

## Operational Plan December 2008

This document provides background information on Office of the Parliamentary Budget Officer (PBO), states its operating principles and goals for the first two years of operations, and describes the plan and resource allocation to achieve these goals.

### 1. Context

A number of developments have forged a consensus for increased scrutiny, transparency and accountability for financial planning and operations in both the private and public sectors. These issues include: a series of large unplanned budgetary surpluses for the Canadian federal government, accounting scandals in international financial markets, a number of high-profile cost over-runs on major government capital projects, and the heightened expectation of Canadians for fiscal and economic transparency.

There is a core client (i.e. parliamentarians) problem that the PBO will strive to address: Parliament's appropriations-based view of the budgetary system is limited and not well linked to the government's budgetary decision-making process. Parliamentarians have a constitutionally-based fiduciary obligation to scrutinize the planned expenditures of the government. Legislatures, in general, also have an important role to play in the budgetary process. The PBO was created specifically to support Parliament and parliamentarians in these important roles. (See Annex A for details.)

In December 2006, the *Federal Accountability Act* created the PBO by amendments to the *Parliament of Canada Act* (Sections 79.1-79.5). In March 2008, Mr. Kevin Page was appointed as Canada's first Parliamentary Budget Officer. The PBO recently concluded an initial stakeholder consultation process and is now in its early stages of operations.<sup>1</sup>

**Accountability:** As read into the record in the Senate by Senator Donald Oliver, the Parliamentary Budget Officer is, "an independent Officer of the Library of Parliament who reports to the Speakers of both chambers." On March 14, 2008, the Leader of the Government in the House also clearly stated in a press release that the PBO reports to the Speakers of both chambers and presents its finding to the Committees named in the *Parliament of Canada Act* and Canadians.

A letter dated October 28, 2008 to the Parliamentary Librarian from the Speaker of the Senate and the Speaker of the House from the previous Parliament, has raised issues with the aforementioned interpretation of accountability, and possibly the operating model. These issues need to be resolved in consultation with parliamentarians and a decision made by the latter as to whether or not the mandate of the PBO can be best fulfilled through a model that is not open, transparent and independent.

<sup>1</sup> In the summer of 2008, the PBO consulted with Senators, Members of Parliament, Parliamentary committees, retired and current senior bureaucrats, think tanks, academics and peer organizations in other jurisdictions. During this process member of the PBO appeared as witnesses before the Senate National Finance Committee, the Standing

## **2. The PBO's Mandate and Mission Statement**

### **Mandate:**

The PBO's legislated mandate is to provide the House of Commons and Senate with independent and objective analysis regarding the nation's finances, government estimates and economic trends. The PBO will undertake research at the request of the Committees described in the *Parliament of Canada Act*<sup>2</sup> and provide estimates of financial costing to Parliament.

### **Mission Statement:**

The PBO will support Parliament in exercising its oversight role in the government's stewardship of public funds by ensuring budget transparency and promoting informed public dialogue with an aim to implement sound economic and fiscal policies in Canada.

## **3. Operating Model**

The PBO's basic operating model, described below, was developed through extensive stakeholder consultations. This section includes the guiding principles for its operations, the mechanism by which it acquires information, and its relation to other research services provided by the Library of Parliament (LOP) and the Office of the Auditor General (OAG).

### **Operating Principles**

*Independence:* The PBO's advice will be independent, objective and non-partisan.

*Open and Transparent Publishing Model:* The PBO's analysis will be openly reported to committees and parliamentarians and will be freely-accessible to all on its public website: [www.parl.gc.ca/pbo-dpb](http://www.parl.gc.ca/pbo-dpb).

*Collaboration and Partnering:* The PBO will work with academics, think tanks, consulting firms and external experts to provide authoritative analysis. Peer review will be used when appropriate to ensure the quality and credibility of the analysis.

*Setting Priorities Based on Materiality and Contribution Potential:* The PBO will establish an independent research plan, while simultaneously responding to incoming requests from parliamentarians and committees.

Priorities will be set using two core principles: materiality and contribution potential, which are defined as follows:

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Committee on Public Accounts, the Standing Committee on Government Operations and Estimates, and the Joint Committee of the Library of Parliament. More details on the results of this consultation process are available at: [http://www2.parl.gc.ca/Sites/PBO-DPB/documents/PBO\\_Stakeholder\\_Consultations.pdf](http://www2.parl.gc.ca/Sites/PBO-DPB/documents/PBO_Stakeholder_Consultations.pdf).

<sup>2</sup> The House and Senate Finance Committees, the Public Accounts Committee and by extension, the Operations and Estimates Committee.

1) **Materiality:** A project or request is material if it can reasonably be expected to have a substantive impact on the government's finances, estimates or the Canadian economy.<sup>3</sup>

2) **Contribution Potential:** A project or request has the potential to increase budget transparency and/or promote informed Parliamentary and public dialogue towards implementing sound budget policy and financial management if it can:<sup>4</sup>

- i) Strengthen fiscal discipline; and/or
- ii) Better allocate the government's resources to priorities; and/or
- iii) Increase operational efficiency.

