Policy Forum: Public Costing of Party Platforms—Learning from International Experience

Jennifer Robson and Mark Jarvis*

PRÉCIS
Le Canada a maintenant connu une élection fédérale avec un nouveau régime d’évaluation du coût des programmes électoraux par le directeur parlementaire du budget (DPB). D’autres pays, qui ont une expérience beaucoup plus grande à cet égard, ont adopté des approches assez différentes d’évaluation du coût public des propositions électorales des partis. Toute discussion des modifications qui pourraient être apportées à l’approche du Canada devrait s’inspirer de cette expérience internationale. Plus précisément, certains autres pays ont défini plus clairement les obligations des ministères dans l’établissement du coût des programmes électoraux et ont géré les pressions qui découlent de la réalisation d’une analyse technique détaillée dans les contraintes de temps imposées par la période électorale.

ABSTRACT
Canada has now experienced one federal election under a new regime of platform costing by the parliamentary budget officer (PBO). Other countries, with considerably more experience in this regard, have adopted rather different approaches to public costing of party election promises. Discussion of any amendments to Canada’s approach should be informed by that international experience. Specifically, some other countries have more clearly articulated the obligations of government departments in platform costing and managed the pressures that come with doing detailed, technical analysis under the time constraints of the writ period.

KEYWORDS: elections ■ political parties ■ parliamentary budget officer ■ costing ■ policy

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INTRODUCTION

Many countries, Canada now among them, provide some form of public support to parties in costing their election promises. The 2019 federal election was the first in Canada since Parliament granted new statutory roles to the parliamentary budget officer (PBO), including the role of costing the election commitments of parties with official status in the House of Commons. Readers will want to consult the article by Scott Cameron in this Policy Forum for a discussion of how the Canadian PBO worked to introduce its new costing service.

Notwithstanding key differences in the design and operation of different election-costing regimes, certain broad principles are evident in each of the countries that have adopted public support for platform costing. The first principle is that voters in an election are entitled to key information. When voters have better information on the competing policy ideas on offer in an election, they are better equipped to make a decision at the ballot box. This in turn bolsters the credibility of the election process itself and the significance of electoral outcomes in shaping the future policy direction of a government. But to be useful, the information offered to voters must be rigorous, clear, and transparent. That is, voters must be able to be confident in the quality of the information, comprehend the content, and understand how it was developed. And the information has to be adequate and timely. That is, voters must have enough information and enough time to make use of it in exercising their vote.

The second principle is a fundamental commitment to a permanent, professional, and non-partisan public service, including officers of Parliament. This means that the public service cannot be used during the writ period to improve or hinder the electoral aspirations of any political party or candidate. This requires special separation of the partisan elected officials in Cabinet posts from some of the activities of the government departments that they continue to lead in accordance with the caretaker convention, including the costing of party platforms. The principle of

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1 The expanded mandate was granted with the enactment of An Act To Implement Certain Provisions of the Budget Tabled in Parliament on March 22, 2017 and Other Measures, SC 2017, c. 20; royal assent June 22, 2017. Official party status, for the purposes of parliamentary procedure, has been associated with having at least 12 members in the House of Commons. Marc Bosc and André Gagnon, eds., House of Commons Procedure and Practice, 3d ed. (Ottawa: House of Commons, 2017).
restraint central to the caretaker convention is not new, but the new electoral role for the PBO demands that this work receives careful and ongoing respect.

At the start of 2020, the PBO released a report and self-evaluation of the functioning of the new platform-costing regime, including nine recommendations for improvement in advance of the next election. The report concluded that, while the costing service had “enhanced the credibility of the democratic process . . . some adjustments are desirable.” As stakeholders launch a discussion on what, if any, changes to the PBO costing role and process should be made, our aim here is to reflect on what Canada might learn from experience in other advanced democracies. We briefly describe certain key features of the existing systems of platform costing in each of the Netherlands, Australia, and Ireland. Again, readers looking for more detailed discussions of the Dutch and Australian systems will want to read the article by Scott Cameron in this Policy Forum. We discuss these examples in terms of the two key principles of providing transparent and adequate information to voters and protecting the non-partisan public service. Finally, we offer some concluding ideas on what Canada might take away from international practice.

