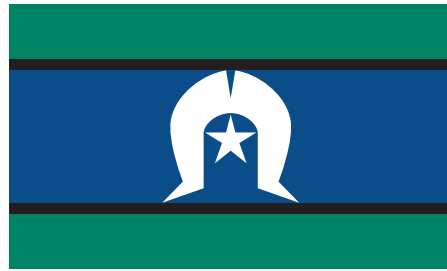


“It should be easier to just exist”:

How children and young people are impacted by and responding to the rising cost of living in NSW

Interim Quantitative Report
June 2023



We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to lands, waters and cultures.

We pay our respects to their Elders past, present and emerging.

We would also like to acknowledge the important role of Aboriginal people and culture within the NSW community.

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Executive Summary

The rising cost of living has been a core concern across Government, media, and among communities for several years. It has also been an increasing concern for children and young people.

This report presents interim findings as part of a broader piece of work ACYP is conducting with young people across NSW. This ongoing piece of work includes both qualitative and quantitative consultations and will culminate in a report due to be released in late 2023. These interim findings are drawn from an annual survey conducted by ACYP in the lead up to Youth Week. It involved an online, representative survey of n=1,007 children and young people aged 10-24 years and was run between 8-17th April 2023.

The findings indicate children and young people face a broad range of pressures related to cost of living, however they are working hard to adapt to those pressures in a variety of ways. While many young people demonstrate responsible financial behaviours, there are also findings that may be more concerning for their wellbeing, indicating that when those financial pressures become too great, some young people are faced with sacrificing their health, wellbeing, education and social connection in order to get by.

Across the findings of this report, there are some groups who are consistently impacted by cost of living pressures.

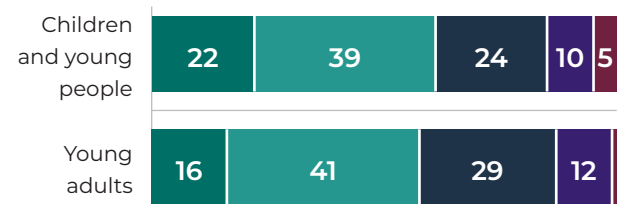
Females consistently reported more cost of living pressures than males, as did those in Regional and Rural NSW compared to those living across Sydney. Other groups of concern include those with a mental health condition, those with disability, LGBTQIA+ young people and young parents.

Coping with the rising cost of living

When asked to describe their financial situation, more than a third of children and young people aged 10-24 said they were either having some difficulty making ends meet or having a lot of difficulty making ends meet and covering basic living expenses.

- **34%** of children and young people are having some or a lot of financial difficulty;
- **41%** of young adults¹ are having some or a lot of financial difficulty.

Current financial situation (%)



- I am doing well and feel comfortable
- I am doing okay and making ends meet
- I am having some difficulty but making ends meet
- I am having a lot of difficult making ends meet and covering basic living expenses
- I'd rather not say

¹ Throughout this report, we have used the term 'young adults' to describe young people who either live independently (that is, outside of their parents' or carers' home), or who are aged over 18 years.

Executive Summary

ACYP has asked young adults this question in previous surveys, which indicated the proportion who were struggling financially has increased from 25% in 2021 to the current level at 41%.

Those most likely to be struggling financially were females (47% of young adults, 40% of children and young people) and those in Regional NSW (51% of young adults, 42% of children and young people).

Other sub-groups of concern among children and young people were LGBTQIA+ young people (55%), those with a mental health condition (55%), young parents (53%), Aboriginal or Torres Strait Islander children and young people (50%), those who have had contact with the police or justice system (49%), those with a disability (47%) and tertiary students (43%).

Many young people are concerned about the cost of living as an issue, with over half of children and young people (57%) and two thirds (66%) of young adults saying they were very or quite concerned. Again, those most likely to say they were quite or very concerned were females aged 18-24 years (78%), LGBTQIA+ young people (78%), and those with a mental health condition (75%), as well as tertiary students (69%), and those in the workforce (65%).

80% of children and young people and 85% of young adults indicated their cost of living had increased in the prior year, with groceries and petrol the items most frequently mentioned as having increased in price.

To manage these increases in costs, children and young people are both cutting back on their spending and finding ways to manage their income.

The most common ways to reduce costs were to reduce spending on personal, retail items, take-away or delivery meals, eating out at cafés or restaurants, or avoiding social outings. While less common, there were some more concerning ways children and young people were managing the cost of living.



22% of all children and young people and **31%** of young adults ate smaller meals or skipped meals.

19% of all children and young people and **27%** of young adults did not seek medical services.



19% of all children and young people and **26%** of young adults bought less fresh food to reduce spending on groceries.

34% of tertiary students and **8%** of school students avoided purchasing supplies for their education.



The groups most likely to report many of these ways to manage costs align with those who indicated they were struggling financially, females, those living in Regional NSW, those identifying as LGBTQIA+, those with a mental health condition and those with a disability.

Executive Summary

Those who live with their parents or carers were also asked if they had noticed them taking similar actions to reduce costs. Responses were similar among parents as among young people with common reactions being to limit spending on take-away meals, eating out, retail spending or social outings. However, there were also a sizeable proportion who reported their parents or carers taking more concerning approaches to cope with the cost of living:

- **22%** of children and young people noticed their parents or carers bought less fresh food to reduce spending on groceries.
- **19%** reported they had smaller meals or skipped meals to reduce spending on groceries.
- **12%** report their parents or carers did not seek medical services for them.

Notably, 23% of those with a mental health condition and 21% of those with a disability reported their parents had not accessed medical services for them due to costs.

In finding ways to manage income, the most common approaches were to work additional hours or starting an additional job, selling personal belongings, starting a side hustle, or borrowing money from friends or family.

ACYP notes that while finding opportunities to work additional hours or starting additional jobs may be a financially responsible way for young people to manage their income, that this has a potential to impact a young person's wellbeing as they balance competing pressures of work, study, family and social commitments.

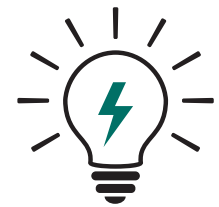
Young people often raise concerns during consultations about balancing these competing pressures.



27% of children and young people and **38%** of young adults worked additional hours or started an additional job to supplement their income.

Among tertiary students, **43%** increased their working hours.

21% of children and young people, **30%** of young adults, and **32%** of tertiary students started a side hustle to earn additional income.



Experiences of Debt

50% of young adults reported either increasing their level of debt or taking out new debt to manage increasing costs of living – noting that the majority of this is through less formal practices such as borrowing from family or friends (29%) or using a Buy Now Pay Later (BNPL) service.

Those most likely to have increased their debt in some form were those with a mental health condition (58%), young parents (57%), those who identify as LGBTQIA+ (51%), those with a disability (45%) or those living in Regional NSW (41%).

The most common form of debt among young people aged 18-24 is HECS or HELP debt associated their studies.

Executive Summary

More than half of young people aged 18+ (57%) also hold some form of credit debt, such as a credit card, BNPL debt, car loan, personal loan or pay day loan. Among those living independently, 70% had some form of credit debt.

While this can be a useful way to manage income and spending, around a third of young people indicated they were quite or very concerned about the level of debt they held.

Concern over current personal debt levels (%)



- Not concerned at all
- Not very concerned
- Somewhat concerned
- Quite concerned
- Very concerned

While the majority are working to reduce their debt, only around half feel in control of their finances or that they can afford the things they need.

43% indicated they felt they would never be out of debt. This was higher among those with a mental health condition (57%), females (50%) and those who had said they were struggling financially.

To manage their debt, young people have been taking similar actions to manage their cost of living.

Most frequently, young people reported sacrificing spending in other areas and working additional hours.

However, 18% of young adults with debt had borrowed money from a friend or family member to make their repayments and 5% said they had taken out an additional credit card or loan. Among those who were struggling financially, 26% had borrowed money from friends or family to make repayments and 8% had taken out additional lines of credit.

Perceptions of debt and personal finances (%)



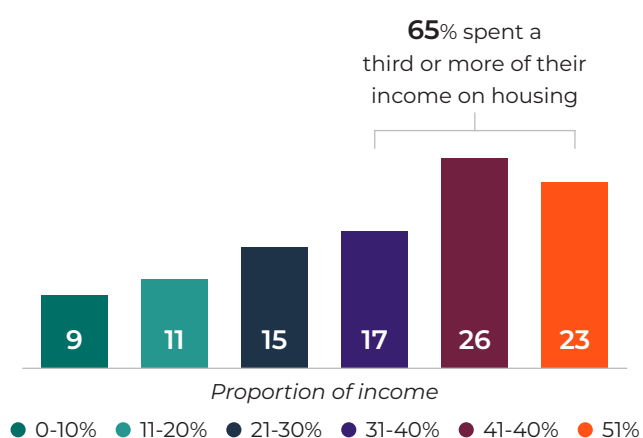
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Housing

Approximately three quarters (76%) of young adults report the proportion of income they spend on housing has increased in the past 12 months.

65% of young adults report spending a third or more of their income on their accommodation – indicating they are experiencing housing stress – with 23% reporting spending more than half of their income on housing. Among those struggling financially, 76% were experiencing housing stress.

Proportion of income spent on housing (%)



Related to the increasing cost of living, goals of moving out of the family home are not always accessible, with 35% of those aged 18+ who currently live dependently reporting delaying moving out and 5% reporting moving back home in the prior 12 months due to the cost of rent.

Among those aged under 18 years, the average age they expect to move out is 21.7, whereas among those aged 18-24 years, the average age they expect to move out is 24.2.

When looking for a place to live, most prioritise access to essential shops and services, safety, access to transport, proximity to family and proximity to employment opportunities. However, those currently looking for a rental were less likely to prioritise proximity to family and safety compared to other essential needs.

Many young adults face negative experiences when looking for a rental property, such as anxiety they will not be able to find a place to live, rental increases, and increasing the price range they were willing to pay in order to secure a property.

Of concern:

- **23%** said they had been reluctant to inform their real estate agent of issues with the property;
- **19%** accepted a home that did not meet their expectations;
- **18%** offered to pay an advance to secure a property; and
- **17%** offered to pay more rent than what was advertised to secure a property.

Introduction

In recent years, children and young people have told ACYP that managing the cost of living or finding housing they can afford are some of the top issues they face. As a result, ACYP has committed to explore the issue in more detail, aligning with the commitment in the [*NSW Strategic Plan for Children and Young People 2022-2024*](#) to build a State where children and young people have a good standard of living.

The following report represents interim findings for ACYP's ongoing work exploring the ways young people are impacted by and coping with increasing cost of living pressures in NSW. While that broader consultation will include the views and experiences of young people ACYP is engaging with over the coming months, the interim report is focused on findings from a recent survey with children and young people across NSW.

While the broader report will explore these concepts in more detail, the initial quantitative findings paint a confronting picture of the pressures children and young people face, as well as their ingenuity and strength in finding ways to meet those challenges and overcome them. However, there are also concerning findings indicating that when those pressures become too great, young people are faced with difficult choices and are faced with sacrificing their health, wellbeing, education and social connection in order to get by.

