BANKWEST CURTIN ECONOMICS CENTRE
AND VALUING CHILDREN INITIATIVE

Child Poverty in Australia 2025

The current and future impacts of rising rates of financial deprivation on child wellbeing

October 2025

ABOUT THE CENTRE

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University. The Centre was established in 2012 through the generous support of Bankwest, a division of the Commonwealth Bank of Australia. The Centre's core mission to deliver high quality, accessible research that enhances our understanding of key economic and social issues that contribute to the wellbeing of West Australian families, businesses and communities.

The Bankwest Curtin Economics Centre is the first research organisation of its kind in WA and draws great strength and credibility from its partnership with Bankwest, Curtin University and the Western Australian government. The Centre brings a unique philosophy to research on the major economic issues facing the State.

By bringing together experts from the research, policy and business communities at all stages of the process – from framing and conceptualising research questions, through the conduct of research, to the communication and implementation of research findings – we ensure that our research is relevant, fit for purpose, and makes a genuine difference to the lives of Australians, both in WA and nationally.

The Centre is able to capitalise on Curtin University's reputation for excellence in economic modelling, forecasting, public policy research, trade and industrial economics and spatial sciences. Centre researchers have specific expertise in economic forecasting, quantitative modelling, micro-data analysis and economic and social policy evaluation. The Centre also derives great value from its close association with experts from the corporate, business, public and not-for-profit sectors.

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EXECUTIVE SUMMARY

The health and wellbeing of any society, together with its prospects for future growth are best measured by the way in which it cares for and nurtures its children.

Our children are the future of Australia.

A smart and forward-looking community nurtures its children and young people, creating a happy and healthy environment in which they can develop and thrive.

A nation with a bright future is one in which all children have what they need to thrive.

They are safe and secure and have a place to call home. They are well fed and have access to quality health care and education. No matter where they live nor the circumstances of their parents.

The extent of child poverty in Australia in 2025 should be cause for concern, with nearly one in six Australian children estimated to be growing up in poverty.

Growing up in poverty impacts directly on physical, cognitive, social and emotional development. Poor nutrition in childhood directly limits physical development, while hungry children struggle to pay attention in class, missing out on learning opportunities.

A smart and forward-looking community nurtures its children and young people, creating a happy and healthy environment in which they can develop and thrive.

Growing up in poor quality and unhealthy housing increases the risk of serious and chronic illnesses, increasing the burden of poorer economic, social and health outcomes through the life-course.

Children are sensitive to their environment, and their sense of safety and wellbeing is easily undermined by living up in a household experiencing financial stress, parental anxiety and conflict. Far too often the lack of resources in childhood also excludes us from participating in the social life of our community, missing out on sports and excursions, and undermining our sense of belonging. Children have an innate sense of inclusion and fair play, which is undermined by these inequalities.

When a child misses the opportunity to thrive and become our shared future is diminished.

So, what does the latest data say about the kind of future we are creating and the investments we are making in our children?

Unfortunately, the trend is one of increasing financial hardship over the past four years.

Rates of child poverty have risen sharply over the post-COVID inflationary period. An additional 102,000 children fell into poverty between 2020 and 2023 according to estimates in this report based on data from the latest Household Income and Labour Dynamics in Australia (HILDA) survey. This resulted in 868,300 children in Australia (or 15 per cent) living under a standard (50 per cent) poverty line in 2023.[1]

While the rate of inflation has slowed more recently, wage growth still has a way to go to catch up to rising living costs. Meanwhile those families on low and fixed incomes, particularly those reliant on some form of income support, have continued to fall behind. At the same time housing prices and rental costs have continued to rise, putting more pressure onto household budgets.

1 Duncan AS and Twomey C (2024), *Child Poverty in Australia 2024*. Bankwest Curtin Economics Centre, August 2024. Noting our analysis defines children as dependent children aged up to 18 years old.

Projecting child poverty rates forward, based on population change and the impact of rising rental costs over the past two years,[2] BCEC analysis projects that the national child poverty rate will increase from 15.0 per cent in 2023 to 15.6 per cent in 2025.

This has put nearly 82,000 more children into poverty in Australia over the past two years, resulting in more than 950,000 children now living below the poverty line.

Children living in single parent households are at the greatest risk of poverty, with more than one in three children in single parent families (36.6 per cent) living below a standard (50 per cent) poverty line, and over one in ten (10.8 per cent) living in extreme poverty (below 30 per cent of median per capita household equivalent income).

Nearly five times as many children (4.8 million) live in couple households compared to those living in single parent households (1 million). Hence, while the risk of poverty is lower for children in couple households, the number in poverty is higher with an estimated 565,600 children living below a 50 per cent poverty line.

This shows why any policy measures targeted at reducing the prevalence of child poverty need to reach across household types.

Housing and rental costs are driving financial hardship

The first priorities for families are shelter and safety, then putting food on the table. Hence the continued rise of mortgage and rental costs have had a major impact on growing rates of financial hardship.

The budgets for lower income families are disproportionately affected by rising rental costs, given that housing costs typically make up a bigger share of their weekly expenditures. And rental cost inflation has continued to rise, with median weekly rental costs for a three-bedroomed house increasing by $126 to $633 since June 2022 – an increase of 25 per cent over the past three years.[3]

Our previous child poverty report found that lower quartile rental costs rose far more strongly than median rents, forcing more low-income families to move to find more affordable rental housing. Renters who moved to find cheaper housing were more likely to be unhappy with the quality and amenity of their home, and more likely to be dissatisfied overall. Parents forced to move during times of high rent prices and low availability faced poorer and more limited choices, hence they were six times more likely to be dissatisfied with life and show levels of psychological distress that are on average twice as high. With rents continuing to rise these pressures have continued to mount through 2025, impacting on child development and wellbeing.

Families on lower incomes are also more likely to live in older and poorer quality housing. Over 2.5 million Australians are estimated to be living in unhealthy housing. Children and families are thus exposed to more extreme temperatures, while cold, damp and mould present major risks to child and family health. Unhealthy housing in childhood increases the risk of chronic disease through the life course and undermines child development. The end result of poor-quality housing is a significant impact on our health and hospital budgets, and our lifespans.

2 Using Centre for Population Data (June 2025) and Corelogic data (June 2025) on real rental growth.

3 For more information on state and territory rental price rises, see Crowe A, Duncan AS and Rowley S (2025), '*Housing Affordability in Western Australia 2025: A long way from home*', Bankwest Curtin Economics Centre Focus on Western Australia Report Series #19, June 2025, pages 65-69.

Recommendations

- Enact legislation introducing a child-centred definition of poverty that sets clear targets and reporting requirements for governments and their agencies at the national, state and territory levels to measure and reduce child poverty and intergenerational inequality in Australia.
- Increase social security and family payments to lift recipients out of severe poverty, then index payments to Average Weekly Earnings.
- Increase support to single parent households.
- Undertake a major study to update equivalisation rates for income support and family tax arrangements for different family types to better reflect the changing cost of family living.
- Increase the level of Commonwealth Rent Assistance maximum payment by 30 per cent to better align CRA support with rental costs, then index CRA to changes in median rental costs.
- Tackle the structural issues driving the growth of housing unaffordability, introducing long-term reforms that moderate housing wealth and wind back the inequities in current capital gains and negative gearing policy settings.

KEY FINDINGS

- There are a projected 4.1 million people in Australia currently living in income poverty, under a 'standard' (50 per cent) poverty line in 2025 – equating to 14.8 per cent of our population.
- Australia's poverty headcount is estimated to have risen by more than 327,000 people since 2023.
- These increases are partly driven by population growth, but mainly driven by higher living costs – and especially housing costs.
- Rising interest rates and essential living costs and a tightening housing market since 2022 are the main causes of rising poverty.
- Median weekly rental costs for a three-bedroomed house have increased by 25 per cent to $633 since June 2022 – this represents an increase of $126 over three years.
- Rental cost increases have been especially severe in Western Australia, having risen by 43 per cent ($200) to $660 per week in the past three years.

There are a projected 4.1 million people in Australia currently living in income poverty.