HOW DOES ELECTION PLATFORM COSTING WORK IN THE NETHERLANDS?

The longest-running system of public support for party platform costing is in the Netherlands. There, the Centraal Planbureau (CPB) has been providing analysis of the costs of platform promises since 1986. Unlike Canada’s PBO, the CPB is actually part of the government executive under the Ministry of Economic Affairs, Agriculture and Innovation. As a public but quasi-independent body, the CPB has access to much of the government’s internal and unpublished financial information. It also maintains working-level relationships with government ministries to gain additional information. The CPB reports that this system works well and that it receives information that it requests from ministries in a timely manner. The CPB’s economic and fiscal projections are used as the official foundation for national public budgeting in the Netherlands, and the bureau maintains a clear and written agreement on the respective roles and responsibilities of each of the relevant actors with the Dutch Council of State.

3 Ibid., at 1.
6 Ibid., at 177.
In the leadup to an election, the CPB will publish a four-year economic and fiscal projection to inform the platform development work of the political parties. The analysis of the platforms is published as a single report, detailing a comparative analysis of all party platforms against baseline assumptions on government revenues and spending, as well as projections of macroeconomic and microeconomic impacts, including changes to economic growth, income distribution, and even key health-system indicators. Parties are not required to participate in this comparative analysis, but the CPB reports that almost all do and, what’s more, they provide copies of their platforms well in advance of the election. For example, the most recent report, published in February 2017, covers the platforms of 11 political parties, all of which provided their platforms to the CPB in November 2016 for an election that took place five months later, in March 2017.

In the Canadian context, this degree of advance election planning by political parties is virtually unheard of. While work on policy platforms generally begins in advance of campaigns, in recent elections platforms have regularly not been finalized and released until shortly before election day. As the PBO has noted, the volume of requests for costing of platform proposals during the 2019 election was initially quite limited and increased significantly as the federal campaigns continued, signalling that parties are still making decisions on what promises to make even as the day of the election approaches. In addition to having significantly more time to do the work, the ability of the CPB to provide detailed comparative analysis also relies on having complete lists of platform promises from parties before the work of costing begins. This allows the CPB to consider the net economic effects of packages of proposals for policy change. By contrast, the PBO service is built for informing parties of the fiscal cost of individual policy ideas, where these ideas may not even make their way into the final list of public promises a party makes. The PBO will only publish costing of proposals that have already been announced by a political party. In fact, the PBO reports that it costed almost twice as many policy ideas from parties as were ever made public. But in the Netherlands, where coalition governments are the norm, the CPB’s comparative analysis informs both voters and the parties themselves of relative differences (or similarities) in overall policy direction, a key consideration when negotiating interparty agreements to form a government.

**How does election platform costing work in Australia?**

Australia, like Canada, has a parliamentary budget officer whose mandate includes costing policy proposals for parliamentarians and publishing fiscal analysis of the

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8 PBO Evaluation, supra note 2, at 5.

9 Ibid.
election platform commitments of major parties. The Australian PBO was created in 2012, in part to supplement an older system (in place since 1998) that allows parties to ask government departments for assistance in costing policy proposals. A 2014 study by the Institute on Government found that this older system has not been well used by Australian political parties, even when it initially was available only to parliamentarians in the governing or official opposition parties. This was, at least in part, because both the requests and responses from departments must be made public, and with limited advance notice to the requesting party. When access was later expanded to include third parties in Parliament, new problems emerged. Government documents revealed that costing requests were not always kept confidential by officials and were shared with ministerial staffers and the Prime Minister's Office. The Prime Minister's Office also exercised an informal veto over requests received by departments and did refuse to let some costing work proceed. This not only violated any expectation of confidentiality that the parties thought they might enjoy in seeking advice, but also posed a clear risk to the non-partisan nature of the professional public service that is foundational in Westminster systems of government such as those of Australia and Canada.

