



THE  
DEMOGRAPHICS  
GROUP

# Children Australia Inc (OzChild)

## Demographic Outlook

How it impacts the availability of foster parents

**May 2024**

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## 1. Introduction

This report is a summary narrative of a select number of graphics from the Slide Deck Report *Demographic Outlook – And how it impacts the availability of foster parents, November 2023*, and highlights the key demographic challenges that the foster care sector in Victoria is facing.

## 2. Population

Despite strong population growth in Victoria, the state continues to see fewer foster carers in the system. This is not due to failed marketing campaigns but rather a result of demographic tightening. A systemic overhaul of Victoria's foster care sector is needed to counter the alarming shrinkage of the pool of available foster carers from a demographic perspective.

At first glance, it's hard to see why Victoria might be running out of foster carers. The foster child age group (0-17) is projected to grow by 10 per cent in the coming decade while the foster carer cohort (aged 18+) will see much higher growth of 19 per cent (see **Graphic 1**).

Interestingly, not only has there been strong population growth, but life expectancy has increased and new life stages have been introduced. The average Australian now lives for an additional 15 years and goes through six life stages compared to the 1950s (see **Graphic 2**).

Broader demographic, economic, and social shifts explain why despite continued strong population growth throughout the coming decade, the foster carer pool continues to dry up. Let's explore why it is unlikely that the four big generations will add to the Victorian foster carer pool at scale.

### **Gen Z**

Victoria will see a strong influx of young people belonging to Gen Z in their 20s in the coming decade (see **Graphic 3**). While legally they could become foster carers, this cohort will likely not add any significant depth to the foster carer pool. Australians start families much later in life (see **Graphic 4**). The median dad is five years older than he was in the 1970s, while the median mother is six years older. If the broader social trend is towards people only starting families in their early 30s, it is very unlikely that

tapping into Gen Zs aged in their 20s as foster carers will be a successful strategy. From a foster carer perspective, we might describe the strong population growth in the 20s as empty calories. In generational research we speak about the long-life approach. As we live longer lives, we spend more time in each stage of the lifecycle. Young Australians therefore spend longer in a stage of “adolescence” of sorts (see **Graphic 2**). People don’t proactively seek out additional responsibilities (like fostering). Australians who haven’t reached the family formation stage of the lifecycle are unlikely to add to the foster carer pool in significant numbers. Untapped carer pools, like childless same-sex couples, might be the exception.

### **Millennials**

Millennials (also known as Gen Y) are the biggest growth cohort in absolute terms in the coming decade. Now in their 30s and 40s, they are about to reach middle age in the coming decade. Having the biggest generation living through the young family stage of the lifecycle would typically suggest rising numbers of foster carers. Unfortunately, this won’t be the case this time around.

Decades of rising housing costs ensured that Millennial households tend to rely on two (increasingly full-time) incomes to pay the bills. Over the last four decades, the female workforce participation rate continued to increase and is now at very high levels. This means Millennial families have less time to spare in their 30s and 40s than previous generations had where one-income households were more common (see **Graphic 5**). It’s an uphill battle to convince Millennials to spend their limited spare time to engage in the role of a foster carer. Also, the forbiddingly high costs of housing ensure that few Millennials can afford spare bedrooms. Millennials compare their position in life with where their own parents were at in their 30s and 40s. Millennials will always fall short in those comparisons. A generation that feels shortchanged will be hard to take on any (perceived) financial burden.

Millennial families settle wherever they can afford a family-sized home. This leads to increased socio-economic segregation. Wealthy Millennials will buy into the middle-suburbs of Melbourne. But even these high-income earners are pushed to their financial limit and may be reluctant to take on foster care responsibilities in addition to this. Poorer Millennial families are pushed to the urban fringe and into relatively cheap greenfield development sites far away from the employment centres. In practice this

means poorer Victorians spend more time commuting, further limiting the time available to act as a foster carer. The geographic segregation between rich and poor Victorians makes fostering a less urgent issue for potential foster carers since potential foster children aren't from their world, they aren't front of mind when making decisions.

While in the past, strong growth of families in their 30s and 40s would have been a promising sign for the recruitment of foster carers, this time around it's much harder to tap into this cohort.

### **Gen X**

People born in the 1960s and 1970s belong to Gen X (see **Graphic 3**). This is an exceptionally small generation as they were not only born in a time of historic low migration intake but also just as the contraceptive pill and no-fault divorce were introduced. Now aged in their 50s, this cohort will see relatively little population growth in the coming decade.

The next ten years will be particularly hard on Gen X, with pressure coming from three different angles and suggesting further reluctance to become foster carers. Firstly, they still have financially dependent kids (even if some of them might have already moved out of the parental home). Secondly, they increasingly have financial or caring responsibilities towards their own aging parents. Thirdly, they are the generation most likely to have upgraded their family home recently while interest rates were exceptionally low. Mortgage repayments are incredibly high for them at the moment.

Due to these three pressures, the 2020s are the most challenging decade in the life of Gen X. They will be very much concerned with their own affairs in the coming years and will be hard to win over as foster carers.

### **Baby Boomers**

In relative terms, the fastest growing cohort are Victorians in their 70s. These are retiring Baby Boomers (see **Graphic 1**). Tapping into this cohort looks like a great opportunity for the foster care system in Victoria in the coming decade. However, it does come with significant challenges.

Foster care must be packaged in a way to be attractive for Baby Boomers. Flexibility is the key. Baby Boomers reinvented every stage of the lifecycle, and they will do the same with retirement. In ten years, even the youngest Baby Boomer will be of retirement age.

Baby Boomers are reinventing themselves post-retirement and it might be possible to convince some people to make fostering part of their new identity. Since Baby Boomers are relatively reluctant to downsize and still live in the large family home, they are the cohort with the highest number of spare bedrooms.

Recent trends show that Baby Boomers tend to stay engaged with work for longer. Many slide into retirement, gradually minimising their workload. For a few years these Baby Boomers draw an income while increasing their spare time.

Finding foster carers in their late 60s and early 70s that are in good enough health to care for children might be convinced to join the foster care system. Time isn't on the side of Baby Boomers as they increasingly reach the time of the lifecycle where health conditions worsen (see **Graphic 6**).

Targeting this age group is worth considering nonetheless since the early 70s are a significant volunteering peak in the lifecycle (see **Graphic 7**). It's unclear how many Baby Boomers in their 70s might be willing to foster full-time. Baby Boomers as a group will likely be reluctant to dedicate too much time to fostering. They view the 2020s as their golden years, as their time in the sun. They want to harvest the fruits of their labour now and are keen to travel, to visit grandkids (who just started arriving at scale). To reach Baby Boomers, you need to fully operate on their terms.

