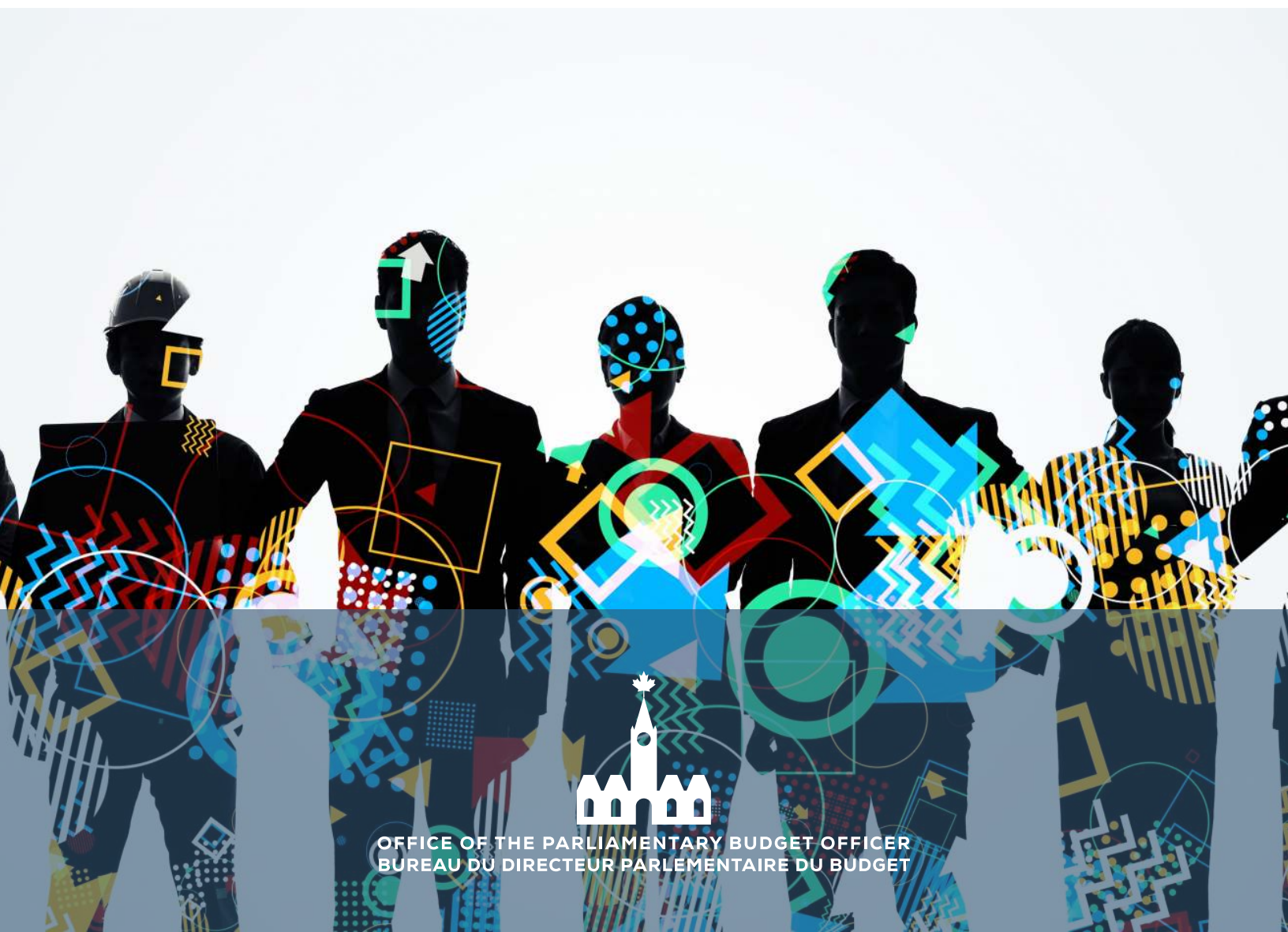


March 08, 2021



WORK PLAN FOR 2021-22



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

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and fiscal analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This is the PBO's fourth annual work plan presented to the Senate and the House of Commons through the Speakers of those Houses in accordance with the *Parliament of Canada Act*.¹ The PBO can update the work plan during the course of the fiscal year and, if there are significant changes, the PBO will provide an updated version to the Speakers.

For further information, please visit dpb-pbo@parl.gc.ca.

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Message from the Parliamentary Budget Officer



As the Parliamentary Budget Officer (PBO), it is my privilege to introduce the fourth annual Work Plan. As outlined in the *Parliament of Canada Act*, this report describes the Office's priorities and resource allocation strategy for the 2021-22 fiscal year.

The Office of the Parliamentary Budget Officer (the Office) is committed to serving Parliament with integrity and professionalism through the provision of independent, credible and non-partisan financial and economic analysis on a timely basis. Despite the ongoing challenges of the COVID-19 pandemic, the Office continues to work safely and diligently to promote greater budget transparency and accountability.

As a result of legislative changes enacted in 2017, the PBO has two distinct mandates, which shape the work of the Office.

