

# *Child Poverty Dynamics in Australia, 2001-2017*

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# Poverty in Australia

- Australia has slightly higher poverty rates than the OECD average
- Prior to COVID: poverty rate (slightly) declining since the GFC
- Children experience poverty at lower rates than overall population (Wilkins 2019)
- Caveat: Incorporating housing costs increases childhood poverty rates relative to overall population (ACOSS 2018; Saunders et al., 2016)

# Poverty and Childhood

- Deprivation during childhood may be especially harmful to overall life chances
- Evidence for causal effects of child poverty on:
  - Educational outcomes
  - Behavioral disorders
  - Crime and drug use
  - Adult income and welfare receipt
  - Health

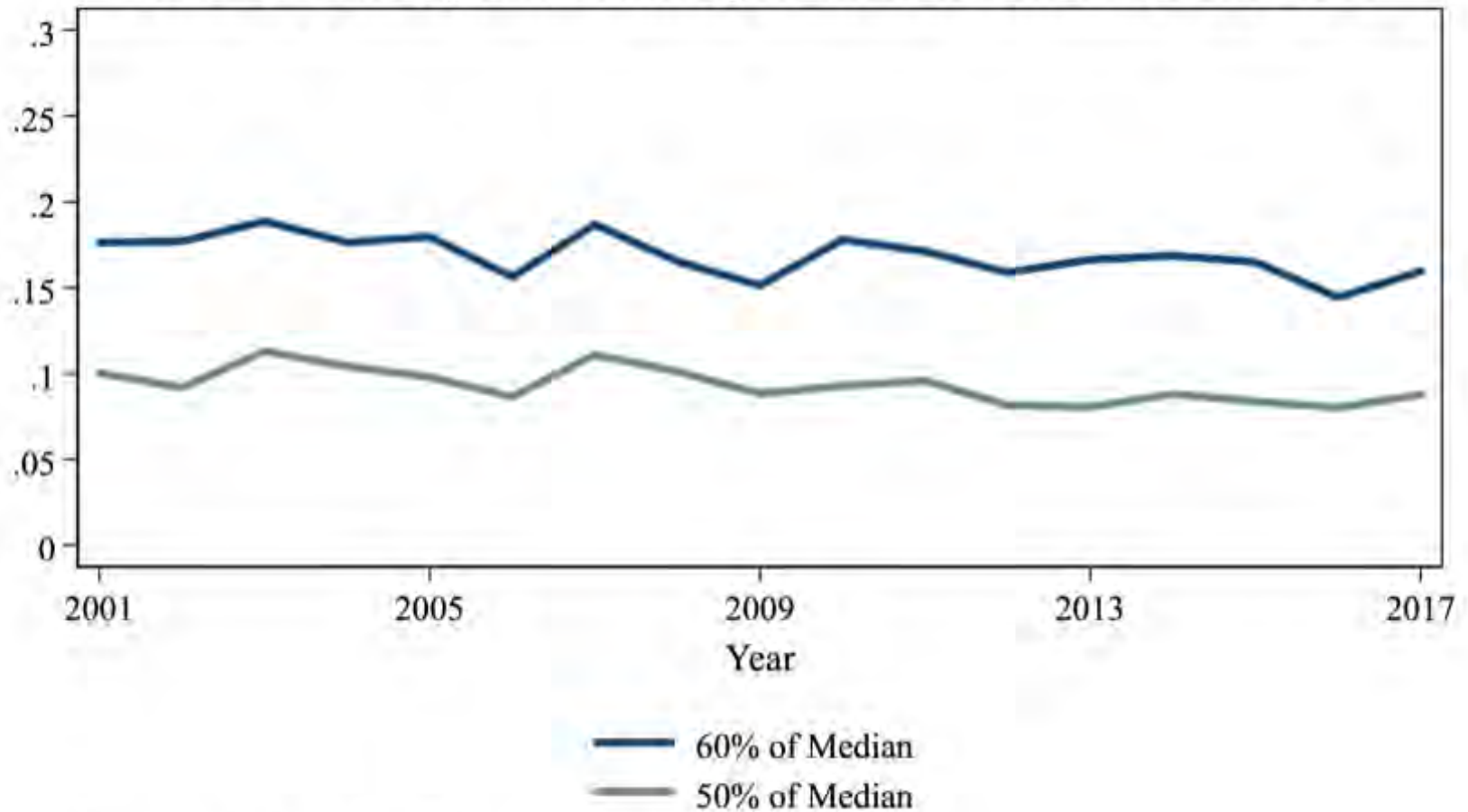
# Mechanisms Linking Child Poverty to Life Chances

- Parental Resources and Investment
  - e.g., Becker (1991); Duncan & Murnane (2011)
- Family/Environmental Stress
  - e.g., Elder (1974), Conger & Elder (1994), Blair et al. (2011)
- Social Structural and Cultural Interactions
  - e.g., Massey (1990); Wilson (1987); Lareau (2003)

# Research Goals and Questions

- Assess child poverty entry and exit
- Assess state dependence of poverty for Australian children
- Assess whether exits from poverty are persistent or short-lived

