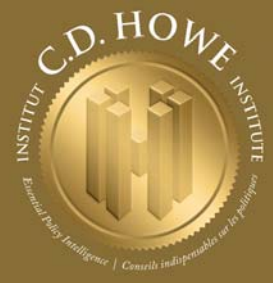


Intelligence MEMOS



From: Scott Cameron
To: Policy Wonks Eagerly Awaiting Costed Election Proposals
Date: September 25, 2019
Re: **THE PBO'S PROMISING FORAY INTO CAMPAIGN COSTING**

The 43rd Canadian general election has a twist: political parties may ask Parliamentary Budget Officer Yves Giroux and his analysts to prepare independent and non-partisan estimates of the financial impact of campaign proposals.

If done well, this will provide voters with more and better information. Impartial third-party arbitration can raise the level of policy debate. If done poorly, an unelected public servant could potentially swing an election.

The PBO has described the new [framework](#) in detail, including an [FAQ](#).

The first published costings have underscored several limits to the process:

- First, participation is voluntary. The PBO is not a policy judge and jury working on behalf of Canadians, but rather a pro-bono service for parties. Proposals will only be costed out should a party choose to submit a request.
- The legislation only prescribes that the PBO estimate the cost of individual measures – the office will not cost platforms overall or calculate any resulting deficit and debt profiles. That's up to the parties.
- There will be no dynamic scoring. Dynamic scoring includes the feedback effects of a policy on underlying assumptions for factor markets and economic growth (a common example is a corporate tax cut paying for itself). For the campaign, dynamic scoring was deemed too resource-intensive, methodologically uncertain, and politically controversial.
- The PBO will not provide gender, distributional or sectoral analysis. The costings, as legislated, are to include only the financial impact of the single policy. Examining how it will affect different groups of Canadians has been left to the commentariat (particularly academics), who have so far been doing a [thorough job](#).
- These numbers are not a preview of what will appear in the first budget of the successful party. Owing to a variety of past institutional decisions, the PBO operates independently of the Department of Finance, running its own independent economic and fiscal models. While the numbers are unlikely to be too far apart, they are also unlikely to be identical to those in the next budget.

Despite these limitations, the framework is off to a successful – and even entertaining – start. It has been a treat to run to the PBO's website after a new announcement to scrutinize freshly minted estimates. All signs point to having an evidence-based policy discussion.

That said, there remain several opaque facets of the process that have challenged those of us following along at home:

- Including cross-platform policy-interaction effects was always going to require creative stickhandling and meet inevitable snags. The solution so far has been to quietly revise published cost estimates to reflect new announcements (for example, the Conservative's Maternity and Parental Leave Tax Credit estimates were revised following the announcement of the Personal Income Tax Rate Reduction). If an updated response is unavoidable, that fact should be announced and the original cost estimate retained for posterity.
- The legislation permits the PBO to outsource its costings to federal departments and it has signed several [agreements](#) to do so. What is not clear yet is how this will be disclosed, or whether deferment to the expertise of departments will be applied consistently across parties, given the concerns of [some](#) involved and [reassurances from the PBO](#) in response.
- If a party commits to having all its proposals costed by the PBO, there are three reasons an estimate may not be published simultaneously with any announcement: (1) The PBO is still working on it; (2) the party has exceeded the resource limit that the PBO established to ensure equal access to all participants; or (3) the party is withholding the written notification of the announcement required by the PBO (as prescribed by the [Parliament of Canada Act](#)) before he can publish the estimate. It is not clear if anything can or will be communicated by the PBO to resolve this uncertainty among followers of the campaigns.

If these points receive additional clarity (perhaps in a review following the election), it would bring an additional level of transparency that could help avoid potential squabbles on the sidelines.

If the PBO succeeds in navigating the challenges of the campaign costing process and delivering this promising new service to parties, the office's work will not influence a single vote. That is, putting numbers to policies merely enables the policies to speak for themselves. The election will be won or lost on vetted ideas.

Scott Cameron is a former advisor for the Parliamentary Budget Officer and contributed to drafting the campaign proposal costing framework. He now manages a PBO training program in Southeast Asia.

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