Households living in poverty

- Single parent families and single person households are at the greatest risk of poverty.
- Nearly one in three single parent households (31.1 per cent) are living below a 50 per cent median poverty line, while over two in five (43.1 per cent) are living below a 60 per cent median poverty line.
- Adjusting for population growth, there are now about 372,500 children in single-parent families living in poverty - a 17 per cent increase over the past decade.
- Couple families with children are less at risk of poverty, with just under one in six (17.9 per cent) living below a 60 per cent median poverty line and one in nine (10.6 per cent) living below a 50 per cent median poverty line.
- Nearly five times as many children live in couple households (4.8 million) compared to those living in single parent households (1 million).
- Hence, while the risk of poverty is lower for children in couple households, the number in poverty is higher, with an estimated 565,600 children living below a 50 per cent poverty line.

Children in extreme poverty

- The risks of significant and severe poverty are also much higher for children in single parent households.
- More than one in five children (21.8 per cent) in single parent households are living in significant poverty (below 40 per cent of median per capita equivalent income) and nearly one in ten (9.2 per cent) live in severe poverty (30 per cent of median).
- By comparison, only around one in fourteen (7.1 per cent) children in couple households are living in significant poverty and around one in twenty (4.9 per cent) are living in extreme poverty.
- However, with more children living in couple households, this is equivalent to around 233,000 children in couple households and 110,000 children in single parent families who are living in extreme poverty.
- The national rate of child poverty has risen by 0.6 percentage points in two years, from 15 per cent in 2023 to 15.6 per cent in 2025.
- Australia's child poverty count is estimated to have risen from 868,350 children in 2023 to over 950,100 children in 2025, an increase of 81,750 in two years.

Child poverty at state and territory level

- Overall poverty rates have risen consistently across states and territories during the last decade.
- Tasmania, New South Wales and South Australia rank worst among the states at the household level, while South Australia, Victoria and New South Wales rank worst on child poverty.
- Victoria and Queensland are doing best on household poverty rates, while Tasmania and Queensland are doing best on child poverty.
- In 2025 an estimated 103,900 children (16.2 per cent, or nearly 1 in 6 children) live in poverty in WA. This includes 30,300 children growing up in severe poverty (below 30 per cent of median income).
- Over the last decade, Western Australia's poverty headcount has risen from 211,500 people or 8.7 per cent in 2015 to a projected 424,500 or 14 per cent in 2025.

Introduction: The impact of child poverty in Australia

INTRODUCTION: THE IMPACT OF CHILD POVERTY IN AUSTRALIA

The health and wellbeing of any society, together with its prospects for future growth are best measured by the way in which it cares for and nurtures its children.

Our children are our future.

A smart and forward-looking community nurtures its children and young people, creating a happy and healthy environment in which they can develop and thrive.

Unfortunately, too many children in Australia are growing up in financially stressed families, without access to the resources and support they need for healthy development.

The reality of child poverty in Australia is both sobering and disappointing. More than one in six Australian children are growing up in poverty. This is inconsistent and incongruous with Australia's status as one of the wealthiest nations at what is arguably the wealthiest time in our history.

A smart and forward-looking community nurtures its children and young people, creating a happy and healthy environment in which they can develop and thrive.

There is extensive evidence to show that growing up in poverty impacts directly on children's physical, cognitive, social and emotional development. Poor nutrition in childhood directly limits physical development, while hungry children struggle to pay attention in class, missing out on learning opportunities. Growing up in poor quality and unhealthy housing increases the risk of serious and chronic illnesses, increasing the burden of disease through the life-course.

Children are sensitive to their environment, and their sense of safety and wellbeing is easily undermined by living up in a household experiencing financial stress, parental anxiety and conflict. Far too often the lack of resources in childhood also excludes us from participating in the social life of our community, missing out on sports and excursions, and undermining our sense of belonging. Children have an innate sense of inclusion and fair play, which is undermined by these inequalities.

This Bankwest Curtin Economics Centre special report provides the latest examination of the prevalence of child poverty within Australia, how this has changed over time, and which groups of children and young people in our society face the greatest risks of financial hardship.

We also examine how poverty rates compare across Australia's states and territories, and consider the interaction between child poverty and housing affordability as a key priority for policy change.

This update follows the approach taken in the Centre's more detailed 2024 *Child Poverty in Australia* report, as well as the 2022 *Behind the Line* and 2014 *Falling Through the Cracks* reports[4] exploring the prevalence of deeper degrees of poverty, surfacing issues that highlight how poverty affects people's livelihoods and life chances, and their sense of wellbeing.

4 Duncan AS and Twomey C (2024); Cassells, Dockery and Duncan (2014), *Falling Through the Cracks: Poverty and disadvantage in Australia*; Duncan AS (2022). *Behind the Line: Poverty and disadvantage in Australia 2022*, Bankwest Curtin Economics Centre, Focus on the States Series #9, March 2022.

DEFINING POVERTY

There are a number of ways to define and measure the incidence of income poverty (and child poverty) at a national and state level. Relative income poverty measures set standardised benchmarks based on a threshold percentage of the typical (or median) income that reflect community expectations of what is needed for a basic, decent or acceptable standard of living.

The most widely used poverty standard within Australia is a benchmark of half of the median per capita equivalent household income, controlling for housing costs and adjusting for differences in family composition. Just how you adjust for the comparative costs of different family types and sizes is another matter, that we will return to later.

In contrast, deprivation measures seek to measure those essential activities and opportunities that you cannot afford to do, across dimensions including health, education, and living standards. Common deprivation indicators include lack of access to safe water, adequate housing, proper cooking fuel, and electricity, alongside low levels of schooling, food insecurity, and poor health. International measures including the Global Multidimensional Poverty Index (MPI) and the Individual Deprivation Measure (IDM) track these indicators to provide a more complete picture of poverty and target interventions effectively.

A third approach is to create a standardised basket of goods and services that reflect the typical living costs of a standard household, as is used to measure the Consumer Price Index (CPI) in Australia. By creating a 'minimum expenditure basket' that reflects a basic but decent standard of living is a way to convert this cost-of-living metric into a measure of poverty – in effect a mirror image of the deprivation metrics, reflecting what you can afford versus what you can't.

We need a regular and consistent program of measures.

There are benefits and limitations to all these approaches. Deprivation measures for instance can give us a more granular appreciation of the lived experience of poverty, reflecting the choices those experiencing financial hardship are forced to make – however they are resource-intensive because they require large surveys with representative population samples. In contrast, a basket of goods and services model is only meaningful to the extent that the choices of what is in the basket accurately reflect the difficult decision made by households in financial stress. To get this right you also need large consumer surveys that represent the range of choices made by low-income households.

In comparison, relative income poverty metrics (like the 50 per cent of median household income poverty line) are simpler and easier to compile and have the benefit of enabling us to track changes in relative poverty rates based on more frequent household income data. In this way we can track changes in poverty levels in response to global events, market fluctuations and policy decisions – rather than only getting an indicator every two or three years. However, to be meaningful and useful we need to be 'ground-truthing' these measures on a regular basis – comparing relative income levels to living standards to test their relevance.

In practice, to have a good understanding of poverty, inequality and cost of living pressures within our community, we need a regular and consistent program of measures and metrics that look at relative incomes, spending patterns and measures of hardship and deprivation against wider individual and household health and wellbeing outcomes.

Studies that have made comparisons across different poverty metrics do show a level of consistency and convergence over time, suggesting relative poverty measures (such as the share of people below 50 per cent median household income) give a relatively accurate reflection of the experience of poverty within our community.

At the same time comparative studies of poverty also suggest that the lived experience of poverty, the relative costs of different essential components of day to day living, and even what is counted as 'essential' over time continue to evolve. One example is digital literacy and access to digital connectivity and devices – as essential public services have become increasingly online-first or even online-only.

Another area of concern, that we will return to later, is changes in the relative cost of maintaining living standards for different types of households – suggested for example by the alarmingly high rates of poverty and deprivation experienced by single-parent households.

