Understanding vulnerability in children and young people

20 March 2018
Vulnerability: Risks, predictions and outcomes

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Vulnerability Speaker Series
Commissioner for Children and Young People, Western Australia
Perth
20 March 2018
Overview of talk

A story about:

Part 1: Vulnerability
Part 2: Developmental circumstances
Part 3: Risks and prediction
Part 4: Outcomes across time and in place
Part 1

Vulnerability

How has this concept been built upon since its inception in the 1980’s?
A relatively modern notion – developed through the 1980’s and 1990’s

Large inputs from the child protection sector – how is statutory intervention legitimatised?

Gave rise to dis-satisfactions: Very negative, overly focussed on parental acts, ignored ecological/structural realities external to the parent and child

Gradual introduction of the notion of “adversities” through by 2000
About vulnerability

The challenge for CCYP

“A working definition of vulnerability”
About vulnerability

The challenge for CCYP

“A working definition of vulnerability”

Working for what or who?
About vulnerability

Is vulnerability a status or a process?

Children in out-of-home care; with disability; in youth justice settings; experiencing homelessness

These children have a vulnerable status – now and into future

Focus of this talk is on the processes leading to vulnerability
About vulnerability

A focus on the *processes* that result in vulnerability

What are the *developmental circumstances* required to encourage or discourage such outcomes?
Part 2

Developmental circumstances
Developmental circumstances

**Prompts — things that “drive” development (may be +’ive or –’ive)**
- Biology
- Expectations
- Opportunities

**Facilitators — things that protect development**
- Temperament plus “average” intellectual ability
- Good language development
- Emotional support

**Risk circumstances — things that “hinder” development**
- Multiple, accumulative stress (allostatic load)
- Developmental chaos (frenetic activity, lack of structure, unpredictability)
- Social inequality (concentrates developmental resources for some, not others)
- Social exclusion (limits expectations and opportunities for some)
Children develop, in place, in context through time.
Children develop, in place, in context through time
Children develop, in place, in context through time
Children develop, in place, in context through time.
Children develop, in place, in context through time.
Part 3

Risks and prediction
About risk

Do not get distracted by a list of *individual* risks

A risk is a probability: It is a chance that an exposure to an adversity will produce an outcome of interest
About risk

What happens when you focus on individual risks?

An example using the risk of poor language development
Typical developmental growth
4-10 years (N =4332)

A typical pattern of change in child development over time – this uses growth in language
Typical developmental growth
4-10 years (N =4332)

<table>
<thead>
<tr>
<th>Age</th>
<th>START ‘LOW’</th>
<th>START ‘MIDDLE-HIGH’</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 YEARS</td>
<td>318</td>
<td>2474</td>
</tr>
<tr>
<td>6 YEARS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Typical developmental growth
4-10 years (N = 4332)
Typical developmental growth
4-10 years (N = 4332)
Typical developmental growth
4-10 years (N = 4332)
Typical developmental growth
4-10 years (N = 4332)
What happens if you try to predict who will go on to be vulnerable to low language?

<table>
<thead>
<tr>
<th>Risk factors</th>
<th>Age 4 Months behind in language growth</th>
<th>Age 8 Months behind in language growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternal NESB</td>
<td>-16</td>
<td>-4</td>
</tr>
<tr>
<td>Low school readiness</td>
<td>-15</td>
<td>-6</td>
</tr>
<tr>
<td>Child not read to at all</td>
<td>-12</td>
<td>-7</td>
</tr>
<tr>
<td>Siblings 4+</td>
<td>-10</td>
<td>-8</td>
</tr>
<tr>
<td>Low family income</td>
<td>-7</td>
<td>-3</td>
</tr>
<tr>
<td>Low birthweight</td>
<td>-6</td>
<td>-4</td>
</tr>
<tr>
<td>Low maternal education</td>
<td>-6</td>
<td>-6</td>
</tr>
<tr>
<td>Maternal mental health distress</td>
<td>-5</td>
<td>-0.3</td>
</tr>
<tr>
<td>Low maternal parenting consistency</td>
<td>-5</td>
<td>-2</td>
</tr>
<tr>
<td>High child temperament reactivity</td>
<td>-3</td>
<td>-2</td>
</tr>
<tr>
<td>Area socio-economic disadvantage</td>
<td>0.30 ns</td>
<td>-8</td>
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</table>
What happens if you try to predict who will go on to be vulnerable?

