FALLING SHORT

How Youth Allowance leaves young people behind

OCTOBER 2026

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in every Community

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Introduction

Young people are entering adulthood at a time when the cost of the basics is increasingly out of reach. Housing costs have risen, everyday expenses remain high, and finding an affordable rental can be difficult even for people earning a full-time wage. For young people relying on income support, the challenge is greater again.

Yet Australia's income support system pays young people less than other adults. Youth Allowance is based on the assumption that young people need less to live on, with different rates depending on their age and whether they live at home or independently. For many young people, this also assumes that parents and families will provide the housing, food and financial help that their payment does not.

Anglicare Australia's *Falling Behind* report showed why these assumptions are increasingly out of step with the lives of young people. It found a generation facing growing divides in income, housing and wealth, with young people increasingly turning to the Anglicare Australia Network for help. It called for an end to the lower rate of Youth Allowance as part of a broader effort to stop young people being locked out of the living standards enjoyed by earlier generations.

This report looks more closely at what Youth Allowance actually provides young people to live on. Using the methodology developed for Anglicare Australia's Cost of Living Index, it compares Youth Allowance with a small number of unavoidable weekly expenses: housing, transport, and food and groceries. It considers three young people in different circumstances – one living at home with their parents, one renting a room in shared accommodation, and one renting a one-bedroom home.

The assumptions are deliberately conservative. The young person living at home pays no rent and has their food costs discounted by half. The person sharing pays just $178 per week in rent, the amount needed to qualify for the maximum rate of Commonwealth Rent Assistance. Many other essential expenses are excluded altogether. Even on these assumptions, the results show how little room Youth Allowance leaves for young people to build an independent life. For those who need to support themselves, the payment does not cover even the handful of basic costs modelled in this report.

The problem is bigger than Youth Allowance alone. Although other working-age payments also leave people below the poverty line, young people begin from even further behind.

Young people do not face a discounted cost of living. They should not be expected to survive on a discounted safety net.

Methodology and findings

Methodology

This analysis examines whether young people receiving Youth Allowance have enough income to meet basic living costs under three common living arrangements: living at home with their parents, renting a room in shared accommodation, and renting a one-bedroom unit independently.

The analysis was prepared by comparing key weekly living costs against the income available through Youth Allowance. As with Anglicare Australia's Cost of Living Index, the expenses modelled – housing, transport, and food and groceries – are costs that people largely cannot avoid on a weekly basis. Other essential costs, including utilities, telecommunications, clothing, medical expenses, insurance and household goods, are not included. Any income remaining after the expenses modelled would therefore still need to cover these costs, along with unexpected or emergency expenses. This makes the estimates deliberately conservative.

Three scenarios are modelled. A young person over eighteen living at home is assumed to have no housing costs, reflecting a household where parents do not charge board or rent. Their food and grocery costs are discounted by 50 percent compared with the costs for a single adult living independently, reflecting the economies available through shared household purchasing and meals.

The analysis draws on data from the most recent Australian Bureau of Statistics (ABS) Household Expenditure Survey,[1] adjusted for inflation. A young person living in shared accommodation is assumed to pay $178 per week in rent. This is the lowest weekly rent required to qualify for the maximum rate of Commonwealth Rent Assistance,[2] and is therefore a conservative assumption about the cost of securing a room in a share house. A young person living alone is assumed to pay $545 per week for a one-bedroom unit, consistent with the rental assumption used in Anglicare Australia's June 2026 Cost of Living Index.[3]

These costs are compared with net weekly incomes of $241.20 for a young person living at home, $413.20 for a single sharer, and $450.50 for a young person living alone. The latter two figures include applicable Commonwealth Rent Assistance.

Table 1. Net weekly incomes for sampled households

Household type	Net weekly income
Youth Allowance, over 18, living at home	$241.20
Youth Allowance, over 18, single sharer	$413.20
Youth Allowance, over 18, living alone	$450.50

Findings

The results show that Youth Allowance falls short of the basic cost of living for young people who need to support themselves, even under highly conservative assumptions.

A young person over eighteen living at home with their parents (Table 2) has a weekly income of $241. After transport and a heavily discounted allowance for food and groceries, they are left with just $34 per week. This is the most generous scenario modelled. It assumes that the young person pays no rent or board and that their contribution to household food and grocery costs is half that of a young person living independently.

That $34 must cover every other expense they face. These could include a phone and internet connection, clothing and shoes, healthcare and medication, personal care, education and study costs, recreation, and unexpected expenses. It also leaves little capacity to save for a rental bond, furniture, a car, or other costs associated with becoming independent. Even living rent-free at home, Youth Allowance leaves almost no room in a young person's budget.