It is possible to engage Baby Boomers in some way in the foster care system as they are living through the biggest volunteering peak of the lifecycle. Expecting them as full-time carers might be too much to ask considering the travel and family goals of the generation. Baby Boomers however might be utilised as respite carers in accordance with their own calendars.

## *Couple families without kids*

An important potential foster carer cohort stretches across all generations. We are talking about child-free couple households. Some households are child-free because they haven't reached the family formation stage just yet, some are child-free by choice or due to fertility issues, but the biggest cohort of child-free couple households are empty nesters. Their children have already moved out. Often these empty nesters keep living in the sizable family home with spare bedrooms being available.

Between the 2011 and 2021 Censuses, the number of child-free couple households increased (see **Graphic 8**). The growth unfortunately isn't as much of a good news story for the foster care system as it might look. The big spike of child-free couples in their mid-20s to mid-30s are adding little to the pool of foster carers as explained above. Child-free couples in their mid-30s to early 50s haven't seen much growth. The majority of growth in the cohort took place after reaching retirement age. This cohort can be motivated to volunteer at high rates (see **Graphic 7**) but is reluctant to take on long-term commitments as they want to travel, enjoy their retirement, and most importantly look after their own grandchildren. Because their Millennial children procrastinated until their mid-30s to have kids, Baby Boomers only become grandparents when they are of retirement age. These commitments rule out many child-free households as foster carers.

## *Where Victorians will live*

Geographic settlement patterns also might play a role in drying up the pool of potential foster carers. Over the last decades population growth in Victoria was dominated by Melbourne. Last year's (June 2022 to June 2023) general growth pattern of Melbourne will be similar to the development in the coming decade (see **Graphic 9**). Strong population growth on the urban fringe and in the centre of town, mediocre growth in the middle suburbs. Within Melbourne the middle suburbs are about 5 to 15 kilometres from the city centre.

New migrants tend to settle near universities if they are international students or near the biggest job clusters if they are skilled migrants. This drives migrants into the inner suburbs. Migrants to Victoria are overwhelmingly international students and skilled

migrants. When first settling, they don't know the city and move to the one address they know, their place of work or campus.

This decade will also see strong growth on the urban fringes across Victoria where young Millennial families move into family-sized homes (see **Graphic 9**). These families traditionally would've been considered potential foster carers. However, this is where a gross geographic mismatch enters the picture. Foster carers and foster children are increasingly geographically segregated. This segregation not only makes it hard to place kids into foster arrangements near their birth families but also suggests that many potential foster carers only see issues in their own neighbourhoods as worth engaging with. Out of sight, out of mind.

Also, remember that the high-income earners that are potentially more likely to have financial wiggle room to foster, live increasingly geographically divided from low-income earners who are more likely to contribute to the demand for foster care.

About two thirds of Victoria's population growth comes from migration and many of these new migrants will not be available to foster as they are on temporary visas. A lot of the population growth in the 20s and 30s can therefore not be translated into additional foster carers. In Victoria, more than 3 in 4 migrants are aged 18 to 39 and most arrived here before having reached the family formation stage, suggesting they are at least not immediately interested in becoming foster carers.

As an additional challenge, the Australian concept of foster care constantly needs to be explained to newcomers. Especially when new migrants come from countries with strong family-based care cultures, the formal concept of foster care might be unfamiliar in its details.

### 3. Workforce

We know that most foster carers invest at least some of their own financial resources. Due to rising costs of living, Victoria's middle- and lower-class are effectively priced out of foster care as they don't perceive themselves as having any additional resources to spare. The number of spare bedrooms across the state is also declining because few people can afford to pay for a room they don't explicitly need.



Adding another person to the household might be seen as impractical if space is in short supply.

Over the last four decades, more and more households relied on two income earners. There are precious few households left where one parent (traditionally mum) is home for most of the time. Financial pressures result in fewer hours in the day available to spend on childminding. Potential foster carers might not see themselves as having the time to do justice to the care needs a foster child might have.

How many dual income households under financial pressure could be convinced to take on foster care roles on top of looking after their own children?

Victoria's workforce continues to hollow out (see **Graphic 10**). This means fewer workers earn middle-income wages (see skill level 3 in **Graphic 11**) while more workers earn higher wages (skill level 1 in **Graphic 11**). The erosion of the middle-class (fewer skill level 3 jobs) at the same time as costs of living keep rising (one example in **Graphic 12**) means that only higher income earners might perceive themselves as having any financial wiggle room to take on additional caring responsibilities.

The restructuring of Victoria's workforce makes the recruitment of foster carers harder rather than easier.

All the while, fewer Victorians than ever claim to have any religious affiliation or feel overly patriotic towards Australia. These were two important motivating factors when considering becoming a foster carer.

## Concluding statement

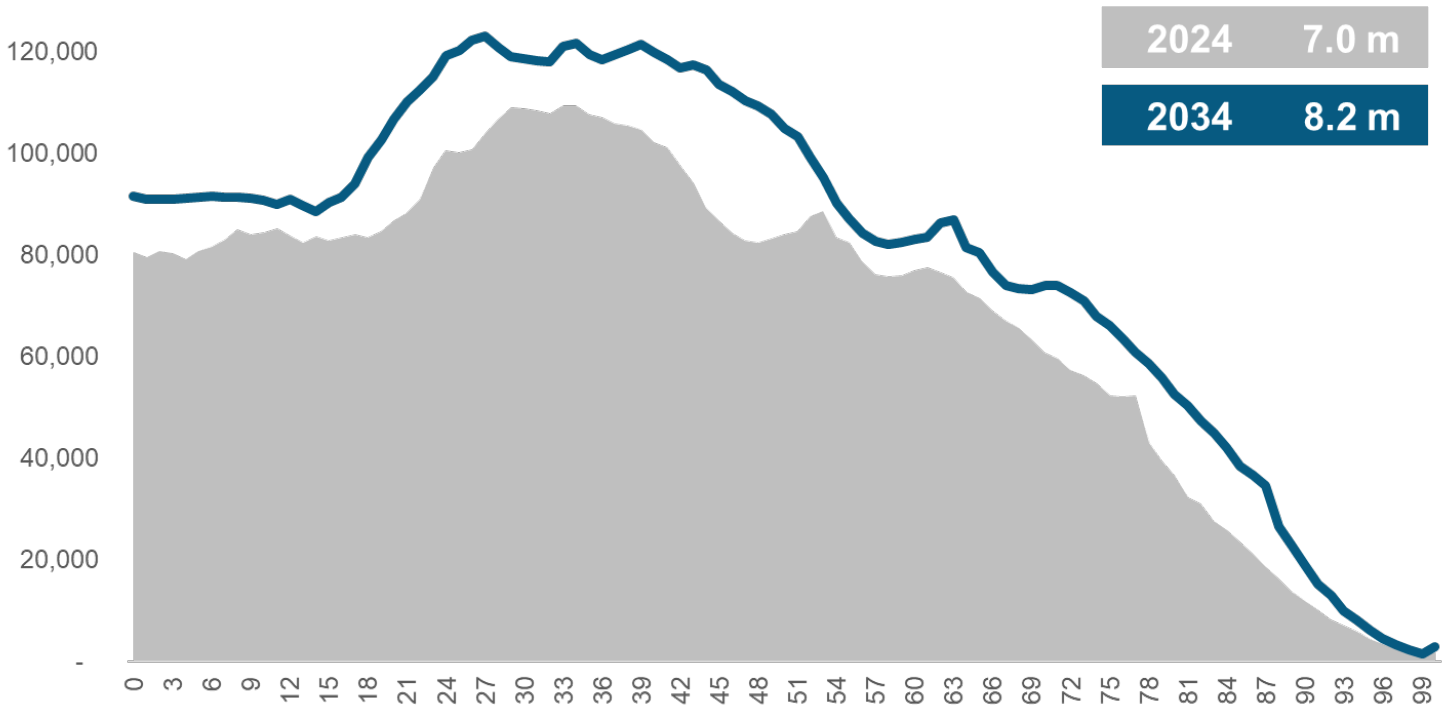
Trying to squeeze sufficient foster carers out of Victoria's current and future population is increasingly an uphill battle. Foster care in Victoria faces systemic challenges and requires systemic reforms. The status quo will not continue to work and despite continued population growth in all age cohorts the traditional pools of foster carers increasingly dry up.

