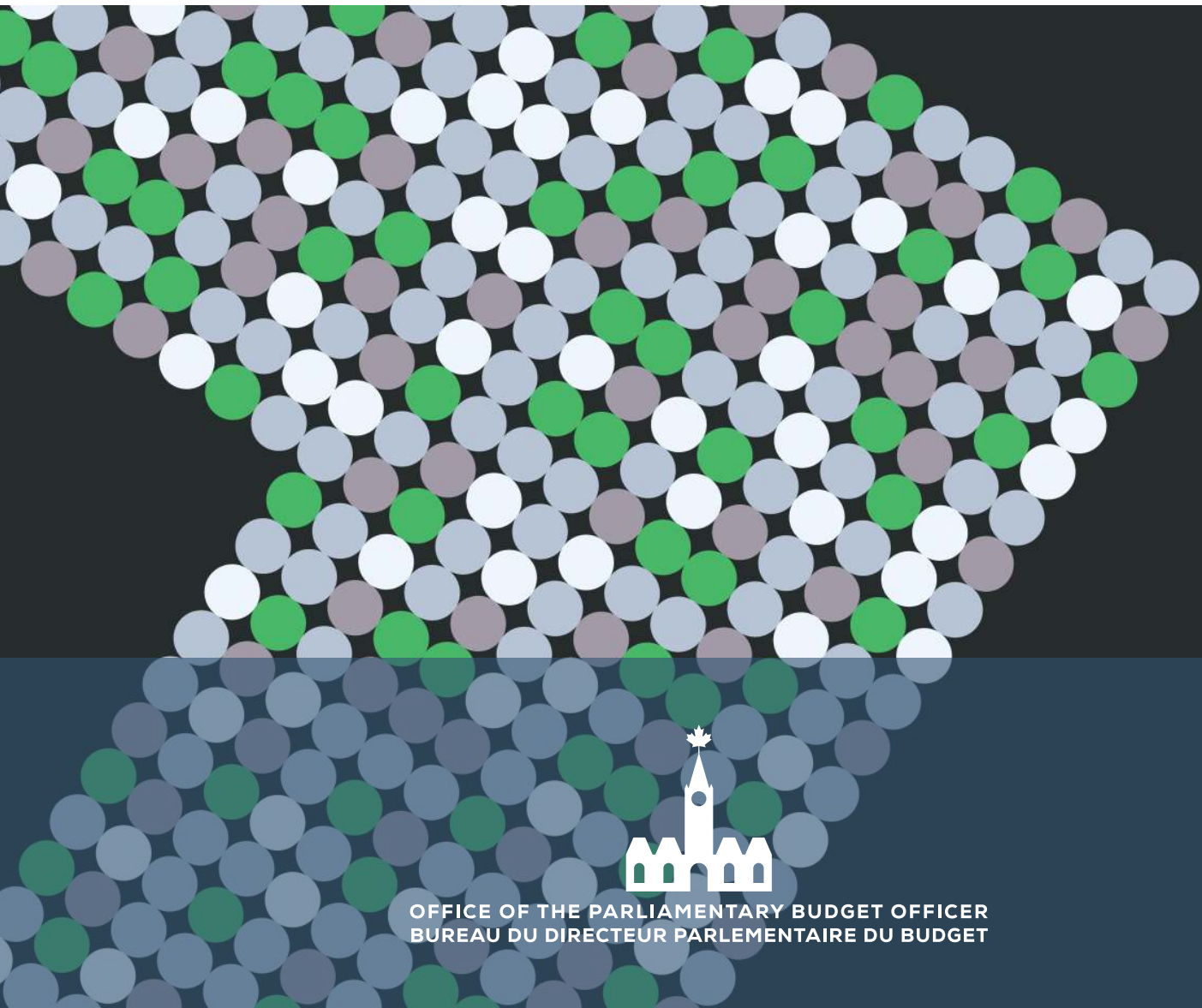


June 17, 2021



2020–21 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



I am pleased to present the *2020–21 Report on the Activities of the Parliamentary Budget Officer*, as outlined in the *Parliament of Canada Act*.¹

