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'Millennium children' Australia's most expensive

Teenagers take the mantle for being Australia's most expensive children, with seventeen being crowned the single most expensive year in a child's life, according to Suncorp Bank's Cost of Kids Report.

Thanks to cost increases across the board, especially childcare and healthcare, Australian parents are being stung with price increases across eleven of the twelve cost drivers examined, with the cost of raising their children increasing by up to \$1,300 every year, well above annual CPI increases.

Suncorp Bank General Manager, Monique Reynolds, said childcare and healthcare costs alone have increased by up to 17% over the past twelve months.

"Health costs in Australia are the fifth highest in the world and medicine costs in Australia are amongst the highest in the developed world, costing 30% more than in America and 50% more compared to the United Kingdom,¹" said Ms Reynolds.

"In 2013, health had the single biggest CPI increase of all cost drivers at 6.6%.

"On average, parents spend \$572 per year on 0-2 year olds and \$624 per year on 13-17 year olds' healthcare costs.

Childcare costs have also suffered with parents of infants (0-2) now paying more than \$20,000 per year², while preschoolers (3-4) are costing parents on average \$24,097 per year³.

"An Australian family with a 3-4 year old in childcare is spending almost a third of the annual average wage on childcare," Ms Reynolds said.

Even with the increase in childcare, the Cost of Kids Report found that teenagers, or Generation Z⁴, were costing parents the most to raise.

"Teenagers cost their parents \$227.40 per week. This compares to \$220.15 per week for infants, \$184.73 per week for toddlers and \$170.70 for primary school aged children," Ms Reynolds said.

Ms Reynolds said that this year's findings revealed two new cost drivers considered significant to the family budget, connectivity and pocket money.

1 http://cbs.db.com/new/pdf/Random_Walk_Mapping_Prices_2013.pdf page 15

2 Based on an average work year of 251 days per year at a cost of \$80 per day

3 Based on a work year of 251 days per year and at a cost of \$96 per day

4 Those born between the mid 1990's and the late 2000's

“Connectivity includes the costs both through purchase and ongoing costs of smartphones, tablets and general mobile technology. Parents of teenagers are paying an average \$884 per year for smartphone and mobile phone connectivity and an average \$468 per year on pocket money.

“Australian children have among the highest rates of mobile phone ownership in the developed world.⁵ Parents are spending around \$2 per week for 3-4 year olds, \$4 per week for 5-12 years olds and \$17 per week on 13-17 year olds.

“These new cost drivers are in addition to general cost drivers that families should incorporate into the family budget. The ongoing costs associated with education, entertainment and communication, which escalate considerably once the child hits high school, are likely to place real strain on the family budget, and need to be planned for well in advance.

Ms Reynolds recommended families 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.

“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.”

Table: Breakdown of weekly costs

	Ages 0-2	Ages 3-4	Ages 5-12	Ages 13-17
Food	\$46	\$38	\$63.50	\$76
Childcare	\$80	\$96	-	-
Furniture	\$40	\$29	\$29	\$29
Education	-	-	\$19	\$34
Personal care	\$25.25	\$3.03	\$10.10	\$22.70
Sport, entertainment	\$2.10	\$3.10	\$12.40	\$22.70
Connectivity	-	\$2	\$4	\$17
Transport	-	-	\$17	\$17
Clothing	\$10.80	\$5.40	\$5.40	\$9
Health	\$11	\$3.20	\$5.30	\$12
Savings	\$5	\$5	\$5	\$5
Pocket Money	-	-	\$9	\$14
Total	\$220	\$185	\$180	\$258

⁵ <http://www.tai.org.au/documents/downloads/WP97.pdf>

Report Methodology

The Suncorp Bank Cost of Kids report analyses the costs of raising children across 12 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 2013.

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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