Throughout this report, we have explored the experiences across both the 10-24 age cohort, as well as delved into the experiences of those who either live independently or those aged 18-24 years. We have referred to this group as 'young adults'. We do so to acknowledge that for most children in NSW, their experiences will be impacted by their parents' financial situation. This report highlights both the ways younger children are impacted by the cost of living, as well as the experiences of young people who are emerging into adulthood and facing a stage of their lives with increasing responsibilities in balancing work, family, friends and study.

Methodology

The findings of this interim report are drawn from ACYP's annual Youth Week survey. The research involved a 15-minute, online survey with n=1,007 children and young people in NSW aged 10-24 years. The fieldwork ran between 8-17 April 2023 and quotas were set to ensure a good cross-section of the population across demographic subgroups. Data were weighted to ABS population data for age, gender and location.

ACYP partnered with SEC-Newgate Research for this project, which is a member of the Australian Polling Council and The Research Society.

The table below shows unweighted sample sizes for key subgroups and the associated margin of error at a 95% confidence interval.

	n=	Margin of error %
Total	1,007	3.1
Males	543	4.2
Females	464	4.6
Ages 10-17	488	4.4
Ages 18-24	519	4.3
Greater Sydney	700	3.7
Rest of NSW*	307	5.6
Young adults (those aged 18-24 or living independently)	535	4.2

**Throughout this report, we have used the term Regional NSW as a reference to young people who do not live in Sydney, noting that participants may have been drawn from across Regional and Rural areas of NSW.*

ACYP acknowledges the limitations of this survey, in that while there is some representation among the sample from young people who have experienced various types of vulnerability (such as those who had experienced homelessness, those with experiences of the youth justice system, and those who had experienced out of home care), there are a large number of children and young people across NSW who have limited literacy or live below the poverty line and who are less likely to have participated in this survey. ACYP's broader report will speak to these groups in more detail.

We would also highlight the ongoing work of the NSW Council of Social Services (NCOSS) in exploring children and young people's experiences, such as through their [*Mapping Economic Disadvantage in NSW Report – 2023*](#)².

² NSW Council of Social Service (April 2023) *Mapping Economic Disadvantage in New South Wales* accessed via: <https://www.ncoss.org.au/policy-advocacy/policy-research-publications/mapping-economic-disadvantage-in-nsw>.

Research Findings 01

Coping with the rising cost of living

Every year, ACYP asks children and young people about the top issues young people face in NSW. Concerns about the rising cost of living have consistently been among the top 10 issues for children and young people, becoming more prominent in recent surveys. Separate to this, cost and security of housing and employment opportunities also feature as prominent concerns.



In their words...

Inflation in general: it is so much more harder to feed yourself when groceries are expensive.

Issues with inflation and the rising cost of living. Lots of us are wanting to move out of home but are finding it hard to think realistically due to the expenses.

High percentage rent increases are causing mental strain to young people that work and study.

The housing crisis is an issue affecting many young people as many will not be able to afford rent or be able to own their own home until much later in life due to inflation.

Rent: high percentage rent increases are causing mental strain to young people that work and study.

Increased food cost, groceries or even going out.

Having to stress about finding homes when they are older because of the rise in price.

*The cost of buying a house is so high,
I won't afford it.*



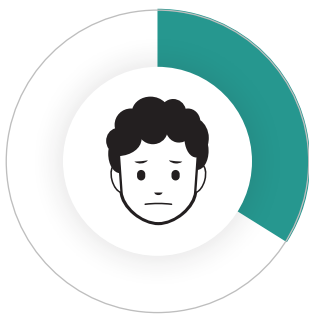
Q. In your opinion, what are the main issues young people in NSW are facing today? Base: All participants (n=1,007)

Coping with the rising cost of living

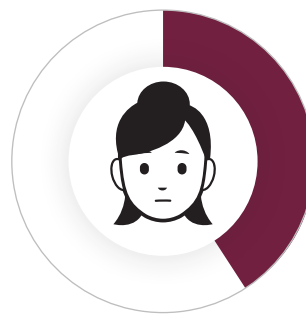
Current financial situation

When asked to describe their financial situation, a third of children and young people aged 10-24 said they were either having some difficulty making ends meet or having a lot of difficulty making ends meet and covering basic living expenses.

As noted earlier, throughout this report, we will explore the figures for both children and young people aged 10-24 across NSW, as well as explore differences for those who are either aged 18-24 years or who are living independently, who we have grouped as 'young adults'.

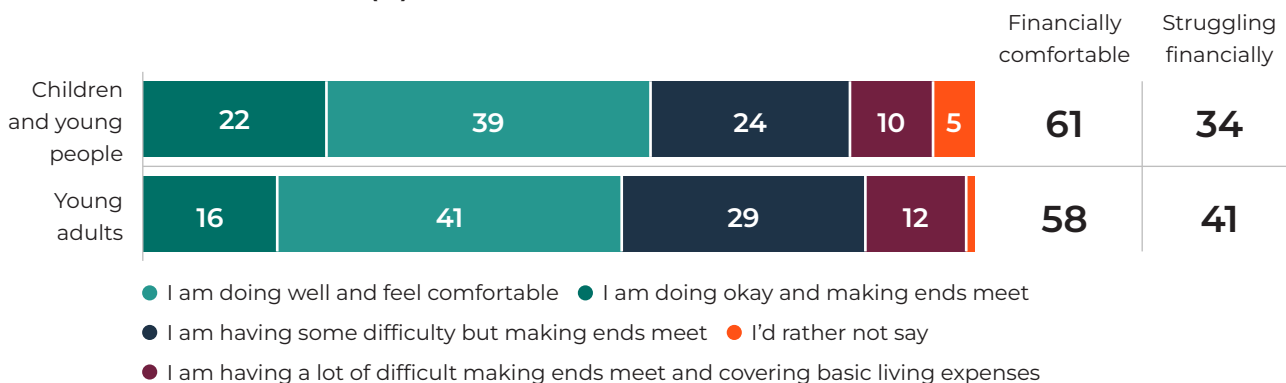


34% of all children and young people are having some or a lot of financial difficulty.



41% of young adults are having some or a lot of financial difficulty.

Current financial situation (%)



Among the young adult group, females were more likely to be struggling financially than males (47% vs 35%). Females were more likely to be impacted by a number of measures across this report. The drivers behind this gendered difference cannot be determined by the questions asked in this study, however, and would warrant further investigation as to why young women appear to be more impacted than young men.

The issue is also more prominent among those who live in Regional or Rural NSW compared to Sydney. Across all children and young people, 42% of those in Regional NSW were struggling financially, compared to 31% in Sydney. Among young adults, 51% of those in Regional NSW were struggling compared to 37% in Sydney.

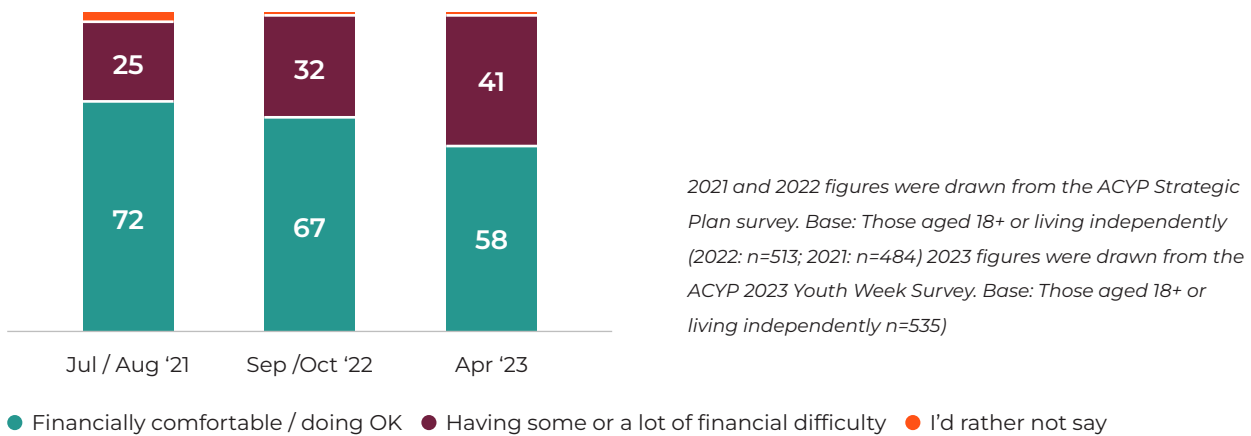
Q. Which of the following best describes your financial situation? Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

Coping with the rising cost of living

The issue is also more acute for some groups of children and young people. Those most likely to say they are struggling financially were LGBTQIA+ young people (55%), those with a mental health condition (55%), young parents (53%), Aboriginal or Torres Strait Islander children and young people (50%), those who have had contact with the police or justice system⁴ (49%), those with a disability (47%) and tertiary students (43%).

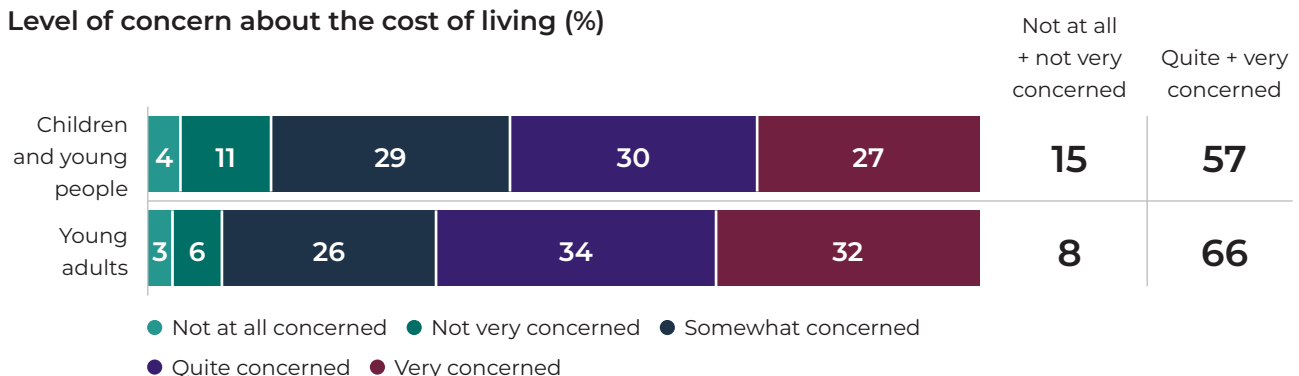
ACYP has asked young adults this question in two previous surveys associated with the *NSW Strategic Plan for Children and Young People*. The proportion of young adults who said they were struggling financially has increased from 25% to 41% over the past two years.

Young adults' description of their financial situation (%)



Many young people are concerned about the cost of living as an issue, with over half (57%) saying they were very or quite concerned. Concern was higher among young adults as two thirds (66%) said they were very or quite concerned.

Level of concern about the cost of living (%)



⁴ Participants were asked about their engagement with the justice system, including whether they had previously been arrested by police, detained in a youth justice centre or had "been given a warning or caution by police (other than for minor traffic offenses, noise complaints or similar)".

