

# Media Release

**Monday, 25 November 2024**

## **CHILD POVERTY COSTS NSW \$60 BILLION A YEAR, HURTS US ALL**

The economic cost of child poverty is almost \$60 billion a year, according to landmark research commissioned by peak social services body NCOSS.

The report titled *Lasting Impacts: The Economic Costs of Child Poverty in NSW* calculated for the first time the impact of failing to invest in our children.

It found the economic impact of childhood poverty equates to more than \$7,000 per NSW person.

According to the report, 278,000 children live in poverty in NSW today – more than the population of Sydney’s Eastern Suburbs or enough to fill the Sydney Cricket Ground almost six times over.

Almost one in six children live below the poverty line in NSW with that number worsening to almost one in four in areas such as Sydney’s western and south-western suburbs.

NCOSS chief executive Cara Varian said the cost of childhood poverty eclipsed the annual contributions to the economy from major sectors such as construction (\$52.9 billion), manufacturing (\$42.3 billion) and mining (\$32.5 billion).

“Child poverty hurts us all - it robs children of their future and steals \$60 billion from the NSW economy every year,” she said.

“Children from households living in poverty are three times more likely to also experience poverty in adulthood. We are setting up a cycle of disadvantage.

“Poverty during childhood has a lifelong impact. These children go on to have poor physical and mental health and earn less at work. They are more likely to be unemployed, be homeless or land in the legal system as an adult.

“We live in one of the world’s wealthiest nations - poverty is preventable and this research shows the immense economic opportunity available to the NSW Government, if it takes the steps necessary to avoid the long-term consequences of child poverty.”

The economic costs from childhood poverty include \$26 billion in direct costs (delivering Government services, reduced labour market participation and productivity) and \$34 billion from diminished health and life expectancy.

Ms Varian said the NSW and Australian Governments must do the following to lift families out of poverty:

- Substantially increase base rates of income support payments, particularly JobSeeker and Parenting Payments (e.g. match rates of the Age Pension), and index them to community living standards

- Ensure that a minimum of 10% of all housing is social and affordable housing; further increase Commonwealth Rent Assistance to keep up with private rental rates; and ensure homelessness services are resourced to support everyone who needs help.
- Commit to joint decision-making to empower First Nations communities in the design and delivery of services, including boosting funding for the Aboriginal Community Controlled sector
- Guarantee all children have access to at least three days a week of quality and affordable childcare, with removal of the Activity Test on the childcare subsidy
- Invest in high-quality integrated support services for children and families, that help them early in life.

For this report, child poverty is defined as a child (0 -17 years) living in a household with income less than 50 per cent of the median household's income (including government benefits, and after tax and housing costs), adjusted for household size.

To read the report, go to [ncoss.org.au](http://ncoss.org.au)

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#### **Economic costs for regions with highest child poverty rates**

Region	% of children in poverty	Total economic cost (\$m)	Economic cost per capita (\$)
Sydney - South West	28.4	7,322	14,936
Sydney - Inner South West	23.8	6,684	10,708
Sydney - Parramatta	23.0	5,512	10,787
Mid North Coast	22.0	2,115	8,834
New England and North West	21.8	2,036	10,513
NSW	<b>15.5</b>	<b>59,131</b>	<b>7,088</b>

#### **The economic costs of child poverty by domain include:**

##### **Education - \$19 billion a year**

- By age seven, children living in poverty have lost on average the equivalent of more than a year of schooling.
- Young adults who grew up poor are significantly less likely to complete year 12 or higher education. Up to 60,000 adults are not in the labour force as a result of this reduced educational attainment.

##### **Health - \$5.3 billion a year (plus \$34 billion in pain, suffering and lower life expectancy)**

- Up to 10,000 adults in NSW are not in the labour force because they suffer health impacts caused by growing up in poverty, and those that are working earn less on average.

- The pain, suffering and lower life expectancy for people who experienced child poverty is equivalent to 150,000 disability adjusted life years (annually). It is equal to the impact of coronary heart disease and lung cancer in NSW, combined.

#### **Child maltreatment (including family violence) - \$3.0 billion a year**

- Children growing up in poverty are 2 to 3 times more likely to experience maltreatment, including neglect, abuse and exposure to family violence.
- About 20 per cent of the cost of child protection services is directly attributable to child poverty.

#### **Crime - \$855 million a year**

- About 20 per cent of criminal offences committed by children are directly attributable to child poverty.
- People who offend as children have a high probability of reoffending as adults and ending up in incarceration.
- Children experiencing poverty involved in the legal system are also much more likely to experience child maltreatment, homelessness, and alcohol and drug problems.

#### **Homelessness - \$1.1 billion a year**

- Almost 30,000 children experience homelessness each year in NSW. While many receive support from homelessness services, these services are only able to meet about 35 per cent of demand for accommodation support.
- About 80 per cent of children that are homeless experience homelessness as adults.