

The Effect of the Cost of Living Crisis on Youth Mental Health

Poppy Y10 2026

Introduction:

The cost of living or affordability crisis, as defined by the Cambridge dictionary, is a prolonged period of high inflation, and decreased wages where the cost of basic necessities such as food, electricity, and fuel becomes significantly greater than people's incomes, forcing people to choose which necessities they need the most. (Cambridge Dictionary, 2023)

The cost of living crisis has had a major impact on the majority of Australian citizens, however the demographic most hit by the cost of living crisis is teenagers and young adults, aged 14–35. This is because teenagers and younger adults typically have significantly lower average incomes than those older than them who are further along in their careers. Often young people have to rely on others for financial stability and support, leading to further susceptibility for negative outcomes related to the increased cost of living. (AHURi, 2023)

One of the primary negative consequences of the cost of living crisis for young people in Australia is diminished mental health and well being. This is a significant issue because poor mental health often leads to a diminished ability to cope with everyday life, difficulty contributing to family life or your community and most often, a reduced ability to work effectively, which further exacerbates effects of the affordability crisis. (World Health Organisation [WHO], 2025)

Main Concerns and Major Related Issues:

Youth mental health is a multifaceted issue, and the major concerns associated with the spike in youth mental health issues due to the cost of living crisis, are the barriers in place preventing young people from accessing required resources. Many of the barriers preventing young people from accessing the care they need are caused by significantly increased demand for mental health, financial aid and housing services. Another common factor in place preventing young people from accessing care is stigmatisation of the issues they may face. (Mental Health Australia [MHA], n.d)

As of a 2025 survey conducted by Mission Australia 64% of the 17,000 young people aged 14–19 that they surveyed sighted cost of living as the number one concern needing to be addressed, also in this survey 1 in 4 participants stated they were worried about their future access to housing. (Mission Australia, 2025)

Housing anxiety can occur in many forms, ranging from the fear of never being able to purchase a home, to actively worrying about if you have the money to cover rent. Experiencing housing insecurity, and being unhoused whilst being under the age of 24 is a harsh reality faced by young Australians, to be more specific, 23% of all people experiencing homelessness in Australia are between the ages of 12 and 24. (AHURi, 2023)

There are many different ways to manage stress and anxiety, and often people will self manage for a variety of reasons. Whilst self management can work for some people, often many cases require intervention from a psychologist, counsellor or other mental health professional in order to receive the most cost effective and substantial positive impact on a person's quality of life. (Australian Psychological Society, 2018)

Due to recent increases in demand, likely as a result of the affordability crisis, seeing a mental health professional often requires being placed on a substantial waiting list and can often be pricey, further placing strain on families and young people, and sometimes worsening stress and anxiety. (Abdi.S, 2023)

Other contributors to the worsening of youth mental health is employment instability. In the past young Australians were able to leave school and easily undertake apprenticeships, tertiary education or full time employment without needing intense further studies. Presently, the number of full time jobs has decreased substantially and the number of temporary and casual positions has increased, this means younger Australians are regularly having to take on multiple jobs to make ends meet. (Parliament of Australia, n.d)

Under and unemployment has serious impacts on the self esteem and mental health of young people, and has been found to lead to social isolation from peers later in life. Many young people already struggling with mental health conditions may also face reduced employment, leading to the worsening of their conditions, due to the stigma surrounding mental health, and mental health related resume gaps. (MHA, n.d)

Supports Currently in Place:

There are multiple different supports in place across Australia to help aid youth struggling with their mental health, and to combat cost of living crisis related issues. Key organisations and supports in the ACT that are designed to aid young people are Headspace Canberra, the Services Australia Youth Allowance and the Youth Housing Support Service (YHSS) run by Marymead Catholic Care in Canberra.

The Youth Youth Housing Support Service (YHSS), is a program in the ACT for teens and young people aged 15–25 that has a community outreach focus that supports young people who are homeless or at risk of homelessness find safe and affordable accommodation and housing. This program can be accessed by referral from FIRST Canberra. (Marymead Catholic Care, n.d)

The Services Australia Youth Allowance is an Australia wide, government funded payment program for Australian students 24 years and younger, and for young Australians aged 16–21 who are currently seeking full time employment. The program provides eligible young people with a weekly payment that differs depending on your current financial situation in order to help supplement an income for basic needs such as food and fuel. (Services Australia, n.d)

Headspace Canberra is a free mental health service for young people aged 12–25 designed to support young people with a variety of needs ranging from mental and physical health support, to employment education.

Headspace can be accessed by young people themselves, or can be accessed through a referral from a family member, friend, doctor or school, and they provide both face to face and online support options. (Headspace Australia, n.d)

Areas for Improvement:

Whilst there are multiple support avenues available in the ACT, and across Australia aiding young people with their mental health and other cost of living related issues, due to the significant number of young Australians trying to access these services there are often long waitlists, and people may be denied access to the service. Young people may also not come forward to access these services out of fear or judgment due to the stigma surrounding mental health and financial struggles, or may not be aware that these services exist.

To aid in reduction of wait times for services the government could focus on increasing the number of staff within already existing programs, or implement new youth specific programs. This could be done by collaborating with universities to reduce the cost for the study pathways to enter into working for these services, and increasing the funding for organisations like the ones mentioned previously.

Reducing the stigma associated with mental health requires action from both the government and everyday people. Action from individuals to reduce mental health related stigma could look like calling out harmful stereotypes, sharing when you are struggling, and creating opportunities for others to share their struggles. It could also look like reflecting on your attitude towards mental health and any misconceptions you may have heard of or believe.

The Australian government is actively working to reduce stigma, and have implemented the National Stigma and Discrimination Reduction Strategy which has specific strategies for reducing mental health stigma. These strategies look like funding education for the public on the harm that stigma causes, educating medical practitioners and funding the development of mental health programs. (Health Direct, 2023)

Conclusion:

The cost of living is one of the major sources of concern for Australian youth and is a major contributor to the overall decline in the mental health of young people. There are many barriers to receiving mental health care and support from organisations to reduce the financial strain of the cost of living crisis. To reduce these barriers funding for aid organisations and charities needs to be increased, and the government along with the public will need to collaborate and work actively to combat stigma.

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