Valuing Children Initiative

BANKWEST CURTIN ECONOMICS CENTRE

Child Poverty in Australia 2024

The lifelong impacts of financial deprivation
and poor-quality housing on child development

August 2024

ABOUT THE CENTRE

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University. The Centre was established in 2012 through the generous support of Bankwest, a division of the Commonwealth Bank of Australia. The Centre's core mission to deliver high quality, accessible research that enhances our understanding of key economic and social issues that contribute to the wellbeing of West Australian families, businesses and communities.

The Bankwest Curtin Economics Centre is the first research organisation of its kind in WA and draws great strength and credibility from its partnership with Bankwest, Curtin University and the Western Australian government. The Centre brings a unique philosophy to research on the major economic issues facing the State.

By bringing together experts from the research, policy and business communities at all stages of the process – from framing and conceptualising research questions, through the conduct of research, to the communication and implementation of research findings – we ensure that our research is relevant, fit for purpose, and makes a genuine difference to the lives of Australians, both in WA and nationally.

The Centre is able to capitalise on Curtin University's reputation for excellence in economic modelling, forecasting, public policy research, trade and industrial economics and spatial sciences. Centre researchers have specific expertise in economic forecasting, quantitative modelling, micro-data analysis and economic and social policy evaluation. The Centre also derives great value from its close association with experts from the corporate, business, public and not-for-profit sectors.

CONTENTS

List of figures

List of tables

EXECUTIVE SUMMARY

Our children are the future of our nation.

An Australia with a bright future is one in which all children have what they need to grow and thrive.

They are safe and secure and have a place to call home. They are well fed and have access to quality health care and education. No matter where they live nor the circumstances of their parents.

As research tells us more about the critical role of early development in creating outcomes through the life course, it becomes increasingly clear that poverty diminishes those life-long opportunities.

When a child misses the opportunity to thrive and become it diminishes our future.

Rates of child poverty have risen sharply post COVID, with 823,000 children (or 14.5 percent) living under a standard (50 percent) poverty line in 2022.

An additional 102,000 children fell below the poverty line between 2021 and 2022, while the evidence of rising living costs and falling household incomes suggest this number will have grown even further through 2023 and into 2024.

Projecting child poverty rates forward, based on the impact of rising rental costs over the past two years, BCEC research estimates the child poverty rate in WA to increase from 11.8 per cent in 2022 to 15.2 per cent in 2024. This will put nearly 21,000 more children into poverty in WA, including 13,600 more children in single parent families, and 7,000 in couple families.

Children living in single parent households are at the greatest risk of poverty, with one in three single parent families living below a standard (50 percent) poverty line, and over one in ten living in extreme poverty (below a 30 percent poverty line).

While their risk of poverty is comparatively less for children living in couple households, there are three times as many of them, meaning that 456,000 of those children live below a standard poverty line – hence any policy measures to eliminate child poverty need to reach across household types.

Housing and rental costs are driving financial hardship

The first priorities for families are usually shelter and safety, then putting food on the table. Hence rising mortgage and rental costs have had a major impact on rates of financial hardship.

The cost of living for low-income families is disproportionately affected by rental costs, which make up a bigger slice of their weekly budget. While average rental costs rose 11.2 percent between 2020 and 2022, those for lower quartile rentals rose by 17.8 percent. Costs have continued to rise over the past two years, with median rents in WA rising by 16 per cent and 12 per cent respectively in 2023 and 2024.

Our research shows that rising housing costs are forcing more low-income families to move house to find more affordable rental housing. Renters who move to find cheaper housing are more likely to be unhappy with the quality and amenity of their home, and more likely to be dissatisfied overall. Parents forced to move during times of high rent prices and low availability face poorer and more limited choices, hence they are six times more likely to be dissatisfied with life and show levels of psychological distress that are on average twice as high.

Families on lower incomes are also more likely to live in older and poorer quality housing. Over 2.5 million Australians are estimated to be living in unhealthy housing. Children and families are thus exposed to more extreme temperatures, while cold, damp and mould present major risks to child and family health. Unhealthy housing in childhood increases the risk of chronic disease through the life course and undermines child development. The end result of poor-quality housing is a significant impact on our health and hospital budgets, and our lifespans.

Insecure tenancy arrangements often mean affected families are unlikely to raise their concerns about unhealthy rental housing. Australia lags behind other nations in developing policies, initiatives and standards to tackle unhealthy housing.

Impacts of welfare policy on child poverty

Changes in welfare policy over the last two decades that affect the support provided to parents have had direct impacts on rates of child poverty, while the value of income support payments continues to fall behind rising living costs.

This report uses economic modelling techniques to model the impact of changes in policy settings on child poverty outcomes – including rent assistance, income support, and eligibility for single parent payments. The findings highlight how policy choices by Australian governments have contributed to increased rates of child poverty over the last two decades. They also demonstrate that child poverty rates can be reduced effectively by changing policy settings.

The scarring effect of childhood poverty

Poverty scars people. It gets under the skin. Children growing up in poverty often carry these scars with them for life.

Building on the work of our 2022 *Behind the Line* report,[1] this study compares the life outcomes of young people who experienced poverty in the family home with those that did not. In doing so it uncovers compelling evidence of poorer economic outcomes together with worse mental and psychological health. These findings hold true even after controlling for age, gender, Indigenous and ethnic background, future family status and educational achievement.

The HILDA survey data used in this study tracks the economic, social and health outcomes for the *same* individuals for up to twenty-two years. Hence, we are able to follow the progress of children and young people into their adult lives.

People who experience childhood poverty are up to 8 percentage points more likely to remain in poverty in adult life. The chances of securing future employment after a poverty in childhood are up to 11 percentage points lower compared to those who did not come from a poor childhood background, and they are significantly more likely to suffer from nervousness or feel unhappy with their lives for up to 10 years after leaving home.

This analysis reinforces our understanding of significant impacts living in poverty has on child development and wellbeing, and for how long these impacts endure over the course of young people's lives. The report's findings also demonstrate the scale of the economic return from targeted strategies to reduce poverty, as well as the positive social, psychological and health benefits from doing so.

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[1] Duncan A (2022). *Behind the Line: Poverty and disadvantage in Australia 2022.*

RECOMMENDATIONS

- Introduce a Child Poverty Reduction Act or a Future Generations Act that sets clear targets and reporting requirements for governments and their agencies at the national, state and territory levels to reduce child poverty and intergenerational inequality in Australia.
- Increase the base rate of JobSeeker Allowance and related social security payments by $20 per day as a minimum to lift recipients out of severe poverty, then index payments to CPI.
- Remove *Welfare to Work* provisions and return all single parents with children aged under 16 onto Parenting Payment Single, then index payments to CPI.
- Increase the level of Commonwealth Rent Assistance maximum payment by 30 per cent to better align CRA support with rental costs, then index CRA to changes in median rental costs.
- Tackle the structural issues driving the growth of housing unaffordability, introducing long-term reforms that moderate housing wealth and wind back the inequities in current capital gains and negative gearing policy settings.
- Introduce nationally consistent reforms to tenants' rights to improve security of tenure for private renters, including abolition of no ground's evictions.
- Introduce nationally consistent minimum standards for housing quality and health, including a mechanism for inspection and compliance where biotoxins threaten tenant health.
- Introduce nationally consistent minimum standards for new homes, progressively improving thermal efficiency.
- Introduce nationally consistent requirements for private rentals including mandatory energy ratings and health standards for advertised properties.
- Link state and territory compliance with nationally consistent standards and tenant protections to funding under relevant national partnership agreements on housing and homelessness.
- Promulgate a national education program on home health to improve understanding of the general population and at-risk cohorts.
- Increase investment in social housing to deliver quality new housing units on a scale that meets community need.
- Introduce universal school breakfast and lunch programs across all states and territories to ensure all children receive a nutritious diet and no child is marginalised.
- Ensure that household fees and charges for essential services remain affordable for low-income households, increasing concessions as needed.

Key findings

- Over 3.7 million people in Australia including nearly 823,000 children and 1.85 million households are living under a 'standard' (50 percent) poverty line in 2022.
- This represents 14.5 per cent of our population.
- The poverty rate increased by nearly half a million people between 2021 and 2022, driven by rising living costs and housing stress. This includes an additional 102,000 children moving into poverty.
- An estimated 71,000 children in WA (nearly 1 in 9, or 11.8 per cent) live in poverty in WA.
- Rising interest rates and essential living costs and a tightening housing market since 2022 suggest these numbers will be higher still in 2024.
- Rental costs for the average family rose 11.2 percent between 2020 and 2022, while rental costs for lower income families rose faster still, at 17.8 per cent.
- This will put nearly 21,000 more children into poverty in WA, including 13,600 more children in single parent families, and 7,000 in couple families.
- Single parent families and single person households are at the greatest risk of poverty.
- One in three single parent families (33.4 percent) are living below a 50 percent median poverty line, while over two in five (42.7 percent) are living below a 60 percent median poverty line.
- Single parent families represent 14.7 percent of families, hence there are 367,000 children in single parent families living below a 50 percent median poverty line.
- The proportion of children living in single parent households rose over 11 percent in the decade from 2013 to 2023.
- Couple households are at less risk of poverty, with one in six (16.3 percent) living below a 60 percent median poverty line and less than one in ten (9.3 percent) living below a 50 percent median poverty line.
- There are three times as many children living in couple households, hence while their risk of poverty is lower, the actual number is higher with 456,000 children in couple households living below a 50% poverty line.

Children in extreme poverty

- The risks of significant and severe poverty are also much higher for children in single parent households.
- 25,000 children live in severe poverty in WA (in families having to survive on less than $40 per day to cover all living costs once housing costs have been covered).
- One in five children in single parent households are living in significant poverty (40 percent of median) and over one in ten living in severe poverty (30 percent of median).

- A quarter of single parent families live in poverty in WA, including nearly 1 in 10 (9.6 per cent) single parent families living in severe poverty.
  - By comparison, only around one in twenty (5.4 percent) children in couple households are living in significant poverty and around one in forty (2.7 percent) are living in extreme poverty.
  - However, because there are more couple households, this represents this represents approximately 213,000 children in couple

households and 123,000 children in single parent families who are living in extreme poverty.

- The number of children in couple families living in poverty in WA nearly doubled between 2021 and 2022, rising from 18,600 to 34,300 children.

Impacts of housing and welfare policies

- Rates of child poverty have risen steadily over the last decade, particularly for children in single parent families.
- The implementation of Welfare to Work policies by the Howard Government in 2008 and their extension by the Gillard Government in 2013 had major impacts on child poverty rates.
- Poverty rates for single parent families rose consistently from around 23 percent in 2013 up to 33 percent in 2022.
- Changes to be introduced to eligibility for Parenting Payment Single by the Albanese Government are expected to have a positive impact on child poverty rates in single parent families.

Child poverty at state and territory level

- Overall poverty rates have risen consistently across states and territories during the last decade.
- Child poverty rates show much greater variability at the state and territory level, with poverty rates rising more in the larger states and appearing to fall in some smaller states (WA & SA).
- Further analysis suggests this variability may be attributed to relative changes in income distribution patterns at the state level.

Unaffordable and Insecure Housing

- Rising housing costs are the biggest single factor impacting living costs for all Australians.
- The cost of living for low income families (i.e. those in the lower quartile of incomes) is disproportionately affected by the cost of housing.
- While average rental costs increased by 11.2 percent between 2020 and 2022, lower quartile rents rose by 17.8 percent – an additional 6.6 percent.
- Median rental costs have continued to rise over the last two years – increasing by 16 percent and 12 percent in 2023 and 2024 respectively in WA.
- Our projections suggest rental increases in WA will result in the child poverty rate rising from 11.8 percent in 2022 to 15.2 percent in 2024.
- This will equate to an additional 21,000 in WA along living below the poverty line.
- Lower quartile rental properties tend to be older, of poorer quality and lower thermal efficiency, and are often located further from jobs, schools and services.
- Analysis of HILDA data shows a consistent and rising pattern of renters moving house over the last decade.
- The number of renters who move to find cheaper housing varies significantly over the economic cycle as a result of financial pressures and the availability of affordable and appropriate housing.
- Overall, one in thirteen families who are forced to move are unhappy with their new home.

- During periods of rising rental costs and reduced availability we would expect fewer households to move unless they are forced to, as their choices will be limited and the outcomes much poorer.
- Renters who move to find cheaper housing are more likely to be unhappy with their home. This relative unhappiness increases further when average rents are high and fewer properties are available.
- Renters who move to find cheaper housing are also much more likely to report lower overall satisfaction with life. Their level of overall dissatisfaction is worse when rents are high and fewer properties are available.
- In recent years renters who moved for cheaper housing during a period of historically low vacancy rates and historically high rental costs are six times as unhappy with life.
- Parents forced to move to cheaper housing show much higher levels of psychological distress, on average twice as high as those who did not move or moved for other reasons.

Unhealthy housing and child wellbeing

- Lower income families are much more likely to live in older and poorer quality housing.
- Unhealthy housing exposes children and families to more extreme temperatures, with damp, mould and other biotoxins presenting a major risk to health.
- Over 2.5 million Australians are estimated to be living in unhealthy housing.
- Cold and damp housing are directly linked to increased risk of asthma, allergy and respiratory conditions.
- Growing up in unhealthy housing increases a child's risk of serious and chronic disease.
- Australia lags behind our counterparts in the US, UK and New Zealand in developing policies, initiatives and standards to reduce the health burden of unhealthy housing.
- Families living in insecure private rental properties are unlikely to raise concerns with unhealthy housing with their landlord due to the lack of legal protections around housing health and security of tenure.

Impacts of policy changes on child poverty

- This report uses economic modelling techniques to model the impact that changes to policy in recent years could have had on outcomes and poverty rates for children and families living in poverty.
- We modelled the impact of increasing Commonwealth Rent Assistance (CRA) by 30 percent in 2019 then indexing to rental increases thereafter for single parent families and couples with children.
- Changing CRA alone reduced and stabilised the poverty rate for single parent families, which fell and stayed a 35 percent rather than rising to 38 percent.
- However changing CRA alone was not enough to have a serious impact on child poverty rates in single parent families.
- Changing CRA alone had less impact on poverty rates for couples with children, where incomes a generally higher and rental costs are a smaller proportion of the household budget.

The scarring effects of childhood poverty

- Persistent poverty is shown to be damaging to health and wellbeing.
- Families living in poverty often go without meals and cannot afford the heath their home.
- Poverty also leads to increased social isolation, undermining children's social development and sense of belonging.
- People living in poverty for at least five of the last ten years are 3 times more likely to suffer acute mental stress compared to people who have never experienced poverty.
- Growing up in poverty scars children and affects their economic, social and health outcomes in adulthood.
- This report finds that young people from a poor family experience worse economic and employment outcomes and poorer mental and psychological health.
- Young people who experience childhood poverty are up to 8 percentage points more likely to remain in poverty in adult life.
- The probability of employment is up to 11 percentage points lower for children who experienced poverty in childhood.
- Poor children are significantly more likely to suffer from nervousness or feel unhappy with their lives for up to 10 years after leaving home.
- Targeted strategies to reduce child poverty will deliver economic returns, and positive social, psychological and health benefits.

INTRODUCTION: THE IMPACT OF CHILD POVERTY IN AUSTRALIA

The health and wellbeing of any society, together with its prospects for future growth are best measured by the way in which it cares for and nurtures its children. They are its future.

A smart and forward-looking community nurtures its children and young people, creating a happy and healthy environment in which they can develop and thrive.

Unfortunately, this is not something that we are no longer doing as a nation.

The reality of child poverty in Australia is a sobering and disappointing one. More than one in six Australian children are growing up in poverty. Child poverty diminishes us all. We are one of the wealthiest nations at what is arguably the wealthiest time in our history. We can mobilise huge resources to transform our planet, and yet somehow, we cannot get it together to make sure all of our children have what they need to develop to their full potential.

