



**2017-18 Report on
the Activities of the
Office of the
Parliamentary
Budget Officer**



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

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Message from the Parliamentary Budget Officer

This annual report covers two periods: the Parliamentary Budget Officer's final months as an officer of the Library of Parliament from April 1, 2017 to September 20, 2017, and the PBO's first months as an independent officer of Parliament from September 21, 2017 to March 31, 2018.

In early April 2017, the Minister of Finance introduced legislation to amend the PBO's enabling provisions in the *Parliament of Canada Act*. In late May 2017, the PBO released a discussion paper concerning those proposed changes and appeared before the Standing Committee on National Finance of the Senate and the Standing Committee on Finance of the House of Commons to testify about the bill.

In June 2017, the House of Commons made several amendments to the bill that addressed many of the concerns that the PBO and others had raised about the proposed changes. These amendments strengthened the PBO's ability to provide the Senate and the House of Commons economic and financial analysis in support of their performance of their distinct and complementary constitutional functions.

Parliament enacted the reforms to the office of Parliamentary Budget Officer in June 2017 as part of the *Budget Implementation Act, 2017, No. 1*, and the Governor in Council proclaimed those amendments in force on September 21, 2017. This report reflects the provisions of the *Parliament of Canada Act* as amended.

Jean-Denis Fréchette
Parliamentary Budget Officer

1. Independence, relevance and non-partisanship

As the *Parliament of Canada Act* provides, the Parliamentary Budget Officer (PBO) must be “independent and non-partisan”.¹ The PBO is an independent officer of Parliament.²

The PBO holds office on terms similar to other officers of Parliament. This provides formal guarantees of the PBO’s independence from government and, to some degree, from majorities in the Senate and the House of Commons.

The PBO is appointed for a seven-year, once-renewable term after consultation with senior members of the Senate and the House of Commons and approval of the PBO’s appointment by resolution of the Houses.³ To be appointed, the PBO must have “demonstrated experience and expertise in federal or provincial budgeting”.⁴ The PBO holds office during good behaviour and is removable only for cause on address of the Senate and the House of Commons.⁵

The PBO reports directly to the Senate and the House of Commons, rather than through a minister of the Crown. In addition to this annual report, the PBO submits an annual work plan to the Senate and the House of Commons through the Speakers of those Houses and publishes substantive reports undertaken upon the request of parliamentary committees and individual parliamentarians or under the PBO’s initiative.⁶

The PBO’s overarching aim in publishing substantive reports is to provide timely and relevant economic and financial analysis in support of the Senate and the House of Commons’ distinct and complementary constitutional functions. The PBO’s entitlement to access to information under the control of government departments and Crown corporations, subject to only limited exceptions, and the PBO’s administrative powers over his office both help ensure that the office has the resources necessary to provide analytical support to the Houses of Parliament.

The PBO’s staff conduct their analysis in a manner intended to ensure that it has not been influenced by partisan points of view. Where possible, the PBO staff use established methodologies to reduce the number of subjective assumptions that need to be made. The PBO seeks to provide as much information as possible about the methodology used to arrive at the findings

presented in reports, especially where the PBO's staff have developed a new methodology.

The analysis presented in the PBO's reports is subject to internal peer review and review by the PBO's managers. The PBO also seeks external peer review where appropriate. Both management and peer reviews provide several opportunities to challenge unconscious bias that may be latent in the analysis.

2. Mandate and activities

Parliament has given the PBO two distinct mandates: (1) providing economic and financial analysis to the Senate and the House of Commons when Parliament is not dissolved, and (2) preparing estimates of the cost of election campaign proposals in the period before a general election.

When an election occurs according to the date fixed by the *Canada Elections Act*,⁷ there will be overlap between the two mandates, as parties and independent MPs can begin making requests up to 120 days before the election, even if Parliament has not yet been dissolved and indeed, even if the Houses are still sitting.

Mandate when Parliament is not dissolved - Providing economic and financial analysis to the Senate and the House of Commons

The PBO has a mandate to provide economic and financial analysis to the Senate and the House of Commons.⁸ This mandate flows directly from the statutory purpose given for establishing the PBO, which is for the PBO “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”.⁹

During the 2017-18 fiscal year, the PBO published 38 reports, including supplementary analyses, the PBO’s 2018-19 Work Plan and the 2016-17 Report on Activities. Of those reports, approximately one-third were requested by a member or committee of the Senate or the House of Commons, and the remaining two-thirds were undertaken on the PBO’s own initiative.