As a society we won't turn our backs on children in need when they can be placed with foster parents. We put them into more expensive residential home care programs instead. The demographic tightening of the foster carer pool will therefore not only have negative consequences for the children in need but also be very expensive for taxpayers. Deep systemic reform is required to counter these demographic trends.

# Graphics

## Graphic 1: Victoria population by age in 2024 and 2034

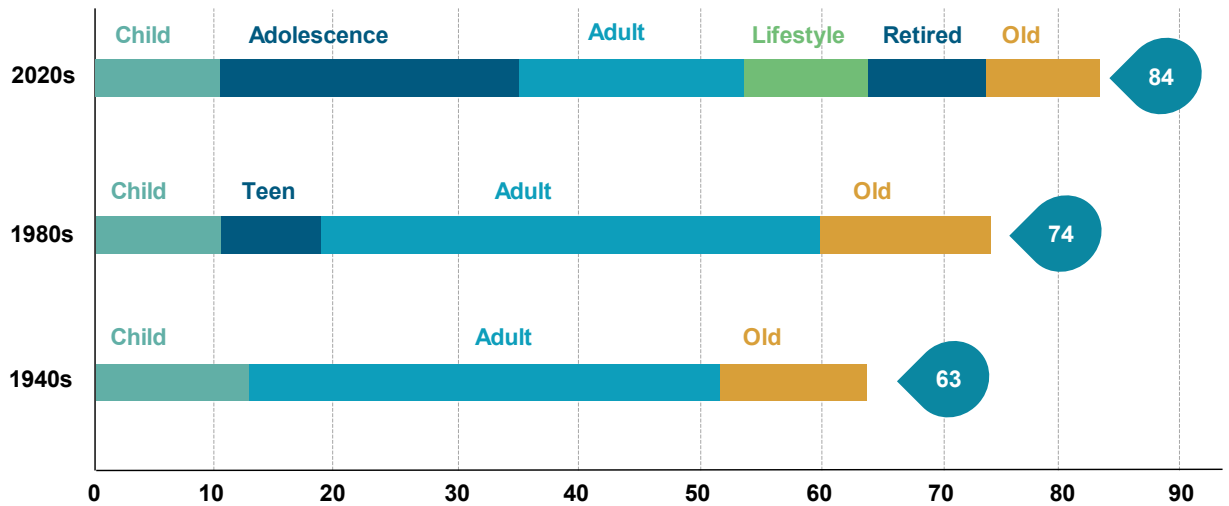
Source: Centre for Population



## Graphic 2: Change in life expectancy over 80 years in Australia

Source: Various sources including ABS

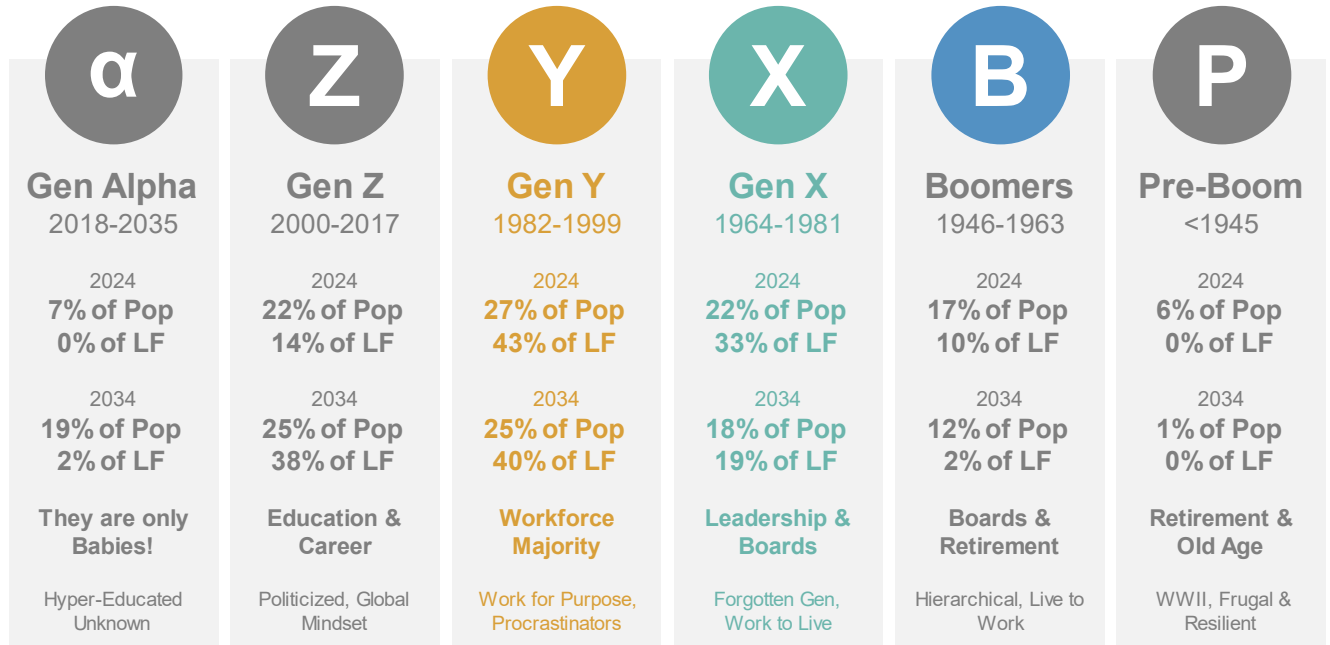
### The lifecycle is segmenting into a series of stages



