


OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER



BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET

Demystifying the Mandate of the PBO

Seeking efficiency in public spending

Luncheon – Heads of Federal Agencies – 15 January 2015

Why do we have a PBO?

Origin

- 2006 *Federal Accountability Act*

Purpose

- To promote transparency and credibility to the government's fiscal forecasting and budgeting.

Ultimate goals

- Promote transparency in budgeting
- Foster trust in government

What features define the PBO?

Independent

- The PBO provides analysis independent of government
- Vague statutory protections

Authoritative

- Expert staff and independent peer review for major files

Non-partisan

- Conduct analysis independent of requestor's political affiliation

The big question: who supervises the PBO?

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74. (1) The direction and control of the Library of Parliament and the officers, clerks and servants connected therewith is vested in the Speaker of the Senate and the Speaker of the House of Commons assisted...by a joint committee...

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79.1(1) There is hereby established the position of Parliamentary Budget Officer, the holder of which is an officer of the Library of Parliament.

Comparison of framework

	Officers of Parliament	Parliamentary Budget Officer	US Congressional Budget Office
Role	Assist Parliament in holding the government accountable Have statutory rights to access information		
Appointment	Multi-partisan consultations or a joint-resolution of both Houses before being appointed by the Governor in Council	Selected by the Governor in Council from list submitted by a committee chaired by the Parliamentary Librarian	Director is appointed by the Speakers of both Houses
Dismissal	Hold office "during good behaviour," meaning they may only be dismissed with cause	Hold office "during pleasure," meaning the PBO may be dismissed without cause	Director removable only by a resolution of one of the Houses
Staff	About 650 (OAG)	15	235

The PBO in practice

Used for Accountability Purposes

- Opposition Senators and Members of Parliament will frequently request analysis of contentious matters, and the resulting public reports are used to hold the government to account.
- However, all parliamentarians have an interest in the PBO's findings.

Small

- Budget of \$2.8 million
- 15 employees

Prolific and open operating model

- More than 200 publications since the beginning of its activities in 2008.
- All PBO publications and data are available to the public.

The PBO in practice: prioritizing projects

- 1) **Materiality:** A project or request is material if can reasonably be expected to have a substantive impact on the government's finances, estimates or the Canadian economy.
- 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:
 - i) Strengthen fiscal discipline; and/or
 - ii) Better allocate the government's resources to priorities; and/or
 - iii) Increase operational efficiency.

Two branches of the PBO's mandate



Reporting on the state of the nation's finances, the government's estimates and trends in the Canadian economy



Estimating the financial cost of any proposal for matters over which Parliament has jurisdiction



Reporting on the state of the nation's finances, the government's estimates and trends in the Canadian economy

Annual Economic and Fiscal Outlook, and occasional updates

Annual Labour Market Assessment

Quarterly review of federal program spending

Analysis of the main and supplementary estimates

Estimating the financial cost of any proposal for matters over which Parliament has jurisdiction

Estimating the financial cost to remediate Canada's contaminated sites
(\$3.9 billion)

Cost of absenteeism in the public service
(\$871 million)

Budget analysis of acquiring Arctic/Offshore Patrol Vessels

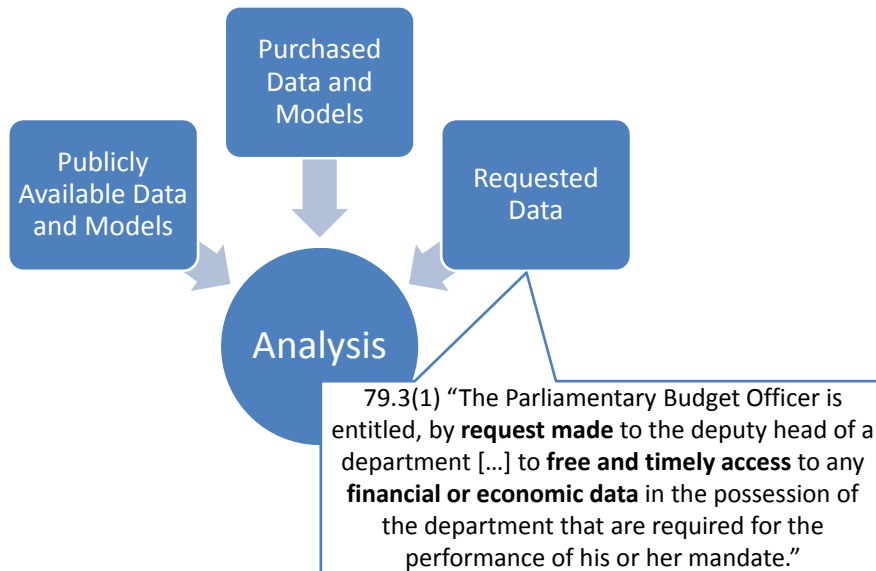
Fiscal impact of the Last Post Fund announced as part of the 2013 Budget