Independent economic and financial analysis

The *Parliament of Canada Act* provides that the PBO may prepare reports containing the PBO’s analysis of the budget, an economic and fiscal update, a fiscal sustainability report or the estimates.¹⁰

The PBO may also prepare reports on matters of particular significance relating to the nation’s finances or economy that are listed in the PBO’s annual work plan tabled in the Senate and the House of Commons.¹¹ The PBO will identify those matters of particular significance that he or she believes should be brought to the attention of members of the Senate and the House of Commons. As the PBO indicated in the 2018-19 work plan, the

PBO may update the work plan over the course of the fiscal year as new matters arise.¹²

In 2017-18, the PBO published 12 regular reports and analyses:

- a fall and spring economic and fiscal outlook and supplementary analyses (4 reports);¹³
- the summer and winter economic and fiscal monitors (2 reports);
- a summary of issues for parliamentarians raised by the budget and the fall economic statement (2 reports);
- analyses of the main and supplementary estimates (3 reports);
- a fiscal sustainability report.

In addition to the PBO's regular reports, the PBO also publishes standalone reports. Starting in 2018-19, the subjects of these standalone reports will be reflected in the PBO's annual work plan.

In 2017-18, the PBO published eleven standalone reports, some of which supplement regular reports, others of which provide analysis of specific matters related to the nation's economy or finances:

- analysis of proposed changes to the taxation of corporate passive investment income and to income sprinkling using private corporations (2 reports);
- a long-term scenario analysis of federal support to provinces and territories;
- analysis of the sensitivity of the PBO's fiscal outlook to economic shocks;
- analysis of trends federal personnel spending;
- a comparison between the PBO and the Department of Finance's long-term economic and fiscal projections;
- the cost of the procurement of Canada's surface combatants for the Royal Canadian Navy;
- an analysis of the Canada-EU Comprehensive Economic and Trade Agreement;
- an analysis of household indebtedness and financial vulnerability;
- a discussion paper outlining the reforms to the Office of the Parliamentary Budget Officer proposed in Bill C-44;
- a report tracking the implementation of spending and tax measures in the 2016 budget.

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

The *Parliament of Canada Act* provides that the PBO shall, if requested to do so by the Standing Committee on National Finance of the Senate or the

Standing Committees on Finance, Government Operations and Estimates or Public Accounts of the House of Commons, undertake research into and analysis of matters relating to the nation's finances or economy.¹⁴

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 government's estimates, undertake research into and analysis of those estimates.¹⁵ With regards to the estimates, the role of the PBO as an independent officer of Parliament "was cited on multiple occasions as an imperfect step forward, but progress nonetheless. The PBO was described as accessing and analyzing information in a way that MPs were simply unable to do. A former MP with vast experience on both sides of the floor over decades saw this as a necessity. MPs' often positive attitudes toward the PBO is an interesting contribution to the debate over whether the growing number of officers of Parliament contribute to or detract from our parliamentary democracy."¹⁶

Finally, the PBO shall, if requested to do so by a committee 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.¹⁷

In each of these cases, the use of the imperative "shall" means that the PBO is required to undertake analysis and does not have express discretion to refuse. That said, Parliament recognized that requests from parliamentarians and committees would likely outstrip the PBO's resources. As such, Parliament required that the PBO published criteria for prioritizing requests from parliamentarians and committees, which the PBO did in the 2018-19 work plan and which the PBO will update as needed in future work plans.¹⁸

Generally, the PBO will prioritize requests that:

- are likely to be relevant to a significant number of parliamentarians;
- are economically or fiscally material; and
- address an area of risk, as is the case 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 estimate of that impact.

For further information about the prioritization criteria, please consult the PBO's most recent annual work plan.

Moreover, the PBO and the Parliamentary Librarian must "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".¹⁹ As such, the PBO will continue to refer members to the Library's Parliamentary Information and Research Service when it would be better able to fulfill the member's request than the PBO. For instance, if a parliamentarian seeks information about a concept or an idea, but does not have a fleshed-out proposal for which the PBO could

reasonably prepare an estimate, it will often be more appropriate for the Library to provide assistance.

Reports resulting from requests in 2017-18

In February 2016, the Standing Committee on Finance of the House of Commons requested that the PBO “provide...within 45 calendar days of a [private member’s bill or motion’s] appearance on the Private Member’s Business Order of Precedence, a detailed and comprehensive costing analysis of [the item] and that the costing analysis shall a) be restricted to the motion or legislation as written and b) include a detailed description of the methodology used”.²⁰ This request was not affected by changes to the PBO’s enabling provisions under the *Parliament of Canada Act*.

In 2017-18, the PBO received 11 requests for an estimate of the financial cost of a proposal from parliamentarians. The PBO also received a number of informal requests and questions over the course of the fiscal year.