Under Australia's new regime, the Australian PBO offers a service similar in many respects to the Canadian PBO. One exception is that, in Australia, parliamentarians can submit policy proposals for confidential costing to the PBO outside the election period. The Australian PBO will prioritize these requests, taking into account whether the request is on a matter under active debate in Parliament, the importance of the item relative to others submitted by the same party, the number of seats held by the party, and the level of demand for PBO services from the same party. The contents of both the request and the response will be kept confidential by the PBO if requested by the parliamentarian. Importantly, that confidentiality enables political parties and their representatives to reconsider and refine policy ideas on the basis of the new information and analysis received from the PBO. In principle, this should lead to more robust policy proposals from political officials who can have an opportunity to carefully consider an idea before making and defending a public commitment. Furthermore, it is an approach that mirrors a government's access to confidential advice from non-partisan public servants. The Canadian PBO offers no such confidential service outside the election period.

During the caretaker period, the Australian PBO will accept requests to cost policies that have already been announced by a political party or an independent parliamentarian seeking re-election. Before polling day, the PBO will release the


12 Australia, Parliamentary Budget Office, Costing Policy Proposals During the Caretaker Period, PBO Guidance no. 03/2018 (Canberra: PBO, 2018).
requests received, the cost estimates that it was able to complete, and a list of proposals that it was not able to cost in advance of voting day. The PBO will notify the requesting party immediately before publication of a costing of a policy idea. There are two potential avenues for parties to keep platform costings confidential. First, the PBO will continue, depending on other demands, to complete any requests for confidential analysis that were submitted before the start of the writ. Second, instead of making requests to the PBO, parties with official status in Parliament can choose to submit platform proposals for costing to the Australian Treasury and Finance departments rather than the PBO. Qualitative research by Munro and Paun suggests that the governing party is inclined to make use of this public service route, while opposition parties may prefer to use the PBO.13 It seems that there may some lingering mistrust that the public service will keep a request confidential from political offices, even in a caretaker period.

In addition to costing of individual proposals, the Australian PBO is mandated to provide analysis of the net fiscal impact of the full set of election commitments made by political parties.14 On the day before the election vote, all parties are required to provide the PBO with the list of policy measures that form their final election platform. By legislation, no more than 30 days later, the PBO must publish a report on the medium-term impacts for government finances of each set of policy proposals.15 The report also offers more detailed discussion of any policy proposals that are expected to cost more than AU$1 billion annually and of the 10 most expensive policy proposals in each party platform. The net effects of platforms in terms of public debt charges, government receipts, and total spending are also reported. Like the Dutch CPB, the Australian PBO imposes a common economic and fiscal outlook across all parties as the baseline for the costing exercise. With regard to the principle of informing voters, a post-election report cannot provide voters with the same opportunity to compare and contrast the various policy packages offered by competing political parties before casting their ballots. It does, however, provide voters, media, and opposition parties with another resource with which to hold a winning party (or coalition) accountable for its spending and revenue choices while in office. It may also impose some greater analytical discipline on political parties. When parties know that their entire policy package will be subjected to external and public scrutiny, they may be less willing to risk using jiggery-pokery to alter the perceived costs of individual commitments or their full platform. In this regard, Canada’s system of voluntary costing of individual policy measures may not be providing voters with the same level of comprehensive and comparative evaluation that is available before voting in the Netherlands and soon after in Australia.

13 Munro and Paun, supra note 10, at 13.
14 Ibid., at 14.
HOW DOES ELECTION PLATFORM COSTING WORK IN IRELAND?

Independent platform costing has been available to political parties in the Republic of Ireland since the 1980s.\(^{16}\) In Ireland, parties request costing assessments directly from a key central agency of the executive, the Department of Finance. This differs, at least qualitatively, from both the Netherlands and Australia. While the Dutch CPB is an executive body and carries clout as the authoritative source of information for public budgeting in the country, it operates independently of the government of the day. Although Australian parties can approach the Department of Finance directly, opposition parties appear reluctant to exercise this option, preferring the distance created by having the PBO act as a go-between. This contrast between the Irish approach and international practice raises the question of how the Irish make it possible for all parties to enjoy fair access to public service advice and information without politicizing their public service. The answer is not clear.

