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# Budget Standards for Child Support Research FINAL REPORT

Prepared for: the Department of Social Services (DSS) by the Australian National University (ANU) / University of New South Wales (UNSW) consortium October 2024

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# Abbreviations

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Services
AIHW	Australian Institute of Health and Welfare
APRA	Australian Prudential Regulation Authority
ANU	Australian National University
DSS	Department of Social Services
CCS	Child Care Subsidy
CPI	Consumer Price Index
FTB	Family Tax Benefit
FWC	Fair Work Commission
HCC	Health Care Card
GP	General Practitioner
LIHCC	Low Income Health Care Card
MIHL	Minimum Income for Healthy Living
NILF	Not in the Labour Force
PPS	Parenting Payment Single
PCC	Pensioner Concession Card
SPRC	Social Policy Research Centre
UNSW	University of New South Wales

# 1 Introduction

One of the most difficult questions in social policy and welfare economics is: how much income is 'enough'? The answer has important implications for poverty lines, determinations of the minimum wage required for adequate living and social participation and for the provision of child support and other family payments. Budget standards are one of the most important research tools that have been used to address such questions.

Budget standards research has a long and distinguished history in Australia, closely related to the methods used in the Harvester Judgement in 1907 but more specifically over the course of three decades as an important benchmarking comparison in costs of living estimations. Notably and most recently as part of the Fair Work Commission's (FWC) annual wage review determination, budget standards were used to assess the adequacy of minimum wage levels (Bedford, Bradbury and Naidoo, 2023). However, historically budget standards have been applied to assess the adequacy of the pension (Harmer, 2008), to assess the level of superannuation benefits (Saunders, Patulny and Lee, 2005), and to advocate for higher social benefits (Australian Council of Social Services [ACOSS], 2008, 2012). Budget standard estimates were also an important consideration in determining the costs of raising children in Australia in 2005-06, reflecting the costs of what children need, rather than what parents spend on raising their children. This report presents new and updated estimates on the costs of raising children in Australia in 2024 using the budget standards approach.

The report is one component of research commissioned by the Department of Social Services (DSS) to support the work of the Child Support Expert Panel (Expert Panel), tasked with reviewing the updated costs of children to inform potential changes to the child support formula in the Child Support Scheme. The current child support formula was introduced on 1 July 2008 based on recommendations made by the Ministerial Taskforce on Child Support (2005), which noted in their original 2005 recommendations that "there is no fixed 'cost' of children". The costs of children vary in accordance with the living standard of the parents. Estimates of the cost of raising children are therefore based upon evidence about patterns of expenditure on children, or the amount of money that is needed to attain a particular standard of living (2005, p. 5); the latter component referring to a budget standards approach.

A budget standard indicates how much a particular family living in a particular place at a particular time needs in order to achieve a particular standard of living (Saunders and Bedford, 2017). It involves the construction of lists of consumption items that are required for families of different compositions to attain a given standard of living. The budgets are typically calculated at the household level and although in principle can be set to any standard, they have most often been designed to determine the amount required to achieve an acceptable minimum standard of living.

This report builds upon the recent *Budget Standards for Low-Paid Families* report (referred to as the '2022 Low Paid Budgets') prepared by researchers from the Social Policy Research Centre (SPRC) at the University of New South Wales (UNSW) for the FWC in 2023 (Bedford, Bradbury and Naidoo, 2023). This report, in turn, built upon previous budget standards research at the SPRC including Saunders and Bedford (2017) – referred to as the '2016 MIHL Budgets' and Saunders et al. (1998) – referred to as the '1998 Indicative Budget Standards'.

The 2016 and 2022 budgets were designed around the UK Minimum Income for Health Living (MIHL) framework with budgets designed to reflect the minimal amount required for people in different family types to satisfy basic needs while ensuring each individual leads a fully healthy life in all of its dimensions.<sup>1</sup> Three points are emphasised in the MIHL framework – minimum standard, healthy lifestyle and social participation (i.e., not just bare survival). To address this, research on budget standards asks what activities people undertake, what items they buy, how often they use health, childcare and public transport services and how often (or whether) they eat out, have friends over for a meal or take a family holiday.<sup>2</sup>

The 2022 budgets extended the 2016 budgets in four critical ways. First, active engagement was sought with a range of middle-income, in addition to low-paid, households (via focus group consultations) to ensure the standards conform to prevailing community standards and expectations. Second, the core ‘healthy living’ budgets were extended to include an ‘austere’ supplementary discretionary spending allowance (for alcohol at a healthy level, average tobacco and gambling expenditure, a small travel allowance and small allowance for eating out) that are not necessarily healthy but facilitate participation in Australian society. Third, while the 2022 budgets were explicitly normative in construction, attention was paid to updating the basket of goods and services to ensure they reflect actual current consumption patterns. This was particularly the case for the housing budget, where normative assumptions were made about the number of bedrooms in each household type and rents arbitrarily fixed at the 40<sup>th</sup> percentile of Sydney rents for dwellings of that size. Finally, budgets were created for a larger typology of family types to account for variations in labour force participation, particularly increases in part-time employment amongst women. The ‘2022 Low Paid Budgets’ incorporated the shift in people’s purchasing behaviour in the last decade through the normalisation of online shopping, and the impact of changes to people’s work-life practice as more people began working from home and children participated in online learning in a post-pandemic environment (as found in the focus groups).

The current study uses this long-standing research body to shift focus to the costs of children living with both parents in the same household or living with a single parent 100 per cent of the time. Most generally, the “cost” of children for parents includes expenditure on the goods children consume (direct), as well as the lost earnings and leisure of parents from spending time with children (indirect). The cost is thus:

the amount by which total resources would need to be higher in the household containing the child in order for parental living standards to be maintained at the level attained when there is no child in the household (Bradbury, 2014, p. 1486-7).

While a comprehensive measure of the costs of children would include estimation of expenditure and time costs, and acknowledge that these are not fully independent, this broader concept of cost is outside the scope of this project which focusses on direct costs only. Estimates of these direct costs have been made using budget standards, qualitative surveys of people’s views about their standards of living against their income and quantitative examinations of expenditure patterns to help identify the cost of children (Bradbury, 2014; Ministerial Taskforce on Child Support, 2005).

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<sup>1</sup> The 1998 budgets were developed around the concepts of Modest But Adequate (MBA) and Low Cost (LC) standards (Saunders et al., 1998).

<sup>2</sup> It is closely related to the ‘Minimum Income standard (MIS)’ approach currently being adopted in several European countries, which uses a public consensus approach as the criterion for setting the minimum standard of living (Hirsch et al., 2021).

These estimates are typically expressed as a consumer equivalence scale or ratio, for example 1.25, indicating that the extra cost of the first child is 25% of the costs of a childless couple. Likewise for this study, the costs of children are described by comparing the budgets of households with different compositions (e.g., those with and without children, or households with different numbers of children).

Budgets are developed for 25 different low-wage and unemployed households across 10 budget areas (food, personal care, clothing and footwear, recreation, household goods and services, health, transport, education, housing and supplementary discretionary items).<sup>3</sup> These budgets represent the minimal level of expenditure required for people in different family types to satisfy basic needs while supporting a healthy lifestyle, including an acceptable level of social participation.

The research process involved in creating the budgets for this study (from here on referred to as the '2024 Low Paid and Unemployed Budgets') comprise:

- Developing budgets for unemployed families aligned with those already developed for low-wage families, i.e., families have either one male aged 40, one female aged 35 or two adults (partnered male and female), with no children or one or two children of primary school age (girl aged 8 then additionally a boy aged 11).
- Reviewing the basket of goods and services previously used in the '2022 Low Paid Budgets' to ensure they reflect current consumption patterns and are reasonable to both low-wage and unemployed households.
- Inflating the Q3 2022 prices used in the '2022 Low Paid Budgets' by Consumer Price Index (CPI) group-level trends (and forecasts) up to Q2 2024 values.
- Extending the supplementary budget of discretionary expenditure items to include a wider range of non-essential but common expenditures based on the results of the focus group in 2022 but which were not applied at that time.

In the remainder of the report, Section 2 outlines the method and approach to constructing the household budgets. Section 3 discusses the key decisions and assumptions made for each budget area, providing general overview of their components. Section 4 presents the budget estimates for single person households, single parent households and couple headed households. Finally, Section 5 presents the costs of children by comparing the budgets of households with different compositions (e.g., those with and without children, or households with different numbers of children).

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<sup>3</sup> The terms "household" and "family" are used interchangeably, as each household is assumed to consist of only one nuclear family.

## 2 Method and approach

The construction of the current budgets rely heavily on the basket of goods and services developed for the previous ‘2022 Low Paid Budgets’ and ‘2016 MIHL Budgets’ studies. They follow the same principles and assumptions but update and extend these studies to account for changes in pricing, government benefits and concessions and the extension of supplementary discretionary items. This section outlines the various family types on which the budgets are based (Section 2.1); lists the entitlements of government benefits based on earnings assumptions (Section 2.2); and describes the general assumptions applied to the construction of budgets in this study (Section 2.3).

### 2.1 Family types

Of necessity, budget standards can only be defined for households with clearly specified characteristics. For this study, budgets are developed for 25 family types (as detailed in Table 1) that vary based on the number of adults (one male, one female or two partnered adults male and female); the number of children (none, one or two children); the size and composition of the household (single, couples with and without children, single parents); and the labour force status of the adults (employed full-time, employed part-time, unemployed or not in the labour force), with further configurations for age and gender. The minimum criterion is for all households to contain at least one low-wage worker or one unemployed adult. Where there is one child in the household, this is a girl aged 8, and where there are two children this is this girl plus a boy aged 11.

**Table 1 Family types**

No.	Full description	Short description
FT1	Single female, working full-time, living alone	Single female, FT
FT2	Single male, working full-time, living alone	Single male, FT
FT3	Single mother, working full-time, 1 child	Single mother, FT, 1 child
FT4	Single father, working full-time, 1 child	Single father, FT, 1 child
FT5	Single mother, working part-time, 1 child	Single mother, PT, 1 child
FT6	Single father, working part-time, 1 child	Single father, PT, 1 child
FT7	Single mother, working full-time, 2 children	Single mother, FT, 2 children
FT8	Single father, working full-time, 2 children	Single father, FT, 2 children
FT9	Single mother, working part-time, 2 children	Single mother, PT, 2 children
F10	Single father, working part-time, 2 children	Single father, PT, 2 children
F11	Single earner couple, male working full-time, female NILF	Single earner couple
FT12	Single earner couple, male working full-time, female NILF, 1 child	Single earner couple, 1 child
FT13	Single earner couple, male working full-time, female NILF, 2 children	Single earner couple, 2 children
FT14	Dual earner couple, male working full-time, female working part-time	Dual earner couple
FT15	Dual earner couple, male working full-time, female working part-time, 1 child	Dual earner couple, 1 child

FT16	Dual earner couple, male working full-time, female working part-time, 2 children	Dual earner couple, 2 children
FT17	Single female, unemployed, living alone	Single female, UE
FT18	Single male, unemployed, living alone	Single male, UE
FT19	Single mother, unemployed, 1 child	Single mother, UE, 1 child
FT20	Single father, unemployed, 1 child	Single father, UE, 1 child
FT21	Single mother, unemployed, 2 children	Single mother, UE, 2 children
FT22	Single father, unemployed, 2 children	Single father, UE, 2 children
FT23	Couple, male unemployed, female unemployed	Couple, UE
FT24	Couple, male unemployed, female unemployed, 1 child	Couple, UE, 1 child
FT25	Couple, male unemployed, female unemployed, 2 children	Couple, UE, 2 children

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FT: Family Type; FT: Full-time; PT: Part-time; NILF: Not in the labour force; UE: Unemployed.

The 25 family types provide a defensible account of expenditures describing households similar to the majority of low-wage and unemployed households in Australia. However, as with previous studies, the detailed itemisation of each budget area makes it operationally impractical to develop budgets for every family type configuration in Australia. Hence, we do not explicitly model the costs for different iterations of couple households that include one adult employed full-time or part-time with the second adult unemployed, or two adults employed full-time or part-time. Furthermore, budgets are not constructed for family types that arise after marital separation, for example the costs of children living half-time in the household. For single parents, the cost assumes that children have no contact with their other parent (or that the contact does not impact on the expenditure needs of the single parent) or that the single parent is a widow. However, the information presented could be used as a starting point for such a calculation, by making additional assumptions about how different cost components apply in these types of families.