### Graphic 3: Victoria’s population (Pop) and labour force (LF) by generation (2024 & 2034)

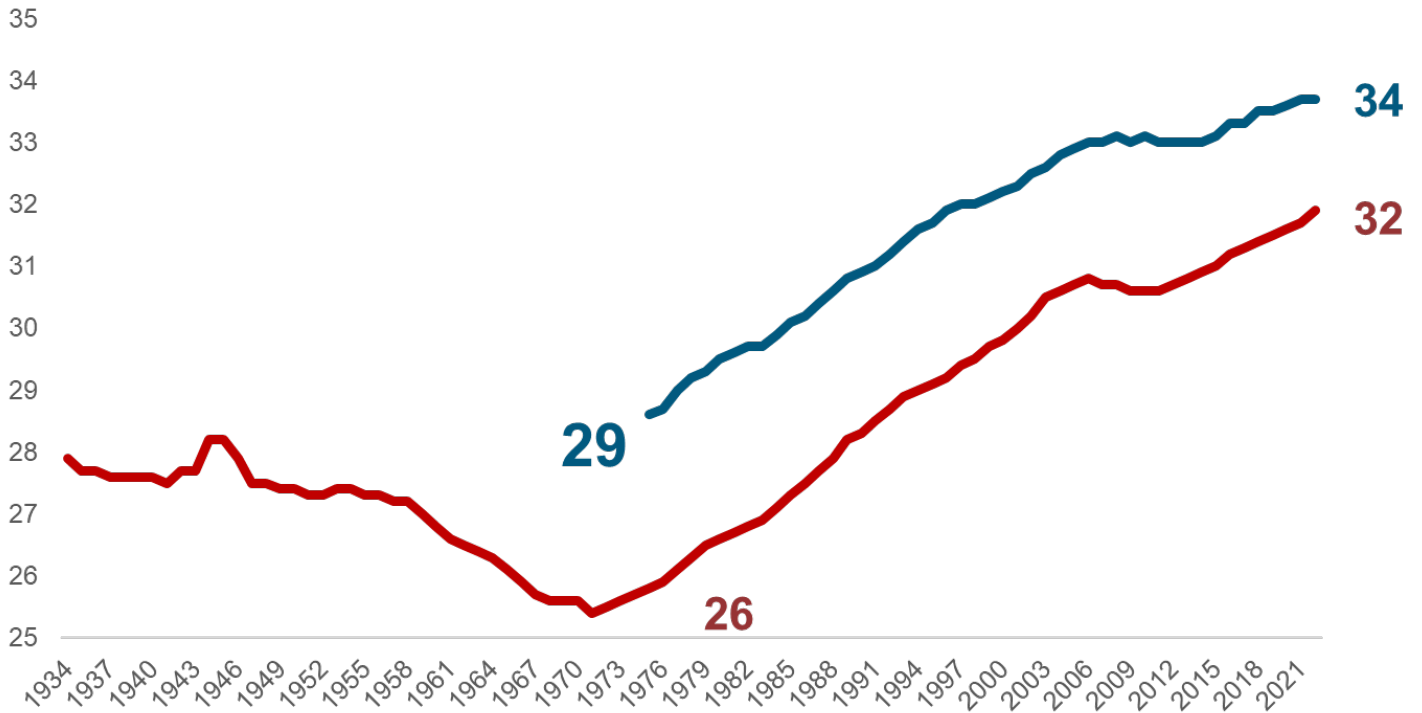
Source: ABS & Centre for Population

#### Three generations of potential foster carers in Victoria



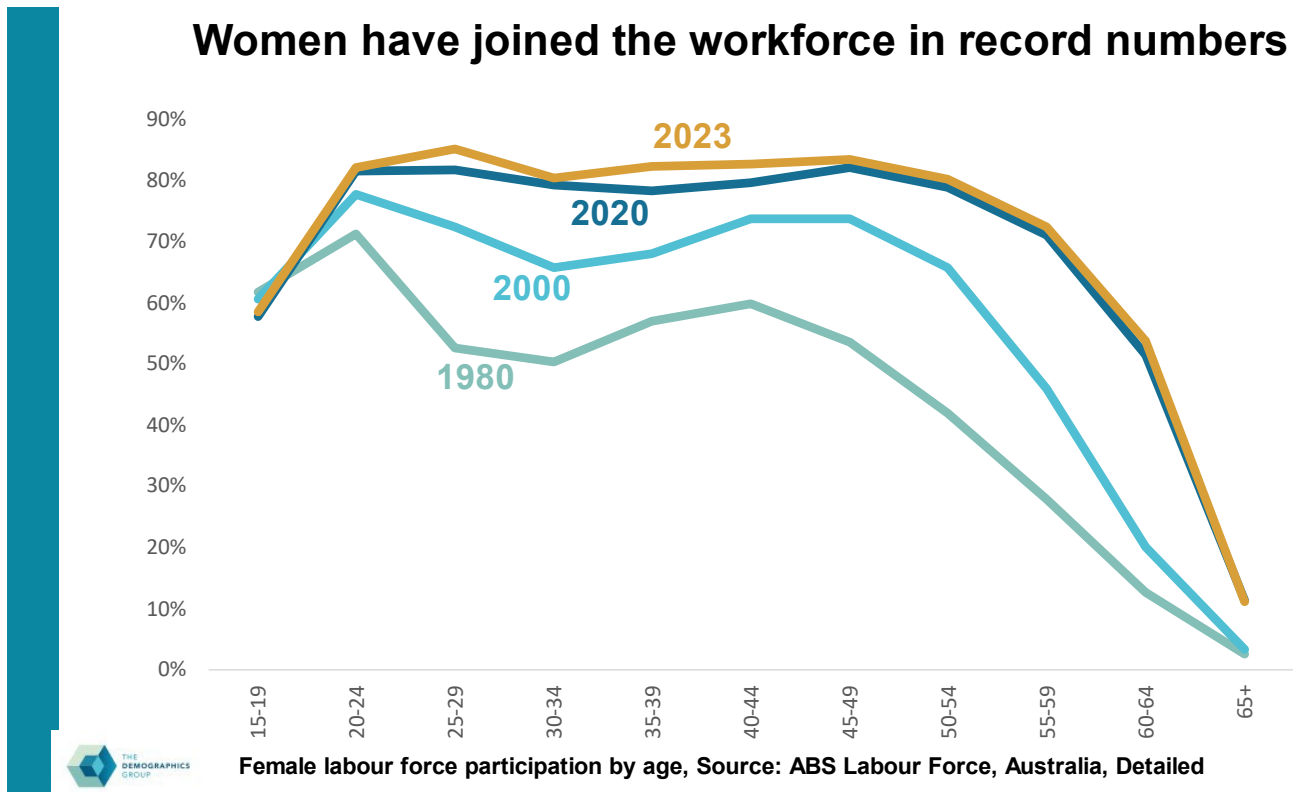
## Graphic 4: Median age of parents at birth in Australia by gender from 1934 to 2022