Table 2. Living costs, Youth Allowance recipient over 18 living at home

Expense	Total cost per week
Rent	Nil
Transport	$127
Food and groceries	$80
Total	$207
Income remaining for other expenses	**$34**

For young people who cannot live at home, the picture is much worse. A young person living in shared accommodation (Table 3) faces a weekly shortfall of $52 after paying for rent, transport, and food and groceries alone. This result is based on rent of just $178 per week, the amount needed to qualify for the maximum rate of Commonwealth Rent Assistance. It is not intended to represent a typical room in a share house, and in many parts of Australia young people will face much higher rents.

This means that even under a deliberately conservative housing scenario, a young person relying on Youth Allowance would have to make major sacrifices to meet basic costs. They are already going backwards before paying for utilities, phone and internet, healthcare, clothing, education, or any other expenses.

Table 3. Living costs, Youth Allowance recipient over 18 in shared accommodation

Expense	Total cost per week
Rent (room in shared accommodation)	$178
Transport	$127
Food and groceries	$160
Total	$465
Income remaining for other expenses	**-$52**

For a young person living alone (Table 4), the gap becomes overwhelming. With an income of $451 per week and basic costs of $832, they face a weekly shortfall of $382. Rent alone, at $545 per week, is almost $95 more than their entire weekly income. Commonwealth Rent Assistance is included in their income, but does not come close to bridging this gap. In practice, it is unlikely that many young people would be able to live alone given the extraordinary costs.

Table 4. Living costs, Youth Allowance recipient over 18 living alone

Expense	Total cost per week
Rent (one bedroom unit)	$545
Transport	$127
Food and groceries	$160
Total	$832
Income remaining for other expenses	**-$382**

It is important to note that this analysis does not suggest that young people are literally operating hundreds of dollars in deficit each week. People survive by making difficult compromises and going without essentials. In practice, these figures indicate that people attempting to live on Youth Allowance payments are likely to be living in unsuitable accommodation, limiting outings to minimise their transport costs, skipping meals, delaying medical care, relying on emergency relief, or accumulating debt simply to get by. Many are also likely to be consuming cheaper and less nutritious food because healthier options are increasingly unaffordable.

This is supported by Anglicare Australia's own surveys, which show that spending less on nutritious food or skipping meals altogether are among the first cuts that people on low incomes make to their weekly budgets.[4]

Taken together, these results show how heavily the adequacy of Youth Allowance depends on young people having access to support from their families. Living at home does not make Youth Allowance adequate; it makes an inadequate payment survivable by shifting major costs onto parents and families. Young people who cannot rely on that support face an immediate and substantial shortfall.

The findings also show that the problem cannot be explained by discretionary spending or poor budgeting. The costs modelled are basic expenses, and the assumptions are deliberately conservative. For young people trying to live independently, the numbers simply do not add up.

Recommended actions

End the lower payment rate for young people

Australia's income support system assumes that young people need less money to live on than other adults. Youth Allowance is paid at a lower rate than JobSeeker, even for young people who are living independently and meeting the same costs for housing, food and transport as anybody else. As Anglicare Australia's recent *Falling Behind* report shows, this distinction leaves younger people with less support because of their age, rather than because their living costs are lower.[5]

The findings in this report show why that approach must change. A young person over eighteen living in shared accommodation receives $413 per week, including Commonwealth Rent Assistance. Even assuming rent of just $178 per week, an exceptionally conservative figure, they fall short by $52 after paying for rent, transport, food and groceries. That is before utilities, phone and internet, healthcare, clothing, education costs or any unexpected expense.

For young people living alone, the gap is much greater. Their basic weekly expenses exceed their income by $382. The problem is not that young people are making unrealistic housing choices or spending beyond their means. Young people living away from home face the same rental market, supermarkets, transport costs and bills as older adults. Yet the income support system gives them less money to meet those costs.

Anglicare Australia recommends that people over eighteen who are living independently should receive the same rate of working-age income support as other adults. Young people should not receive a lower rate simply because they are young. This would build on the recommendations made by Anglicare Australia in our recent *Falling Behind* report to end the separate, lower Youth Allowance rate and move towards a single rate of working-age income support based on need rather than age.[6]

The rate for young people living at home must also be increased. This report deliberately models an extremely favourable scenario: no rent or board, and food and grocery costs discounted by half. Even then, a young person is left with only $34 per week after food and transport.

That result exposes how much the current system relies on families to subsidise inadequate payments. Parents are effectively expected to provide housing, food, utilities and other support that the social security system does not. Not every family can afford to do this, and not every young person has a family able or willing to support them.

Young adulthood should be a time when people can study, look for work and build the foundations of an independent life. Income support should help make that possible. Poverty should not be built into the system on the assumption that families will fill the gap.