New products and services

Adapted to the needs of parliamentarians

- Podcasts
- Social media
- Integrated Monitoring Database (IMD): The IMD is a research database on the expenditure of public funds approved by Parliament.
- Tax Tool - per person: calculates the effect of changes to the tax structure.
- Ready Reckoner: tool that allows parliamentarians and the general public to estimate the revenue impact of changes to the federal tax system.

Sources of information



Scope of entitlement to data

Financial or economic

- Financial refers to facts or information in dollar terms. Economic may be broader, including all factors of production.

Data

- Data includes the microdata and associated documentation on the source and organization of the dataset, as well as other related facts and information.

In the possession of the department

- The PBO can only compel the release of data, not the collection of data.

Required for the performance of the PBO's mandate

Exceptions to entitlement to data

Express overrides

- The PBO's entitlement is declared paramount: it is entitled to information "except as provided by any other Act of Parliament that expressly refers to this subsection."

Personal information

- Defined in s. 19 of the *Access to Information Act*.

Cabinet Confidences

- Defined in s. 69 of the *Access to Information Act* (to address the concern that positions held by members of Cabinet could cause them harm).

Challenges in accessing data(1)

Allegations of exceeding mandate

- In 2012, two ministers of the Crown asserted that the PBO's mandate did not extend to evaluating the asserted cost savings from cuts outlined in the budget.
- However, this was plainly within the PBO's mandate to provide analysis of the state of the nation's finances and the estimates of government.
 - "analysis" means a report resulting from examination of data.
 - "the state of the nation's finances" includes all matters affecting the government's financial position.
 - "the estimates of the government" includes how the government plans to spend.
- **And then came Justice Harrington's opinion.**

Challenges in accessing data(2)

Failure to provide requested information

- Overall, the government provided responses to the information requests in a manner that was...shall we say... “satisfactory”: the response rate was 55% for 2013-2014.
- In 2012 and 2013, most refusals were in response to requests regarding budget analysis (budget constraints - cuts).
- Refusals undermine the PBO’s oversight; they raise doubt that claimed costs are either.
 - not sufficiently supported by data (transparency); or
 - contradicted by that data.
- The refusals consequently undermine the value of the PBO
 - as a general deterrent to making unsupported claims; and
 - as a means of promoting trust in government.

Challenges in accessing data: excuses are increasingly creative

Refusal to provide requested information

- Of the 34 requests made under the *Access to information Act*...only one was considered completely satisfactory.
- Refusals: not in the requested format; amalgamation with another department; extension needed; \$\$ fees charged.
- Some departments have their own, stricter, interpretation of some elements of the *Parliament of Canada Act*.

Strategic Priorities

Looking forward

- Expand current service by adding new, high quality products tailored to the needs of parliamentarians.
- Expand PBO's information sharing through social media.
- Support ongoing professional development in line with operational requirements and the execution of the PBO's legislative mandate.
- Defend and clarify the legislative right required to carry out the PBO's mandate...by developing MOUs, protocols, **or by any other means deemed appropriate.**
- Produce an annual report on activities.

Conclusion

- The Parliamentary Budget Officer provides **independent, authoritative, and non-partisan** financial analysis to Parliament.
- It provides economic forecasting and, upon request, will estimate the financial cost of any proposal for matters over which Parliament has jurisdiction.
- The PBO supports parliamentarians in holding the government to account in relation to fiscal forecasting and budgeting, **with a view to using public funds more efficiently.**
- The PBO reaches Canadians on behalf of parliamentarians, and its reports can indirectly generate an informative public debate.