Source: ABS Births Data



## Graphic 5: Female labour force participation by age

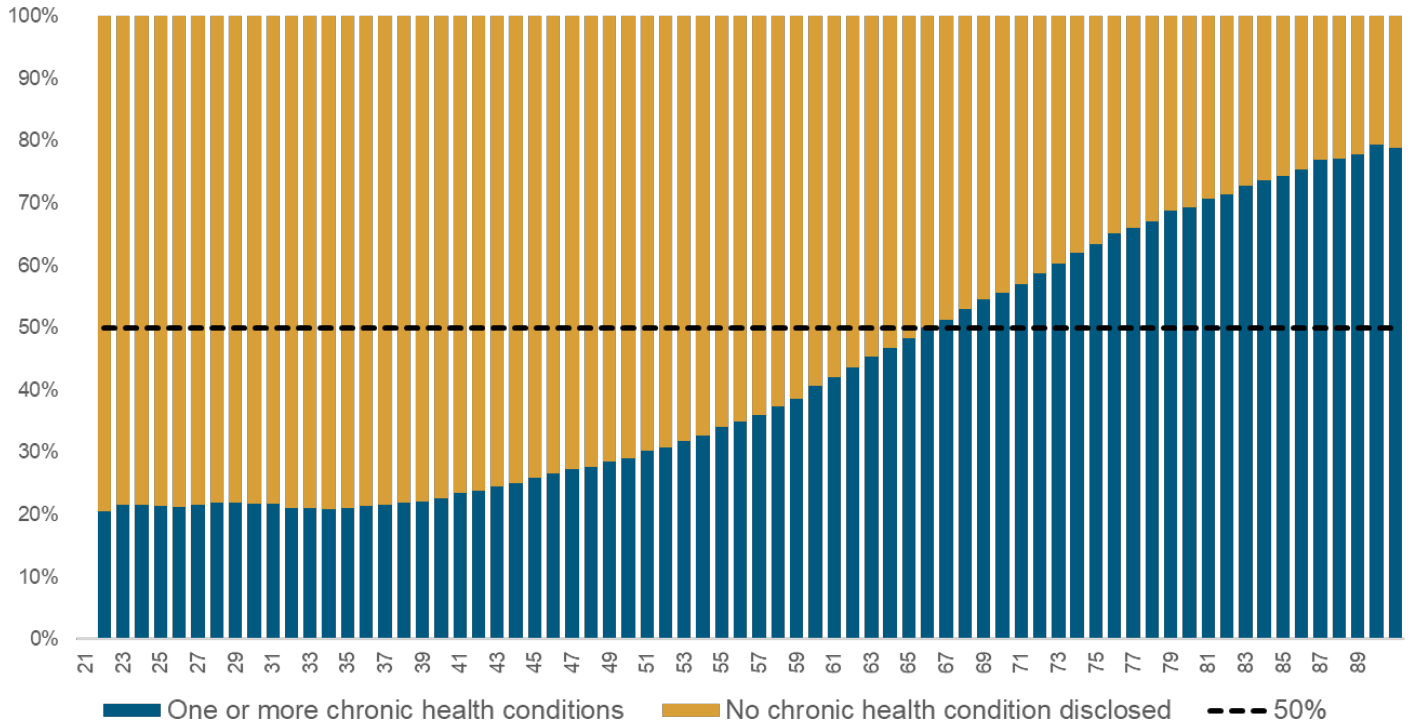
Source: ABS Labour Force, Australia, Detailed





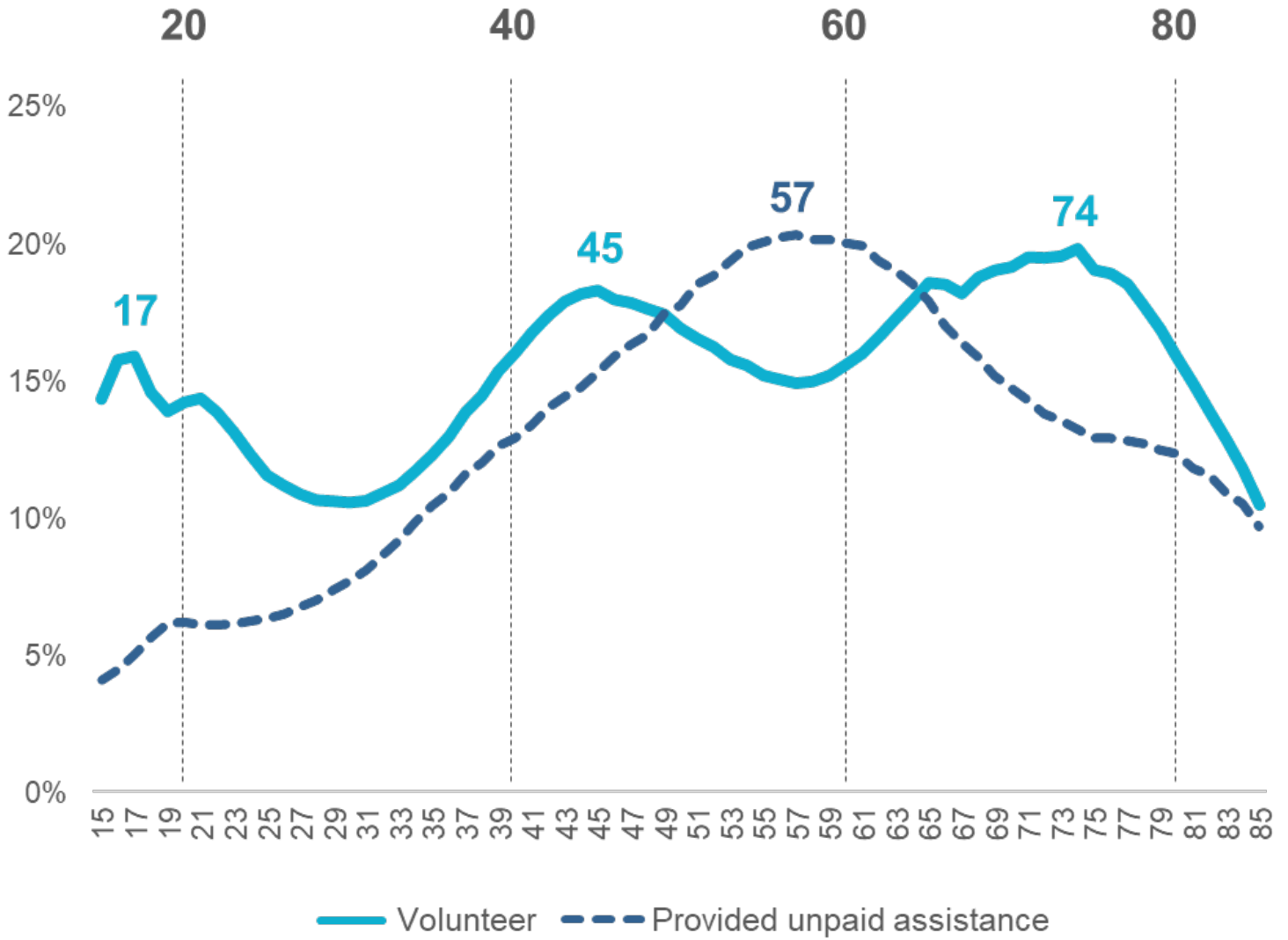
## Graphic 6: Proportion of population with or without chronic health conditions by age in Victoria

