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# THE 2024-2025 FEDERAL BUDGET AND YOUNG PEOPLE



## OVERVIEW

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This briefing provides an overview of the key initiatives announced by the Australian Government in the 2024-2025 May Budget that will affect young people in Australia. This Budget arrives at a challenging time for young people, given the ongoing rental affordability crisis, and continuing impediments to young people's mental health and wellbeing.

The Budget has announced funding across key areas including cost of living, housing and homelessness, and education and training. Overall, there are some new investments which could help young Australians. These include:

- \$1 billion toward crisis accommodation and transitional housing;
- capping the HELP indexation rate;
- introduction of the Commonwealth Prac Payment; and
- a modest increase to rent assistance.

Overall, young people who are in higher education will benefit from budget initiatives, but it certainly won't alleviate all of their cost-of-living pressures.

For those young people who rely on income support, however, there is very little good news. This was a missed opportunity to lift the rate of income support above the poverty line and to improve the lives of many.

In summary, this Budget does make some welcome steps in the right direction, but these changes don't go anywhere near far enough, and the difficult-to-solve problems remain.

# SUMMARY OF 2024-2025 MAY BUDGET INITIATIVES THAT AFFECT YOUNG PEOPLE

## EDUCATION AND TRAINING

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**HELP indexation rate to be capped at the lower of either the Consumer Price Index (CPI) or the Wages Price Index (WPI), backdated to 1 June 2023.**

*What this means for young people:*

In the short-term, this will provide cost-of-living relief to young people who had a higher-education debt last June by reducing the amount owed; and aims to reduce financial barriers to education and training moving forward. AYAC welcomes this.

However, analysts have pointed out that the WPI has only been lower than the CPI in 4 of the last 24 years, and have suggested that a fixed maximum indexation rate (e.g. the lower of the CPI or 4%) would do a better job of preventing debt blowout. The Australian Universities Accord also recommended that compulsory payments towards HELP debts be applied prior to indexation to make the system fairer. AYAC urges the Australian Government to introduce these additional changes, to provide increased financial security to the almost 1.3 million university students in Australia, as well as future students.

**Introduction of a new Commonwealth Prac Payment for students on clinical and professional placements, from 1 July 2025.**

- The means-tested payment will be \$319.50 per week, and is in addition to other income support a student might receive.
- Eligible courses include teaching, nursing, midwifery, and social work.

*What this means for young people:*

This will provide vital financial support for students undertaking compulsory professional placements as part of their studies, with the aim of reducing 'placement poverty'. AYAC is pleased that the identified courses – which train people to provide essential social services to the Australian public and are highly feminised sectors – have been targeted first, in line with recommendations made in the Universities Accord.

However, the payment won't be introduced until next year, meaning students on placement will continue to struggle in the meantime, and there are concerns that many young people will miss out on the payment because of means testing. Student groups have also described the payment as a 'slap in the face', as it equates to being paid only \$8 per hour while on placement. AYAC supports calls for all students undertaking mandatory placements to be paid at least the minimum wage, and for the Fair Work Act to be amended to outlaw unpaid placements.



## Other measures

- Number of university places for international students capped, based on factors including how much student accommodation is provided – but universities can increase these enrolment numbers by building new housing, to be available to both international and domestic students.
- Incentives to encourage young people to take up study in programs relating to housing and construction, clean energy skills, agriculture, and STEM subjects relevant to the defence industry.
- Universities required to direct 40% of their Students Services and Amenities Fee towards student-led organisations from next year.

### *What this means for young people:*

This is an interesting approach to relieving housing stress for some of the almost 1.3m university students in Australia. However, AYAC is concerned that this is being done at the expense of opportunities for young people from overseas who wish to study in Australia. AYAC welcomes the positive boost to support student-led organisations on university campuses, putting young people front and centre. AYAC also welcomes the encouragement of diverse study pathways for young people. However, it is disappointing that the incentives for STEM programs appear to be tied directly to the defence industry, rather than aiming for greater diversity in these male-dominated sectors.

## INCOME SUPPORT

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### **Commonwealth Rent Assistance to increase by 10% from September 2024.**

- This follows on from the 15% increase in last year's Budget.

### *What this means for young people:*

AYAC, together with the state and territory youth peaks, recently advocated for the Australian Government to raise the rate of rent assistance. We therefore welcome this increase, but note that its modest amount (\$9.40 per week for a single person) is not adequate in the context of skyrocketing rental prices. We also note that this measure alone will do little to address the housing stress experienced by many young people. AYAC is deeply disappointed that the Australian Government did not take this opportunity to lift the rates of JobSeeker and Youth Allowance above the poverty line, as it was urged to do by both the youth peaks, and its own Economic Inclusion Advisory Committee.

# COST OF LIVING

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## Energy bill relief and tax cuts.

- All households will receive a \$300 credit on their electricity bill, applied in 4x \$75 quarterly instalments.
- From 1 July, every taxpayer will receive a tax cut, improving the average taxpayer's financial position by \$36 a week.

### *What this means for young people:*

AYAC welcomes this much-needed cost-of-living relief, which many young people will benefit from. However, we would have liked to see these measures targeted at those who most need it, rather than provided across the board. For example, we know that young people are more likely than older cohorts to be unemployed or underemployed, or in low-paying jobs, meaning they will not reap the full benefit of the tax cuts. And most notably, the energy bill relief will not benefit the tens of thousands of young people who do not have a home.

## Price freeze on Pharmaceutical Benefits Scheme medicines.

- Cost of PBS-listed medications frozen, with cap to remain at \$7.70 (for up to five years) for those with concession cards, and \$31.60 (for one year) for those without concession cards.

