

Oh baby, this is expensive

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It's Mother's Day - a good time to weigh up the costs of a new mouth to feed.



Baby makes three: Expectant parents Catherine Neasbey and Petar Sabados. *Photo: Wolter Peeters*

"OMG, we're having a baby!" ... Once the initial shock abates, expectant couples have a slew of financial decisions and tasks to work through, budgets to draft and bills to pay.

For 29-year-old media project manager Catherine Neasbey and her partner, Petar Sabados, 28, the news of her pregnancy caught them on the hop. During the past six months, the Sydney couple have scrambled to sort out their affairs before the birth.

Due on June 3, their child will be one of about 300,000 born in Australia this year. The median age of first-time mothers was 28.9 years in 2009, according to the Bureau of Statistics.



Kitting out the nursery can also cost some first-timers a sizeable sum. *Photo: Natalie Boog*

Neasbey and Sabados were living in their own one-bedroom unit in Guildford but raced to buy a townhouse in the same area once they learnt they were expecting.

The contract fell through over a building inspection and the pair ended up \$4000 out of pocket in lost deposit and conveyancing fees. They rented out their unit and have leased a house in Quakers Hill - further from family than they hoped to be.

Neasbey says the exercise - finding a bond, finalising bills and paying their mortgage - has stretched them, even before they begin to adjust to a few months or longer of reduced income.

Although the pair are using the public hospital system, out-of-pocket costs for scans, blood tests and antenatal classes have added about \$1500 to their expenses.

Sick leave, holiday pay and Centrelink Parental Leave Pay of 18 weeks at the minimum wage of \$606.50 will see her through until year's end, Neasbey says.

Introduced in January 2011, Parental Leave Pay is an alternative to the Baby Bonus. Couples can access either payment but those opting for the latter, which is worth \$5000, must take it in instalments.

After Neasbey's leave runs out, it will be a matter of weighing whether the cost of childcare warrants a return to work, she says.

With Careforkids.com research showing long day care places cost up to \$158 a day, live-out nannies up to \$35 an hour, and family day care up to \$8.50 an hour, before rebates, it's a dilemma shared by many new parents. Careforkids founder Roxanne Elliott says one in 10 decide they can't afford to stay in the workforce.

What's not viable is different for everyone, she points out - some people need the money, however eroded by childcare fees, and others value career progression, even if working doesn't make short-term economic sense.

Multifaceted childcare - a juggle of grandparents, flexible work hours and formal care - has become popular with new parents seeking to reduce costs.

Those who want to have the option to return to work need to look sharp, Elliott warns.

"I think more and more people are planning ahead and looking at options as soon as they conceive, due to the chronic shortage of places for the under twos," she says. Other planning tasks for new parents include making sure they have a will and life insurance to cushion their young family should disaster strike.

The general manager of client services at State Trustees in Victoria, Craig Dent, says the former is easily sorted. Those with simple affairs can use a DIY will kit for about \$30, while in-person consultations range from \$220 to \$550.

Kitting out the nursery can also cost some first-timers a sizeable sum. Urbanbaby.com founder Linda Hattersley says some cashed-up parents spend up to \$5000 on furniture, clothing and accessories.

Imported designer cots and top-end wheels, such as Bugaboo strollers, are hot sellers at about \$1500 apiece. The baby products market, which includes furniture, clothing, nappies and food, is worth \$4.5 billion a year and growing - at 3.5 per cent a year for the past five years, according to market researcher Ibisworld.

Hiring large items can be cheaper than buying. Anything Baby offers a newborn package of capsule, bassinet and stroller for \$320 for six months; less than half the cost of buying the same items new, according to founder Sharyn Fong.

Pre-loved gear from family, friends or sites such as Gumtree, Freecycle and Australian Baby Bargains can be a boon to those wanting to spend hundreds rather than thousands sorting out junior's quarters.

A second-hand cot and change table have helped primary school teacher Jayne Baker keep her fitout bill below \$200. Baker and her retail manager husband, Shaun, both 29, are expecting their first child in August and have been accumulating major purchases slowly, to avoid a large hit before the birth. A pram and car seat have been bought new, but the couple have stuck to a budget of \$500 for both.

The pair own their own home and an investment property in Ipswich, Queensland.

They've calculated what they'll need to cover mortgages, bills and living expenses while Jayne is on maternity leave and have pulled in their belts and stashed some cash accordingly.

"We should be pretty good until I go back to work," Jayne says. In addition to Parental Leave Pay, she is entitled to 14 weeks of employer-funded leave, which she plans to take as 28 weeks at half pay.

She expects to return to work in July next year and hopes to keep childcare costs down by sharing the load with some of her siblings, who live locally.

What about you? How are you planning to cope with the cost of a new baby? And if you've been there and done it, what tips do you have for easing the financial burden?