In 2017-18, the PBO published 13 reports that were undertaken at the request of a Senator, an MP or a Senate or House of Commons committee:²¹

- an estimate of the cost to the federal government of implementing a national pharmacare program and additional supplementary analysis, requested by the Standing Committee on Health of the House of Commons (2 reports);
- an analysis of the implementation of the first phase of the government’s infrastructure plan, requested by the Standing Committee on Nation Finance of the Senate;
- a cost estimate for Bill S-3, *An Act to amend the Indian Act (elimination of sex based inequities in registration)*, requested by the Honourable Senator Marilou McPhedran and Robert-Falcon Ouellette, MP (Winnipeg Centre);
- budget sufficiency for First Nations water and wastewater infrastructure, requested by Charlie Angus, MP (Timmins–James Bay);
- a primer on the potential impact of eliminating the federal Public Transit Tax Credit, requested by Pierre Poilievre, PC, MP (Carleton);
- a supplementary analysis of the fall 2017 economic and fiscal outlook, requested by the Standing Committee on Finance of the House of Commons;
- an update to the PBO’s 2017 report presenting a stock-flow perspective on household formation and housing stock, requested by the Honourable Senator Elizabeth Marshall;
- an update on the PBO’s 2010 report assessing the financial cost of the *Truth in Sentencing Act*, requested by a member of the Senate;
- federal support for low-income individuals and families, which was part of a broader request made by Pierre Poilievre, PC, MP (Carleton);

- a cost estimate for Bill C-323, *An Act to amend the Income Tax Act (rehabilitation of historic property)*, requested by the Standing Committee on Finance of the House of Commons.
- a cost estimate for Bill C-342, *An Act to amend the Excise Tax Act (carbon levy)*, requested by the Standing Committee on Finance of the House of Commons.
- a cost estimate for Bill C-364, *An Act to amend the Canada Elections Act and to make a consequential amendment to another Act (political financing)*, requested by Standing Committee on Finance of the House of Commons.

Mandate during the period before a general election - Preparing estimates of the cost of election campaign proposals

As part of the reforms to the office that took place in 2017, Parliament conferred a new mandate on the PBO to prepare estimates of the financial cost of election campaign proposals that political parties are considering making.²² In accordance with the *Parliament of Canada Act*, the PBO will receive requests in the 120 days before a general election from recognized parties and members of the House of Commons who are not members of a recognized party.²³

Should the Governor General dissolve Parliament and the Governor in Council issue a proclamation directing the Chief Electoral Officer to issue writs for an election before the date fixed under the *Canada Elections Act*,²⁴ the period in which the PBO would prepare estimates of the cost of election campaign proposals would be considerably shorter than 120 days. It would begin on the day Parliament was dissolved and end on the day before the general election.²⁵

In 2017-18, the PBO began preparing for the implementation of the election campaign proposal costing aspect of the PBO's mandate. The PBO contacted political parties and provided them information about the PBO's new mandate.

In January 2018, the PBO released initial guidelines for preparing cost estimates of election campaign proposals. The guidelines provide a detailed discussion of the statutory provisions governing this aspect of the PBO's mandate and how the PBO plans to implement those provisions.

The PBO is continuing to prepare for the implementation of this aspect of the PBO's mandate, by working with departments to secure their assistance and access to information during the pre-election period. The PBO intends to provide additional details, including final guidelines, as part of the PBO's 2019-20 work plan, which the Speakers will table on the PBO's behalf in both Houses of Parliament before the beginning of that fiscal year.

3. Information access and disclosure

Although some of the information the PBO needs to prepare economic and financial analysis is publicly available, much of it is not.

Accordingly, Parliament provided in subsection 79.4(1) of the *Parliament of Canada Act* that the PBO “is entitled, by request made to the head of a department or of a parent Crown corporation, to free and timely access to any information under the control of the department or parent Crown corporation that is required for the performance of his or her mandate.”

The PBO can make a request for information required for the performance of either the mandate to provide economic and financial analysis to the Senate and the House of Commons while Parliament is not dissolved or the mandate to estimate the cost of election campaign proposals in the period before a general election.²⁶

3.1. Exceptions

The PBO is not entitled to access information that falls under five limited exceptions:

- personal information whose disclosure is restricted under section 19 of the *Access to Information Act*;²⁷
- information protected by solicitor-client privilege or professional secrecy of advocates and notaries or by litigation privilege;²⁸
- information whose disclosure is restricted under any provision set out in Schedule II to the *Access to Information Act*;²⁹
- information that is a confidence of the Queen’s Privy Council for Canada as defined in subsection 39(2) of the *Canada Evidence Act*;³⁰ and
- information whose disclosure to the PBO is specifically restricted under another federal statute.³¹

3.2. Justification of and remedy for refusal

If a department or Crown corporation refuses to provide access to information, the *Parliament of Canada Act* requires that the deputy head or equivalent provide the PBO with a written justification for the refusal.³² The PBO generally makes correspondence with departments concerning access to information available on the PBO’s website, including justifications for refusals to provide information.

