

10 March 2023

Select Committee on Cost of Living
PO Box 6100
Parliament House
Canberra ACT 2600

[Submission online via Parliament of Australia website]

Re: headspace National submission: Select Committee on Cost of Living

headspace National welcomes the opportunity to provide a submission to the Select Committee inquiry on the Cost of Living.

headspace, the National Youth Mental Health Foundation, provides early intervention mental health services to 12–25-year-olds across Australia. headspace centres form the largest national network of youth mental health services, with over 150 centres embedded in local communities across metropolitan, regional and remote areas.

Through headspace, young people can access multidisciplinary support in-person and online across four core streams: mental health; physical health (including sexual health); alcohol and other drugs; and work and study.

Attachment 1 provides headspace National's responses to the Terms of Reference for which headspace can offer insight.

Our response highlights the correlation between mental health and engagement in work and study. Young people are already at increased risk of mental ill health and as costs of living continue to increase, so too do the challenges they face, including impacts on mental health, financial stress and disengagement with work and study. Other key focus areas of our response include:

- access to and out of pocket expenses for mental health services, particularly for young Australians living in rural and remote areas
- the importance of investing government funding in vocational services that are known to have an impact on supporting young people to engage with work and study. headspace provides integrated mental health and vocational support and offers a number of programs to assist young people as part of the headspace Digital Work & Study program
- refugee and migrant young people and First Nations young people being disproportionately affected by cost-of-living pressures
- the need to identify and support young people who are not captured in unemployment statistics
- the need to strengthen financial support for low-income earners, including through more adequate income support payments and housing support.

headspace would welcome the opportunity to discuss any aspects of our submission further and looks forward to learning of the outcomes of this inquiry.

Yours sincerely

Jason Trethowan
Chief Executive Officer

Attachment 1 - headspace National submission for the Select Committee on the Cost of Living

Term of reference (a) – The cost of living pressures facing Australians.

Australians are being significantly impacted by the increasing cost of living and this is particularly the case for young people. Young people from multicultural backgrounds and Aboriginal and Torres Strait Islander backgrounds are also disproportionately affected by cost-of-living pressures.

There is a strong correlation between mental health, financial stress and disengagement with work and study. Almost one in five young people aged 17-25 accessing headspace centres (over 5,000 young Australians annually) are not engaged in any form of employment, education or training. In many regional and rural areas this figure rises to one in three young people.

The **National Youth Mental Health Survey** conducted by headspace National in 2022 revealed young people are particularly worried about their financial situations. In fact, economic pressure is one of the top 10 perceived reasons for why the mental health of young people in Australia is getting worse over time.

Of the 3,107 young people surveyed, 48 per cent indicated that financial instability/cost of living was an issue that urgently needs to be addressed, followed by housing affordability (35 per cent) and homelessness (18 per cent). Similarly, when asked about concerns for their futures, 84 per cent had some level of worry about being able to afford a house, 44 per cent about the affordability of rent and 37 per cent about job opportunities.¹

Our survey also indicated that many young people are also feeling hesitant to have children due to the cost of living.

Other survey results echo these findings in relation to cost of living concerns for young people. Mission Australia reports that 54.8 per cent of survey respondents were concerned about financial security, and 22 per cent listed economic and financial matters as one of the most important issues in Australia today. Concerningly, 55 per cent of young people indicated that mental health is a key barrier to achieving study or work goals.²

Monash University's 2022 Australian Youth Barometer also highlights the rising cost of living and increases in rent or housing prices as barriers to achieving financial security for young people, with 90 per cent of young Australians surveyed experiencing financial difficulties at some point during the past 12 months.³

The affordability of housing for those on minimum wage or job seeker payments is at critical levels. In Perth, for example, zero per cent of rental properties were affordable in 2022 for those receiving JobSeeker payments.⁴

¹ headspace National (2022). *headspace National Youth Mental Health Survey Online Survey – 2022*. (publication pending).