As the saying goes, "You can't manage what you can't measure." If we are serious about reducing poverty and inequality within Australia, or if we concerned to ensure a future where all Australian children have the opportunity to thrive and grow to meet their full potential – then we need to set national poverty and child poverty standards and establish a regular program of measurement and reporting.

"You can't manage what you can't measure."

Australia would do well to put in place a Child Poverty Act that includes measurable targets with public and parliamentary reporting. This would underpin and inform regular five-year and ten-year poverty reduction strategies and action plans, linked to specific programs and initiatives to reduce child poverty.

2025 is the fiftieth anniversary of the Henderson Commission of Inquiry into Poverty in Australia's final report in 1975.[5] Now would be an excellent time to cement this legacy into law.

More than just a poverty line…

So far, we've discussed the 50 per cent median household income controlling for housing costs and household composition as a standardised and useful metric. However, a single 'black and white' line only tells us so much, and it is useful to have some 'shades of grey' to give us a better appreciation of relative depths of poverty and deprivation across our community and over time.

Other approaches and other countries include higher and lower thresholds – with 60 per cent of the median equivalised household income used as the standard in the OECD. Setting a higher threshold among developed countries is seen as a better reflection of what is required for all citizens to share a sense of community cohesion and belonging. This embodies an aspiration and shared commitment between OECD nations to pursue better living standards for their citizens and to reduce the impacts of inequality on community cohesion and wellbeing.[6]

5 Henderson, R.F. (1975), *Poverty in Australia: First Main Report*, April 1975, Commission of Inquiry into Poverty, AGPS, Canberra; Regan, S., & Stanton, D. (2018). *Social Policy Inquiries in Australia: the Henderson Poverty Inquiry in Context*. Crawford School of Public Policy.

6 Garroway, C & Laiglesia, J.R. (2012) *On the relevance of relative poverty for developing countries*. OECD Development Centre Working Paper No.314.

Alternatively, including measures with lower thresholds (including 40 and 30 per cent) as indicators of 'significant' and 'severe' income poverty gives us a better sense of the distribution of financial hardship and deprivation across the nation. Particular cohorts or locations where we see a higher incidence of deeper or more severe poverty can act as important signs of where something is going wrong and can provide useful targets for policy and program interventions.

This report uses a combination of relative household income measures (including 60 per cent, 50 per cent, 40 per cent and 30 per cent) as markers of poverty depth alongside deprivation measures at key points of our analysis to get a better read of the impacts of poverty on children and households, and to ground truth and calibrate our findings.

Our analysis defines children as dependent children aged up to 18 years to reflect the circumstances and financial pressures experienced by Australian households. The representative population data we use for this report is drawn from the Household Income and Labour Dynamics in Australia (HILDA) survey managed by the Melbourne Institute. The data are longitudinal, which allows us to track individuals over a period of twenty years.

The HILDA survey contains exceptional details of people's incomes, labour force and work patterns, socioeconomic characteristics and education outcomes, as well as a host of information on life events, attitudes and measures of subjective well-being.

The income measure we use is total household disposable income after housing costs, the benefits of which are assumed to be shared across family members. This means that all members of the same household are assumed to have the same status of poverty. Depending on the nature of the income sharing within households, this may or may not be true. However, there is insufficient information in most household surveys to capture different circumstances where not all family members are able to access household resources to the same degree.

Poverty rates are assessed by calculating the share of people whose real equivalised household disposable incomes fall below different fractions of the median. Equivalisation is a method of standardising income to take account of household size and composition differences. Here, we use the OECD modified equivalence scales to standardise income. These scales apply 1.0 for the first adult in the household, 0.5 for any subsequent adults and 0.3 for each dependent child. This presumes that a single parent family with two dependent children would need 1.6 times the income resources of a single person to reach a similar level of financial wellbeing.

Poverty rates are assessed by calculating the share of people whose real equivalised household disposable incomes fall below different fractions of the median.

It is a long time since these equivalisation rates have been updated to reflect the changing cost of living in Australia or the OECD. Disproportionate rates of families, and particularly single parent families, living below the poverty line, along with the much higher scores these households average on measures of financial deprivation suggest that it may be time to revisit these calculations and rebalance family payments to reduce child poverty levels.

Our modelling reveals a 'standard' poverty line of $559.80 per week for a single person in 2025 once housing costs have been met. In fact, the poverty line has fallen over the past two years by around $6 per week from $565.80 in 2023 as a result of rising mortgage and rental cost burdens, which have pushed down after-housing costs incomes for a large share of the Australian population.

THE PREVALENCE OF CHILD POVERTY IN AUSTRALIA

Our analysis of 2023 HILDA data reveals that nearly 3.8 million people in Australia including over 868,000 children were assessed as living under a 'standard' poverty line of 50 per cent of median income in 2023 (Table 1). This represents 15.0 per cent of Australia's child population, and fully validate the poverty projections from BCEC's Child Poverty in Australia 2024 report.

But estimating poverty incidence using data for 2023 neglects the additional impacts of Australia's cumulative cost-of-living pressures between 2023 and now, and especially the deepening rental crisis facing many households across the country.

There is every reason to suspect that pressures over the past two years will have exacerbated both the incidence and depth of poverty and hardship. For a more contemporaneous picture of poverty, we uprate the 2023 HILDA data using population forecasts from the Australian Government Centre for Population, projected price and wage increases from the Australian Bureau of Statistics, and real growth in housing costs from CoreLogic, to project estimated poverty rates for 2025.

We estimate that Australia's child poverty rate has risen by 0.6 percentage points to 15.6 per cent in the two years to June 2025, adding a further 81,761 of children living in poverty. This results in a projection of more than 4 million Australians - 14.6 per cent of the population - including over 950,000 children living in poverty in 2025.

In fact, our forecasts indicate that child poverty rates have risen by a combined 3.2 per cent over the past four years, from 12.4 per cent in 2021 to 14.3 per cent in 2022, 15.0 per cent in 2023 and to a projected 15.6 per cent in 2025.

In count terms, we estimate the number of children in poverty to have risen from 713,774 in 2021 to 868,363 in 2023, and to a projected 950,124 in 2025 – a growth of 236,350 children over four years.

Should this trend continue, we risk seeing over 1 million children living in poverty in Australia in the next year or so. These are grounds for serious concern, and a call to action for measures to mitigate against child poverty in income support policy at the national level.

TABLE 1

Share of households and children in poverty 2019 to 2023, projected to 2025

Income poverty rates and numbers										
	2019		2021		2022		2023		Uprated to June 2025	
Units	#	%	#	%	#	%	#	%	#	%
Households	1,630,762	16.7	1,611,282	16.2	1,783,311	17.6	1,831,597	17.5	1,981,296	17.9
Persons	3,437,717	13.9	3,200,938	12.8	3,625,101	14.2	3,765,865	14.4	4,092,995	14.8
Children	838,583	14.7	713,774	12.4	814,758	14.3	868,363	15.0	950,124	15.6

Source: Bankwest Curtin Economics Centre | More accurate population projections based on recent ABS population data mean these figures vary from our 2024 report.

What is driving the growth in poverty?

Real household equivalent incomes fell by 3.9 per cent between 2022 and 2023 according to the latest data from the HILDA survey, partially offsetting the effects of rising housing costs on poverty headcounts. There has been some recovery in real household incomes since 2023, with the Reserve Bank of Australia reporting a 2.4 per cent increase between 2024 and 2025.[7]

But the precipitous rise in housing costs between 2023 and 2025 – and especially the increase in rental costs across the country – have outweighed these more modest improvements in incomes, with the result that poverty rates have continued to rise.