## 2.2 Earnings and entitlements to government benefits and concessions

A range of benefits and concessions are applied to the pricing of some goods and services. The eligibility for these benefits and concessions are dependent on the income levels attached to households according to composition (for example, a single parent family), the presence, number and age of children and the labour force status of adults. It is assumed that wage earnings and/or government benefits are the only sources of household income, plus any relevant Family Tax Benefit (FTB), but with no other earned or received income. For single earner and dual earner couples with children, it is assumed that the female is the primary carer and the male is the primary earner.

For this study, the incomes of 'typical' or median low-wage households are set using the same approach as the '2022 Low Paid Budgets'. The research adopts the FWCs definition of a low paid worker as full-time workers earning at or below two-thirds of median adult full-time ordinary earnings (Fair Work Commission, 2022a). The median earnings of a low paid worker are used in the research and estimated as \$1,072 per week for Q2 2024.<sup>4</sup> Earnings are also assumed to be stable (in real terms) over time, include holiday and sick pay and are the same regardless of gender.

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<sup>4</sup> The 2022 figure is adjusted to 2024 using the ABS Wage Price Index.

The incomes of unemployed adults are set at the maximum level of social security benefits for eligible adults. Single and unemployed households are eligible to receive JobSeeker Payment and single parent unemployed households are eligible to receive Parenting Payment Single (PPS) (with children under the age of 14 years). Appendix A outlines the estimation of wage levels for low paid workers.

The earnings assumptions do not directly influence most budget items, but they are used to determine the prices of some goods which might be subject to income-based benefits or concessions such as childcare and utility costs. The following government benefits and concessions are applied:

- All single parents receive the maximum rate of FTB (A), and a Pensioner Concession Card (PCC) based on their eligibility for PPS.
- All single parents are entitled to a maximum subsidy of 90% on childcare payments.
- Single earner couples with children receive the maximum rate of FTB (A) including Rent Assistance and are entitled to a Health Care Card (FTB HCC) as the family's adjustable taxable income is less than \$62,634 for 2023-24.<sup>5</sup>
- Single earner couples without children are eligible for a Low Income Health Care Card (LIHCC) as the family's adjustable taxable income is less than \$1,315 per week.
- Dual earner couples with children may be entitled to concessions on energy use (state-based) so long as they receive FTB.
- Dual earner couples with children are entitled to an 89% subsidy on childcare payments as the family's adjustable taxable income of more than \$80,000 per year drops the subsidy level by 1% for every \$5,000 of family income earned per year.
- All unemployed households receive the HCC as a condition of meeting the eligibility criteria for JobSeeker Payment or PPS.

## 2.3 General budget assumptions

Consistent with the construction of the '2022 Low Paid Budgets' and the '2016 MIHL Budgets' studies, the following principles and assumptions apply to the construction of the '2024 Low Paid and Unemployed Budgets':

### Health

- Adopting the MIHL standard, all household members are assumed to be healthy, with no underlying health conditions that might influence expenditures.

### Composition

- For couple households, the female is aged 35 years and the male is aged 40 years.

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<sup>5</sup> In NSW, the HCC and LIHCC offer concessions on healthcare and at the state level may provide concessions on energy and public transport. This study uses NSW concessions for budget calculations, though other states have similar benefits with varying eligibility and payment methods. For FTB, it is assumed that the family's annual income estimate reflects their weekly income and is not 'overestimated' to reduce the risk of debt.

- For households with children, the first child is an 8 year old girl and the second child is an 11 year old boy.<sup>6</sup>
- Single parents are assumed to have full parental responsibility for all their children.

## **Work**

- For households with at least one adult in employment, full-time work is set at 38 hours or 5 days per week, and part-time work is set at 19 hours or 2.5 days per week.
- Couple households have at least one adult in full-time work or two adults unemployed.
- For dual earner or single earner couples with children, the male in the household is assumed to be the main earner and the female the primary carer.
- Females in single earner couple households that are NILF are assumed to not be eligible for JobSeeker Payment. This is a contestable assumption given the workforce participation patterns of women with and without children, and the assumption for unemployed couples that both parents satisfy participation requirements and receive JobSeeker Payment. Couple NILF families with children are electing not to claim around \$226.80 in JobSeeker Payment for the second earner (increasing to \$404 for couples without children when Rent Assistance is also included). These families have lower costs compared to dual earner couples as the NILF parent does not have the costs of looking for work.
- All adults in households with unemployed adults are looking for work.

## **Budget items**

- The same items, quantities and lifetimes from the '2022 Low Paid Budgets' are applied to the low-wage households. The items, quantities and lifetimes for unemployed households are determined by comparing the relativities of budgets for low-wage households to unemployed households in the '2016 MIHL Budgets' and applying, as appropriate, the same relativities to this study.
- Throughout the process of budget constructs, the basket of goods and services previously used in the 2022 and 2016 studies were reviewed to ensure they reflect current consumption patterns and are reasonable to both low paid and unemployed households. After close review, no items were added or removed from the 2022 budgets for any household types. All of the item quantities and lifetimes were carefully considered for unemployed households and amended if required. The only budget category that included new items is the supplementary budget of discretionary expenditures.

## **Pricing**

- Pricing for budget items was based on the Q3 2022 prices used in the '2022 Low Paid Budgets' and inflated by CPI group-level trends (and forecasts) up to Q2 2024 values.
- The majority of pricing in the '2022 Low Paid Budgets' was obtained online from national stores like Woolworths, Kmart, Chemist Warehouse and Fantastic Furniture. Pricing items

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<sup>6</sup> It should be noted that the age of the children in this study and the '2022 Low Paid Budgets' are different to the '2016 MIHL Budgets' and original '1998 Indicative Budget Standards'. In those studies, the children were aged 6 (girl) and 10 (boy), and girl (6) and boy (14) respectively.

online enabled the research team to gather national prices, ensuring standardised pricing that was not dependent on location.<sup>7</sup> A minority of items required in-store visits.

Two challenges are worth noting at the outset. The first is recognition that the process of budget standard calculations provides the opportunity for computational errors to arise (items omitted, incorrectly entered or incorrect cross-links etc.). Each iteration of the budgets produced has involved a review of the list of items, pricing choices, lifetimes and quantities of goods and services to ensure against errors and assessment of the reasonableness of the estimates. The second is that the budget standard approach methodology itself is a difficult undertaking with no clear answers and a degree of arbitrariness. Sitting as it does between questions of observed consumption and normative judgements (especially around heteronormativity, that males are the breadwinners and households are nuclear thereby excluding blended, shared care and intergenerational families), there are many disagreements over ideas, facts, assumptions and interpretations.

Ultimately, it must be recognised that budget standards are an imprecise answer – intended to mirror the way people create their own budgets and give a systematic framework for variation and adjustment – to a very difficult question for which no other methodology can provide a better answer. In this report, all assumptions are documented and limitations outlined to ensure transparency in the process used to produce the budget estimates (refer to Appendix A and B for more details).

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<sup>7</sup> However, it should be noted that even within a national network of outlets, certain items were still subject to localised pricing variations.

## 3 Budget areas

As noted earlier, the budget standard process involves the construction of lists of consumption items required for families of different compositions to attain a given standard of living. These items are categorised into 10 budget areas broadly considered as amenable for achieving a MIHL standard of living in contemporary Australia: food, personal care, clothing and footwear, recreation, household goods and services, health, transport, education, housing and supplementary discretionary items. This section provides more information on the items included in each budget area, including the key assumptions made and illustrates the budgets for selected individuals. Appendix B provides more details on the budget components.

### 3.1 Food

The food budgets are designed to ensure that the dietary profiles of all individuals are consistent with prevailing dietary recommendations for energy and nutrients to maintain 'healthy living'. Table 2 shows a summary of the budget for the single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components in the unemployed households. There are 139 food items categorised into 6 sub-groups: cereals, fruit, vegetables, meat and protein alternatives, dairy and the largest 'other processed' group largely constituting processed food items (such as condiments, drinks, confectionary and other snack foods). This 'other processed' group also includes a minimal allowance for alcohol and 'fast food' eating out.

It is assumed that food consumption is the same regardless of an individual's employment status, with dietary and nutritional numbers influenced by gender and age. The budgets are approximately 20% higher for males than females, and while lower for children 43% higher for an 11 year old boy than an 8 year old girl to take account of nutritional differences in growing needs.

Consistent with the previous budgets, an arbitrary 5% 'opportunistic' deduction is applied to reflect people shopping around and purchasing food items on special and/or in bulk (i.e., prices are 5% lower than we observe from our limited number of purchase outlets). This general pattern of shopping behaviour was also confirmed in the focus groups from the '2022 Low Paid Budgets' project. A 5% allowance for food wastage (from food spoilage, plate waste, leftovers etc.) is also applied to low paid families but not to unemployed families. This cancels out the opportunistic deduction for low paid families and implies a 5% lower food budget for unemployed households.

Selecting few household types avoids cluttering the table while also reporting the key components that allow for extrapolating calculations for other household types not reported, especially unemployed households and for the costs of children (the unique contribution and focus of this report). Thus, for budgets like the food budget which is calculated at an individual level, the budget for other households can be derived from this data as follows:

- unemployed couple, no children:  $\$76.6 (F) + \$91.7 (M) = \$168.3$
- unemployed couple, 1 child:  $\$76.6 (F) + \$91.7 (M) + \$40 (G) = \$208.3$
- unemployed couple, 2 children:  $\$76.6 (F) + \$91.7 (M) + \$40 (G) + \$57.4 (B) = \$265.7$
- single unemployed mother, 1 child:  $\$76.6 (F) + \$40 (G) = \$116.6$
- single unemployed father, 1 child:  $\$91.7 (M) + \$40 (G) = \$131.7$

- single unemployed mother, 2 children: \$76.6 (F) + \$40 (G) + \$57.4 (B) = \$174
- single unemployed father, 2 children: \$91.7 (M) + \$40 (G) + \$57.4 (B) = \$189.1
- single employed mother, 1 child: \$80.6 (F) + \$42 (G+5%) = \$122.6
- single employed father, 1 child: \$96.6 (M) + \$42 (G+5%) = \$138.6
- single employed mother, 2 children: \$80.6 (F) + \$42 (G+5%) + \$60.3 (B+5%) = \$182.9
- single employed father, 2 children: \$96.6(M) + \$42(G+5%) + \$60.3(B+5%) = \$198.9
- single earner couple, 1 child: \$80.6 (F) + \$96.6 (M) + \$42 (G+5%) = \$219.2
- single earner couple, 2 children: \$80.6 (F) + \$96.6 (M) + \$42 (G+5%) + \$60.3 (B+5%) = \$279.5
- dual earner couple, 1 child: \$80.6 (F) + \$96.6 (M) + \$42 (G+5%) = \$219.2
- dual earner couple, 2 children: \$80.6 (F) + \$96.6 (M) + \$42 (G+5%) + \$60.3 (B+5%) = \$279.5

**Table 2 Food budgets for single person, couples and additional children (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual Earner
Cereals	Cereal, bread, rice & pasta	11	11	\$8.9	\$11.0	\$8.5	\$10.5	\$6.4	\$6.3	\$19.9	\$19.9
Fruit	Canned, frozen & fresh fruit	17	17	\$13.0	\$15.2	\$12.3	\$14.4	\$6.3	\$7.6	\$28.1	\$28.1
Vegetables	Canned, frozen & fresh vegetables	24	24	\$19.8	\$20.1	\$18.8	\$19.1	\$6.2	\$9.2	\$39.9	\$39.9
Meat/ alternatives	Fish, beef, chicken & baked beans	17	17	\$14.8	\$17.4	\$14.1	\$16.6	\$6.0	\$13.7	\$32.2	\$32.2
Dairy	Milk, cheese & yoghurt	4	4	\$6.1	\$6.3	\$5.8	\$6.0	\$4.1	\$5.2	\$12.4	\$12.4
Other processed	Drinks, sauces, spreads & snacks	66	66	\$18.0	\$26.6	\$17.1	\$25.2	\$11.0	\$15.3	\$44.6	\$44.6
<b>Total</b>		<b>139</b>	<b>139</b>	<b>\$80.6</b>	<b>\$96.6</b>	<b>\$76.6</b>	<b>\$91.7</b>	<b>\$40.0</b>	<b>\$57.4</b>	<b>\$177.2</b>	<b>\$177.2</b>

### 3.2 Personal care

The personal care budget is categorised by items specific to each individual in the household; household items with the quantity and lifetime dependant on number of people in the household (e.g., shampoo, soap, tissues, toilet paper etc.), and household items used by all members irrespective of the number (e.g., hair dryer, manicure nail kit, insect repellent etc.). Table 3 shows a summary of the budget for the single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components (relevant to both low paid and unemployed households). There are 33 items on average between females and males, and 21 items on average between girls and boys, categorised into 8 sub-groups: hair, body, face, teeth, other, household items and unallocated household items.

