

Canada

Parliamentary Budget Officer

Established: By legislation in 2006; first Parliamentary Budget Officer appointed in March 2008.

Enabling legislation: The 2006 Federal Accountability Act (FedAA) and resulting amendments to the Parliament of Canada Act.

Mandate: To provide independent analysis to the parliament on the state of the nation's finances, the government's estimates and trends in the Canadian economy; and upon request from a committee or parliamentarian, to estimate the financial cost of any proposal for matters over which the parliament has jurisdiction.

Budget: CAD 2.8 million.

Staff: 17

1. Context

Canada's Conservative Party's 2006 election platform proposed the creation of an independent parliamentary budget authority to provide the parliament with objective analysis on the state of the nation's finances and trends in the Canadian economy. This proposal was then included in the Federal Accountability Act (FedAA)¹ – the first act of business of the newly formed Conservative minority government – introduced in April 2006 and passed in December 2006. The FedAA included a broad package of reforms around conflict of interest rules, restrictions on election financing and various measures to enhance administrative transparency, oversight and accountability. Ultimately it made substantive changes to 45 statutes and amended over 100 others (the Parliament of Canada Act was amended to include provisions for the Parliamentary Budget Officer – PBO). The reforms were enacted over a period of several years and Canada's first Parliamentary Budget Officer was appointed in March 2008.

Among the rationales for the establishment of a PBO were concerns (particularly among parliamentarians) about the credibility of government forecasts which had consistently underestimated budget surpluses. This was seen as hindering full parliamentary and public debate on fiscal options. Indeed, Finance Canada commissioned two separate studies² of its estimation methodology and forecasting performance in 1994 and 2005 which looked at various options for improvement (Beaumier, 2006; Levy, 2008; Jeffrey, 2010).

Concerns were also raised around significant cost overruns in several government programmes, and lack of budget transparency more generally. The “sponsorship scandal”, a significant factor in the lead-up to the 2006 elections, provided additional incentive to find mechanisms to promote budgetary transparency and accountability (Jeffrey, 2010). Moreover, Parliament, lacking the financial expertise and resources to properly scrutinise the government's increasingly complex budgets and estimates, and the budgetary impact of government programmes and legislation, was struggling to fully carry out its constitutionally mandated oversight function (Page and Yalkin, 2012).³

The PBO was not among the more controversial aspects of the FedAA (Levy, 2008; Jeffrey, 2010) or the resulting amended section of the Parliament of Canada Act. The government's proposals for a new section on the PBO in the Parliament of Canada Act were amended by the parliament to include: 1) a provision that the PBO have access to government data without charge;⁴ 2) the removal of a subsection requiring the PBO to estimate the costs of private members' bills – instead the PBO is mandated to cost any matter that falls within the jurisdiction of the parliament if requested by a member of a committee; 3) provisions within the PBO's mandate to help committees better consider the estimates; and 4) increasing the term length of the Parliamentary Budget Officer from three to five years. Although the legislative provisions establishing the PBO received broad cross-party support,⁵ differing interpretations of these same provisions soon led to disagreements on the exact nature of the PBO's independence, mandate, reporting relationships and management authority when it came to the practical implementation of the PBO.

The above was largely linked to the fact that the PBO was housed in the Library of Parliament rather than provided with separate offices. As an officer of the Library of Parliament charged with providing independent analysis, the Parliamentary Budget Officer was subject to administrative levers that effectively curtailed his ability to fully establish his office and carry out his work programme as originally planned. In early 2009, the PBO was informed that he would not receive his planned operating budget. The Joint Standing Committee on the Library of Parliament also initiated an inquiry into the operations of the PBO within the Library of Parliament. Chaired by Liberal senator Sharon Carstairs and Conservative MP Peter Goldring, the Joint Committee heard evidence throughout March and April 2009 and released its report in June 2009. While the Joint Committee called for the PBO's planned budget to be re-established, the recommendations in the report accepted almost all of the arguments made by the Parliamentary Librarian and "instructed the PBO to undertake a number of activities to comply with various human resource and procedural directives" (Jeffrey, 2010). The Joint Committee also asked that the PBO prepare an action plan describing how his offices would comply with the Joint Committee's recommendations. This was duly done but several questions, most critically that of the PBO's budget, remained unresolved for some time.