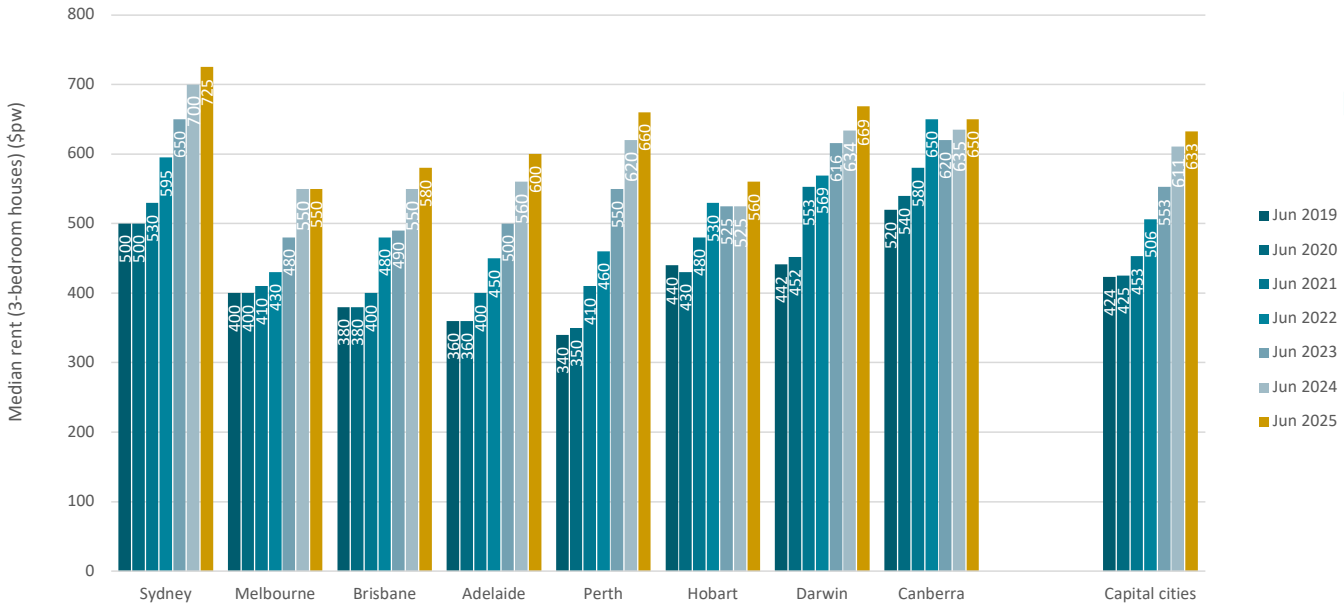
For example, median weekly rental costs for a three-bedroomed house have increased by $126 to $633 since June 2022 (Figure 1) according to data from the Real Estate Institute of Australia (REIA) – an increase of 25 per cent over the past three years.[8]

Rental cost inflation has been especially pronounced in Perth (up 43 per cent since 2022) and Adelaide (up 33 per cent), with Sydney recording the highest rental costs, at $725 per week in June 2025.

This makes it very clear that the cost of housing is the biggest single factor among all of the cost-of-living pressures impacting on living standards of Australian households, and rates of financial hardship.

FIGURE 1

Share of households and children in poverty 2019 to 2023, projected to 2025



Source: Bankwest Curtin Economics Centre | Data from Real Estate Institute of Australia (REIA).x

7 Reserve Bank of Australia (2025). *Statement on Monetary Policy*, August 2025.

8 For more information on state and territory rental price rises, see Crowe A, Duncan AS and Rowley S (2025), *Housing Affordability in Western Australia 2025: A long way from home*, Bankwest Curtin Economics Centre Focus on Western Australia Report Series #19, June 2025, pages 65-69.

HOW DO STATE AND TERRITORY PATTERNS OF POVERTY COMPARE?

In 2025 an estimated 103,900 children (16.2 per cent, or nearly 1 in 6 children) live in poverty in WA (Table 2). This includes 30,300 children growing up in severe poverty (those in families receiving less than 30 per cent of median income after housing costs).

An increase of 33,000 over the last three years in the number of children living in poverty in WA should be a call to action for the WA Government to look for ways to intervene to reduce rates of child poverty and ensure a brighter future for all Western Australians.

Looking at the inter-jurisdictional comparisons, WA ranks fifth overall on poverty rates at household and individual levels. When we exclude child poverty estimates for the Northern Territory and the ACT (where survey numbers are too small for robust estimation), Tasmania, New South Wales and South Australia rank worst among the states at the household level, while South Australia, Victoria and New South Wales rank worst on child poverty. The Australian Capital Territory has the lowest household poverty rate, followed by Victoria and Queensland, while Tasmania and Queensland have the lowest rates of child poverty.

These variations raise interesting questions at a policy level about why we see such great variation between child and household poverty rates at the jurisdictional level. For instance, what is Tasmania doing to mitigate rates of child poverty at the state level, given it has among the highest rates of individual and household poverty?

TABLE 2

Poverty rates and headcounts by state and territory: 2025 (Uprated for population and housing cost growth)

Income poverty rates and numbers									
	Households			Persons			Children		
	#	%	rank	#	%	rank	#	%	rank
NSW	674,200	19.7	4	1,454,100	16.9	3	323,400	17.0	3
VIC	462,500	16.3	7	990,900	13.9	6	269,600	17.1	2
QLD	384,300	16.8	6	727,600	12.8	7	155,800	12.0	6
SA	157,200	19.8	3	297,300	15.7	4	71,400	18.3	1
WA	209,000	17.5	5	424,500	14.0	5	103,900	16.2	4
TAS	53,500	22.0	2	104,400	18.1	2	20,500	14.7	5
NT (a)	22,000	24.4	1	62,500	24.3	1	(a)		
ACT (a)	18,600	9.5	8	31,700	6.6	8	(a)		
All states	**1,981,300**	**17.9**		**4,093,000**	**14.8**		**950,100**	**15.6**	

Notes: (a) Child poverty counts and shares for NT and ACT are excluded due to small sample sizes. Counts rounded to the nearest 100.
Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey Waves 19 to 23.

WHO IS MOST LIKELY TO FACE EXTREME POVERTY?

Our analysis also allows us to look at the depth of poverty, using 60 per cent, 50 per cent, 40 per cent and 30 per cent median household income after housing poverty lines to consider the proportion of households experiencing significant and extreme poverty.

Among the 4.1 million people in poverty according to the standard (50 per cent median) measure, around 1.675 million people (6.1 per cent) face severe financial hardship, living on less than 30 per cent of the median per capita equivalised household income (Table 3). Nationally, nearly 350,000 children (5.7 per cent) face severe poverty on the same metric.

TABLE 3

Depth of income poverty - Households, people, children, 2025

Depth of income poverty						
Poverty depth	Households		Persons		Children	
	#	%	#	%	#	%
30%	860,300	7.8	1,674,400	6.1	348,900	5.7
40%	1,362,300	12.3	2,692,000	9.7	571,700	9.4
50%	1,981,300	17.9	4,093,000	14.8	950,100	15.6
60%	2,914,600	26.3	6,274,000	22.7	1,527,200	25.0

Notes: (a) Child poverty counts and shares for NT and ACT are excluded due to small sample sizes.
Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey Waves 19 to 23.