Individual budget items are differentiated by gender and labour force status. Females, in general, have budgets that are approximately double in expenditures to males arising from additional face and body products such as makeup, perfumes, nail accessories and sanitary items. It is assumed that the only adjustments for females unemployed or NILF relate to work-based activities, so these individuals are allocated less haircuts and longer lifetimes/lower quantities for make-up, which equates to a 30% reduction in cost. Similarly, the frequency of haircuts for unemployed males is half

of employed males (1 per 16 weeks versus 1 per 8 weeks). The budgets for children are the same across low paid and unemployed households, with the biggest cost allocated to haircuts and general household items. Haircuts remain the largest proportion of personal care budgets across all individuals. Focus groups with low income families in the '2022 Low Paid Budgets' project had also identified haircuts as the biggest expense in terms of personal care costs.

**Table 3 Personal care budgets for single person, couples and additional children (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single unemployed		Low paid and unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual Earner
Hair	Haircuts, hair brush & hair	3	5	\$13.3	\$5.3	\$6.8	\$2.7	\$4.7	\$4.5	\$12.1	\$18.6
Body	Deodorant & sanitary products	5	0	\$5.8	\$0.05	\$5.8	\$0.05	\$0.0	\$0.0	\$5.9	\$5.9
Face	Mascara, lip stick & after shave	5	0	\$4.5	\$4.9	\$3.2	\$4.9	\$0.0	\$0.0	\$7.3	\$8.1
Teeth	Toothbrush	1	1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3	\$0.3
Nails	Nail polish & nail polish remover	2	0	\$0.5	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Other	Sunglasses & toiletry bag	4	2	\$0.5	\$0.5	\$0.5	\$0.5	\$0.2	\$0.2	\$4.2	\$4.2
Household items	Soap, toothpaste & toilet paper	10	10	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$4.2	\$4.2
Unallocated household items	Hair dryer & nail kit	4	4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$1.0	\$1.0
<b>Total</b>		<b>33</b>	<b>21</b>	<b>\$27.3</b>	<b>\$13.4</b>	<b>\$19.5</b>	<b>\$10.8</b>	<b>\$7.7</b>	<b>\$7.4</b>	<b>\$32.1</b>	<b>\$39.4</b>

### 3.3 Clothing and footwear

The clothing and footwear budget includes the different wardrobe items required to meet the clothing needs of individuals in a variety of work-related and social settings. As with the '2022 Low Paid Budgets' and the '2016 MIHL Budgets', the majority of items are of 'generic' brand from large national-based retailers. The only exception is branded sneakers; a decision based on the 2022 focus groups in which participants felt they needed a good quality shoe that offered more in terms of comfort and durability, and to allow their children to fit in with their peers. Table 4 shows a summary of the budget for the single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components in the unemployed households. There are 49 items on average between females and males, and 35 items on average between girls and boys, categorised into 11 sub-groups: tops, shorts and skirts, dresses, pants, knitwear, activewear, underwear, swimwear, shoes and accessories.

The item lists and prices are the same for adults regardless of their employment status. Females are assigned higher quantities (more items) than males, to include dresses, underwear and active wear, and hence incur an additional cost of approximately 20%. For those people NILF or unemployed, lifetimes and quantities were increased or reduced for specific clothing and footwear items to reflect their reduced or non-working clothing and footwear requirements – accounting for at least a 38% reduction in allocated costs.

The lifetimes and quantities of clothing and footwear for children consider the practicality of size changes as children grow and the durability of items bought at the lowest prices from budget retail

stores. The lifetimes for all children's items in unemployed families were 50% higher than those for children in low paid families, except for shoes, which were limited to 1 year for all children due to growth and increased wear and tear. Although not shown in Table 4, the budgets for children in unemployed households are approximately 60% of those in employed households. School-related clothing and footwear items are included the Education budget.

**Table 4 Clothing and footwear budgets for single person, couples and additional children (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual Earner
Tops	Tshirts & singlets	7	4	\$1.9	\$2.8	\$1.1	\$1.1	\$0.3	\$0.6	\$3.9	\$4.7
Shorts & skirts	Shorts & skirts	3	3	\$0.8	\$0.4	\$0.4	\$0.3	\$0.4	\$0.4	\$0.8	\$1.2
Dresses	Dresses casual &	2	1	\$0.7	\$0.0	\$0.3	\$0.0	\$0.3	\$0.0	\$0.3	\$0.7
Pants	Jeans, pants & tracksuit pants	4	3	\$1.1	\$1.1	\$0.7	\$0.6	\$0.5	\$0.8	\$1.9	\$2.3
Knitwear	Hoodies, jumpers	8	5	\$1.6	\$1.4	\$0.8	\$0.6	\$1.0	\$1.0	\$2.2	\$3.0
Activewear	Leggings, exercise tops	2	0	\$0.8	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	\$0.8
Sleepwear	Pyjamas	3	3	\$0.8	\$0.5	\$0.5	\$0.2	\$0.4	\$0.5	\$1.0	\$1.3
Underwear	Socks &	6	4	\$3.3	\$1.8	\$1.6	\$0.8	\$0.3	\$0.5	\$3.4	\$5.0
Swimwear	Swimsuit, rash	4	4	\$0.4	\$0.4	\$0.2	\$0.2	\$0.3	\$0.2	\$0.6	\$0.7
Shoes	Sneakers, thongs & slippers	6	5	\$2.3	\$2.1	\$1.4	\$2.7	\$2.5	\$2.0	\$3.5	\$4.3
Accessories & other	Umbrella & wallet	8	5	\$0.8	\$1.0	\$0.6	\$0.5	\$0.2	\$0.3	\$1.5	\$1.7
<b>Total</b>		<b>49</b>	<b>35</b>	<b>\$14.4</b>	<b>\$11.4</b>	<b>\$8.2</b>	<b>\$7.1</b>	<b>\$6.1</b>	<b>\$6.3</b>	<b>\$19.7</b>	<b>\$25.8</b>

### 3.4 Recreation

In keeping with the MIHL emphasis on healthy lifestyle, the recreation budget includes items and activities that ensure all household members have access to leisure activities. However, the scope of these are generally frugal and limited. Holidays for households are kept to a minimum in terms of duration (1 week) and location (coast holiday, travelling by car within state). Low paid households are allocated a low-cost accommodation option (caravan park), while it is assumed that unemployed households will stay with friends or family. All households are allocated a holiday food and transport budget. It is also assumed that members participate in free physical and community events most of the time. All adults are allocated weekly swimming pool entry costs, the 8 year old girl a mix of swimming lessons and pool entry, and the 11 year old boy participation in a local community-based soccer club.

Table 5 shows a summary of the budget for the single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples with children, along with the child components in the unemployed households. There are 17 items on average between females and males, and 45 items on average between girls and boys, categorised into 3 sub-groups: activities and entertainment, household items and households with children. Girls have a greater number of toys than boys leading to a marginally higher budget (activities and entertainment).

**Table 5 Recreation budgets for single person, couples and additional children (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner (with children)	Dual earner (with children)
Activities & entertainment	Doll, cinema tickets & day trips	7	22	\$11.3	\$11.3	\$11.2	\$11.2	\$16.3	\$15.8	\$25.3	\$25.4
Household items	Holiday, streaming & books	10	10	\$28.2	\$28.2	\$4.2	\$4.2	\$4.2	\$4.2	\$80.4	\$80.4
Households (with children)	Bicycle, art & craft	0	13	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9	\$0.9	\$2.0	\$2.0
	<b>Total</b>	<b>17</b>	<b>45</b>	<b>\$39.5</b>	<b>\$39.5</b>	<b>\$15.4</b>	<b>\$15.4</b>	<b>\$21.4</b>	<b>\$20.9</b>	<b>\$107.7</b>	<b>\$107.8</b>

### 3.5 Household goods and services

This budget area is one of the most complex as it covers nearly 200 general use household items such as furniture, bedding, white goods, crockery and appliances to household utilities such as electricity, internet and mobile phone services. The trade-off between item quality and lifetime that features in other budgets is compounded by whether there are children in the household, and further complicated by the application of concessions to the cost of household utilities.

Table 6 shows a summary of the budget for the single full-time employed and unemployed households, along with the components in the single-parent and couple-parent unemployed households. There are 197 items allocated to females and males, and an additional 40 child-specific items, categorised into 14 sub-groups: lounge and dining furniture, bedroom, bathroom, general household items, kitchen – tableware and utensils, kitchen – cookware, cleaning utensils, durable household items, non-durable household items, household appliances, outdoor furniture, children’s bedroom items, children’s other general items and household utility services.

The usage and costs of all household goods depends on the number of people in each family, and the presence of children. Households with children have slightly reduced lifetimes for many items to account for children-related wear and tear (such as furniture, tableware, cookware, kitchenware and appliances), while the quantity of some items is dependent on the number of persons such as linen, bedding, towels and cleaning products. Item lifetimes for unemployed families are generally extended by one year compared to those for low paid families. Exceptions were made to assign the same lifetimes to disposable items (such as cleaning clothes, cleaning sprays, dishwashing detergent, candles and pest insecticides) that are essential for all households and other disposable festive items (such as balloons, Christmas cards and wrapping paper).

Household services have a set lifetime and quantity of one per year, with no specific provisions made for children, as these are typically paid annually or monthly. The pricing choices follow the same approach outlined in the ‘2022 Low Paid Budgets’: mobile phone services are based on a post-paid SIM card for 40-80GB; internet services are for 60Mbps provided through cable or ADSL; and electricity costs are based on household size aggregated across four seasons. All family types, with the exception of full-time single people and dual earner couples with no children, meet the criteria for a low-income household rebate and/or a family energy rebate. Consistent with the ‘2016 MIHL Budgets’, only low paid households include an allowance for home content insurance (valued at

\$15,000 with an excess of \$1,000). Consequently, the large difference between full-time employed and unemployed households relates to the use of services, with an approximate 20% difference in costs between single adults. However, the cost of 1 child adds approximately 25% more and the cost of 2 children adds approximately 40% more for unemployed households.

**Table 6 Household goods and services budgets for single person, single parent and couple households (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single unemployed		Unemployed households			
				F	M	F	M	Single parent 1 child	Single parent 2 children	Couple 1 child	Couple 2 children
Lounge & dining furniture	Lounge, dining table & cushions	7	7	\$10.3	\$10.3	\$8.7	\$8.7	\$10.3	\$10.3	\$10.3	\$10.3
Bedroom	Mattress, quilt & pillows	9	9	\$3.9	\$3.9	\$3.3	\$3.3	\$3.3	\$3.3	\$3.7	\$3.7
Bathroom	Towels, shower caddy & waste bin	10	10	\$0.4	\$0.4	\$0.3	\$0.3	\$0.5	\$0.6	\$0.6	\$0.6
General household items	Doormat, picture frames & toolkit	7	7	\$0.5	\$0.5	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$0.5
Kitchen – tableware & utensils	Dinner set, glasses & knives	32	32	\$1.6	\$1.6	\$1.2	\$1.2	\$1.4	\$2.0	\$2.1	\$2.2
Kitchen - cookware	Frypan, pots & loaf pan	21	21	\$0.9	\$0.9	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9
Cleaning utensils	Broom, mop & washing up brush	11	11	\$11.3	\$11.3	\$11.3	\$11.3	\$16.7	\$16.7	\$16.7	\$16.6
Household - durables	Ironing board, light bulbs & kitchen bin	23	23	\$2.3	\$2.3	\$1.4	\$1.4	\$1.5	\$1.6	\$1.7	\$1.7
Household - non durables	Christmas items, batteries, paper towel & oven cleaner	45	45	\$8.0	\$8.0	\$7.8	\$7.8	\$8.1	\$9.6	\$10.4	\$10.9
Appliances	Fridge, computer & vacuum cleaner	20	20	\$14.7	\$14.7	\$12.5	\$12.5	\$14.5	\$14.5	\$18.0	\$18.0
Outdoor	Table & chairs	5	5	\$0.8	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
Child bedroom	Mattress, doona, pillow, book case	0	18	\$0.0	\$0.0	\$0.0	\$0.0	\$4.4	\$8.3	\$4.4	\$8.3
Other Child items	Balloons, plastic party utensils	0	12	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2	\$0.2	\$0.2
Services	Electricity & internet	7	7	\$53.8	\$53.8	\$47.8	\$47.8	\$56.6	\$61.3	\$70.1	\$74.0
Services	Electricity concessions	1	1	\$0.0	\$0.0	-\$6.1	-\$6.1	-\$6.1	-\$6.1	-\$6.1	-\$6.1
<b>Total</b>		<b>198</b>	<b>228</b>	<b>\$108.6</b>	<b>\$108.6</b>	<b>\$90.1</b>	<b>\$90.1</b>	<b>\$113.6</b>	<b>\$124.4</b>	<b>\$134.0</b>	<b>\$142.5</b>

### 3.6 Health

In keeping with the MIHL standard, all household members are assumed to be healthy, with no underlying or chronic health conditions and no need for glasses. Health costs are therefore low as there is limited use of specialised and allied health services and facilities. The budget costs for routine health-related events such as getting sick, visiting the doctor, purchasing non-prescription and prescription medications and costs related to routine preventative health checks and dental treatment. Table 7 shows a summary of the budget for the single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the

child components in the unemployed households. There are 10 items on average, categorised into 5 sub-groups: medical, dental, pharmaceutical – prescription, pharmaceutical – non-prescription and household items.