Growing up in poverty impacts directly on physical, cognitive, social and emotional development. Poor nutrition in childhood directly limits physical development, while hungry children struggle to pay attention in class, missing out on learning opportunities. Growing up in poor quality and unhealthy housing increases the risk of serious and chronic illnesses, increasing the burden of disease through the life-course.

Children are sensitive to their environment, and their sense of safety and wellbeing is easily undermined by living up in a household experiencing financial stress, parental anxiety and conflict. Far too often the lack of resources in childhood also excludes us from participating in the social life of our community, missing out on sports and excursions, and undermining our sense of belonging. Children have an innate sense of inclusion and fair play, which is undermined by these inequalities.

This Bankwest Curtin Economics Centre special report provides the latest examination of the prevalence of child poverty within Australia, how this has changed over time, and which groups of children and young people in our society face the greatest risks of financial hardship. We look at the experience of poverty in childhood, and how that then effects life outcomes, including income, mental health and wellbeing through later life.

We also examine how poverty rates compare across Australia's states and territories, and consider the interaction between child poverty, housing affordability, amenity and quality – picking up on the impact of unhealthy and poor-quality housing on young lives.

This report follows the Centre's 2022 *Behind the Line* report and the 2014 *Falling Through the Cracks* report,[2] exploring the prevalence of deeper degrees of poverty, surfacing issues that highlight how poverty affects people's livelihoods and life chances, and their sense of wellbeing.

[2] Cassells et.al (2014). *Falling Through the Cracks: Poverty and disadvantage in Australia*.

Defining poverty

One established and widely used approach to modelling the incidence of income poverty is to assess the share of the Australian population whose incomes fall below a particular threshold. This includes a commonly used ('standard') benchmark of half (50 percent) the typical (median) per capita equivalent household income, controlling for housing costs and adjusting for differences in family composition - one that is generally deemed sufficient to deliver an adequate standard of living.

Other approaches include using higher and lower thresholds – with 60 percent of the median equivalised household income used as the standard in the OECD, and lower thresholds (including 40 and 30 percent) used within this report as indicators of 'significant' and 'severe' income poverty. Another way to approach the issue is to use 'deprivation' measures, that is, to look at the individual elements of what as a community we consider a modest but decent standard of living, then survey the population to understand the extent to which some households are going without. This report also uses deprivation measures at key points of our analysis to get a better read of the impacts of poverty on children and households, and to ground truth and calibrate our findings.

The representative population data we use for this report is drawn from the Household Income and Labour Dynamics in Australia (HILDA) survey managed by the Melbourne Institute. The data are longitudinal, which allows us to track individuals over a period of twenty years. The HILDA survey contains exceptional details of people's incomes, labour force and work patterns, socioeconomic characteristics and education outcomes, as well as a host of information on life events, attitudes and measures of subjective well-being.

The income measure we use is total household disposable income after housing costs, the benefits of which are assumed to be shared across family members. This means that all members of the same household are assumed to have the same status of poverty. Depending on the nature of the income sharing within households, this may or may not be true. However, there is insufficient information in most household surveys to capture different circumstances where not all family members are able to access household resources to the same degree.

Poverty rates are assessed by calculating the percentage of people whose real *equivalised household disposable incomes* fall below different fractions of the median. Equivalisation is a method of standardising income to take account of household size and composition differences. Here, we use the OECD modified equivalence scales to standardise income. These scales apply 1.0 for the first adult in the household, 0.5 for any subsequent adults and 0.3 for children.

Our modelling reveals a 'standard' poverty line of $453.50 per person per week in 2022 once housing costs have been paid.

The prevalence of child poverty in Australia

Our analysis reveals that just over 3.7 million people in Australia including nearly 823,000 children were assessed as living under a ‘standard’ poverty line of 50 per cent of median income in 2022 (**Table 1**). This represents 14.5 per cent of our population.

An estimated 71,000 children (nearly 1 in 9, or 11.8 per cent) live in poverty in WA. This includes 25,000 children growing up in severe poverty (that is, in families having to survive on less than $40 per day to cover all living costs once housing costs have been covered).

The poverty rate increased by nearly half a million people between 2021 and 2022, driven by rising living costs and housing stress. This includes an additional 100,000 children moving into poverty.

Those conditions for rising interest rates and essential living costs and a tightening housing market have continued throughout 2023 and into 2024, further exacerbating the financial stress and hardship experienced by Australian families on low, fixed and uncertain incomes.

While rental costs for the average family in WA rose 11.2 percent between 2020 and 2022, rental costs for lower income families rose faster still, at 17.8 per cent. Costs have continued to rise over the past two years, with median rents rising by 16 per cent and 12 per cent respectively in 2023 and 2024.[3]

Increasing financial hardship in the face of rising essential living costs has seen child poverty in Australia rising to approach 2019 levels – effectively reversing the commitments and measures put in place by the incoming Albanese Government to reduce child poverty rates.

Table 1. Share of children and households in poverty 2019 to 2022.

	Income poverty rates and numbers						changes in poverty rates and numbers			
	2019		2021		2022		2019 to 2022 (3 years)		2021 to 2022 (1 year)	
Units	#	%	#	%	#	%	count	ppt	count	ppt
Households	1,581,131	16.2	1,620,515	16.3	1,846,225	18.2	+265,094	+2.0	+225,710	+1.9
Persons	3,367,513	13.6	3,202,467	12.8	3,699,572	14.5	+332,059	+0.9	+497,105	+1.7
Childen	852,006	14.9	720,906	12.5	822,734	14.5	-29,272	-0.4	+101,828	+1.9

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors’ calculations based on HILDA Survey Waves 19 to 22.

Risks and rates of poverty vary greatly by household type. Of the 1.85 million households living below the poverty line, those at greatest risk of poverty are single parent families and single person households. One in three single parent families (33.4%) are living below a 50% median poverty line, while over two in five (42.7%) are living below a 60% median poverty line – the standard applied across most developed nations including the European Union, the World Health Organisation and World Bank. A quarter of children in single parent families live in poverty in WA, including nearly 1 in 10 (9.6 percent) of single parent families living in severe poverty (below 30 percent of median income).

By comparison there is a smaller proportion of couple with children households experiencing poverty, with one in six (16.3%) living below a 60% median poverty line and less than one in ten

[3] According to data from the Real Estate Institute of Western Australia (REIWA) August 2024.

(9.3%) living below a 50% median poverty line. The number of children in couple families living in poverty in WA nearly doubled between 2021 and 2022, rising from 18,600 to 34,300 children.

From a policy perspective it is important to note that there are more children growing up in couple households overall, with 1.1 million single parent families as of June 2023 (14.7% of all families) compared to 7.9 million dual parent families. Hence if we consider the raw numbers of children growing up in poverty in Australia, there were 367,000 children in poverty in single parent households and 456,000 children in couple households in poverty (using 50% median), that is, 89,000 more children living in poverty in couple households. Hence if we are serious about addressing child poverty, we need to implement poverty measures that both prioritise the plight of children in single parent families, and also make a difference to the incomes and outcomes of children in two parent households living in poverty.

The proportion of children in single parent families living in poverty rose 11.2% over the decade between 2013 and 2023, adding to the risk of poor child development outcomes and the pressing need to address their financial security.

Incidence of children living in extreme poverty

Our analysis also allows us to look at the depth of poverty, using 40% and 30% median poverty lines to consider the proportion of households experiencing significant and extreme poverty.

This highlights that the risks of extreme poverty are much greater for children living in single parent households, with one in five living in significant poverty (40% median) and over one in ten living in severe poverty (30% median). Policy measures that increase incomes and provide targeted support to single parent households will hence have a greater impact on child poverty and wellbeing outcomes.

By comparison, only around one in twenty (5.4%) children in couple households are living in significant poverty and around one in forty (2.7%) are living in extreme poverty. Again, when we consider the raw numbers, this represents approximately 123,000 children in single parent families and 213,000 children in couple households living in extreme poverty (**Figure 1**). Hence any policy frameworks that seek to bring an end to child poverty need to both target support to children in single parent families and ensure those in couple households living in extreme poverty are also assisted.

Considering the depth of poverty is important because children in families living in extreme poverty are much more likely to experience multiple depravations that impact directly on their health and development. They are much more likely to experience malnutrition that limits their cognitive development. They are much more likely to experience social isolation and miss out on access to early childhood education, which impacts on their social development. And they are much more likely to experience emotional stress, poor parental mental health, and family violence, that impacts on their emotional development, capacity for self-regulation and lifelong mental health.[4]

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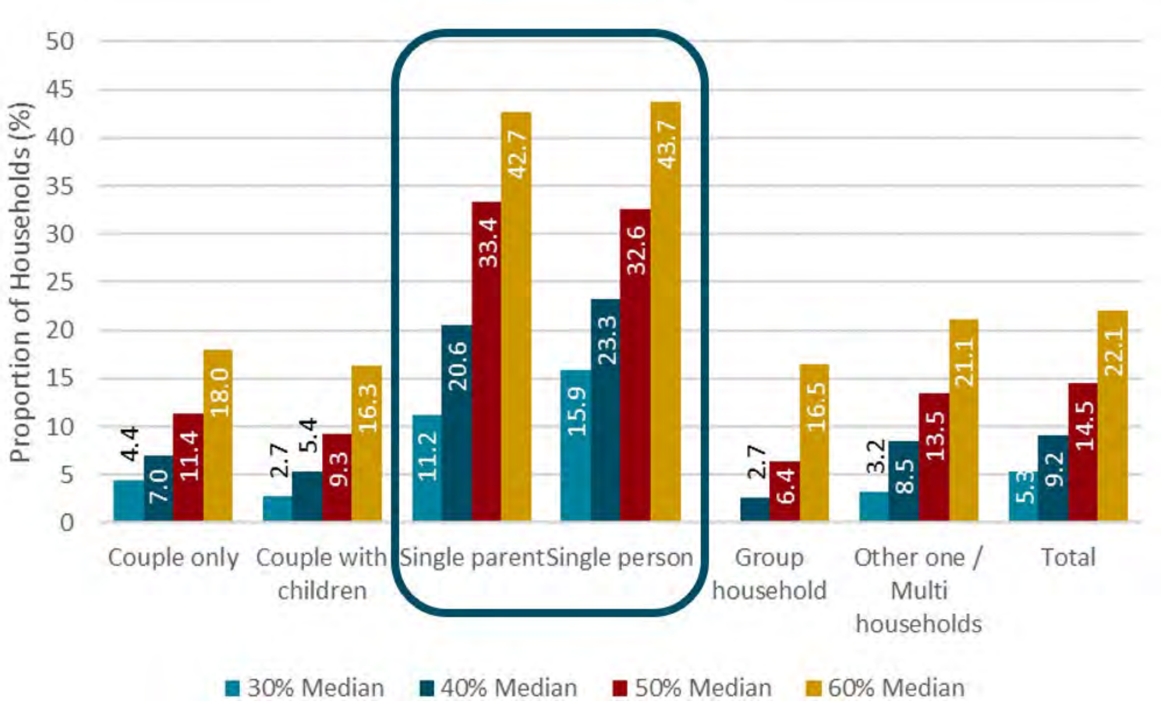
[4] See for example Rioseco, P., Warren, D. and Daraganova, G. (2020). *Children's social-emotional wellbeing: The role of parenting, parents' mental health and health behaviours.* Emerging Minds working paper. Stock, L., Acqauh, D., Molloy, D. and Piergallini, I. (2017) *Inter-parental relationships, conflict and the impacts of poverty.* Early Intervention Foundation UK.*These issues are discussed in more detail in the section on page 26.*

Figure 1: Shares of people at different depths of poverty by household type 2020



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey wave 2 to 20.

Children living in significant and extreme poverty are also much more likely to experience housing insecurity, which both further adds to family stress and can impact significantly on their social development and emotional connection – as they are forced to shift houses, neighbourhoods and schools, losing important connections to friends, support services, teachers and other and trusted adults (as discussed further below).

Children living in poverty are also much more likely to be living in low socio-economic areas where housing is more affordable, but poorer quality and likely to be unhealthy. In these areas they are also less likely to have access to quality environments within which they can play and grow safely.

Child poverty, household type and the impacts of welfare policies

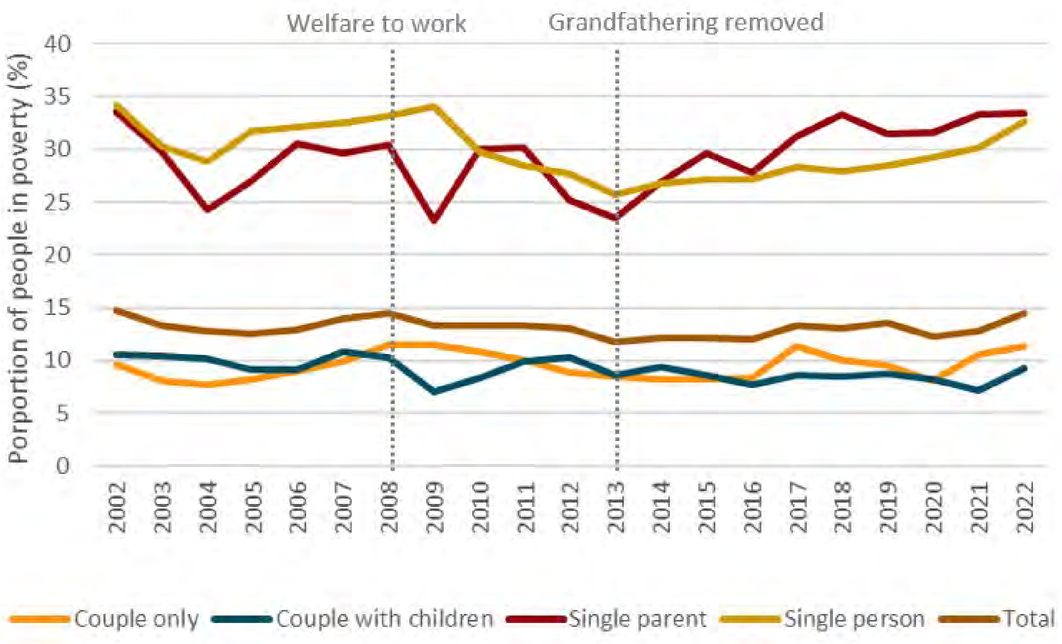
Our analysis in this report has highlighted that children in single parent households are more likely to grow up in poverty and are at much greater risk of experiencing extreme poverty and material depravation. Further analysis of comparative child poverty rates over time enables us to better understand how government decision concerning welfare and income support policies have changed these risks, shaping children's outcomes and the future prosperity and wellbeing of our community.

Looking at poverty rates over the last two decades shows significant variation across the political and economic cycle, with rates of poverty for couple households (with and without children) consistently lower and remaining relatively stable, while single persons and single parent families show higher poverty rates overall which are in turn more sensitive to changes in government policy. We can also observe indications of rising poverty rates for all household types in the post-COVID inflationary period, with this trend likely to continue for some time into the future.

Figure 2 highlights a rising trend in poverty for single parent households over the last decade, with the gains made in reducing poverty between 2008 and 2013 largely eroded in recent years. Poverty rates for single parent households rise consistently from around 23% in 2013 up to 33% in 2022.

This directly reflects the impacts of the Howard era 'welfare to work' policies that saw single parents (predominantly single mothers) moved from the single parent pension to much job-search allowances when their youngest child reached 8 years of age. While this measure was initially introduced in 2006, the implementation of the main third stage occurred in 2008-09 – producing the blip we can see in the transition year.

Figure 2: Share of people in poverty by family type: 2002 to 2022



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 2 to 22.

Welfare to Work as originally introduced included 'grandfathering' provisions, so that it only applied to new applicants for Parenting Payment Single, initially representing a comparatively small proportion of single parent families gradually growing over time.[5] The decision in 2013 by the Gillard Government to remove these grandfathering provisions greatly expanded the number of single parent families affected (from 198,200 to 320,828 recipients as of May 2012), as seen in rising single parent poverty rates from 2012 on in **Figure 2**.