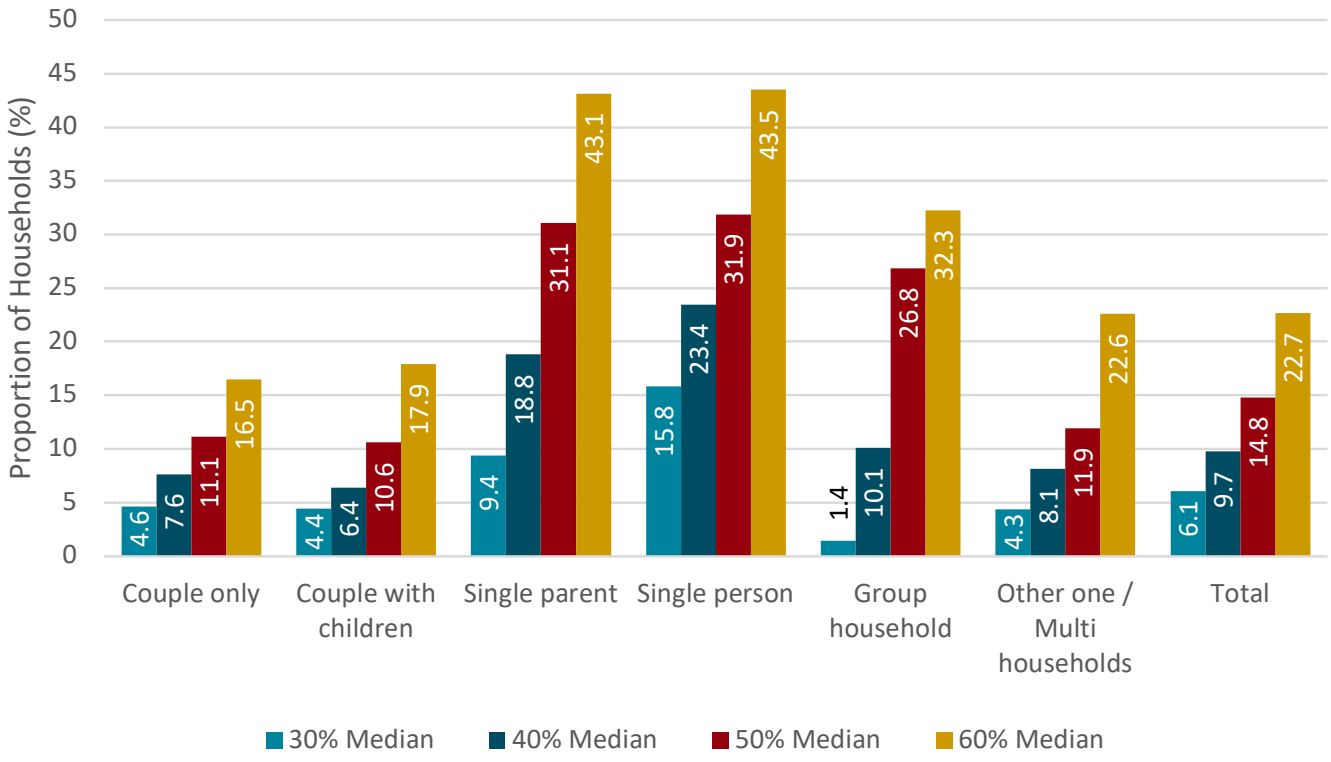
Our findings show that the risk of extreme poverty is much greater for single parent families, and for single people.

Our findings show that the risk of extreme poverty is much greater for single parent families, and for single people. In 2025 we see over one in six children (18.8 per cent) in single parent households are living in significant poverty (40 per cent median) and one in eleven (9.4 per cent) are living in severe poverty (30 per cent median). Close to one in three single parent households live below a standard 50 per cent median income poverty line in Australia (31.1 per cent), while over two in five (43.1 per cent) live under the OECD standard of 60 per cent of median (Figure 2).

These findings also make it clear that policy measures which increase incomes and provide targeted support to single parent households are likely to have the greatest impact and be most cost effective in reducing child poverty and improving child wellbeing.

FIGURE 2

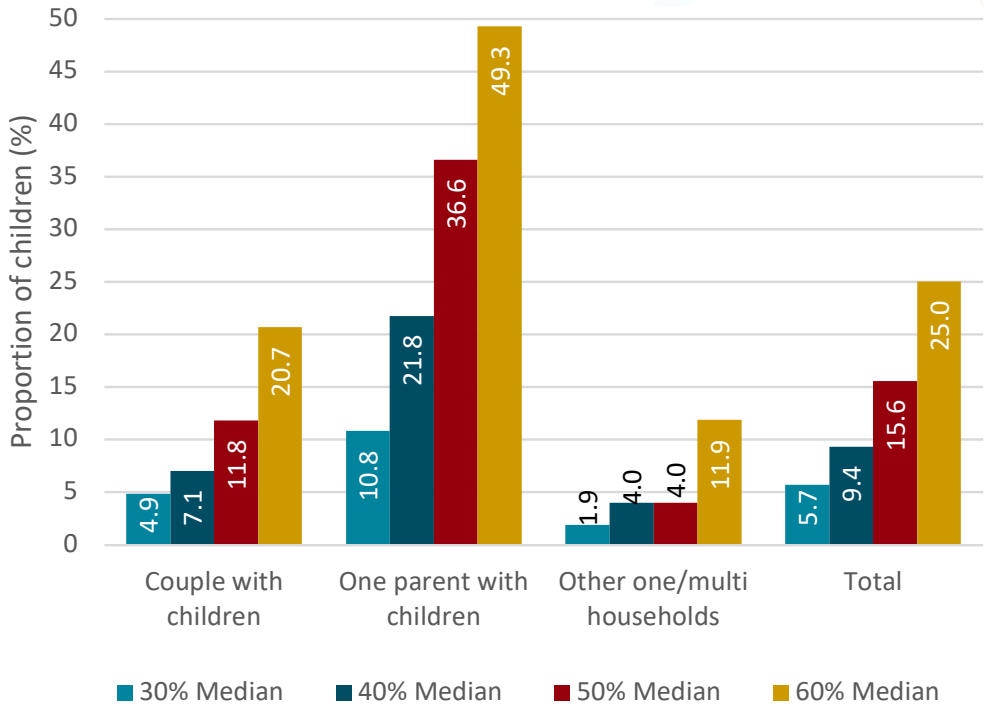
Share of households at depths of poverty by family type: June 2025 (projected)



Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey wave 2 to 23.

FIGURE 3

Share of children at depths of poverty by family type: June 2025 (projected)



Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey wave 2 to 23.

By comparison, only around one in fourteen (7.1 per cent) children in couple households are living in significant poverty and around one in twenty (4.9 per cent) are living in extreme poverty (Figure 3). When we consider the raw numbers, this represents approximately 110,000 children in single parent families and 233,000 children in couple households living in extreme poverty. This means that while we have higher rates of child poverty in single parent households, we still have greater numbers of children growing up in poverty in couple households (simply because there are many more couple households). Hence any policy framework seeking to end child poverty needs to both target support to children in single parent families and ensure those in couple households living in extreme poverty also receive some assistance.

Considering the depth of poverty is important because children in families living in extreme poverty are much more likely to experience multiple deprivations that impact directly on child health and development. They are much more likely to experience malnutrition that limits their cognitive development. They are much more likely to experience social isolation and miss out on access to early childhood education, which impacts on their social development. And they are much more likely to experience emotional stress, poor parental mental health, and family violence, that impacts on their emotional development, capacity for self-regulation and lifelong mental health.[9]

9 Rioseco, P., Warren, D. and Daraganova, G. (2020). Children's social-emotional wellbeing: The role of parenting, parents' mental health and health behaviours (Emerging Minds working paper); Stock L, Acqauh D, Molloy D and Piergallini I (2017). *Inter-parental relationships, conflict and the impacts of poverty*.

Recent **2024 AEDC data** have shown a significant and concerning downturn in the school readiness of young children[10]. Early childhood outcomes have gone backwards across many groups and developmental domains, with the gaps widening the most in early social and emotional development, and for children from disadvantaged backgrounds. At the same time, the recent National Economic Roundtable identified early childhood education and care (ECEC) as a key enabler of workforce engagement and productivity. Access to quality early care services was highlighted as a priority to support regional development.

Now is a good time to act on this issue. Early childhood development is currently a major national priority and the focus of media attention and public concern. Recent months have seen a wave of policy announcements at State and Federal levels. A joined-up response to the systems and services that support and enable our children to thrive is clearly needed, across health, education, family and community services at the national, state and local levels.

Tracking the longer-term trend

Our analysis highlights that children in single parent households are much more likely to grow up in poverty and are at much greater risk of experiencing extreme poverty and material deprivation. Further analysis of comparative child poverty rates over time enables us to better understand how government decision concerning welfare and income support policies have changed these risks, shaping children's outcomes and the future prosperity and wellbeing of our community.