If the PBO is of the opinion that he or she has not been provided with free and timely access to information, the PBO can, in accordance with the *Parliament of Canada Act*, notify the Speakers of the Senate and of the House of Commons or any appropriate committee of either House or both Houses.³³

The PBO expects that if the PBO were to give such notice, the Speakers, and the Houses over which they provide, would assist the PBO in obtaining access to the information the PBO requires to provide relevant analysis in support of the Senate and the House of Commons.

As the Joint Standing Committee on the Library of Parliament noted in March 2015, Senate, House of Commons and joint committees have the power to send for persons, papers and records,³⁴ and a committee could use that power to obtain information on the PBO's behalf.³⁵

A committee's power to send for persons, papers and records is subject to no limit beyond those expressly set out by statute or established by the Houses of Parliament themselves.³⁶ Accordingly, even if a department claims that an exception prevents the PBO from being given access to information, a committee could independently secure access to the information.

As a result, if the PBO were to give notice that he or she has not been provided free and timely access to information, a committee could obtain the information on the PBO's behalf, allowing the PBO to pursue the analysis for a committee.

3.3. Information requests in 2017-18

During 2017-18, the PBO submitted 60 information requests to government departments and Crown corporations.

The PBO received all the information requested in 41 requests and did not receive all requested information in the remaining 19. This represents a 68% response rate, which is significantly lower than in 2015-16 and 2016-17, which had an average response rate of 89%.

In the 19 requests for which the PBO did not receive all requested information, there were two in which the requested information was not available from the department of which the PBO made the request (generally because the information was not available or because it was under the control of another department); eight in which a department provided only part of the information requested (often because the remaining information was not available); and nine in which the department refused to provide the requested information.

Of the nine refusals, only one occurred after the amendments to the *Parliament of Canada Act* came into force in late September 2017. As a result,

it would not be prudent to draw any definitive conclusions about the lower response rate in this transitional period.

Fiscal year	Requests	Response rate
2009-10	20	50%
2010-11	27	78%
2011-12	52	79%
2012-13	116	36%
2013-14	150	55%
2014-15	55	51%
2015-16	14	86%
2016-17	65	90%
2017-18	60	68%

There are three matters concerning access to information that the PBO wishes to bring to the attention of the Senate and the House of Commons:

- the PBO's improved access to information from the Canada Revenue Agency, the Department of National Defence and Statistics Canada,
- the PBO's continued concerns about being refused access to certain information on the grounds that it is Cabinet confidential; and
- the indirect effect that regular additions to Schedule II to the *Access to Information Act* have on the PBO's ability to access information.

Improved access to information

- In March 2018, the Canada Revenue Agency (CRA) agreed to provide the PBO with some of the information required to prepare an estimate of the "tax gap", that is, the difference between the federal government's anticipated tax revenue as a proportion of the economy and its actual tax revenue. This is an encouraging development and the PBO looks forward to continuing to work with the CRA to ensure that the PBO can access all information required for the performance of the PBO's mandate.
- Since the amendments to the *Parliament of Canada Act* came into force in late September 2017, the PBO has enjoyed greater access to information under the control of the Department of National Defence (DND). This is partly the result of a change to the wording of the PBO's entitlement, which was previously limited to "financial or economic data" and now extends to any "information" under the control of a department. The PBO looks forward to continuing to work with DND to ensure that the PBO has the information required to provide the Senate and the House of Commons with relevant analysis concerning DND and the Canadian Armed Forces.

Cabinet confidence exception

The exception that prevents the PBO from accessing confidences of the Queen's Privy Council for Canada (Cabinet confidences) remains an

impediment to the PBO's work.³⁷ In 2017-18, two departments refused access to their estimates of the cost of implementing bills related to their mandates.

- The Departments of Health and Justice refused to provide an estimate of the cost of implementing Bills C-45 (*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*) and C-46 (*An Act to amend the Criminal Code (offences relating to conveyances) and to make consequential amendments to other Acts*).
- The Department of Justice refused to provide an estimate of the cost of implementing Bill C-262 (*An Act to ensure that the laws of Canada are in harmony with the United Nations Declaration on the Rights of Indigenous Peoples*), a private member's bill introduced by Romeo Saganash, MP, which the government endorsed before second reading.