The changes to eligibility for Parenting Payment Single were partially overturned by the Albanese government in the 2022-23 Budget, with changes introduced to raise the eligibility cut off to when the youngest child turns 14 (rather than 8 years old) from July 2024. The Government estimates that the change will cost $1.9 billion over the 4 years to 2026–27 and will benefit at least 57,000 single principal carers.[6] This will see payments and supplements rise from $761.30 per fortnight to $967.90

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[5] *Expanding eligibility for Parenting Payment Single and ending ParentsNext*. Parliamentary Library 2023. See also *Child support and Welfare to Work*, Australian Institute of Family Studies (2010). Note the implementation of the main third stage of Welfare to Work was in 2008-09, producing a transitional blip in poverty rates.

[6] Joint Media release, *Extending the financial safety net for single parents*. Prime Minister, Minister for Women, Minister for Social Services. 8 May 2023.

per fortnight for affected households. As of December 2022, there were 230,830 recipients of Parenting Payment Single and an additional 85,580 single principal carers receiving Job Seeker Payment or Youth Allowance (316,410 in total), 95% of whom are female.

No evidence has been presented to date to justify the decision to change the eligibility age to 14 rather than 16 years old in partially overturning these *Welfare to Work* policies, and there is no reason to think that the cost of feeding and supporting a 16-year-old are likely to be any less.

These changes also coincided with a decision to abolish the punitive *ParentsNext* employment program from 1 July 2024, with compulsory participation requirements under the Targeted Compliance Framework paused from 5 May 2023. The 2019 Senate inquiry into *ParentsNext* was highly critical of this program, finding that it was unnecessarily causing anxiety, distress and harm for many of its participants.[7] These findings were confirmed by the *Select Committee on Workforce Australia Employment Services* in 2023 which recommended they be abolished (in June 2024 at end of contract) and replaced with a new pre-vocational service, co-designed with parents, carers and their advocates, 'which focuses on building participants' capacity and which values raising children.'[8]

It is also important to note a significant rise in poverty rates across all household types between 2021 and 2022 in Figure 3. This is directly linked to rising essential living costs (and falling wages and household incomes in real terms) during the recent post COVID inflationary period. The data indicates that poverty rates for couples with children rose substantially in 2022 – with an increase from around 6% to over 9% of these households falling below a 50% median poverty line. This is indicative of an additional 226,000 households and 102,000 children now living in poverty (see **Table 2** above).

The period since this population poverty data was collected in 2022 has seen continued inflation impacting substantially on essential living costs, particularly food, housing, energy and transport. Hence it is likely that the rates of families with children now living in poverty have continued to rise in 2024, and are likely to keep rising for some time, until real household incomes are able to catch up and make up for these rising living costs.

Child poverty at the state and territory level

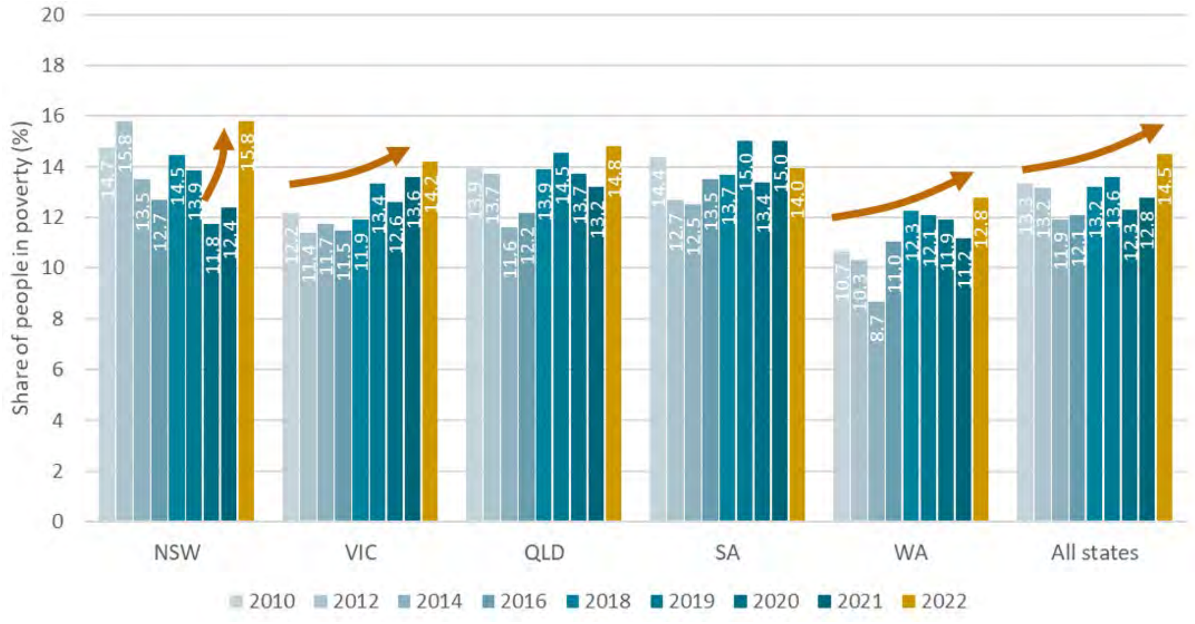
Breaking down the share of people living below the poverty line (50% median) by state and territory since 2010, shows a general trend of rising poverty rates across all states, with some significant variation between jurisdictions (see **Figure 3**). This variation is important, because it demonstrates that extent to which policies and programs at the state and territory level can have significant impacts on poverty levels within their populations, despite the fact that many of the levers for income support and welfare policy are held at the national level.

Victoria and Western Australia show the most consistent trends over the last two decades, with poverty rates rising by around one percent per decade (from lower initial base rates), while New South Wales shows a significant and dramatic rise in poverty rates over the last three years to take it from one of the lowest rates to the highest.

[7] Parliament of Australia, Community Affairs References Committee (2019) *Inquiry into Parents Next*

[8] Parliament of Australia (2023) *Select Committee on Workforce Australia Employment Services*

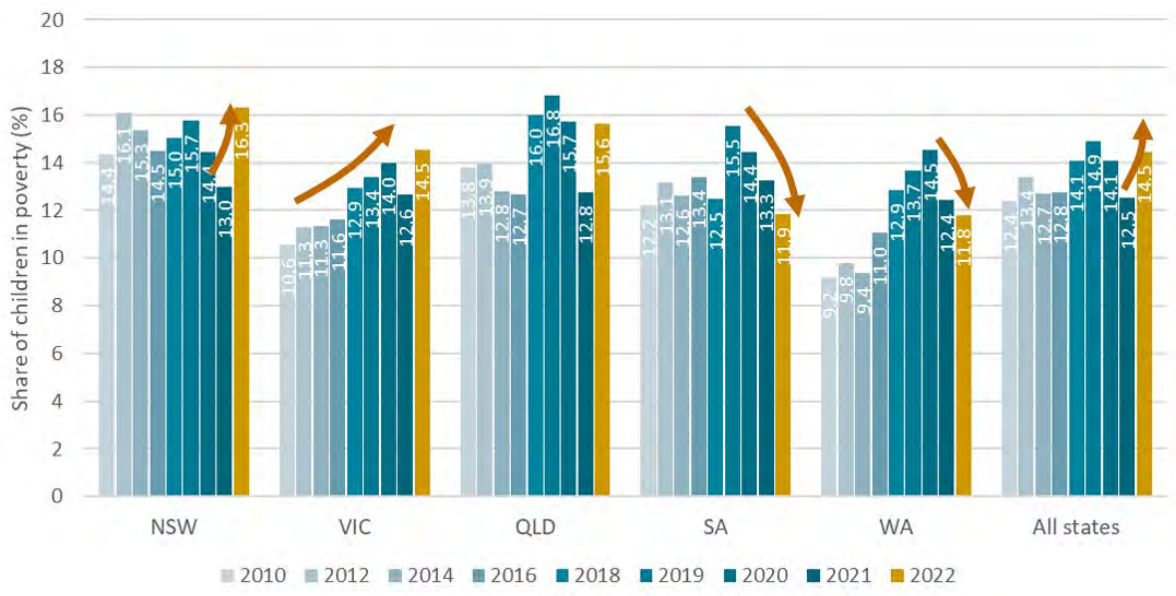
Figure 3: Share of people in poverty by state or territory 2010-2022



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 10 to 22.

Focusing on poverty rates at the population level however masks substantial variation in underlying rates of child poverty at the state and territory level (see **Figure 4**). Here we can observe that, while there has been an overall trend of rising child poverty in Australia in recent years, this has been largely driven by significant rises in child poverty rates in the larger (more populous) states (NSW, Victoria and Queensland) where we see child poverty rates have risen between 2 to 4% in the last couple of years. At the same time child poverty rates in the smaller states (South Australia and Western Australia) have fallen by 3 to 4%.

Figure 4: Share of children in poverty by state or territory 2010-2022



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 10 to 22.

THE IMPACT OF UNAFFORDABLE AND INSECURE HOUSING

The rising cost of housing has been the largest single factor contributing to financial stress for Australian households in recent years. Taken together, the combined pressures of rising interest rates in the post COVID and a chronic nationwide shortage of affordable housing have had a significant impact across our community. Given the current challenges with housing supply, with skills shortages and increasing delays and defaults in the construction industry, this is not a problem that will go away anytime soon. There is likely to be significant delays before housing supply can catch up with population growth, with the lack of housing also mitigating against increased immigration as a means of addressing workforce shortages.

While much of the national debate has focused on housing starts and completions, mortgage defaults, and the relative needs of first home buyers versus 'mum and dad' investors in the property market, the real housing crisis is that being experienced by lower-income households in the rental market.

Lower income households with children are much more likely to be living in the private rental market. This is important for a number of reasons: Firstly, it means that they are likely to have experienced significant rises in their weekly rental costs, as rents have risen steeply in the post-COVID period. Secondly it means that their housing tenure may be precarious – with little guarantee of continuity of tenure and few protections for tenants' rights in Australia (particularly WA where no-cause evictions are still permissible). Thirdly it also means that they are likely to be in poor quality housing of poor thermal efficiency (which is difficult and expensive to keep cool in summer or warm in winter). Further they have little choice and control when it comes to housing quality and are limited in their ability to renovate to improve thermal efficiency and mitigate the impacts of climate and reduce the cost of heating and cooling.

Figure 5: Changes in average, median and lower quartile rental costs 2015-2022

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 10 to 22.

Using HILDA data, we are able to analyse changes in the amount that individuals and families are actually paying in rent over time. This payment data gives us a better picture of actual rental stress than housing industry data that relies on advertised rents for new properties, which can lag behind rental increases and may underestimate rental costs where they are subsequently bid up before letting. **Figure 5** shows changing rental costs for households with children between 2015 and 2022.

The difference between the rises experienced by households paying lower quartile rents versus mean and median rental rates is stark and significant. While average rents increased by 4% in 2021 then again by 7.2% in 2022 (a total of 11.2%) lower quartile rents increased by 7.6% in 2021 and again by 10.2% in 2022 (a total of 17.8%). This means that the lowest income renters with children continue to endure the highest rental cost increases, despite having more limited incomes, less capacity for discretionary spending, and already being likely to spend a higher proportion of their weekly income on rent.

Median rental costs have continued to rise over the last two years – increasing by 16 percent and 12 percent in 2023 and 2024 respectively in WA.[9] Our projections suggest rental increases in WA will result in the child poverty rate rising from 11.8 percent in 2022 to 15.2 percent in 2024. This will equate to an additional 21,000 in WA along living below the poverty line. This result shows the disproportionate impact of prices growth on those on low incomes, as the rising cost of essential items pushes many more under the poverty line.

These properties are also likely to be older and of poorer quality build, with much lower thermal efficiency – meaning that they will also be much more expensive to heat and cool, and more likely to contribute to poor child health and elevated rates of chronic disease (as discussed further below). They are also more likely to located in older working suburbs and urban fringe areas that are often further from jobs, schools and support services, adding to travel costs and restricting access to key opportunities and supports.

Housing insecurity and the impacts of moving on child wellbeing

The HILDA data also enables us to look more closely at the numbers of renters who have chosen or were forced to move house during the last decade (see **Figure 6**). There is a gradually rising trend in numbers of households moving from year to year (orange line), which indicates a comparatively high level of churn among families with children in the rental market.

Housing insecurity can have significant impacts on child development and wellbeing. Insecure housing adds to family stress, undermining parental mental health and bonding, potentially contributing to family conflict.[10] Moving house can impact significantly on a child's social development and emotional connection – because shifting houses often also means changing neighbourhoods and schools, losing important connections to friends, support services, teachers and other and trusted adults.[11] Depending on the child's stage of development and emotional security, moving house can severely disrupt their sense of security and control. Multiple moves during

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[9] The Real Estate Institute of Western Australia (REIWA) data, August 2024.

[10] Ong-Viforj R., Singh R., Baker E., Bentley R., Hewton J.(2022) *Precarious housing and wellbeing: A multi-dimensional investigation.* AHURI Final Report. No. 373.

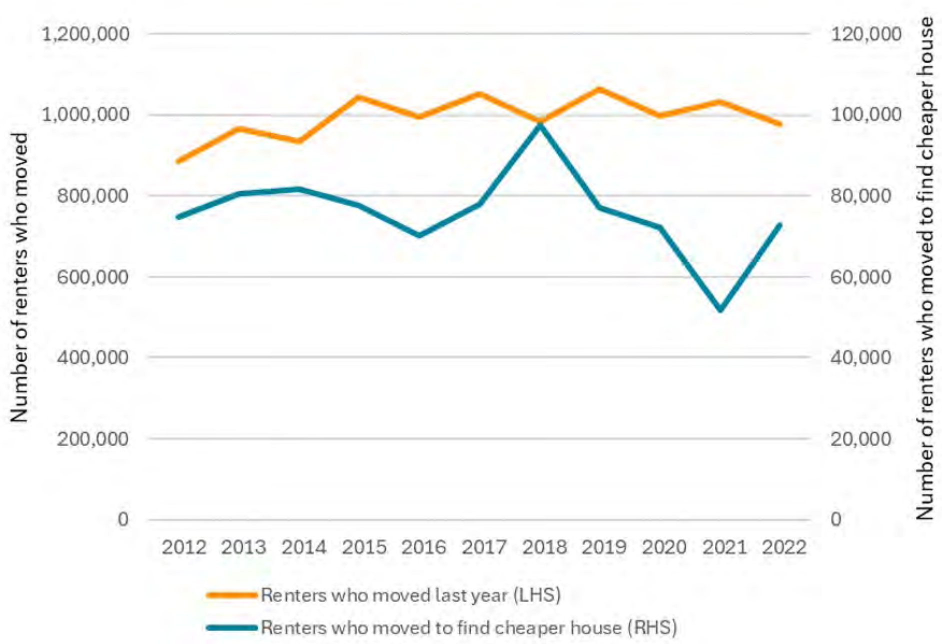
[11] Li et al. (2022). *Understanding the mental health effects of instability in the private rental sector: A longitudinal analysis of a national cohort.* Social Science and Medicine, 296, art. no. 114778.

childhood have the potential to severely disrupt relationship building and attachment and undermine educational progress and achievement.[12]

The HILDA survey includes a question on the reason for moving that allows us to look at movement rates and outcomes for families with children who moved to find a cheaper house (the blue line in **Figure 6**). Note that the number of moves is lower overall, hence we expect to see higher year-on-year variability in the blue line. There is a notable spike in families moving to find cheaper housing in 2018, with a dip in 2021 that coincides with the moratorium on rental evictions during the COVID management period. It is unclear whether the sharp rise in numbers of families moving to find cheaper housing between 2021 to 2022 merely reflect a return to trend after the moratorium. It is likely that more recent increases in rental price setting during the post COVID inflationary period has yet to translate into families choosing to move to cheaper housing, as opposed to a higher rate of evictions linked to increasing rents.