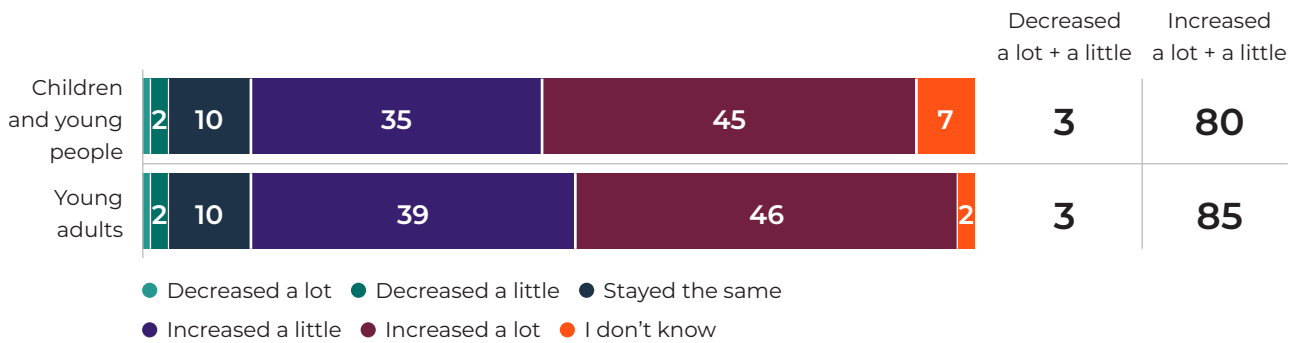
Q. How concerned are you about the cost of living today? Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

Coping with the rising cost of living

Those most likely to say they were quite or very concerned were females aged 18-24 years (78% compared to 56% of males aged 18-24 years), LGBTQIA+ young people (78%), those with a mental health condition (75%), tertiary students (69%), and those in the workforce (65%).

Most young people feel their cost of living has increased in the past 12 months – 80% of children and young people and 85% of young adults.

Changes in cost of living over the past 12 months (%)



After asking children and young people which costs they contribute to – either partially or in full – participants were asked whether those items had increased or decreased in cost over the past 12 months.

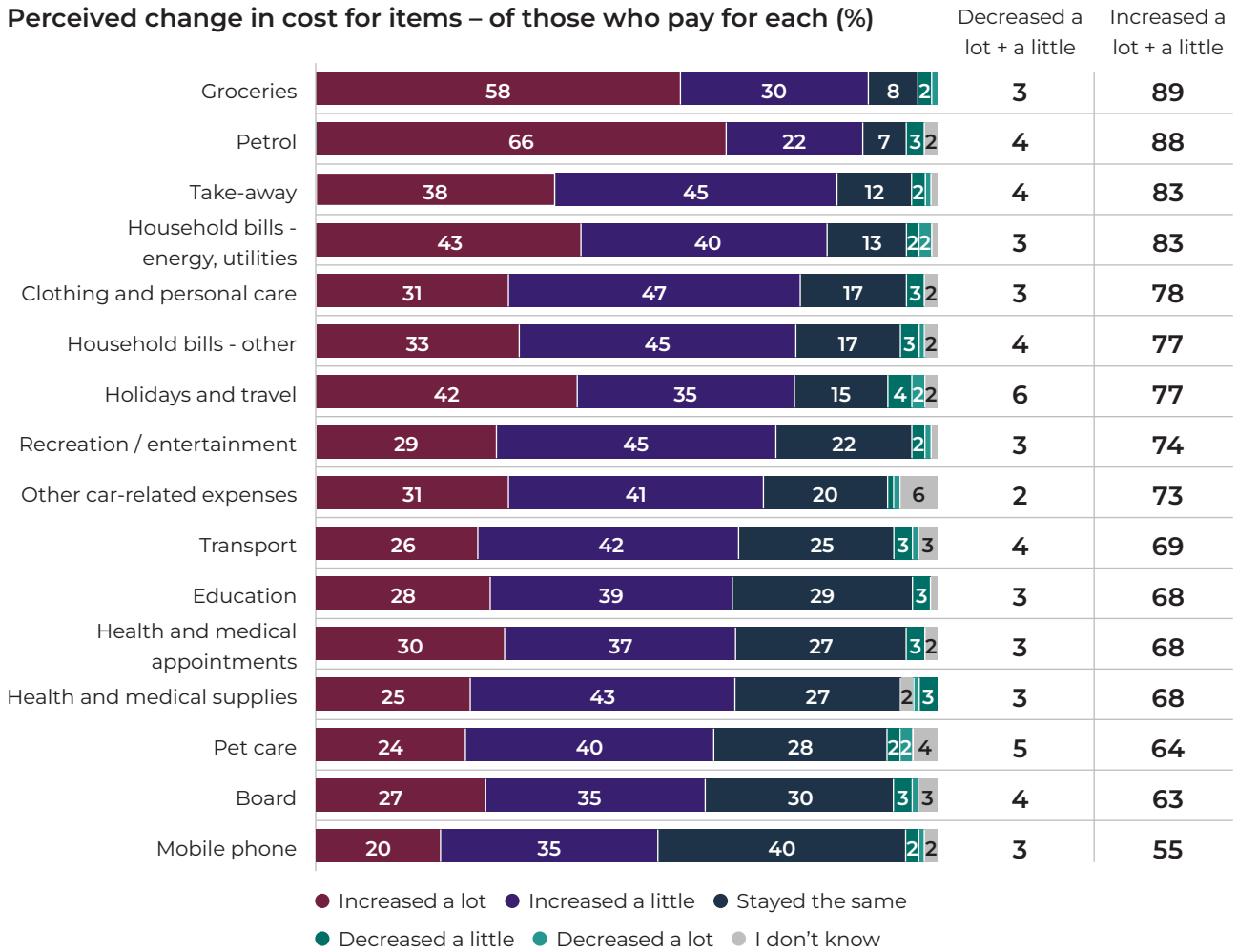
Unsurprisingly, the everyday costs have increased for the majority, with groceries and petrol most frequently cited as having increased a lot.

Q. Overall, to what extent has the cost of living increased or decreased for you over the past 12 months?

Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

Coping with the rising cost of living

Perceived change in cost for items – of those who pay for each (%)



Notably, females aged 18-24 years appear to be more aware of cost increases in everyday items than males in the same age group, as they were statistically more likely to report increases in groceries, petrol, clothing and personal care, holidays, recreation, education, transport, healthcare, and pet care.

While this survey cannot definitively point to the drivers behind young people's concerns about the cost of living, this increased sense of additional costs across each of these categories may contribute to the reason more than three quarters of females aged 18-24 were concerned about cost of living compared to just over half of males the same age.

Q. Thinking back over the past 12 months, to what extent have you found the cost of these items has increased or decreased.

Base: All participants who pay for items themselves or share the cost with someone else. n=23-629)

Note: participants were also asked about costs associated with renting and paying a mortgage, however, these are explored in detail later in the report.

Coping with the rising cost of living

How children and young people are coping with the rising cost of living

Across the board, children and young people are overcoming cost of living pressures by taking action in various ways to reduce their spending. The most common approaches were to reduce spending on retail purchases, take-away or restaurant meals, social events or entertainment.

Children and young people have also proven themselves to be resilient and resourceful in finding additional ways

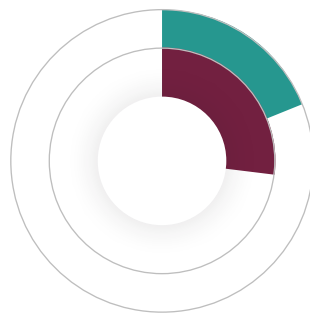
to boost their income, by working additional hours, selling personal belongings online, or starting a side-hustle to earn additional income.

However, children and young people also reported some more concerning approaches to both limit spending and increase their income.

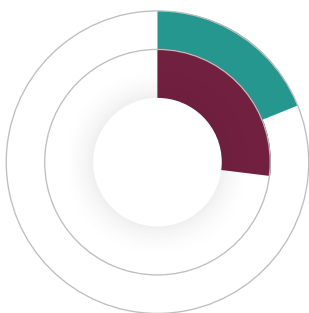
To reduce their cost of living:



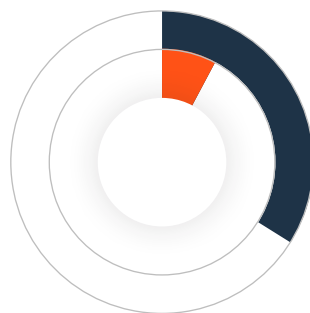
22% of all children and young people and **31%** of young adults ate smaller meals or skipped meals.



19% of all children and young people and **27%** of young adults did not seek medical services.



19% of all children and young people and **26%** of young adults bought less fresh food to reduce spending on groceries.



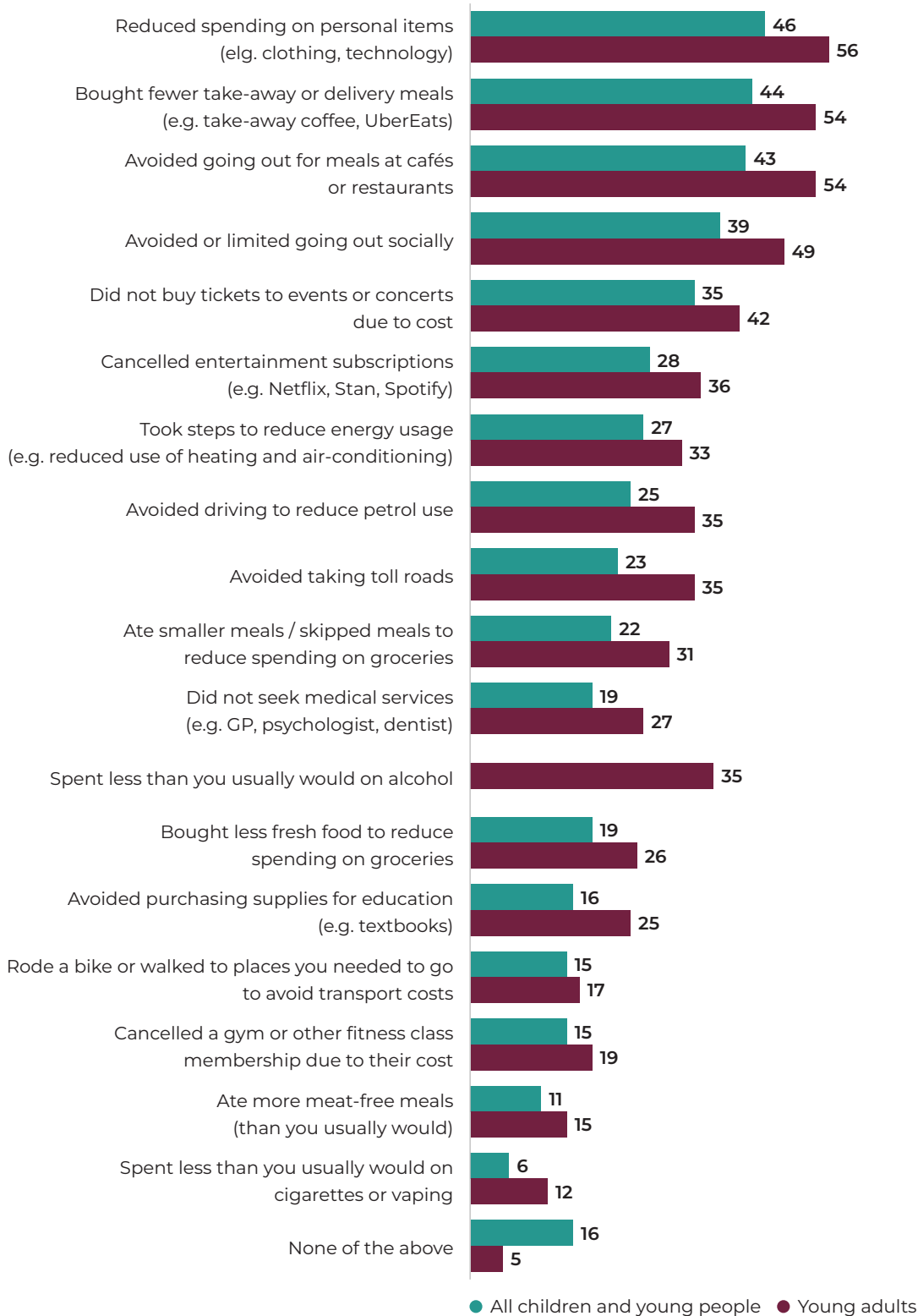
34% of tertiary students and **8%** of school students avoided purchasing supplies for their education.