These criteria form the basis of the PBO's results framework and are discussed further in Section 6, Broader Objectives.

Of these two concepts, materiality is the PBO's primary over-riding principle for setting priorities. Once the materiality of a project or request is established, an assessment will be made as to whether the PBO's analysis can potentially contribute to promoting sound budget policy and practices.

For incoming requests that are deemed to be material and where the potential exists to contribute to sound policy, priority is given to those supported by a consensus of Committee members, followed next by individual requests from Members of Parliament.

Further guidance for the research plan and key policy priorities will be sought from an advisory panel to the PBO.

## Access to Information

The PBO has developed and proposed an Information Protocol, which has been submitted to the Privy Council Office for discussion. This process relies on the legislated provisions of the *Parliament of Canada Act* to provide the PBO with free and timely access to information from departments and agencies, while simultaneously providing them with clarity, predictability and transparency for all PBO information requests. See the Annex B for more details.

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<sup>3</sup> For government estimates, the current amount of program spending of roughly \$200 Billion annually, while the Canadian economy produces roughly \$1.5 trillion dollars annually. The materiality issue is whether a project or request is consequential, relative to these totals. For comparison, the Treasury Board Secretariat uses CICA handbook quantitative and qualitative guidelines for materiality. Broadly speaking, materiality requires at least 0.5-2 percent of total expenses, which translates to a minimum in the range of \$1-4 Billion dollars but qualitative considerations may make the materiality threshold closer to the \$500M range ([http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/accstd/mat-imp1\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/accstd/mat-imp1_e.asp)).

<sup>4</sup> During the consultation process, parliamentarians indicated on many occasions that in order to fully exercise their oversight role they require an increased level of understanding of both the budget and estimates process, which they found to be largely opaque.

## Relation to Services Provided by the LOP and the OAG

The PBO and the Parliamentary Information and Research Service (PIRS) of the LOP will provide distinct, but complementary services to support Parliament.

- PIRS will continue to provide its valued and essential research and analytical support through responses to individual MP requests on a confidential basis, working with committees to draft reports and conducting occasional research projects.
- The PBO will provide independent economic, fiscal and financial analysis to Parliament and parliamentarians. PBO will also provide these types of reports to relevant committees upon request. It will use an open web publishing model to make all of its products available to parliamentarians and Canadians, using peer review where appropriate. It will use its information protocol to ensure its analysis is supported by reliable and adequate data provided by federal departments and agencies.
- The PBO's estimates and resource provisions are presented in conjunction with the LOP.

As with PIRS, the Office of the Auditor General and PBO work in a complimentary but distinct fashion:

- The OAG takes a retrospective view of the Public Accounts and plays an assurance role. This is distinct from the PBO's work, which will be largely prospective in nature and in a decision support role for Parliament.

## 4. Internal Organization

The PBO is organized into two divisions: *Economic and Fiscal Analysis*; and *Expenditure and Revenue Analysis*. Each division is led by an Assistant Parliamentary Budget Officer. Both divisions support the PBO's role to inform parliamentarians and improve budget transparency. Figure 2 provides the organization chart.

The Economic and Fiscal Analysis Division provides economic and fiscal analysis, outlook and risk assessments. This analysis relies heavily on the use of econometric and statistical models and includes broader research on macroeconomic and fiscal policy.

The Expenditure and Revenue Analysis Division analyzes program costs and estimates, assesses budgetary systems and provides cost estimates on Parliamentary proposals. This work often involves financial analysis and 'due-diligence',<sup>5</sup> assessing business cases and developing cost methodologies.

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<sup>5</sup> Due diligence involves analyzing and validating the economic, financial, commercial, operational and strategic assumptions being made. It serves to confirm all material facts prior to decision making and leverages the experience of the person conducting the assessment and relevant supporting documents such as financial statements, business plans and projections etc...to form a view of the future.

## **5. Products and Services**

There are three basic types of PBO products and services: committee requests, regular products, and independent research.

*Committees:* Upon request by the committees noted above and parliamentarians, the PBO will undertake both brief and in-depth analysis on key policy issues.

*Regular:* There are three basic formats for regular analytical products:

1. Fact sheets: Short background summaries, up to 2 pages.
2. Briefing notes: Somewhat more detailed analysis, up to 5 pages.
3. Independent, in-depth economic and financial analysis reports and research working papers: these may include technical analysis, may involve external experts and will typically use peer review for external validation to ensure the rigour of the methodology and results.

The Economic and Fiscal Analysis division will publish: regular economic and fiscal updates each quarter, as well as longer foundation reports on key issues such as pre-and post-budget assessments of the evolving economic and fiscal situation.

The Expenditure and Revenue Analysis division will produce regular analysis on Parliamentary appropriations and reporting, and government budgetary decision-making. There will also be broader foundation reports on best practices, budget transparency, expenditure management, financial reporting and government operations.

### *Independent Research:*

The PBO plans to contribute substantively to the debate around economic, fiscal and budgetary issues in the coming years. It will provide independent, non-partisan advice to parliamentarians on issues at the centre of parliamentary debate through rigorous analysis that will provide insight and also address concerns on the part of parliamentarians regarding transparency in the budgeting process. Box 1 lists some topics under consideration.