2. Relationship with the executive and the legislature

Although independent of the executive,⁶ the Parliamentary Budget Officer is appointed by the Governor in Council (on the advice of the Prime Minister – see Section VIII for a full description of the appointment process). The PBO holds office "during pleasure", meaning that he or she can be removed at the discretion of the Governor in Council and without cause, although there would likely be political costs attached to such a move.⁷

The parliament is the PBO's main client. While the PBO has an independent mandate, as an officer of the Library of Parliament (rather than a full officer of parliament) with offices located within the parliamentary library, the PBO is not truly administratively independent. All of the PBO's work is provided to the parliament and the Parliamentary Budget Officer regularly gives evidence before parliamentary committees. The PBO's enabling legislation identifies three parliamentary committees as the PBO's primary clients within the parliament: the Standing Committee on National Finance of the Senate, the Standing Committee on Finance of the House of Commons and the Standing Committee on Public Accounts (PAC) of the House of Commons. Other legislative committees and individual parliamentarians can also request analysis from the PBO. One such example is the Standing Committee on Government Operations and Estimates of the House of Commons, which by virtue of the confluence of mandates (i.e. regarding estimates), has made the committee a regular client of the PBO.

The PBO's work is complementary to that of the Auditor General (AG) and both the PBO and the AG work closely with the PAC, however the PBO's work is distinct in that it focuses on the *ex ante* part of the budget cycle. The PBO works with external partners with similar expertise, for example in the private sector, universities, think tanks, and "sister" institutions in other countries in both the legislative and executive branches.

Box 1. Role of the legislature in the budget process

Canada has a Westminster-based parliamentary system of government with a bicameral parliament comprised of the House of Commons (directly elected for a four-year term subject to an earlier dissolution of parliament) and the Senate (105 appointed members who serve until the age of 75). Constitutionally, the House of Commons enjoys pre-eminence in budgetary matters.

The legislative budget review and approval process takes place from March through June; the fiscal year starts on 1 April. It should be noted that the Minister of Finance seeks prior advice from parliamentary committees during the budget preparation phase (June–September) and, following the release of the Budget Consultation Papers covering the economic and fiscal outlook and prospective fiscal and expenditure targets in October, the Minister of Finance begins consultations with the Standing Committee on Finance (FINA) among other stakeholders. Following a series of public hearings held in different locations throughout Canada in October and November, FINA submits a pre-budget report with recommendations in early December. While FINA's recommendations are not binding, they provide an opportunity for parliament to influence the budget.

The Canadian constitution grants the government the exclusive power to initiate expenditure proposals. The parliament is tasked with scrutinising and approving the government's proposed budget – parliament's "power of the purse" means no public monies can be raised or spent without the consent of the House of Commons. In practice however, parliamentarians, expert observers, and citizens believe that the parliament plays this role ineffectively. Several reports commissioned by parliament have explored this issue (1998 and 2003) and, as recently as February 2012, the House of Commons standing committee on government operations and estimates announced that it will study ways to give MPs more control over spending (Good, 2005; Curry, 2012; *The Globe and Mail*, 2012).

Parliament's amendment powers are limited. It can only amend the budget to decrease the level of funding. It cannot increase funding for items in the government's budgetary proposals or propose new expenditure. The influence of the parliament on the budget is further limited by strong party discipline and the political tradition of the confidence convention: a vote on any "money bill" is considered a vote of confidence in the government. In practice this means the parliament rarely exercises its amendment powers and the government may withdraw certain aspects of its budget framework if majority support for them is not certain (Blöndal, 2001).