Since March 2020, the way we work has dramatically changed, leading to several operational challenges for the Office of the Parliamentary Budget Officer (OPBO). We quickly adapted our ways of doing things in response to the health crisis and continued to make every effort to provide the best possible service to parliamentarians and Canadians every day. The PBO team worked tirelessly to meet and exceed the ambitious targets of our 2020-21 Work Plan.

Despite all the challenges, the Office has continued to serve Parliament with integrity and professionalism through the provision of independent, credible and non-partisan financial and economic analysis on a timely basis.

Over the past fiscal year, we have provided in-depth analysis on the state of the Canadian economy, the sustainability of government finances, and the cost of various legislative initiatives and programs as set out in the 2020–21 Work Plan, often filling a glaring information gap. We also continued to make significant gains in strengthening and enhancing the Office’s analytical and economic modelling capacity.

When the COVID-19 pandemic struck in March 2020, the Office leveraged its strong analytical capacity to provide pertinent analysis to help parliamentarians gauge the potential implications on the Canadian economy and the government’s finances as they were asked to vote on support measures of a magnitude never seen before. We have published numerous analyses on COVID-19, and a new section of our website is dedicated to the PBO’s analyses during the pandemic.

Looking ahead, we will continue to collect performance data over the coming year. This includes direct surveys of parliamentarians and their staff, as well as evaluation of our internal processes. We will also prepare for the OPBO’s five-year legislative review in 2022.

I am proud of all that the Office achieved in 2020–21. It has been my honour to work with an exemplary team of professionals. We look forward to continuing to provide relevant and accessible financial and economic analysis to parliamentarians and Canadians.

Yves Giroux
Parliamentary Budget Officer

1. Mandate and activities

As a result of amendments made to the *Parliament of Canada Act* in 2017, Parliament has given the Parliamentary Budget Officer (PBO) two distinct mandates:

1. When Parliament is not dissolved:

The PBO provides independent economic and financial analysis to the Senate and House of Commons, analyzes the estimates of the government and, if requested, estimates the financial cost of any proposal over which Parliament has jurisdiction.

2. During the 120-day period before a fixed general election or when Parliament is dissolved for a general election:

The PBO provides political parties, at their request, with estimates of the financial cost of election campaign proposals they are considering making.



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

During the 2020–21 fiscal year, the PBO published 45 reports, including supplementary analyses, updates, the *2021-22 Work Plan* and the *2019-20 Report on Activities*. Of these reports, approximately half were requested by parliamentarians from the Senate or the House of Commons. The remaining reports 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.²

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.³

In 2020–21, the PBO published 7 regular reports and analyses:

- analysis of main, and supplementary estimates (3 reports); and
- analysis of the Government's Economic and Fiscal Update 2020, Fiscal Sustainability Report 2020: Update, Fall Economic Statement 2020: Issues for Parliamentarians, Pre-Budget Outlook.

In addition to the regular reports, in 2020–21, the PBO published 18 updates and stand-alone reports, some of which supplemented regular reports, while others provided analysis of specific matters related to the nation's economy or finances:

- a semi-annual economic and fiscal outlook (1 report);⁴
- an analysis of the Sustainability of the Canada Pension Plan;
- a review of PBO Economic and Fiscal Projections;
- an update of the Financial and Economic Considerations of Trans Mountain Pipeline;
- a fiscal analysis of Federal Pay Equity;
- an estimate of the Return of Additional Federal Spending on Business Tax Compliance;
- a preliminary analysis of The Innovation Superclusters Initiative;
- an analysis of Crown corporations' COVID-19 liquidity support;
- a Personnel Expenditure Analysis Tool;
- an analysis of Federal Support through Major Transfers to Provincial and Territorial Governments;
- Carbon pricing for the Paris target: Closing the gap with output-based pricing

- an outlook of Provincial Government Liquidity;
- an analysis of Estimating the top tail of the family wealth distribution in Canada;
- an updated on the Investing in Canada Plan;
- an analysis of Gains and Losses in the Government's Financial Results;
- 3 updated scenario analysis of the potential implications of the COVID-19 pandemic and oil price shocks.