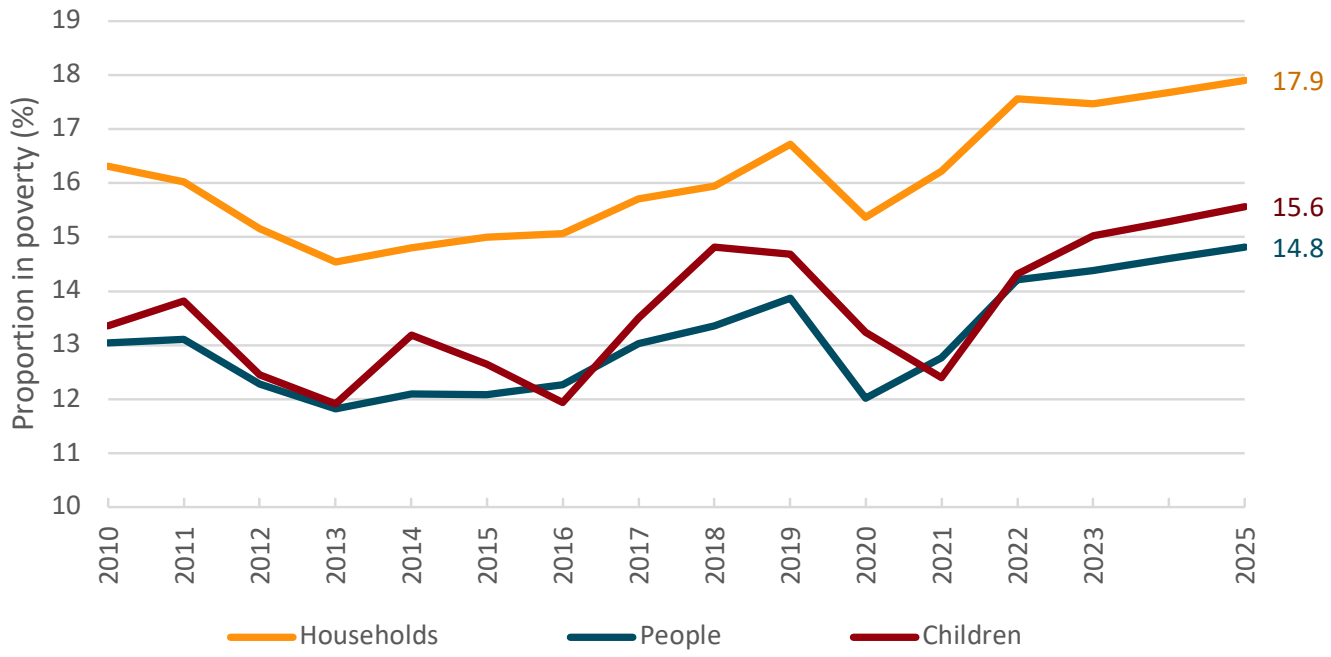
Poverty rates over the last fifteen years shows significant variation across the political and economic cycle, with rates of poverty for couple households (with and without children) consistently lower and remaining relatively stable, while single persons and single parent families show higher poverty rates overall which are in turn more sensitive to changes in government policy. We can also observe indications of rising poverty rates for all household types in the post-COVID inflationary period, with this trend likely to continue for some time into the future.

Poverty rates have risen substantially over the last decade (Figure 4), with the gains made in reducing poverty up to 2013 largely eroded in recent years. The impacts (both positive and negative) of COVID income support measures and their withdrawal can be seen most dramatically in the change in the share of children facing poverty. The introduction of temporary COVID supports led child poverty rates to fall from 14.7 per cent in 2019 to 12.4 per cent in 2021.[11]

10 Australian Early Development Census (2024). https://www.aedc.gov.au/data-hub/public-data/2024-aedc-results.

11 The most dramatic rapid reduction in personal (2019-2020) and child (2019-2021) poverty rates came as a result of the COVID-19 income supplementation measures, noting that family tax arrangements for parents meant the impact was delayed and spread into the following year. But the withdrawal of these temporary payment supplements along with cost-of-living pressures and rapidly increasing rents have led to rising poverty rates over the post-COVID period.

FIGURE 4
Share of Australians living in poverty: 2010 to 2023, projected to 2025



Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey waves 10 to 23.

The 2.3 percentage point fall in child poverty rates over these two years was equivalent to around 125,000 child who were no longer growing up in poverty … for a time.

Following the withdrawal of temporary COVID supplements, child poverty rates rose to 15 per cent in 2023 and to a projected 15.6 per cent for 2025 according to our projections in this report – cumulatively adding 236,000 more children onto the child poverty headcount.

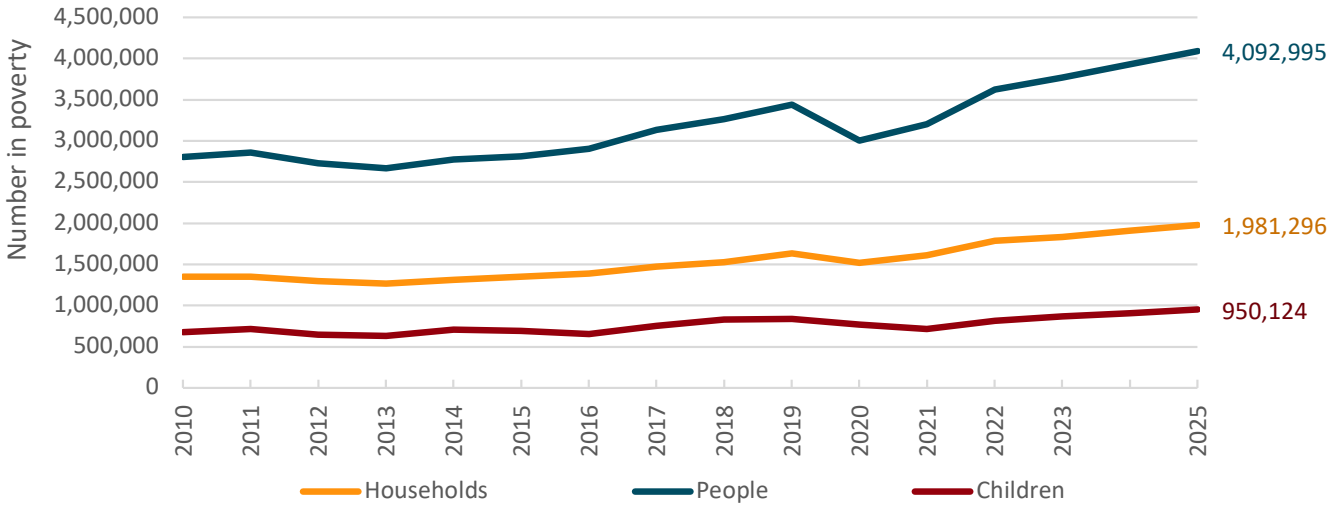
The COVID intervention is a practical real-world example that tells us what it takes to make a dramatic change in child poverty rates. Government policy makers can now effectively break down the cost of increasing income support to households with children during the COVID period to rates closer to OECD income support averages to make informed decisions.

While the immediate costs of increasing income support are readily apparent, the long-term cost to our community of children growing up in poverty – in relation to poorer education, health, work and life outcomes is less tangible and further into the future. In the absence of effective and robust analysis linking poverty and life outcomes, short-term political decision-making horizons tend to crowd out the opportunity to invest in a more prosperous, healthy and inclusive future.

This is also why we undertook a longitudinal analysis of the subsequent work and life outcomes of young people growing up in poverty as part of our Child Poverty in Australia 2024 report (discussed further below) and are looking to undertake some more detailed costings of their economic impacts.

FIGURE 5

Number of Australians living in poverty: 2010 to 2023, projected to 2025



Source: Bankwest Curtin Economics Centre | Authors' calculations based on HILDA Survey Waves 10 to 23.

Australia's poverty count has increased by 468,000 since 2022, driven by rising living costs and housing stress, and by **more than a million people since 2020**, due incrementally to the withdrawal of COVID support (Figure 5). This includes an extra 183,000 children moving into poverty since 2020.

While rental costs for the average family in WA rose 11.2 per cent between 2020 and 2022, rental costs for lower income families rose faster still, at 17.8 per cent.

Costs have continued to rise over the past three years, with median rents rising by 9.2 per cent and 10.5 per cent respectively in 2023 and 2024.[12] And increasing financial hardship in the face of rising essential living costs and the booming cost of housing has seen child poverty in Australia rising to exceed 2019 levels – effectively reversing the commitments and measures put in place by the incoming Albanese Government to reduce child poverty rates.