In the House of Commons, FINA considers the budget overall while sectoral committees consider individual appropriations in their specific areas. In the Senate, the Standing Committee on National Finance is solely responsible for scrutinising the budget (von Trapp, 2011). Committee meetings are generally open to the public and their reports are published. Committees have the formal power to summons "persons, papers and records" necessary to carry out their scrutiny role and may consult or employ outside experts. The PBO now provides the main technical support available to the parliament as a whole during the budget process; however some additional support may also be available through the Parliamentary Information and Research Service's "estimates cluster" in the parliamentary library, specialised staff in political party secretariats, or an individual member's staff.

3. Legal basis for establishment

The 2006 Federal Accountability Act (FedAA) created the PBO by amending the 1985 Parliament of Canada Act. There is no separate, enabling legislation pertaining to the PBO as there is, for example, for other officer (or “agent”) of parliament positions.

4. Mandate

Section 79.2 of the Parliament of Canada Act gives the PBO a broad mandate in legislation 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 the parliament has jurisdiction.

The mandate does not make reference to specific reports or timings for reports that must be presented during the year; however the reference to the estimates clearly provides some expectations in terms of timing of analysis. Apart from the priority accorded to various committee requests, the mandate allows for the PBO to largely undertake work at its own discretion.

5. Functions

The PBO Operational Plan defines three basic types of PBO products and services (committee requests, regular products and independent research) and three basic formats for the office’s regular analytical products:

1. fact sheets – short background summaries, up to two pages; a format that so far has not been produced;
2. briefing notes – somewhat more detailed analysis, up to five pages; and
3. independent, in-depth economic and financial analysis reports and research working papers.

Currently the office of the PBO provides the parliament with comprehensive analysis of the government's budget proposals. Although the office of the PBO has no legal obligation to produce forecasts, it has produced two alternative forecasts a year in spring and fall, released just before the government's forecasts. These forecasts take a medium-term (five-year) perspective. The fiscal forecasts are based on the office's own model and assumptions but, unlike the private sector, the office uses the same accounting basis as the government. In terms of economic projections, for the first two years of its existence, the office of the PBO used the average forecasts of its own survey of private sector economists and Finance Canada's survey of private sector economists, but is now making its own economic projections. The office also typically produces a short analysis of the government's forecasts. Since 2010, the office of the PBO has also released a "Fiscal Sustainability Report" (FSR) with long-term projections of up to 75 years. While the scope of the 2010 FSR was limited to the federal government, the 2011 report expanded the analysis to include provincial-territorial governments on a consolidated basis. Previously the government did not produce long-term estimates, but began to do so for the federal government in 2012.

The office of the PBO also undertakes costings but is selective when doing so given its limited resources. Often the office chooses instead to scrutinise Treasury's costings, putting them through "tests of reasonableness". To date, the office has carried out several high-profile cost assessments on, for example; Canada's mission in Afghanistan, Aboriginal education infrastructure, the "Truth in Sentencing Act", the proposed acquisition of the F-35 Lightning II Joint Strike Fighter and several private members bills.

The office of the PBO can undertake analysis and other projects at its own initiative. In 2011, with a view to enhancing parliamentary oversight throughout the fiscal year, the PBO introduced the Integrated Monitoring Database (IMD). The IMD is a searchable database of budgeted and in-year expenditures listed by vote for each federal department and agency and updated every three months. As such, it attempts to ensure congruence between the estimates and in-year financial reporting. The IMD uses non-confidential government data and is adjusted for supplementary estimates throughout the year to allow parliamentarians to track the increase (or decrease) of authorised expenditures over the course of a fiscal year, as well as compare this evolution to previous years.

As Canada does not currently have fiscal rules, the office of the PBO does not monitor compliance with fiscal rules although nothing would preclude it from doing so if new fiscal rules were adopted. As a non-partisan body, the office does not make normative policy recommendations nor does it have a role in costing election platforms.