● All children and young people
● Young adults

● Tertiary students
● School students

Coping with the rising cost of living

What children and young people have done to reduce their living expenses (%)



Q. In the past few months or so, have you done any of the following things to reduce your cost of living?

Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

Coping with the rising cost of living

Again, females were more likely than males to report most of these actions as a way of reducing their costs of living. There are also some groups who report many of these actions more frequently, such as those who identify as LGBTQIA+, those with a mental health condition, and those with a disability.

Notably, those most likely to report having avoided seeking medical services were those who identified as LGBTQIA+ (42%), those with a mental health condition (37%), those with a disability (29%) and those living in Regional NSW (23%).

Indeed, children and young people living in Regional NSW were more likely than those in Sydney to respond to the cost of living through more concerning means, such as buying less fresh food to reduce spending on groceries (26% vs 16% in Sydney), avoiding medical services (23% vs 17% in Sydney), and avoiding purchasing supplies for their education (20% vs 14% in Sydney).

While many of the actions children and young people are taking to manage increasing costs may be financially responsible, ACYP also notes they may paint a picture of life for young people in NSW that has been shaped over the past four years by restraint and the need to forgo common social experiences. The COVID-19 pandemic and associated restrictions meant that many children and young people have missed out on opportunities for socialising, recreation, travel and fun that would have otherwise shaped their adolescence and early adulthood.

Where during COVID-19 they were required to miss out on those key experiences, many find themselves continuing to miss out due to rising expenses. So while this may be a financially responsible choice for many children and young people, the potential lasting impact of those choices is an area of concern that would warrants ongoing investigation.

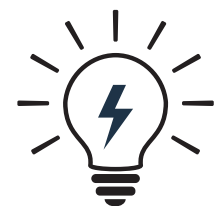
As noted above, many children and young people are finding additional ways to supplement their income and manage increasing costs. 64% of all children and young people and 85% of young adults have taken at least one action to balance rising financial pressures with additional income. While many of these demonstrate ingenuity and adaptability, it is important to recognise that some of these approaches may have a lasting impact on the young person's wellbeing.



27% of children and young people and **38%** of young adults worked additional hours or started an additional job to supplement their income.

Among tertiary students, **43%** increased their working hours.

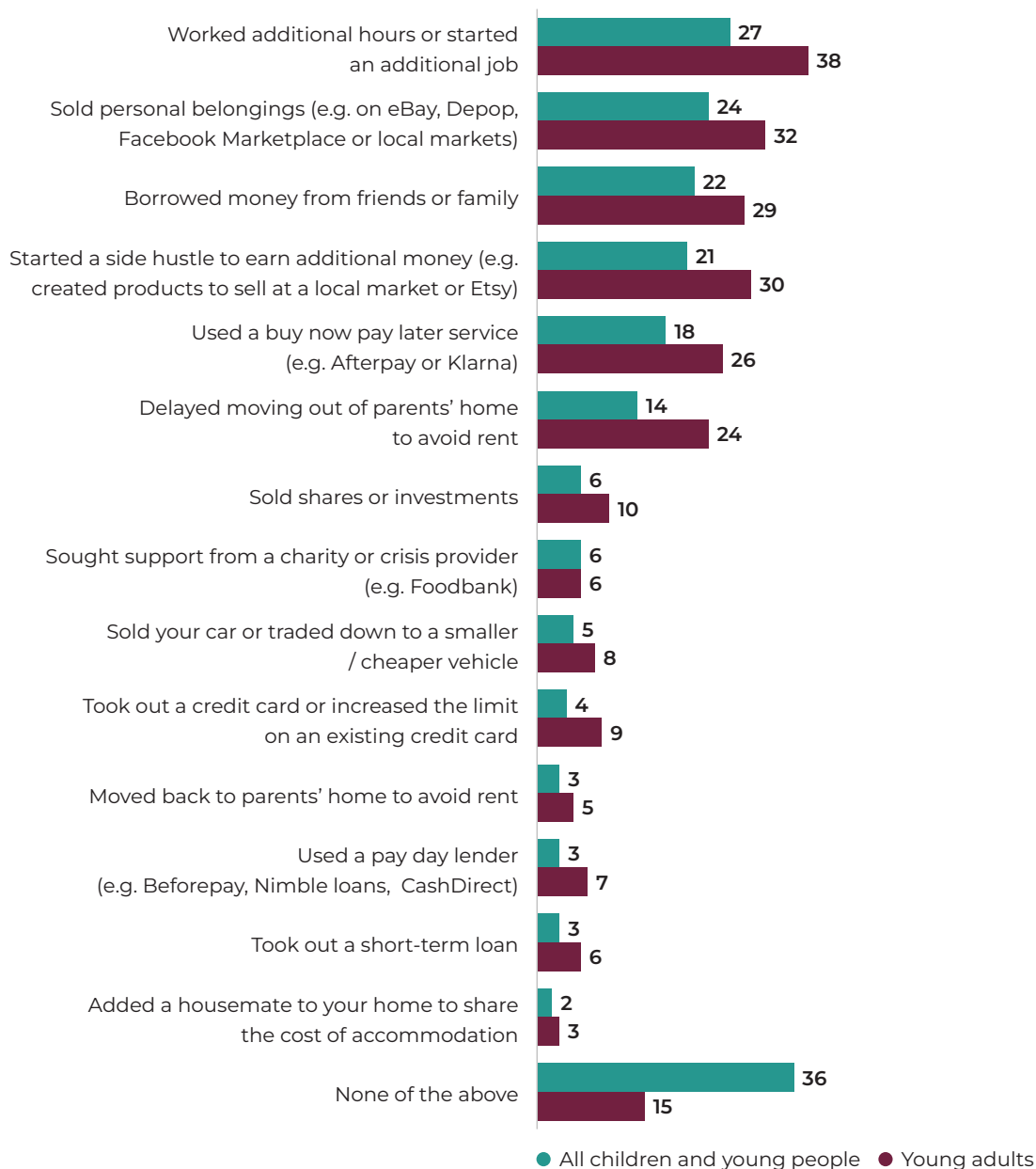
21% of children and young people, **30%** of young adults, and **32%** of tertiary students started a side hustle to earn additional income.



Coping with the rising cost of living

While for some, this increase may be a natural reaction to increased costs and have minimal impact on their wellbeing, ACYP regularly hears from young people through consultations about the pressures of balancing work, study, family and social commitments. For some, this is a key source of their concerns about their mental health. Notably, 42% of those with a mental health condition also reported working additional hours.

Ways of coping with increases in the cost of living (%)



Q. In the past 12 months, have you done any of the following things as a way of coping with increases in the cost of living?

Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

50% of young adults either increased their level of debt or took out new debt to manage increasing costs of living.

For the most part, this took the form of informal or less-regulated forms of debt such as borrowing money from friends or family or using buy now pay later (BNPL) services. Notably, 9% of those aged under 18 years reported having used BNPL services, despite these services being targeted to those aged 18+. ACYP notes the Federal Government has recently announced changes to the way BNPL services are regulated⁵. Experiences of debt will be explored in greater detail later in this report.

Those most likely to have increased their debt in some form – again largely through informal mechanisms – were those with a mental health condition (58%), young parents (57%), those who identify as LGBTQIA+ (51%), those with a disability (45%), or those in Regional NSW (41% vs 33% in Sydney).

As explored later in this report, the cost of housing is a key source of financial pressure for many young people. 35% of young adults report delaying moving out of their parents' home to avoid rent and 5% reported moving back home in the past 12 months. While it is likely contributions to board are much lower than they would be paying in rent, we note that 65% of young people aged 18-24 years who live with their parents or carers indicated the cost of their board had increased over the past 12 months.

Parents' responses to the rising cost of living

Those who live with their parents or carers were asked whether they had noticed them taking actions to reduce the cost of living. These largely align with the actions young adults themselves are taking, such as cutting back on non-essential items.

ACYP notes that these results should be interpreted as a minimum figure, in that while some households may be open about the ways they manage finances, and some children and young people may be well attuned to this, others may not.

Once again, a sizeable proportion of children and young people have reported their parents or carers needing to take more concerning approaches to cope with the cost of living.