Individual-based items are assigned the same lifetimes, quantities and costs regardless of gender and employment status. Adult females are assigned a 5-yearly pap-smear and the contraceptive pill (although the former has no out-of-pocket cost if conducted by a bulk-billing doctor), making their budgets about 10% higher. The same items are assigned to children with the caveat that medicines such as paracetamol for pain relief and ibuprofen for anti-inflammation are child appropriate. Household-based items distinguish if there are children with slightly higher costs for items such as a thermometer. Across all family types, the largest expenditure is on general dental care, covering consultation, dental extractions, dental fillings, scaling and cleaning of teeth (Australian Institute of Health and Welfare [AIHW], 2022). Dental costs are based on average national expenditures on the assumption that adequate dental care is a requirement for minimal healthy living.

The budget does not include private health insurance on the assumption that individuals have reasonable access to the public health system and to a bulk-billing general practitioner (GP), however it is included as an expenditure item in the supplementary discretionary budget. Also, health concessions (from Section 2.2) apply, but these are not factored into the itemised costings as there are no prescription or non-prescription medicines in the budget list which provide concessions lower than the usual discounts offered at large chemist or supermarket chains. These decisions mean that the health expenditure estimates are modest and not necessarily reflective of the evidenced health social gradient; that those at the bottom of the income distribution potentially require greater use of health services and medications (de Leeuw et al., 2021).

**Table 7 Health budgets for single person, couples and additional children (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual earner
Medical	GP visits & pathology	2	1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Dental	Teeth scale, clean & filling	1	1	\$10.4	\$10.4	\$10.4	\$10.4	\$10.4	\$10.4	\$20.8	\$20.8
Pharmaceutical - prescription	Antibiotics & contraception pill	2	1	\$1.6	\$0.6	\$1.6	\$0.6	\$1.2	\$1.2	\$2.3	\$2.3
Pharmaceutical - non-prescription	Panadol, Nurofen & antiseptic cream	5	5	\$0.6	\$0.6	\$0.6	\$0.6	\$1.2	\$1.2	\$1.3	\$1.3
Household Items	First aid kit & thermometer	1	2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2
<b>Total</b>		<b>10</b>	<b>10</b>	<b>\$12.8</b>	<b>\$11.8</b>	<b>\$12.8</b>	<b>\$11.8</b>	<b>\$12.9</b>	<b>\$12.9</b>	<b>\$24.6</b>	<b>\$24.6</b>

### 3.7 Transport

The transport budget covers a wide range of items mostly relating to the cost of a car, but also bus and train fares and limited taxi fares. Table 8 shows a summary of the budget for the single full-time employed and unemployed households, along with components for unemployed households with children. There are 18 items on average between females and males, and 20 items relating to the presence of children in the household, categorised into 4 sub-groups: car and accessories, associated car costs, petrol and public transport.

Each family type (except unemployed households with no children) is allocated a car, incurring the cost of a used Toyota Corolla Sedan (with an assumed lifetime of 10 years) and the associated costs to maintain road worthiness. This differs from the '2016 MIHL Budgets' which did not assign a car to unemployed households except for single parents; the decision in this budget was based on the rationale that all families with children require a car to drive their children to and from school and for after-school activities. The additional car costs are kept to a necessary but minimal list including: an annual maintenance service, compulsory registration fees and third-party car insurance, budget-based comprehensive car insurance, cleaning products and tyre costs. Car usage (distance and petrol costs) are based on national average travel distances by family type and purpose and national average petrol costs. Only households with children include a small number of toll charges for the annual week's holiday travel and parking costs for day trips. Expenditure relating to the ownership and use of the car is the biggest cost category for all families (except unemployed single adults, who are not assigned a car).

Public transport costs varied by family type and the presence of a car. Single and dual earner couple households are allocated five return bus trips per week to travel for work, the assumption being that the other partner would use the car. All members in low paid households are allocated one return bus trip per month (including children) to cover the costs of participating in social and recreation activities. Low paid households are assumed to not be eligible for transport concessions.

All unemployed households (with the exception of single parents) are reliant on public transport with NSW-based concessions that cap weekly costs. For unemployed couples with children, the assumption is that one parent will use public transport to look for work as a condition of receiving JobSeeker Payment. For unemployed households without children, access to public transport also facilitates bus and train trips to the local shopping hub, trips for medical and dental visits and for recreational activities plus an additional return train fare for travel to their domestic holiday destination (Forster). However, it is important to note that eligibility criteria and concession amounts vary across states, which could affect these assumptions.

Children do not have public transport costs to travel for school as they either walk, carpool with their parents or have student travel-free transport cards. The budget includes four taxi trips per year for all households, with an additional two trips for an adult single female and single mothers to allow for safe passage home at night (with a maximum distance of 10km per trip).

**Table 8 Transport budgets for single person and single mother households (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single unemployed		Unemployed households			
				F	M	F	M	Single mother 1 child	Single mother 2 children	Couple 1 child	Couple 2 children
Car/ accessories	Car, car seat covers & car cleaning products	5	5	\$37.7	\$37.7	\$0.0	\$0.0	\$37.7	\$37.7	\$38.3	\$38.3
Associated car costs	Car registration & service, licence costs & car	11	12	\$58.7	\$57.3	\$0.0	\$0.0	\$59.3	\$59.3	\$58.0	\$58.0
Petrol	Petrol costs	1	1	\$20.7	\$20.7	\$0.0	\$0.0	\$50.1	\$50.1	\$77.3	\$77.3
Public transport	Bus fares	1	2	\$2.5	\$2.5	\$28.4	\$28.4	\$1.9	\$2.5	\$3.1	\$3.7
<b>Total</b>		<b>18</b>	<b>20</b>	<b>\$119.5</b>	<b>\$118.2</b>	<b>\$28.4</b>	<b>\$28.4</b>	<b>\$149.0</b>	<b>\$149.6</b>	<b>\$176.7</b>	<b>\$177.3</b>

### 3.8 Education

The education budget includes uniform and stationery items, as well as items that ensure children participate in all aspects of schooling available at a public primary school. No allowance is made for developmental needs and there is no allowance for adult education. Pricing choices followed that of the '2022 Low Paid Budgets': school shoes and uniforms are brand shoes or of school-brand quality, children participate in excursions including an annual school camp for the older child, the older child has a laptop and the younger child has a tablet for educational purposes and families pay compulsory school fees and voluntary contributions. Education categories do not differ by family type or employment status, except that the lifetime for education-related clothing items is 1.5 times more for unemployed households and the children in unemployed households are assigned an extra to the lifetime of their tablet (girl) and laptop (boy).

Table 9 shows a summary of the education budget (excluding childcare) for full-time employed and unemployed single parent households. There are 34 items on average between girls and boys, categorised into 9 sub-groups: stationary, books and folders, fees, lunch, other, summer clothing, winter clothing, sport clothing and general clothing. Overall, the budget for employed households is on average 15% more than that of unemployed households.

**Table 9 Education budgets for employed and unemployed single parent and couple households (\$pw)**

Areas	Examples	N items (av G/B)	FT employed single parent		Unemployed single parent	
			Girl	Boy	Girl	Boy
Stationary	Textas, pencils, case, ruler, rubber	11	\$0.5	\$0.5	\$0.5	\$0.5
Books & folders	Exercise book	1	\$0.1	\$0.1	\$0.1	\$0.1
Fees	Fees, voluntary contributions, excursions, school photos	4	\$11.2	\$18.1	\$11.2	\$18.1
Lunch	Drink bottle, lunch box	3	\$1.0	\$1.0	\$1.0	\$1.0
Other	School bag, tablet	2	\$4.2	\$4.6	\$3.2	\$3.5
Summer clothing	School tunic	2	\$1.2	\$1.6	\$0.8	\$1.0
Winter clothing	Jumper, pants, short, skirt	4	\$2.5	\$2.4	\$1.7	\$1.6
Sport clothing	T shirt, tracksuit pants	4	\$1.2	\$1.2	\$0.9	\$0.9
General clothing	School hat, shoes, socks, stockings	4	\$3.8	\$3.5	\$2.5	\$2.3
<b>Total</b>		<b>34</b>	<b>\$25.7</b>	<b>\$33.0</b>	<b>\$21.9</b>	<b>\$29.1</b>

The assumptions for childcare for low-paid households are adapted from the previous '2022 Low Paid Budgets' and for unemployed households from the '2016 MIHL Budget Standards'. The budget assumes that:

- a) childcare is offered for 40 weeks a year (before and after school);
- b) single parents working full-time rely on before and after school childcare 5 days a week. This assumption takes into consideration normal 9am-5pm working hours and travel time to and from school to work;
- c) low-paid couple parent households are dependent on the employment status of the primary carer. No childcare is assigned for single earner low-paid couples with the primary full-time carer (mother) not in the labour force. Dual earner low-paid couples access before school childcare 2 days a week and after school childcare 3 days a week on the assumption that the primary carer (mother) works part-time and arranges work to fit around care responsibilities;
- d) all unemployed families are allocated 1 day per week of after school childcare to allow participation in mandatory job search activities. This is consistent with the '2016 MIHL Budget Standards' for unemployed sole parents and extended in this project to include unemployed couples; and
- e) It is also assumed that for the 12 weeks of school vacations, 6 weeks of paid vacation care are accessed, the primary carer absorbs 4 weeks of their annual leave to provide care and the primary earner, family members and/or friends provide an additional two weeks of informal care. One day per week of paid vacation care is allocated to unemployed households on the assumption that job search activities are required.

Table 10 shows a summary of the childcare budget for employed and unemployed single parent and couple households, which includes 3 items: before school care, after school care and vacation care. All families with children are assumed to be entitled to receive a childcare subsidy that reduces their out-of-pocket costs<sup>8</sup>, with the level of subsidy ranging between 85-90% depending on their family income<sup>9</sup>; 90% for families with household income \$0-\$80,000 and decreased by 1% for every \$5,000 of family income earned above \$80,000. Childcare costs are based on 2022 values inflated to 2024 values using the ABS CPI childcare inflator. This inflator takes account of the increase in the subsidy rate from 85% in 2022 to the current 90%. Part-time single parents incur approximately half the childcare costs of a single parent working full-time. Unemployed single parents incur between a fifth to a quarter of the childcare costs of low-paid single parent or dual earner couples.

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<sup>8</sup> Before and After School Care Costs are based on the average of the ranges provided by Care for Kids (<https://www.careforkids.com.au/child-care-articles/article/77/how-much-does-child-care-cost>)

<sup>9</sup> Childcare subsidy is percentage based depending on what category of income the household/family earns and for vacation care the number of entitled hours to make a claim.

**Table 10 Childcare budgets for employed and unemployed single parent and couple households (\$pw)**

Areas	Examples	N items (av G/B)	Single parent households (1 child)			Couple households (1 child)	
			FT	UN	PT	UN	Dual earner
Childcare	Before school	1	\$13.1	\$0.0	\$5.2	\$0.0	\$5.6
Childcare	After school	1	\$20.3	\$4.1	\$12.2	\$4.1	\$13.0
Childcare	Vacation care	1	\$5.2	\$1.0	\$2.6	\$1.0	\$2.8
	<b>Total</b>	<b>1</b>	<b>\$38.6</b>	<b>\$5.1</b>	<b>\$20.0</b>	<b>\$5.1</b>	<b>\$21.3</b>

### 3.9 Housing

Housing costs vary widely across households. In particular, location and homeownership are important determinants. In poverty studies, housing costs are often analysed as a largely unavoidable cost, with the observed housing costs of households deducted from income and the residual compared with an ‘after-housing’ poverty line. The after-housing line reflects the needs for non-housing consumption, with no normative expenditure requirement set for housing.

