

Cost Estimate of the Grocery Rebate

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Bill C-46/C-47 proposes a grocery rebate to support families who are the most affected by inflation. The rebate will be delivered through the Goods and Services Tax credit.

5-Year Cost

\$ millions	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Total cost	2,443	-	-	-	-	2,443

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).

Estimation and Projection Method

The Grocery Rebate was calculated as the difference between the temporarily enhanced Goods and Services Tax (GST) credit under the terms of Bill C-46/C-47 and the status quo quarterly GST credit amount.

To calculate the total grocery rebate, the GST credit parameters in Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) were adjusted to reflect the new policy changes regarding individual amounts, income limits, and reduction rates.¹

PBO does not expect any material incremental administrative costs.

Sources of Uncertainty

The SPSD/M family income distribution is used for the calculations assuming a full take-up rate of GST/HST credit. A behavioural response is not expected.

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Data Sources

Variable	Source
GST/HST credit	SPSD/M black box
Family income distribution by family type	SPSD/M black box

¹ This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

Supplementary information

Grocery Rebate by family type

	Grocery Rebate (\$ millions)	Beneficiaries (thousands)	Average Grocery Rebate per family (\$)
With kids, 1 Adult	178	457	390
With kids, 2+ Adult	253	668	379
With Elderly, 1 Adult*	541	2,490	217
With Elderly, 2+ Adult **	190	787	241
Other, 1 Adult	1,152	6,042	191
Other, 2+ Adult	129	520	248
All	2,443	10,964	223

Notes

- This distribution by family type uses the nuclear family as the underlying unit of analysis.² Kids are persons under 18, adults are persons aged 18 or over (including elderly), and elderly are persons aged 65 or over.
- * A nuclear family with only 1 adult who is an elderly person.
- ** A nuclear family with 2 or more adults who are elderly.

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² In SPSPD/M, a nuclear family consists of a head, their spouse (if there is one), and their children under the age of 18, living together in the same dwelling.