



OFFICE OF THE  
PARLIAMENTARY BUDGET OFFICER



BUREAU DU  
DIRECTEUR PARLEMENTAIRE DU BUDGET

## **First Quarterly Update of a Monitoring and Oversight Framework for Measures Contained in the Economic Action Plan**

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Ottawa, Canada  
March 25, 2009  
[www.parl.gc.ca/pbo-dpb](http://www.parl.gc.ca/pbo-dpb)

The *Federal Accountability Act* mandates the Parliamentary Budget Officer (PBO) to provide independent analysis to the Senate and House of Commons on the state of the nation's finances, the government estimates and trends in the national economy.

**Key Points of this Note:**

- A key requirement for Parliamentary approval of Budget 2009 was that quarterly progress reports be provided to Parliament.
- This increased scrutiny of fiscal stimulus measures presents a unique opportunity to improve budgetary reporting and oversight practices for Parliament.
- This note provides an overview of the information content contained in the Government of Canada's (Government) first Quarterly Report to Parliament. The monitoring spreadsheet presented in the PBO's report of February 2009 has been updated to reflect the additional data.
- The PBO will continue to update the spreadsheet using the content of subsequent reports.

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## **I. Background**

The Parliamentary Budget Officer (PBO) released a discussion on February 26, 2009 that suggested information to be included in the Government of Canada's (Government) Quarterly Reports to Parliament on Budget Implementation.<sup>1</sup> In that paper, the PBO recommended that Parliament establish a provisional reporting framework prior to the release of the Government's reports to ensure the appropriate information is being collected up-front — on the understanding that future reports can be improved over time as information accumulates and the situation evolves.

The note also stated that in the PBO's view, the central goal of these reports should be to provide Parliament with **accurate, timely, and easily understood information** on three key issues:

- 1) recent economic and fiscal developments and prospects;
- 2) the implementation and progress of budget measures; and
- 3) the budget results in light of its guiding principles and its effective impact on the economy.

On March 10, 2009, the Government presented its first Budget 2009 progress report.

The purpose of this PBO note is to follow-up on this first progress report by highlighting some key issues and considerations for parliamentarians regarding the individual measures contained in the Economic Action Plan (EAP). The PBO's initial reporting spreadsheet has been updated with the information presented in the Government's first Quarterly Report and is presented in Annex A.

The Government's report represents an important first step in improved interim reporting to Parliament. It is anticipated that the Government will address key data gaps regarding outputs, benchmarks, outcomes and risks in subsequent updates to ensure that Parliament is able to exercise meaningful oversight of public monies, as well as assess the implementation of the EAP.

## **II. Discussion**

The oversight framework presented in the PBO's initial note focussed on identifying and describing each budget measure, including: the spending authority and delivery mechanism; implementation indicators and output-progress benchmarks; and expected outcome or objective indicators. In general, this is the type of information already collected by the government, though there are some differences in timeliness, level of detail and federal/provincial/regional/gender dimensions. It is anticipated that the additional reporting burden would be minimal.

The Government has not yet reported on key details regarding implementation methods and output measurement; expected outcomes; and progress benchmarks towards achieving these elements. However, the limited information presented in the Government's report is believed to be accurate, timely and easily understood.

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<sup>1</sup> This discussion paper is available at: [http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Budget\\_2009\\_Progress\\_Report\\_Info.pdf](http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Budget_2009_Progress_Report_Info.pdf). An accompanying monitoring spreadsheet was also provided as a tool to assist the monitoring of budget implementation: [http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Annex\\_B\\_spreadsheet\\_EN.xls](http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Annex_B_spreadsheet_EN.xls).

### **Box 1: Good Reporting Practices by the Government**

While the overall reporting on budgetary measures is inconsistent in direction, the Government has achieved a good standard for some items. One example of a good reporting practice is the *Canada Graduate Scholarships* program:

- the amounts of funding allocation are identified (\$87.5 million over 3 years);
- the delivery mechanism is evident (the federal granting councils);
- tangible outputs are clearly described (500 doctoral scholarships and 1,000 masters' scholarships, for \$35,000 and \$17,500 per annum, respectively); and,
- the inputs and outputs are aligned, and are directly linked to an outcome objective (developing a highly skilled workforce, as per Advantage Canada)

#### *Inputs and Process*

The Government has made progress with respect to reporting on resource requirements and the funding allocations (*i.e.* how much the EAP costs and how it will be spent) and legislative mechanism through which appropriations will be sought have been clarified in some cases. However, there are some significant gaps, which are covered somewhat through the creation of the Treasury Board Vote 35 as a central funding reserve that is not linked to specific programs, as is generally the case with other appropriations sought by the Government. Further, there is inconsistent identification of delivery mechanisms (*i.e.* Direct, Partners or Third Party) and key operational risks.

#### *Outputs and Implementation*

The Government has not yet made significant progress on describing the implementation indicators and output benchmarks by which the budget measures will be continually tracked. For an effective oversight function, these indicators and outputs should be measurable and attainable for the respective budget initiative.

#### *Outcomes and Impact*

With a few exceptions, the Government has not yet identified impact measurement indicators with expected program outcomes. This limits Parliament's ability to assess whether the components of the EAP are on track to realize anticipated results. Moreover, the Government has not yet clearly indicated how individual budget outcomes and objectives will link with other factors to achieve the overall desired outcomes: addressing the current recession and creating 190,000 jobs.

As with any new product, the Government's Quarterly Reports will improve over time as departments and agencies build their familiarity with reporting processes. In addition, it should be noted that many of the same public servants responsible for implementing the EAP are also responsible for interim reporting, creating notable competing pressures.

### **Box 2: Trends in Interim Reporting**

Most members of the Organization for Economic Cooperation and Development (OECD), as well as Canadian provinces, publish information that provides in-year updates on planned spending and activities. For the most part, these unaudited reports focus on financial information – budgeted and actual spending, changes in capital investments and liabilities.

Based on survey work by the Office of the Parliamentary Budget Officer, the Government's publication of in-year indicators regarding implementation and performance of budgetary proposals is a leading practice. Therefore, these reports will be measured against a needs-assessment of parliamentarians and Canadians, as compared to a best practice approach which the PBO generally follows. As such, one would expect that the content of the Government's first report would be uneven but will improve in future reports as this leading reporting practice evolves.

### **III. Next Steps**

The PBO will continue to update the reporting spreadsheet for parliamentarians, and remains committed to collaborating with the Government to further improve reporting to Parliament and the public.

(Attachments, 1)