6. Work programme

Apart from the priority accorded to Finance Committee and PAC requests, the mandate allows for the PBO to largely set the work programme at his or her own discretion. While the mandate is not specific on timelines for providing analysis, in practice the PBO typically produces two forecasts a year in spring and fall, just before the government's forecasts and provides analysis of the government's draft budget in time for legislative debate. Given resource limitations, the PBO has set additional priority setting parameters for requests for costings and other analysis in its operational plan⁸ based on "materiality" and "contribution potential". Of these two concepts, materiality is the PBO's primary overriding principle for setting priorities.

Materiality is defined as a project or request that can reasonably be expected to have a substantive impact on the government's finances, estimates or the Canadian economy. Materiality is relative to total annual programme spending and the size of the economy (PBO, 2008c). Contribution potential is defined as a project or request has the potential to increase budget transparency and/or inform parliamentary and public dialogue towards implementing sound budget policy and financial management by: strengthening fiscal discipline; better allocating the government's resources to priorities; and/or increasing operational efficiency (PBO, 2008c). For requests that meet materiality and contribution potential thresholds, further priority is given to requests supported by a consensus of committee members, followed by requests from individual parliamentarians. The PBO also can and does undertake analysis at its own initiative.

7. Budget

The PBO's current operating budget is CAD 2.8 million. It is included in the overall budget for the Library of Parliament, although it does not appear as a separate line item.⁹ The library's budget process is as follows: it submits documentation (business cases including that of the PBO, summary budget and estimate) to the Speakers of the Senate and the House of Commons for their consideration. Once agreed, the library's budget becomes part of the estimates for the parliament.¹⁰ The estimates are sent to the President of the Treasury Board, who submits them in the House of Commons along with the government's departmental estimates for the fiscal year.

The PBO's budget came under threat early on. The government provided for a budget of CAD 1.8 million to cover office set-up costs with the understanding that the PBO would receive a full operating budget of CAD 2.8 million in its second year (2009-10). The PBO planned based on this understanding. However, in December 2008 the PBO was informed that the office's 2009-10 budget allocation would only be slightly higher than its start-up budget, around CAD 1.9 million. This decision was widely seen by outside observers as an attempt to constrain the office of the PBO and its work following tensions with the government over critical PBO reports (in particular a report analysing the cost of Canada's military mission in Afghanistan released during the sensitive October 2008 election period).¹¹ The PBO argued that the budget reduction put existing staff commitments at risk and severely limited his office's capacity to fulfil its mandate. Many opposition MPs called for an immediate restoration of the promised funding and the dispute over the PBO's budget was widely reported in the media. The PBO's budget allocation figured prominently in the Joint Committee on the Parliamentary Library's June 2009 report which ultimately recommended an increase to the originally planned for CAD 2.8 million but on the condition that the PBO comply with all of the report's other recommendations.¹² As noted in Section I, the committee also asked that the PBO prepare an action plan describing how they would comply with these recommendations. The PBO duly did so while pointing out that it would be impossible to comply while operating under the start-up budget.

In July 2009, over 130 economists, including seven current Canada Research chairs, added their support by signing an open letter calling on parliamentarians across parties to ensure that the office of the PBO received adequate funding to carry out its mandate.¹³ However, it wasn't until the start of the 2010-11 fiscal year that the PBO's planned budget of CAD 2.8 million was restored without conditions. This budget, while fairly modest, is commensurate with the office of the PBO's mission, provided that it can continue to set its own workload priorities based on "materiality" and "contribution potential".

8. Staffing

8.1. Leadership

Section 97.1(2-3) of the Parliament of Canada Act outlines the appointment process for the Parliamentary Budget Officer. The Parliamentary Librarian forms and chairs a review committee to search for a suitable candidate. The committee identifies a shortlist of three names which are submitted in confidence through the Leader of the Government in the House of Commons to the Governor in Council (GiC). The GiC (acting on the advice of the Prime Minister) selects and appoints the Parliamentary Budget Officer from these three names. The PBO is appointed for a five-year term renewable once¹⁴ “during pleasure”, meaning that he or she can be removed at the discretion of the GiC (essentially at the discretion of the Prime Minister) and without cause. The parliament plays no role in approving the appointment or dismissal.