It is possible that the responses to the survey question documented in this graph are masking a more complex picture for lower income households. On the one hand, the data is very clear that rental costs have risen sharply for families since 2021, particularly those in the lower quartile of rental properties (Figure 4 above). At the same time however, we have record low vacancy rates, with the market rental prices being asked for advertised properties rising sharply – hence it is increasingly unlikely that a lower income family with children who are struggling to pay the rent will be able to find a cheaper property to move to. Further, where they can find such a property it is likely to be of much poorer quality and amenity and further out onto the urban fringe.

Figure 6: Estimated count of renters moving by reason 2012 – 2022

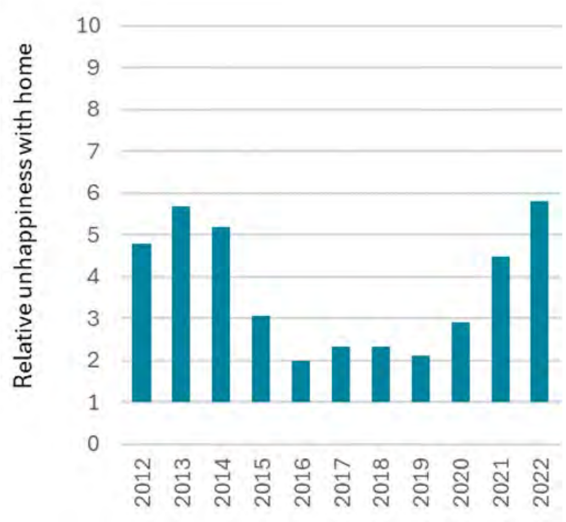


Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 12 to 22.

[12] Baker et al. (2019a). *How does household residential instability influence child health outcomes? A quantile analysis.* International Journal of Environmental Research and Public Health, 16 (21), art. no. 4189.

Using the HILDA data, we can also look at families' satisfaction with their housing, comparing their unhappiness with their housing conditions for those who have made the decision to move to cheaper housing, compared to those who moved for other reasons (see **Figure 7**). Overall, one in thirteen families who are forced to move to a cheaper house are unhappy with their new home. The relative unhappiness of families forced to move has risen to 6x the rate for families who move for other reasons.

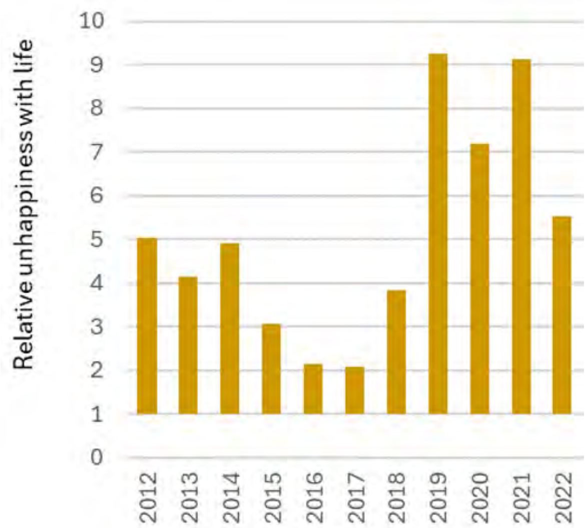
Figure 7: Relative unhappiness with home when moving for cheaper housing 2012 – 2022



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 12 to 22.

Forced moves also have a wider impact on overall life satisfaction. Comparing the relative unhappiness of families who moved to find cheaper housing shows that they are far less satisfied with their lives than those who moved for other reasons (Figure 9). We can see their comparative level of dissatisfaction with life has grown with rising rental costs and reduced rental vacancy rates (hence limited and poorer choices) in recent years, leaving households forced to more *six times* as unhappy with life.

Figure 8: Relative overall life satisfaction when moving for cheaper housing 2012 – 2022

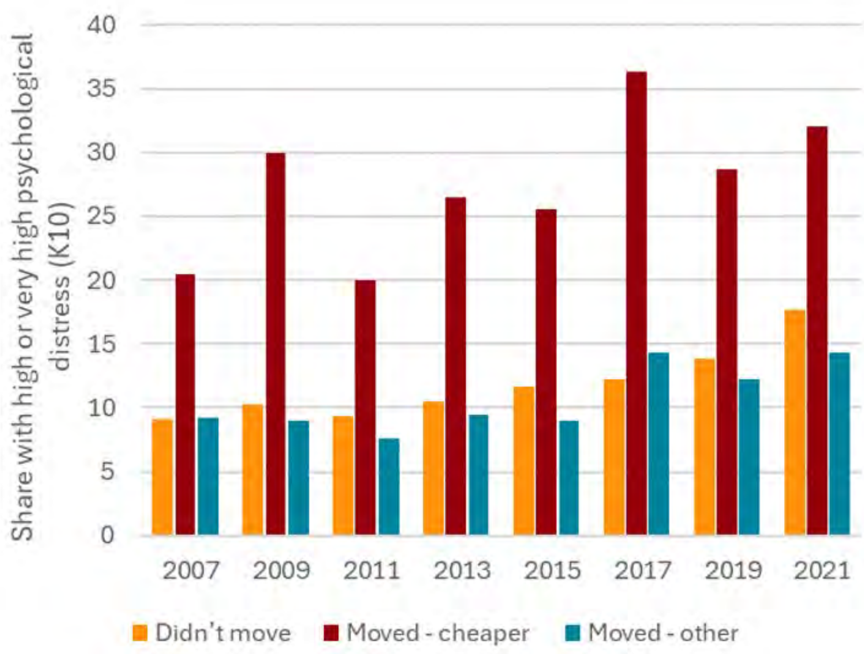


Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 12 to 22.

Similarly, **Figure 9** shows that parents recently forced to move house for financial reasons score much higher on measures of psychological distress on the Kessler scale (K10)[13] with some indications of this trend strengthening during periods of high rental costs and low rental availability – where we'd expect choices are more limited and outcomes are poorer.

In comparison, families that did not move and those who moved for other reasons demonstrate comparable and much lower rates of psychological distress, with those who moved for other reasons doing marginally better overall – suggesting these choices were life-affirming ones with better overall outcomes. While the HILDA survey questions in these figures only directly measure parental satisfaction and wellbeing, other research findings also indicate that parental unhappiness and poor mental health impact directly on child development, security of attachment, health and wellbeing.[14]

Figure 9: Relative unhappiness with home when moving for cheaper housing 2007 - 2021



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 7 to 22.

Research by the Australian Housing and Urban Research Institute also found a strong relationship between precarious housing and wellbeing (Ong et al. 2022), with forced moves resulting in a 1.6 percent decline in the wellbeing index and a 1.7 percent decline in the mental health score, while

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[13] US National Health Interview Survey. Kessler Scale of Psychological Distress (K10).

[14] See for example Rioseco, P., Warren, D. and Daraganova, G. (2020). *Children's social-emotional wellbeing: The role of parenting, parents' mental health and health behaviours.* Emerging Minds working paper. Stock, L., Acqauh, D., Molloy, D. and Piergallini, I. (2017) *Inter-parental relationships, conflict and the impacts of poverty.* Early Intervention Foundation UK.

unaffordable housing resulted in a 0.8 percent decline in wellbeing and a 0.5 per cent decline in mental health.[15] The report concluded that policy reform to increase tenure security in the private rental sector would increase tenant wellbeing.[16] It also suggested that there remains significant scope to reform existing housing assistance programs to improve wellbeing through better targeting and integration of housing and non-housing measures. It also found that existing Commonwealth Rent Assistance (CRA) levels and structure were insufficient to achieve affordable housing outcomes or assist with housing quality and security of tenure.

The impacts of unhealthy housing on child wellbeing

Lower income households with children are much more likely to be living in older, lower quality housing with poor thermal efficiency. Further this housing is often in poor repair, with leaky roofs, walls and floors. This applies equally whether they are in the private rental market in Australia or able access some of our limited stock of social housing properties. Over 2.5 million Australians are estimated to be living in unhealthy housing.[17]

The impacts of poor quality and unhealthy housing on children's health and development are well documented. Leaky houses, rising damp and the presence of black mold and other biotoxins can create significant health challenges for all residents, particularly for babies, toddlers and young children. Cold and damp housing are directly linked to the prevalence and increased risk of asthma, allergy and respiratory conditions[18] which have in turn been shown to impact directly on cognitive development and life-long health and wellbeing. Recent estimates put the added health burden of increased respiratory and cardiovascular disease that can be attributed to unhealthy housing in Australia at three times the health cost burden of sugary drinks.[19]

A recent House of Representatives inquiry (2018) into biotoxin-related illness reported impacts on health and economic well-being of occupants living in mold-affected housing, recommending the publication of official health advice, inclusion in our national preventative health strategy, improved housing standards and requirements for landlords to remediate.[20] The impacts of unhealthy housing on child development and family wellbeing has also been recognized internationally as significant public health challenge, with the World Health Organisation releasing evidence-based guidelines for

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[15] Ong ViforJ, R., Singh, R., Baker, E., Bentley, R. and Hewton, J. (2022) *Precarious housing and wellbeing: a multi-dimensional investigation*, AHURI Final Report No. 373, Australian Housing and Urban Research Institute Limited, Melbourne, doi: 10.18408/ahuri8123801.

[16] Including regulation of lease terms (i.e. contract length) and rent levels, as well as abolishing without grounds terminations. (Ong et al. 2022).

[17] Baker et.al. (2019). *An Australian geography of unhealthy housing*. Geographical Research Vol 57, Issue 1, pp40-51.

[18] Coulburn et.al. (2022); Groot et al. (2023); Ingham et al. (2019); Dockery et al. (2013); Australian Government, Department of Health and Aged Care (2023); Asthma Australia (2023).

[19] The Conversation (2020), *Mold and damp health costs are about 3 times those of sugary drinks*. 26 October 2020. See also Baker et al. (2019). *An Australian geography of unhealthy housing*. Geographical Research Vol 57, Issue 1, pp40-51.

[20] Commonwealth of Australia (2018). *Report on the Inquiry into Biotoxin-Related Illnesses in Australia*. Parliament of Australia; Canberra, ACT, Australia. House of Representatives standing committee on health aged care and sport.

healthy housing policies in 2018.[21] Australia lags behind our counterparts in the United States, the United Kingdom and New Zealand in acknowledging the impact of unhealthy housing on the burden of disease and introducing policies to drive better standards and outcomes.[22]

As things stand however, tenants in private rental or social housing properties have limited ability to seek repairs and improvements to the quality and amenity of their housing. In the absence of tenant's rights and meaningful security of tenure, most renters are reluctant to pursue landlords to rectify and renovate damaged, poorly built and leaky housing as they are aware they can be evicted at any time without cause. When tenure is insecure and there is a lack of meaningful options to access affordable and appropriate housing nearby most parents will not want to risk their children's wellbeing, their connection to school, friends, sporting and social activities by moving.

Security, continuity and a place to call home are critical to child development and wellbeing, hence improving the security of tenure and ensuring we are creating healthy homes, environments and communities in which children can grow, learn and thrive is a critical investment in our future prosperity and wellbeing.

[21] World Health Organization (2018) *WHO Housing and Health Guidelines*.

[22] See *National Center for Healthy Housing* (US); *Homes for Health* (UK); *Healthy Homes* (NZ).

MODELLING THE IMPACT OF POLICY CHANGES ON CHILD POVERTY

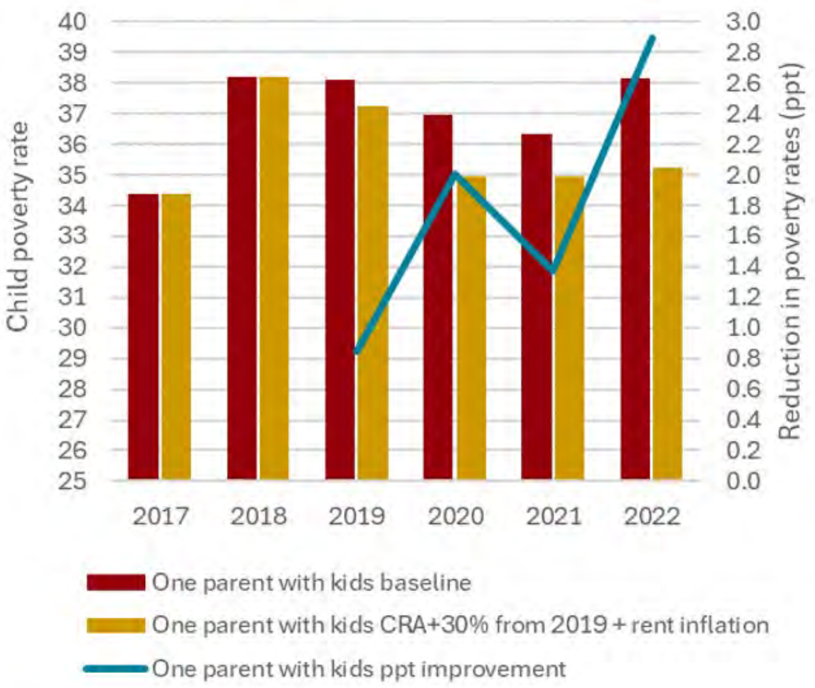
The previous section examined the nexus between parental incomes, rental affordability, child poverty rates and developmental outcomes. It demonstrated strong links between rising rents and living costs and rising rates of child poverty. It also showed how being forced to move to a cheaper rental property can impact directly on family wellbeing, which in turn can lead to poorer developmental outcomes.

In this section we ask the question – What can governments do to reduce and eliminate child poverty in Australia? Using economic modelling techniques, we are able to model the impacts of practical changes of government policies on child poverty rates for both single parent families and couples with children.

Increasing Commonwealth Rent Assistance

Here we have undertaken and modelled a thought experiment asking – What if the Albanese government had implemented the recommendation to lift Commonwealth Rent Assistance (CRA) by 30% in 2019 and index it to rents thereafter? **Figure 10** compares actual poverty rates (maroon) to projected poverty rates (yellow) of single parent families, with the blue line indicating the percentage reduction in the overall poverty rate. The analysis indicates that at least 3 percentage points of the child poverty rate in recent years is due to rising rents. It suggests that implementing this policy would have led to a permanent and ongoing reduction in the child poverty rate (falling to and staying at 35% instead of rising to 38%) – but that boosting CRA alone without also addressing parental incomes is nowhere near enough to seriously address child poverty in single parent families.

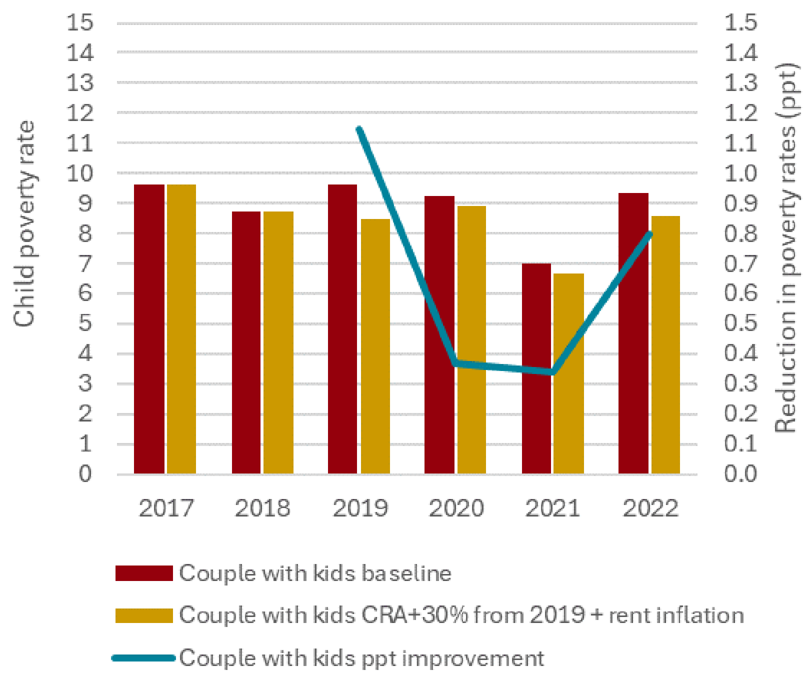
Figure 10: Changing child poverty rates for single parent families 2017 – 2022 (CRA only)



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 17 to 22.