It appears to us, as outside observers, that the Irish have maintained this delicate balance by choosing a much less flexible system than that used in Canada. The Irish system maintains narrow parameters over the timing and scope of requests and how requests are managed. There are three points in the political calendar when parties are permitted to submit proposals for costing:\(^{17}\)

1. in the months preceding a general election,
2. during the annual government budget process, and
3. during the negotiation of a coalition agreement (or Programme for Government) after a national election.\(^{18}\)

Department of Finance assessments of proposals are restricted to financial costings and do not include assessments of other considerations such as feasibility or benefits relative to alternatives.\(^{19}\) Evaluations of the costs of proposals are also limited to individual policy items, or packages of related policies, in contrast to the Dutch practice of evaluating full platforms, and exclude comments on other policy proposals, existing policy, or economic forecasts.\(^{20}\) According to Munro and Paun,

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\(^{18}\) Ibid., at 2. In Ireland, coalition has become the norm increasing the importance of negotiating coalition agreements. While negotiating parties have made limited use of costing assessments, there is a view that that greater civil service input could improve the quality of future Programmes for Government.

\(^{19}\) Munro and Paun, supra note 17.

\(^{20}\) Ibid.
the Irish system also struggles to assess more complex and transformational policy proposals, and while parties can submit packages of related policies, few ever do.21

The Irish Department of Finance does take care to keep requests for costing confidential from the sitting minister or president. While the Australian experience suggests that confidentiality of opposition requests for costing is not always respected, the Irish seem to have found a way to make their system work. All parties submit their requests directly to the secretary general (the deputy minister equivalent) of the Department of Finance, who then passes on the requests to relevant officials to carry out the necessary analysis, via a coordinator. The minister and political aides are never informed. Officials are not told who initiated the request for costing.22 The requests and all documentation related to the requests are also exempt from freedom-of-information legislation.

However, this appearance of de jure formality and tight control belies the de facto reality of the Irish system, which seems to be quite informal, with public servants exercising considerable discretion. For example, research suggests that “depending on the relationship between the individuals involved, officials may provide additional information on the pros and cons of a policy, or on potential implementation challenges,”23 with departmental officials taking “a very broad interpretation of their mandate.”24 This may reflect a greater fluidity in information sharing and interaction between public servants and political parties than exists in the Netherlands, Australia, or Canada. Further, although the Irish system recognizes three distinct periods during which costing of policy may be requested by opposition parties, in practice the timelines may be far more fluid. Because there is no fixed election date in Ireland, pre-election costing opens at the discretion of the deputy head of the Department of Finance, usually when the first costing request is received from an opposition party.25

Notwithstanding that the actual practice appears to be messier than is intended by the design of the system, the Irish approach still seems to work. Parties make use of the system, and voters gain information on the costs of different policies on offer, both during and between elections. A clear norm has emerged that parties will make costings of all major policy proposals public, a norm enforced by media criticism of parties that do not make use of the public support for costing their policy ideas.26

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21 Ibid.
22 Ibid.
23 Ibid., at 2.
24 Ibid., at 9.
25 Ibid.
Leaks, which are recognized as having the potential to completely undermine the system, have not occurred. The Department of Finance’s analyses and assumptions are cited and respected by parties. However, given the variation between the design and practice of costings, risks to the non-partisan nature of the professional public service may remain.

LESSONS FROM INTERNATIONAL PRACTICE FOR THE FUTURE OF THE PBO COSTING SERVICE IN CANADA

The 2019 federal election was Canada’s first federal election under a new regime that allowed officially recognized political parties to seek costing of policies by the PBO as part of the development of their platforms.

There was much to commend both in the design of this regime and in its first application in an election. Although the regime relies on voluntary participation, all parties officially recognized in the House of Commons, as well as representatives of some smaller parties, used the PBO costing service, suggesting that there was a strong incentive for parties to take part. When parties made public policy commitments during the writ period, voters were able to access the PBO’s independent analysis of those items that it had costed. It does not appear that any officially recognized party used the PBO for every one of the policy commitments contained in its final complete election platform, but the PBO analysis no doubt improved the transparency of the parties’ platforms. And, finally, the regime operated in a manner that respected the non-partisan nature of the service, preserved the confidentiality of requests, and adhered to the principles of the caretaker convention. The PBO was able to make requests to the federal Department of Finance and other government departments to complete costings for parties without breaching the confidentiality promised to political parties. While one of us had previously worried that party requests may be leaked and undermine trust in the system, we are pleased to note that these fears did not come to pass. The separation of the analysis of requests from the political elements of the executive and respect for the confidentiality of requests allowed parties to adjust or drop policy ideas that turned out not to be prudent when subjected to rigorous costing analysis. The absence of leaked requests for policies that were not later released and of indications of politicization of the work may build trust in the system and lead to further use of PBO analysis. Preserving this nascent legitimacy is necessary to maintain, and perhaps also expand on, the current regime moving forward.

