



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

CANADA

## PBO Work Plan for 2018-19

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

This is the Parliamentary Budget Officer's (PBO) first 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*.<sup>1</sup> 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.

Please contact [pbo-dpb@parl.gc.ca](mailto:pbo-dpb@parl.gc.ca) for further information.

Jean-Denis Fréchette  
Parliamentary Budget Officer

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# PBO's purpose and mandates

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The PBO is an independent and non-partisan agent of Parliament.

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

To these ends, Parliament has given the PBO *two* distinct mandates:

- Parliament not dissolved: providing economic and financial analysis to the Senate and the House of Commons; analyzing the estimates of the government and, if requested, estimating the financial cost of any proposal over which Parliament has jurisdiction.
- Parliament dissolved: providing to political parties estimates of the financial cost of election campaign proposals they are considering making.

# 1. PBO provides economic and financial analysis for Senate and House of Commons

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When Parliament is not dissolved, the PBO has a mandate to provide economic and financial analysis to the Senate and the House of Commons.<sup>3</sup> The PBO prepares economic and financial analysis on his or her own initiative and at the request of certain committees of the Senate and the House of Commons. Since there is overlap among these analyses, the criteria the PBO chooses for allocating resources will depend on the underlying nature of the analysis rather than the originator of the analysis. On this basis, in 2018-19, the planned allocation of resources is approximately equal across the 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;
4. research and analysis related to the economy.

However, consistent with the legislation, the PBO will likely 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, and in response to unanticipated changes in the economic and fiscal context. The PBO plans to report on these adjustments in his annual report.<sup>4</sup>

Another factor that may affect the allocation of resources is the PBO's ability to have free and timely access to information under the control of departments and Crown corporations.<sup>5</sup> The work plan and the allocation of resources may need to be adjusted if he is unable to access the necessary information and data for certain projects. For example, the PBO has been planning to estimate the difference between what the government should collect in taxes and what it does collect (the tax gap) but has not yet been able to get the necessary tax data from the Canada Revenue Agency.

If a department refuses to provide information and fails to provide adequate justification, the PBO may, in accordance with the Parliament of Canada Act, notify the Speakers of the Senate and of the House of Commons.<sup>6</sup> The PBO expects that the Speakers, and the respective Houses over which they

preside, would assist him in getting access to all of the information he needs to provide relevant analysis in support of the Senate and the House of Commons.

## 1.1. Independent economic and financial analysis

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The *Parliament of Canada Act* provides that the PBO may prepare reports containing his analysis of the budget, an economic and fiscal update, a fiscal sustainability report or the estimates.<sup>7</sup> The PBO may also prepare reports on matters of particular significance relating to the nation's finances or economy that are listed in his annual work plan.<sup>8</sup> The PBO will identify those matters of particular significance that he believes should be brought to the attention of Parliament.<sup>9</sup>

The PBO intends to provide the following regular reports on federal government documents to the Senate and the House of Commons in 2018-19:

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

The PBO also intends to provide the following regular reports on matters of particular significance relating to the nation's economy or finances

- a semi-annual economic and fiscal outlook (2 reports) and semi-annual economic and fiscal monitor (2 reports);
- an annual fiscal sustainability report (1 report); and
- a labour market assessment (1 report).

Many of the PBO's regular reports were developed in response to formal requests and informal queries from Senators and MPs in the PBO's first few years in operation. The PBO welcomes suggestions from parliamentarians about additional matters that would benefit from regular reporting. For example, the Senate Standing Committee on National Finance has requested an analysis of the infrastructure program, while the House of Commons Standing Committee on Finance has requested that the PBO prepare a regular economic and fiscal outlook.<sup>10</sup>

The projections presented in the regular reports are of the utmost importance in terms of resource allocation in the Office because they serve as the economic and fiscal baseline for estimates of the financial cost of proposals. In reaction to government policy announced in the budget or fall economic statement, the PBO may expend greater than expected resources for the purposes of developing an economic or fiscal model or preparing analysis on a complex subject matter of a particular importance for Parliament.

The legislative agenda and significant changes in domestic and external conditions may lead to the emergence of other important issues that would be of interest to the Senate and the House of Commons. For example, developments in the current NAFTA negotiations, the legalization of cannabis and the decisions by the provinces on how to implement the carbon tax may merit assessments of their economic and fiscal impacts in 2018-19. During 2018-19, the PBO will closely monitor these developments and should the preparation of additional reports require significant changes in the allocation of resources, the PBO will update the work plan.