Figure 11 applies the same modelling and analysis to couple households, with CRA also increased 30% in 2019 and indexed to rental costs thereafter. We see a reduction of between 0.3 and 1.2 percentage points in the overall poverty rate for children in couple households. It shows that improving rates of rental assistance alone has comparatively less of an impact on poverty rates among couple households, where family incomes a generally higher and rental costs represent a smaller proportion of the household budget.

Figure 11: Changing child poverty rates for couple families 2017 – 2022 (CRA only)



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 17 to 22.

When comparing the outcomes of modelling a 30% increase in the base rate of CRA plus indexation of single parent versus couple families it is important to remember the context we discussed previously. Children in single parent families are much more likely to be living in poverty (38 percent versus 9 percent in 2022), hence they are a priority for intervention or targeted support. Conversely, while the overall rate of poverty for children in couple households is lower, there are significantly more of them, hence smaller changes to the wellbeing of couple households will impact the lives of more children overall. Another factor to consider is the comparative contribution of the CRA subsidy to overall rental costs – to the extent couple households are more likely to be living in more expensive housing, the boost to the rate of CRA contributes proportionately less to the household budget's bottom line.

BEHIND THE LINE: HOW DOES POVERTY IMPACT ON PEOPLES' LIVES?

Experiences of financial hardship will inevitably impact on parent's quality of life, their security, health and sense of wellbeing – all of which has a direct impact on their children's growth and happiness. This section of the report revisits and updates the work from the BCEC 2022 *Behind the Line* report to explore the strength of the connections between poverty and broader aspects of economic and social disadvantage.

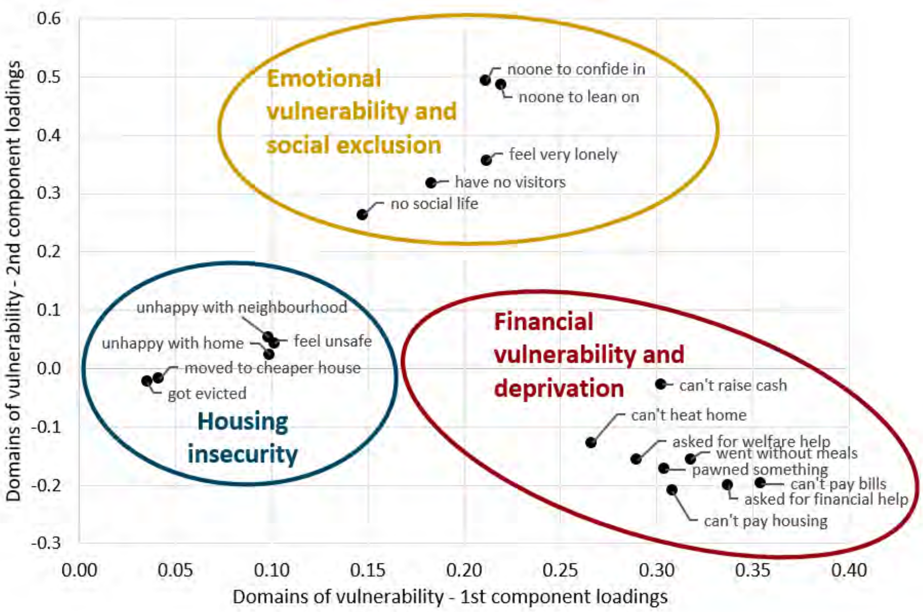
Domains of family vulnerability

The HILDA survey includes a broad set of indicators that document survey respondents' attitudes towards their financial and social circumstances, as well as broader measures of life satisfaction. Interrogating these data offers some insights into the experiences of living with poverty.

Statistical modelling using *Principal Components Analysis* (PCA), can construct social indices by exploiting similarities and contrasts between a set of indicators. The PCA in 2022 analysis uncovered relatively tightly grouped clusters of indicators that revealed three informative concepts of vulnerability or disadvantage (**Figure 15**) which can help frame policies to address disadvantage and improve individual and family wellbeing:

- **Financial vulnerability and deprivation**: relating to the inability to pay bills or afford essential utilities, difficulties in meeting housing costs or raising cash for an emergency, going without meals, and needing to reach out for financial assistance or help from community or welfare organisations.
- **Emotional vulnerability and social exclusion**: relating to social isolation and the absence of a social life, not being able to connect with friends and family, loneliness and emotional distress, a feeling of lack of support.
- **Housing insecurity:** relating to dissatisfaction with housing circumstances, a feeling of lack of safety in the home, a sense of disconnection through eviction, or pressure to compromise on the location because of challenges with housing affordability.

Figure 12: Domains of vulnerability



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 19 and 20

Table 2 Prevalence of financial vulnerabilities, all people and those in poverty: 2019 and 2020

	Prevalence of deprivation or hardship in 2019			Prevalence of deprivation or hardship in 2020			Change in prevalence 2019 to 2020	
	All families	Families in poverty	relative odds	All families	Families in poverty	relative odds	All families	Families in poverty
	%	%	#	%	%	#	ppt	ppt
went without meals	4.2	11.0	2.6	3.1	8.7	2.8	-1.1	-2.3
can't heat home	3.4	9.1	2.7	2.8	6.9	2.5	-0.6	-2.2
asked for financial help	10.7	19.4	1.8	7.7	16.1	2.1	-3.0	-3.3
asked for welfare help	3.5	10.4	3.0	4.4	10.3	2.3	+0.9	-0.1
can't pay bills	9.8	17.1	1.7	9.8	15.9	1.6	-	-1.2
can't pay housing	5.4	9.4	1.7	6.1	8.7	1.4	+0.7	-0.7
can't raise cash	15.7	33.2	2.1	16.0	33.8	2.1	+0.3	+0.6
pawned something	5.1	10.5	2.1	4.4	8.9	2.0	-0.7	-1.6

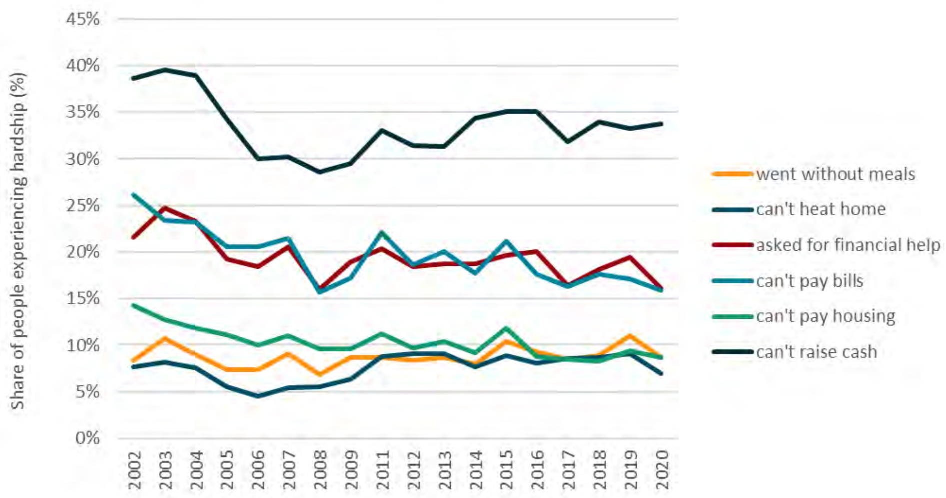
Notes: Poverty calculations are based on real equivalised household disposable incomes, after housing costs, with nil and negative incomes excluded. The relative odds measure is the ratio of prevalence for families in poverty compared to all families.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 2 to 20 (2002-2020).

Table 2 shows how measures within the financial vulnerability and deprivation domain have changed between 2019 and 2020 for families experiencing poverty, and for the broader population.

More than 1 in 12 (8.7%) of families on low incomes went without meals in 2020, which is 2.8 times the rate for all families. Going without meals and being unable to heat the home is a significant concern for the health and wellbeing of growing children, particularly those in the early years or at crucial stages of their development. Feedback from frontline community services providing emergency relief and financial counselling indicates that many more households in financial stress are also cutting corners on healthy nutrition, relying on cheaper, energy-dense food that fills their bellies but is likely to contribute to poorer child developments and higher rates of chronic disease through the life course.[23]

Figure 13: Prevalence of financial vulnerabilities among families in poverty: 2002 to 2020



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 19 and 20

[23] WACOSS Cost of Living Report 2023. Fair Food WA Joint submission on Supermarket Prices, 2023. Pollard, Landrigan & Dhaliwal (2021) WA Food Stress Index Update. Fair Food WA (2022) Submission to Inquiry into addressing food security in children and young people.

The share of people that reported having no social life during 2020 increased by 3.8 percentage among all families, and by 3.5 percentage points for people experiencing poverty (**Table 3**). The share of people having no visitors also rose in 2020 for both groups.

Table 3 Prevalence of social isolation, all people and those in poverty: 2019 and 2020

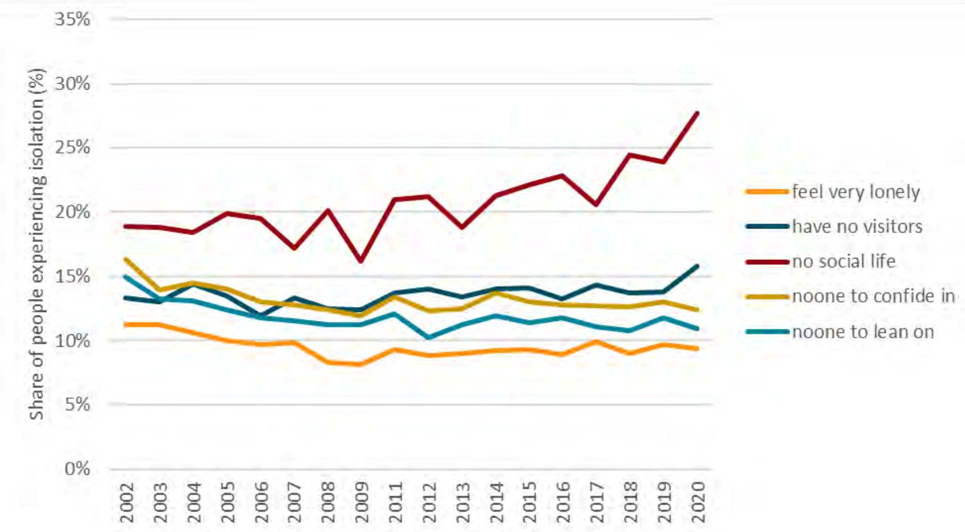
	Prevalence of deprivation or hardship in 2019			Prevalence of deprivation or hardship in 2020			Change in prevalence 2019 to 2020	
	All families	Families in poverty	relative odds	All families	Families in poverty	relative odds	All families	Families in poverty
	%	%	#	%	%	#	ppt	ppt
feel very lonely	9.7	13.8	1.4	9.4	14.8	1.6	-0.3	+1.0
have no visitors	13.8	17.9	1.3	15.8	18.6	1.2	+2.0	+0.7
no social life	23.9	23.5	1.0	27.7	27.0	1.0	+3.8	+3.5
noone to confide in	13.0	18.3	1.4	12.4	15.1	1.2	-0.6	-3.2
noone to lean on	11.8	17.6	1.5	10.9	14.4	1.3	-0.9	-3.2

Notes: Poverty calculations are based on real equivalised household disposable incomes, after housing costs, with nil and negative incomes excluded.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 2 to 20 (2002-2020).

Nearly one in seven people in poverty (14.6%) feeling very lonely in 2020. These findings match those in the Centre's *Loneliness and Belonging* report, which shows the heightened degree of social isolation experienced by people in poverty.

Figure 14: Prevalence of social isolation among families in poverty: 2002 to 2020



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 19 and 20

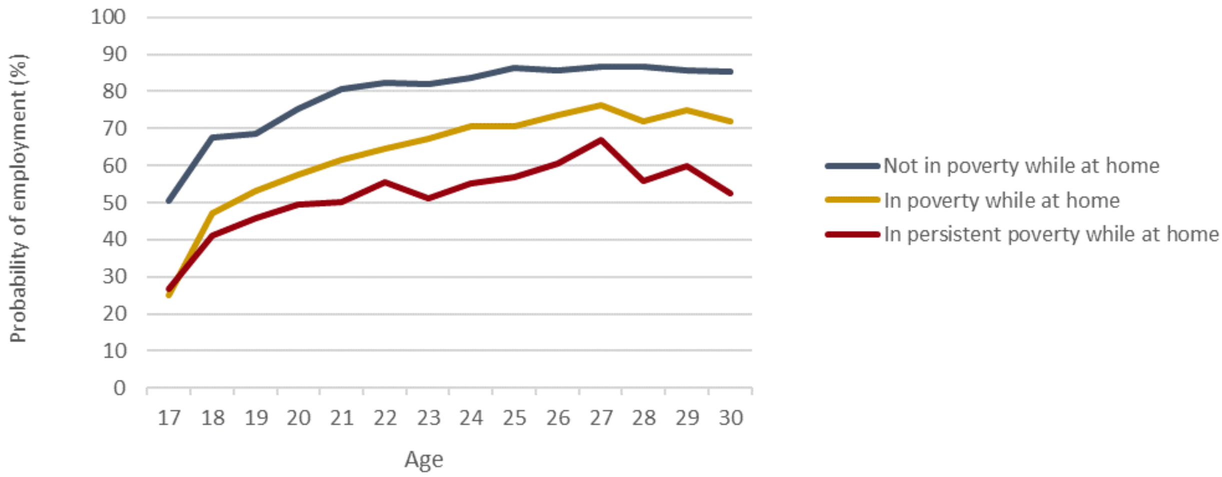
The proportion of families living in poverty who report having no visitors and no social life is also an issue of major concern for the social development and mental health of children growing up in those households. **Figure 17** shows a clear trend of increasing rates of social isolation for families living in poverty – rising from around 20 per cent in 2013 to 27 per cent in 2020. Taken with the evidence for other studies of the links between poverty, social isolation and development in children that highlight increasing social exclusion occurring in schools when children can't afford lunches, uniforms and books or to participate in sporting activities and school excursions, this is a major cause for concern.

The scarring effects of childhood and adolescent poverty

Financial vulnerability in childhood and adolescence can have an impact on the future economic, social and health outcomes of young people. In this section we revisit the analysis from the BCEC (2020) *Behind the Line* report, using HILDA survey data to explore the relationship between childhood poverty and adult outcomes, by comparing outcomes for young people according to the degree of financial vulnerability they faced while in the family home.

Firstly, we compare employment outcomes for young adults who experienced no poverty at home with adults who experienced poverty during childhood – including those that experienced persistent poverty at home.

Figure 15: Adult employment rates for young adults aged 17 to 30: by incidence and persistence of family poverty in childhood.



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations based on HILDA Survey waves 19 and 20

Our method uses a matching approach to compare the outcomes from ages 17 through to 30 for young adults in the HILDA survey who experienced poverty in their childhood years with similar people who were not exposed to poverty during childhood.[24] Only those young people who were observed for at least three years before and three years after leaving home are included in the matching process. This ensures adequate measurement of outcomes both in childhood and through to young adulthood.

1. The analysis shows that the likelihood of securing future employment is up to 11 percentage points lower for young adults who experienced poverty in the family home compared to those who did not come from a poor childhood background (**Figure 18**).