During the 2021-22 fiscal year, we expect to dedicate our time and resources to supporting the Senate and House of Commons by reporting on the state of the nation's finances, the government's economic and budgetary projections, and cost estimates for proposals under Parliament's jurisdiction.

We plan to continue to closely monitor the federal government's COVID-19 pandemic response and recovery programs, and to measure the impacts of the unprecedented public spending on Canada's economy, the government's finances and fiscal sustainability. We will also provide in-depth analysis on a range of subjects, including funding for services provided to First Nations, carbon pricing, and the cost of establishing a guaranteed basic income program for Canadians.

Given the current minority Parliament, the Office will also work to further enhance our analytical capacity in key policy areas such as taxation, health, defence and student program spending to ensure we are ready to receive requests for cost estimates of election campaign proposals as soon as the next election is called.

One of our priorities is to ensure that our work is accessible to parliamentarians, as well as Canadians. I wish to reaffirm our commitment to keeping you well informed by releasing budgetary and economic information in a variety of ways and at different stages of the legislative process. We will also strive to use clear, plain language so that our work can be easily understood and used.

My team and I look forward to the challenges and opportunities of the year ahead. We also greatly appreciate the trust that has been placed in us, and it is a renewed privilege to improve the quality of parliamentary debate and to promote greater transparency and fiscal accountability within Canada's parliamentary democracy.

Yves Giroux
Parliamentary Budget Officer

About the PBO and the Office of the PBO

The Parliamentary Budget Officer (PBO) is an independent and non-partisan Agent of Parliament, whose appointment was approved by the Senate and House of Commons.

The PBO's role is to support Parliament by providing analysis, including analysis of macroeconomic and fiscal policy, for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.²

The Office of the PBO

The PBO is supported by the Office of the Parliamentary Budget Officer, which has approximately 40 staff members. Staff expertise spans a wide range of areas, including economics, taxation, forecasting, finance and parliamentary relations.

The Office's operating budget for 2021-22 is \$6.5 million.

The PBO is committed to promoting transparency and accountability. The PBO publishes all its reports on the PBO's website at www.pbo-dpb.gc.ca.

The PBO's mandates

As a result of amendments made to the *Parliament of Canada Act* in 2017, Parliament has given the PBO *two* distinct mandates.

1. When Parliament is not dissolved:

The PBO provides independent economic and financial analysis to the Senate and House of Commons, analyzes the estimates of the government and, if requested, estimates the financial cost of any proposal over which Parliament has jurisdiction.

2. During the 120-day period before a fixed general election or when Parliament is dissolved for a general election:

The PBO provides political parties with estimates of the financial cost of election campaign proposals they are considering making.

1. Economic and financial analysis for Parliament

When Parliament is not dissolved, the PBO has a mandate to provide economic and financial analysis to the Senate and the House of Commons.³

The PBO prepares economic and financial analysis on a self-initiated basis, and at the request of members and committees of the Senate and the House of Commons.

In fiscal year 2021-22, when Parliament is not dissolved, the resources of the Office will be allocated broadly and equally across the main types of analysis that the PBO is mandated to provide:

1. estimates of the financial cost of proposals;
2. research and analysis related to the government's estimates;
3. research and analysis related to the nation's finances; and
4. research and analysis related to the economy;

However, consistent with the legislation, the PBO will, if needed, adjust the allocation of resources in response to requests for various types of analysis from the Senate and the House of Commons committees or parliamentarians, as well as in response to unanticipated changes in the state of the nation's economic and fiscal situation. The PBO will report on any such adjustments in the Annual Report.⁴

The PBO's ability to have free and timely access to information under the control of departments and Crown corporations may also affect the allocation of resources.⁵ The work plan and the allocation of resources may need to be adjusted if the PBO is unable to access the necessary information and data for certain projects.

Reports published by the PBO

Over the course of the PBO's first few years of operation, a series of regular reports were established as a result of committee motions and requests from parliamentarians.

Throughout the year, the PBO usually receives suggestions from parliamentarians about additional matters that would benefit from regular reporting. We will continue to welcome these suggestions as they indicate the topics that are of interest to parliamentarians.

The PBO intends to provide the following regular reports to the Senate and the House of Commons in the fiscal year 2021-22:

- analysis of the budget, the fall economic statement and the government's fiscal sustainability report (3 reports); and
- analysis of main and supplementary estimates (4 reports).

The PBO may also prepare reports on matters of particular significance relating to the nation's finances or economy that are listed in an annual work plan.⁶ The PBO will identify matters of particular significance that he believes should be brought to the attention of Parliament.⁷ For the upcoming fiscal year, the PBO will provide the following reports to Parliament based on such matters:

- cost estimates of federal government COVID-19 response and recovery measures (various reports);
- an analysis of fiscal sustainability in Canada (1 report);
- a semi-annual economic and fiscal outlook (2 reports);
- a labour market assessment (1 report);
- an analysis of the Government's plan to exceed Canada's 2030 greenhouse gas (GHG) emissions target (1 report);
- an analysis of funding for First Nations health care (1 report);
- an updated costing of a guaranteed basic income program (1 report);
- an analysis of the sustainability of Canada Pension Plan (CPP) (1 report);
- an analysis of the Fiscal Stabilization Program (1 report).