² Mission Australia (2022). *Youth Survey 2022*. <https://www.missionaustralia.com.au/what-we-do/research-impact-policy-advocacy/youth-survey>.

³ Walsh, L., Gallo Cordoba, B., Waite, C. & Cutler, B. (2022). *2022 Australian Youth Barometer: Understanding Young People in Australia Today*.

⁴ Anglicare WA. (2022). *Rental Affordability Snapshot 2022*. <https://www.flipsnack.com/68958FDD75E/anglicare-wa-rental-affordability-snapshot-2022-v1c8ztxwb1.html>

COVID-19 has also impacted the financial wellbeing of young people, measured by ability to meet everyday commitments, feeling comfortable about one's financial situation and resilience to financial shocks.⁵ For many, the Coronavirus Supplement provided temporary relief and enabled them to afford necessities including rent, food and medical expenses. Many young people, however, were finding it a challenge to secure full-time employment prior to COVID and build their financial security. Now with the Coronavirus Supplement having ceased, young people are again finding it difficult to meet the costs of job searching including phone, internet and travel costs and it is clear that the pandemic will continue to impact on young people's job prospects and financial security in the longer term.⁶

Cost of living pressures for **refugee and migrant young people** are amplified due to numerous systemic and cultural barriers.

A survey by the Centre for Multicultural Youth found 42 per cent of young people surveyed experienced some housing insecurity in their first five years in Australia and 47 per cent rated their mental health as okay or poor.⁷ Securing employment is often a challenge due to difficulties with skills and qualifications being recognised in Australia and the costs of bridging courses being too prohibitive.⁸ Migrant young people are often employed in cash-in-hand jobs and are paid minimum wage. In addition, the Australian Government recently capped the number of hours that foreign students can work to 48 hours per fortnight, to be implemented from 1 July 2023.⁹ These factors have significant and long-lasting impacts on day to day living, wellbeing and longer-term financial security, including accruing superannuation.

First Nations young people are also disproportionately affected by unemployment, low income, barriers to securing rental housing, and higher rates of homelessness, due to longstanding socioeconomic disadvantage stemming from colonisation and discrimination.

Post-secondary education and training for First Nations young people is associated with improved employment outcomes and earning capacity, yet First Nations young people are more likely to leave formal education and training without Year 12 or equivalent. First Nations people are overrepresented in statistics on low-income households and this is further pronounced in remote areas.¹⁰

⁵ Porter, E. & Bowman, D. (2021). *Shocks and safety nets: financial wellbeing during the COVID-19 crisis*. Research and Policy Centre, Brotherhood of St. Laurence.

⁶ National Youth Commission of Australia. (2021). *The youth income guarantee: A fair and accessible income support system for young people*. National Inquiry into Youth Employment and Transitions.

⁷ Centre for Multicultural Youth. (2018). *Forging futures: How young people settling in Victoria are faring*. CMY: Melbourne. https://cmy.wpenginepowered.com/wp-content/uploads/2019/11/Forging-Futures-SUMMARY-2018_FINAL.pdf.

⁸ Centre for Multicultural Youth. (2014). *Making it work: Refugee Young People and Employment*. CMY: Melbourne.

⁹ Kaul, N. (2023). 'Visa update: Work hours capped for foreign students, extended post-study work rights for eligible courses.' SBS. <https://www.sbs.com.au/language/hindi/en/article/international-students-working-hours-capped-again/3u73nuq8m>.

¹⁰ Productivity Commission for the Steering Committee for the Review of Government Service Provision. (2020). *Overcoming Disadvantage: Key Indicators 2020: Report*. Commonwealth of Australia.

Term of reference c) – Ways to ease cost of living pressures through the tax and transfer system.

Avenues that should be explored in order to ease cost of living pressures include: providing support to those who are not already accessing assistance; and increasing income support payments.

There is a need to identify and provide support for young people who are not accessing assistance through the social welfare system.