<table>
<thead>
<tr>
<th>Predicted at age 8 to be:</th>
<th>Actual</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low PPVT at 8 years</td>
<td>Not Low PPVT at 8 years</td>
<td>Total</td>
</tr>
<tr>
<td>Low at 8 years</td>
<td>279 (true positives)</td>
<td>804</td>
<td>1083</td>
</tr>
<tr>
<td></td>
<td>69.4% sensitivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Low at 8 years</td>
<td>123 (false negatives)</td>
<td>1975</td>
<td>2098</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>402</td>
<td>2779</td>
<td>3181</td>
</tr>
</tbody>
</table>
What happens if you try to predict who will go on to be vulnerable?

There is no practical utility in this model

- We cannot reliably predict at age 4 the children who will be behind in their development at age 8
- 25.8% positive predictive value
What happens if you try to predict who will go on to be vulnerable?

When we focus on individual risks of children *becoming* vulnerable:

- It doesn’t take you very far in policy terms!
- It doesn’t allow service design or redevelopment
- It rarely matches what people experiencing adversity and poor outcomes actually talk about
- It aims too firmly at individuals and leaves out “system” and structural approaches
Part 4

Outcomes across time and in place
Outcomes across time and in place

Children and their families are exposed to varying numbers of risks that affect the level and the rate of child development.

These can produce higher rates of poorer development in children – this can lead to vulnerability outcomes.
What happens when we look at risk as a *developmental circumstance*?

Across time
Place-based
In populations of children
Developmental circumstances

There are known risks for poorer child development
They don’t occur “one at a time”
These risks occur in “batches”
They vary in length, intensity and duration
These circumstances may offer different ways of thinking about how to design intervention strategies
Developmental circumstances

heat map log odds ratios

health care card
low income
4+ siblings
maternal work hours (0)
no reading to SC
low maternal consistency
maternal psych distress
neighbourhood disadvantage
low child persistence
high child reactivity
SC Indigenous
low maternal education
teen mother
low school readiness
mother NESB
low birthweight

log odds

-2.5
-1.25
0
1.25
2.5
Developmental circumstances

172,871 children in WA aged 0-4 as at 30 June 2016

- Developmentally enabled (ref.) 46% = 79,520
- Working poor 20% = 34,574
- Overwhelmed 10% = 17,288
- Developmental delay 9% = 15,558
- Low human capital 8% = 13,830
- Resource poor NESB 7% = 12,101

(~36,300 births per year)
This is what their development looks like from age 4 to 8.

- Developmentally enabled (ref.)
- Working poor
- Overwhelmed
- Developmental delay
- Low human capital
- Resource poor non-English speaking
Developmental circumstances

46% of children are Developmentally Enabled
N = 79,520 WA children 0-4 years

Typical circumstance
Older mothers, more educated, smaller families, no multiple stresses
Prevalent book reading

Child development is on time and robust

Policy prerogative
Maintain developmental encouragements and opportunities
Monitor population progress
Provide light-touch universal interventions
Developmental circumstances

20% of children are in Working Poor families
_N = 34,574 WA children 0-4 years_

Typical circumstance

Cash poor-time poor families, parent(s) are employed, 45% in 4^{th} quintile of income ($600-999 per week)

Larger families, Low maternal education, disadvantaged areas

Child development is 6 months late and stays that way

Policy prerogative

Family benefit increases/better pay/parent education, training
Enriched early education and child care
Family friendly workplace arrangements and services
Developmental circumstances

10% of children are in Overwhelmed families

N = 17,288 WA children 0-4 years

Typical circumstance

- Very low school readiness
- Maternal mental health distress, Very low maternal education, unemployment
- Low income, health care card, area poverty

Child development is 19 months late closing to 14 months late

Policy prerogative

- These families are readily identifiable
- They have diminished capabilities to use existing services
- They require early, repeated, sustained developmental support – delivered differently (e.g. Child and Family Centres)
Developmental circumstances