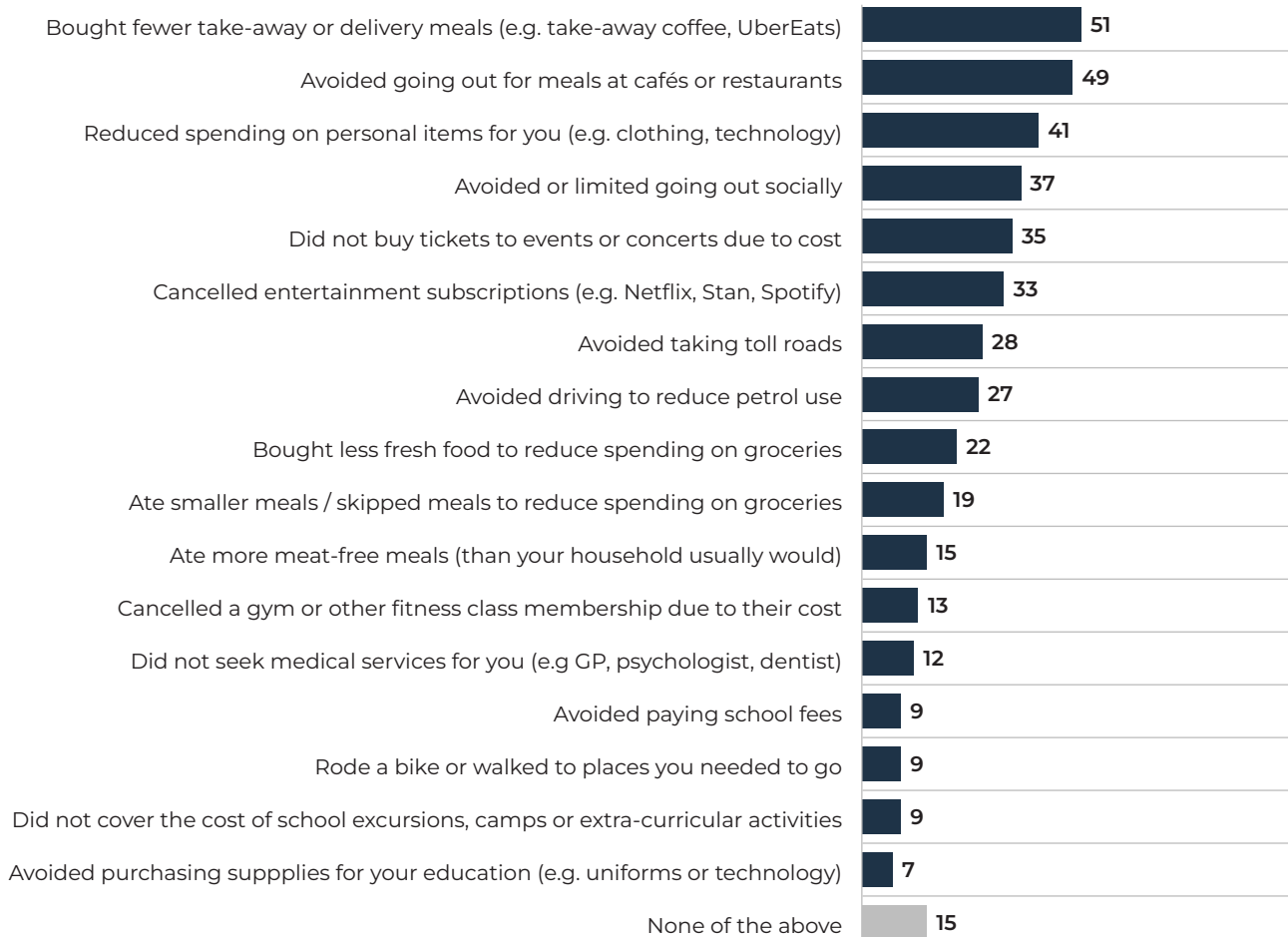
- **22%** of children and young people noticed that their parents or carers bought less fresh food to reduce spending on groceries.
- **19%** of children and young people noticed that their parents or carers ate smaller meals or skipped meals to reduce spending on groceries.
- **12%** of children and young people noticed that their parents or carers did not seek medical services for them.

⁵Ainsworth, Khadem, (2023) Buy now, pay later industry to be regulated under Credit Act as part of changes by federal government, ABC News 21 May 2023 <https://www.abc.net.au/news/2023-05-21/buy-now-pay-later-regulations-credit-act-afterpay-zip-pay/102368810>.

Coping with the rising cost of living

Those with a disability and those with a mental health condition were more likely to report their parents or carers taking each of these approaches to manage rising costs. Notably, 23% of those with a mental health condition and 21% of those with a disability reported their parents had not accessed medical services for them due to costs.

What parents / carers have done to reduce cost of living pressures



Those in Regional NSW were more likely than those in Sydney to report their parents and carers taking a number of these measures, including reducing take-away meals (62% vs. 46% in Sydney), reducing eating in restaurants or cafes (58% vs 46% in Sydney), avoiding or limiting going out socially (44% vs 34% in Sydney), cancelling entertainment subscriptions (44% vs 28% in Sydney), and not buying tickets to events or concerts due to cost (41% vs 32% in Sydney).

Concerningly, they were also more likely to report eating smaller meals or skipping meals (28% vs 15% in Sydney) and to avoid seeking medical services (18% vs 10% in Sydney).

*Q. Have you noticed your parents / carers doing any of the following things in the past 12 months to reduce cost of living?
Base: Children and young people living with their parents or carers n=782*

Coping with the rising cost of living

School students have also been impacted by the rising cost of living when it comes to their experience of education.



15% said their parents or carers had avoided paying their school fees.

14% were not able to cover the cost of school excursions, camps or extracurricular activities.



12% avoided purchasing supplies for their education.

Those most likely to report impact on their education were, again, those with a disability and those with a mental health condition.

Information about financial management

Most children and young people have sought out information about managing money in the past 12 months, with parents being the key source of information, both at an overall level for children and young people, as well as for young adults.

Other key sources of information include social media, search engines, and friends and other family members.

Over a third of young adults (35%) mentioned searching for information online, indicating an active level of engagement in seeking information about finances. This was higher for those who spoke a language other than English at home, as 40% sought out information online compared to 25% of those who spoke English only.

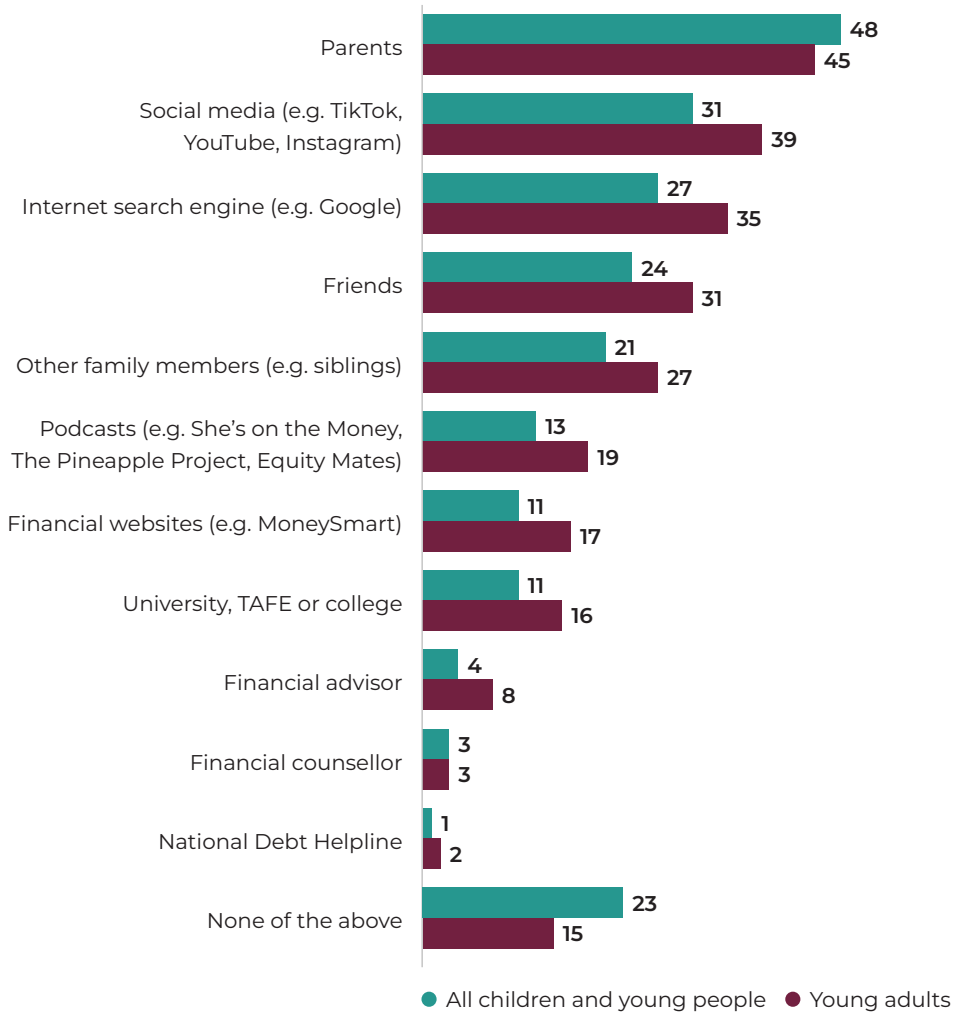
Noting this, the influence of parents continues for young people, even throughout their early 20s, and so information that is accessible for both young people and their parents would be beneficial.

Unsurprisingly, those least likely to have sought information from any source were younger children, with interest in managing finances increasing with age.

Aboriginal or Torres Strait Islander children and young people were also less likely to have used any of these information sources (39% vs 23% who were not Aboriginal or Torres Strait Islander), as were those living in Regional NSW (31% vs 20% in Sydney). Information targeted to these groups may be helpful to support them to manage the rising costs.

Coping with the rising cost of living

Sources of information or advice about managing finance used in the prior 12 months (%)



Q. Have you used any of the following sources in the past 12 months to get information or advice about managing your finances?

Base: All participants (Aged 10-24: n=1,007. Young adults: those aged 18+ or living independently n=535)

Research Findings 02

Experiences of Debt

The following section of this report explores experiences of debt for those aged over 18 years and is largely focused on formal avenues by which a young person may be able to borrow money.

However, in Chapter 1 of this report, ACYP noted that 22% of children and young people and 29% of young adults had borrowed money from family and friends. Notably, 16% of those aged under 18 had borrowed money this way. This was the primary way children and young people borrowed money.

Generally, borrowing money from family and friends was most common among those living in Regional NSW (30% vs 19% of those in Sydney), those with a mental health condition (40%), and those with a disability (34%).

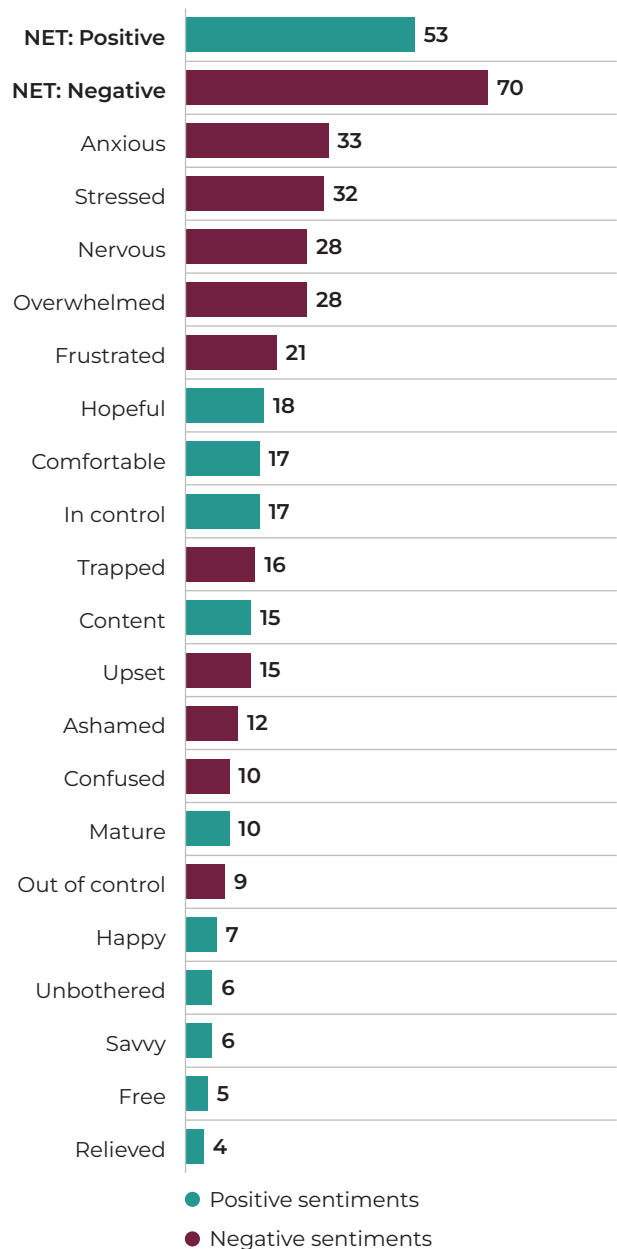
We note that this survey does not indicate how much money each young person borrowed, nor the requirements their friends and family may have for paying back the loan. Further investigation may be useful to understand how informal borrowing practices may impact the wellbeing and relationships of children and young people in NSW – particularly those who may not have access to other lines of credit.