In order to provide both a clear and complete picture, the PBO must have, as articulated in the *Federal Accountability Act*, the ability to provide independent analysis to parliamentarians about the state of the nation's finances, the estimates of the government and trends in the national economy. Moreover, this whole picture must encompass financial analysis of programs, existing and proposed, which may have a material impact on the nation's finances. This interpretation is required for the parliamentarians to have the information they require to make informed decisions and discharge their fiduciary fiscal oversight role.

### ***Box 1: Potential Topics for PBO's Independent Research***

#### ***Best practices in economic and fiscal forecasting***

- Analyzing Canada in an international context for forecasting performance.
- Developing advanced, alternative fiscal forecasting models and techniques (such as fan chart forecasts).
- Assessing Canada's fiscal policy targets and international comparisons.
- Studying the role and performance of different legislative budget offices.

#### ***Economic and fiscal analysis and risk assessment***

- Understanding economic and fiscal sensitivities to changes in commodity prices and the value of the Canadian dollar.
- Studying personal and regional income disparities and implications for tax revenue and Equalization payments.
- Assessing the stance of fiscal policy in Canada (e.g. stimulative, neutral or contractionary) and analyzing cyclically-adjusted budget balances.
- Understanding changes in key revenue elasticities (e.g. personal income tax).

#### ***Economic Performance and Productivity***

- Economic policies and growth: international case studies.
- Comparing tax compositions: broad-based vs. targeted tax measures.
- Economic impacts of infrastructure spending.
- Aging population and demographics implications for economic growth, government revenue collection and spending obligations.

#### ***Environment and the Economy***

- International economic experience with efforts to reduce greenhouse gas emissions, such as comparing cap-and-trade versus carbon tax systems.

#### ***Government Budgeting Practices***

- Providing an international perspective on the Expenditure Management System.
- Analyzing budget practices and standards.
- Reporting procurement best practices.
- Studying trends in Public Service compensation.
- Evaluating year-end spending and budgetary lapses.

## 6. Measuring Results

This section describes the results framework including performance indicators and broader objectives to measure success, and also defines the accountability framework.

### **Results Framework**

Figure 3 of the Appendix presents the results framework. This diagram links the starting points to the inputs and priority-setting, to outputs, to outcomes, and finally to accountability. The first four sections are described above; this section focuses on the outcomes and accountability aspects.

The PBO has two types of outcome performance measures: broader objectives and performance indicators.

**Broader Objectives:** The PBO's objectives draw on the best practices on public sector expenditure management developed by Professor Allen Schick of the University of Maryland, formerly with the Congressional Research Service and the Brookings Institute.

*Aggregate Fiscal Discipline:* For example, do the government's economic and fiscal projections appropriately take into account the existing risks and do they fall within a reasonable range? Does the government take appropriate account of long-term economic, demographic and social trends in its planning?

*Allocative Efficiency:* For example, are the government's expenditures appropriately linked to stated policy priorities and results? Is new expenditure mindful of existing programs and performance?

*Operational Efficiency:* For example, are the government's expenditures and execution based on sound business cases that reflect due diligence, effectiveness and efficiency relative to best practices, Treasury Board policies and the government's own assertions?

**Performance Indicators:** Based on guidelines developed by the OECD,<sup>6</sup> the PBO will use the following three main performance indicators with an aim to implement sound budgetary, fiscal and economic policies:

- 1) Promote improved public and parliamentary understanding and dialogue;
- 2) Improved budget transparency and understanding;
- 3) Improved budget practices.

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<sup>6</sup> Report on Budget Best Practices, OECD (2001)

## **7. Resource Allocation**

The *Federal Accountability Act* gives the PBO a broad mandate to provide analysis of complex economic and fiscal issues to parliamentarians. However, PBO's principal challenge in fulfilling its mandate is that of allocating limited resources (\$1.8M in FY2008-09 and \$2.8M in 2009-10). Specifically, with a large number of economic and fiscal issues requiring analysis and an increasing backlog of cost analysis projects, PBO is looking at three immediate issues:

- I. A priority setting mechanism for incoming requests;
- II. Recruiting and retaining highly qualified human resources; and
- III. Maintaining enough financial resources to leverage external expertise when issues fall well beyond its level of expertise.

In the first case, the *Parliament of Canada Act* sets out that any one of a number of committees may request the PBO to undertake analytical work.<sup>7</sup> Moreover, individual Senators and MPs may also request analytical work to be undertaken.<sup>8</sup> Requests will necessarily be triaged as demand for services grows. Analytical reports may be subject to delay depending on work backlog, size of projects underway and available resources to deal with those demands.

Second, the PBO is mandated to "provide independent analysis"<sup>9</sup> which requires that it stand alone from government departments and, at times, the staff of the LOP. Specifically, whereas the LOP staff are tasked with writing reports *for* Committees, the PBO's operating model is to write reports *to* committees based on an open and transparent operating model. While it will work with departments around issues such as data collection and may provide draft copies of reports to departments for fact verification where warranted, the analysis will be done exclusively within the PBO, save for specific cases where external expertise is demanded. In this way, the PBO's mandate, to provide independent, open and transparent advice to parliamentarians can be ensured.

