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Treasurer’s housing affordability solution — “get a good job” — fails to grasp reality facing young people

Federal Treasurer Joe Hockey’s advice to those wanting to break into the property market to “get a good job that pays good money” ignores the challenges of unemployment, insecure work, and underemployment affecting hundreds of thousands of young people.

Youth Action, the State’s peak youth affairs body, said the statement also failed to recognise the impact of government policies — such as negative gearing, increased university fees, and cuts to skills training programs — on the ability of young people to buy a first home.

Mr Hockey yesterday stated that: “If you’ve got a good job and it pays good money and you have security in relation to that job, then you can go to the bank and you can borrow money”.

Youth Action managing director Katie Acheson said what the Treasurer failed to grasp was that for most young people, a secure, well-paid job was little more than a distant dream.

“Joe Hockey can’t just tell young people that the solution to housing affordability is getting a good job, because many simply can’t,” Ms Acheson said.

“Mr Hockey also needs to accept that in many cases, it is Federal Government policies that are worsening the situation, and making it harder than ever before for young people to attain the dream of home ownership.

“While the Treasurer may be technically correct — a secure, well-paid job does make buying a home more achievable — his simplistic response shows a complete failure to grasp the challenges facing young Australians.”

Ms Acheson said that as of April, the Australian Bureau of Statistics reported 30,000 people in NSW aged between 15 and 24 were currently unemployed, while 10 times that number — 320,000 young people — were categorised as underemployed.

“For those lucky enough to have paid employment, the average weekly earnings of all Australians was just \$1130 last year, which after rent, food, utilities, and other living expenses doesn’t leave much to save for a deposit,” she said.

“That situation is even tougher for young people, with rates of pay for juniors and apprentices starting from as low as \$230 a week.

“Hundreds of thousands of young people in NSW either don’t have a job, don’t have as many hours of work as they would like, or are working in less-skilled jobs because they can’t find work in the field in which they have studied.”

Home prices have also climbed at a much faster rate than wages, Ms Acheson said, with the average home loan going from three times average annual income in 1996, to six times by 2010.

“This year alone, Sydney’s median house price has been rising by about \$2000 a week, meaning the amount needed for a deposit is increasing at a faster rate than most young people can save,” she said.

“Meanwhile, the areas with the most affordable housing also have the highest youth unemployment rates, making the task of finding a ‘good job that pays good money’ that much harder.

“Even for those young people who have escaped unemployment, the issues of underemployment and increasingly insecure work arrangements makes their financial situation less stable.”

Ms Acheson said the Treasurer needed to move away from simplistic advice, and instead look to the policy changes by government’s at all levels that could address the issue of unaffordable housing.

“There are a range of tangible policies at Mr Hockey’s disposal that could make a big difference to this critical issue,” she said.

“Among the areas that should be examined is negative gearing — which costs the budget billions of dollars, drives price growth by investors, and disproportionately benefits older, wealthier people.

“Another option is funding research and trials of policies such as shared equity that could assist young people become homeowners.

“There also needs to be the removal of barriers to home ownership, such as stamp duty, as well as greater investment in social and affordable housing.”

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