The legislation is not explicit in terms of potential candidates’ qualifications, restrictions on who can be appointed, or exactly how the recruitment process should proceed, although there are precedents for GiC appointments. The position of the PBO is subject to the Terms and Conditions of Employment for Full-Time Governor in Council Appointees.¹⁵ This includes specific statutes and guidelines that govern the conduct and actions of GiC appointees while in office, namely: the Conflict of Interest Act, the Ethical Guidelines and Statutory Standards of Conduct and the Guidelines for the Political Activities of Public Office Holders. The PBO’s remuneration and expenses are set by the GiC.

After a lengthy appointment process (December 2006 to March 2008¹⁶), Kevin Page became Canada’s first Parliamentary Budget Officer, bringing nearly 25 years of experience in the executive branch of the Canadian government, most in a fiscal capacity. The first PBO’s term ended in March 2013 and he did not seek renewal.¹⁷ The process to find a successor, which came under criticism as lacking transparency, dragged on for a further five months leading some to speculate as to the future of the office. During this period the new Parliamentary Librarian was asked to serve as interim PBO. The appointment of Canada’s second PBO, an economist with 27 years of service in the Library of Parliament, was announced in 30 August 2013.

8.2. Staff

Although the PBO’s operational plan calls for a staff of 17, in its first few years the office typically maintained 13 to 15 full-time staff, including two administrative support staff. The PBO may also use outside consultants. Until the office received its full operating budget several staff members were seconded from government departments. Despite being located in the Parliamentary Library, in practice the Parliamentary Budget Officer has had full responsibility for hiring and dismissing PBO staff. Conditions of employment are those of the Library of Parliament.

PBO staff hold advanced degrees (MA, MSc, MBA or PhD) and designations (CA, CMA, CFA) in economics, econometrics, accounting, finance and financial analysis with relevant experience either in the public or private sectors, or in academia (Page and Yalkin, 2012). The majority of the staff have significant experience working in the executive branch with Finance, Treasury, the Privy Council or the Bank of Canada. More generally, the office of the PBO seeks individuals that are entrepreneurial and willing and able to innovate in obtaining data, developing and using tools and forming productive partnerships with external resources. (Page and Yalkin, 2012).

9. Access to information

The PBO's right to information necessary to perform its mandate is covered by s. 79.3(1) of the Parliament of Canada Act which states that:

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.

The act provides for several exceptions, including personal information, which is restricted under Section 19 of the Access to Information Act, and information deemed to be a cabinet confidence.

The office of the PBO developed its own information protocol which includes a template for its information requests (all of which are published along with departmental responses), request categories (urgent, normal, or low priority) and a suggested timeline for departments to respond based on those categories (24 to 48 hours, five working days and 30 working days respectively). The protocol also lays out actions the PBO will take when denied access to requested information, or when there what is considered an unreasonable delay in providing information. First, the PBO proposes to report the matter to parliament. 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. 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.

The PBO has often reported difficulties getting the information it requires and federal officials have complained that they are overburdened by requests for information (Plecash, 2012). Disagreements over the PBO's right of access to information on savings measures in the 2012 budget led the PBO to file an application with the Federal Court of Canada seeking a judgment clarifying his mandate. While the PBO's reference to the Federal Court of Canada was dismissed on a technicality, the judge's *obiter dictum* upheld both the right of the PBO to seek, from the government, the details regarding the CAD 5.2 billion in spending cuts from the 2012 budget and the right to take the government to court for the refusal to release such requested information.