The specificity of the financial and economic analysis the PBO undertakes dictates that PBO staff must hold advanced degrees (MA, MSc, MBA or PhD) and designations (CA, CGA, CFA) in economics, econometrics, accounting, finance, and financial analysis with relevant experience either in the public or private sectors, or both. This requisite knowledge and experience will ensure the reports provided to parliamentarians and the public, are clear, conclusive and useful, as they will have an impact on how parliamentarians view the nation's finances and decide on major expenditures.

Over time, the PBO will need to grow to its minimum steady-state capacity of 17 to 20 people, double the current size, with support from graduate level university students on a part-time basis. These base numbers are driven by the core mandate of the PBO to undertake independent research into the nation's finances and economy; the estimates of the government (i.e. planned expenditures); and to estimate the financial cost of any proposal that relates to a matter over which Parliament has jurisdiction.

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<sup>7</sup> *Parliament of Canada Act*, Section 79.2 (a)-(d)

<sup>8</sup> *Parliament of Canada Act*, Section 79.2 (d)

<sup>9</sup> *Parliament of Canada Act*, Section 79.2



Third, as set out in the *Parliament of Canada Act*,<sup>10</sup> the PBO may engage technical experts. Given the relatively small nature of the organization at its expected steady state, this will necessarily demand, from time to time, that external consultants be brought in when third-party expertise is the best logical solution to providing advice in specific circumstances. This will also allow for third-party expert vetting of PBO's work so that parliamentarians and Canadians are assured of the quality of PBO's analysis.

## **Financial Resource Pressures**

Going forward, PBO faces two financial resource pressures. First, once the PBO is fully operational, consistent with its open and transparent publishing model further information technology and communications resources will be required to ensure reports provided to parliamentarians and committees are easily accessible by all stakeholders including Canadians.

Second, given the broad range of issues on which the PBO's views will be sought and its relatively small operational size, some requests will require leveraging outside expertise from consulting services and partnerships with academics and think tanks in areas such as actuarial sciences, economic modeling, and environmental policy. Without the use of such resources, some reports would face significant delays to completion and numerous projects would not benefit from the authoritative expert policy advice made available by partnering with external sources. The costs of third-party resourcing would range from paying for consulting services, to covering costs to meet with experts across Canada and outside of Canada. Of note, this category of expenditure was unanticipated as the LOP model of service provision does not generally include the use of outside consultants save for exceptional circumstances and in those cases the associated costs are covered directly by the committee seeking advice.

In the area of ongoing training and conference participation, one of the key aspects of the PBO is the level of expertise each staff member brings to the organization. To maintain expertise in developing areas of economic and financial analysis and public policy consulting, staff will require support for conference participation and attendance as well as academic courses.

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<sup>10</sup> *Parliament of Canada Act* 79.5 (2)

**Table 1: PBO Budget**

	2008-09	2009-10
<b>Budget Allocation</b>	<b>1,851,000</b>	<b>2,800,000</b>
<b>Total Expenses</b>	<b>1,851,000</b>	<b>2,800,000</b>
Salary	1,044,000	2,001,000
Employee Benefits Package	167,400	350,175
<b>Non-salary (includes:)</b>	<b>639,600</b>	<b>448,825</b>
Software	50,000	25,000
Travel	50,000	50,000
Telecommunications	20,000	15,000
Printing Services	10,000	5,000
Training, Seminars, Conference Fees*	30,000	40,000
Informatics Services	75,000	50,000
Other Professional Services*	269,600	243,325
Informatics Equipment and Parts	50,000	0
Office and Other Related Costs	16,000	0
Other Services	46,000	0
Hospitality	6,000	7,500
Office Supplies	10,000	12,000
Various	6,000	0
Books	1,000	1,000
<b>Operating Budget Balance</b>	<b>0</b>	<b>0</b>

\* Due to higher-than-anticipated Employee Benefits Plan costs, the annual budget allocations for these items are scheduled to decrease in 2009-10.

## **8. Action Plan and Timetable**

The PBO must have a clear focus to deliver results in the early stages of its operations. This section describes a timeline for the near-term operational priorities.

In 2008-09, the focus is on three goals:

- 1) Clearly establishing the PBO's operations (including: the operating model; information protocol; website; research agenda; and fiscal modeling).
- 2) Building internal capacity by running competitions to hire additional management and analysts of distinction and dedication.
- 3) Releasing initial products including:
  - Updated economic and fiscal outlook prior to the next Economic and Fiscal Update and Federal Budget;
  - Estimating the fiscal costs of the Afghanistan Mission;
  - Examining the funding model for Indian and Northern Affairs Canada with a focus on capital spending on schools;

By the end of 2009-10, the PBO plans to:

- Strengthen its operations and operating model;
- Develop and publish its research plan;
- Create an authoritative advisory panel;
- Build its external capacity by partnering with external experts on research papers and hosting a research conference.