## Relative Poverty Rates Among Australian Children, 2001-2017



Source: HILDA Survey, Waves 1-17

# Data & Methods

- Household, Income and Labour Dynamics in Australia (HILDA) Survey, Waves 1-17 (2001-2017)
- Dynamic probit model
  - Modelling childhood poverty and state dependence (N=10,194; 59,581 person-years)
- Multilevel complementary log-log (discrete time survival analysis)
  - Poverty exits (N=3,734 children; 10,321 person-years)
  - Reoccurrence of poverty after escape (N=1,351 children; 5,890 person-years)

# Data & Methods

- Outcome: Child lives in a household with  $< 60\%$  of median household disposable income

## Controls

- Parent self-identifies as Aboriginal or Torres Strait Islander
- Parent's country of birth
- Single vs. dual-parent household
- If a parent is: unemployed; out of labor force; has long-term health condition
- Highest parental education
- Lowest parental mental health index score
- Age of child
- Live outside city
- Number of total children; Number of children under 5 years
- Major Statistical Region unemployment rate



*Poverty spells tend to be short  
for most children*

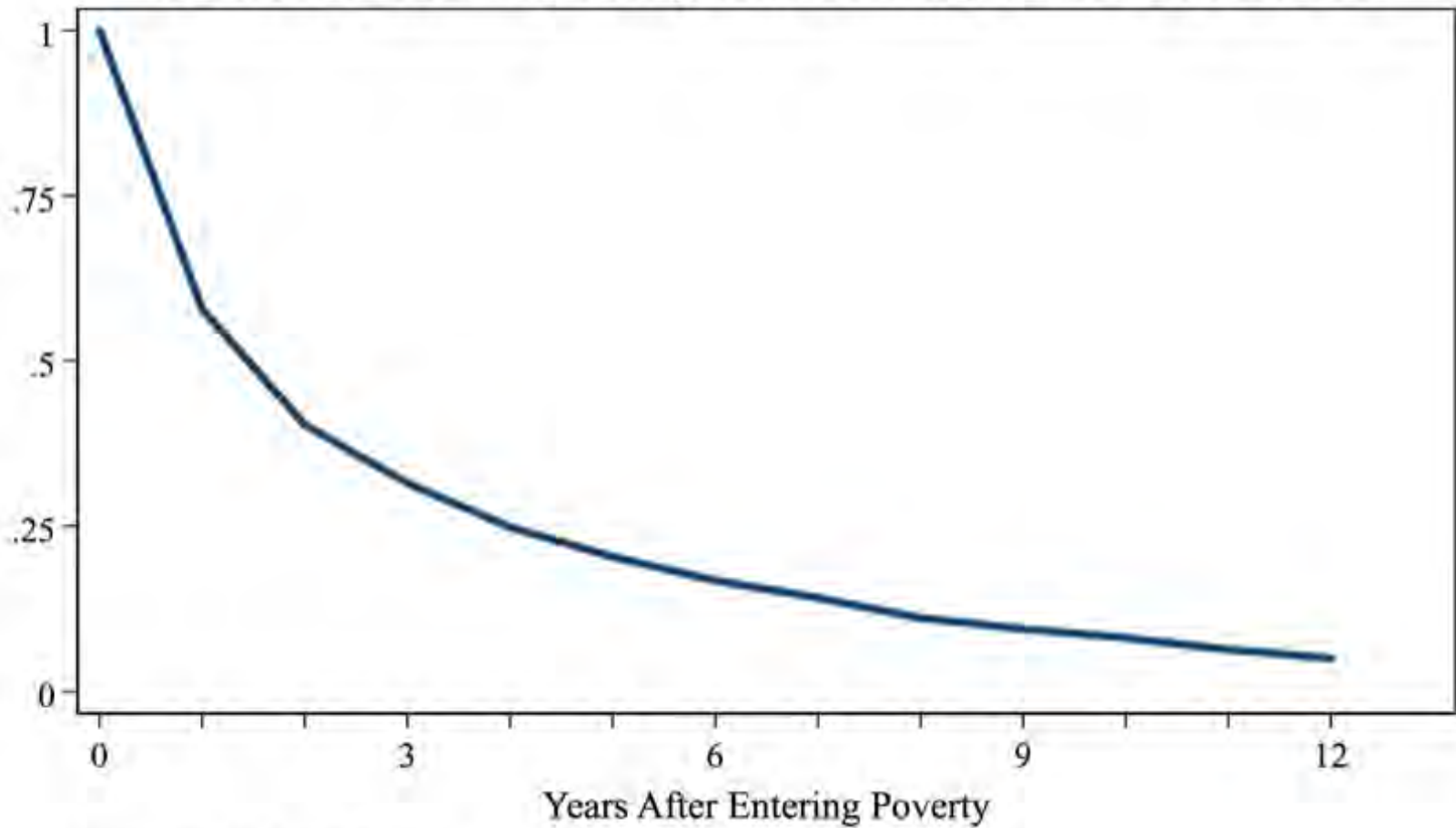
# Findings: Poverty Transitions

Poverty Entry: 7.1%

Poverty Exit: 40.6%

~7% of children are chronically poor for a given 3-year period

## Survivor Function: Poverty Exits Among Australian Children



Source: HILDA Survey, Waves 1-17

*Poverty begets poverty, but  
variation exists*

# Correlates of Childhood Poverty

Previously experiencing poverty (state dependence)