Here, we follow this same principle by considering housing as separate costs which are calculated in a non-normative fashion. In this report, we use an adaption of the rental threshold approach used in the ‘2016 MIHL Budget Standards’ with modifications to take advantage of newly available Census data. The methods are the same as in the ‘2022 Low Paid Budgets’, but updated to 2024 Q2, with some adjustments for unemployed households.

The following assumptions are used to derive a standard housing budget for each family type. In addition, data is presented to allow the same methods to be applied to other regions or to other rent thresholds:

- Households are assumed to be living in dwellings rented on the standard private rental market (rented from a real estate agent).
- The number of bedrooms in their dwelling is (with one exception) set following the Canadian National Occupancy Standard.<sup>10</sup> This is a minimal housing standard based on parental relationships and the age and gender of children. However, as in Saunders and Bedford (2017), we do not follow this standard for couple-only households in employment. For these households, the Canadian minimum standard ascribes only one bedroom, but for the low paid households we assign two bedrooms based on the wide prevalence of this housing pattern in Australia.<sup>11</sup> For unemployed couples-only households, we maintain the more austere Canadian housing standard of a single bedroom. With this adaption, we thus assume the following number of bedrooms for each household composition: single people (1),

<sup>10</sup> See ABS <https://www.abs.gov.au/census/guide-census-data/census-dictionary/2021/variables-topic/housing/housing-suitability-hosd>.

<sup>11</sup> In the 2021 Census, couple-only households renting from a real estate agent had 43% living in a two-bedroom dwelling and only 13% living in a one (or zero) bedroom dwelling (44% in larger dwellings). Across regions, the highest percentage in one-bedroom dwellings was in the ACT and Sydney at 27% and 21% respectively (ABS Tablebuilder).

couples (1 for unemployed, otherwise 2), couples and single parents with one child (2), couples and single parents with two children (3). Note that if both children were of the same gender, the Canadian standard would imply that they could share a bedroom and thus live in a two-bedroom dwelling (instead of the 3-bedroom dwelling assumed here).

- Rents are estimated for several points on the rental income distribution (25<sup>th</sup>, 30<sup>th</sup>, 40<sup>th</sup> and 50<sup>th</sup> percentiles) and for the capital cities and non-capital cities in each state/territory. These are calculated using the 2021 Census, updated to 2024 Q2 values using growth in the rent component for the CPI for each capital city.<sup>12</sup> All dwelling types (houses and units) are included in the estimation.

Note that other housing-related costs such as consumption-based water rates and household insurance are included in the household goods and services budget. The rent thresholds are shown in

Table 11 for households with different numbers of bedrooms. There is substantial variation in rents across percentiles, dwelling size and region. Across the different cities and dwelling sizes, the 25<sup>th</sup> percentile averages around 85% of the median value. The cross-regional variation is generally much larger than this, with the lowest rent in each dwelling size being between 39-52% of the highest. For example, the median rent for three-bedroom dwellings varies from \$602 per week in Sydney to \$308 per week outside Adelaide in South Australia.

Table 12 shows the 25<sup>th</sup>, 30<sup>th</sup>, 40<sup>th</sup> and 50<sup>th</sup> (median) rents for the 25 family types in Sydney based on the number of bedrooms chosen as shown. For the employed households, our base budgets use the 40<sup>th</sup> percentile rents. For the unemployed households, the 30<sup>th</sup> percentile rents are used (shown in bold in the table). The information in these two tables can be used to substitute alternative rent thresholds, either for other regions or at alternative percentiles of the distribution.

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<sup>12</sup> Census rent percentiles are calculated by linear interpolation within rent ranges, accessed via ABS Tablebuilder. The rent component of the CPI for the capital city of the state/territory is used (CPI is not available for non-capital regions). The ratio of September quarter 2021 and March quarter 2024 values are used to inflate the rent levels, multiplied by 11/10 to extend to June quarter 2024. Because of recent rent increases, these estimates are substantially higher than those included in the 2022 report.

**Table 11 Estimated rent percentiles in 2024**

Region	Bedrooms	Rent percentile (\$pw)			
		25	30	40	50
Greater Sydney	1	438	461	484	521
	2	462	478	524	569
	3	505	526	562	602
Rest of NSW	1	236	426	269	296
	2	304	318	349	371
	3	386	405	429	460
Greater Melbourne	1	330	339	354	375
	2	389	400	423	449
	3	404	414	437	461
Rest of Vic.	1	188	196	211	227
	2	255	267	285	300
	3	318	332	349	370
Greater Brisbane	1	328	345	379	422
	2	383	399	432	461
	3	420	430	449	476
Rest of QLD	1	283	304	335	373
	2	316	329	365	401
	3	379	394	431	466
Greater Adelaide	1	279	290	306	327
	2	325	335	354	370
	3	374	387	412	431
Rest of SA	1	175	180	191	201
	2	213	223	239	254
	3	259	272	294	308
Greater Perth	1	310	323	348	381
	2	362	379	401	435
	3	406	422	448	468
Rest of WA	1	260	271	305	341
	2	278	297	326	352
	3	367	381	402	433
Greater Hobart	1	271	281	301	322
	2	349	364	383	399
	3	403	418	440	463
Rest of Tasmania	1	190	195	207	218
	2	247	258	275	289
	3	289	300	321	337
Greater Darwin	1	301	308	323	349
	2	374	384	418	440
	3	491	503	541	564
Rest of NT	1	320	330	351	363
	2	414	424	444	464
	3	499	527	556	586
Australian Capital Territory	1	418	429	448	462
	2	477	495	515	539
	3	528	543	566	592

Notes: The table shows the estimated private rent percentile for households with 1, 2 and 3 bedrooms, as at second quarter of 2024. Source: ABS 2021 Census and CPI. See text for details.

**Table 12 Indicative housing costs for selected family types in Sydney**

Family type	Bedrooms	Greater Sydney rent percentile (\$pw)			
		25	30	40	50
Single adult, working full-time	1	438	461	<b>484</b>	521
Single parent, working full-time, 1 child	2	462	478	<b>524</b>	569
Single parent, working part-time, 1 child	2	462	478	<b>524</b>	569
Single parent, working full-time, 2 children	3	505	526	<b>562</b>	602
Single parent, working part-time, 2 children	3	505	526	<b>562</b>	602
Single-earner couple, one full time one NILF	2	462	478	<b>524</b>	569
Single-earner couple, one full-time, one NILF, 1 child	2	462	478	<b>524</b>	569
Single-earner couple, one full-time, one NILF, 2 children	3	505	526	<b>562</b>	602
Dual-earner couple, one full-time, one part-time	2	462	478	<b>524</b>	569
Dual-earner couple, one full-time, one part-time, 1 child	2	462	478	<b>524</b>	569
Dual-earner couple, one full-time, one part-time, 2 children	3	505	526	<b>562</b>	602
Single parent, unemployed	1	438	<b>461</b>	484	521
Single parent, unemployed, 1 child	2	462	<b>478</b>	524	569
Single parent, unemployed, 2 children	3	505	<b>526</b>	562	602
Couple, both unemployed, no children	1	438	<b>461</b>	484	521
Couple, both unemployed, 1 child	2	462	<b>478</b>	524	569
Couple, both unemployed, 2 children	3	505	<b>526</b>	562	602

Notes: Derived from Table 11 . Numbers in bold used in the current budget standard estimates.

### 3.10 Discretionary expenditure

The '2022 Low Paid Budgets' extended the original '2016 MIHL Budgets' to include a supplementary discretionary budget for a wider range of non-essential but common expenditures that Australian families 'typically' consume, and which allow for fuller participation in society. That budget allowed

for tobacco based on patterns of average consumption across the population<sup>13</sup>, alcohol consumption (above a very minimal level included in the food budget) based on the healthy maximum guideline threshold (weighted by the fraction of people who have consumed alcohol in the last year)<sup>14</sup>, average gambling losses across the population, a small allowance for workers eating lunch out and a weekend meal outside the house and a minimal budget for international travel. Costs remained the same regardless of the gender of the adult with accommodations made for child-related costs.

The tobacco, alcohol and gambling costs, while commonly seen as ‘sin’ goods, can also be seen as proxies for other additional expenditures such as hobbies or interests that may be afforded from a supplementary discretionary budget. This is considered appropriate given how budget standards research has been used for child support cost of children research, in that a supplementary discretionary budget produces estimates that are closer to reflecting the ‘modest but adequate’ budget standard relied upon for the 2005 Ministerial Taskforce on Child Support report.

Table 13 shows a summary of the budget for single full-time employed and unemployed households, and employed couples. There are 19 items on average between females and males, and 11 items relating to the presence of children in the household. The additional items added to the supplementary discretionary budget for employed adults include private health insurance, gym membership and a higher cost domestic holiday allocation. Unemployed households are allocated the accommodation costs in the lower cost domestic holiday that was budgeted for low paid households in the Recreation budget. Low paid households are allocated a higher cost domestic holiday (upgraded from a cabin to a hotel) as well as a limited budget for overseas travel to visit and stay with family (cost limited to flight tickets only) every second year. The inclusion of overseas travel was a finding from the focus groups in the ‘2022 Low Paid Budgets’ project as important for maintaining relationships with family. Both employed and unemployed households are also allocated costs for children’s birthday party gifts and some money set aside for emergencies. Unemployed households are not allocated any overseas travel and cost for “eating out lunch at work”. Unemployed households are allocated half the expenditure for low-paid households.<sup>15</sup> The exclusion of several items means that the budgets for unemployed single adults are substantially lower at more than half that of employed single adults, while the budgets for unemployed single parents increase by 50% with the presence of children.

It is important to stipulate that the supplementary discretionary nature of all these items makes drawing the boundaries of consumption behaviour, choices and expenditures particularly difficult. Tobacco costs are much higher amongst smokers but the costs are lower when spread across the whole population. Healthy guidelines on alcohol consumption differ widely from average (and gender) consumption patterns which are higher. Overseas travel assumes that people stay with family members and hence costs are kept to a minimal with no additional allowance for food or accommodation. Only employed households are allocated gym membership, comprehensive health insurance and higher cost local and overseas travel. Although in general gifts are assumed to be

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<sup>13</sup> <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/data>. The proportion of people aged 15 and over who smoke on a daily basis for 2022 is 8.5% (AIHW, 2024, Table 2).

<sup>14</sup> <https://www.health.gov.au/topics/alcohol/about-alcohol/how-much-alcohol-is-safe-to-drink>. The proportion of people aged 35-44 who have consumed alcohol in the last year is 79.7% (National Health Survey, 2022, Table 7.3).

<sup>15</sup> Average gambling expenditures are similar across all income quintiles other than the lowest, where they are around half the value of higher quintiles (ABS Household Expenditure Survey, 2015-16, Table 3.3A). Hence, per capita expenditures are applied for the low-paid households and half this value is allocated to unemployed households (Table E in Australian Gambling Statistics, 39th edition, 1997-98 to 2022-23, Summary tables 2021-22).

reciprocal, \$30 gift cards for children’s birthday parties twice a year per child in the household are allocated as a necessary condition of socialising. Every adult member of the household is also allocated \$500 per year as savings for use in emergencies and unanticipated costs.