**Drafted by:** Roger Soler and Stephen Tapp, with input from the PBO team.

## Annex A: Parliament's Appropriations-Based View of the Budgetary System Versus the Government's Budgetary Decision-Making Process

There are three key reasons why Parliament's appropriations-based view of the budgetary system is limited and not well linked to the government's budgetary decision-making process:

1. While the government's *economic forecasting* process has become more transparent, the link between the economy and the fiscal framework, via revenue (i.e. *fiscal forecasting*), is much less so.
2. The government's budgetary decisions are made through the lens of policies and issues and on an *accrual accounting* basis. However, reporting to Parliament, through estimates/appropriations, is on an aggregated departmental basis and based on *cash accounting*. This creates significant fiscal transparency problems.
3. The various processes that make up the government's budgetary system are not visible to parliamentarians while the links of these processes to estimates/appropriations are either poor or not obvious.

While Parliament and parliamentarians' view of the budgetary process is opaque (see Fig. 1), their fiduciary obligations based on the Constitution, convention and best practices are much clearer. Leading organizations such as the OECD, IMF, the Brookings Institution and the International Budget Project provide guidance to legislatures regarding budgetary best practices to hold the government to account. In addition, parliamentarians seek and require effective decision support and due diligence for the purposes of informed voting; a fundamental problem noted by parliamentarians in our consultations.

The goal of the PBO is to render budgets more transparent for parliamentarians. This means providing parliamentarians with access to financial and economic analysis in a relevant, timely and systematic manner and in an analyzable format.

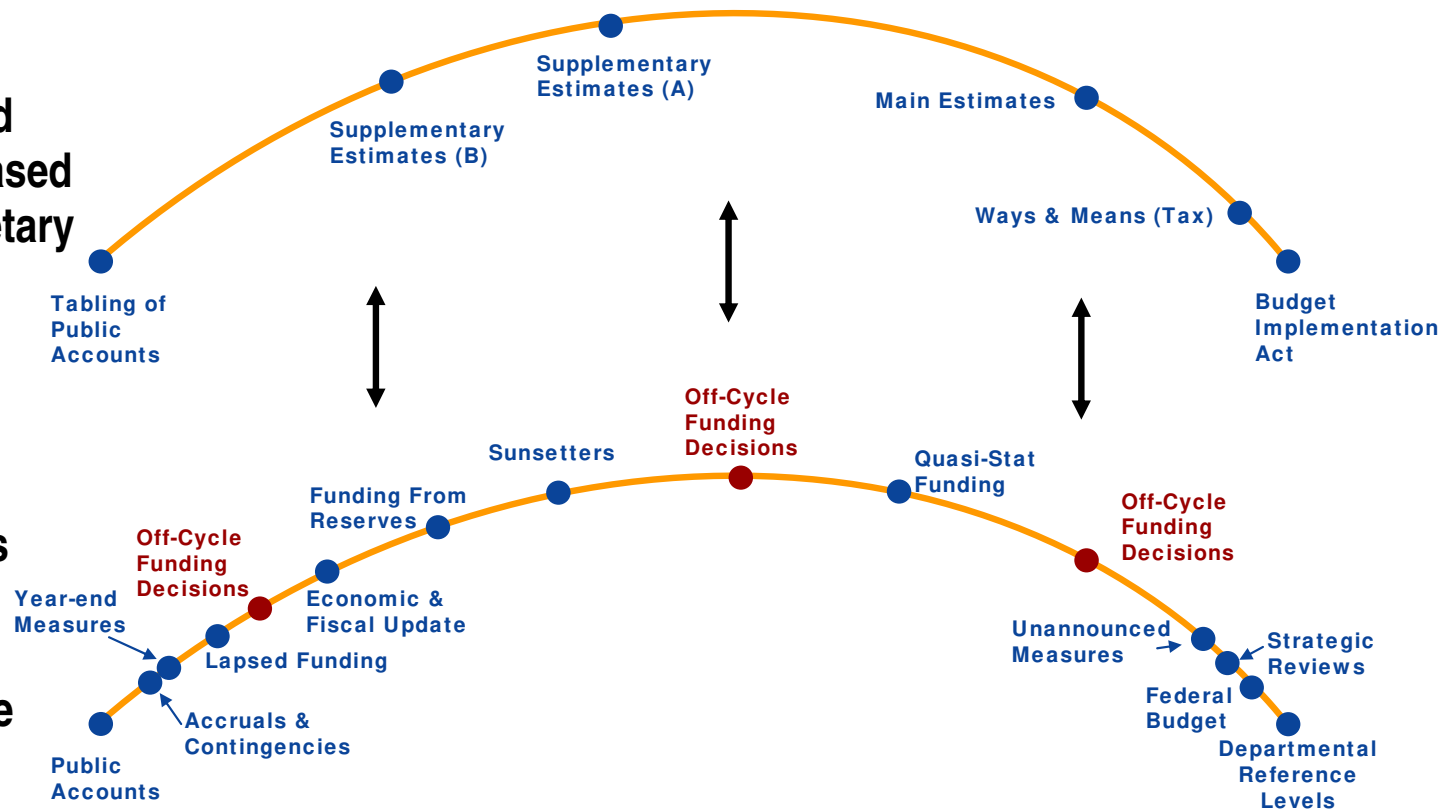
### Budgetary Best Practices for Legislatures

