion with Young People* captures the experiences of 1,186 young people gathered through different methods: a Student Edge survey (951 respondents), a Youth Insight Poll (227 respondents), and youth focus groups (8 participants).

The report includes evidence which demonstrates the considerable systemic inequality impacting young Australians and how this limits their ability to participate in social and economic life. It also includes discussion on how economic inequality can lead to broader societal impacts such as a decline in young people's civic participation and engagement. Our research shows that people are aware of the economic inequality they experience in relation to their age and life stage and are able to articulate their experiences clearly. As demonstrated below, AYAC believes that minor systemic changes made at the Commonwealth level could result in significant improvements in outcomes for many young people. It is important that action is taken now to address the economic inequality experienced by young people and to improve outcomes for this cohort and for future generations.

It is important to note that this data is not a comprehensive review and cannot capture all relevant issues for young people. It is, however, a starting point to inform the actions and decisions of stakeholders in the wellbeing of Australia's young people. As always, we are available to the Committee should additional information be required. We also encourage the EIAC to consider the *Building Cohesion with Young People* report in full, for a broader understanding of the many issues impacting the inclusion of young Australians.

Cost of Living

AYAC's Youth Insight Poll conducted as part of our *Building Cohesion with Young People* report revealed that 71% of young respondents did not believe wealth is shared fairly in Australia. Research conducted by Deloitte (2025) shows that the average household aged 65-74 has five times as much wealth as the average household aged 18-34, an increase of 300% since the 1990s. Deloitte (2025) also found that, in 2023-24, young Australians aged 25-29 reduced their overall expenditure by 3.5%, representing the largest decrease among all age groups, whereas Australians aged 60 and over *increased* their spending at a rate which exceeded inflation.

Focus group participants from AYAC's report echoed the everyday impact of cost-of-living pressures on young people:

"It's got completely out of hand. Even with like just groceries and stuff – it's so expensive."

"I feel the main thing that makes people in my area very concerned about the future is the increasing cost of living and lack of security."

As outlined in Orygen's 2024 *Counting the Cost of Living Report* - cost of living pressures permeate across all areas of a young person's life, constraining equality of opportunity, negatively impacting wellbeing, and amplifying financial disparities experienced during early adulthood.

Young Australians receiving Youth Allowance and JobSeeker are by far some of the most economically disadvantaged in the community. As such, AYAC has consistently called for an increase to the rate of Youth Allowance and JobSeeker to support young Australians to meet every day living expenses, and their ability to engage in education, employment and social opportunities.

Recommendation:

1. Increase Youth Allowance and JobSeeker to \$88 per day to alleviate cost of living stress on young people who are studying and/or seeking employment.

Education

Amongst the young people who responded to AYAC’s Youth Insight Poll conducted as part of *Building Cohesion with Young People report*, only 21% believed higher education is affordable (AYAC, 2025). AYAC’s focus group participants also cited cost-of-living pressures and inequality in education as key stressors. They felt that schools in low socio-economic areas offer fewer opportunities and perform worse, creating unequal starting points. University students described how financial constraints limited access to unpaid internships and academic success compared with more privileged peers.

In general, participants were conscious of experiencing inequality of opportunity, and felt more could be done to create a level playing field within the education system. They were able to clearly articulate the challenges of juggling the cost and value of education, with the cost of living. This is reflected in broader structural trends affecting both financial and educational pathways of young people, such as the HECS-HELP debt repayment. The average time to repay a HECS-HELP debt increased from 8.2 years in 2011–12 to 9.5 years in 2021–22 (APH, 2023), with debt treated similarly to credit card or personal loan liabilities, therefore impacting young people’s ability to access home loans. Alongside this, Deloitte (2025) found that younger Australians face increasing pressure to obtain a bachelor’s degree to remain competitive in the labour market, despite sustained wage stagnation, casualised and insecure employment, and the long-term implications of university debt. This pressure occurs despite a significant rise in tertiary attainment with nearly 80% of millennials holding non-school qualifications, compared with only 48% of baby boomers.