Living with a single parent

Parent born in non-English speaking country

Parent Aboriginal or Torres Strait Islander

Parent unemployed or out of labor force

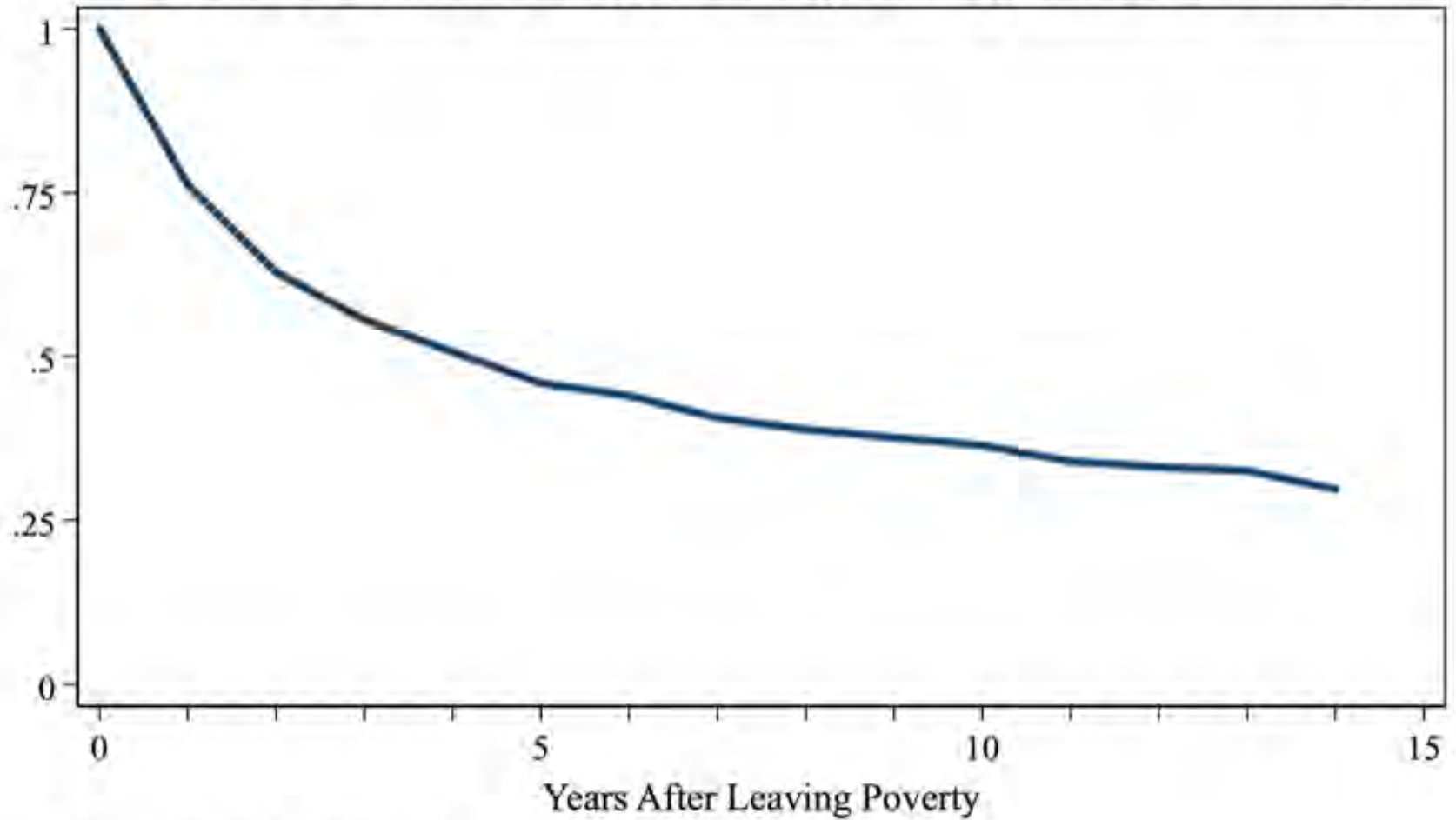
Living with a parent who has poor mental health or

Living with a parent with a long-term health condition

Low parental education

*Children often escape poverty,  
but the threat of poverty  
follows them*

## Survivor Function: Poverty Re-Entry Among Australian Children



Source: HILDA Survey, Waves 1-17

# Discussion and Implications

- The Good News:
  - Relatively few Australian children experience chronic, long-term poverty
- The Bad News:
  - Escaping poverty does not mean escaping economic insecurity
  - State dependence strongest for the already-disadvantaged
- All of this was in the context of sustained economic growth
  - Effects of the COVID-19 recession (and policy response) unclear



# Thank You

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