In 2020-21, over 5,000 young people aged 17-24 who accessed the headspace centre network were not engaged in employment, education or training. Of those who shared income data, 39 per cent were not receiving any government supports payments.¹¹ This provides an indication that current benefits and policies are not always fit for purpose and not being accessed by those in need.

Many young people go undetected in unemployment statistics, such as those who are not actively looking for work, those who are homeless and those who may have severe mental health conditions. Without support, these young people will likely continue to be trapped in a cycle of unemployment, lack of access to housing and poor mental health.

In order to provide adequate support to those in need, income support payments, including JobSeeker and Youth Allowance, need to increase to above the poverty line. JobSeeker payments have not increased in real terms since 1994, and those receiving JobSeeker are overrepresented among people in the lowest five per cent of income brackets.¹² Youth Allowance, which provides support to young people who are unemployed or studying, is also below the poverty line and those receiving these payments are at heightened risk of living in poverty.¹³ In addition, income support payments such as JobSeeker, are widely recognised as being a barrier to finding work, which further exacerbates the financial insecurity of recipients of these payments.¹⁴

The rules that determine how the income support system operates is also complex, often providing different payment amounts for young people who are in similar situations, with similar living costs and capacity to work. For example, a 19-year-old on Youth Allowance currently receives 85 per cent of the amount of income support paid to a 22-year-old on JobSeeker despite their circumstances and costs being almost identical. Many also find it difficult to navigate the welfare system, in particular, young people who are homeless, those living with mental health conditions and/or disabilities, as well as those juggling study and work in addition to caring responsibilities.¹⁵

The income support system must be reviewed to ensure it is fit for purpose for today's young people and is adequately supporting them through challenging life transitions, including when relying on casual employment. One solution to this was proposed by the National Youth Commission Australia – a Youth Future Guarantee, which would reform the income support model to ensure it provides adequate support for young people, including payments based on

¹¹ Source: headspace Tableau Server. (2020-21)

¹² ACOS. Causes and Solutions – Poverty and Inequality. Accessed 1 March 2023 from <https://povertyandinequality.acoss.org.au/causes-and-solutions/>.

¹³ ACOS. *ibid.*

¹⁴ Bowman, D & Banks, M. (2018). *Hard times Australian households and financial insecurity*. Research and Policy Centre, Brotherhood of St. Laurence. [Hard times: Australian households and financial insecurity \(bsl.org.au\)](https://www.brotherhood.org.au/research-and-policy-centre/hard-times-australian-households-and-financial-insecurity/).

¹⁵ National Youth Commission of Australia. (2021). *ibid.*

need, not age, and incentive payments for participation in education or training and for job searching.

As outlined in response to Term of Reference (a), housing affordability is critically low and increasingly unattainable for those on income support payments. When considering other flow on effects for low-income earners such as impacts on being able to engage in work and study, impacts on family and children, and negative mental health impacts, it is critically important that young people in need are provided with adequate income support.

Term of reference d) – Measures to ease the cost of living through the provision of Government services.

There is a strong correlation between mental health and participation in work and/or study.¹⁶ Therefore, Government intervention to ease cost of living pressures should include the expansion of integrated vocational and mental health supports that are effective in helping people – and in particular young people – to engage with or remain in study or employment.

The correlation also indicates the value in increasing holistic, multi-disciplinary, wrap-around support that responds to individuals' needs and circumstances across ages and stages of life – ensuring people can access the right support, when they need it and how they want it. The [Evaluation of the National headspace Program](#), found headspace users often received assistance with matters relating to housing, income and employment, in addition support for their mental health.

Vocational support is one of the four core streams of the headspace model (along with mental health, physical health including sexual health, and alcohol and other drugs). This unique integration within the headspace service platform provides soft entry points to tailored, youth-specific clinical and vocational assistance for young Australians living with mental health challenges who are at very high risk of ongoing welfare dependency and social isolation.

