

UPDATE

Picture: Rhonda Milner



## Cost of Children in Australia

There are two important differences between results obtained by using the basket-of-goods method and the expenditure survey method as presented in the accompanying Tables. First, the basket-of-goods approach provides only part of the cost of a child, while the expenditure survey measures the total amount spent on the child. Second, the basket-of-goods method indicates how much parents would spend on their children if the child was to enjoy the fruits of the basket specified by the researcher. In this sense, it provides an 'ideal' or desirable costing. In contrast, the expenditure survey method indicates how much parents actually spend on their children, even though the amount spent might be considered inadequate or excessive by the objective standards of the basket-of-goods method.

### Basket-of-Goods Approach

Based on Lovering 1983

Adjusted to CPI figure June Quarter 1995

	2 years	Age of child 5 years	8 years	11 years	Teenage
<i>Low income families</i> (below average weekly wage)					
Per week	30.82	39.54	48.51	51.42	76.59
Per year	1606.95	2061.52	2527.32	2682.07	3993.73
<i>Middle income families</i> (average weekly wage and above)					
Per week	46.36	52.01	67.14	84.96	127.43
Per year	2417.23	2713.10	3500.21	4418.91	6644.50

*Note:* Included are food and clothing, fuel, household provisions, costs of schooling (not fees), gifts, pocket money and entertainment. NOT included are housing, transport, school fees or uniforms, child care, medical or dental expenses. Holidays are a component of the middle income figures only.

*Source:* Lovering, K. (1984), Cost of Children in Australia, Working Paper no.8, Australian Institute of Family Studies, Melbourne.

### Expenditure Survey Approach

Based on Lee 1989

Adjusted to AWE figure June Quarter 1995

Age of child (years)	Food	Transport	Recreation	Household goods	Housing and utilities	Clothing	Other*	Total expenditure weekly
0-1	30.07	44.40	30.85	30.66	24.77	16.69	16.58	194.10
2-4	26.47	34.50	24.64	28.25	15.86	14.65	14.27	158.78
5-7	27.90	35.97	37.08	25.53	20.04	16.95	11.26	171.74
8-10	38.94	50.10	37.31	26.84	13.54	15.64	24.68	207.17
11-13	42.91	42.50	34.74	29.80	28.79	22.63	28.88	230.36

\* Includes medical and dental costs, education costs and other miscellaneous costs. Costs of children vary according to the number of children in the family, the parents' incomes and whether one or both parents are working.

*Note:* The figures in the table relate to a one-child, one-income family with an income of \$652.70 gross per week. The Lee data show that two children cost about 55 per cent more than one child, while three children cost about twice the cost of one child. The dollar costs of children are relatively 'flat' compared with rises in family income: children in poor families cost proportionally more, and children in rich families proportionally less than those in middle income families.

*Source:* Lee, D. (1989), A program for calculating the direct costs of children based on the 1984 ABS Household Expenditure Survey, Australian Institute of Family Studies, Melbourne.

### Workshop postponed

In recent issues of *Family Matters*, the Institute foreshadowed a workshop of experts to re-examine methods for assessing the costs of children. In the last issue we announced the deferral of this workshop. On 14 August 1995, the Minister for Social Security announced that the Department of Social Security had commissioned the Social Policy Research Centre at the University of New South Wales to 'undertake a study which, among other things, will examine the costs of children in different family circumstances'. In the light of this, the Institute has decided to cancel its proposed workshop on the subject. In the meantime, we will continue to update the cost of children tables in these pages.

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