

# Estimating the cost of raising children: Setting the agenda for Canada <sup>[1]</sup>

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## AVAILABILITY

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Press Release <sup>[5]</sup>

## EXECUTIVE SUMMARY

Understanding the true cost of raising a child in Canada has applications for a range of areas that are critical to our society's success, including family planning and budgeting, public policies affecting families, and other services directed at families. Because so many important areas rely on this information, accuracy is paramount. Thus, arriving at an estimate of the cost of raising a child should rely on state-of-the-art scientific and professional knowledge.

It is for this reason that concerns arose following the release of a 2013 report by the Fraser Institute, which established an implausibly low estimate of the total annual cost of raising children. Numerous complications do come into play when attempting to establish this cost—including identifying appropriate measures for wellbeing, determining what to include and exclude in the cost considerations, the availability of representative data, and even agreeing on what central question is being answered when estimating the costs. However, the exclusion of childcare and housing costs in the Fraser Institute's estimate prompted the development of this report.

We recognize the potential harm that poorly derived figures can have on Canadian families. Our report examines the complexity of determining the costs of raising children, analyzes the three primary estimation approaches used today—the expenditure survey approach, equivalence scales and the budget standard approach—and considers the advantages and disadvantages of each.

Since each approach offers specific advantages and disadvantages in terms of determining the cost of raising a child, we recommend circumstances in which each is most valuable. Specifically, we recommend the following to more accurately and usefully capture the costs of raising a child:

1. Develop a comprehensive, detailed Canadian standard budget, led by researchers and experts in household spending and with the participation of a range of parents from various cultural and income groups who have children of varying abilities. This national standard budget should be adjustable by region, by family size and by special needs.
2. Develop estimates based on the complete demand system method, incorporating the relevant range of categories related to goods and services consumed by children. Statistics Canada's Survey of Household Spending should be expanded to provide more detailed data on child-related expenditures on childcare, housing, transportation and health care to achieve a clear picture of the cost of raising children.
3. Develop cost estimates using both the budget standard approach and complete demand system method for families with various structures and incomes living in various demographic settings. These estimates could then be used specifically for the purposes to which they are most suited.

Understanding the true cost of raising a child in Canada must be a societal imperative. The importance we place on this information demonstrates how our country values its families, its children and its future prospects. The services we provide to families hinge on the accuracy of these numbers.

We call on individuals and institutions that seek accurate measures of the cost of raising a child to approach these data and their usage deliberately to ensure that the best interests of children and their families are met. Acting on the aforementioned recommendations will help to ensure that Canada's services and policies reflect the true value of children in our society.

-reprinted from Campaign 2000

**Related link:** The real cost of raising children <sup>[6]</sup>

Thinking about having a kid? Here's how much Canadians spend to raise one <sup>[7]</sup>

**Region:** Canada <sup>[8]</sup>

**Tags:** economics <sup>[9]</sup>

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