



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

PBO Work Plan for 2019-20

Ottawa, Canada
19 March 2019
www.pbo-dpb.gc.ca

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis 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) second 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 contact pbo-dpb@parl.gc.ca

Table of Contents

Message from the Parliamentary Budget Officer	1
About the PBO and the OPBO	3
The PBO's Mandates	3
1. The PBO provides economic and financial analysis for the Senate and the House of Commons	4
2. The PBO prepares estimates of the financial cost of election campaign proposals	7
Notes	9

Message from the Parliamentary Budget Officer



As the Parliamentary Budget Officer (PBO), it is my distinct pleasure to introduce the second annual *Work Plan*. As outlined in the *Parliament of Canada Act*², this report describes the Office's priorities and resource allocation strategy for the 2019-20 fiscal year.

Since I took on the role of the PBO in September 2018, the Office has continued its commitment to serving Parliament with integrity and professionalism through the provision of independent, credible, and non-partisan financial and economic analysis on a timely basis.

As a result of legislative changes enacted in 2017, the PBO now has two distinct mandates, both of which will shape the work of the Office over the coming fiscal year.

Once the election is called and Parliament is dissolved, for the first time in Canadian history, political parties will be able to ask the PBO to provide a financial cost estimate of an election campaign proposal. The Office will dedicate significant resources towards delivering this new mandate during the first part of the 2019-20 fiscal year and will aim to provide the best cost estimates possible.

During the period of the year when Parliament is not dissolved, my team and I will continue to report on the state of the nation's finances, the government's economic and budgetary projections, and cost estimates for proposals under Parliament's jurisdiction. The Office plans to provide in-depth analysis on such areas as the economic impact of carbon pricing, and the cost of replacing the federal government pay system.

We will continue to ensure that our work is accessible to parliamentarians, as well as Canadians. We will strive to use clear, plain language so that our work can be easily understood and used.

My team and I greatly appreciate the trust that has been put in us, and we dedicate ourselves to serving Canada's parliamentary democracy, with a continued commitment to excellence.

Yves Giroux
Parliamentary Budget Officer

About the PBO and the OPBO

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 macro-economic and fiscal policy, for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.³

The Office of the PBO

The PBO is fully supported by the Office of the Parliamentary Budget Officer (the Office), which has grown significantly over the last year to 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 2019-20 is \$7 million. This includes an additional budgetary allocation for the 43rd general election.

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. The PBO provides economic and financial analysis for the Senate and the House of Commons

When Parliament is not dissolved, the PBO has a mandate to provide economic and financial analysis to the Senate and the House of Commons.⁴

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

In fiscal year 2019-20, 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 its Annual Report.⁵

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.⁶ 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.

If there are significant changes to the Work Plan, the PBO will provide an updated version to the Speakers of both the Senate and the House of Commons.

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. For example, the Senate Standing Committee on National Finance requested an analysis of the federal infrastructure program, while the House of Commons Standing Committee on Finance requested that the PBO prepare a regular economic and fiscal outlook.⁷

Throughout the year, the PBO usually receives suggestions from parliamentarians about additional matters, which 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 2019-20:

- 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 may also prepare reports on matters of particular significance, relating to the nation's finances or economy, which are listed in the annual Work Plan.⁸ The PBO will identify matters of particular significance, which he believes should be brought to the attention of Parliament.⁹ For the upcoming fiscal year, the PBO will provide the following reports to Parliament based on such matters:

- 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);
- a labour market assessment (1 report);
- an analysis of achieving Canada's 2030 greenhouse gas (GHG) emissions target (1 report);
- a fiscal analysis of the National Housing Strategy (1 report);
- an analysis of active vs. passive pension fund management (1 report); and
- an assessment of Canada's tax gap (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, trade developments, competitiveness, energy sector fluctuations, and the implementation of carbon pricing, may merit assessments of their economic and fiscal impacts in fiscal year 2019-20.

During fiscal year 2019-20, 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.

Welcoming Canada's 43rd Parliament!

Following the 2019 general election, the 43rd Parliament will be formally opened.

The PBO is looking forward to connecting with and supporting new and returning parliamentarians, in carrying out their constitutional roles of overseeing the government's activities and scrutinizing the funding of government operations and the spending of public monies.

We will remain available to provide briefings to parliamentarians, on topics within the mandate.

For more information, please contact: pbo-dpb@parl.gc.ca

Prioritization of requests from members and committees

The PBO will prioritize requests from committees and members of the Senate and the House of Commons, which are likely to be relevant to a significant number of parliamentarians; ones that are economically or fiscally material; and those 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 those 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.¹⁰ 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. The PBO prepares estimates of the financial cost of election campaign proposals

Under the *Parliament of Canada Act*, for the 120-day period before 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, which the party or independent member is considering making. Once Parliament is dissolved for the general election, the PBO must discontinue work on all requests by committees and members.¹¹

The next general election is scheduled for October 21, 2019. For the first time in Canadian history, recognized parties and independent members of the House of Commons will be able to ask the PBO to provide a financial cost estimate of any election campaign proposal they are considering. Unless the Governor General dissolves Parliament earlier than June 23, 2019, the PBO will be open to receiving requests from political parties and independent members and preparing estimates on that date.

Due to the timing of the election and the significant efforts required to build in-house analytical capacity, develop economic and financial models, construct databases and establish data access agreements with government departments, most of the PBO's analytical resources, from late Spring until the Fall, will be dedicated to delivering on this new mandate. Preparations are well under way, analytical models have been developed and tested, and new analysts have been hired, to position the PBO for costing election campaign proposals.

The PBO intends to manage all election proposal costing requests equitably and securely. Following stakeholder consultations, the PBO published "Estimating the financial cost of election campaign proposals: a framework," which describes how the PBO will operate during the 2019 general election.

In the Spring 2019, the PBO will release an Economic and Fiscal Baseline. This report will provide the economic and fiscal projections that will be used to prepare the financial cost estimates of election campaign proposals. The report will also contain cost estimates of Budget 2019 proposals that parties may use to augment the baseline fiscal outlook.

The PBO is well positioned to provide the best cost estimates possible, which will allow Canadians to benefit from unbiased, non-partisan information, as they prepare to vote in the general election in October 2019.

Following the election, the PBO will undertake a review and seek feedback from participating parties. The PBO will also publish a post-election report.

Notes

1. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.13(1), (3).
2. *Ibid*, s 79.13(1).
3. *Ibid*, s 79.01.
4. *Ibid*, s 79.2.
5. *Ibid*, ss 79.13, 79.22.
6. *Ibid*, s 79.4(1).
7. House of Commons, Standing Committee on Finance, Evidence, No 1, February 4, 2016 at 3.
8. *Ibid*, s 79.2(1)(b).
9. *Ibid*, s 79.13(1)(b).
10. *Ibid*, s 79.12.
11. *Ibid*, s 79.2(5).