The Department of Justice's refusal is notable because it was the first to take place after the amendments to the *Parliament of Canada Act* came into force in late September 2017. Although those amendments undoubtedly strengthened the PBO's access to information in certain respects, they did not address all the barriers that the PBO faces.

In each case listed above, the department justified their refusal on the grounds that the estimate is a Cabinet confidence. The PBO's view is that an estimate of the cost of implementing a bill is a "discussion paper", whose "purpose...is to present background explanations, analyses of problems or policy options to Council for consideration by Council in making decisions".³⁸ In other words, a government cost estimate for a bill is part of the background that Cabinet takes into account in deciding whether to approve a minister's introduction of a bill in the House of Commons (or more rarely, in the Senate). Once Cabinet makes that decision and the decision has been made public because the minister introduces the bill, the PBO's position is that the PBO should have access to such background information.³⁹

Although it is often possible for the PBO to prepare an estimate of the cost of implementing a bill without having access to the government's estimate, it will often be more costly and time-consuming to do so, which may impede the timeliness with which the PBO can provide analysis in support of Parliament and reduce the resources available to respond to requests from parliamentarians and committees. Moreover, having access to the government's estimate will often improve the quality of the PBO's estimate and make it more useful to parliamentarians.

The PBO remains of the opinion that providing relevant and timely analysis to the Senate and the House of Commons requires access to certain Cabinet confidential information. This includes the government's estimate for the cost of implementing bills before Parliament and gender-based analysis of those bills. The PBO could, as was mentioned, notify the Speaker of the Senate and the Speaker of the House of Commons or a parliamentary committee of a

department's failure to provide free and timely access to information, and remains prepared to do so in the future.

But this is a recurring problem that requires a more comprehensive solution. There are at least two ways in which this could be done: (1) Parliament could amend the *Parliament of Canada Act* to narrow the scope of the Cabinet confidences exception to the PBO's entitlement to access information so that it balances protecting the Cabinet decision-making process and ensuring that the PBO has the information necessary to support the Houses of Parliament, or (2) the Governor in Council could allow the PBO to have access to information contained in certain Cabinet confidences.

The latter model has worked successfully at both the federal and provincial level. The Auditor General of Canada has access to certain Cabinet confidences under three orders-in-council.⁴⁰ The latest order, which the Governor in Council made in May 2018, not only ensures that the Auditor General has access to submissions to and decisions made by the Governor in Council and the Treasury Board made since Prime Minister Justin Trudeau took office, but also to materials used to brief ministers for their participation in the Council and Board's deliberations. If the Governor in Council were to adopt a similar order for the PBO, it would likely allow the PBO to access the government's estimate for the cost of implementing a government bill.

Likewise, Ontario's Financial Accountability Officer (FAO) has access to information contained in certain Cabinet records under an order-in-council made in October 2016.⁴¹ The FAO, who plays a similar role in that province to that of the PBO, has access to the information where the decision to which it relates has been made and publicly announced, even if the Executive Council of Ontario or one of its committees could engage in further deliberations.⁴² For instance, if the FAO were to request the Ontario government's estimate of the cost of implementing a bill, the government would provide the information once the bill was introduced in the Legislative Assembly, even if the bill's implementation would require the making of regulations which were not yet finalized.

Exception based on Schedule II to the *Access to Information Act*

The PBO is concerned that Parliament may be inadvertently narrowing the PBO's access to information.

Parliament periodically adds provisions to Schedule II to the *Access to Information Act*. The purpose of adding provisions to Schedule II is to allow new, specific categories of confidential or restricted information that may not fit into the existing exemptions under the *Access to Information Act* to be exempted from access to information requests made by the public. Schedule II streamlines the need to frequently make substantive amendments to the *Access to Information Act*.⁴³ There may well be valid policy reasons for doing so, though successive Information Commissioners have taken the view that

listing of these provisions under Schedule II is unnecessary and have recommended its repeal.⁴⁴

But since any provision added to Schedule II to the *Access to Information Act* that restricts the disclosure of information is incorporated as exception to the PBO's entitlement to access information, every time Parliament adds a new provision to Schedule II, it is also potentially narrowing the PBO's access to information.⁴⁵ Because of this connection between Schedule II and the PBO's entitlement to information, Parliament may unintentionally make a change that affects the PBO without there being a policy justification for effectively limiting the PBO's access to information.

Parliament should be aware of the consequences that adding a provision to Schedule II to the *Access to Information Act* may have on the PBO's access to information. Indeed, Parliament should consider whether the continued connection between Schedule II and the PBO's access to information is warranted, given the significant differences between their purposes.