### *What this means for young people:*

AYAC welcomes this commitment, particularly given many young people on income support have been struggling to pay for the medicines they need. We also appreciate the extended timeframe for concession card holders, who are most likely to be impacted by cost-of-living pressures. However, given the price freeze expires after 12 months for some, this will only provide short-term relief for many young people.

Numerous other announcements were made in this area and are mentioned in more detail elsewhere, including:

- increase to rent assistance;
- capping the HELP indexation rate; and
- the Commonwealth Prac Payment.



## HOUSING AND HOMELESSNESS

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### **\$1 billion toward crisis accommodation and transitional housing for youth, and women and their children leaving violence.**

- This announcement clarifies how the pool of funding that was promised in September 2023 will be targeted.

***What this means for young people:***

In 2022-2023, more than 38,000 young people presented alone to specialist homelessness services, with over 17,000 of these young people needing short-term or emergency accommodation. As one of the 120 organisations supporting the Home Time campaign, AYAC welcomes this first step towards addressing the youth homelessness crisis.

### **Doubling of Commonwealth homelessness funding to the states and territories (to \$400m per year, for the next 5 years) to combat homelessness, provide crisis support, and build and repair social housing.**

***What this means for young people:***

In 2022-2023, almost 18,000 young people needed long-term housing, but only 4.3% of them received this service. AYAC calls on the states and territories to use this funding boost to ensure young people's access to housing is guaranteed beyond the crisis stage, and that their rights to safe and secure housing are upheld on an ongoing basis.

## HEALTH AND WELLBEING

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### **Improvements to mental health services.**

- Establishment of a national digital mental health service that is free of charge and free of need for referral.
- More walk-in Medicare Mental Health Centres.
- Increased funding for Primary Health Networks to provide mental health wrap-around care.
- Funding to improve child and youth mental health services through uplifting workforce capability and co-designing new models of care.



### *What this means for young people:*

AYAC welcomes the range of measures that has been announced to improve access to mental health support. We are particularly pleased that there is funding specifically allocated to improve child and youth mental health services, and that a co-design approach is embedded in this. Using a co-design method respects young people's expertise, and can ensure that care provided is accessible, appropriate, and effective, and meets the specific needs of young people.

However, all these measures combined only represents a 1% boost to mental health funding overall – nowhere near what is needed to address the current youth mental health crisis. AYAC implores the Australian Government to further boost funding to youth mental health services and to invest in growing the mental health workforce so that no young person misses out on receiving the care they need, and at the time when they need it. We also call on the Australian Government to commit to resourcing a broad range of prevention measures to support young people's mental health and wellbeing in a more holistic way.

### **More Medicare urgent care clinics.**

- Funding for an additional 29 urgent care clinics (adding to the 58 already opened) which offer walk-in care, 7 days a week, completely covered by Medicare.

### *What this means for young people:*

AYAC welcomes improved access to Medicare-funded healthcare, given many young people on income support have been struggling to afford the medical care they need. However, this funding boost will only increase the number of urgent care clinics around the country to a total of 87, meaning many young people will still not have access to affordable healthcare. AYAC urges the Australian Government to introduce further measures to guarantee affordable healthcare – including dental care – for all young people, regardless of where they live.

## **FIRST NATIONS YOUTH**

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**Funding for the Justice Policy Partnership to continue their partnership work focused on reducing adult and youth incarceration rates for First Nations peoples.**

**Funding to support the establishment of a National Commissioner for Aboriginal and Torres Strait Islander Children and Young People, and their associated Office.**



***What this means for young people:***

AYAC is pleased that the Justice Policy Partnership has received funding to continue its crucial work to reduce the unacceptably high rates of detention of First Nations youth. AYAC also wholeheartedly supports the establishment of a National Commissioner for Aboriginal and Torres Strait Islander Children and Young People. This is a vital step towards coordinated representation of the needs of First Nations youth at the national level. AYAC trusts that this work will continue to be First Nations-led, and that the Australian Government will respect the right to self-determination in its consideration of all policy proposals in this space.

## CLIMATE CHANGE

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### **Funding boost to support Australia's transition to net-zero emissions, with a focus on 'green manufacturing'.**

***What this means for young people:***

Climate change/the environment remains a key area of concern for young people, and AYAC is pleased that the Australian Government has announced plans to support the transition to net-zero emissions. However, we echo concerns that have been raised about some of the finer details of this policy – including continued investment in gas, and the potential for further damage to the environment and culturally significant sites from resources mining. We await further detail on this policy.

## YOUTH ENGAGEMENT

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### **Funding to deliver initiatives announced in the government's youth engagement strategy, *Engage! A strategy to include young people in the decisions we make.***

- Provision of \$1.7m over four years from 2023-2024.

***What this means for young people:***

AYAC urges the Australian Government to provide appropriate funding to enable the Strategy to be fully implemented.



## CONCLUSION

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The 2024-2025 Budget introduces several key initiatives aimed at addressing the pressing concerns faced by young people in Australia. While there are notable steps forward, such as the cap on HELP indexation rates and the introduction of the Commonwealth Prac Payment, these measures alone are not sufficient to alleviate the multifaceted challenges young Australians encounter. The Budget's focus on education and training, housing and homelessness, and mental health is commendable, yet falls short of providing comprehensive solutions.

Particularly concerning is the limited support for those reliant on income support, with missed opportunities to uplift rates above the poverty line. Additionally, while investments in mental health services are welcome, they represent only a fraction of what is necessary to truly address the youth mental health crisis. As such, while the Budget signals progress in certain areas, it underscores the need for sustained and more substantial efforts to ensure the wellbeing and prosperity of young people across the nation.

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