The PBO also published 18 blog posts, which provide relevant information and/or additional detail related to PBO publications:

- Explaining the Cost Estimate of the Canada Emergency Commercial Rent Assistance Program;
- Supplementary Estimates (A) 2020-21;
- Federal debt: Frequently Asked Questions;
- Supplementary blog post on the Investing in Canada plan;
- Canada's purchase of the Trans Mountain Pipeline: Financial and Economic Considerations – Updated CDEV Financial Reporting – July 2020;
- Update Cost of New Federal Leave for COVID-19;
- Planned Capital Spending under Strong, Secure, Engaged (2020 updated);
- Update Five Year Cost Estimate of the Guaranteed Basic Income;
- Update Cost of Federal Leave for COVID-19;
- Federal Government Investments in Palliative Care;
- FES-2020-Table;
- Analysis of Federal Debt 2020-21;
- The Outlook for the Employment Insurance (EI) Operating Account;
- Fiscal Stabilization Program – Indexing the maximum per capita payment;
- Supplementary information on simplifying the home office expense deduction;
- Fiscal Multipliers and Fiscal Sensitivities;
- Update Cost of Federal Leave for COVID-19;
- Canada Infrastructure Bank.

Legislative Costing Note: Independence, relevance and non-partisanship

The success of the PBO's new costing service for 2019 election have demonstrated how the PBO's timely work serves to increase transparency. Those short costing notes were so appreciated that the PBO decided to continue publishing report under this format on a regular basis.

During the 2020–21 fiscal year, the PBO published **73** Legislative costing notes on COVID-19 and various topics of interest to parliamentarians and Canadians.

Find out more on those notes by visiting our website: www.pbo-dpb.gc.ca or by following the PBO on [Twitter](#).

Reports resulting from requests for analysis and estimates from members and committees of the Senate and the House of Commons in 2020–21

In 2020–21, the PBO received 30 requests for financial analysis and cost estimates from parliamentarians. The PBO also received several informal requests and questions over the course of the fiscal year.

The PBO published 20 **reports** that were undertaken at the request of senators, MPs or parliamentary committees:

- a cost estimate of a hybrid parliament system;
- an update and options Analysis of the cost of Canada's Surface Combatants: 2021;
- an analysis of the compensation for the delay and denial of services to First Nations children
- a cost estimate of urban, rural, and northern indigenous housing;
- a cost estimate of eliminating the Registered Retirement Income Fund (RRIF) minimum withdrawal amount;
- a fiscal analysis of the Joint Support Ship program and the MV Asterix;
- an analysis on discretionary mandatory minimum penalties for murder;
- a cost estimate for Bill C-7 (medical assistance in dying);
- a cost estimate of a federal dental care program for uninsured Canadians;
- an estimate of a tax-free seniors benefits;
- an analysis of the disability benefit processing at Veterans Affairs Canada;

- a cost estimate of the public service use of paid leave for reasons related to COVID-19;
- an estimate of the net wealth tax on Canadian resident economic families;
- an estimate of CERB extension and phase-out note
- a cost estimate of a guaranteed basic income during the COVID pandemic;
- an estimate on Proposed Changes to the Canadian Emergency Response Benefit (CERB);
- an estimate on Proposed Changes and Extension to the Canadian Emergency Response Benefit (CERB);
- a costing note on Refund of Goods and Services Sales Tax for Small Businesses (January-December)
- a costing note on Refund of Goods and Services Sales Tax for Small Businesses (July-December)
- an estimate of First Nations Child Welfare: Compensation for Removals.