The Judge's *obiter dictum* also included potential solutions that the PBO could have attempted, noting that complaints could have been made to the Chief Librarian, the two Speakers, the Joint Committee, and perhaps to Parliament as a whole, before taking recourse with the Court. Shortly after he took office on 3 September 2013 the second PBO, Jean-Denis Fréchette, decided to implement a protocol along these lines. On 24 March 2015, the Joint Committee on the Library of Parliament – after being asked by the Speaker of the House of Commons and the Speaker of the Senate to look into the access to information issues faced by the PBO – agreed to the following motion:

It was agreed, – That the Committee direct the Co-Chairs to write to the Speaker of the Senate, the Speaker of the House of Commons, the Parliamentary Librarian of Canada, and the Parliamentary Budget Officer with the following message in response to the letter from the Speakers dated November 25, 2014, concerning a Parliamentary process for the Parliamentary Budget Officer to obtain information:

The Committee agrees with the assessment that there needs to be a Parliamentary process for obtaining information required to ensure the Parliamentary Budget Officer fulfils the mandate set out in the Parliament of Canada Act. Section 79.2 of that Act establishes the role of providing independent advice to the Senate and the House of Commons, as well as undertaking research for House and Senate Committees.

This Committee believes that in 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 Parliamentary Budget Officer may write to the chairs of the Committees outlined in Section 79.2 of the Act, and ask them to use their considerable powers to send for papers and records. As noted in House of Commons Procedure and Practice, 2nd edition, on page 979, “The House has never set a limit on its power to order the production of papers and records”, while noting that there are cases where insisting on production of some documents may not be appropriate, such as items touching on national security and foreign relations.

This Parliamentary recourse will allow the Parliamentary Budget Officer to ensure that Parliamentarians are sufficiently informed of the matters for which the office was created.¹⁸

This new process has the advantage of helping to ensure full parliamentary ownership of such information requests.

10. Transparency

During the PBO’s 2008 stakeholder consultation, parliamentarians and others were overwhelmingly supportive of the PBO’s proposal to use a “fully transparent, open publishing model” and the PBO committed to having all analysis openly reported to committees and parliamentarians and freely accessible to the public on the PBO’s website in the office’s operational plan. This is in line with good practice in other countries with similar institutions.

While the PBO’s open publishing model is accepted today, initially it created what might best be described as an organisational cultural dissonance with the model of the Parliamentary Library which guarantees the confidentiality of the questions submitted to it by parliamentarians and of the support services it provides to parliamentary committees. During the 2009 Joint Committee inquiry into the operations of the PBO within the Library of Parliament, the PBO’s open publishing model was questioned and the Joint Committee made two recommendations: 1) “that a response to a request made by a parliamentarian or a parliamentary committee in accordance with the legislated mandate shall remain confidential, until the confidentiality is lifted by the parliamentarian or the parliamentary committee making the request” (see rec. 6) and 2) that “the Parliamentary Budget Officer [is] not to release any report during a general election” (see rec. 7).

To date, all of the PBO’s reports and analysis are published on their website along with data sets and methodologies or models.¹⁹ Types of publications include: economic and fiscal assessments, reports and briefing notes, committee appearances, presentations, and letters. Regarding the latter, correspondence with government departments and agencies is made available on the website to the extent that it is not classified. In line with the Joint Committee’s recommendation, the PBO does not publish communications from parliamentarians or parliamentary committees without permission, nor do they usually publish letters from the public. The PBO also publishes information requests to government departments, status updates on these information requests, and copies of responses.

Finally, the PBO publishes contact information for all PBO staff, as well as “proactive disclosures” on staff travel expenses, hospitality expenses, and any contracts over CAD 10 000.

The PBO, and more importantly the office’s work, have received substantial media coverage from the outset. The first Parliamentary Budget Officer chose to proactively engage with the media, speaking on behalf of the office during press conferences and in interviews. Tensions between the government and the first PBO regularly played out in the media, sometimes devolving into unfortunate personal attacks against the PBO. Although the PBO’s staff does not include a press officer or liaison, every effort is made to make the PBO’s work relevant and accessible to the media including, for example, trainings for the media on how to understand and use PBO reports and databases.

11. Governance, advisory support, monitoring and evaluation

As part of the Library of Parliament, the PBO is subject to oversight by the Speakers of both houses who are assisted by the Joint Standing Committee on the Library of Parliament. The Parliament of Canada Act mandates the Speakers, assisted by the Joint Committee, to direct the day-to-day functioning of the library, and, with the approval of both houses, make orders and regulations to govern how the library is managed and how its budget is spent (see Parliament of Canada Act s. 74(1), Subsection 75(2), and s. 74[2]). The Joint Committee also plays a role in assuring that the library officers and other staff “discharge their official duties faithfully” (s. 78 of the Parliament of Canada Act) and, according to the rules of procedure of both houses undertake studies or inquiries on orders of reference from the two houses.