The purposes of access to information requests and the PBO's entitlement to access information are different. The general and "overarching purpose of access to information legislation is to facilitate democracy" by "hel[ping] ensure first, that citizens have the information required to participate meaningfully in the democratic process, and secondly, that politicians and bureaucrats remain accountable to the citizenry".⁴⁶ By contrast, Parliament conferred on the PBO a specific mandate to provide economic and financial analysis in support of Parliament and gave the PBO an entitlement to access information required for the performance of that mandate. The PBO's entitlement to information is subject to fewer exceptions than the individual right to access information under the *Access to Information Act*, which reinforces the need to distinguish between the two.

Likewise, as the next part of this report discusses, there are safeguards on the disclosure of sensitive information by the PBO. By contrast, a person who receives information in response to an access to information request is free to do as they wish with it.

3.4. Disclosure

The PBO, as well as the PBO's employees and contractors, cannot disclose information provided by departments and Crown corporations unless the disclosure is essential for the performance of the PBO's mandate.⁴⁷

When requesting information from departments and Crown corporations, the PBO asks them to indicate whether the information can be disclosed. If a department indicates that the information cannot be disclosed, the PBO may request an explanation from the department.

Where the department or Crown corporation provides a reasonable explanation, which will generally be one grounded in a statutory provision or another legal rule applicable to the information in question, the PBO will usually agree not to disclose the information.

In its responses to information requests made in 2017-18, for instance, the Department of National Defence asked that the PBO not disclose certain information and provided an explanation, which the PBO accepted. Accordingly, the PBO will take the necessary steps to avoid disclosing the information.

4. Resources and administration

4.1. Budget and staffing

According to the *Parliament of Canada Act*, the PBO prepares a budget estimate before the start of the fiscal year and submits it to the Speaker of the Senate and the Speaker of the House of Commons for their consideration.⁴⁸ Once the Speakers approve the PBO's estimate, they transmit it to the President of the Treasury Board for inclusion in the government's estimates.⁴⁹

In the 2017-18 Supplementary Estimates (C), at the PBO's request and with the Speakers' approval, the government requested additional funding to support the PBO's transition costs,⁵⁰ which Parliament granted.⁵¹ For additional information, please see the PBO's business case, which is available on the PBO's website. Including that additional funding, the PBO's total operating budget for 2017-18 was \$3.4 million.⁵²

The PBO has the authority to hire employees that the PBO "considers necessary for the conduct of the work of the office".⁵³ As part of the PBO's transition to being an independent officer of Parliament, existing employees, who were previously employed by the Library of Parliament, became employees of the office of the PBO.⁵⁴ Excluding the PBO, who is a Governor in Council appointee, at the end of 2017-18, the office was composed of 21 full-time employees, three part-time employees, four short-term employees assisting with the transition and one student.

4.2. Administration

The *Parliament of Canada Act* gives the PBO "the control and management of the office of the Parliamentary Budget Officer", as well as related administrative powers.⁵⁵ Together, these allow the PBO to ensure that the office is organized in a manner that best allows it to support Parliament.

The PBO proactively discloses all contracts worth more than \$10,000 and all travel and hospitality expenses on the PBO's website. If enacted, Bill C-58, which is currently before the Senate, will make such disclosure mandatory within certain time limits, subject to certain exceptions based on parliamentary privilege and security concerns.⁵⁶

Since late September 2017, the office of the PBO is no longer part of the Library of Parliament. The PBO has entered into agreements with the Library

of Parliament according to which it will continue to provide office space and corporate services, including information technology services, to the PBO on a cost recovery basis. The PBO has the option to revisit these agreements after the 2019 general election.

The PBO has also developed and adopted several policies, including a Values and Ethics Code and various human resources policies, which were adapted from those used by the Library of Parliament to fit the PBO's organizational needs. As the office continues to grow, the PBO will ensure that these policies continue to comply with statutory requirements, including those proposed in Bill C-65 concerning harassment and violence,⁵⁷ and that these policies allow the PBO to perform its functions in support of Parliament.

5. Performance

5.1. Debates and committee meetings

In 2017-18, the PBO and the work produced by his office were mentioned 399 times in the Senate and House of Commons debates.⁵⁸ The PBO was mentioned 750 times in House of Commons committee meetings, including appearances by the PBO before committees.⁵⁹ Since Parliament considered changes to the PBO's enabling provision in the *Parliament of Canada Act* during 2017-18, the number of mentions is likely higher than they would otherwise have been.