## 1.2. Requests for research, analysis and estimates from members and committees of the Senate and House of Commons

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The *Parliament of Canada Act* provides that the PBO shall, if requested to do so by the following committees :

- i) the Standing Committee on National Finance of the Senate;
- ii) the Standing Committee on Finance of the House of Commons;
- iii) the Standing Committee on Government Operations and Estimates of the House of Commons;
- iv) the Standing Committee on Public Accounts of the House of Commons,

undertake research into and analysis of matters relating to the nation's finances or economy.<sup>11</sup> The PBO shall also, if requested to do so by a committee of the Senate or the House of Commons that is mandated to consider the estimates, undertake research into and analysis of those estimates.<sup>12</sup>

Finally, the PBO shall, if requested to do so by a committee of or member of the Senate or the House of Commons, estimate the financial cost of any proposal related to a matter over which Parliament has jurisdiction.<sup>13</sup>

The allocation of resources to requests from members and committees depends on the number and complexity of requests received. The resources required to produce a report at the request of a member or a committee of the Senate or House of Commons vary according to the subject matter of the report. A report whose subject matter is particularly complex will require additional time for PBO analysts to develop their knowledge of the subject and build the models necessary to prepare analysis. If departments refuse to provide information necessary to prepare analysis, the PBO may be required to put more resource-intensive workarounds in place.

### **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; and that address an area of risk, as is the case where government has not published an fiscal or economic impact assessment or where the PBO judges that the actual impact may differ materially from the government's estimated impact.

The PBO will prioritize requests to estimate the cost of proposals that are most relevant to the constitutional functions of the Senate and the House of Commons, namely those made by ministers of the Crown, including in the form of government bills; proposals made in Senate public bills that have passed second reading; and proposals made in private members' bills that are placed on the order of precedence in the House of Commons.

Among those proposals mentioned above, the PBO will further prioritize those proposals that are fiscally material in the sense that they can reasonably be expected to have a significant impact on the nation's finances or the cost of a program or policy, and those for which the publication of a PBO estimate could promote budget transparency and accountability and/or raise the quality of parliamentary debate.

The PBO is also mindful of the statutory requirement that the PBO and the Parliamentary Librarian take all reasonable steps to cooperate with each other to avoid any unnecessary duplication of resources and services provided to parliamentary committees and members of the Senate and the House of Commons.<sup>14</sup> In that spirit, the PBO will continue to refer requests from members and committees 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.



## 2. PBO prepares estimates of the cost of election campaign proposals

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During the 120 days before a general election, the PBO prepares estimates of the financial cost of election campaign proposals that political parties are considering making.<sup>15</sup> In accordance with the *Parliament of Canada Act*, the PBO will receive requests from recognized parties and members of the House of Commons who are not members of a recognized party.<sup>16</sup>

The PBO will also prioritize requests made by members who have not made requests of the PBO in the past or who are members of parties whose members have made few such requests.

The PBO plans to conduct consultations in 2018-19 about the implementation of election campaign proposal costing aspect of the PBO's mandate. The PBO will provide more detailed guidance on this aspect of the PBO's mandate in the 2019-20 work plan.

The next general election is scheduled for October 21, 2019.<sup>17</sup> Unless the Governor General dissolves Parliament earlier than June 21, 2019,<sup>18</sup> the PBO will begin receiving requests from political parties and preparing estimates on that date.

Since this pre-election period is in the 2019-20 fiscal year, most of the PBO's analytical resources in 2018-19 will be allocated to the PBO's mandate to provide economic and financial analysis to the Senate and the House of Commons.

However, in the 2018-19, the PBO will undertake some activities to prepare for estimating the financial cost of election campaign proposals. For instance, the PBO will begin developing models and refining existing ones to estimate the financial cost of certain types of proposals that parties are likely to make. Likewise, the PBO will begin to work with departments to secure access to information and other assistance necessary to prepare estimates.<sup>19</sup>

# Notes

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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*, ss 79.13, 79.22.
5. *Ibid*, s 79.4(1).
6. *Ibid*, s 79.42.
7. *Ibid*, s 79.2(1)(a).
8. *Ibid*, s 79.2(1)(b).
9. *Ibid*, s 79.13(1)(b).
10. House of Commons, Standing Committee on Finance, Evidence, No 1, February 4, 2016 at 3.
11. *Parliament of Canada Act*, s 79.2(1)(c).
12. *Ibid*, s 79.2(1)(d).
13. *Ibid*, s 79.2(1)(e), (f).
14. *Ibid*, s 79.12.
15. *Ibid*, s 79.21.
16. *Ibid*, s 79.21(1), (17). A recognized party is one which has at least 12 members in the House of Commons. There are currently three recognized parties: the Liberal Party, the Conservative Party, and the New Democratic Party. At time of writing, there are 13 members of the House of Commons who are not part of a recognized party, 10 of whom are members of the Bloc Québécois, one of whom is the leader of the Green Party, and the final two of whom sit as independents.
17. *Canada Elections Act*, SC 2000, c 9, s 56.1(2).
18. *Constitution Act, 1867* (UK), 30 & 31 Vict, c 3, s 50; Letters Patent Constituting the Office of Governor General and Commander-in-Chief of Canada, art VI.
19. See *Parliament of Canada Act*, s 79.21(5), (7)(a).