Financial management and debt mechanisms

Before asking specifically about the debt young people aged 18-24 years held,

participants were given a list of emotions and asked to describe their financial situation. Young people were much more likely to use negative descriptors than positive, with the top 5 most frequently selected words being negative.

Describing personal finance situation (%)



Experiences of debt



70% of young people used negative emotions to describe their finances, while only **53%** selected positive emotions.



Around **1 in 3** young people indicated that they were anxious or stressed about finances.

Those most likely to describe their financial situation negatively were those with a mental health condition (92%), those with a disability (85%), and those who identify as LGBTQIA+ (85%).

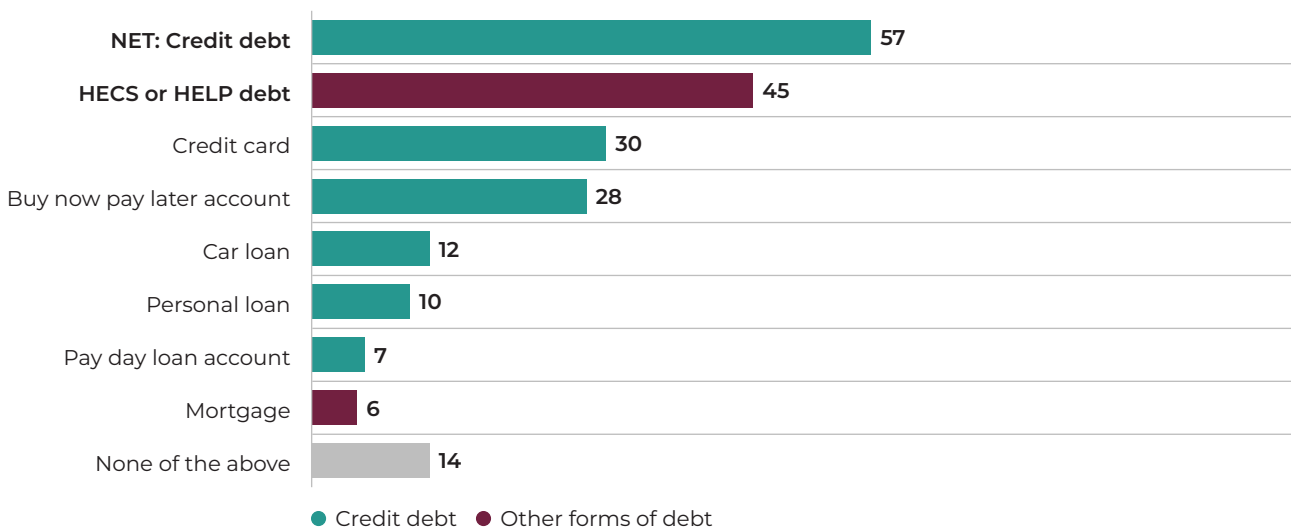
Females were also much more likely to be negative than males (80% vs 61%), aligning with findings noted earlier that they are significantly more likely to be concerned about the cost of living and to say that they are struggling financially.

Forms of debt

While the most common form of debt among young people aged 18-24 years is HECS or HELP debt associated with their studies (45% overall and 63% of current tertiary students), more than half of young people (57%) also hold some form of credit debt, such as a credit card, buy now pay later debt, car loan, personal loan or pay day loan.

Among those living independently, 70% had some form of credit debt, compared to 48% of those who live with their parents or carers.

Among those who were struggling financially, 63% had at least one form of credit debt.



Q. What words best describe how do you feel when you think about your personal financial situation?

Base: Participants aged 18-24 years (n=519)

Q. Do you currently have any of the following, in your name? Base: Participants aged 18-24 years (n=519)

Experiences of debt

There is some variation by cohort in the types of credit debt they are most likely to use. For instance, males are more likely than females to have both credit cards (38% males vs 22% females) and personal loans (14% vs 7%).

Credit cards are more likely to be held by those in Sydney (34% vs 21% of those in Regional NSW), and those who are culturally or linguistically diverse (CALD) (45% vs 28% not-CALD). Those with a mental health condition or a disability were less likely to hold a credit card compared to those who did not live with these conditions.

Those most likely to use BNPL services were young parents (48%), those with a mental health condition (42%), those struggling financially (35%) and those living independently (35%).

Those living independently were also more likely to use personal loans (16% vs 6% of those who live with their parents or guardians), and car loans (11% vs 3%).

Young parents were also more likely to rely on personal loans (32%) and pay day loan accounts (32%).

In acknowledgement that debt itself can be a useful way to manage competing financial priorities, young people who held a line of credit debt were then asked how concerned they were with the level of debt they had.

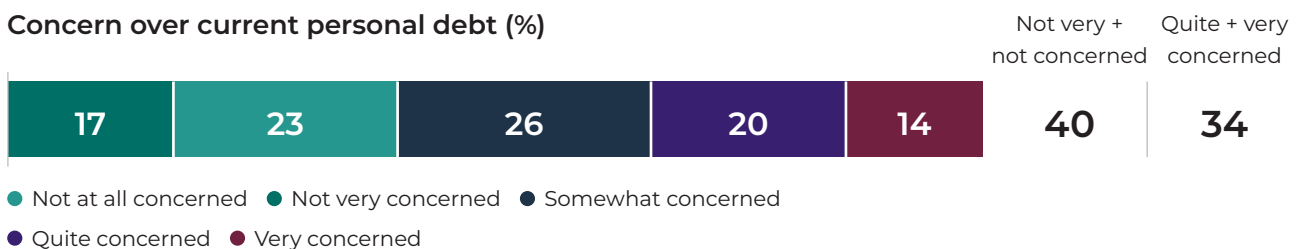


Around a third of young people (**34%**) were very or quite concerned with the level of debt they had.

Those who had pay day loans (**55%**) or personal loans (**51%**) were more likely to report they were very or quite concerned about the level of debt they held, as were those who had also said they were struggling financially (**51%**).



Concern over current personal debt (%)



In the context of thinking about their credit debt, most young people appear to take a measured approach, though their optimism is limited.

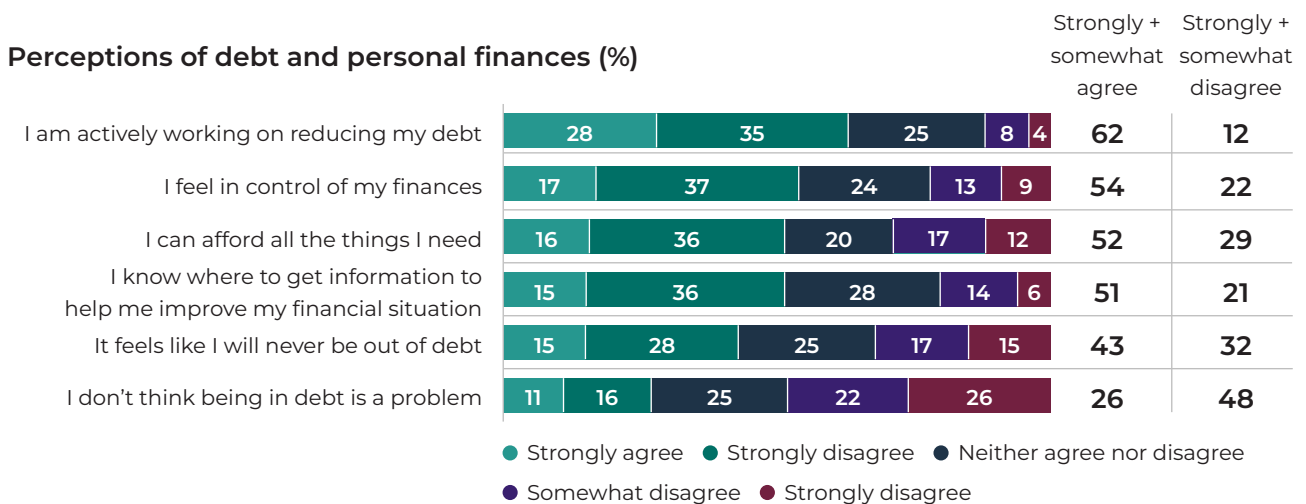
Q. Overall, how concerned are you with the current level of debt you have?

Base: Participants aged 18-24 who have a line of credit debt (n=296).

Experiences of debt

The majority of young people with credit debt (62%) are actively working to reduce their debt, though only around half feel in control (54%) or that they can afford all the things they need (52%). 43% of young people feel they will never be out of debt.

Those struggling financially were the most likely to say they feel they would never be out of debt at 52%. A higher proportion of females agreed (50%) compared to males (37%), as did those with a mental health condition (57%).



Females continue to have a more negative experience across these measures than males. They were more likely to:

- disagree that they could afford the things they needed (44% vs 16% of males);
- disagree that they were in control of their finances (31% vs 15% of males); and
- disagree that they knew where to find information about improving their finances (28% vs 14% males).

They were also less likely to agree (15%) and more likely to disagree (63%) that being in debt was not a problem. Males were more polarised on this issue with 36% agreeing and 36% disagreeing.

Those with a mental health condition were more likely to:

- disagree that they could afford the things they needed (53%);
- disagree that they were in control of their finances (45%), and;
- disagree that they knew where to find information about improving their finances (34%).

They, too, were less likely to agree (9%) and more likely to disagree (72%) that being in debt was not a problem.

Q. To what extent do you agree or disagree with each of the following statements when thinking the amount of debt you currently have? Base: Participants aged 18-24 who have a line of credit debt (n=296).