9% of children have Developmental Delay
N = 15,558 WA children 0-4 years

Typical circumstance
- low school readiness, high reactive temperament and low persistence
- low parenting consistency, maternal psychological distress
- low maternal education

Child development is 10 months late closing to 7 months late

Policy prerogative
- Will enter services at any age
- Require regular monitoring, support services over extended time
Developmental circumstances

8% of children in families with Low Human Capital
N = 13,830 WA children 0-4 years

Typical circumstance

- Lowest income quintile exclusively – deep, persistent disadvantage
- Teenage mothers, low maternal education, unemployed
- Healthcare card

Child development is 6 months late and stays that way

Policy prerogative

- Family planning
- Maternal education/training opportunities linked with enriched early education and child care
Developmental circumstances

7% of children in families in poorer NESB families

N = 12,101 WA children 0-4 years

Typical circumstance

- Migrant and refugee background
- Maternal mental health distress, Low employment, low income,
- Area disadvantage, low book reading

Child development is 27 months late and catch-up is rapid

Policy prerogative

- Monitor progress
- Provide family support and pathways to child development services
- Culturally appropriate services
Developmental circumstances
What and for who

<table>
<thead>
<tr>
<th>Policy prerogative</th>
<th>Enabled</th>
<th>Overwhelmed</th>
<th>Low human capital</th>
<th>Working poor</th>
<th>Child developmental delay</th>
<th>NESB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide and promote light-touch universal interventionsa</td>
<td>*</td>
<td>*</td>
<td></td>
<td>*</td>
<td>*</td>
<td>+</td>
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<tr>
<td>Provide family support and navigation pathways to child development services</td>
<td>*</td>
<td>*</td>
<td></td>
<td>*</td>
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<td>+</td>
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<tr>
<td>Monitor population progressb</td>
<td>*</td>
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<tr>
<td>Early, repeated, sustained developmental support – delivered differently (e.g. Child and Family Centres)</td>
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<tr>
<td>Mental health treatment and support</td>
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<tr>
<td>Family planning</td>
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<tr>
<td>Optimise maternal education</td>
<td></td>
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<tr>
<td>Parental occupational training opportunities</td>
<td>*</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Family benefit increases/better pay</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Enriched early education and child care</td>
<td>*</td>
<td>*</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Family friendly workplace arrangements and services</td>
<td>*</td>
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<td></td>
</tr>
<tr>
<td>Maintain diagnostic, treatment, management, and support services: health, home, school, lifecourse</td>
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<td></td>
<td></td>
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<tr>
<td>Culturally appropriate support</td>
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<td>*</td>
</tr>
</tbody>
</table>

a. Parenting programs, local mother’s groups, play groups, community development aimed at quality opportunities for children/families, recreation facilities, safety and area enhancements, library programs (book sharing), uptake of preschool and K provision, social marketing

b. Decennial child development surveys, broad-based child development report-card based on administrative data, census estimates, AEDC, NAPLAN
Summing up

Some children are vulnerable by virtue of the status they occupy
    Abused, homeless, in remand, etc.
Services for these children are taken up by demands and requirements for their management and treatment
    There are challenges in devoting service time towards prevention
Reducing child vulnerability requires complimentary approach to treatment and management

Policies and practices that address:

- developmental characteristics of children (who we aim prevention at)
- applying a mix of policy prerogatives (what we actually do)
- governance for local priorities/action zones (where & how we do it)
Reducing child vulnerability requires deliberate focus:

Be sure people/agencies/leaders/users actually know the developmental circumstances of their local child population (how many children are in this area, zone, community, place?)

The numbers of children you are targeting really matter – scale, effort, impact!

Think about the size of the population of children 0-4 years before you design intervention strategies

Universal services are important – quality and reach
Summing up

Reducing child vulnerability requires deliberate focus:

The research evidence firmly establishes what works in providing early prevention and child development opportunities –

Most intervention effects are very small – No silver bullets!