Indeed, we see opportunities to adapt Canadian practice informed by what has worked (and not worked) in other countries with longer histories of supporting parties in costing their policies. In table 1, we summarize the key similarities and differences of the four jurisdictions discussed in this article.

While the PBO has made its own recommendations, informed by our review of other platform-costing regimes, we propose three possibilities for consideration for evolving the current Canadian approach. First, we note that other countries appear to permit or even require parties to submit policy ideas for costing well before election day. In Canada, parties could also be encouraged to submit requests earlier. This would, at a minimum, help to better align PBO and departmental resources with the timing and the level of demand during the pre-election costing period. The simplest and least costly manner for doing this may be to alter the way that time on requests is apportioned to the parties. In the 2019 election, parties received a lump-sum budget of time that they could draw down over the duration of the pre-election costing service. Instead, the amount of time allocated to each party could be allocated for different phases of the pre-election period, declining in a stepwise fashion. When the staff time available to parties declines (and cannot be replaced), they may have more incentive to submit policy ideas for analysis earlier, in contrast to the experience of the PBO in this first round. This change would also encourage parties to start their platform work earlier and could lead to better-quality election manifestos to inform voters before election day.

Second, inspired by the Dutch model, consideration could be given to expanding the PBO’s role to include a comprehensive report on the full impacts of party platforms for federal budgeting. Even if the reports were not published until after the election, the approach may still encourage parties to be more rigorous in their own analysis and policy choices. Even if information on the net fiscal impacts of all party platforms would not be available to voters before casting a ballot, the information might still help voters to hold a governing party to account and would give

<table>
<thead>
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<th>Feature</th>
<th>Canada</th>
<th>Netherlands</th>
<th>Australia</th>
<th>Ireland</th>
</tr>
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<td>Is participation mandatory?</td>
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<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Is the service internal or external to government?</td>
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<td>Internal</td>
<td>External</td>
<td>Internal</td>
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<tr>
<td>Is public disclosure of costing automated?</td>
<td>No</td>
<td>Yes</td>
<td>Yes(^a)</td>
<td>No</td>
</tr>
<tr>
<td>Is public disclosure limited to proposals that parties have announced?</td>
<td>No</td>
<td>No</td>
<td>Yes(^a)</td>
<td>No</td>
</tr>
<tr>
<td>Does the costing body publish a comprehensive (roll-up) report of platforms?</td>
<td>No</td>
<td>Yes</td>
<td>Yes(^a)</td>
<td>No</td>
</tr>
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\(^a\) For requests made during the caretaker period.

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\(^{28}\) PBO Evaluation, supra note 2.
voters a clearer sense of the opposition parties’ relative fiscal responsibility. Over time, this comprehensive analysis of competing platforms might even be possible in the pre-election period. This may require some innovation on modelling approaches at the PBO to increase its ability to undertake “dynamic costing” with platforms that combine more complex policies or multiple fiscal measures.

Third, we see an opportunity to further clarify the relationships and obligations of government departments to provide information and assistance to the PBO. While we want to be clear that there was no sign for concern during the 2019 election, the level of discretion that rests with officials in the Irish model leaves us uneasy. Canada’s system wisely keeps the federal public service at arm’s length from the work of costing the election promises of political parties. But that system may be enhanced by either expanding the use of memorandums of understanding between the PBO and government departments, or, conversely, establishing a government-wide standard for supporting the PBO in platform costing.

Finally, the international examples also remind us that the norms evident in practice are at least as important as, or perhaps more important than, the formal rules for institutions. Canada’s system for providing public support to evaluate the costs of election promises by political parties has already established some healthy norms that should be bolstered through repeated and successful experiences in using the PBO costing system. We are fortunate to have a good foundation to build on.