Recommendation

Anglicare Australia recommends abolishing the Youth Allowance payment and bringing all working-age people onto a single rate of income support. This reform would reflect the reality that basic living costs do not vary by age, and that young people deserve the same dignity and support as others when facing hardship. It would also simplify the system, remove unnecessary complexity, and ensure that income support is targeted to need, not age.

Raise the rate of working-age payments above the poverty line

Ending the gap between Youth Allowance and other working-age payments is essential, but it will not be enough. Moving young people onto JobSeeker would remove an unfair age-based disparity, but it would move them onto another payment that is itself inadequate.

Anglicare Australia's June 2026 Cost of Living Index found that a single person receiving JobSeeker faced a weekly shortfall of $251 after paying for rent, food and transport.[7] A single parent receiving Parenting Payment fell behind by $174 per week, while a couple with two children receiving JobSeeker fell behind by $428.[8]

These figures show that inadequacy is built into the broader working-age income support system. Anglicare Australia has consistently called for JobSeeker and other working-age payments to be raised above the poverty line. Previous analysis has also highlighted findings from government-commissioned reviews that JobSeeker sits well below established Australian poverty benchmarks. This is key to the design of any reform to Youth Allowance. Equalising payment rates should not mean equalising young people down to a standard that still leaves them in poverty. The goal must be both fairness and adequacy: young people should receive the same support as other adults, and that support must be enough to live on.

The consequences of inadequate payments are not captured by a household budget alone. When income does not cover basic expenses, people must find ways to close the gap. They may skip meals, delay healthcare, accumulate debt, rely on emergency relief, live in unsuitable housing, or go without

other essentials. These are the coping strategies Anglicare Australia has highlighted through our Cost of Living Index.

For young people, forcing them to begin adult life on an inadequate income can also undermine the very goals income support is supposed to promote. Looking for work costs money. Studying costs money. Travelling to interviews or classes, maintaining a phone and internet connection, buying appropriate clothes, and maintaining stable housing all require a basic level of financial security.

Anglicare Australia therefore recommends that JobSeeker and other working-age income support payments be raised above the poverty line, alongside reform of Youth Allowance. This would ensure that the safety net provides a genuine minimum standard of living rather than requiring people to survive below it. Australia's social security system should protect people from poverty. It should not create different levels of poverty according to a person's age.

Recommendation

Anglicare Australia recommends:

- Immediately raising the rate of income support payments to the Henderson Poverty Line; and
- Establishing an independent income support payment commission to set and maintain payment rates over the medium and longer term, including appropriate rates for young people living at home.

Conclusion

Young people face the same cost of living as everyone else. They pay the same prices at the supermarket, use the same transport system, and compete in the same rental market. Yet Australia's income support system gives them less money to meet those costs.

This analysis shows the consequences. A young person over eighteen who is living at home, paying no rent and benefiting from heavily discounted food costs, has just $34 left each week after paying for food and transport. A young person paying just $178 for a room in shared accommodation is already $52 short each week. A young person trying to rent a one-bedroom home faces a staggering weekly shortfall of $382.

These are deliberately conservative estimates. They do not account for many of the expenses that are part of everyday life, including utilities, phone and internet, healthcare, clothing, education and study costs, personal care and emergencies. For young people living independently, the budget is already in deficit before any of these costs are considered.

For those living at home, the apparent surplus tells another story. The current system assumes that families will make up what Youth Allowance does not provide. It relies on parents providing free housing and helping with food, utilities and other costs. This disadvantages young people whose families cannot afford to provide that support, as well as those who cannot live at home because of family breakdown, violence, overcrowding, location, or other circumstances. The solution is not to teach young people to budget their way out of an impossible equation. It is to fix the payments.

Young people over eighteen who live independently should receive the same working-age payment as other adults. The rate for young people living at home must also be increased, although ending the lower Youth Allowance rate is only part of the answer. JobSeeker and other working-age payments are themselves well below the poverty line and must be raised.

Young people should not begin their adult lives with poverty designed into the safety net. A fair income support system would recognise that adulthood does not cost less simply because you are young, and it would make sure that everyone has enough to live on.

References

1 Australian Bureau of Statistics (2017) Household Expenditure Survey.

2 Services Australia (2026) Rent Assistance.

3 SQM Research (2026) Weekly Rents: National. Week ending 20 May. Note that Weekly rents for a one-bedroom apartment are not published by SQM but are estimated by discounting the two-bedroom rent by 10 percent. This reflects the typical difference between one- and two-bedroom rental prices.

4 Anglicare Australia (2021) Asking Those Who Know: A Study of Australians on Centrelink Payments.

5 Anglicare Australia (2026) Falling Behind: Young People and Australia's Growing Divide. Australia Fair series.

6 Ibid.

7 Anglicare Australia (2026) Cost of Living Index: Income Support Payments.

8 Ibid.

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