The PBO regularly collaborates with other institutions (e.g. universities, think tanks, the Canadian Association for Business Economics, the United States Congressional Budget Office (CBO) and the IMF) and has actively sought to have its work peer reviewed for external validation and to ensure the rigour of the methodology and results. For example, the independent peer review panel for the PBO’s March 2011 report entitled “An Estimate of the Fiscal Impact of Canada’s Proposed Acquisition of the F-35 Lightning II Joint Strike Fighter” included experts from the Strategic and Defence Studies Centre, Australian National University, Queen’s University and the United States CBO.

12. Concluding remarks

Despite a difficult “birthing process”, the limitations inherent in its current legislative framework and its small size, the office of the PBO quickly built a reputation domestically and internationally as a highly credible independent institution whose work has increased budget transparency and enriched the parliamentary and public debate on the public finances. The Economics Department at the OECD noted in their 2010 economic survey of Canada that “the PBO has proved useful at providing an independent, sometimes discordant, opinion on the federal government’s fiscal forecasts, which can only improve the transparency and debate around federal fiscal policy” (OECD, 2010). It further recommended that “the federal government should continue to support the Parliamentary Budget Office, and provinces should consider establishing similar independent fiscal agencies that can assess compliance relative to objectives and reinforce accountability” (OECD, 2010).²⁰ The IMF concluded that the “PBO has earned a reputation for good quality independent analysis for its research, costings, and forecasting work” (IMF, 2013).

The office of the PBO faces several tests, one being its first change in leadership. This arguably got off to a rocky start with a much criticised delayed appointment process and the departure during the transition period of one of the two Assistant PBOs. Such departures can be difficult for small fiscal organisations particularly when the pool of available talent is limited in the first place. However, things have quickly stabilised.

It remains to be seen how the office of the PBO will fare if there is a change to the party in power despite the fact that the opposition parties are generally supportive. The Conservative government which established the office of the PBO (and which has remained in power during the office's short lifetime) is among its fiercest critics. Weak separation of powers in a Westminster-based system like Canada's increases the risk that during majority governments parliamentarians in the majority will be politically reluctant to champion a parliamentary budget office when government is not supportive.

Given past difficulties and future uncertainty, the parliament may wish to take advantage of the upcoming transition period to consider amendments to clarify the PBO's current enabling legislation and enhance the PBO's independence. As has been suggested in several private members bills,²¹ this could be accomplished by changing the PBO's status to that of a full officer of Parliament who serves during good behaviour and by providing the PBO with clear administrative independence including full control over the office's financial and human resources.

Notes

1. Full title of the FedAA: "An act providing for conflict of interest rules, restrictions on election financing and measures respecting administrative transparency, oversight and accountability." Concurrently the government issued an Action Plan which pledged to seek to: "Ensure truth in budgeting with a Parliamentary Budget Authority by creating the position of a Parliamentary Budget Officer to provide objective analysis to Members of Parliament and parliamentary committees concerning the state of the nation's finances, trends in the national economy, and the financial cost of proposals under consideration by either house." The action plan also pledged to provide quarterly updates to government fiscal forecasts.
2. The first was a "Review of the Forecasting Accuracy and Methods of the Department of Finance" by Ernst & Young in 1994 and the second was a "Report of the Review of Canadian Federal Fiscal Processes and Systems" by Dr Tim O'Neill in 2005.
3. The United States Congressional Budget Office (CBO) was the main model for the PBO, despite questions as to whether such a model would work in Canada's very different Westminster-based parliamentary system.
4. Similar to the provisions contained in the Auditor General Act.
5. Clear cross-party support was necessary as the government did not have a majority in the House of Commons and could not simply use party discipline to guarantee support in the legislature.
6. It should be noted that Canada's Westminster-based parliamentary system features a high degree of integration between the legislative and executive branches, particularly during the terms of majority governments. Party discipline is strong and when a party enjoys a majority in the parliament, the Prime Minister and the cabinet may effectively control the parliament.
7. The Parliamentary Librarian is also appointed by the Governor in Council and holds office "during pleasure". This is in contrast for example to other officers of parliament, for example, the Auditor General Act (S.3 [1]) states that the Auditor General "holds office during good behaviour" and "may be removed for cause."
8. In the summer of 2008, the PBO undertook a series of stakeholder consultations with senators, members of parliament, key parliamentary committees, retired and current senior bureaucrats, think tanks, academics and peer organisations in other jurisdictions. These consultations contributed to the development of the PBO's first Operational Plan (December 2008) outlining the office of the PBO's operating principles and goals for the first two years of operations and its plan