We don’t know how to get these opportunities nearer to the individuals that want or need them – it’s about effectiveness

We talk too much about client access rather than service reach

Place-based initiatives are intuitively sensible - can governance arrangements change how things get arranged, located, and close to “wants and needs”?
Risks for poor outcome by developmental circumstance

- Developmentally enabled (ref.)
- Working poor
- Overwhelmed
- Developmental delay
- Low human capital
- Resource poor non-English speaking
At this rate of improvement it would take overwhelmed children 13 years to achieve the same outcome as those developmentally enabled children.
Winthrop Professor Donna Cross
Head, Health Promotion and Education Research; Director, Early Childhood Development and Learning Collaboration, Telethon Kids Institute
The Lived Experience of Poverty among Children
Poverty and the developing child

• 2014 - child poverty rate in Australia was 17.4%, affecting > 730,000 children (ACOSS, 2016)

• Poverty early in the life course can have far-reaching impacts on children’s
  – health
  – development and
  – educational success, well into adulthood.
Poverty and educational trajectories

• The learning and achievement gap between poor children and their more advantaged peers first appears in early childhood, and can widen over time.

• Children from the most socio-economically disadvantaged areas in Australia are over 4 times more likely to be developmentally vulnerable compared to children in the least disadvantaged areas.
Poverty and executive function skills

• Experiences of adversity can inhibit the brain’s development of core capacities, known as **executive function**.

• This “**air traffic control system**” for the brain is the foundation for later skill development and enables children to:
  - remember and follow instructions
  - focus their attention
  - switch between tasks
  - solve problems
  - learn from mistakes
  - self-regulate emotions and behaviour.
How poverty gets ‘under the skin’

• Elevated cortisol levels, high blood pressure and impaired immune function, have all been reported among disadvantaged children compared to those children who aren’t living in poverty.

• Higher risk of adverse health outcomes for poor children in adulthood, including CV disease, respiratory disease, diabetes, obesity, certain cancers, digestive system diseases and mental health disorders.
Poverty and the family environment

• It is not economic hardship per se but the accompanying poverty of relationships and experiences in early childhood that dramatically shapes health and developmental outcomes.

• Poverty can limit parents’ ability to provide consistent and responsive care, and a stimulating learning environment for their child.

• Less time or capacity for crucial “serve and return” activities.
The value of understanding children’s ‘lived experience’ of poverty

“Without a research agenda that is open to understanding and acknowledging children’s different perceptions and meanings, we risk overlooking or obscuring the very real and subjective experience of what it is like to be poor as a child.” (Ridge, 2003)
The value of understanding children’s ‘lived experience’ of poverty

• Going ‘beyond the statistics’ of child poverty - greater appreciation of the complexities of the children’s day-to-day experience.

• This approach values children as competent social actors, rather than just passive recipients of their experience.
The value of understanding children’s ‘lived experience’ of poverty

Central themes of children’s lived experience of poverty include:

- economic insecurity
- emotional and psychological wellbeing
- friendships, leisure and social participation
- schooling and aspirations for the future
- family functioning
- housing, neighbourhood and community
- coping strategies and pathways out of poverty.
Economic insecurity

- Children living in poverty can be acutely aware of their family’s struggle to meet their basic needs. e.g. children report having to “go easy on everything” when money runs out towards the end of the month – the refrigerator being empty, and having to wait for new (or second-hand) clothes and shoes.
Economic insecurity

As well as being deprived of life’s basic necessities such as food and clothes, poverty can restrict children’s capacity to participate fully in important aspects of childhood that are often taken for granted (e.g. holidays, toys, birthday celebrations, pocket money).
VIDEO: My Name is Isha

Source: Poverty and Social Exclusion in the UK (PSE: UK) research project
http://www.poverty.ac.uk/?
Emotional and psychological wellbeing

- Poverty can have **serious emotional and psychological effects**, including feelings of worthlessness, failure, and lack of belief in oneself.
- Children **experience considerable stigma** as related to their economic situation.
Friendships, leisure and social participation

• Children from low-income families can have difficulty fitting in, and are made to feel inferior and different from others, being isolated from peers who wouldn’t play with them because they were poor.

