



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

Publication Date: September 2021

Short Title: Federal GST/HST exemption on construction of child care centres

Description: Eliminating federal GST/HST (5%) on eligible new construction costs for child care centres. This proposal will be effective January 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		-	2	2	2	2	7

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: Recent capital expenditure on daycare centres from Statistics Canada was grown in line with non-residential construction prices in the EPC baseline. The amount of federal GST/HST eligible construction was deducted from this estimate. PBO did not incorporate any interactions with public funding.

Source of Uncertainty: The main sources of uncertainty relate to the future number of child care spaces that will be constructed, the proportion of daycare centre construction costs subject to federal GST/HST, and the future unit construction costs.

Data Sources:	Variable	Source
	Capital expenditures, non-residential tangible assets	Statistics Canada
	Non-residential construction price index	PBO EPC baseline