Publication during COVID-19

Since the beginning of the crisis in March 2020, OPBO has been following the situation closely, as well as monitoring Canada's COVID-19 Economic Response Plan, launched on March 13, 2020. The Plan includes several new programs and has been supported by new legislation (bills C-13, C-14, C-15 and C-4), which also gave the government extraordinary powers.

In keeping with his mandate, which includes providing independent and non-partisan analysis to Parliament on matters of particular significance relating to the nation's finances or economy, PBO costed the measures in Canada's COVID-19 Economic Response Plan. These PBO COVID-19 analyses were designed to help Canadians and parliamentarians assess how the pandemic may affect the Canadian economy and government finances.

Over the course of the last year, PBO published 48 COVID-19 cost estimates and 6 COVID-19 reports. In addition, one costing note and 8 reports were prepared by PBO in response to requests from committees and parliamentarians seeking information on the estimated cost of proposed legislative measures and programs in response to the COVID-19 pandemic.

In the early days of the crisis, PBO also published scenario analysis reports to help parliamentarians gauge the potential implications of the COVID-19 pandemic and oil price shocks on the Canadian economy and government finances. Three update reports were published. These reports were especially important given the absence of a federal budget in 2020.

****All COVID-19 cost estimates and reports have been included in the previous section.***

Lastly, PBO developed a monitoring framework to assist parliamentarians in keeping track of government announcements and spending related to COVID-19. The monitoring framework document lists the measures associated with COVID-19 announced by the government and includes high-level implementation and spending data collected by the PBO from

numerous federal departments and agencies through information requests. The document was updated five times in 2020–2021.

With regard to the internal operation of OPBO, telework was implemented rapidly, which ensured OPBO could continue its activities without interruption. Employees also followed public health guidelines, including those issued by the Public Health Agency of Canada (PHAC), which continue to guide us on all matters involving the COVID-19 pandemic.

PBO's COVID-19 Analysis Tool

The PBO's COVID-19 analysis products are designed to assist Canadians and parliamentarians gauge the potential implications of the pandemic on the Canadian economy and the Government's finances.

The tool provides access to all the PBO's COVID-19 Analysis, including:

- The PBO's COVID-19 Cost Estimates,
- The PBO's latest Economic and Fiscal Outlook, and the COVID-19 measures included in it,
- COVID-19 Costings Requested by Parliamentarians; and,
- The PBO's COVID-19 Monitoring Framework for Government Spending.

Available at: <https://covid19.pbo-dpb.ca/#/en>

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

Under the *Parliament of Canada Act*, for the 120-day period before a general election, the PBO is obligated, upon request of a recognized political party or independent member of the House of Commons, to prepare estimates of the financial cost of their election campaign proposals. Once Parliament is dissolved for the general election, the PBO must discontinue work on all requests by committees and members.⁵

The PBO undertook a review of its election campaign proposal activities during the 2019 federal election campaign as part of the PBO's commitment to providing high quality, non-partisan services. The PBO released a report outlining recommendations for the next federal election.

Election Proposal Costing Recommendations

1. Continue to publish an Economic and Fiscal Baseline but consider limiting its time horizon to five years.
2. The PBO should consider expanding the range of scenarios that can be evaluated via online tools and engage in additional outreach with stakeholders to broaden familiarity.
3. The PBO should expand the use of Memoranda of understanding with the Federal Public Service beyond the Election Proposal Costing (EPC) period, as well as broaden their use across federal departments and agencies.
4. For the next EPC period, the PBO will undertake additional research regarding the behavioural responses to policy changes, where feasible. The PBO will also offer political parties distributional analysis when doing so requires little additional resources.
5. The confidentiality framework used by the PBO in EPC 2019 should be maintained.
6. The existing legislative framework should be clarified to ensure its spirit and intent can be fulfilled, and thus to clarify that organizations that are not departments are also covered.
7. The Time Budget for the next ECP service should be simplified and managed with greater flexibility.
8. The presentation and communication of the Envelope List should be revisited for the next ECP exercise.