- 1) Parliament needs reasonable assurance that due diligence has been exercised in spending proposals in the budget and estimates
- 2) Parliament needs timely information in an analyzable format
- 3) The parliamentary appropriations process needs to reflect actual financial estimates
- 4) Supporting due diligence and analysis on off-cycle fiscal pressures
- 5) Parliament needs information on the sources of funds of departmental expenditures.
- 6) Parliament needs timely and accurate information on how departmental expenditures comply with Treasury Board authorities and policies.
- 7) To ensure informed voting on appropriations, Parliament needs to assess the reasonableness of departmental asks.
- 8) The impact of any other government decisions or other circumstances that may have a material effect on the budget should be disclosed

Figure 1:

**Parliament has a  
sometimes limited  
appropriations-based  
view of the budgetary  
system**

**The government's  
actual budgetary  
decision-making  
process has some  
disconnects from  
Parliament's view**



\* Please read the graphic from right to left

## **Annex B: PBO Information Protocol with Departments**

### **Purpose**

The right of Parliament to control public money is set out in Canada's Constitution; indeed no tax can be imposed or money spent without the assent of Parliament. The position of the Parliamentary Budget Officer (PBO) was created to support Parliament's oversight role of managing public funds through a legislated mandate to provide the Senate and the House of Commons with independent analysis regarding the nation's finances, government's estimates and economic trends (as described in the Parliament of Canada Act, summarized in Appendix B1). To fulfill this mandate, the PBO is entitled to free and timely access to any financial or economic information in the possession of departments required for the performance of his or her mandate.

The purpose of the information protocol is to outline a clear and principled approach that will ensure government-wide consistency, efficiency and transparency, in dealing with information requests made by the PBO to departments. An effective information protocol will provide the foundation for long-term relationships between the PBO and departments. This will be achieved by providing the PBO with the information it requires, in a timely fashion, to fulfill its mandate, while concurrently minimizing the compliance burden on departments by making requests as clear and predictable as possible.

### **Principles and Guidelines**

#### *1. Transparency*

As stated in the legislation, PBO information requests will be submitted to the deputy head of a department, or their respective designates. Annex B2 provides an example to illustrate the characteristics of a typical information request.

A typical request will describe the information sought, the PBO's rationale for the request and its relation to the PBO's mandate. The request will identify the PBO contact person, provide a timeline for a response, and serve as a record-keeping device.

Some requests will be recurrent and routine, such as those which arise at a monthly, quarterly or annual frequency tied to the release of economic data or the budget and estimates cycle. In these cases, the PBO will strive to increase predictability for departments by provisionally providing the next expected delivery date for the information.

For departments receiving PBO information requests, they should acknowledge to the PBO receipt of the request.<sup>11</sup> The PBO's operating model is to present its findings in an open and transparent

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<sup>11</sup> The Privy Council Office (PCO) requests that departments record the following information:

- PBO request number;
- PBO contact person;
- Department source providing information;
- Time taken to provide information access;

manner. Accordingly, the PBO will release its reports and the analysis therein, through submission or testimony to a parliamentary committee and/or by publication on its website. The PBO will also publish its work plan and associated information requests made to departments on its website.

## *2. Scope*

The PBO may request any economic or financial information required to perform its mandate. There are three exceptions to this right to information. The first exception is personal information, which is restricted under Section 19 of the Access to Information Act. The second exception is for other information subject to confidentiality under other statutes list in Schedule II of that Act (Section 79.3 (2)(a) of the Parliament of Canada Act). The third exception is information deemed to be a cabinet confidence, as described in subsection 69(1) of the Access to Information Act (Section 79.3 (2)(b) of the Parliament of Canada Act). However, information is not a cabinet confidence and therefore must be made available to the PBO if the information is also contained in any other record within the meaning of Section 3 of the Access to Information Act.

## *3. Timing*

Information requests are categorized as: Urgent, Normal, or Low priority. The request specifies the timeline for a department's response, which may depend on the size of the request and the department's available resources. As a reasonable guideline, an Urgent request linked to the budget or estimates cycle, for example, may require a response within 24 to 48 hours; a Normal request for easily accessible information might allow five working days; and a Low priority request may require a response within 30 calendar days.

If a department determines that it will be unable to accommodate the PBO's information request, it should inform the PBO and PCO-LSMP of this decision as soon as possible, but not later than the delivery date specified in the original information request. The department's notification will specify in writing its rationale for denying access to the information, and will suggest a feasible alternative or subset of the information that can be reasonably provided instead to the PBO by the information delivery date.

## *4. Cost*

As specified in the legislation, information is to be provided to the PBO at no cost. Similarly, departments are not expected to incur material pecuniary costs to collect or deliver the information.

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- Reasons for delay (if any);
  - Actions taken to mitigate delay.