• Even at preschool, children can have the cognitive capacity to be aware of social stereotypes about poor people, and recognise that they are viewed as members of a stigmatised group.
Friendships, leisure and social participation

- Children in poverty often **miss out on social opportunities** because they can’t afford to participate.

- Some children keep their economic situation secret from friends to **avoid admitting they can’t do things that cost money.**
Schooling and aspirations for the future

• Growing up in poverty can limit children’s enjoyment of school and their ability to participate fully in the various aspects of school life.

• Children can experience difficulty in school because they can’t afford the proper school uniform, essential items for school, such as technology, internet, stationery and books, and school trips.
VIDEO: Hopes and Dreams

Source: Poverty and Social Exclusion in the UK (PSE: UK) research project [http://www.poverty.ac.uk/](http://www.poverty.ac.uk/)
Schooling and aspirations for the future

- Education is one of the key means of escaping poverty.
- Children’s aspirations for the future remain high - they want to earn enough to be able to give money to their parents to make their lives happier.
- Whilst children can identify ways to escape from poverty, such as education and employment, they also recognise the substantial obstacles they will face following these routes.
Family functioning

- **Family relationships and conflicts** at home can be a major source of stress and unhappiness for children living in a low-income household.
- Even at a young age, children can worry about their parents - witnessing their distress about making ends meet and the need for extra expenditure like unexpected bills.
Family functioning

- Children may try to prevent their parents from worrying about money, and offer money from their own piggy banks to help.
- Some children avoid asking their parents for money because they know the answer is likely to be ‘no’ or because they don’t want to put extra pressure on their parents.
Housing, neighbourhood and community

- For young people in poor neighbourhoods there can be a lack of safe places to play, violence and crime in the community, the risk of walking through dangerous areas, and intimidation by gangs.
- A lack of affordable and accessible transport can make young people feel trapped and bored due to the restricted space and resources available to them at home.
Coping strategies and pathways out of poverty

- Children **find different ways to cope with the challenges of living in poverty**, for example they might **downplay their own needs** and wants so there is less financial pressure on their parents.
- Support from relatives and friends can also help. This can be in the form of second hand clothing or attending social outings courtesy of a friend’s **parents**. (Ridge T 2003; Van der Hoek, T. 2005)
Coping strategies and pathways out of poverty

- **Good friendships** can provide protection from being bullied.
- Some children believe a lack of money helps them to value what is important in life and that it causes families and communities to pull together to support each other.
Coping strategies and pathways out of poverty

• Children believe **more should be done to help young people to believe in themselves and their capabilities to succeed**, and

• **Provide better opportunities and education, and more support for families, including creating ‘decent’ jobs** to help escape from poverty.
Implications for policy and practice

• Children’s views on their experiences of poverty need to be listened to and considered important in the development of any policies designed to address child poverty.

How children experience poverty in their everyday lives has important implications for definitions, measurement and actions to address poverty.
Future research directions

• Much research on children’s lived experience of poverty was conducted in the UK.

• We know very little about how children in different communities of Australia experience poverty in their everyday lives.

• We have limited understanding of how children’s lived experience of poverty intersects with other inequalities they may be facing related to race, gender and disability.
Engaging with children’s voices on poverty

Policy makers and practitioners need to initiate their own consultations with children and young people, to recognise the valuable contribution of their perspective and engagement as partners in ongoing efforts to address the harmful impacts of child poverty.
Engaging with children’s voices on poverty

- Consultations must be respectful and sensitive, and include a range of methods, including innovative ways of communicating findings.
- Children and young people have the capacity and the willingness to help find solutions to child poverty.
- They want to be listened to, supported and have their opinions taken seriously.
References

Website - colab.telethonkids.org.au

Twitter - @CoLabForKids

Email - CoLab@telethonkids.org.au
Morning tea
Professor Alan Duncan

Director of the Bankwest Curtin Economics Centre and Bankwest Professor of Economic Policy at Curtin Business School, Curtin University
EXPLORING THE ECONOMIC IMPACT OF VULNERABILITY TO SOCIETY

Presentation to Commissioner for Children and Young People Roundtable,
Understanding vulnerability in children and young people
20th March 2018
“No child shall live in poverty”...