Read the full report at <https://www.pbo-dpb.gc.ca/en/blog/news/ADM001--evaluation-election-proposal-costing-2019--performance-estimation-cout-promesses-electorales-2019>

As the 43rd Parliament of Canada is in a minority government situation, the OPBO will be prepared to assess the financial cost of measures proposed by the political parties in the upcoming pre-election period. The PBO will release a 10-year Economic and Fiscal Baseline, as well as an online application to help political parties estimate the impact of new spending proposals on public debt interest costs. These analytical products allowed political parties to generate an internally consistent fiscal framework, which encouraged them to announce costed policy measures before election day.

Consistent with legislation, the PBO will also work with government departments prior to and during the next election period to negotiate Memoranda of Understanding (MoUs) for the provision of information and other assistance necessary to prepare the most accurate estimates possible.

2. Information access

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

Under the *Parliament of Canada Act* the PBO “is entitled 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.”⁶

While 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 data, it will often be more costly and time-consuming to do so, potentially reducing the resources available to respond to requests from parliamentarians and committees. Having access to the government’s data will often improve the quality of the PBO’s estimates and make them more useful to parliamentarians.

If a government department or Crown corporation refuses to provide access to information, the PBO can notify the Speakers of the Senate and of the House of Commons or any appropriate committee of either House or both Houses.⁷

The PBO expects that if he 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.

2.1. 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*;⁸
- information protected by solicitor-client privilege or professional secrecy of advocates and notaries or by litigation privilege;⁹
- information whose disclosure is restricted under any provision set out in Schedule II to the *Access to Information Act*;¹⁰
- information that is a confidence of the Queen’s Privy Council for Canada as defined in subsection 39(2) of the *Canada Evidence Act*;¹¹ and
- information whose disclosure to the PBO is specifically restricted under another federal statute.¹²

The PBO remains of the opinion that providing relevant and timely analysis to the Senate and the House of Commons requires access to certain confidential information. This includes the government’s estimate for the cost of implementing bills before Parliament, gender-based analysis of those bills.

Additionally, the PBO is concerned that the exception based on Schedule II of the *Access to Information Act* is unduly narrowing the PBO’s access to information. There is clearly scope for improving the PBO’s access to information held by government departments and agencies. The PBO wrote a letter to the Leader of the Government in the House of Commons on February 11, 2020 seeking legislative amendments to improve access to information. A negative response was received a few months later, indicating the issue should instead be considered as part of the quinquennial review of the PBO’s enabling legislation in 2022.

2.2. Information requests in 2020–21

During 2020–21, the PBO submitted 133 information requests to government departments and Crown corporations. Of those requests 65% were COVID-19 related.

The PBO received all the information requested in 109 of the 133 requests submitted. This represents an 82% response rate, which is slightly higher than in 2019–20, which had an average response rate of 78%.

Of the 24 requests for which the PBO did not receive all the requested information, 15 were returned with information not yet available from the department (11.3%); three were returned with partial information available (2.3%); for three other the information was deemed by the department to be Confidences of Queen’s Privy Council (2.3%) and therefore not accessible to the PBO; two information requests were cancelled (and instead included in a different request (1.5%)) and finally, one was answered verbally on the last day of the fiscal year (0.7%).

Information requests		
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%
2018–19	61	84%
2019–20	35	78%
2020–21	133	82%

3. Performance

3.1. Debates and committee meetings

In 2020–21, the PBO and the work produced by his office were mentioned 385 times in the Senate and House of Commons debates. The PBO was mentioned 402 times in House of Commons committee meetings, including appearances by the PBO before committees.¹³

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.