Children living in significant and extreme poverty are also much more likely to experience housing insecurity, which further adds to family stress and can impact significantly on their social development and emotional connection. Being forced to shift houses, neighbourhoods and schools means losing important connections to friends, support services, teachers and other and trusted adults. This can have major impacts on social and emotional development of younger children, and on the sense of security, connection and belonging held by young adults. Recent studies by BCEC, including Youth in Focus: Navigating wellbeing in a changing world (2025) and Stronger Together: Loneliness and social connectedness in Australia (2021) highlight the significant impacts on youth mental health and wellbeing.

Children living in poverty are also much more likely to be living in low socio-economic areas where housing is more affordable, but poorer quality and likely to be unhealthy, as we highlighted in Child Poverty in Australia (2024). In these areas they are also less likely to have access to quality environments within which they can play and grow safely.

12 According to data from the Real Estate Institute of Australia (REIA).

Policy Implications and Recommendations

POLICY IMPLICATIONS AND RECOMMENDATIONS

Australia's current policy, investment and governance settings directly contribute to a future nation that is not a good place to be a child, nor an easy place to be a parent. If left unchecked we can expect to see cumulative impacts across a range of critical areas that define our national character, prosperity and wellbeing – including our birth rate and the changing demographic makeup of our population, housing ownership and the concentration of wealth, as well as engagement and trust in the key institutions of our democracy.

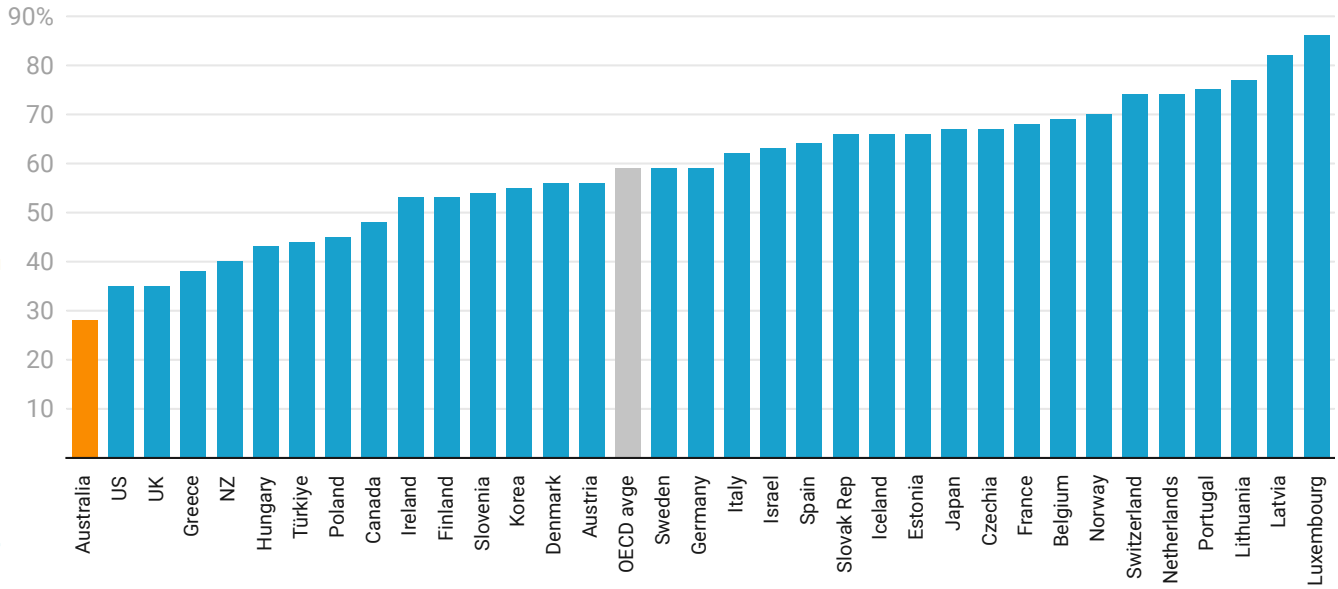
As a nation we have the capacity and resources to end child poverty – if we choose to do so. Per capita Australia is the second wealthiest nation on the planet. At the same time, we have the lowest unemployment payments in the OECD (Figure 6) and are ninth among the lowest taxing nations.[13]

Our system does this poorly by comparison to other developed economies in the OECD. Australia ranks eleventh on inequality overall using the Gini Coefficient measure, but falls to twentieth out of 35 once the effect of taxes and transfers are considered.

A fair tax and transfers system should balance the books – not tip the scales in favour of the powerful at the expense of everyday young working Australians.

Given our shared wealth and the extent of foregone revenue in Australia, child poverty is ultimately a policy choice.

FIGURE 6
OECD 2022 Unemployment assistance as a percentage of average earnings



Source: Bankwest Curtin Economics Centre | OECD 2022.

13 OECD (2024), Society at a Glance 2024: OECD Social Indicators.

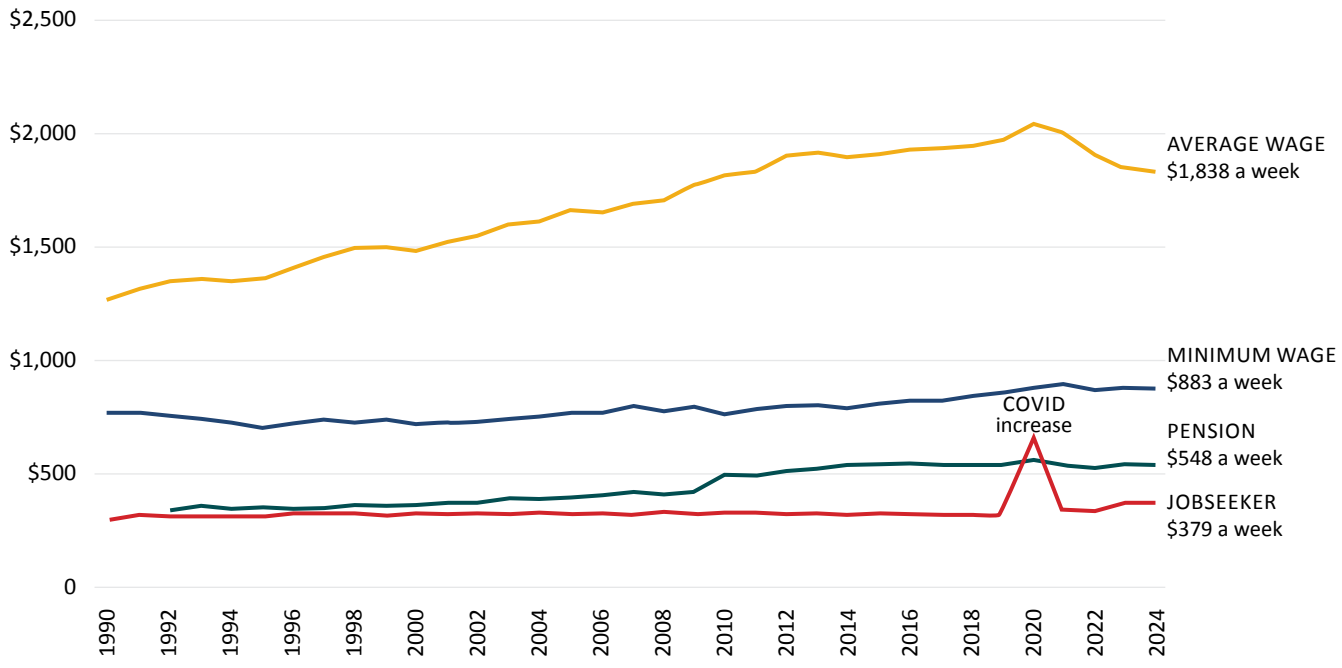
If we chose to get rid of poverty once and for all, the cost of re-introducing the COVID Supplement to raise Jobseeker Payments by $550 a fortnight is about $9.7 billion per annum. This is less than the $10.2 billion we spend on fuel tax credits for mining companies or the $15.5 billion capital gains discount for those owning multiple properties. This additional revenue could also easily be achieved by modest reforms to make capital gains tax fairer (in line with the former policy or the current model in New Zealand), or by improving the fairness of how we tax superannuation contributions and earnings to cut back the unnecessary tax breaks given to those on the highest incomes.

