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The rising costs of kids

Seventeen has been revealed as the most expensive year to raise a child, according to groundbreaking new Suncorp Bank research.

The inaugural Suncorp Bank Cost of Kids Report has found that it is not newborns placing enormous financial strain on their parents and household budgets, but teenagers, who cost their parents more than 20% of the average national weekly wage¹.

Teenagers cost their parents \$237 per week, with the financial burden for parents peaking at 17 years of age. This compares to \$206 per week for infants, \$167 per week for toddlers and \$163 for primary school aged children.

Suncorp Bank Executive Manager, Craig Fenwick said the findings revealed some interesting insights into the variable costs associated with raising children and were a timely reminder for parents setting their budgets for the new financial year.

“While the fundamental costs for raising children remain the same, new expenses such as mobile communication, broadband, technology used for education and increased entertainment as children become teenagers are costing parents a small fortune and need to be incorporated into the family budget,” Mr Fenwick said.

“The Suncorp Bank analysis shows teenagers and babies place the greatest financial burden on parents, while pre-schoolers and primary school children are relatively inexpensive.

“Infant years often require a large financial outlay, with baby furniture, car seats, prams and medical expenses keeping costs high in those early years.

“It’s the ongoing costs associated with education, entertainment and communication, which escalate considerably once the child hits high school, that are likely to place real strain on the family budget, and need to be planned for well in advance.”

While the cost of raising a teenager exceeds \$12,000 per year, it begins to skyrocket for those parents who opt for a private education over the public system.

¹ ABS 6302.0 - Average Weekly Earnings, Australia, Feb 2012. The national average wage in Australia is currently \$1,047¹



“On average the weekly cost of educating a child in the public system is blown out of the water from \$18 to \$393² if they choose to send their child to a private secondary school,” Mr Fenwick said.

“That choice alone is worth the cost of a new car every year, for every child.

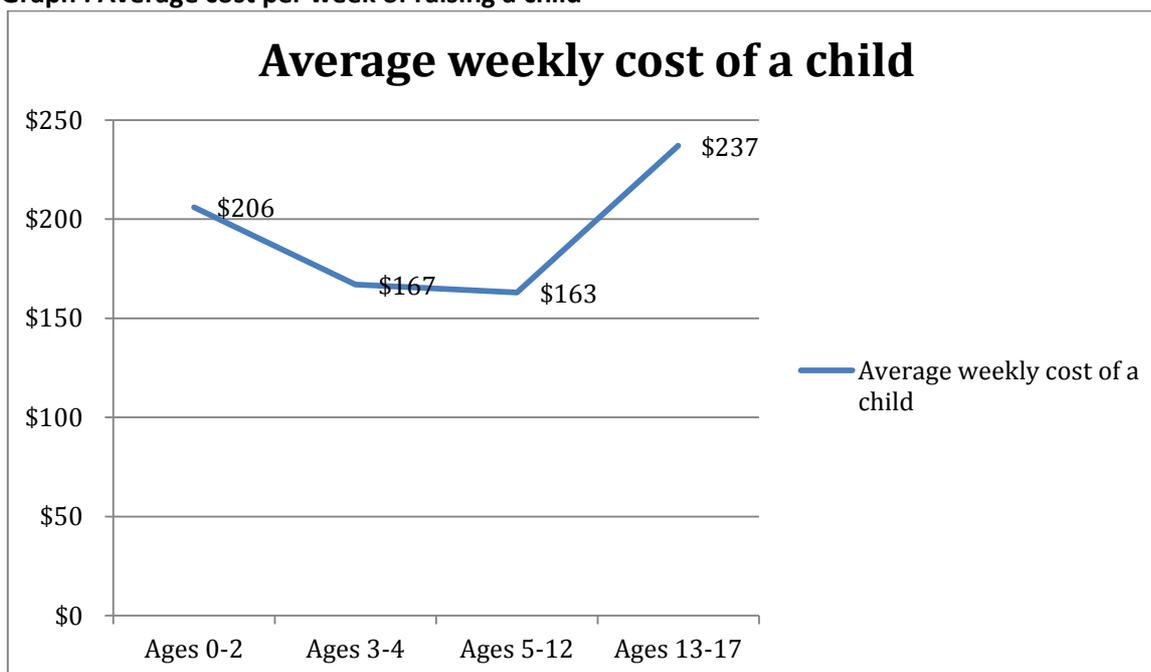
“It’s also important to have a savings and contingency fund built into the family budget for those unexpected costs associated with raising kids, as well as for a rewarding family break or holiday. Consider setting up a high interest online savings account or put some money aside in a term deposit to make your money work harder for you and your family.

“On top of pulling together a savings plan for the family, one of the most valuable lessons a parent can provide their child is in the importance of saving.

“Developing these skills from an early age is critical and of great benefit by the time they hit teenage years and become more independent, with fashion items, a first car or a schoolies trip often on the wish list by the time they hit 17.

“Saving accounts, such as the Suncorp Bank Kids Savings Account, which includes an interactive online educational tool, are especially helpful and could prove to be the start of lifelong savings habits.”

Graph : Average cost per week of raising a child



² http://www.asg.com.au/Assets/Files/ASG_EdCosts_SchoolCosts_2012_NAT_Metro.pdf



Table: Breakdown of weekly costs

	Ages 0-2	Ages 3-4	Ages 5-12	Ages 13-17
Food	\$45	\$38	\$63	\$75
Childcare	\$67	\$80	-	-
Furniture	\$40	\$29	\$29	\$29
Education	-	-	\$18	\$32
Personal care	\$25	\$3	\$10	\$23
Sport, entertainment and leisure	\$2	\$3	\$12	\$22
Communications	-	-	-	\$15
Transport	-	-	\$15	\$15
Clothing	\$12	\$6	\$6	\$10
Health	\$10	\$3	\$5	\$11
Savings	\$5	\$5	\$5	\$5
Total	\$206	\$167	\$163	\$237

Report Methodology

The Suncorp Bank Cost of Kids report analyses the costs of raising children across 11 cost drivers and are presented in four stages of childhood:

- Infant (0-2 years)
- Pre-school (3-4 years)
- Primary school (5-12 years)
- Secondary school (13-17 years).

The report focuses on the direct costs of children (costs that can be solely attributable to them). Household items including general furniture and equipment have not been included in this report. While children do impact the cost of other household and family expenses such as, energy and health insurance these have not been considered in this report.

The report also presents findings without government financial assistance taken into account or household income. As a result family benefits such as the Baby Bonus and Family Income Benefits as well as other welfare benefits are also not taken into account due to funding levels based on specific incomes.

The report also doesn't take into consideration the financial benefits of a second child and subsequent children, instead focusing on the cost association with a single child from their birth to the legal age of 18. Prices used throughout the report are indicative only and are current as at June 2012.

Disclaimer

The Suncorp Banks Cost of Kids Report examines data prepared, published and publicly available from the Australian Bureau of Statistics (ABS) as well as a number of other online resources as detailed in the footnotes throughout the report.

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Media enquiries: [The Connolly Partnership](#). Adam Connolly 0417 170 084 Ben McAlary 0417 351 724



Suncorp-Metway Ltd ABN 66 010 831 722, Australian Credit Licence Number 229882
GPO Box 1453 BRISBANE QLD 4001