3.2. PBO’s committee appearances

In 2020–21, the PBO or his staff appeared on three occasions before Senate committees and on eleven occasions before House of Commons committees.

The PBO appeared in different committees of the Senate and the House of Commons on the government’s response to the COVID-19 pandemic and for the semi-annual economic and fiscal outlooks, for the presentation of the analysis of building the Joint Supply Ship in Canada and to explain the backlog of Disability Benefit Claims at Veterans Affairs Canada. These are examples that demonstrate how the PBO and his staff can use their specialized expertise to support the work of parliamentary committees.

The PBO welcomes opportunities to appear before parliamentary committees to discuss potential requests the committees might make of the PBO in support of their studies.

3.3. Briefing sessions

The PBO presented 10 reports in 2020–2021 via virtual briefing sessions to allow parliamentarians to ask questions and further explore the topics covered in PBO reports and publications. These briefings were offered to all parliamentarians and their staff.

Multiple sessions were offered for each report to facilitate participation by all parliamentarians across time zones. On average, approximately 30 participants attended each of these sessions. The PBO also offered briefings for the media for select publications.

At these sessions, the PBO presented a summary and conclusions of the published report and answered questions from participants.

3.4. Outreach to Canadians

In 2020–21, the PBO continued to promote greater budget transparency and accountability by communicating his findings to the public and the media. This open and accessible approach allows the PBO to better serve parliamentarians who can speak to the PBO's reports knowing that the public is aware of them.

Over the course of the fiscal year, the work of the PBO was mentioned over 5,500 times in the media nationwide, underscoring the relevance of the PBO's analysis in contributing to the public discourse.

Survey on the PBO's products and services

In February 2021, the PBO launched a survey to assess client satisfaction with the services provided by the Office as outlined in its work plan. The objective of the survey was to quantify the overall quality of services provided by the PBO to parliamentarians and their staff. The survey was conducted online between February 15 and March 11, 2021.

The survey had different components, each covering a topic important to the PBO to ensure transparency of its services, including the Office's products and services (reports, memos, parliamentary committee hearings, and face-to-face and virtual report presentations), website, interactive tools, inquiries, and social media.

The survey results clearly demonstrate your high level of satisfaction with our products and services to parliamentarians.

While the results are very satisfying, some areas where there is room for improvement were mentioned. For example, the PBO's interactive tools are still not well known. In addition, some parliamentarians have indicated an interest in learning more about our product and service offerings. We will be working to improve these areas over the next year.

4. Financial information

The budget process for the PBO is established in the *Parliament of Canada Act*. Before each fiscal year, the PBO prepares an estimate of the budgetary requirements for the year. The estimate is considered by the Speaker of the Senate and Speaker of the House of Commons and, if approved by both Speakers, transmitted to the President of the Treasury Board, who lays it before the House with the estimates of the Government of Canada for the fiscal year.

Financial Resource Summary				
(thousands of dollars)				
	2019-20	2020-21		
Program Activity	Actual Spending	Main Estimates	Total Authorities	Actual Spending
Economic and fiscal analysis	5,418	6,520	6,520	5,477
Contributions to employee benefits plan	505	726	726	619
Total	5,923	7,246	7,246	6,096

Notes

1. *Parliament of Canada Act*, s 79.22.
2. *Ibid.*, s 79.2(1)(a).
3. *Ibid.*, s 79.13(1)(b), (3), 79.2(1)(b).
4. 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.
5. *Parliament of Canada Act*, s 79.2(5).
6. *Ibid.*, s 79.4(1).
7. *Ibid.*, s 79.42.
8. *Parliament of Canada Act*, RSC 1985, c P-1, s 79.4(2)(a).
9. *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.
10. *Parliament of Canada Act*, s 79.4(2)(c).
11. *Ibid.*, s 79.4(2)(d).
12. *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).
13. The equivalent figures were not available for Senate committees.