- Bob Hawke committed 30 years ago to eradicate child poverty by 1990

- A strong statement of intent to promote improved financial security and resilience for families, reduce vulnerability among children and young people, and support better life outcomes

- So how far has Australia travelled in meeting this ambition?

- If not met, where do we go from here?
Issues

- Incidence and depth of poverty among children and young people
- Prevalence of poverty and vulnerabilities – who is at highest risk?
- Do government transfers protect against poverty?
- Domains of vulnerability
- The economic and social impact of vulnerability
- The scarring effects of financial vulnerability in the family home
What is income poverty?

- A measure of the deficiency of income relative to a benchmark.

- ‘Standard’ income poverty measure is 50% median.

- More severe measure – 30% median.

- Standardised to control for household needs, using *equivalised* disposable income *after housing costs*
## Depth of income poverty – Australia

<table>
<thead>
<tr>
<th>Poverty base</th>
<th>Standard poverty (50% median income)</th>
<th>Deep poverty (30% median income)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>Households</td>
<td>14.1%</td>
<td>1,253,982</td>
</tr>
<tr>
<td>People</td>
<td>11.1%</td>
<td>2,580,601</td>
</tr>
<tr>
<td>Children</td>
<td>12.1%</td>
<td>727,822</td>
</tr>
</tbody>
</table>

**Notes:** Poverty rates are calculated as the percentage of children in households where real equivalised household disposable incomes (after housing costs) fall below 50 per cent of the median. Nil and negative incomes are excluded from all poverty calculations. Data are re-based to 2017 prices. Housing costs included mortgage repayments, rent and property rates.

**Source:** BANKWEST CURTIN ECONOMICS CENTRE | Authors’ calculations from HILDA longitudinal survey data, 2015
Child poverty numbers over time - national trends

Child poverty rates in Australia (standard and severe poverty, %)

- Standard poverty (50% median)
- Severe poverty (30% median)

<table>
<thead>
<tr>
<th>Year</th>
<th>Standard Poverty</th>
<th>Severe Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>641,8</td>
<td>148,5</td>
</tr>
<tr>
<td>2005</td>
<td>613,8</td>
<td>170,6</td>
</tr>
<tr>
<td>2006</td>
<td>623,4</td>
<td>161,8</td>
</tr>
<tr>
<td>2007</td>
<td>760,5</td>
<td>179,3</td>
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<tr>
<td>2008</td>
<td>712,0</td>
<td>202,4</td>
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<tr>
<td>2009</td>
<td>700,6</td>
<td>220,3</td>
</tr>
<tr>
<td>2010</td>
<td>689,2</td>
<td>238,3</td>
</tr>
<tr>
<td>2011</td>
<td>729,0</td>
<td>240,6</td>
</tr>
<tr>
<td>2012</td>
<td>722,0</td>
<td>226,4</td>
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<tr>
<td>2013</td>
<td>671,2</td>
<td>177,6</td>
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<tr>
<td>2014</td>
<td>714,8</td>
<td>138,8</td>
</tr>
<tr>
<td>2015</td>
<td>727,8</td>
<td>181,0</td>
</tr>
</tbody>
</table>
Child poverty far more prevalent for single parents

![Graph showing child poverty rates in WA (50% income poverty) from 2004 to 2015 for couple with kids and one parent with kids.](image-url)
Heightened risk of poverty among young single families:

- Children in single parent families face a far higher risk of poverty.
- More likely to experience financial hardship and material deprivation.
- Nearly one in three children in single parent households are in poverty and one in seven in severe poverty.
- Lone person - $145; single parent - $270 per week.
Heightened risk of poverty among young single families...
Being single - persistence

• Single parents are far more likely to be in poverty for longer

• A **quarter of a million** (242,000) single parent families have been in poverty for at least five of the last ten years.

• Poverty rate for renters in Australia more than **twice** that for mortgage holders and **three times** the rate for owners without mortgages.
• ‘Typical’ disposable incomes in WA are higher than most other states and territories, BUT

• This has an effect on prices and the cost of living, which is demonstrably higher in WA than many other states.