In addition, to ensure government-wide consistency, PCO requests that departments inform PCO, Liaison Secretariat for Macroeconomic Policy (LSMP) in writing once they receive a PBO request. Likewise, departments are requested to provide PCO with an update on the status of PBO requests. In the event of complex cases, PCO may play a coordinating role in preparing the response, and in certain cases, PCO may request to review information before it is released to the PBO.

<sup>11</sup> By way of comparison, the Auditor General's guideline is that easily accessible information should normally be provided within five working days of the request. See the *Access to entity information by the Office of the Auditor General*, available on-line at: [http://www.oag-bvg.gc.ca/internet/English/meth\\_gde\\_e\\_30864.html](http://www.oag-bvg.gc.ca/internet/English/meth_gde_e_30864.html)

### *5. PBO Recourse to Denial of Information*

If the PBO is denied access to the requested information — or alternatively, when there is an unreasonable delay in providing the requested information, which effectively amounts to a denial of access — as is the convention with the Auditor General, the PBO will report the matter to Parliament.

For cases when access to information is denied because the department deems it to be a cabinet confidence, the PBO may request that the Clerk of the Privy Council certify this position in writing.

In cases of deadlock and as a last resort, the PBO reserves the right to seek a legal remedy in the Federal Court of Canada.



**Annex B1: Excerpts on the PBO from the *Parliament of Canada Act*, as amended by the 2006 *Federal Accountability Act***

Amendments to the *Parliament of Canada Act* established the Parliamentary Budget Officer.

**79.2** The **mandate of the Parliamentary Budget Officer** is to

(a) **provide independent analysis** to the Senate and to the House of Commons about the state of the **nation's finances, the estimates of the government and trends in the national economy**;

(b) when requested to do so by any of the following committees, **undertake research** for that committee into the **nation's finances and economy**:

(i) the Standing Committee on National Finance of the Senate or, in the event that there is not a Standing Committee on National Finance, the appropriate committee of the Senate,

(ii) the Standing Committee on Finance of the House of Commons or, in the event that there is not a Standing Committee on Finance, the appropriate committee of the House of Commons, or

(iii) the Standing Committee on Public Accounts of the House of Commons or, in the event that there is not a Standing Committee on Public Accounts, the appropriate committee of the House of Commons;

(c) when requested to do so by a committee of the Senate or of the House of Commons, or a committee of both Houses, that is mandated to consider the estimates of the government, undertake research for that committee into those estimates; and

(d) when requested to do so by a member of either House or by a committee of the Senate or of the House of Commons, or a committee of both Houses, estimate the financial cost of any proposal that relates to a matter over which Parliament has jurisdiction.

Access to financial and economic data

**79.3** (1) Except as provided by any other Act of Parliament that expressly refers to this subsection, the **Parliamentary Budget Officer is entitled, by request made to the deputy head of a department** within the meaning of any of paragraphs (a), (a.1) and (d) of the definition "department" in section 2 of the *Financial Administration Act*, or to any other person designated by that deputy head for the purpose of this section, to **free and timely access to any financial or economic data in the possession of the department that are required for the performance of his or her mandate**.

Exception

(2) Subsection (1) does not apply in respect of any financial or economic data

(a) that are information the disclosure of which is **restricted under section 19 of the Access to Information Act** or any provision set out in Schedule II to that Act; or

(b) that are contained in a **confidence of the Queen's Privy Council for Canada** described in subsection 69(1) of that Act, unless the data are also contained in any other record, within the meaning of section 3 of that Act, and are not information referred to in paragraph (a).

#### Confidentiality

79.4 The Parliamentary Budget Officer, and every person acting on behalf or under the direction of the Parliamentary Budget Officer, shall not disclose any financial or economic data that come to their knowledge under section 79.3, unless the disclosure is essential for the performance of his or her mandate and the financial or economic data to which the disclosure relates are not information described in subsection 13(1), section 14 or any of paragraphs 18(a) to (d) or 20(1)(b) to (d) of the Access to Information Act.

#### Powers to contract

79.5 (1) Subject to subsection 74(2) the Parliamentary Budget Officer may, in the performance of his or her mandate, enter into contracts, memoranda of understanding or other arrangements in the name of his or her position.

#### Technical assistance

(2) The Parliamentary Budget Officer may engage on a temporary basis the services of persons having technical or specialized knowledge necessary for the performance of his or her mandate.