The use of the PBO's analysis to inform parliamentarians' contributions to debate and committee proceedings is one of the more visible forms of support to parliamentarians and indeed "raising the quality of parliamentary debate" is one of the statutory purposes for establishing the PBO.⁶⁰

5.2. PBO's committee appearances

In 2017-18, the PBO and his staff appeared before parliamentary committees in more than one in every two sitting weeks. The PBO or his staff appeared on six occasions before Senate committees and on ten occasions before House of Commons committees.

The PBO wishes to highlight two examples of the PBO providing support directly to parliamentary committees. The PBO's support to the Standing Committee on Health of the House of Commons and the Standing Committee on National Finance of the Senate serve as examples of how the PBO and his staff can use their specialized expertise to provide analysis that informs a substantive study undertaken by a committee. The PBO welcomes opportunities to appear before parliamentary committees to discuss potential requests the committees might make of the PBO in support of their work.

Pharmacare and the Standing Committee on Health

As discussed in the 2016-17 annual report, at the request of the Standing Committee on Health of the House of Commons, the PBO prepared a detailed estimate of the cost to the federal government of implementing a national pharmacare program. The PBO published the estimate in late September 2017 and appeared before the committee to discuss the estimate

in mid-October. The committee requested additional analysis at the meeting, which the PBO provided in early November.

In April 2018, the Standing Committee on Health published its report, *Pharmacare Now: Prescription Medicine Coverage for all Canadians*, which recommended a single payer, universal prescription drug insurance program that would cover all Canadians. The report drew on the PBO's estimate, and the Committee thanked the PBO for the analysis in the report.

Infrastructure and the Standing Committee on National Finance

In 2017-18, the PBO continued to provide support to the Standing Committee on National Finance of the Senate as it studied the implementation of the government's infrastructure plan.

In June 2017, the Standing Committee on National Finance published its report *Smarter Planning, Smarter Spending: Ensuring Transparency, Accountability and Predictability in Federal Infrastructure Programs*. The report drew on the PBO's analysis and testimony before the committee, and made recommendations concerning the publication of data on infrastructure projects and reducing delays in infrastructure spending.

At the committee's request, the PBO continued tracking the implementation of the infrastructure plan, publishing a status report in late March 2018 and appearing before the committee shortly after the end of fiscal year in early April.

Notes

1. *Parliament of Canada Act*, RSC 1985, P-1, s 79.01.
2. Élise Hurtubise-Loranger, "To Be or Not to Be an Officer of Parliament, That is the Question", HillNotes, April 26, 2018.
3. *Parliament of Canada Act*, s 79.1(1), (2), (3).
4. *Ibid*, s 79.1(1.1).
5. *Ibid*, s 79.1(2).
6. *Ibid*, ss 79.13, 79.2(2), (3), (4), 79.22.
7. *Canada Elections Act*, SC 2000, c 9, ss 56.1–56.2.
8. *Parliament of Canada Act*, s 79.2(1).
9. *Ibid*, s 79.01.
10. *Ibid*, s 79.2(1)(a).
11. *Ibid*, s 79.13(1)(b), (3), 79.2(1)(b).
12. *Ibid*, s 79.13(2).
13. The semi-annual Economic and Fiscal Outlook was originally undertaken at the request of the Standing Committee on Finance of the House of Commons, most recently adopted on February 4, 2016. The Economic and Fiscal Outlook is now part of the PBO's annual work plan.
14. *Parliament of Canada Act*, s 79.2(1)(c).
15. *Ibid*, s 79.2(1)(d).
16. Morden, Michael, Hilderman, Jane, and Anderson, Kendall (2018). "Flip the Script: Reclaiming the legislature to reinvigorate representative democracy". Toronto: The Samara Centre for Democracy.
17. *Ibid*, s 79.2(1)(e), (f).
18. *Ibid*, s 79.13(1)(c).
19. *Ibid*, s 79.12
20. House of Commons, Standing Committee on Finance, Evidence, No 1, February 4, 2016 at 3.
21. Some of these analyses were requested in 2017-18 and some in the previous fiscal year.
22. *Ibid*, s 79.21(1).
23. *Ibid*, s 79.21(1), (2), (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 the time of writing, there are 14 members of the House of Commons who are not part of a recognized party, five of whom are

members of the Bloc Québécois, five of whom are members of the Québec debout, one of whom is the leader of the Green Party, one of whom is a member of the Cooperative Commonwealth Federation and the final two of whom sit as independents.