[24] The matching process uses the statistical technique of *nearest-neighbour matching* to pair as closely as possible each person who is first recorded in the HILDA sample as a child and who is modelled to live in a poor household during childhood with up to 10 other children who didn't experience childhood poverty. Each pairing is aligned as closely as possible on a range of characteristics and attributes, including age, gender, age left home, current family type, number of children and highest educational qualification.

The employment trajectories of the two groups narrow once the young adults approach 30 years of age, but the gap remains strongly significant from the age of 18.

The series of charts presented in **Figure 19** compare the trajectories of young adults who experienced poverty in childhood (in gold) with similar people who faced no poverty (in blue), across a range of economic, social and health outcomes.[25]

The first chart (a) confirms that the trajectories shown earlier in Figure 16 were not driven by differences in education, age, gender or other sociodemographic characteristics in adulthood.

The likelihood of employment for young adults who come from a background of child poverty is around 11 percentage points lower than employment rates for those who didn't experience poverty in the family home (Panel a). The differences are a little larger in the first five years after leaving home, and narrow to around 8 percentage points in the late 20s.

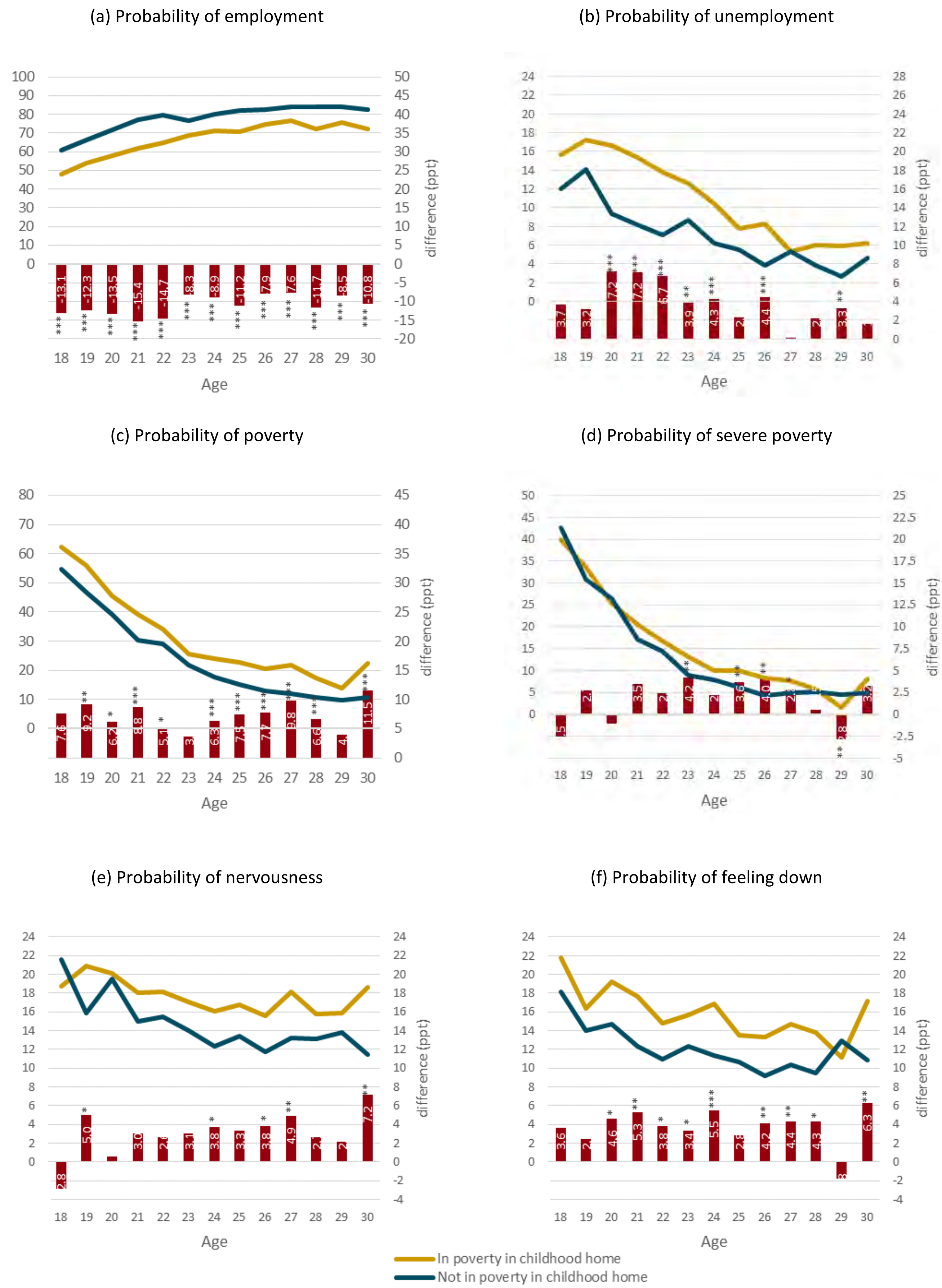
Unemployment rates are significantly higher among adults who experienced poverty at home, even after controlling for differences in characteristics (Panel b). People who experience childhood poverty are up to 8 percentage points more likely to remain in poverty in adult life (Panel c), while the incidence of severe poverty is broadly the same across the two groups (Panel d). They are also significantly more likely to suffer from nervousness (Panel e) or feel unhappy with their lives (Panel f) for up to 10 years after leaving home.

These research findings present compelling evidence that children's experiences of poverty are damaging to their future economic outcomes and their mental health and psychological wellbeing - even after controlling for age, gender, Indigenous and ethnic background, and future family status and educational achievement.

The analysis reinforces our understanding of how far the impacts of poverty extend, and for how long they endure over the course of people's lives and the lives of their children. Equally, the report's findings demonstrate the scale of the economic return from targeted strategies to reduce poverty, as well as the positive social, psychological and health benefits from doing so.

[25] In each chart, the differences (the red bars) are marked according to their level of statistical significance.

Figure 16: The impact of childhood poverty on adult outcomes after leaving the family home



Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey waves 2 to 20

POLICY IMPLICATIONS AND RECOMMENDATIONS

Our current policy, investment and governance settings directly contribute to a future Australia that is not a good place to be a child, nor an easy place to be a parent.

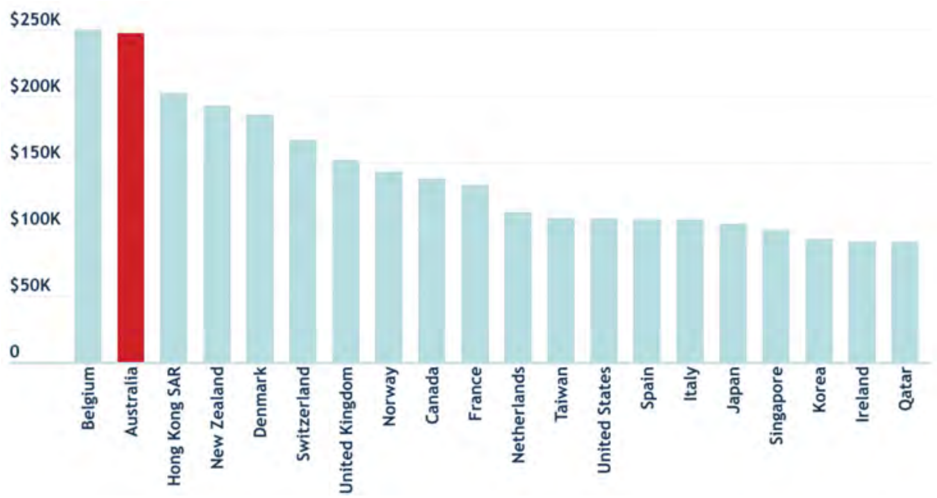
If left unchecked we can expect to see cumulative impacts across a range of critical areas that define our national character, prosperity and wellbeing – including our birth rate and the changing demographic makeup of our population, housing ownership and the concentration of wealth, as well as engagement and trust in the key institutions of our democracy.

As a nation we have the capacity and resources to end child poverty – if we choose to do so.

What our policy approach to child poverty means for the future of our nation.

Per capita Australia is the second wealthiest nation on the planet, at a time in history when we have probably never had it so good (see Figure 20). We come a close second to Belgium on median adult wealth, with a significant gap to other developed nations.

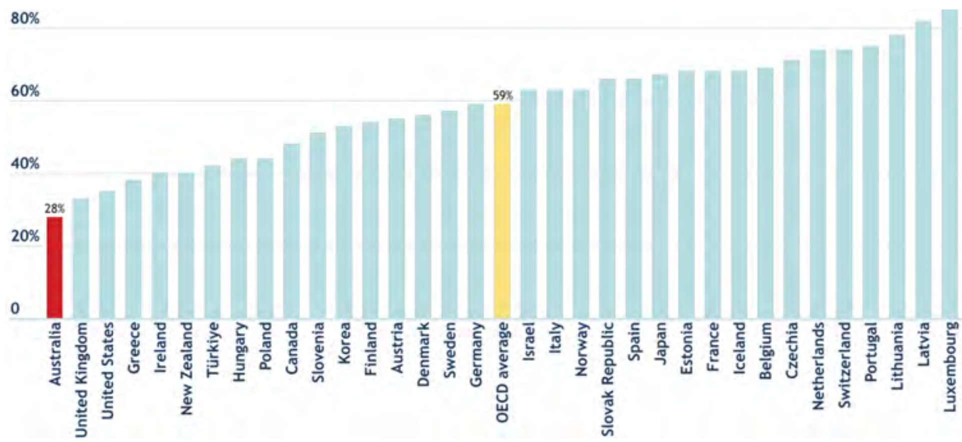
Figure 17: Mean wealth per adult 2023.



Source: Wealth Report 2023. Credit Suisse / UBS (2023)

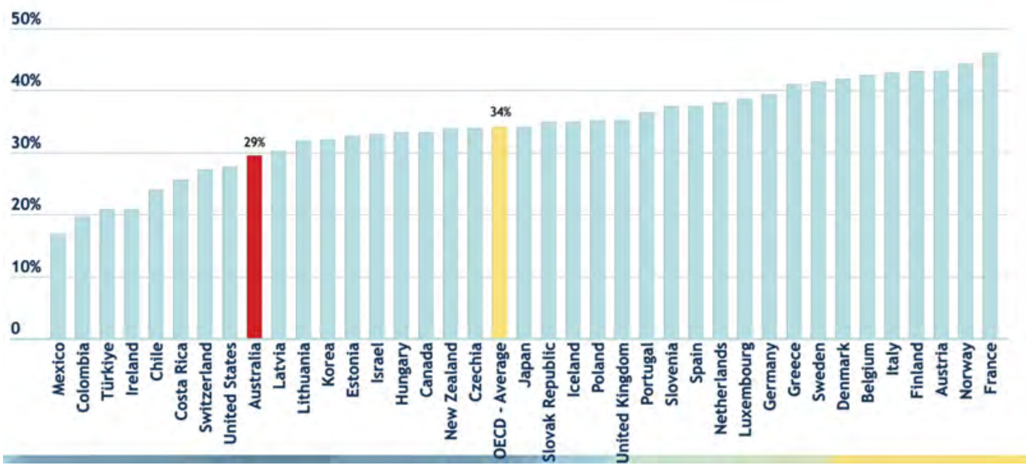
At the same time, we have the lowest unemployment payments in the OECD (see Figure 21) ... and are ninth among the lowest taxing nations (see Figure 22) and that is before the Stage 3 tax cuts.

Figure 18: OEDC Unemployment assistance as a percentage of average earnings, 2024.



Source: OECD 2024

Figure 19: OECD Tax Revenue as a percentage of GDP



Source OECD Tax revenue 2024

Taken together these indicators immediately point to a significant and growing divide in wealth within our community and with it the opportunity to participate in our economy and society.

This wealth divide is exacerbated by the way that wealth and housing are treated within our tax and economic policy settings, which actively preference the growth of wealth through the housing market, creating strong incentives for landlords and effectively excluding young people who cannot mobilise existing family wealth from home ownership. The impacts of intergenerational inequality both limit and define our future as a nation.

The proposed Stage 3 tax cuts will significantly strengthen this divide – costing us as a community $78 billion in forgone revenue (and hence services and support to build future opportunities and outcomes), delivering the majority of their benefit to those on personal incomes between $88k to $129k.

Figure 20: **Estimated cost of various tax concessions and raising assistance in 2024-25**

Source: Greg Jericho. Budget 2024-25, Tax Expenditures Insights, PBO Build Your Own Budget

Given our shared wealth and the extent of foregone revenue in Australia, child poverty is ultimately a policy choice.

If we chose to get rid of poverty once and for all, the cost of re-introducing the COVID Supplement to raise Jobseeker Payments by $550 a fortnight is about $9.7 billion per annum. This is less than what we spend on fuel tax credits for mining companies (see Figure 23) – subsidising pollution for a group who clearly don't need financial assistance. This additional revenue could also easily be achieved by modest reforms to make capital gains tax fairer (in line with the former policy or the current model in New Zealand), or by improving the fairness of how we tax superannuation contributions and earnings to cut back the unnecessary tax breaks given to those on the highest incomes.

At the same time, we are facing a post-COVID cost of living crisis, the income of the richest 10% of Australians has soared (see Figure 24). This substantial jump in incomes is prior to impact of the Stage 3 tax cuts. It is also a very strong indication that the cost of living crisis is not being equally shared, and suggests that we need to look harder at the drivers and beneficiaries of rising prices across our economy.

Figure 21: Annual growth of equivalised household income by decile 2022

Source: Productivity Commission 2024 A Snapshot of Inequality in Australia

Intergenerational inequality risks leaving a lasting legacy that casts a pall over our future. The way in which older Australians continue to benefit from inflated housing market wealth, while the majority of young adults today are excluded from any hope of owning their own home is cutting a deep divide that is both economic and political. We risk entrenching a level of social division and exclusion that is likely to build resentment and distrust – undermining future efforts to innovate and collaborate on bold new ventures. Unless something changes soon, we may also encourage our best and brightest to leave Australia to seek career and life opportunities overseas.

Today's major political parties have relied for too long on the political power of the baby boomer bump. As the population numbers gradually shift and the boomers lose their numerical dominance, there is a real risk our major parties will find they have entrenched an intractable level of political distrust in these excluded younger generations. The alternative for those now in power is clear – be seen to be addressing the intergenerational wealth divide and seeking to create a brighter future and a fairer nation, or risk being written off by a generation whose trust you will not easily be able to win back. The vast majority of boomers are also grandparents, who may also become increasingly concerned by the world they are leaving for their grandchildren. Now would be a good time to switch the narrative to one of future hope and legacy.

A recent political history of child poverty in Australia

A generational shift in our approach to political governance seems to have emerged with the new millennium, resulting in a preoccupation with "retail politics" and short-term political outcomes, displacing the expectation that the role of Australian governments was to express and advance a long-term vision of our future nation. As different as their visions of Australia may have been (and who they identified as the 'us' that was, or would be, Australia), Curtin, Deakin, Chifley, Whitlam and Hawke all shared an underlying framework where they saw their role as political leaders was to articulate a vision and build a nation, ... to nurture national unity and ensure the future was a better place.