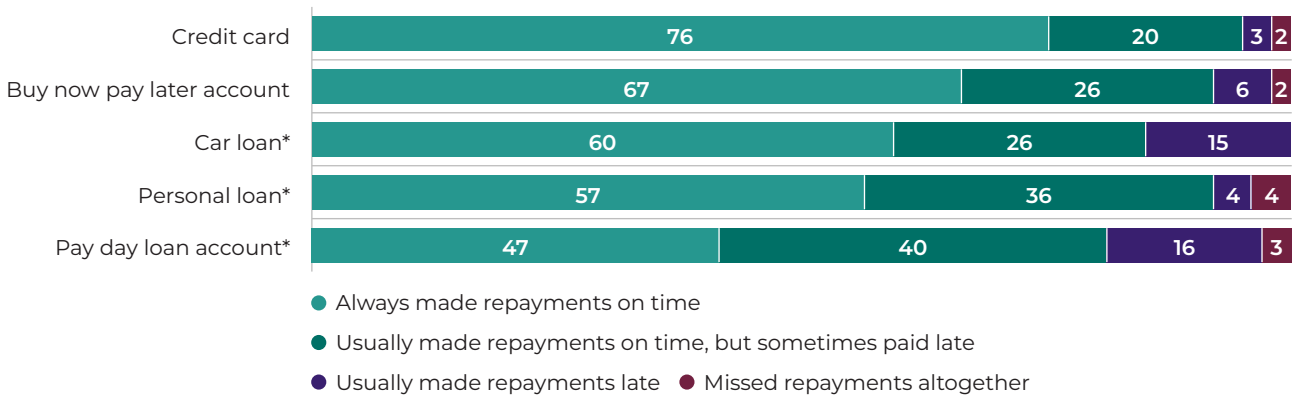
Experiences of debt

Managing debt

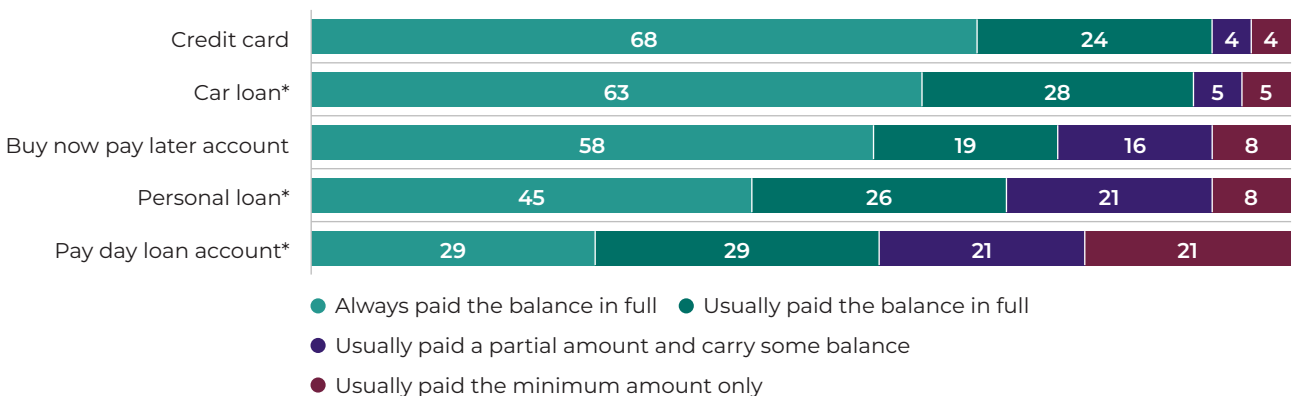
For each credit type, young people were asked about how frequently they made repayments on time, and how often they made full repayments compared to the minimum amount.

While the majority of young people consistently meet the repayments for their credit card (76%) and BNPL accounts (67%), they are less consistent with other credit types. In particular, only 42% report always making the repayments on their pay day loan on time. Similarly, young people were more likely to only pay the minimum amount required for their pay day loans compared to other credit types.

Whether repayments are made on time (%)



Whether balance is paid in full (%)



Q. Thinking about your [insert credit type], in the past 12 months have you [frequency of on-time or missed payments].

Q. Thinking about your [insert credit type], in the past 12 months have you [frequency of full or partial payments].

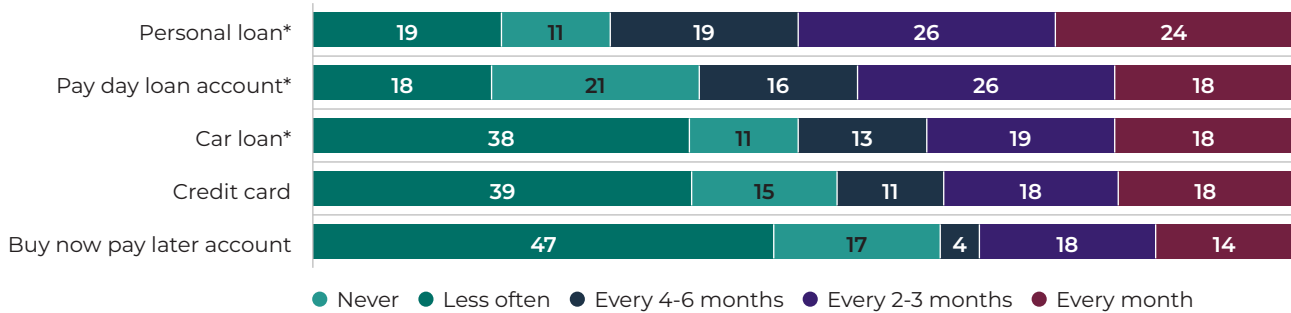
Base: Participants aged 18-24 years who have a credit card (n=157), a personal loan (n=53), a car loan (n=62), a pay day loan account (n=38), or a buy now pay later account (n=145).

*Please note that smaller sample sizes will result in a larger margin of error and results should be interpreted in this context.

Experiences of debt

Concerningly, around 1 in 5 young people incurs late fees or interest charges on various credit types every month, up to 1 in 4 for personal loans.

Frequency of incurring late payment fees or interest charges (%)



In line with findings noted in Chapter 1 of this report, most young people report making reasonable financial decisions to pay off debt such as sacrificing spending in other areas. However...

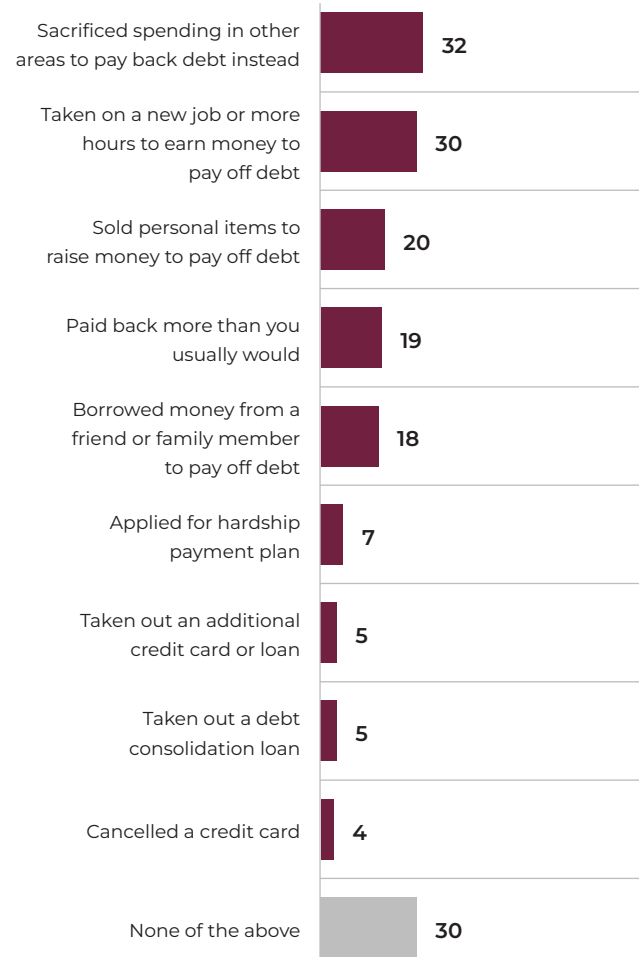


18% of young people said they had borrowed money from a friend or family member in order to make debt repayments, and **5%** said they had taken out an additional credit card or loan.

These behaviours were more prominent among those who were struggling financially, as **26%** of those facing financial difficulty borrowed money from friends or family and **8%** took out additional lines of credit.



Management of debt (%)



Q. How often do you incur late payment fees or interest charges from [insert credit type]? Base: Participants aged 18-24 years who have a credit card (n=157), a personal loan (n=53), a car loan (n=62), a pay day loan account (n=38), or a buy now pay later account (n=145).

*Please note that smaller sample sizes will result in a larger margin of error and results should be interpreted in this context.

Q. In the past 12 months have you done any of the following to manage your debt?

Base: Participants aged 18-24 who have a line of credit debt (n=296).

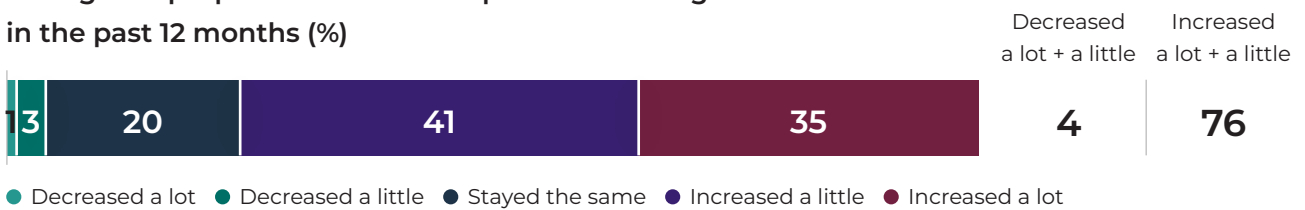
Research Findings 03

Housing

Proportion of income spent on housing

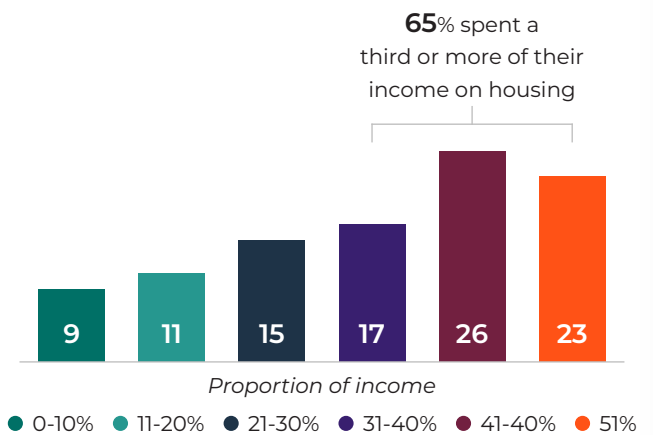
Housing costs as a proportion of income have increased for 76% of young people in the prior 12 months, and approximately two thirds of the young people in this survey reported a degree of housing stress.

Changes in proportion of income spent on housing in the past 12 months (%)



Females were more likely than males to say the proportion of their income spent on housing had increased (85% vs 68% males).

Proportion of income spent on housing (%)



65% of young adults reported spending a third of their income or more on accommodation costs, with **23%** reporting spending more than half of their income on housing.