**Table 13 Discretionary budgets for single person and single mother households (\$pw)**

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single unemployed		Unemployed households		Couples	
				F	M	F	M	Single mother 1 child	Single mother 2 children	Single earner 2 children	Dual earner 2 children
Alcohol incl. in Food Budget	Wine/Beer	1	1	-\$0.5	-\$6.2	-\$0.5	-\$6.2	-\$0.5	-\$0.5	-\$6.6	-\$6.6
Domestic holiday accommodation from Recreation Budget	Cabin	1	1	-\$24.2	-\$24.2	\$0.0	\$0.0	\$0.0	\$0.0	-\$36.6	-\$36.3
Alcohol (healthy guidelines)	Beer, Wine, Spirits, Cider	4	4	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6	\$33.2	\$33.2
Tobacco (avg. population)	Cigarettes	1	1	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$3.6	\$3.6
Gambling	Racing, Gaming and Sports Betting	1	1	\$28.4	\$28.4	\$14.2	\$14.2	\$14.2	\$14.2	\$56.8	\$56.8
Eating out lunch at work	Cafe	1	0	\$19.5	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$19.5	\$38.9
Eating out weekend meal	Restaurant	1	1	\$8.1	\$8.1	\$8.1	\$8.1	\$3.7	\$5.0	\$16.2	\$16.2
Overseas Travel	Airfare, incidental transport	2	0	\$21.8	\$21.8	\$0.0	\$0.0	\$0.0	\$0.0	\$43.7	\$43.7
Health insurance	Singles, Couples, Families or Single parents	2	0	\$27.9	\$27.9	\$0.0	\$0.0	\$0.0	\$0.0	\$55.7	\$55.7
Domestic holiday accommodation (higher cost)	Hotel	2	0	\$31.5	\$31.5	\$22.3	\$22.3	\$33.6	\$33.6	\$63.1	\$63.1
Gym membership		2	0	\$23.0	\$23.0	\$0.0	\$0.0	\$0.0	\$0.0	\$46.0	\$46.0
Children’s birthday parties	Gift cards	0	1	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$2.3	\$2.3	\$2.3
Emergency expenditures	Cashflow	1	1	\$9.6	\$9.6	\$9.6	\$9.6	\$19.2	\$28.8	\$19.2	\$19.2
<b>Total</b>		<b>19</b>	<b>11</b>	<b>\$163.6</b>	<b>\$157.9</b>	<b>\$72.2</b>	<b>\$66.5</b>	<b>\$89.8</b>	<b>\$101.8</b>	<b>\$316.3</b>	<b>\$335.8</b>

## 4 Budget standard estimates

Table 14 presents the budget estimates for single person households by budget area, disaggregated by gender and labour market status. Table 15 presents the budget estimates for single parent households and

Table 16 for couple headed households. In Table 14, we also present the average for female and male households, as well as the difference between the budgets for those working full-time and those unemployed. All estimates are for the second (June) quarter of 2024.

We present three different budget totals, reflecting the fact that the discretionary budgets are more arbitrary than the other budgets, with a weaker normative justification, and that the housing budgets are derived by choosing different points on the distribution of housing costs, rather than by forming a normative judgement of where and in what quality dwelling people should live. The first total excludes both of these measures, and could be used, for example, to compare with other after-housing indicators of living standards. The second, non-discretionary total, includes housing but not discretionary expenditures, and the final total includes all 10 budget components.

In Table 14, the total non-discretionary budgets for unemployed single adults are on average \$172 per week (or nearly 20%) less than those for low paid employed adults. The main source of difference is the exclusion of items for unemployed households in the recreation, household goods and services, transport and housing budgets. The recreation budget for employed adults is 2.6 times higher than for unemployed single adults (because the cost of accommodation for the low-cost domestic holiday, which is included in the standard budget for the low paid households and as a supplementary item in the discretionary budget for unemployed households). Unemployed households are not assigned home contents insurance, so the household goods and services budgets are \$18 per week less. The large difference of \$90 per week in the transport budget is primarily due to car expenditures, on the assumption that unemployed single adults rely on public transport. The assignment of rents at the 30<sup>th</sup> percentile of the rental distribution (in Sydney) for unemployed adults and 40<sup>th</sup> for employed adults implies a budget for the former which is \$24 per week less than the latter. If the 25<sup>th</sup> percentile for unemployed adults was used instead, the gap would be \$46 per week (see the rent percentiles for one bedroom in Table 12).

There are also minimal differences in estimates by gender for both employed and unemployed households. The lower food budgets for females (about 20% less) are balanced by much higher budgets for personal care (nearly twice) and clothing and footwear (about one-fifth more) compared to males. Similarly, the budget areas that account for the largest share of the total non-discretionary household budget are the same for all single adult households irrespective of gender, although they differ by employment status. For employed households (single, no children), the largest proportionate spend is on housing (around 55%), followed by transport (around 13%), household goods and services and food. In contrast, housing accounts for close to 65% of the total non-discretionary household budget for unemployed adults, while reliance on public transport reduces the transport budget to around 4% of the total budget spend.

**Table 14 Budgets for single adults by budget area (\$pw)**

	Single female FT	Single male FT	Single FT (average of female & male)	Single female Un	Single male Un	Single UN (average of female & male)	Un minus FT (average of female & male)
Food	81	97	89	77	92	84	-4
Personal Care	27	13	20	19	11	15	-5
Clothing & Footwear	14	11	13	8	7	8	-5
Recreation	40	40	40	15	15	15	-24
Household Goods & Services	109	109	109	90	90	90	-18
Health	13	12	12	13	12	12	0
Transport	120	118	119	28	28	28	-90
Education	0	0	0	0	0	0	0
Housing	484	484	484	461	461	461	-24
Discretionary	164	158	161	72	66	69	-91
Total (excl. discretionary and housing)	403	400	401	251	255	253	-148
Total (non-discretionary)	887	884	886	712	716	714	-172
Total	1,051	1,042	1,046	784	782	783	-263

In Table 15, the range of total household budget estimates for single parent households is quite narrow, ranging from \$1,070 for unemployed single fathers with 1 child to \$1,605 for single mothers working full-time with 2 children; an overall ratio of 1.5 to one. On average, the total household budgets for unemployed single parents are around \$283 per week (or nearly 20%) less than those for low paid employed single parents, and around \$162 (or around 13%) per week less when the discretionary budget is excluded. The exclusion of similar items discussed in relation to Table 14 explain the difference in these estimates (domestic holiday, home contents insurance, lower cost housing and much lower discretionary expenditures). The exception is transport as a car is assigned to all unemployed families with children, so they have the same transport budgets as low paid households.

The minimal difference between higher budgets for single parents working full-time versus part-time stem predominantly from the increased use of childcare for full-time working parents – \$20 per week more for families with 1 child and nearly \$40 per week for 2 children, despite the lower income for part-time working single parents. The gap would increase if the work pattern of the part-time parent was altered to eliminate within school term childcare costs (for example, working 19 hours across 4 to 5 days, instead of a 9am-5pm work day), although some of this cost would be offset by an increase in holiday care costs (additional days required) and other work-related costs.

The proportionate spend of budget areas to the total non-discretionary budget for single parents compared to single adults in Table 14 is also altered by the addition of children-related costs to the transport, food and household goods and services budgets, and the inclusion of education costs (including childcare school fees and uniform/school shoes). Across all single parent families, transport and education costs equate to about 20% of the total non-discretionary budgets.

For single mother households employed full-time with 2 children, the largest proportionate spend is on housing (41%), followed by food (13%), transport (11%) and household goods and services

(10%). For an unemployed single mother with 2 children, housing accounts for close to 45% of the total non-discretionary household budget, also followed by food (14%) and transport (13%).

**Table 15 Budgets for single parent households by budget area (\$pw)**

	Single mother with one child			Single father with one child			Single mother with two children			Single father with two children		
	FT	PT	Un	FT	PT	Un	FT	PT	Un	FT	PT	Un
Food	121	121	115	137	137	130	178	178	169	194	194	184
Personal Care	34	33	27	21	21	18	41	40	34	27	27	25
Clothing & Footwear	24	24	14	21	21	13	34	34	21	31	31	20
Recreation	71	71	34	71	71	34	89	89	50	89	89	50
Household Goods & Services	128	128	114	128	128	114	139	139	124	139	139	124
Health	26	26	26	25	25	25	38	38	38	37	37	37
Transport	151	151	149	150	150	148	152	152	150	151	151	148
Education	64	46	27	64	46	27	136	99	61	136	99	61
Housing	524	524	478	524	524	478	562	562	526	562	562	526
Discretionary	210	200	90	204	194	84	234	224	102	228	219	96
Total (excl. discretionary and housing)	619	599	505	616	597	508	808	769	647	805	768	650
Total (non-discretionary)	1,143	1,123	983	1,140	1,121	986	1,370	1,332	1,173	1,367	1,330	1,176
Total	1,353	1,323	1,072	1,344	1,315	1,070	1,604	1,556	1,274	1,549	1,549	1,272

Finally, in

Table 16 budget standard estimates for couples vary considerably with the labour status of couples. The total non-discretionary budgets of single earner couples range between \$20 to \$60 per week less than for dual earner couples, the range increasing with the number of children (discussed further in Section 5). Moreover, unemployed couples without children have a budget on average \$268 per week (or more than 20%) less than single earner or dual earner couples, with this difference driven by the assumption of car ownership and housing costs. The proportional difference decreases with the additional presence of each child, as dwelling size and car/transport assumptions are aligned for unemployed and low paid households. Hence, compared to single earner couples, budgets are 11% lower for unemployed couples with 1 child and 9% lower for those with 2 children, and approximately 13% lower than dual earner couples with children.

For dual earner couple households with 2 children, the largest proportionate spend is on housing (35%), followed by food (17%), transport (15%) and household goods and services. For an unemployed couple, housing accounts for close to 38% of the total non-discretionary household budget, also followed by food (19%) and transport (15%). With the exception of unemployed couples without children, the same budget areas account for the largest proportionate share of the total household budgets – housing, transport, food and household goods and services.

**Table 16 Budgets for couple headed households by budget area (\$pw)**

	Couple			Couple with one child			Couple with two children		
	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)
Food	177	177	168	217	217	206	275	275	261
Personal Care	32	39	30	39	46	37	46	53	44
Clothing & Footwear	20	26	15	29	35	21	39	45	28
Recreation	51	51	27	84	84	47	102	102	62
Household Goods & Services	126	132	113	150	152	134	159	161	142
Health	24	24	24	37	37	37	50	50	50
Transport	200	200	57	234	234	201	235	235	202
Education	0	0	0	26	47	27	59	101	61
Housing	524	524	461	524	524	478	562	562	526
Discretionary	337	347	119	357	367	128	382	392	140
Total (excl. discretionary and housing)	629	649	434	815	853	711	963	1,022	850
Total (non-discretionary)	1,153	1,173	895	1,340	1,377	1,188	1,526	1,585	1,376
Total	1,490	1,520	1,014	1,696	1,744	1,317	1,908	1,976	1,517

## 5 Costs of children

The 'cost of children' can be defined as the extra amount families with children need to spend to reach a given budget standard, over and above the amount needed by comparable families without children for the same living standards. In this section, we summarise these differences, based on the data presented in Section 4.

Table 17 shows the budgets for couples with children minus the budgets for couples without children and with the same parental labour market status. The areas with the largest cost differences for families with children are food, transport, recreation and education – though costs are higher across all budget areas (see Table 18). The differences are larger for the unemployed households because of the treatment of housing and transport expenditures. All couples with one child are assigned a two-bedroom dwelling. Couples with no children in the workforce are also assigned this dwelling size, with unemployed couples without children assigned a one-bedroom dwelling. A similar pattern applies to transport, where all households have a car except for the unemployed couple without children. This approach increases the cost of children in an unemployed couple compared to the cost of children with one parent or both parents in the workforce.

**Table 17 Difference between budgets for couples with children and couples with no children (\$pw)**

	Couple with one child			Couple with two children		
	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)
Food	40	40	38	97	97	93
Personal Care	7	7	7	14	14	14
Clothing & Footwear	9	9	6	19	19	12
Recreation	33	33	20	51	51	36
Household Goods & Services	24	21	21	33	29	30
Health	13	13	13	26	26	26
Transport	34	34	144	35	35	145
Education	26	47	27	59	101	61
Housing	0	0	17	38	38	65
Discretionary	20	20	9	45	45	21
Total (excl. discretionary and housing)	186	204	277	334	373	416
<b>Total (non-discretionary)</b>	<b>186</b>	<b>204</b>	<b>294</b>	<b>372</b>	<b>411</b>	<b>482</b>
<b>Total</b>	<b>206</b>	<b>224</b>	<b>303</b>	<b>417</b>	<b>456</b>	<b>503</b>

Note: The table shows the budget for a couple with one or two children, minus the budget for a couple with no children (and the same labour market status).

Table 18 shows these costs in ratio form, relative to the budgets of couples without children. At the foot of the table are several equivalence scales in common use that can be used as reference points

for the main budgets (note: they do not vary with labour market status).<sup>16</sup> Areas where child costs are relatively high, with child costs close to or above the per-capita budgets, are education (denoted by '∞' because the couple budget is zero), recreation, health and clothing and footwear.

Overall, for the non-unemployed households, the relativity for the total budgets (including discretionary expenditures) is 1.14-1.15 for one child and 1.28-1.30 for two children. When excluding the discretionary expenditures, the relative costs are slightly higher (1.16-1.17 and 1.32-1.35 respectively). This is because discretionary expenditures mainly relate to adult consumption, and so only have a small increase as the number of children increases. These ratios are less than all the reference scales at the foot of the table, mainly because of the high share of housing in the budgets, and the assumption that employed couples without children and couples with one child require a dwelling of the same size. For unemployed households, the relative costs are all substantially higher (1.33 for one child and 1.54 for 2 children), and close to the 'Old OECD' scales, because of the additional housing and transport expenditures for families with children as described above.

