

Too many Aussies are starting a family and raising their kids in poverty, researchers say

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Australia is a high-income country with universal health, education and social services. But, like many countries around the world, Australia is in the midst of a [cost-of-living crisis](#).

In fact, at least [1 in 3 families with children experience deprivation](#), missing out on essential items like food, stable housing and health care. And this is something that's more pronounced for families with [children under 5 years of age](#).

Even by the time Australian children start school, developmental inequities are evident stemming from adverse social conditions—like [poverty](#).

Children living in Australian suburbs experiencing the most disadvantage have [three times the developmental vulnerability](#) of those living in the most advantaged (19% versus 7%).

Our [research](#)—the result of a partnership between the Melbourne Institute: Applied Economic & Social Research and the Center for Community Child Health at the Murdoch Children's Research Institute—has found that the arrival of the first child reduces [household income](#) and increases the probability of poverty.

The cost of a first child

The arrival of the first child reduces household income between 16% and 18% on average.

This drop is higher for one-parent households (23%–27%) than for two-parent households.

Five years after the birth of a first child, household income has not returned to its original level, stabilizing at around 18.3% below the pre-childbirth income.

The reduction in a woman's hours of work, employment and hourly wages, following the arrival of children, explain much of this drop.

[Australia's motherhood penalty](#)—the severe wage and hiring disadvantages that mothers face in the workplace—is one of the highest among high-income countries. This is due in part to the relatively [conservative norms](#) experienced by Australian men and women compared to other countries.

Other factors—like job loss, separation and more children—may contribute to the lack of recovery, even five years after the birth of a first child.

The difference between one- and two-parent households

The change in household income at childbirth relates to poverty.

We found 37% to 40% of households stayed or moved into or near poverty in each of the five years following the arrival of their first newborn.

Movement between poverty categories was substantially greater for one-parent than two-parent households.

For one-parent households, 23%–32% remained out of poverty, 4% to 6% moved out of poverty or near poverty, and 63%–70% stayed in or moved into poverty or near poverty.

If we look at two-parent households, 61%–64% remained out of poverty, 2% to 4% moved out of poverty or near poverty, and 34%–36% stayed in or moved into poverty or near poverty.

We also found the probability of poverty for new parents is, on average, 12% for all households, 17% for one-parent households and 10% for two-

parent households

For one-parent households, the [absence of partner earnings](#) contributes to a higher poverty risk than for two-parent households.

Government protection from poverty

So, do the Australian government's family payments help mitigate poverty around the birth of a first child?

The short answer is yes. Without family payments, the average poverty rate increases from 26% for one-parent households and 10% for two-parent households before childbirth, to 63% and 20%, respectively, in the following years.

With family payments, the average poverty rates after childbirth are 37% and 11%, respectively.

While family payments do help reduce poverty among households with a first baby, these payments do not protect them from falling into poverty.

Even with family payments, a substantial number of Australia families are starting a [family](#) and raising their children in poverty.

A buffer against poverty

In Australia, there is increasing interest in equitable policy and support for low-income families. This can be seen in the [national well-being budget](#) and increases to [childcare subsidies](#) and [minimum wage](#).

The importance of early childhood and support for parents is also gaining prominence through the [National Action Plan for the Health of](#)

[Children and Young People 2020–2030](#), the proposed [Early Years Strategy](#) and the [Plan for Affordable Child Care](#).

But how well are these policies buffering families from the risk of poverty? And given Australia's [increasing inflation](#) and [cost of living](#), is there a case for investing more heavily during the early childhood?

Although poverty is defined by household income, actions to halve or even eradicate child poverty are more complex than increasing household income alone.

Addressing child poverty requires a more [comprehensive approach](#), a rigorous understanding of the extent of the problem and identification of points for change.

Our analysis is a necessary step in understanding why so many Australian families are raising their young children in poverty—and the steps we can take as a nation to prevent it.

More information: Household income and the risk of poverty around the time of childbirth. [melbourneinstitute.unimelb.edu ... result?paper=4812466](https://melbourneinstitute.unimelb.edu.au/research/papers/paper=4812466)

Provided by University of Melbourne

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