Source: ABS Census 2021



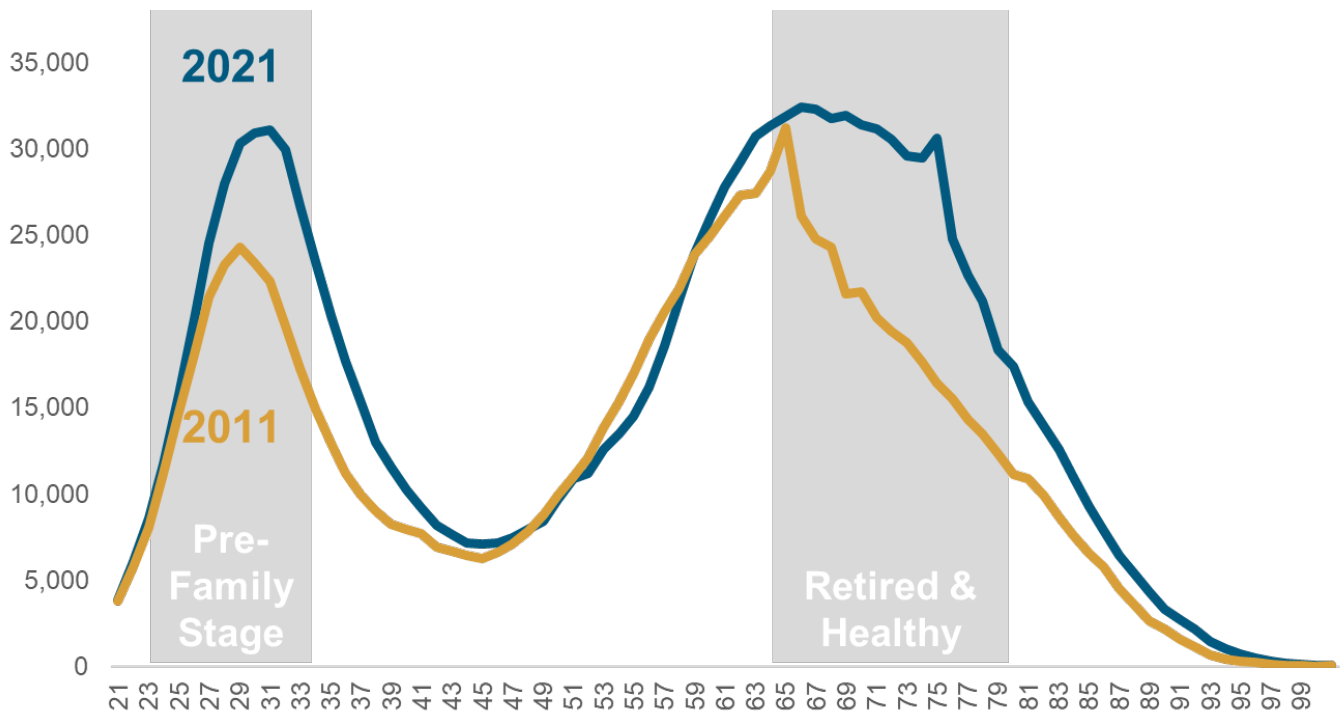
### Graphic 7: Share of population by age who volunteer or provide unpaid care

Source: ABS Census 2021



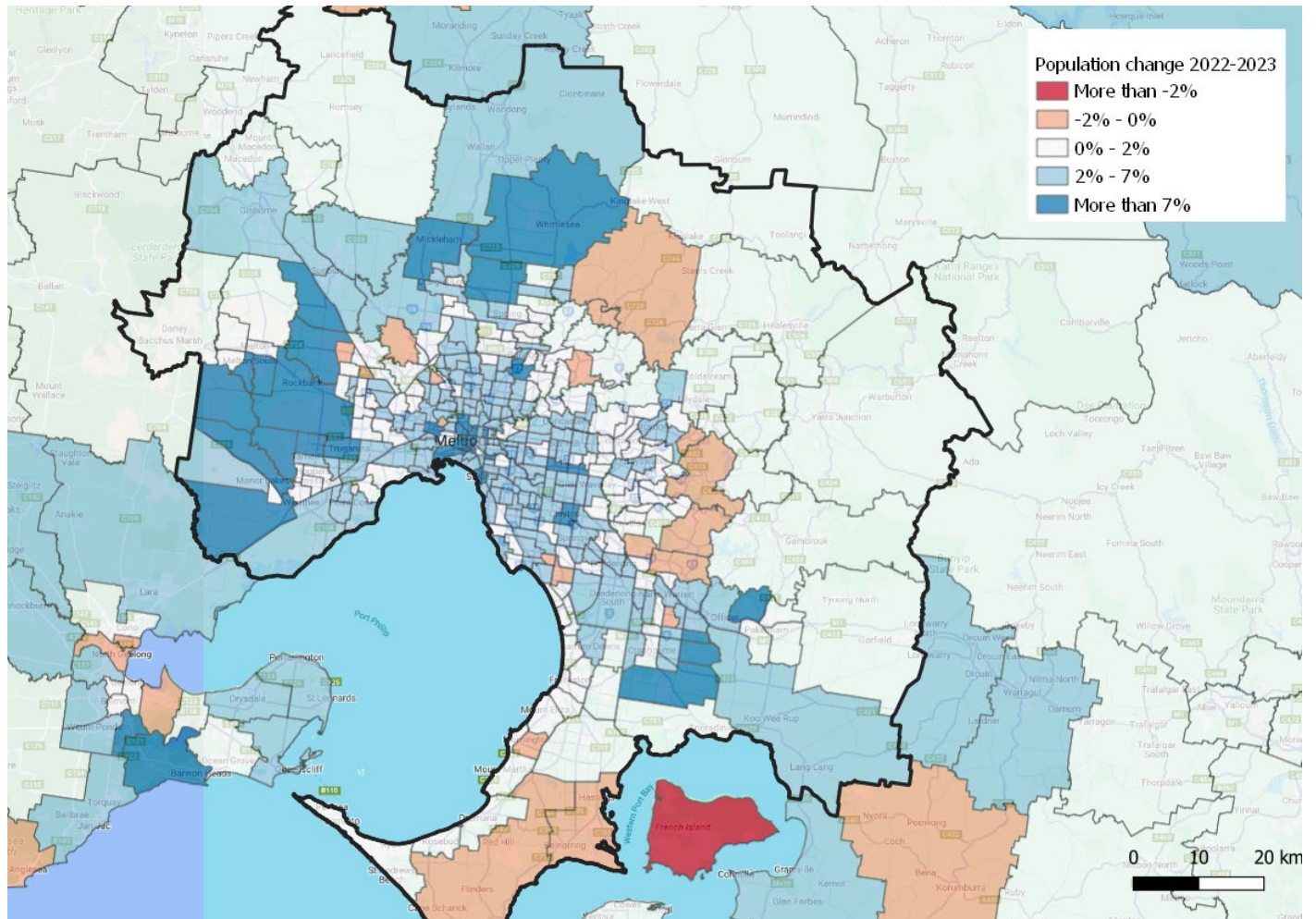
## Graphic 8: Victorian's living in couple families with no children