“I moved from Brisbane to Canberra to do my studies. I was very fortunate to make that move. I supported myself and got a job down there to pay my own rent. But I didn't meet a single other person in my 4 years down in Canberra who was on youth allowance, or who worked to pay their own rent. This made me realise that a lot of other people had opportunities to just focus on their studies entirely and get a great GPA. They could do unpaid internships and get that experience, get those connections that I simply didn't have access to because I had to work to pay my own rent. So, I think that's a good example of how socioeconomics impacts inclusivity in society and impacts your opportunities.”

Recommendations:

1. Implement the commitment to Better and Fairer Schools to ensure that all young people are given equal opportunities to succeed in Australia.
2. Increase the amount of Commonwealth Supported Places for low-income earners.
3. Increase the Youth Allowance income threshold for those who are working alongside their studies to ensure payments do not significantly decrease when working part-time.

Employment

In AYAC’s Youth Insight Poll conducted as part of our *Building Cohesion with Young People*, only 10% of respondents thought it was easy for young people to secure well-paid, stable employment. This is consistent with Deloitte’s recent research which identified that the Australian labour force has expanded by almost two million young people in the past 25 years, many of whom are working multiple jobs and/or balancing work and study. Alongside this, nearly two in three young people reported living paycheck-to-paycheck, as real wage growth continues to stagnate for younger generations (Deloitte, 2025).

This scepticism toward equality of opportunity in the labour market was reflected amongst AYAC’s focus group participants. A lack of family support was seen as a key barrier to gaining initial work experience. Struggling to find employment was also linked to low self-esteem and poor mental health (see AYAC & Orygen, 2023).

“I think it's really detrimental for young people who don't have a support system on hand to be able to access employment. So, for example, if there's a young person, you know, getting their first job, but they don't have like a supportive family who can help write a resume or help suggest even like the simplest things like what to wear to their first shift or something, and then I guess, that carries on into young adulthood. Because, you know, obviously, if you don't have a good starting position then your end position is gonna be affected.”

Economic inequalities which lead to inequality of opportunity was highlighted by some participants as unfair. The impact of job insecurity and scarcity on wellbeing was another issue raised by participants:

“I was actively looking for employment for like 5 months this year and couldn't find anything, until someone finally gave me the chance to have an interview. I got the job. Thank God! The point is, I was looking actively for months, and no one was hiring me, and that really affected like my self-esteem and my self-worth. I felt worthless. I felt like, I'm not good enough. I'm not employable. What's wrong with me?”

Recommendations:

1. Embed a youth lens into the Federal budget process that considers wage stagnation and prevents young people’s job earnings from going backwards in real terms.
2. Scrap junior pay rates to allow an equal playing field for young Australians.

Housing

Amongst the young people who responded to AYAC's Youth Insight Poll, conducted as part of *Building Cohesion with Young People report*, 83% said housing is unaffordable. This is congruent with Deloitte's recent research which found that housing affordability is a contributing factor to delayed independence amongst young Australians (Deloitte, 2025). Deloitte found that amongst those aged 25-29, only 30% own their own home - a drop from over 50% in 1981- while the number of young people living with their parents has doubled. Consequently 40% of young Australians will rely on their family to provide financial support in order to buy a house.

AYAC's *Social Cohesion report* points to the sense of precarious adulthood as being most strongly tied to housing. Focus group participants expressed frustration and hopelessness about being locked out of home ownership and independent living:

"I strongly believe that I will never own a house or have any sort of secure living arrangement... Prices are just so high."

"Now it's crazy - I feel like I should be an adult, but I don't because I don't have my own place... I just feel like adulting hasn't really happened to me yet, even though I've been technically doing it for 4 years. And I feel like I'm not going to feel like an adult for a very long time, until I get a place of my own. I think that is probably the benchmark for that feeling."

Many participants noted growing intergenerational wealth gaps between them and their parent's generation. Access to affordable housing was seen as essential for restoring fairness and economic inclusion for younger Australians.

"Personally, I feel very sad about the gap in intergenerational wealth in Australia, and how it's just getting worse and worse over the decades. For example, I think millennials are the first generation in Australia's history to be worse off than their parents, and then that gap is just exacerbated with Gen Z. Which is our generation. And it's so evident when you compare the stories that your parents tell you about when they were in their twenties, and how they already had a house. They were already paying a mortgage. They already had a car. They were looking at having a kid. I compare that to what I'm doing now, which is renting in a 5-bedroom apartment, paying twice as much as they did comparatively when looking at the rates from the eighties compared to now."