• Government payments indexed to national CPI

• Hence, the real value of income for those on government payments or pensions is lower in WA than elsewhere.
Income poverty rates for those on welfare payments...
The link between poverty and vulnerability

- Alan Tudge recently challenged the role of increased welfare payments in reducing poverty
- He also challenged the use of income poverty to judge hardship
- What is the link between poverty, vulnerability and hardship?
- What is the economic impact of vulnerability on children
- Is there a scarring effect of vulnerability on young people?
Markers of vulnerability

Information available in the Household Income and Labour Dynamics in Australia (HILDA) longitudinal dataset

- can't pay bills
- can't pay housing
- can't raise cash
- pawned something
- went without meals
- can't heat home
- asked for financial help
- asked for welfare help
- moved to cheaper house
- got evicted from home
- feel very lonely
- feel unsafe
- have no visitors
- have no social life
- unhappy with home
- unhappy with neighbourhood
Domains of vulnerability – empirical insights

- Emotional vulnerability and social exclusion
  - unhappy with neighbourhood
  - feel unsafe
  - unhappy with home
  - have no visitors
  - feel very lonely
  - no social life

- Financial vulnerability and deprivation
  - got evicted
  - moved to cheaper house
  - can't heat home
  - can't raise cash
  - went without meals
  - asked for welfare help
  - asked for financial help
  - can't pay bills

- Housing insecurity
  - can't pay housing
Financial vulnerability & hardship among households in poverty

Prevalence of vulnerability or hardship among poor (%)

- Non-elderly couple only
- Non-elderly couple with kids
- One parent with kids
- Non-elderly single male
- Non-elderly single female
- Elderly couple
- Elderly single male
- Elderly single female

Financial vulnerability and hardship:
- Orange: can't pay housing
- Red: asked for welfare help
- Blue: asked for financial help
- Yellow: can't pay bills
- Blue (dark): can't raise cash
Financial vulnerability & hardship over time among low income h/h

Prevalence of deprivation or hardship among those in 50% income poverty (%)

- Orange line: can't raise cash
- Red line: can't pay bills
- Blue line: asked for financial help
- Yellow line: asked for welfare help
- Black line: can't pay housing

Year:
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
Emotional vulnerability & exclusion among households in poverty

![Graph showing prevalence of vulnerability among different household types](image_url)
Emotional vulnerability & exclusion over time among low income h/h

Prevalence of emotional vulnerability and exclusion among those in 50% income poverty (%)

- feel very lonely
- have no visitors
- have no social life
- feel unsafe
- unhappy with home
- unhappy with neighbourhood

Years: 2001 to 2016
The economic impact of vulnerability on young people

- What is the impact of financial vulnerability in childhood and adolescence on the future economic outcomes of young people?

- Use the HILDA survey to track young people after they leave the family home – select those observed for at least three years before and three years after leaving home.

- Compare young people according to the degree of financial vulnerability faced while in the family home:
  (i) no poverty at home
  (ii) poverty at home
  (iii) persistent poverty at home

- How do their future economic outcomes compare?
Employment rates of young people after leaving home.

- Not in child/youth poverty while in the family home
- In child/youth poverty while in the family home
- In persistent child/youth poverty while in the family home
Unemployment rates of young people after leaving home
Non-participation rates of young people after leaving home.....

![Graph showing non-participation rates of young people after leaving home.](image)

- **Teal line**: Not in child/youth poverty while in the family home
- **Orange line**: In child/youth poverty while in the family home
- **Red line**: In persistent child/youth poverty while in the family home

The graph illustrates the probability of being not in the labour force (%) across different age groups. The data points are as follows:

- At age 19: 0.589 (Teal), 0.193 (Orange), 0.391 (Red)
- At age 20: 0.327 (Teal), 0.171 (Orange), 0.378 (Red)
- At age 21: 0.371 (Teal), 0.145 (Orange), 0.371 (Red)
- At age 22: 0.112 (Teal), 0.112 (Orange), 0.346 (Red)
- At age 23: 0.097 (Teal), 0.102 (Orange), 0.357 (Red)
- At age 24: 0.132 (Teal), 0.132 (Orange), 0.272 (Red)
- At age 25: 0.121 (Teal), 0.121 (Orange), 0.272 (Red)

These data points suggest a decline in the probability of not being in the labour force as age increases, particularly for those in persistent child/youth poverty while in the family home.
Poverty rates of young people after leaving home.....

