

Raising kids getting more affordable, government analysis suggests ^[1]

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EXCERPTS

A briefing note for Finance Minister Joe Oliver suggests the cost of raising children has been declining, even as federal parties compete to help struggling Canadian families with tax breaks and child-care benefits.

The note, dated 10 days before Prime Minister Stephen Harper announced a major family-benefit package, argues that children have become more affordable in the last 15 years.

"Increases in real family income have made children relatively more affordable than they were 15 years ago, and more so for lower income families," says the heavily censored document, obtained by CBC News under the Access to Information Act.

The Oct. 20 analysis was requested by Oliver's office as the government was preparing to announce two new programs — income-splitting for families, and an enriched universal child care benefit — in late October.

Department policy experts drew on cost data for food, clothing, shelter, transportation, health and child care for Manitoba, "the only province for which comprehensive information on the total cost of raising children exists," says the note. Post-secondary education costs were excluded.

The Finance Department found that for the period 1998 to 2013, the cost of raising children grew no faster than the rate of inflation.

Kids more affordable?

The annual cost of raising a one-year-old in 2013 was estimated at about \$14,000, falling to \$8,400 at the age of 12 because day-care fees end, although the analysis notes that it did not capture the varied costs of raising children in different parts of the country.

The document also argues that adding more children may allow a family to take advantage of "economies of scale ... so the costs do not increase at a constant rate when the family increases its numbers."

The Finance analysis suggests that rising family incomes have made children more affordable, as the percentage of household income needed to pay for them has grown smaller over the years — especially for lower-income families.

"Our estimates show that the costs of raising children as a share of the after-tax income fell from 17.0 per cent to 13.5 per cent for the median income family, and from 42.5 per cent to 31.0 per cent for families in the lowest income quintile since the late 1990s."

The government is interested in better understanding the financial situation and cost of living of Canadian families.'— *Finance spokeswoman Stephanie Rubec*

The findings emerge at a time of broad consensus among all parties heading into a fall election that Canada's families are struggling with the costs of raising children and need government help.

On Oct. 30, Harper himself said the government's new programs would help "hard-working Canadian families make ends meet, by making priorities like child care and after-school sports more affordable."

The NDP and Liberals each have centrepiece policies focusing on inexpensive child-care or broad tax relief for Canadian middle- and lower-income families.

Asked about the briefing note's apparently contrarian findings, a spokeswoman for Finance repeated some of the same talking points Harper used in October.

"The government's commitment is to make life more affordable for Canadian families and help families make ends meet," Stephanie Rubec said in an email.

Analysis called 'misguided'

She also said the minister asked for the note because the government "is interested in better understanding the financial situation and cost of living of Canadian families."

Opposition critics were quick to pounce on the note's narrow data from one province only, Manitoba, and the fact that it does not include rapidly increasing post-secondary costs, which many families have to save for.

"They're entirely misguided," Liberal MP Ralph Goodale said of the analysis. "Those at the lower end and the middle of the income scale are facing very, very considerable financial pressures."

New Democrat MP Jinny Sims noted that the analysis included day-care bills only for Manitoba, where day-care costs are the second-lowest in Canada after Quebec. She said in the Toronto area, day-care costs can hit \$2,000 a month, which for some families is more than rent.

The briefing note, entitled "Background information on the cost of raising children in Canada," is stamped "Secret" and was widely distributed throughout the Finance Department. At least nine copies were provided to the minister's office, and another 13 went to various sections of the department.

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