Gough Whitlam said in 1969: *"The chief duty of modern governments is to create opportunities for all its citizens, in the availability, use and development of the nation's resources. The chief resource of the nation is its human resources, and the most important of those human resources is the nation's children."*

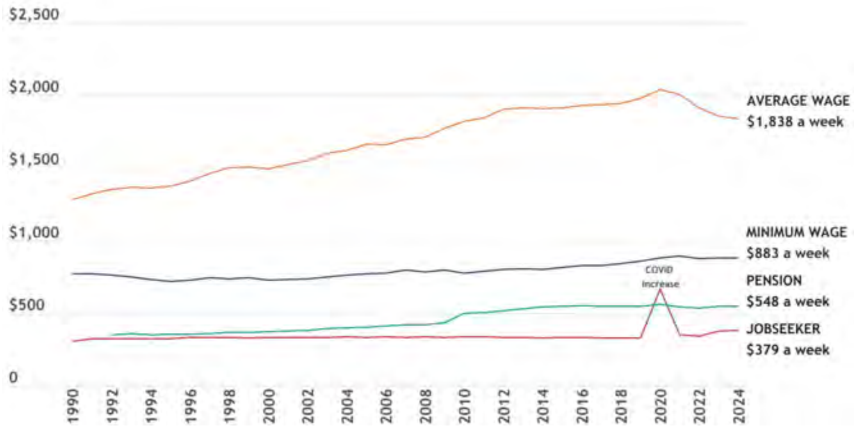
Bob Hawke's commitment in 1987 that "... *by the year 1990 no Australian child will be living in poverty*," is often derided as an example of over-reach (noting that he mis-spoke on the day, intending to say that 'no child need live in poverty by 1990'). While there were still children living in poverty in Australia when he ended his term in 1991, the policies he put in place had an impact on child poverty rates. If those settings were maintained the outcomes today – and the corresponding rates of child poverty in Australia – might be very different.

Hawke's child and family welfare measures were quite deliberately undone within the "mutual obligation" and "welfare to work" policies of the Howard era. It was those policies and income support settings, left largely unchanged through successive governments, that have ultimately led to the rates of child poverty experienced in Australia today. In particular, 'welfare to work' provisions shift single parents from the Parenting Payment onto Jobseeker Allowance once their youngest child turns 8 years old, dramatically reducing their family income.

Julia Gillard as Australia's first female Prime Minister had a chance to break the mould and take a more compassionate approach to leadership. Arguably the nature of her rise to power left her in a position trying to hold together a divided cabinet and under attack from misogynist elements in the right-wing media. In an alternate reality she might have been bolder and focused more on implementing progressive policy during her first period in office to secure some quick wins and build momentum for change. Australia might have had our own Jacinda Ardern moment ... and become a very different place. Instead, Julia Gillard and Jenny Macklin backed in and extended the Howard Era 'welfare to work' changes shifting single parents off the single parent pension and onto much lower rates of unemployment benefits. This effectively wiped out Hawke's legacy and led to the biggest increase in child poverty in our recent history (see Figure 2, page 18).

From that point on the value of income support payments have continued to erode in relation to average and minimum wages (as seen in Figure 25), the cost of living and the standard poverty line. The number of single parent families in poverty has rose from around 23 percent in 2013 to 33 percent in 2022 (Figure 2, page 18).

Figure 22: Average wages versus Pensions and Income Support Payments.



Source: ACOSS Post Budget Event May 2024.

Ironically, Prime Minister Scott Morrison and Treasurer Josh Frydenberg briefly achieved the most significant uplift to income support in recent history for a brief period in 2020. The $550 per fortnight Coronavirus Supplement to Jobseeker, parenting payment and related allowances doubled incomes and effectively wiped out income poverty in Australia between March and July 2020. It also demonstrated putting more money into the hands of those on the lowest incomes was a direct and effective economic stimulus strategy, with the money being spent immediately on essential goods and services. This support was cut back to $250 per fortnight from September to December 2020, then returned back to the previous rate.

Anthony Albanese, as a child of a single mother who has spoken passionately about the challenges faced though his formative years, has been expected to explicitly address the issue of child poverty and wind back the impacts of coercive welfare policies. The easy political option to reinstate the 2020 COVID boost to income support payments seems like a missed opportunity, given the compelling evidence of its effectiveness in reducing poverty. He has introduced changes, effective from 1 July 2024, that partially rescind the 'welfare to work' measures by lifting the eligibility threshold for 'welfare to work' so that single parents are pushed across from parenting payments to Jobseeker Allowance when the youngest child turns 14 years old (rather than 8 years old). No rationale has been given as to why they simply didn't rescind these provisions, and there is no evidence to suggest that a 14-year-old child cost any less to feed, clothe and care for.

The COVID Supplement provided us with a perfect thought experiment of the impact of lifting income support rates on individual and child poverty rates, wellbeing and engagement outcomes. There still remains an opportunity to document those impacts, to engage with those who received the additional supplements to understand how it affected their health and wellbeing, care for their family, and their ability to pursue meaningful work.

A forward-looking government could easily implement welfare measures that better document the economic, wellbeing and employment outcomes for parents and children provided uplifted income support. They could easily trial and measure a strength-based model of training and work-placement support, then use the data and analysis to roll out evidence-based programs and income support levels at scale.

A path to a fairer and more inclusive Australia

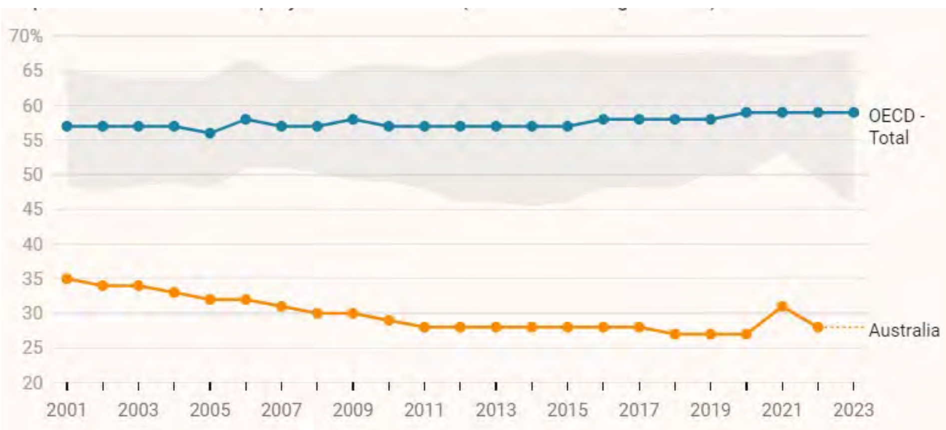
It is time to get serious about our future. We need a forward-looking and inclusive story about our national identity framed around shared prosperity and wellbeing. A story that defines who we are by what we seek to collectively become, and how we get there together. Not a story of winners and losers, nor one of who we once were, or where we've been – but one about who we can aspire to be and should become.

There is a political opportunity to mobilise a generation of young Australians around the opportunity to collectively build a brighter future that they can see themselves within. To give them ownership and purpose within our nation and to inspire a sense of possibility and collective power.

Our current economic and social policy settings are regressive in their impact on inequality and by implication the vision of the future they seek to create. It should be the job of our tax and transfers system to help balance the books and ensure our national resources are shared fairly and equitably for the good of all. To build our country and our future.

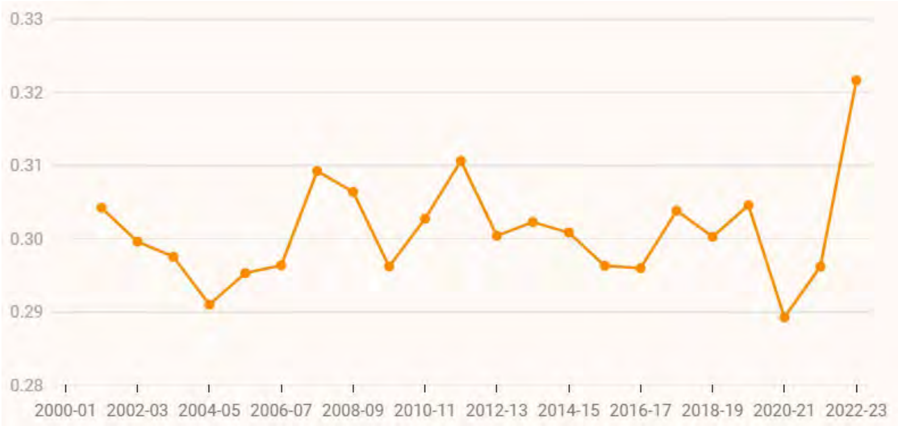
Our system does this poorly by comparison to other developed economies in the OECD – while we rank 11th on inequality overall using the Gini Coefficient measure (Figure 26) once the effect of taxes and transfers are taken into account (to compare actual household disposable incomes) we fall to 20th out of 35 (with the effect of the system ranked 28th weakest). A fair tax and transfers system should balance the books – not tip the scales in favour of the powerful at the expense of everyday young working Australians.

Figure 23: OECD 2023 replacement rate of unemployment assistance



Source: OECD 2023 (includes housing benefits)

Figure 24: Gini Coefficient for Australia 2000 to 2023

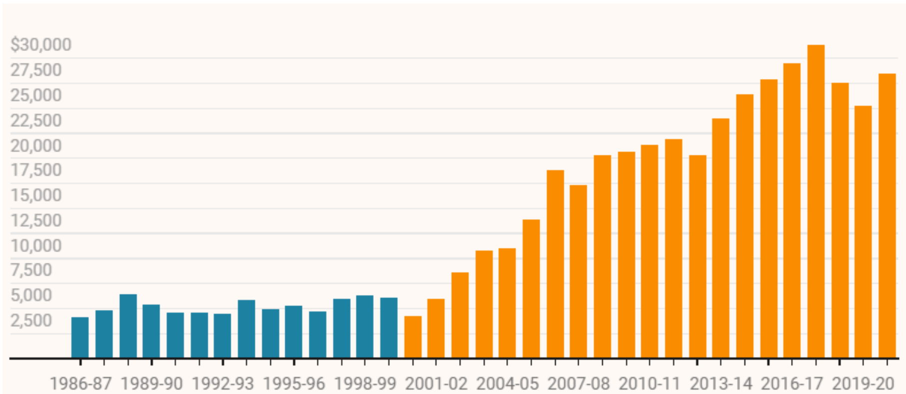


Source: Productivity Commission 2024 A snapshot of inequality in Australia

Looking at the change in rates of inequality in Australia (Figure 27), it is clear that we know how to reduce inequality (as we did in 2020 with the COVID Supplement) and that inequality has accelerated significantly post-COVID. Things are set to get worse still with a major boost to inequality to come when the Stage 3 tax cuts come into effect.

The way we treat housing wealth is at the core of growing intergenerational inequality. No policy efforts to create a more prosperous and inclusive future for our children are likely to succeed, if they cannot resolve the inequity and vested interest at the heart of our tax system. While we continue to be fed the narrative that our housing tax policy is designed to generate new housing investment (or threatened that any changes are likely to risk reducing further investment at a time when we need more houses being built), the reality is quite the opposite. The numbers show clearly that the changes made by Howard in 2000 to the capital gains discount effectively delivered a tax minimisation policy that supports speculation in housing wealth by those in the highest income bracket at the cost of housing affordability (see Figure 28).

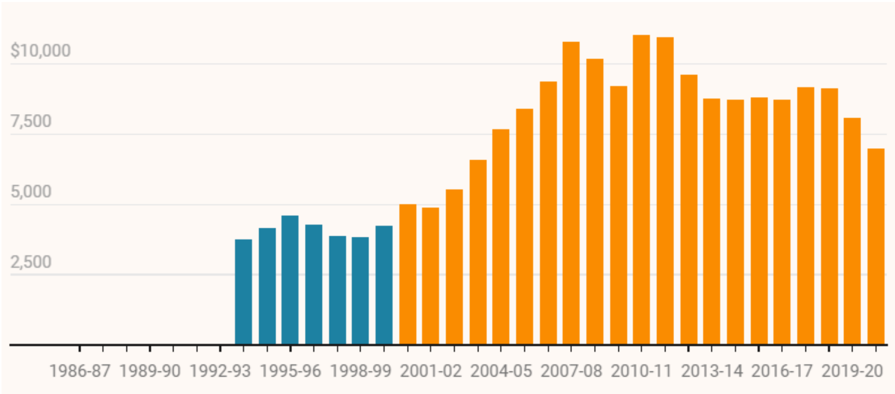
Figure 25: Average capital gain (pre and post 2000 policy change)



Source: ATO 2021 Taxation Statistics

Prior to 2000, if you made a capital gain as a profit from a housing investment you could then discount that period by the level of inflation over that period before paying tax (effectively equalising the outcome). Howard changed it to a straight 50 percent discount. By doing so it changed the nature of the impact of the existing negative gearing policy, incentivising landlords to speculate on properties, rent them at a loss and use that loss to reduce their taxable income, then sell them for a 50 percent tax free profit (see Figure 29). This effectively enables ongoing tax minimisation on both sides of the ledger.

Figure 26: Average rental loss (pre and post 2000 policy change)



Source: ATO 2021 Taxation Statistics

To put this in context, as a result of the Howard changes these combined housing policies delivered over $25.6 billion in direct benefit to those in the highest tax bracket ... and very little benefit to anyone else (see Figure 30 & Figure 31). There is no evidence that they have had a tangible effect on housing supply, and the net result is that house prices have risen faster in Australia over the last two decades than in other comparable economies.

Figure 27: Beneficiaries of capital gains discount

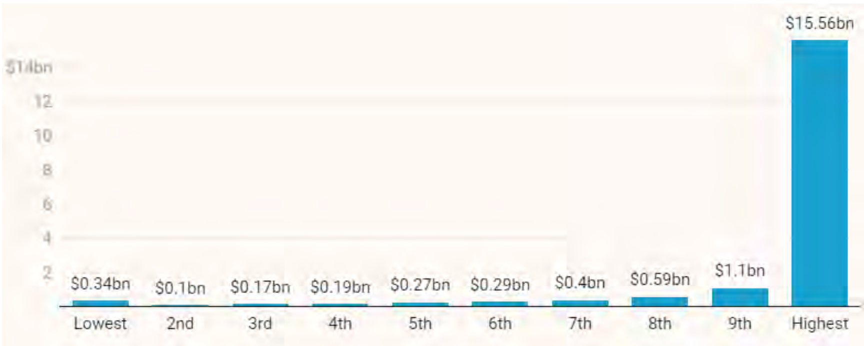
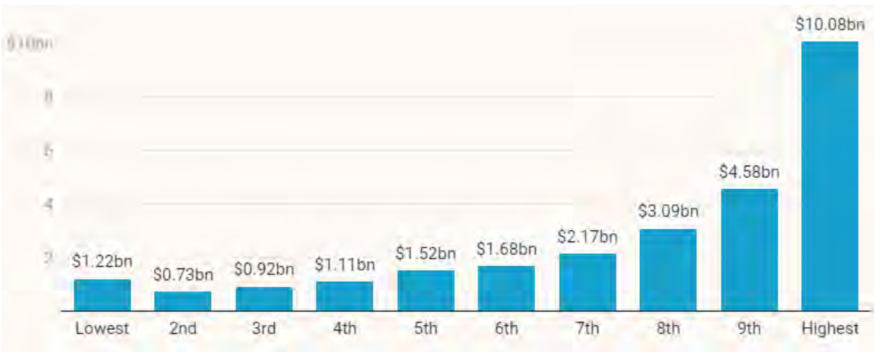


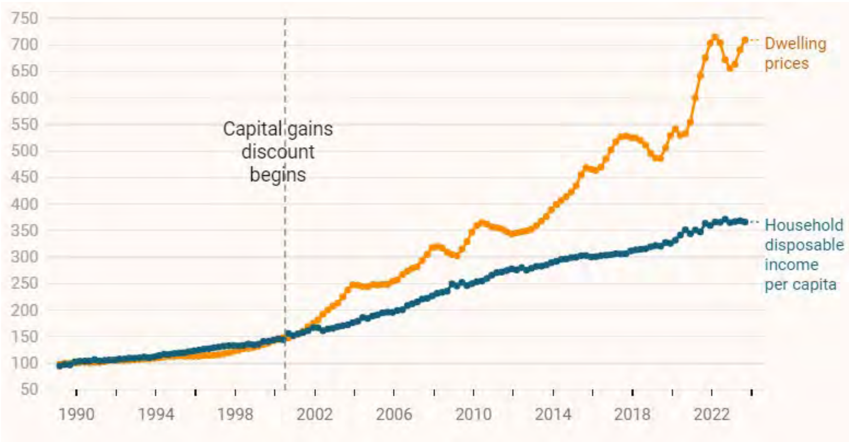
Figure 28: Beneficiaries of negative gearing



Source: Treasury 2023 Tax expenditure and Insights statements

To put it another way, from June 1989 to June 2000, the average annual growth of both average household disposable income and average dwelling prices was 4.4%. Since June 2000, while household incomes have risen on average 6.8%, average dwelling prices have soared more than two times that at 15.9% (see Figure 32). Housing affordability is effectively a measure of the adequacy of your income to afford a place to live in – hence with prices systematically rising much faster than incomes, only those with larger incomes that are not dependent on average annual wage increases are increasingly able to afford a place to live.