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<sup>16</sup> If A is the number of adults in the household, C is the number of children and  $P = A + C$ , then the reference scales are calculated as:

$$\text{Per-capita scale} = P / 2$$

$$\text{Square root scale} = \sqrt{P/2}$$

$$\text{Old OECD} = (1 + 0.7(A-1) + 0.5C)/(1 + 0.7)$$

$$\text{Modified OECD} = (1 + 0.5(A-1) + 0.3C)/(1 + 0.5)$$

**Table 18 Ratio between budgets for couples with children to corresponding couple households without children**

	Couple with one child			Couple with two children		
	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unemployed (Un, Un)
Food	1.23	1.23	1.23	1.55	1.55	1.55
Personal Care	1.23	1.18	1.24	1.44	1.36	1.47
Clothing & Footwear	1.47	1.36	1.40	1.98	1.75	1.81
Recreation	1.65	1.65	1.75	2.00	2.00	2.34
Household Goods & Services	1.19	1.16	1.19	1.26	1.22	1.27
Health	1.52	1.52	1.52	2.05	2.05	2.05
Transport	1.17	1.17	3.54	1.18	1.18	3.55
Education	∞	∞	∞	∞	∞	∞
Housing	1.00	1.00	1.04	1.07	1.07	1.14
Discretionary	1.06	1.06	1.07	1.13	1.13	1.17
Total (excl. discretionary and housing)	1.30	1.31	1.64	1.53	1.58	1.96
<b>Total (non-discretionary)</b>	<b>1.16</b>	<b>1.17</b>	<b>1.33</b>	<b>1.32</b>	<b>1.35</b>	<b>1.54</b>
<b>Total</b>	<b>1.14</b>	<b>1.15</b>	<b>1.30</b>	<b>1.28</b>	<b>1.30</b>	<b>1.50</b>
<i>Per Capita</i>		<i>1.50</i>			<i>2.00</i>	
<i>Square root</i>		<i>1.22</i>			<i>1.41</i>	
<i>Old OECD</i>		<i>1.29</i>			<i>1.59</i>	
<i>Modified OECD</i>		<i>1.20</i>			<i>1.40</i>	

Note: The table shows the budget for a couple with one or two children, relative to the budget for a couple with no children (and the same labour market status). The scales in italics at the foot of the table are reference scales for comparison. All scales are relative to a couple without children = 1.

Table 19 presents comparable results for single parents compared to those of a single adult. The differences in total budget spend estimates are generally higher than those in Table 17. This is mainly because of the housing model, where all single parents require additional bedrooms for their children, with low paid couples not requiring an additional bedroom because they are already assigned two bedrooms.

**Table 19 Budgets for single parents compared to single adults**

	Difference from single adult				Ratio with single adult			
	One child		Two children		One child		Two children	
	FT	Un	FT	Un	FT	Un	FT	Un
Food	40	38	97	93	1.45	1.45	2.10	2.10
Personal Care	7	7	14	14	1.35	1.47	1.69	1.93
Clothing & Footwear	9	6	19	12	1.72	1.80	2.49	2.63
Recreation	32	19	50	34	1.80	2.21	2.25	3.23
Household Goods & Services	20	23	31	34	1.18	1.26	1.28	1.38
Health	13	13	26	26	2.04	2.04	3.09	3.09
Transport	31	120	33	121	1.26	5.23	1.27	5.25
Education	64	27	136	61	na	na	na	na
Housing	40	17	78	65	1.08	1.04	1.16	1.14
Discretionary	46	18	70	30	1.29	1.25	1.44	na
Total (excl. discretionary and housing)	216	253	405	395	1.54	2.00	2.01	2.56
<b>Total (non-discretionary)</b>	<b>256</b>	<b>270</b>	<b>483</b>	<b>460</b>	<b>1.29</b>	<b>1.38</b>	<b>1.55</b>	<b>1.64</b>
<b>Total</b>	<b>302</b>	<b>288</b>	<b>554</b>	<b>490</b>	<b>1.29</b>	<b>1.37</b>	<b>1.53</b>	<b>1.63</b>
<i>Per Capita</i>					<i>2.00</i>		<i>3.00</i>	
<i>Square root</i>					<i>1.41</i>		<i>1.73</i>	
<i>Old OECD</i>					<i>1.50</i>		<i>2.00</i>	
<i>Modified OECD</i>					<i>1.30</i>		<i>1.60</i>	

Note: The table shows the budget for a single parent with one or two children, relative to the budget for a single adult (and the same labour market status). Both budgets are the average of the male and female budgets. The scales in italics at the foot of the table are reference scales for comparison. All scales are relative to a single adult = 1.

Table 20 and Table 21 compare these patterns with those found in the '2016 MIHL Budgets' (Saunders and Bedford, 2017). For the first child in couples where one parent is working, the relative cost of children is the same (1.16). For the second child, however, the current 2024 budgets show a lower relative cost (1.32 vs 1.40). Our assumptions leading to lower relative costs for housing, particularly for low paid couples, and for household goods and services contribute to this. For the unemployed couples, costs are greater in the 2024 budgets for both the first and second child (1.33 vs 1.16 and 1.54 vs 1.42) because of the assumption that couples with children require cars while those without children do not, and the assumption that couples without children require a 1 bedroom dwelling in 2024 but were allocated a 2 bedroom unit in 2016. For unemployed single parents, the relative costs compared to single adults are lower in 2024 (1.38) than in 2016 (1.58) because of the different housing cost data (at the 30<sup>th</sup> percentile, Sydney rents are only slightly higher (3.6%) for two vs one-bedroom dwellings) whereas in 2016 the preferred rents used (average of Sydney, Melbourne and Brisbane outer ring) were 32.9% higher for a two-bedroom unit than for a one-bedroom unit.

**Table 20 Budgets for couples with children compared to couples with no children, 2016 and 2024**

	Single-earner Couple, (male FT, female NILF), 1 child		Couple (male Un, female Un), 1 child		Single-earner Couple (male FT, female NILF), 2 children		Couple (Male Un, Female Un), 2 children	
	2016	2024	2016	2024	2016	2024	2016	2024
Food	1.26	1.23	1.26	1.23	1.63	1.55	1.63	1.55
Personal Care	1.15	1.23	1.18	1.24	1.31	1.44	1.36	1.47
Clothing & Footwear	1.50	1.47	1.51	1.40	2.10	1.98	2.11	1.81
Recreation	1.57	1.65	1.70	1.75	1.95	2.00	2.22	2.34
Household Goods & Services	1.13	1.19	1.14	1.19	1.40	1.26	1.41	1.27
Health	1.35	1.52	1.42	1.52	1.69	2.05	1.83	2.05
Transport	1.20	1.17	1.08	3.54	1.20	1.18	1.15	3.55
Education								
Housing	1.00	1.00	1.00	1.04	1.17	1.07	1.15	1.14
<b>Total</b>	1.16	1.16	1.16	1.33	1.40	1.32	1.42	1.54

Source: Appendix C, Table 25 and Table 26.

**Table 21 Budgets for unemployed single mother compared to single person with no children, 2016 and 2024**

	Single mother (Un), 1 child	
	2016	2024
Food	1.57	1.50
Personal care	1.33	1.37
Clothing Footwear	2.06	1.75
Recreation	2.13	2.21
Household Goods & Services	1.16	1.26
Health	1.79	2.00
Transport	2.24	5.25
Education		
Housing	1.33	1.04
<b>Total</b>	1.58	1.38

Source: Appendix C, Table 23.

Finally, Table 22 compares the ratio estimates for the cost of the first child in couple families across several other Australian budget standards. For unemployed and low paid budgets, the relative costs are high compared to other studies. The assumptions about increases in budgetary requirements in transport and housing for unemployed couples contribute to this. For low wage 'modest but adequate' budgets, the relative costs are low. Again, different patterns of assumed housing costs at different budget points are a major contributor to these patterns.

**Table 22 Budgets for couples with one girl aged 6 or 8 relative to a couple with no children: Selected Australian budget standards studies**

Budget year	Labour force status and budget description	Child characteristics	Relative budget
<b>Low-cost budgets</b>			
1997	Unemployed (Un, Un) low cost	Girl 6	1.26
2004	Single earner (FT, NILF) low cost	Girl 6	1.20
2016	Unemployed couple (Un, Un), unemployed	Girl 6	1.17
2024	Unemployed couple (Un, Un), unemployed (non discretionary)	Girl 8	1.33
<b>Low paid and modest but adequate budgets</b>			
1997	Dual earner (FT, FT) modest but adequate	Girl 6	1.27
2004	Single earner (FT, NILF), modest but adequate	Girl 6	1.18
2016	Single earner (FT, NILF), low paid	Girl 6	1.16
2024	Single earner (FT, NILF), low paid (non-discretionary)	Girl 8	1.16

Sources: 1997, Saunders et al. (1998) Table 14.11; 2004, Henman (2005) Table 2; 2016, Saunders and Bedford (2017), p. 99; 2024, this report Table 20. Estimates are for Sydney, except for 2004 which is a national average and 2016 that uses average rents in Sydney, Melbourne and Brisbane.

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## Appendix A      Low pay estimation

In keeping with the '2022 Low Paid Budgets', the income threshold for a low wage worker is set according to the FWCs definition of two-thirds of median full-time ordinary earnings (Fair Work Commission, 2022a). Earnings are assumed to be stable (in real terms) over time and include holiday and sick pay, and the same regardless of gender. For this study, the 'typical' (median) low-wage income for a low wage full-time adult earner is estimated at \$1,072 per week (i.e., \$2,144 per fortnight or \$55,894 per annum) as at Quarter 2, 2024. A low wage part-time adult earner is assumed to receive half of full-time earnings (i.e., \$536 per week, \$1,072 per fortnight or \$27,947 per annum).

This estimate is calculated as follows. From the ABS Survey of Employee Earnings and Hours (accessed via TableBuilder), we calculate the median total cash earnings of full-time non-managerial employees paid at the adult rate who are at or below \$1,062 per week (the low wage threshold of 2/3 median) as \$962 per week in May 2021. The ABS Wage Price Index records a growth of 8.9 per cent between June quarter 2021 and December 2023 (ABS 634501.xlsx, total hourly rates of pay, excluding bonuses, all industries, seasonally adjusted). Extrapolating the growth rate over the last two quarters, we estimate our 'typical' low wage salary for full-time workers in Q2 2024 as  $\$962 \times 1.114 = \$1,072$  per week (or \$2,144 per fortnight). These income assumptions do not directly influence most budget items, but they are used to determine the prices of some goods which might be subject to income-based benefits or concessions such as childcare and utility costs.

## Appendix B Summary of budget assumptions

Budget Area	Main Assumptions
<b>Food</b>	<p>Where possible, all items priced are of “generic” brand variety.</p> <p>All dietary and nutritional numbers are the same regardless of employment status. Only age and gender influenced the dietary and nutritional numbers.</p> <p>A 5% “opportunistic” deduction was added to the food budget to account for shopping around for specials.</p> <p>A 5% “food wastage” deduction was applied to low paid but not unemployed families.</p>
<b>Personal Care</b>	<p>All individuals are assigned the same items, quantities and lifetimes regardless of their employment status, with the exception of haircuts for female household members.</p> <p>All children are allocated 4 haircuts per year (1 per term).</p> <p>All working adults are allocated 1 haircut every 8 weeks.</p> <p>Unemployed males and females and females NILF are allocated 1 haircut every 16 weeks.</p>
<b>Clothing and Footwear</b>	<p>Where possible, all clothing was of ‘non-brand’ variety unless otherwise specified.</p> <p>Footwear for all household members was of “brand” variety.</p> <p>The item list, quantity and cost of children’s clothing and footwear items are the same regardless of the employment status of the household.</p> <p>Females are assigned higher quantities (more items) than males, to include dresses, underwear and active wear.</p> <p>The item list, quantity and cost of working adults’ clothing and footwear items are the same regardless of the employment status of the household. For those people NILF or unemployed, lifetimes and quantities were increased or reduced for specific clothing and footwear items to reflect their reduced or non-working clothing and footwear requirements.</p> <p>The lifetimes and quantities of clothing and footwear for children consider the practicality of size changes as children grow and the durability of items bought at the lowest prices from budget retail stores. The lifetimes for all children’s items in unemployed families were 50% higher than those for children in low paid families, except for shoes, which were limited to 1 year for all children due to growth and increased wear and tear.</p> <p>School-related clothing and footwear items are included the Education budget.</p>