Australia put in place a temporary uplift to income support for a brief period in 2020 (Figure 7). The $550 per fortnight Coronavirus Supplement to Jobseeker, parenting payment and related allowances doubled incomes and substantially reduced income poverty in Australia between March and July 2020. It also demonstrated putting more money into the hands of those on the lowest incomes was an effective immediate economic stimulus strategy, with the money being spent immediately on essential goods and services. This support was then cut back to $250 per fortnight from September to December 2020, with a further reduction until April 2021 when it was completely removed. At that time, the Morrison Government introduced an ongoing $25 per week increase to the previous rates of Working Age and related payments.

The COVID-19 supplement provided us with a perfect thought experiment of the impact of lifting income support rates on individual and child poverty rates. A forward-looking government could easily implement welfare measures that improve economic, wellbeing and employment outcomes for parents and children through increased income support and work placement assistance.

FIGURE 7

Average wages versus pensions and income support payments



Source: Bankwest Curtin Economics Centre | ACOSS Post Budget Event May 2024.

WHAT DOES AN AUSTRALIA THAT IS THE BEST PLACE TO BE A CHILD LOOK LIKE?

Our children are ultimately our future. Hence an Australia with a bright future is one where all children are safe and secure to grow and thrive. They are well fed, have access to quality health care and education, and a secure home – no matter where they are or what the circumstances of their parents.

A forward-looking national recognises the critical role of early development and health in life-long outcomes, recognising that early diagnosis, advice and support are the most efficient and effective way to guarantee future prosperity and reduce lifetime health service system costs.

A forward-looking government makes support for parents and families more explicit and generous. A meaningful 'baby bonus' package would be one that offsets genuine child-related costs and compensates women for the impact on their working lives, centring around guaranteed access to free quality early education and care.

A more effective child health policy would include active outreach to those mothers and infants most at risk of falling through the cracks of our current perinatal and child health nurse check system, with follow-up home visits to chase up those who may struggle to get into an appointment.

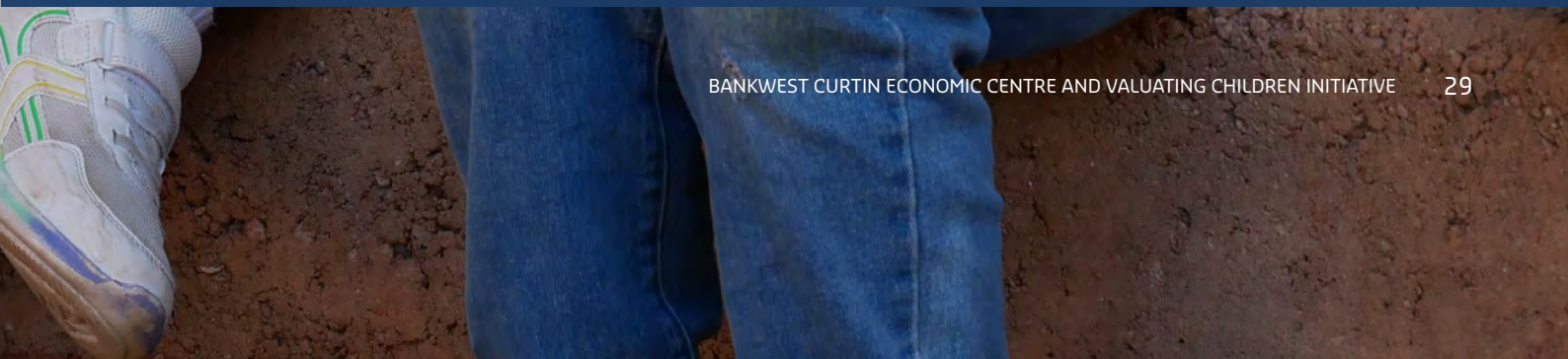
A more meaningful family cost of living package during a time of rising living costs and declining household incomes would more effectively target those on the lowest incomes, leveraging existing concessions and income support systems, rather than relying on untargeted measures (like the recent energy credit schemes). Such an approach is both more cost efficient in delivering bang for its buck, as well as being less likely to add to inflationary pressures (encouraging discretionary spending by giving more to those already well off).

A decent future for all our children has to be possible. It is our duty to them to make it so.

Recommendations

- Enact legislation introducing a child-centred definition of poverty that sets clear targets and reporting requirements for governments and their agencies at the national, state and territory levels to measure and reduce child poverty and intergenerational inequality in Australia.
- Increase social security and family payments to lift recipients out of severe poverty, then index payments to Average Weekly Earnings.
- Increase support to single parent households.
- Undertake a major study to update equivalisation rates for income support and family tax arrangements for different family types to better reflect the changing cost of family living.
- Increase the level of Commonwealth Rent Assistance maximum payment by 30 per cent to better align CRA support with rental costs, then index CRA to changes in median rental costs.
- Tackle the structural issues driving the growth of housing unaffordability, introducing long-term reforms that moderate housing wealth and wind back the inequities in current capital gains and negative gearing policy settings.

Glossary and Technical Notes



GLOSSARY AND TECHNICAL NOTES

Children
Children are defined as dependent children aged up to 18 years to reflect the circumstances and financial pressures experienced by Australian households.

Consumer Price Index (CPI)
The Consumer Price Index measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by metropolitan households.

Community support groups
Whether the person has been actively involved in a community support group in the last 12 months.

Examples of community support groups include:

- service clubs
- welfare organisations
- education and training
- parenting/children/youth
- health promotion and support
- emergency services
- international aid and development.

Employment rate
The number of employed persons expressed as a percentage of the civilian population in the same group.

HILDA survey
The Household, Income and Labour Dynamics in Australia is a household-based panel study which began in 2001. It tracks information on economic and subjective well-being of the respondents along with family and labour market dynamics.

Kessler psychological distress scale (K10)
The status of a person's mental health is based on the Kessler psychological distress scale (K10). The K10 measure is an aggregate of scores to 10 questions about emotional states, each of which are recorded on a five-level response scale, giving rise to a K10 score of between 10 to 50. The mental health of respondents is categorised according to the following K10 scores:

- Likely to be well (K10 score from 10 to 19);
- Likely to be in mild psychological distress (20 to 24);
- Likely to be in moderate psychological distress (25 to 29), or;
- Likely to be in severe psychological distress (30 to 50).

Life satisfaction
Whether respondents are happy with how things are for them in their life. Respondents answered on a scale from 'strongly disagree' to 'strongly agree'.

Principle component analysis
Principle component analysis (PCA) is a statistical procedure that can be used to reduce a large set of variables to a small set that still contains most of the information in the large set.

Socioeconomic status
The relative socio-economic advantage and disadvantage in terms of people's access to material and social resources, and their ability to participate in society. Areas in Australia are ranked according to relative socio-economic advantage and disadvantage, constructed by factoring in the proportion of individuals with a tertiary education, people employed in a skilled occupation and the proportion of families with high incomes.

Unemployment rate
The unemployment rate is the proportion of the labour force that is unemployed.

Unemployed persons
A person who is not employed for one hour or more, is actively seeking work, and is currently available for work.

Unpaid voluntary work through an organisation

The provision of unpaid help willingly given in the form of time, service or skills, to an organisation, club, or association. The GSS excludes unpaid voluntary work through an organisation if undertaken overseas.

Income poverty
Measurement
Poverty rates are assessed by calculating the percentage of people whose real equivalised household disposable incomes (after housing costs) fall below different fractions of the median. Nil and negative incomes are excluded from all poverty calculations. Data are re-based to 2014 prices.

Exclusions
Excluding particular groups from the income distribution and poverty analysis is common practice among researchers. (see Saunders 2008; Rodgers 2012; Wilkins 2013). Groups are often excluded if their reported or measured income is deemed to not reflect their real standard of living, or access to economic resources. The self-employed, business owners and those households that report negative or nil income are among those that are typically excluded from poverty analysis.

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