and proposed resource allocation to achieve these goals. This framework continues to guide much of the office's work, although some provisions are under review following the Joint Committee's June 2009 report.

9. Other service areas within the Library of Parliament's budget include the office of the Parliamentary Librarian, the Parliamentary Information and Research Service, Information and Document Resource Service, Learning and Access Services, Corporate Services, and the Information Technology Directorate.
10. The parliament's total budget includes the Senate, the House of Commons, the Library, the Office of the Conflict of Interest and Ethics Commissioner, and the Senate Ethics Officer's budgets.
11. At the same time, the Parliamentary Library sought to bring the PBO more strictly under its administrative control.
12. See recommendation 8: www.parl.gc.ca/content/hoc/Committee/402/BILI/Reports/RP3993042/bilirp03/bilirp03-e.pdf.
13. For a copy of the letter and a list of signatories see <http://supporttheopbo.blogspot.com/2009/07/open-letter-in-support-of-opbo.html>.
14. Not linked to the electoral cycle.
15. See www.pco-bcp.gc.ca.
16. An overview of the first appointment process can be found below:
 - December 2006, the Parliamentary Librarian drafted a job description which was sent for approval to the Privy Council Office.
 - July 2007, the Privy Council Office classified the PBO position as a GCQ-5, one level below the Parliamentary Librarian (GC-6). It should be noted however that the "Q" indicates a quasi-judicial function, an additional level of independence not subject to performance pay.
 - January 2007, the Parliamentary Librarian formed a discussion group nominated by the Canadian Association of Former Parliamentarians and representatives of all parties in both Houses, and recruited Allan Darling, a retired official as a senior adviser to help define the skills and experience that candidates should possess.
 - August 2007, the Library of Parliament entered into a contract with an executive search firm, Ray and Berndtson, to conduct a national search process for qualified candidates.
 - November 2007, the Parliamentary Librarian convened the selection committee required by the Parliament of Canada Act to review eight of the 24 candidates identified during the executive search process. The committee identified an additional six candidates to be approached for the position.
 - December 2007, the committee held interviews and chose a short list which the Parliamentary Librarian forwarded to the Government House Leader. However, no candidate was willing to accept the position.
 - February 2008, the House and Senate Standing Committees on Finance, concerned about the delays, heard evidence on the appointment process.
 - March 2008, Kevin Page, an economist with almost three decades of experience in the federal public service, notably with Finance Canada, the Treasury Board Secretariat and the Privy Council Office, accepted the appointment as Canada's first Parliamentary Budget Officer as a GCQ-6.
17. The position of Parliamentary Librarian was also open and a new Parliamentary Librarian was recruited.
18. www.parl.gc.ca/HousePublications/Publication.aspx?DocId=7918081&Language=E&Mode=1&Parl=41&Ses=2.
19. Parliamentarians are provided with hard copies upon request.
20. In September 2013, the province of Ontario set up a Financial Accountability Officer (FAO) mandated to provide Ontario's parliamentarians with independent forecasting and fiscal analysis.
21. A private member's bill was again defeated in Parliament in June 2013.

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