

UPDATE

Costs of Children in Australia



Picture: Double Jay Graphic Design

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 March Quarter 1997

| | Age of child | | | | |
|--|--------------|---------|---------|----------|---------|
| | 2 years | 5 years | 8 years | 11 years | Teenage |
| <i>Low income families</i> (below average weekly wage) | | | | | |
| Per week | 31.95 | 40.99 | 50.28 | 53.31 | 79.42 |
| Per year | 1666.40 | 2175.74 | 2620.82 | 2781.30 | 4141.50 |
| <i>Middle income families</i> (average weekly wage and above) | | | | | |
| Per week | 48.07 | 53.92 | 69.61 | 90.12 | 132.14 |
| Per year | 2506.68 | 2813.47 | 3629.72 | 4582.40 | 6890.36 |

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 March Quarter 1997

| Age of child (years) | Expenditure | | | | | | | Total expenditure weekly |
|----------------------|-------------|-----------|------------|-----------------|-----------------------|----------|--------|--------------------------|
| | Food | Transport | Recreation | Household goods | Housing and utilities | Clothing | Other* | |
| 0-1 | 31.74 | 46.84 | 32.53 | 32.33 | 26.12 | 17.61 | 17.51 | 204.79 |
| 2-4 | 27.92 | 36.39 | 25.98 | 29.80 | 16.73 | 15.46 | 15.03 | 167.53 |
| 5-7 | 29.42 | 37.94 | 39.11 | 26.93 | 21.12 | 17.87 | 11.86 | 181.20 |
| 8-10 | 41.07 | 52.85 | 39.36 | 28.30 | 14.27 | 16.50 | 26.03 | 218.50 |
| 11-13 | 45.26 | 44.85 | 36.65 | 31.43 | 30.37 | 23.87 | 30.46 | 243.05 |

* 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 \$688.70 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), Calculations of the direct costs of children based on the 1984 ABS Household Expenditure Survey, Australian Institute of Family Studies, Melbourne.