The legislative agenda, along with significant changes in domestic and international conditions, may lead to the emergence of other important issues, which would be of interest to the Senate and the House of Commons. For example, the evolution of the global and domestic public health crisis, trade developments, competitiveness, energy sector fluctuations and technological disruptions may merit assessments of their economic and fiscal impacts in fiscal year 2021-22.

During fiscal year 2021-22, the PBO will closely monitor these developments. Should the preparation of additional reports require significant changes in the allocation of resources, the PBO will update the work plan.

PBO's COVID-19 Analysis

Since the beginning of the pandemic, the PBO has dedicated significant resources to providing parliamentarians with reliable estimates of the impacts of unprecedented COVID-19 response spending on the government's finances and the Canadian economy.

The PBO will support budgetary transparency and accountability by continuing to assess the government's COVID-19 response measures and plans for the economy recovery. The PBO will produce new, high-quality COVID-19 analysis, cost estimates and monitoring tools to ensure parliamentarians and Canadians have access to credible, non-partisan information on the state of the nation's finances.

For more information, please visit: <https://covid19.pbo-dpb.ca/#/en>

Prioritization of requests from members and committees

The PBO will prioritize requests from committees and members of the Senate and the House of Commons that are likely to be relevant to a significant number of parliamentarians, that are economically or fiscally material or that address an area of risk. Cases where the government has not published a fiscal or economic impact assessment, or where the PBO judges that the actual impact may differ materially from the government's estimated impact, will receive particular attention.

The PBO will also consider requests to estimate the cost of proposals that are most relevant to the functions of the Senate and the House of Commons, namely:

- proposals made by the government;
- proposals made in Senate public bills that have passed second reading; and
- proposals made in private members' bills and motions that are placed on the order of precedence in the House of Commons.

The PBO is also mindful of the statutory requirement that he must take all reasonable steps to cooperate with the Parliamentary Librarian to avoid any unnecessary duplication of resources and services provided to parliamentary committees and members of the Senate and the House of Commons. In that spirit, the PBO will continue to refer requests from committees and members to the Library's Parliamentary Information and Research Service if the PBO believes that they would be in a better position to fulfill the requests. The strong relationship between the PBO and the Parliamentary Librarian further strengthens the continued collaboration between both institutions.

2. Financial cost estimates of election campaign proposals

Under the *Parliament of Canada Act*, once Parliament is dissolved for a general election, the PBO is obligated, upon request of a political party or independent member, to prepare estimates of the financial cost of election campaign proposals that the party or independent member is considering making.

Should Canada's next election be called prior to the next fixed election date in 2023, the PBO would be required to discontinue work on all requests by committees and members to accommodate requests from political parties.⁸

Given the current minority Parliament, the timing of the next federal election and the length of the election proposal costing period may vary. The PBO plans to leverage critical experience gained during the 2019 general election, as well as the stakeholder feedback collected through the Office's post-election review exercise, to accelerate its analytical and administrative processes. These new efficiencies and process improvements will ensure the PBO is well positioned to deliver the best estimates possible, even in the event of a shortened election proposal costing period.

In 2020-21, the PBO published "Costing Election Proposals for the 44th Canadian Federal Election", which describes how the PBO will operate during the next general election. Over the 2021-22 fiscal year, the Office plans to build upon this preparatory work by further enhancing its analytical capacity in key policy areas such as taxation, health, and defence to ensure we are ready to receive requests for cost estimates of election campaign proposals as soon as the next election is called.

The PBO will also continue working with government departments to secure access to information and other assistance necessary to prepare estimates.⁹

Service commitments

The PBO is committed to providing high quality, non-partisan services to parliamentarians and stakeholders.

The PBO's performance during the 2021-22 fiscal year will be measured using the following indicators:

Outcome: The PBO supports Parliament by providing analysis, including analysis of macro-economic and fiscal policy, for the purpose of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

| Indicator | Rationale |
|---|--|
| 1. Number of parliamentary inquiries responded to within one working day | This is a measure of the PBO's ability to provide timely assistance to parliamentarians and their staff |
| 2. Number of PBO analyses and reports are cited by parliamentarians in their deliberations and debate | This is a measure of the relevance of the PBO's analysis to parliamentarians |
| 3. Proportion of parliamentarians who are "satisfied" with the services received from the PBO | This is a measure of the overall quality of service the PBO provides to parliamentarians and their staff |
| 4. Number of stakeholder inquiries that are responded to within one working day | This is a measure of the PBO's ability to provide timely assistance to stakeholders |
| 5. Number of election proposal costing requests received | This is a measure of the demand for PBO services during the election costing period |

Notes

1. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.13(1), (3).
2. *Ibid.*, s 79.01.
3. *Ibid.*, s 79.2.
4. *Ibid.*, s 79.13, 79.22.
5. *Ibid.*, s 79.4(1).
6. *Ibid.*, s 79.2(1)(b).
7. *Ibid.*, s 79.13(1)(b).
8. *Ibid.*, s 79.2(5).
9. See *Parliament of Canada Act*, s 79.21(5), (7)(a).