Source: ABS Labour Force, Australia, Detailed



## Graphic 9: Population change June 2022 to June 2023 by SA2

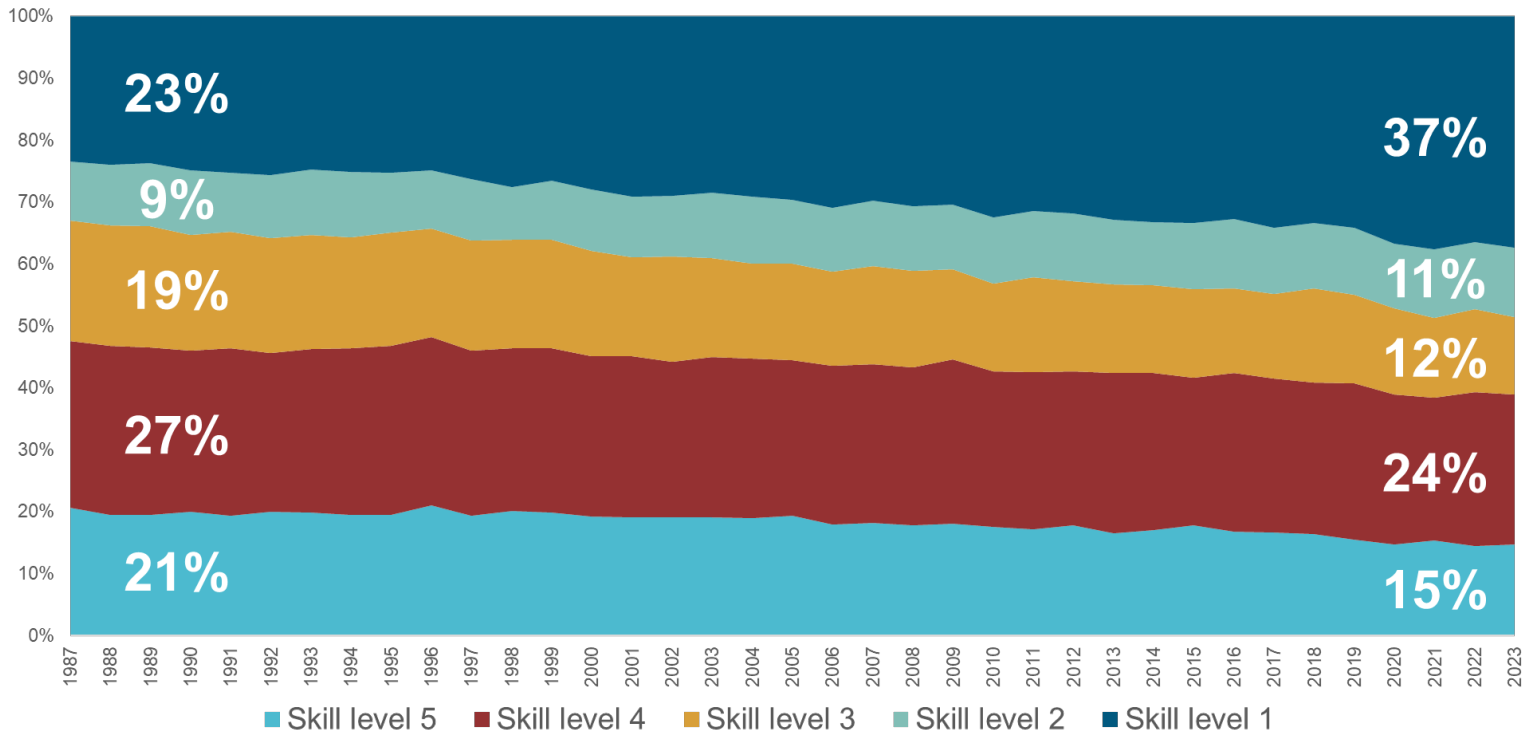
Source



: ABS

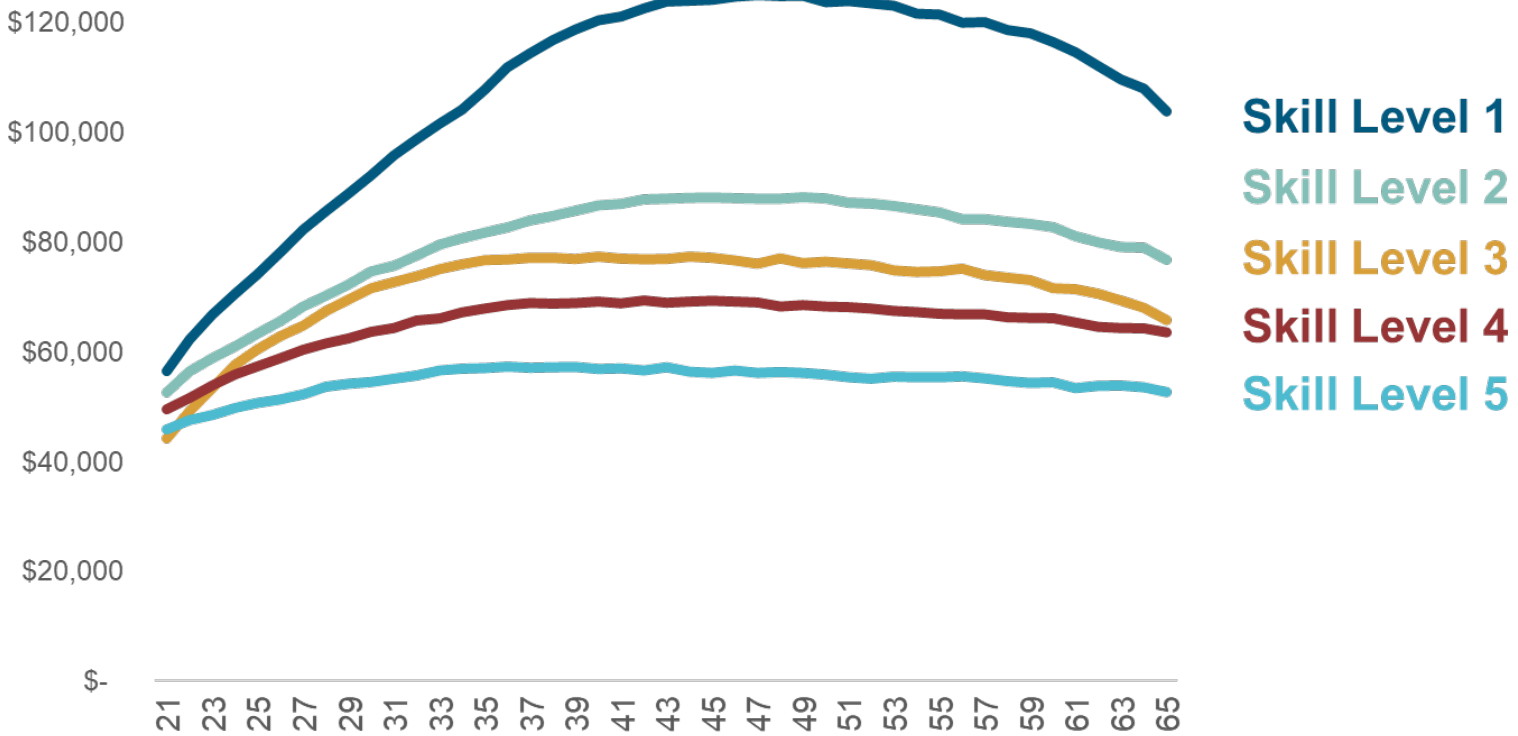
## Graphic 10: Workforce in Victoria by skill level from 1987 to 2023

Source: ABS



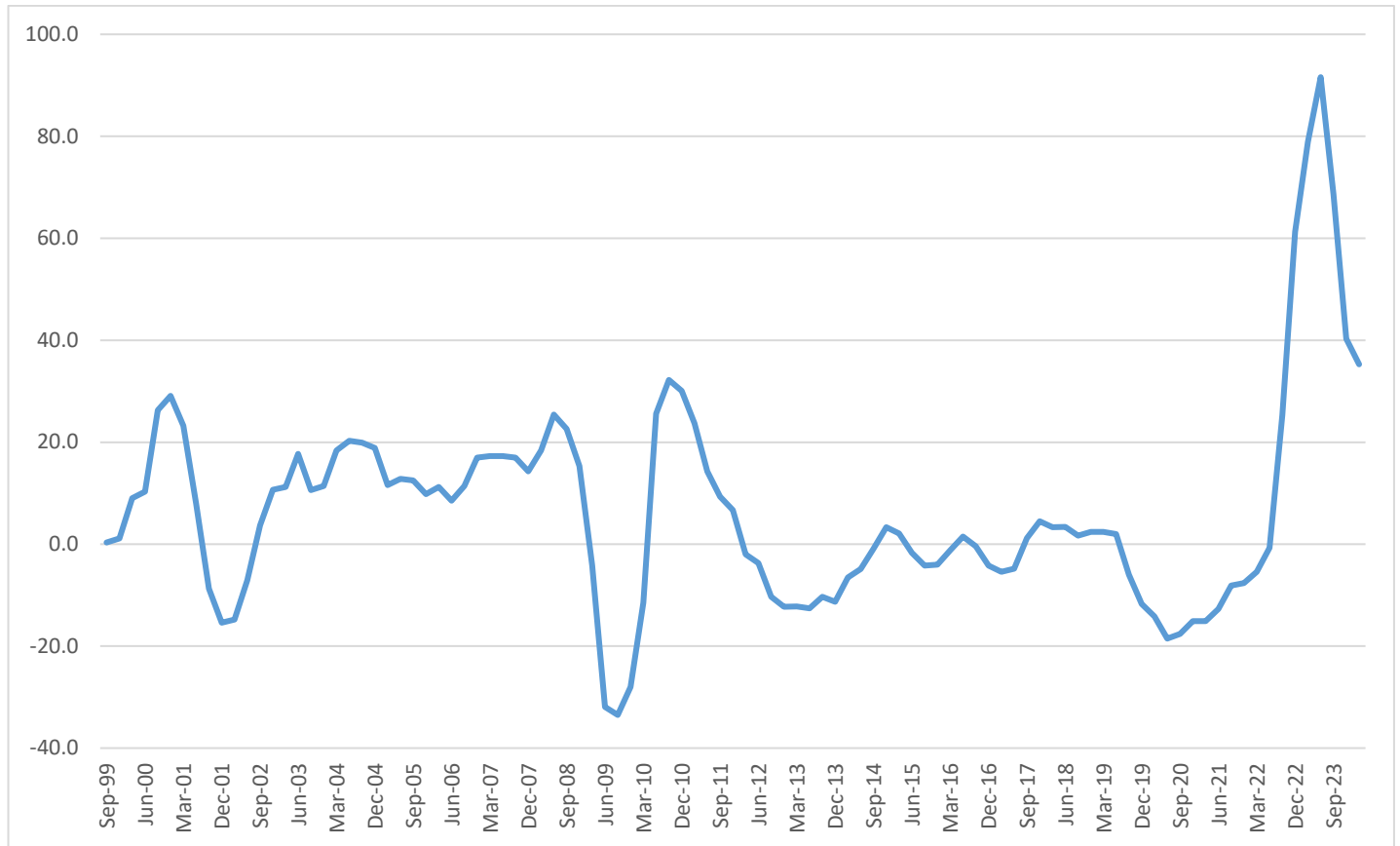
## Graphic 11: Median income for full-time employed workers in Australia by age and skill level

Source: ABS Census 2021



## Graphic 12: Employee households in Australia: Mortgage interest charges, annual movement (in %), Jun 1999 - Mar 2024

Source: ABS Living Cost Indexes



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