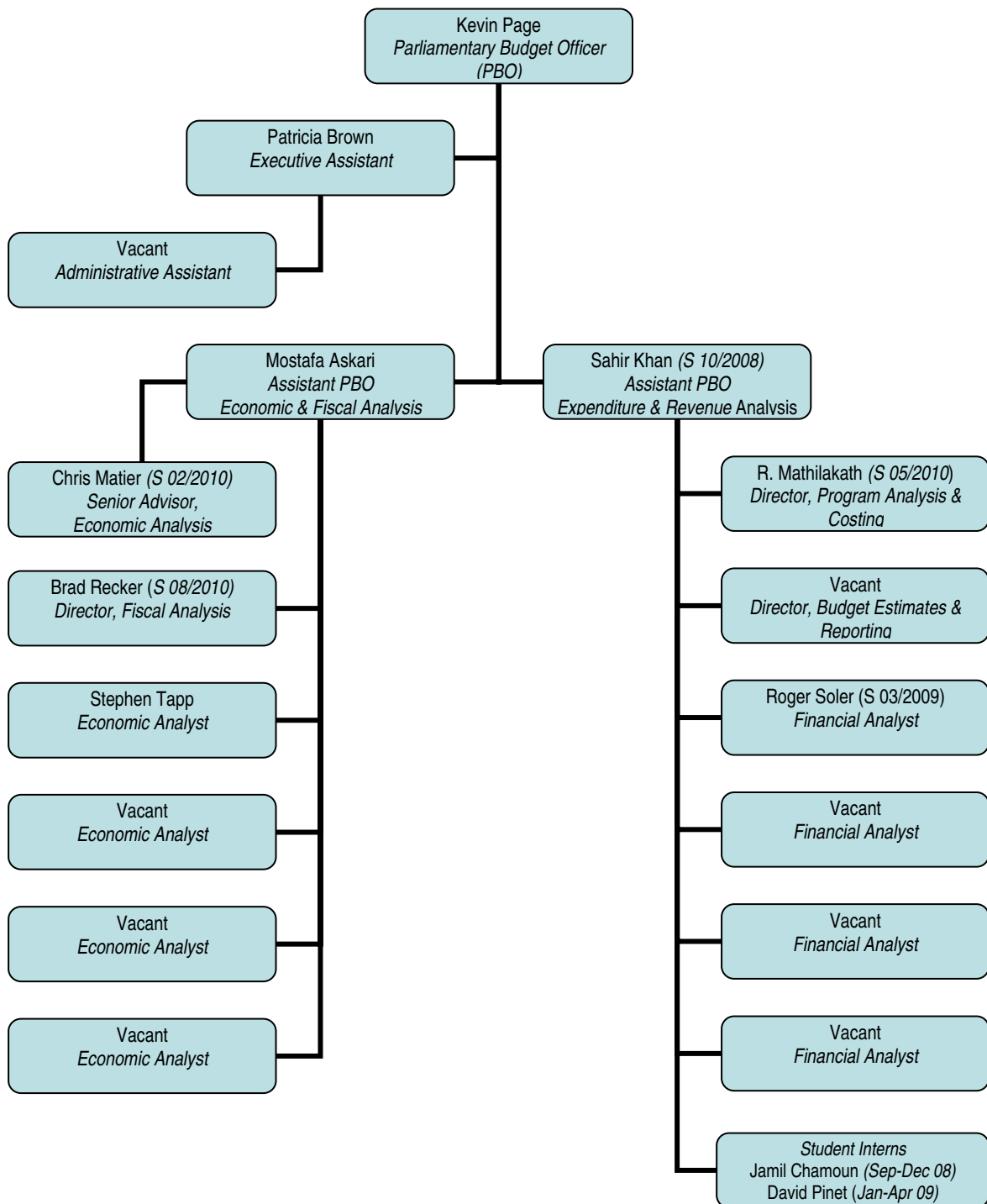
## Annex B2: Example PBO Information Request

1) Request Number:	001
2) PBO Contact Name:	Jane Doe (613-555-1234 or doe.j@parl.gc.ca)
3) Type of Request:	Recurrent (next anticipated delivery May 2009); or Ad Hoc
4) PBO Objective:	A report was requested by the House of Commons Finance Committee to estimate the cost of introducing legislation Y.
5) Relation to Mandate:	Analyze economic trends; and/or government finances; and/or government estimates.
6) Information and Data Requested:	Specific data or information required
7) Priority:	<i>Urgent</i> , or <i>Normal</i> , or <i>Low</i> .
8) Date Request Sent:	December 1, 2008
9) Response Required By:	December 8, 2008

Thank you for your attention to this matter. We appreciate your cooperation. Please let us know if any part of this request requires clarification.

- Section 1: Records the request number.
- Section 2: Identifies the person to contact at the PBO regarding the request.
- Section 3: Specifies the type of request. A request may be either an ad hoc one-off request or it may be expected to be recurrent. In cases of recurrent, routine requests, the PBO will provisionally provide the next expected request date, if a similar request is likely to arise at a monthly, quarterly or annual frequency, for example.
- Section 4: Explains the objective of the PBO's analysis, this may include the nature of the request, for instance, by naming the specific Senate or House of Commons Senate committee involved, or the Parliamentarian making the request.
- Section 5: States how the information relates to its mandate to provide independent analysis of Canada's finances and/or government's estimates and/or economic trends.
- Section 6: Provides as specifically as possible the information and data requested.
- Section 7: Gives the priority of the request which can be either: *Urgent*, *Normal*, or *Low*.
- Section 8: Records the date the request was sent.
- Section 9: Gives a date by which a departmental response is required. An *Urgent* request, for example, may require a response within 24 to 48 hours, a *Normal* request might allow five working days, and a *Low* priority request may require a response within 30 calendar days.

**Figure 2: Office of the Parliamentary Budget Officer- Organization Chart**



**Figure 3: PBO Results Framework and Operating Model**

