

Note • Bill C-319

An Act to amend the Old Age Security Act

Published on May 31, 2023



This bill proposes to increase the amount of the full pension to which all pensioners aged 65 or older are entitled to by 10 per cent, and to raise the exemption for employment income or self-employment earnings considered in determining the amount of the Guaranteed Income Supplement (GIS) to \$6,500 from \$5,000.

The PBO estimates the implementation of Bill C-319 will increase federal transfers and federal taxes paid, resulting in a net cost of \$16.1 billion over five years.

5-Year Cost

\$ millions

Fiscal year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
Total cost	2,919	3,064	3,198	3,344	3,532	16,059

Detailed 5-Year Cost

\$ millions

Fiscal year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
OAS	3,213	3,378	3,536	3,697	3,905	17,730
GIS	143	149	151	158	167	768
Spouse allowance	81	82	80	84	88	416
Cost	3,437	3,609	3,767	3,939	4,160	18,914
Income tax paid	-509	-535	-559	-585	-618	-2,806
Other transfers	-9	-10	-10	-10	-10	-49
Cost recovery	-518	-545	-569	-595	-628	-2,855
Total cost after recovery	2,919	3,064	3,198	3,344	3,532	16,059

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).
- Numbers do not necessarily add up due to rounding.

Estimation and Projection Method

The cost was calculated as the difference between the proposed changes under the terms of Bill C-319 and the status quo amounts for Old Age Security (OAS) and GIS.

From 2023 to 2026, the OAS and GIS parameters in Statistics Canada's Social Policy Simulation Database and Model (SPSD/M)¹ were adjusted to reflect the new policy changes regarding basic amount, income recovery threshold, additional 10 per cent increase for seniors 75 or older, and GIS amounts.

For 2027 and 2028, population projections, effective tax rates and the growth rate of average federal transfers were used to project the changes anticipated in federal taxes paid and transfers.

PBO does not expect any material incremental administrative costs.

Sources of Uncertainty

The estimate produced is dependent on population growth projections and forecasted inflation rates. A behavioural response is not expected.

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Data Sources

Federal transfers, Federal taxes paid

Statistics Canada's SPSPD/M version 29.0

¹ This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSPD/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.

Inflation forecast

PBO Economic and Fiscal Outlook (March 2023)

Population growth for 65 and older

Statistics Canada's population projections for Canada (2021 to 2068)

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