Providing vocational support can ease financial pressures and have a positive impact on other areas of people's lives. Young people who are disengaged from employment and education are at increased risk of long-lasting negative outcomes including socio-economic exclusion, long-term welfare dependency, and poor mental health.^{17 18} Participation in education or employment is recognised as a strong protective factor for young people's mental health.¹⁹

Traditional vocational and educational funding streams are insufficient for the significant numbers of young people experiencing mental health challenges because they are limited in their reach (e.g. by having a disability focus) or not always suited to the unique needs of this cohort.

To address this service gap, headspace has been progressively developing and expanding services that provide integrated mental health and vocational support to young people. Programs include **headspace Work and Study Online (hWS)**, **headspace Career Mentoring** and **headspace Individual Placement and Support (IPS)**.

hWS supports young people whose mental health might otherwise prevent them from participating fully in work and study. hWS works closely with young people across their work/study journey from identifying work/study goals to maintaining a work/study placement, typically for a period of around three months. It is integrated with clinical mental health and psychosocial support and is delivered via phone, webchat, web video and email.

¹⁶ Productivity Commission. (2020). *Mental Health: Productivity Commissions Inquiry Report Volume 2*. Report no. 95, Canberra.

¹⁷ Powell, A., Salignac, F., Meltzer, A., Muir, K., & Weier, M. (2018). Background report on young people's economic engagement. Sydney, Centre for Social Impact, UNSW.

¹⁸ Gore, F.M., Bloem, P.J., Patton, G.C., Ferguson, J., Joseph, V., Coffey, C., Sawyer, S.M., & Mathers, C.D. (2011). "Global burden of disease in young people aged 10–24 years: a systematic analysis." *The Lancet* **377** (9783): 2093-2102.

¹⁹ Holloway, E., Rickwood, D., Rehm, I., Meyer, D., Griffiths, S., & Telford, N. (2017). "Non-participation in education, employment, and training among young people accessing youth mental health services: demographic and clinical correlates." *Advances in Mental Health* **16**(1): 19-32.

headspace Career Mentoring is an online mentoring service that connects young people who are living with mental health challenges with industry professionals. The young person and their mentor meet fortnightly over a period of six months via video conferencing and/or phone. The aim is to enhance the young person's employment and career opportunities, supporting them to find, maintain and enjoy work in an area that interests them, whilst furthering mental health awareness and reducing stigma within industry organisations.

These programs have had positive outcomes for young people. In 2018, 72 per cent of young people completing 10 hWS support sessions achieved a work or study outcome and 82 per cent felt that the service helped them to understand how mental health and wellbeing issues were impacting on their work and study situation.²⁰

Of those completing the Career Mentoring program in 2020-2021, 90 per cent of young people felt more confident starting work and 93 per cent felt more optimistic about their work future. Fifty-nine per cent of young people who weren't working gained a job during their time with the service.

The **headspace IPS Program** complements hWS and headspace Career Mentoring by offering in-person support and this is operating in 50 headspace centres. headspace IPS increases throughput of young people into vocational support. Crucially, it encourages access and expands help seeking by giving young people greater scope to access a personalised vocational worker through the medium of their choice: in-person through IPS or online through headspace Digital Work and Study.

headspace IPS has also achieved positive results. Young people who access IPS are more likely to gain employment and maintain employment for at least 26 weeks, than young people who utilise Disability Employment Services (DES) and jobactive. In 2018, Orygen published the findings from a randomised control trial of IPS delivered to young people experiencing first episode psychosis, finding that those who had received IPS had a significantly higher rate of being employed (71.2 per cent) than those who did not receive IPS (48 per cent).²¹ Additionally, IPS clients achieve strong mental health outcomes with an estimated 80 per cent achieving a significant decrease in psychological distress and/or a significant increase in social and occupational functioning and/or quality of life.^{22 23}

²⁰ Kennedy V, Miyazaki K, Carbone S, Telford N, Rickwood D. (2018). *The Digital Work and Study Service: Final Evaluation Report*. Melbourne: headspace National Youth Mental Health Foundation.