Among those who had reported struggling financially, **76%** were experiencing housing stress.



Females were more likely than males to be experiencing housing stress (73% vs 59% males).

Q. Compared to 12 months ago has the proportion of your income that you spend on housing increased, decreased or stayed the same?
Base: Those living independently n=197

Q. What proportion of your income do you spend on housing (i.e. rent or mortgage repayments), using a percentage estimate where 100% is all of your income and 0% is none of your income. Base: Those living independently n=197

Moving out of the family home

Due to the increases in the cost of living, goals of independent living are not always accessible for young people. As noted earlier in this report, 24% of those aged 18 – 24 years mentioned in the prior 12 months they had delayed moving out of their parents' or carers' home to avoid rent and 5% had moved back home to manage accommodation costs.

Among those who currently live with their parents, the average age children and young people expect to be able to move out of home is 22.6.

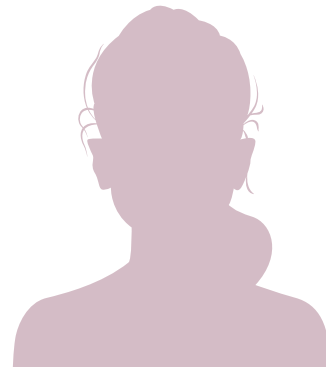
Notably, those aged under 18 years expect they will move out earlier than those aged 18-24 years, indicating that as young people approach the age they may have expected to be able to move out of the family home, they change their expectations about when this might be feasible.

Average age expected to leave the family home:



21.7 years

Among those aged under 18 years



24.2 years

Among those aged 18-24 years

Those in Regional areas were more likely to expect to leave home at a younger age than those in Sydney (21.6 years vs 23 years in Sydney).

When thinking about the area they want to live in, children and young people prioritised easy access to essential services the most followed by safety, public transport, being close to family and living near employment opportunities. The priorities were similar for young adults and those currently looking for a rental, though proximity to family and friends were slightly lower priorities compared to opportunities for employment. Those currently looking for a rental were also more likely to prioritise proximity to employment over safety.

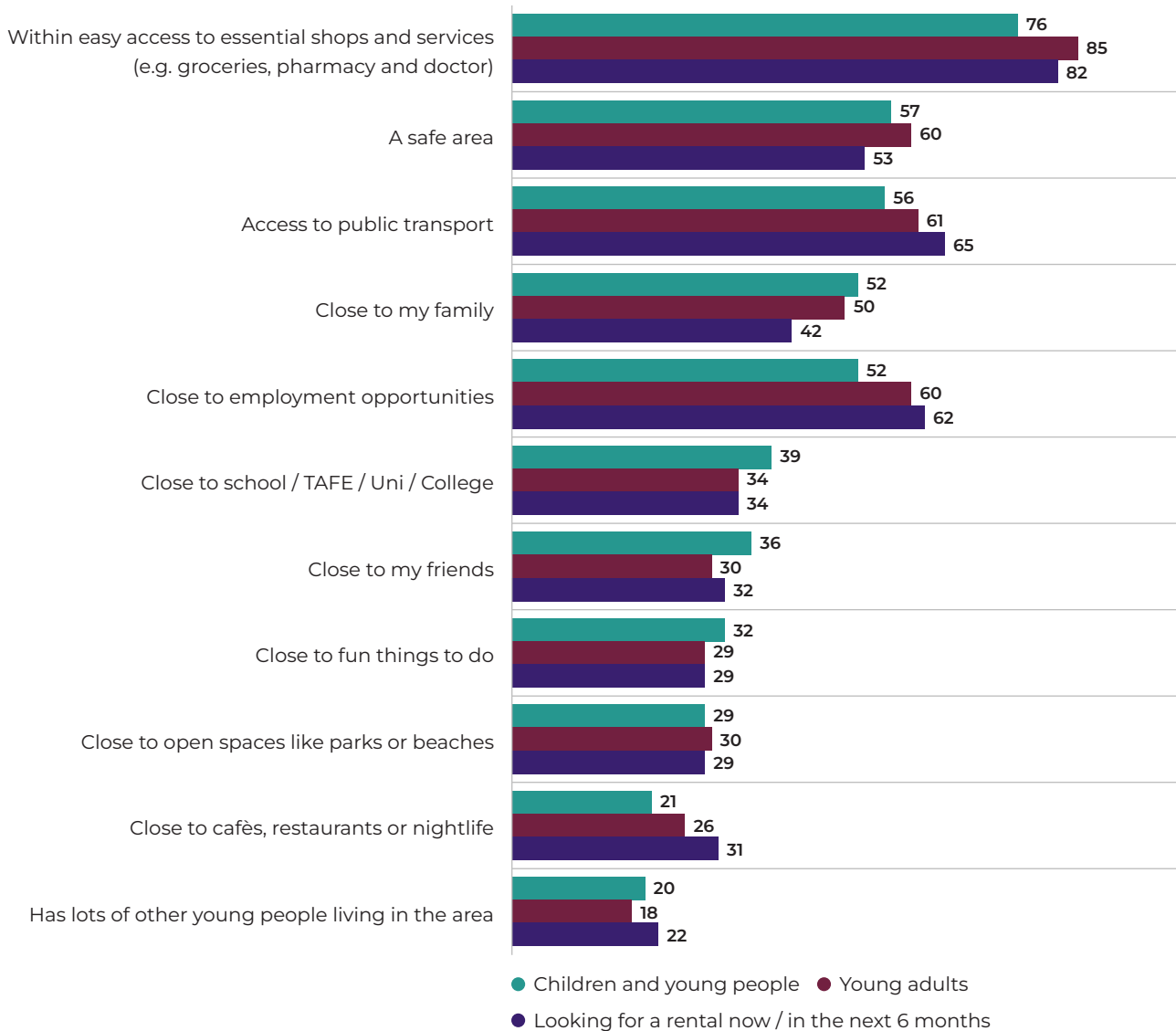
Q. At what age do you expect to leave your parent(s) or guardian's home to live independently?

Base: Those currently living with a parent or carer (n=782).

Housing

Proximity to employment opportunities was a much higher priority for those living in Regional NSW (58% vs 49% in Sydney), and the second most frequently mentioned priority – after access to essential services.

Priorities when considering where you choose to live (%)



Experiences of renting

Among young adults, 20% are planning to rent a property in the next 6 months and 7% indicated they are currently looking for a rental property. We note this includes both those who are currently renting and those who will be moving out of the family home.

Q. Which of the following are most important to prioritise when considering where you choose to live? Base: all participants (n=1,007)

Housing

Many young people report negative experiences in seeking or securing a rental, with 81% of young renters reporting at least one negative experience. More than 1 in 3 report feeling anxious they would never be able to find a rental property to live in.

Anxiety about securing a rental property was highest among those with a mental health condition (61%), those struggling financially (46%), and females (44%).

This anxiety may contribute to young people feeling the need to accept conditions in a rental property that were sub-standard or did not meet their expectations.

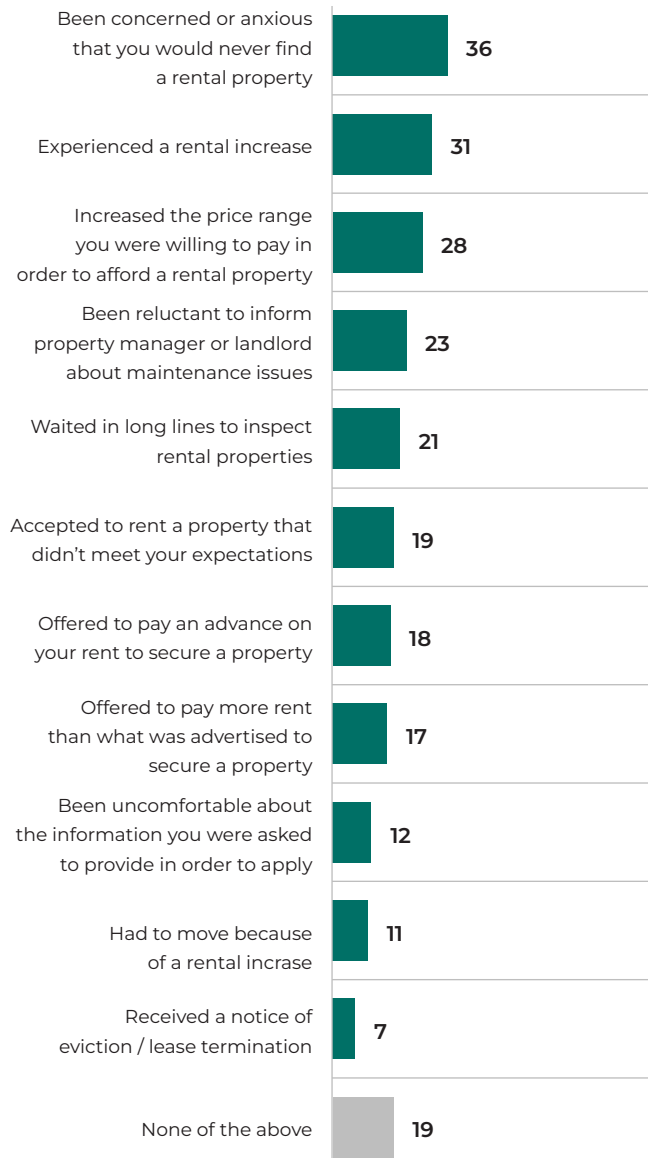
23% reported they had been reluctant to inform their real estate agent of issues with the property. This was more common for young people with a disability (42%) or mental health condition (35%).

19% accepted to rent a property that did not meet their expectations. This was more common for those with a mental health condition (37%) and those who were struggling financially (25%).

In general, those with a mental health condition and females were more likely to report a range of negative experiences.

ACYP notes recent announcements made by the NSW Government to address concerns related to rent bidding⁷ and welcomes efforts to protect young renters and provide them with further opportunities to secure housing.

Experiences while looking for a rental property (%)



Q. Which of the following have you experienced when renting or looking for a rental property? Base: Young adults who are considering or currently renting (n=255)

17% of young people reported they had offered to pay more rent than the price advertised to secure a property. 18% of young people also offered to pay an advance on their rent to secure a property.

⁷ NSW Government Media Release (2023) Reforms to level the playing field and deliver relief for renters, 10 May 2023 accessed via: <https://www.nsw.gov.au/media-releases/rental-reforms-close-loopholes>.

Ongoing Consultation

The rising cost of living is a core concern for many across NSW and may impact children and young people in slightly different ways to older members of the community.

ACYP is continuing to investigate how this issue impacts young people through qualitative consultations across NSW. In addition to meeting young people where they spend their time – at universities, TAFE campuses, online and in their local communities – ACYP is meeting with young people in support services, such as for young parents, refugee and recent migrant services, homelessness services and disability support services.

This work is due to be published in late 2023 and will provide insights for Government, business and community to support children and young people to have a good standard of living.

acyp.



**Office of the Advocate for
Children and Young People**

Report:
Children and Young People's Experiences
of the Rising Cost of Living in NSW

Date:
June 2023

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