



Costing 2018 Fall Economic Statement and Off-Cycle Measures



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

Ottawa, Canada
17 January 2019
www.pbo-dpb.gc.ca

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

Consistent with the Parliamentary Budget Officer's legislated mandate, this report provides independent cost estimates of 2018 Fall Economic Statement (FES) measures.

Lead Analyst:

Carleigh Malanik Busby, Financial Analyst

Contributors:

Nora Nahornick, Scott Cameron, Nigel Wodrich, Diarra Sourang, Robert Behrend, Étienne Bergeron, Sarah MacPhee

This report was prepared under the direction of:

Xiaoyi Yan, Director and Jason Jacques, Senior Director

Nancy Beauchamp and Caroline Bernier assisted with the preparation of the report for publication.

For further information, please contact pbo-dpb@parl.gc.ca

Yves Giroux

Parliamentary Budget Officer

On September 21, 2017, the *Parliament of Canada Act* was revised to expand the PBO's mandate to include estimating the financial cost of election campaign proposals. In preparation for the upcoming 2019 federal general election, PBO used the 2018 Fall Economic Statement as an opportunity to assess its existing capacity to cost a variety of policy initiatives within a limited period of time. This exercise relied, as much as possible, on the templates and process described in PBO's framework for estimating the financial cost of election campaign proposals¹.

The 2018 Fall Economic Statement contained around 77 fiscal initiatives that were either new measures announced for the first time, or ones that had been announced after the publication of Budget 2018 (that is, off-cycle measures). PBO assessed the suitability of all new and off-cycle measures for independent costing. These were classified as one of two types:

- 1) Measures of total spending envelopes, for which the government commits to allocating a specific amount of resources for a certain policy; or,
- 2) Measures that are specific and sufficiently detailed, have a proven track record, and for which either the number of stakeholders affected by the policy or their potential benefits/costs are clearly identifiable.

PBO's electoral costing framework, "Estimating the financial cost of election campaign proposals: a framework" indicates only the latter is expected to be considered for independent cost analysis as part of the 2019 electoral platform costing exercise².

Of the roughly 77 measures, PBO identified 22 that satisfied the necessary criteria. The number of measures was further reduced to 8 due to additional factors, such as pending parameter information. All 8 independent cost estimates include a six-year projection, beginning in the 2018-19 fiscal year.

The cost estimates can be accessed from the hyperlinks in the following.

¹ PBO, "Estimating the financial cost of election campaign proposals: a framework", 2018, url: https://www.pbo-dpb.gc.ca/web/default/files/Documents/General/CampaignFramework_EN_FINAL.pdf.

² *ibid*

<i>\$millions</i>	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Immediate Expensing for Clean Energy Equipment	57	203	114	71	50	15
Mineral Exploration Tax Credit	-	90	70	75	75	80
Countermeasures and Remissions on Steel, Aluminum, and Other US Imports³	-985	-1,356	-1,093	-	-	-
Steel and Aluminum Work-Sharing Extensions	small	1	1	1	-1	-1
Earlier Implementation of Employment Insurance Parental Sharing Benefit	26	53	-9	-10	-10	-10
Supporting Workers in Seasonal Industries	36	107	34	-30	-31	-32
Taxation of Communal Organizations	38	14	14	15	15	15
Charity limits on non-partisan political activities	15	26	27	27	28	28

³ An error in the cost projection of the proposed measure was identified post-publication. The current cost projection has been revised downward (i.e., higher revenues).