Age of young person

Probability of being in poverty (%)

- Not in child/youth poverty while in the family home
- In child/youth poverty while in the family home
- In persistent child/youth poverty while in the family home

19: 0.399
20: 0.440
21: 0.489
22: 0.549
23: 0.555
24: 0.407
25: 0.414
26: 0.387
The scarring effect of financial vulnerabilities at home on the future economic outcomes among young people

• Are future economic outcomes among young people after leaving the family home explained purely by compositional differences and personal characteristics?

• Use econometric methods to model the economic outcomes of young people after they leave the family home

• Again, select those observed for at least three years before and three years after leaving home

• Control for gender, socioeconomic status, educational achievement (of young people and their parents), labour market status, time

• Does the degree of financial vulnerability faced while in the family home still affect outcomes?
The **scarring effect** of financial vulnerabilities at home on the future economic outcomes among young people

<table>
<thead>
<tr>
<th>Percentage point difference in economic outcomes according to financial vulnerability in the family home</th>
<th><strong>Employed</strong></th>
<th><strong>Unemployed</strong></th>
<th><strong>Non-participation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No controls</td>
<td>Full controls</td>
<td>No controls</td>
</tr>
<tr>
<td>previously in poverty</td>
<td>-12.7 ***</td>
<td>-8.4 ***</td>
<td>+2.71</td>
</tr>
<tr>
<td>previously in persistent poverty</td>
<td>-26.9 ***</td>
<td>-15.1 ***</td>
<td>+0.68</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Poverty</th>
<th><strong>Feel nervous</strong></th>
<th><strong>Feel down</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No controls</td>
<td>Full controls</td>
</tr>
<tr>
<td>previously in poverty</td>
<td>+0.16</td>
<td>-2.4</td>
</tr>
<tr>
<td>previously in persistent poverty</td>
<td>+19.02 ***</td>
<td>+13.6 ***</td>
</tr>
</tbody>
</table>
Persistent poverty increases psychological distress...

The graph shows the percentage of people with different levels of K10 psychological distress (%) in relation to the number of years spent in poverty. The K10 score is also indicated on the right side of the graph. The data is categorized as follows:

- **Never in poverty**:
  - Low K10: 67.7%
  - Moderate K10: 8.7%
  - High K10: 8.3%
  - Very High K10: 3.3%

- **1 year in poverty**:
  - Low K10: 61.9%
  - Moderate K10: 21.2%
  - High K10: 5.3%
  - Very High K10: 5.3%

- **2 years in poverty**:
  - Low K10: 56.0%
  - Moderate K10: 23.9%
  - High K10: 6.9%
  - Very High K10: 6.9%

- **3 years in poverty**:
  - Low K10: 57.3%
  - Moderate K10: 19.9%
  - High K10: 15.6%
  - Very High K10: 7.8%

- **4 years in poverty**:
  - Low K10: 53.4%
  - Moderate K10: 23.6%
  - High K10: 23.6%
  - Very High K10: 9.1%

- **5+ years in poverty**:
  - Low K10: 44.7%
  - Moderate K10: 22.2%
  - High K10: 19.7%
  - Very High K10: 13.4%
The economic impact of vulnerabilities on children and young people

- **Three quarters of a million** Australia children live in poverty
- Close to **200,000 children** live in severe poverty
- Nearly one third of children in single parent families face poverty, with a strong link to deprivation and hardship
- Poverty is a persistent state, and one that has a demonstrably adverse impact on health and wellbeing
- Emotional vulnerability, exclusion and financial hardship on the rise for families with children and young people
- Financial vulnerability in the family home has a scarring effect on future economic outcomes for young people
- Welfare payment are increasingly inadequate as a protection against poverty, and *have* to be part of the equation
Thank you to Principal Partner

Rio Tinto
Next Seminar – book today!

• 17 May 2018
• Booking link: trybooking.com/UTLZ

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