Deloitte (2025) also highlighted the wider societal impacts of housing insecurity and economic pressures which are resulting in young Australians delaying parenthood, with current fertility rates below the replacement rate. Developing policies which facilitate earlier financial security and balance between work and family life will be key to improving fertility rates, driving productivity growth, managing an ageing population, and reducing future economic pressures from a declining workforce (Deloitte, 2025).

Recommendations:

1. Cut the capital gains tax discount and restrict negative gearing, making it less attractive for investors to enter the market and reducing upward pressure on housing prices.
2. Develop and maintain a national pool of 15,000 dedicated youth tenancies for 16-24 year olds in line with Home Time's Action Plan (see Home Time 2025).
3. Increase the Commonwealth Rent Assistance maximum threshold by 60% (resulting in a 110% increase in the payment), and ensuring ongoing indexation to wages, prices and actual rents in line with ACOSS' reform asks (see ACOSS 2025).
4. Direct the Australian Prudential Regulation Authority (APRA) to instruct lenders to limit the number of home loans granted to investors.¹

Impacts of Economic Exclusion on Civic Engagement

Experiencing economic inequality can have a broad impact beyond cost of living, education and employment. Research shows a declining interest in traditional forms of civic participation amongst young people, and a decrease in feelings of national belonging. A research report from The Y (2025) found that only 55% of their young respondents would probably or definitely vote if they had a choice, with even lower rates amongst rural and regional young people, those with education levels below Year 12, and those aged 26-29. AYAC believes that whilst this is in part linked to the availability and opportunity for quality civic education, it is also the result of young people not feeling that their needs are addressed or considered by decision makers. This is further evidenced in the most recent federal election, with young people reporting to AYAC that they did not see policy commitments that reflected the issues they care about or their needs.

A recent report from the Scanlon Institute (2025) found that financial wellbeing is one of the strongest predictors of belonging and social connection, yet young people's sense of belonging has declined sharply over the past 10 to 15 years. The Scanlon Institute (2025) found that 58% of those who perceive themselves to be financially comfortable or prosperous report having a great sense of belonging in Australia, compared to only 33% amongst those who perceive themselves to be poor or financially unstable. The report calls for action from governments to addressing the persistent financial hardship faced by young Australians which continues to have damaging cumulative effects on social outcomes and inhibits broader social cohesion. Deloitte (2025, p.24) mirror this sentiment in their report, warning that: "policymaking that has been primarily shaped with the interests of older

¹ Restricting the number of investors in the market would mean that Reserve Bank interest-rate cuts do not lead to increased demand from investors, which has the adverse effect of pushing up house prices. When APRA had this kind of restriction in place in the 2010s it had the effect of reducing house prices. This type of policy, known as "macroprudential regulation", would help make housing in Australia more affordable (see Grudnoff, 2025)

generations in mind risks alienating younger generations and eroding their confidence in economic and social institutions. If young people believe that these systems offer a fair pathway to security and opportunity as for previous generations, their attitudes towards their economic and civic participation can fundamentally shift.”

Conclusion

In conclusion, there is compelling evidence demonstrating the considerable systemic inequality impacting young Australian’s and their ability to participant in social and economic life. Young people are acutely aware of the economic inequality they experience in relation to their age and life stage. It is clear that minor systemic changes made at the Commonwealth level could result in significant improvements in outcomes for young people. It is imperative that action is taken to address this intergenerational inequality now and into the future. Adequately supporting young people’s economic inclusion also serves to better protect civic participation amongst young people.

AYAC would like to thank the EIAAC for the opportunity to provide this submission for their consideration. As mentioned previously, owing to the breadth and depth of the issues impacting young Australian’s economic inclusion, AYAC has chosen to focus our submission and draw from our recent report *Building Cohesion with Young People*. However, in the event that the EIAAC require further information on issues impacting young people, AYAC is willing to provide or to consider research to support this work. AYAC also recommends that the EIAAC review the full *Building Cohesion with Young People* report.

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