<p><b>Recreation</b></p>	<p><i>General</i></p> <p>All recreation activities and entertainment had a lifetime of 1 year regardless of the employment status of the household.</p> <p>All household members assumed to regularly participate in free physical activities such as walking, running and swimming at the beach.</p> <p>Each household member allocated some cost associated with physical activity/s.</p> <p>Household members are allocated 4 visits to the cinema. This includes adults and children.</p> <p>Gifts are not accounted for in the budgets because it was assumed that they cancel each other out, i.e., gifts in = gifts out.</p> <p>Assumed reciprocal arrangements with family, friends and neighbours in regard to baby sitting and child minding for leisure activities outside of the home.</p> <p>Some leisure costs are excluded from this budget so that they are not double counted for. For example, petrol costs associated with the holiday are accounted for in the transport budget.</p> <p>All adults have been allocated the cost of weekly swimming pool entry.</p> <p>The 11 year old boy is allocated membership and participation to a local community-based soccer club.</p> <p>The 8 year old girl is allocated membership and swimming lessons at a local swimming pool.</p> <p><i>Day trip assumptions</i></p> <p>Two single day trips are allocated to all households with children. Day trips include a meal for each household member.</p> <p><i>Holiday assumptions</i></p> <p>Low paid households are allocated a holiday to a caravan park in Forster (6 nights and 7 days).</p> <p>Unemployed households are allocated a holiday (also to Forster) to stay with family or friends, so they do not incur accommodation costs.</p> <p>All household members are allocated 3 meals per day during the holiday.</p> <p>Household with children would travel during the school holidays (January) while households without children would travel outside of school holidays.</p> <p>Travel to the holiday location is by car for households with children and by public transport for unemployed households without children.</p> <p>No additional recreation costs are included during the holiday period given proximity to the beach. Household members are assumed to swim at the beach or use free local activities.</p>
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<b>Household Goods and Services</b>	<p>Households with 1 or more children had some item lifetimes reduced by 1 year to account for wear and tear by children.</p> <p>Some item quantities are changed depending on the number of adult and children in the household. For example, the number of bath towels was dependent on the number of people in the household.</p>
<b>Health</b>	<p>All adults and children are healthy and had no underlying or chronic health conditions.</p> <p>All adults and children have been allocated the same items, lifetimes, quantities and costs regardless of employment status.</p> <p>Female budgets include a prescription for the pill.</p> <p>Individuals only attend a GP that bulk bills. Households had no out-of-pocket expenses for these visits.</p> <p>No discounts are included for a Health Care Card because many of the larger chemists already offered discounted prices.</p> <p>No private health insurance was included given the low percentage of Australians that have this.</p> <p>Dental costs are based on average national expenditures on the assumption that adequate dental care is a requirement for minimal healthy living.</p>
<b>Transport</b>	<p><i>Care Costs and Services</i></p> <p>Unemployed households without a child/ren are not allocated a car.</p> <p>For other households, each household is allocated one car, a 10-year-old Toyota Corolla Sedan.</p> <p>No car cleaning costs are included, however cleaning products are included.</p> <p>Households are allocated one car service per year.</p> <p>Comprehensive car insurance and Green Slip costs are included, and it was assumed that households shopped around for the best value for money.</p> <p>Minimal tolls are included for the one-week holiday. Assumed that households avoided tolls to save on costs.</p> <p>A small number of parking costs are allocated to families with children for the aquarium day trip.</p> <p>Assumed children either walk to school or are allocated a bus pass because they live more than 1.6km from their school.</p> <p>All families are allocated 4 taxi trips (maximum distance 10km) per year.</p> <p>The households with a female in them are allocated two additional taxi rides (maximum distance 10km) per year.</p> <p><i>Public Transport</i></p>

	<p>Assume that low paid households receive no travel concessions as they do not meet the criteria.</p> <p>Assume that household members travel via bus.</p> <p>The adult male working full-time in all couple households was allocated 5 return bus trips per week to get to and from work.</p> <p>Every employed household member was allocated 1 return bus fare per month for travel.</p> <p>Every unemployed household member without children was allocated an Opal Card concession cap at \$25 per week.</p> <p>Every unemployed couple household with children was also given an Opal Card concession cap at \$25 per week because even though they have a car, one adult is assumed to use public transport for job search activities. Limited train and taxi fares have been allocated.</p>
<p><b>Education</b></p>	<p>Assumed that children attend the local government primary school and have no additional learning or developmental needs.</p> <p>Education costs are only applied to households with the 8 year old girl and the 11 year old boy.</p> <p>Most uniform items are priced from the local school uniform provider unless otherwise specified. This is different from the 2016 budget where school uniform items are “generic” brands.</p> <p>The item list, cost, quantity and lifetimes are the same for all children’s clothing and footwear items regardless of the family type or employment status of the household.</p> <p>Stationery, books and folders, fees and lunch accessories all had the same lifetime regardless of the employment status of the household.</p> <p>All children’s costs (except for childcare) have the same quantity and lifetime regardless of the family type, for example, full-time versus part time work and single parents versus couple households.</p> <p><b>Childcare</b></p> <p>Assumed that before and after school care was offered for 40 weeks a year (as per Centrelink Guidelines).</p> <p>Full-time was working 5 days a week for 7.6 hours a day (38 hours per week).</p> <p>Part-time was working 2.5 days a week for 7.6 hours a day and 3.8 hours a day (19 hours per week).</p> <p>Assumed that the CCS was dependent on household income, hours of childcare, hourly rate cap and the number of children.</p> <p>Assumption that Parenting Payment (if single parent or in a couple relationship) was dependent on income thresholds.</p>

	<p><i>Single parent specific</i></p> <p>Single parents are assumed to have 100% care for all children.</p> <p>Assumed that single parents working full-time received before and after school childcare 5 days a week. This assumption takes into consideration normal 9am-5pm working hours and travel time to and from school to work.</p> <p><i>Couple households with children specific</i></p> <p>Assumed that in a couple parent household, childcare is dependent on the mother's job status. If the mother worked part-time, the child/children received before school childcare 2 days a week and after school childcare 3 day a week. If the mother was NILF, the child/children are not in before or after school childcare or vacation care.</p> <p><i>Unemployed households</i></p> <p>Assumed that in unemployed families, parents are actively participating in mandatory job search activities to maintain Jobseeker Payments, so 1 day per week of after school childcare is necessary to provide some flexibility in job searching.</p> <p><i>School holidays</i></p> <p>Assumed that children received 12 weeks a year in school holidays. These weeks are allocated as below:</p> <ul style="list-style-type: none"> <li>• 4 weeks x NILF/PT parent's annual leave (included the 1 week's holiday).</li> <li>• 6 weeks x paid vacation care. Low-paid sole parents working full-time are allocated 5 days a week, low-paid sole parents working part-time and low-paid couples are allocated 2.5 days a week. Unemployed households are allocated 1 day a week.</li> <li>• 2 weeks x in the care of family and friends and/or full-time parent</li> </ul> <p>Exception – Households with a female NILF are not allocated any before or after care and vacation care.</p>
<p><b>Discretionary</b></p>	<p><i>Holiday assumptions</i></p> <p>Low paid (but not unemployed) households are allocated an overseas holiday once every two years.</p> <p>Low paid (but not unemployed) households are allocated a higher cost domestic holiday to Forster (hotel instead of cabin).</p> <p>Unemployed (but not low paid) households are allocated the cost of accommodation to a caravan park in Forster (6 nights and 7 days). This is the budgeted accommodation cost for low paid households in the Recreation budget.</p> <p>All household members are allocated 3 meals per day during the holiday.</p>

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Household with children would travel during the school holidays (January) while households without children would travel outside of school holidays.

Travel to the domestic holiday location would be by car (for low paid households) and by train (for unemployed households without children).

*Eating out assumptions*

Eating out lunch at work only relevant to employed households.

*Children's birthday parties*

2 x \$30 gift cards per child in the household per year.

*Gym membership*

Of three possible membership plans at Goodlife Health Clubs (\$19.99 per week, \$22.99 per week., or \$34.99 per week), the middle option was selected.

*Health insurance*

Quotes are taken from Bupa to cover a modest coverage including hospital stay for four cover types – Singles, Couples, Family and Single parents.

*Emergency expenditure*

\$500 cashflow per person in the household per year allocated for any emergency expenditures.

*Alcohol*

Consumption is based on the healthy maximum guideline of 10 standard drinks per week, weighted by the fraction of people who have consumed alcohol in the last year.

*Gambling*

Gambling expenditures include monies spent from the casino, gaming machines, interactive gaming, keno, lotteries and other non-defined minor gaming activities. Low paid households are allocated the per capita spend and unemployed households half the spend. For 2021-22 the per-capita expenditure is \$1365.01 (see Table E, Australian Gambling Statistics 39<sup>th</sup> edition, 1997-98 to 2022-23 Summary tables 2021-22).

*Tobacco*

Expenditure based on the average consumption across the population for people aged 15 years and over who smoke on a daily basis. For 2022, this was 8.5% (see Table 2, <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/data>).

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## Appendix C Comparison with 2016 Budgets

In the following set of tables, the budgets calculated here are compared with the '2016 MIHL Budgets' estimated in Saunders and Bedford (2017). The 2016 values from Q2 2016 are updated to Q2 2024 values using inflators for CPI group-level trends (and forecasts). This simple inflation thus ignores any changes in consumption patterns due to income or price effects or changes in consumption preferences.

The comparison is shown for all family types that are equivalent across both the '2016 MIHL Budgets' and the '2024 Low Paid and Unemployed Budgets'. The housing budget in both studies is set at the 40<sup>th</sup> percentile for employed households and the 30<sup>th</sup> percentile for unemployed households (though different data sources were used to estimate these rent levels). A supplementary discretionary budget was not included in the '2016 MIHL Budgets' and so is not included here.

Table 23 presents the budget standard estimates for single mothers with 1 child, working part-time and unemployed. The previous '2016 MIHL Budgets' did not make provision for single parents working full-time, nor the inclusion of single fathers or allowing for 2 children. The remaining tables present budget estimates for single earner employed and unemployed couples with no children (Table 24), 1 child (Table 25) and 2 children (Table 26). In the '2016 MIHL Budgets', couple households were restricted to single earner couples with the assumption that the male worked full-time and the female was either unemployed or not in the labour force, hence comparison of only these family types is possible.

**Table 23 Budgets for single mothers by budget area (\$pw), 2016 and 2024**

	Single mother (PT), Single mother (Un), 1 child			
	2016	2024	2016	2024
Food	115	121	110	115
Personal care	23	33	20	27
Clothing Footwear	19	24	10.12	14
Recreation	60	71	38	34
Household Goods & Services	102	128	89	114
Health	18	26	15	26
Transport	135	151	135	149
Education	66	46	55	27
Housing	517	524	391	478
<b>Total</b>	1056	1123	863	983

**Table 24 Budgets for employed and unemployed couples with no children by budget area(\$pw), 2016 and 2024**

	Single-earner couple (male FT, female NILF)		Couple (male Un, female Un)	
	2016	2024	2016	2024
Food	159	177	151	168
Personal care	29	32	27	30
Clothing Footwear	16	20	10	15
Recreation	47	51	30	27
Household Goods & Services	113	126	100	113
Health	19	24	16	24
Transport	163	200	115	53
Education	0	0	0	0
Housing	517	524	391	461
<b>Total</b>	<b>1062</b>	<b>1153</b>	<b>839</b>	<b>891</b>

**Table 25 Budgets for employed and unemployed couples with 1 child by budget area (\$pw), 2016 and 2024**

	Single-earner couple (male FT, female NILF), 1 child		Couple (male Un, female Un), 1 child	
	2016	2024	2016	2024
Food	201	217	191	206
Personal care	33	39	32	37
Clothing & Footwear	23	29	15	21
Recreation	74	84	51	47
Household Goods & Services	127	150	114	134
Health	26	37	23	37
Transport	195	234	123	201
Education	36	26	31	42
Housing	517	524	391	478
<b>Total</b>	<b>1233</b>	<b>1340</b>	<b>971</b>	<b>1203</b>

**Table 26 Budgets for employed and unemployed couples with 2 children by budget area (\$pw), 2016 and 2024**

	Single-earner couple (male FT, female NILF), 2 children		Couple (male Un, female Un), 2 children	
	2016	2024	2016	2024
Food	259	275	246	261
Personal care	37	46	36	44
Clothing & Footwear	33	39	21	28
Recreation	91	102	67	62
Household Goods & Services	157	159	141	142
Health	32	50	29	50
Transport	195	235	132	202
Education	81	59	70	61
Housing	602	562	448	526
<b>Total</b>	<b>1488</b>	<b>1526</b>	<b>1190</b>	<b>1376</b>