²¹ Killackey, E., Allott, K., Jackson, H., Scutella, R., Tseng, Y., Borland, J., Cotton, S. (2019). Individual placement and support for vocational recovery in first-episode psychosis: Randomised controlled trial. *The British Journal of Psychiatry*, 214(2), 76-82. doi:10.1192/bjp.2018.191

²² KPMG (2020). *Digital Work and Study Services Evaluation For the Department of Social Services*. Perth

²³ Rickwood, D., Kennedy, V., Miyazaki, K., Telford, N., Carbone, S., Watts, C., Hewitt, E. (2021). An Online Platform to Provide Work and Study Support for Young People With Mental Health Challenges: Observational and Survey Study. *Journal for Medical Internet Research, Mental Health*, 8(2):e21872

Term of reference e) – Any other related matter

Impact of out-of-pocket expenses on access to mental health services

For young people living in regional, rural or remote communities, accessing a mental health service can be difficult and expensive. Lack of access risks missed diagnoses, worsening conditions, longer morbidity and increased levels of distress, with potential increased risk of self-medication with alcohol or other drugs, self-harm and/or suicide.

Access to services covered under the Medicare Benefits Schedule (MBS) are diminishing. headspace data shows substantial reductions in bulk billed services – the proportion of young people receiving MBS services at headspace centres have nearly halved over the past five years, falling from 41 per cent in 2018 to 23 per cent in 2022, and with steeper declines for new clients, from 31 per cent in 2018 to 12 per cent in 2022. Nationally, there has been a 44 per cent reduction in Occasions of Service assigned to MBS funding over the past five years across all services, from 42 per cent in 2018 to 24 per cent in 2022.

Workforce pressures appear to be a significant constraint on access MBS services. The number of providers delivering MBS services for headspace fell from 1,110 in 2018 to 650 in 2022. The decline has been particularly sharp for psychologists – a drop of 40 per cent since 2020 (compared with 12 per cent for GPs and 16 per cent for other professions). One in six headspace services registered no MBS activity in 2022.

Absence of bulk-billed mental health services significantly impacts at-risk young people, causing them to go without assessment or care due to lack of access and/or cost. This in turn risks missed diagnoses, worsening conditions and longer morbidity, with potential increased risk of self-medication with alcohol or other drugs, self-harm and/or suicide.

The young people living in these areas are already disadvantaged by their financial stressors, remoteness, social isolation, lack of public facilities and transport...The loss of [bulk billed mental health services] or adding a gap payment will create barriers for anyone trying to access help. (headspace Mount Barker)

Young people will have increasing difficulty accessing [mental health support] due to the inability to afford consults. This will add another stressor in their life. It will result in missed diagnoses and longer morbidity associated with mental health. (headspace Bundaberg)

It will not be a case of young people covering the cost of the gap. It WILL be a case of young people NOT accessing these services because they simply CAN NOT afford it (headspace Albury Wodonga)

In our community we speak about the 'missing middle' those that could have been helped, but were not, due to lacking resources for early intervention. [Bulk-billed tele-psychiatry] prevents an increase in these numbers and upholds our 'hope' that we are supported with equality. Equality that it not just the rich, or those in suburban areas, but for ALL Australians. (headspace clinician)

Psychiatrists should be provided with incentives to undertake bulk-billed services to support young people up to the age of 25 years and concession card holders to assist young people to access the services they need. For psychiatrists, it is vital that this incentive is extended to include young people, given that 75 per cent of mental health conditions develop before the age of 25, and that this age group experience more mental ill health than any other.

headspace also strongly supports lowering the Original Medicare Safety Net and Extended Medicare Safety Nets (General and Concessional) for all young people up to the age of 25 years and all individuals in eligible ASGS remoteness areas. This will reduce the financial impact for people who struggle to afford gap payments and/or travel costs for private psychiatry, making it more accessible for more people.