Figure 29: Detached house prices versus household disposable income per capita



Source: ABS & BIS 2024 via Greg Jericho (2024)

As Alan Kohler recently put it – the average household income simply cannot afford to service the mortgage to buy the average house.[26] A young family today needs to pay around 7.4 times their annual equivalised incomes (and rising), while their parents and grandparents would have paid less than half of that (3.5 times annual equivalised earnings). Kohler went on to say:

> *"High-priced houses do not create wealth; they redistribute it. And the level of housing wealth is both meaningless and destructive. It's meaningless because we can't use the wealth to buy anything else... We can only buy other expensive houses: sell your house and you have to buy another one, cheaper if you're downsizing, more expensive if you're still growing a family. At the end of your life, your children get to use your housing wealth for their own housing, except we're all living so much longer these days it's usually too late to be useful. ...*
>
> *It's destructive because of the inequality that results: with so much wealth concentrated in the home, it stays with those who already own a house and within their families. For someone with little or no family housing equity behind them, it's virtually impossible to break out of the cycle and build new wealth."*[27]

Alongside these tax settings, the other factors driving the inflation of house prices have been the significant increases in immigration and federal first home buyer grants. However, to put them in perspective, first home owner grants represent $1.5 billion added per year to house prices, while capital gains tax breaks and negative gearing add a whopping $96 billion per annum.

[26] Alan Kohler (2023), *The Great Divide – Australia's housing mess and how to fix it*. Quarterly essay.

[27] Ibid. Page 3.

Kohler argues that it is impossible to return the price of housing to something less destructive without “...purging the idea that housing is a means to create wealth as opposed to simply a place to live.”[28]

Howard’s policy gave existing homeowners the mirage of a vested interest, as they could actively see that the dollar value of their home had risen substantially. At the same time their ability to afford another house if they needed to move had not improved (possibly diminishing slightly with more eaten up in transfer costs) and meanwhile the price gap of moving to a better place widened. At the same time, families were slow to realise that these gains also meant their children were effectively being priced out of the market ... unless they were prepared to put their own housing assets up as collateral and risk default from rising mortgage costs. In reality, the benefits only accrued to those with substantial resources who were able to speculate in real estate.

As a result of the continuation of these policies over ensuing decades we have now baked in significant inter-generational inequity in both home ownership and wealth that is now difficult to shift. It now casts a shadow over the future participation and prosperity of our younger generations.

Family and population policy and our future service economy

The 2023 Intergenerational Report by the Department of Treasury looked at the likely impact of public policy settings on Australia over the next forty years, identifying five key trends including: population ageing, rising demand for care and support services, technological and digital transformation, geopolitical risk and fragmentation, and climate change and net zero transformation. Taken together, population ageing and the rising demand for care and support services have significant implications for our future workforce and how we care for a growing population of senior citizens. [29]

Current economic policy settings create significant barriers to family formation and child-bearing that combine to discourage women from having children during this period of rapid population ageing. The economic implication of population ageing is a diminishing tax base from those of working age at a time of growing demand for health and support services.

Population ageing also ultimately means that we will reach a tipping point where the current political dynamic of the dominance of the interests of the baby boomer generation will wane, and the political constituency of younger generations who have been excluded from the housing market and indebted for their education will emerge as critical to securing political support. There is a risk with our current generation of young adults that their lived experience of intergenerational inequity will be entrenched and implacable by the time political parties get around to realising their emergent electoral power. It would be advisable to start shifting both policy and rhetoric sooner to actively address intergenerational equity issues, or risk facing an ongoing political divide.

Key factors in current family and population policy settings include paid parental leave and superannuation settings, access to affordable childcare and our income support safety net, particularly parenting payments. Access to perinatal and early child health services, diagnosis, advice and support on developmental concerns and delays are also crucial. Ultimately housing security and affordability are probably the most crucial factor, as creating a family remains synonymous with creating a home.

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[28] Ibid.

[29] Australian Government Department of Treasury (2023) Intergenerational report.

It is important to note that many other similar developed economies (including the US, UK, Japan, Canada and New Zealand) also face the same challenges of an ageing population requiring care and support services and a diminishing pool of working-aged citizens and taxpayers. Australia and our counterparts are currently not training a sufficient future workforce of caregivers, nor paying their care workforce enough to attract sufficient young people to seek a future career in care domestically. This means in practice we are all increasingly expecting to import a care workforce from the developing world. As time passes it is likely it will become more challenging to secure an educated and fit for purpose workforce this way, and ageing Australians will be disadvantaged if we cannot attract workers because they simply cannot find somewhere they can afford to and want to live.

To effectively address this future workforce challenge, we need to be addressing both sides of this problem. We need to train and support our own care workforce domestically and we need to ensuring that those local workers (plus those additional workers we might need to attract from overseas) can find somewhere decent they can afford to live nearby. Pay and conditions for our care workforce need to improve, as does the way in which we understand and measure productivity and quality within care services. Current market models for care service procurement are not fit for purpose, and we need to shift away from the idea that providing more ‘units’ of care more quickly and cheaply is somehow more productive – when the key outcome must be quality of life.

Our current settings are effectively building a future nation of recent migrants who may feel disenfranchised and have little commitment to a shared sense of national identity and purpose. At some point temporary visas and unaffordable housing will prove sufficient barriers to attracting and retaining a decent care workforce. It would be prudent and more cost effective to address these issues before they arise. Otherwise we face the very real prospect of poor quality of life and increasing suffering as we age.

Any serious consideration and planning for the future needs to take seriously the population replacement rate, the health and wellbeing of young families, and the role of our education system in creating a productive and cohesive community. What does it say about our future aspirations for our nation when you can get a free education to become a tradie or mine worker, but face decades of growing HECS debt if you seek a tertiary education to support a professional career, or a job within the care economy?

Just like our housing market policy, the current education policy settings – from early childhood education, through the comparative investment in the public versus private school systems, through to the HECS debt settings – all act to effectively strengthen a divide in wealth and opportunity that diminish our collective prospects as a nation.

Now days only those with the backing of “the bank of mum and dad” can expect to do a professional degree *and* secure a home loan before considering starting a family. Meanwhile the statistics suggest fewer are making these choices and hence our population replacement rate and tax base are declining.

Education was once seen as the great leveller – going back to Whitlam’s vision of an educated, progressive and engaged nation:

> *“We are all diminished as citizens when any of us are poor. Poverty is a national waste as well as an individual waste. We are all diminished when any of us are denied proper*

education. The nation is the poorer - a poorer economy, a poorer civilisation, because of this human and national waste." – Gough Whitlam [1969 Election Policy Speech].[30]

The way to fix these problems is to articulate a vision about Australian families, children and the future of our nation ... then pursue joined up policy initiatives across these key family economic policy areas to reduce social and intergenerational inequalities and create real opportunities for development, growth and belonging. An effective strategy will put in place ongoing, robust and credible measures of outcomes that genuinely track opportunity and wellbeing to document the emerging potential of achievable outcomes across key family cohorts and policies. Jim Chalmers tentative steps towards wellbeing budget measures already provide a starting point, alongside established wellbeing metrics at the OECD levels, together with political models for their implementation and reporting (such as the Welsh Wellbeing of Future Generations Act 2015 and other initiatives in New Zealand, Scotland, Iceland and Finland).[31]

The Welsh Future Generations Act sees wellbeing goals and measures embedded in the Welsh constitution such that all public bodies are mandated to consider the long-term impact of their policy decisions on population outcomes. The Welsh Future Generations Commissioner is tasked with acting as a guardian for future generations and has the power to review the extent to which public bodies safeguard the needs of future generations.

In Australia the political balance that needs to be struck is articulation of a policy vision that is inclusive and supportive of all families, setting forth a message that is relevant to and resonates with all families (including grandparents). This means policies that encourage the inter-generational transfer of wealth into housing in a way that progressively discourages the concentration of asset ownership *and* shifts the dial on housing affordability. In short, more houses for the kids ... and fewer landlords. Internationally, progressive policy on affordable rental shifts the policy incentives away from 'mum and dad' investors focused on wealth generation and towards institutional investment in affordable rental at scale, leveraging the roles and interests of superannuation and insurance companies in providing for and supporting their members.

Building support for such longer-term policy change needs to start with an honest conversation about where we have gone wrong, and a clear vision of where we'd like to get to.

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[30] *As discussed above, Whitlam articulated a clear vision of society, progress and the role of government as an enabler, saying ..." in modern countries, opportunities for all citizens—the opportunity for a complete education, opportunity for dignity in retirement, opportunity for proper medical treatment, opportunity to share in the nation's wealth and resources, opportunity for decent housing, the opportunity for civilised conditions in our cities and our towns, opportunity to preserve and promote the natural beauty of the land—can be provided only if governments—the community itself acting through its elected representatives—will provide them."*

[31] WeGo Is the wellbeing governments partnership, linked to the Wellbeing Alliance WeAll.

What does an Australia that is the best place to be a child look like?

Our children are ultimately our future. Hence an Australia with a bright future is one where all children are safe and secure to grow and thrive. They are well fed, have access to quality health care and education, and a secure home -- no matter where they are or what the circumstances of their parents.

A forward-looking national recognises the critical role of early development and health in life-long outcomes, recognising that early diagnosis, advice and support are the most efficient and effective way to guarantee future prosperity and reduce lifetime health service system costs.

A forward-looking nation makes support for parents and families more explicit and generous. A meaningful 'baby bonus' package would be one that offsets genuine child-related costs and compensates women for the impact on their working lives, centring around guaranteed access to free quality early education and care.

A more effective child health policy would include active outreach to those mothers and infants most at risk of falling through the cracks of our current perinatal and child health nurse check system, with follow-up home visits to chase up those who may struggle to get into an appointment.

A more meaningful family cost of living package during a time of rising living costs and declining household incomes would more effectively target those on the lowest incomes, leveraging existing concessions and income support systems, rather than relying on untargeted measures (like the recent energy credit schemes). Such an approach is both more cost efficient in delivering bang for its buck, as well as being less likely to add to inflationary pressures (encouraging discretionary spending by giving more to those already well off).

A smart national government would actively put in place measures that enabled and encouraged state governments to securely and appropriately access tax and transfers data, so they are better able to target state initiatives and concessions, actively building opportunities for matched investments and leveraging national partnership agreements to deliver more targeted and effective relief.

A decent future for all our children has to be possible. It is our duty to them to make it so.

RECOMMENDATIONS:

- Introduce a Child Poverty Reduction Act and/or Future Generations Act that sets clear targets and reporting requirements for governments and agencies at the national, state and territory levels to reduce child poverty and intergenerational inequality in Australia.
- Increase the base rate of *JobSeeker Allowance* and related social security payments by $20 per day as a minimum to lift recipients out of severe poverty, then index payments to CPI.
- Remove *Welfare to Work* provisions and return all single parents with children aged under 16 onto Parenting Payment Single, then index payments to CPI.
- Increase the level of *Commonwealth Rent Assistance* maximum payment by 30 per cent to better align CRA support with rental costs, then index CRA to changes in median rental costs.
- Tackle the structural issues driving the growth of housing unaffordability, introducing long-term reforms that moderate housing wealth and wind back the inequities in current capital gains and negative gearing policy settings.
- Introduce nationally consistent reforms to tenants' rights to improve security of tenure for private renters, including abolition of no ground's evictions.

- Introduce nationally consistent minimum standards for housing quality and health, including a mechanism for inspection and compliance where biotoxins threaten tenant health.
- Introduce nationally consistent minimum standards for new homes, progressively improving thermal efficiency.
- Introduce nationally consistent requirements for private rentals including mandatory energy ratings and health standards for advertised properties.
- Link state and territory compliance with nationally consistent standards and tenant protections to funding under relevant national partnership agreements on housing and homelessness.
- Promulgate a national education program on home health to improve understanding of the general population and at-risk cohorts.
- Increase investment in social housing to deliver quality new housing units on a scale that meets community need.
- Introduce universal school breakfast and lunch programs across all states and territories to ensure all children receive a nutritious diet and no child is marginalised.
- Ensure that household fees and charges for essential services remain affordable for low-income households, increasing concessions as needed.

GLOSSARY AND TECHNICAL NOTES

Consumer Price Index (CPI)

The Consumer Price Index measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by metropolitan households.

Community support groups

Whether the person has been actively involved in a community support group in the last 12 months.

Examples of community support groups include:

- service clubs
- welfare organisations
- education and training
- parenting/children/youth
- health promotion and support
- emergency services
- international aid and development

Employment rate

The number of employed persons expressed as a percentage of the civilian population in the same group.

HILDA survey

The Household, Income and Labour Dynamics in Australia is a household-based panel study which began in 2001. It tracks information on economic and subjective well-being of the respondents along with family and labour market dynamics.

Kessler psychological distress scale (K10)

The status of a person's mental health is based on the Kessler psychological distress scale (K10). The K10 measure is an aggregate of scores to 10 questions about emotional states, each of which are recorded on a five-level response scale, giving rise to a K10 score of between 10 to 50. The mental health of respondents is categorised according to the following K10 scores:

- Likely to be well (K10 score from 10 to 19);
- Likely to be in mild psychological distress (20 to 24);
- Likely to be in moderate psychological distress (25 to 29), or;
- Likely to be in severe psychological distress (30 to 50).

Life satisfaction

Whether respondents are happy with how things are for them in their life. Respondents answered on a scale from 'strongly disagree' to 'strongly agree'.

Principle component analysis

Principle component analysis (PCA) is a statistical procedure that can be used to reduce a large set of variables to a small set that still contains most of the information in the large set.

Socioeconomic status

The relative socio-economic advantage and disadvantage in terms of people's access to material and social resources, and their ability to participate in society. Areas in Australia are ranked according to relative socio-economic advantage and disadvantage, constructed by factoring in the proportion of individuals with a tertiary education, people employed in a skilled occupation and the proportion of families with high incomes.

Unemployment rate

The unemployment rate is the proportion of the labour force that is unemployed.

Unemployed persons

A person who is not employed for one hour or more, is actively seeking work, and is currently available for work.

Unpaid voluntary work through an organisation

The provision of unpaid help willingly given in the form of time, service or skills, to an organisation, club, or association. The GSS excludes unpaid voluntary work through an organisation if undertaken overseas.

Income poverty

Measurement

Poverty rates are assessed by calculating the percentage of people whose real equivalised household disposable incomes (after housing costs) fall below different fractions of the median. Nil and negative incomes are excluded from all poverty calculations. Data are re-based to 2014 prices.

Exclusions

Excluding particular groups from the income distribution and poverty analysis is common practice among researchers. (see Saunders 2008; Rodgers 2012; Wilkins 2013) . Groups are often excluded if their reported or measured income is deemed to not reflect their real standard of living, or access to economic resources. The self-employed, business owners and those households that report negative or nil income are among those that are typically excluded from poverty analysis.

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ISBN:

This report was written by: Professor Alan Duncan, Director of the Bankwest Curtin Economics Centre and Chris Twomey, Senior Industry Fellow, Bankwest Curtin Economics Centre.

It can be cited as: Duncan A & Twomey C (2024), 'Child Poverty in Australia 2024', Bankwest Curtin Economics Centre, August 2024.