24. *Letters Patent Constituting the Office of Governor General and Commander-in-Chief of Canada*, art VI; *Canada Elections Act*, s 57(1), (1.2).
25. *Parliament of Canada Act*, s 79.21(2).
26. *Parliament of Canada Act*, RSC 1985, c P-1, ss 79.2(1), 79.21(1).
27. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.4(2)(a).
28. *Ibid*, s 79.4(2)(b). The professional secrecy of advocates and notaries is a concept in Quebec civil law equivalent to solicitor-client privilege. In accordance with the *Interpretation Act*, RSC 1985, c I-21, s 8.2, the “professional secrecy” aspect of the exception applies in Quebec, and the “solicitor-client privilege” aspect applies in the other provinces and in the territories.
29. *Parliament of Canada Act*, s 79.4(2)(c).
30. *Ibid*, s 79.4(2)(d).
31. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.4(1). Currently, the only such provision is the *Royal Canadian Mounted Police Act*, RSC 1985, c R-10, s 45.47(5).
32. *Parliament of Canada Act*, s 79.41.
33. *Ibid*, s 79.42.
34. *Rules of the Senate*, r 12-9(2); *Standing Orders of the House of Commons*, SO 108(1)(a).
35. Senate of Canada, *Senate Procedure in Practice* (Ottawa: Senate of Canada, 2015) at 200–201; Marc Bosc & André Gagnon, *House of Commons Procedure and Practice*, 3rd ed (Ottawa: House of Commons of Canada, 2017) at 137–139, 980–987.
36. Standing Joint Committee on the Library of Parliament, Minutes of Proceedings, Meeting No. 4, March 26, 2015 (“[I]n the event the Parliamentary Budget Officer is unable to obtain documents or records with the information required to act on the duty to provide advice to Parliament, the [PBO] may write to the chairs of the Committees outlined in section 79.2 of the [*Parliament of Canada Act*], and ask them to use their considerable powers to send for papers and records”).
37. *Parliament of Canada Act*, s 79.4(2)(d).
38. *Canada Evidence Act*, RSC 1985, c C-5, s 39(2)(b).
39. *Canada Evidence Act*, s 39(4)(b)(i).
40. PC 1985-3783; PC 2006-1289; PC 2018-535.
41. OC 1412/2016.
42. Financial Accountability Officer, *Annual Report 2016-17* (Toronto: Queen’s Printer for Ontario, 2017) at 18.
43. *Access to Information Act*, RSC 1985, c A-1, s 24(1).

44. Office of the Information Commissioner, *Striking the Right Balance for Transparency: Recommendations to Modernize the Access to Information Act* (Ottawa: Office of the Information Commissioner, 2015) at 63–66.
45. *Parliament of Canada Act*, s 79.4(2)(c). Where a provision set out in Schedule II to the *Access to Information Act* itself contains exceptions, i.e. situations in which the disclosure of information to which the provision applies is *not* restricted, the PBO may be able to benefit from those exceptions and therefore access the information. That said, the interpretation of the interaction between the *Parliament of Canada Act* and the other statute is often difficult and proves costly and time-consuming to the PBO.
46. *Lavigne v Canada (Office of the Commissioner of Official Languages)*, [2002] 2 SCR 773, 2002 SCC 53 at para 25, citing *Dagg v Canada (Minister of Finance)*, [1997] 2 SCR 403 at para 61.
47. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.5. Where a department has provided information as part of the assistance it may provide in accordance with the framework set out in section 79.21 of the Act, the PBO must also secure the relevant deputy minister’s consent to disclose the information.
48. *Parliament of Canada Act*, s 79.11(8), (9).
49. *Ibid.*
50. Treasury Board Secretariat, *Supplementary Estimates (C), 2017-18* (Ottawa: Treasury Board Secretariat, 2018) at 2-55.
51. *Appropriation Act No. 5, 2017-18*, SC 2018, c 8.
52. Of the \$731,000 in additional funding, \$39,600 was for additional analytical staff; \$432,213 for goods and services associated with the transition; \$218,839 for transition staff; and \$40,575 for changes to employee benefits.
53. *Parliament of Canada Act*, s 79.11(3).
54. *Budget Implementation Act, 2017, No. 1*, SC 2017, c 20, s 133.
55. *Parliament of Canada Act*, s 79.11.
56. Bill C-58, *An Act to amend the Access to Information Act and the Privacy Act and to make consequential amendments to other Acts*, 1st Sess, 42nd Parl, 2017, cl 36 (first reading in the Senate 7 December 2017).
57. Bill C-65, *An Act to amend the Canada Labour Code (harassment and violence), the Parliamentary Employment and Staff Relations Act and the Budget Implementation Act, 2017, No. 1*, 1st Sess, 42nd Parl, 2017 (first reading in Senate 8 May 2018).
58. The PBO was mentioned 349 times in the House of Commons and 50 times in the Senate.
59. The equivalent figures were not available for Senate committees.
60. *Parliament of Canada Act*, s 79.01.