

The Legislative Fiscal Scrutiny Function: Lessons from Canada

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Abstract

Fiscal scrutiny as a fundamental role of legislatures around the world has not been adequately or accurately reflected in the literature on the study of parliament or public finance. This paper argues that the intersection between fiscal scrutiny and parliamentary democracy warrant the attention of researchers and practitioners for three reasons. First, legislatures are seldom assessed through the lens of fiscal scrutiny (the most common obligation of legislatures around the world). Second, most studies of public finance have focused on the budget to the exclusion of the balance of the financial cycle. Third, a recent survey of Canadian federal parliamentarians suggests that there is dissonance between legislators' self-perceived roles and those that are legislatively and constitutionally defined.

Keywords: fiscal scrutiny, legislatures, parliament, Canada.

Introduction

David Docherty (2005) in *Legislatures* recounts a well-executed photo-op by former Premier of Ontario, Mike Harris. Mr. Harris had eliminated twenty-seven seats in the provincial legislature through the Fewer Politicians Act, and showcased the move by loading the twenty-seven desks and chairs onto a truck in front of Queen's Park (Ontario's legislature in Toronto) (Docherty, 2005, p. 118). As Docherty explains,

[...] Harris was not simply fulfilling an election promise. He was making a statement about the role of politicians and public attitudes toward them: there are too many politicians. Politicians spend public monies, both through legislation (the introduction of programs that cost money) and in basic government overhead (salaries, staff, office space). [...] While it might have been politically brilliant, the move to reduce of the size of the Ontario legislature represents a complete misinterpretation of the role of members of assemblies in parliamentary settings. Politicians in some jurisdictions may spend money, but in Westminster systems they do not. Executives do. Members of Parliament are charged with keeping the executive honest. This is their scrutiny and accountability function (Docherty, 2005, pp. 118-119).

What may have appeared to be an attempt to shrink the size of the state, was in fact, a misinformed political tactic about the place and role of a legislature in a Westminster style parliament. Mr. Harris' move did not necessarily reduce spending, but it did reduce by 20 per cent the number of people holding governments and their spending decisions to account in the provincial legislature (Docherty, 2005, p. 119). It is precisely the mischaracterization and misunderstanding of legislatures, their functions and obligations that we seek to address in this paper, more specifically, from the perspective of the fiscal scrutiny function.

The centrality of fiscal scrutiny as a fundamental role of legislatures around the world has not been adequately or accurately reflected in the literature on the study of parliament or public finance. Public financial management reform initiatives in established and developing countries focus almost exclusively on the budgetary systems of executive branches and the objective of aggregate fiscal discipline. Such reform initiatives have paid little attention to legislatures as

useful actors in the fiscal ecosystem working towards better budgetary outcomes. Fiscal scrutiny as an analytic lens can enhance our understanding of the health and stability of legislatures and the democracies they serve. Furthermore, the fiscal scrutiny function can be a tool to reinvigorate parliaments in established democratic contexts and may be a tool to foster legitimacy, stability and continuity in emerging ones.

Legislatures exist within a *fiscal ecosystem* that also includes the executive branch, a non-partisan public administration, and other key actors, such as civil society, media and the private sector. The ecosystem is composed of an intertwined set of political incentives, public and private information and a web of rules and processes based on constitution, legislation, convention and political expediency. The effectiveness of the fiscal scrutiny role of legislators has dependencies on other actors within the fiscal ecosystem as well as the robustness of information, processes and the understanding of political and bureaucratic incentives.

This paper argues that the intersection between fiscal scrutiny and parliamentary democracy warrant the attention of researchers and practitioners for three reasons. First, legislatures are seldom assessed through the lens of fiscal scrutiny (the most common obligation of legislatures around the world). Second, most studies of public finance have focused on the executive branch's budget, to the exclusion of the balance of the financial cycle. Third, a recent survey of Canadian federal parliamentarians suggests that a dissonance between legislators' self-perceived roles and those that are legislatively and constitutionally defined.

This paper will proceed in three parts. First, fiscal scrutiny will be defined and discussed. Second, the literature on fiscal scrutiny and parliaments will be reviewed to highlight the gap in the study of parliaments and their legislative responsibilities. Third, data from a survey of Canadian federal parliamentarians (2015) will be reviewed to demonstrate the challenges and misconceptions among sitting parliamentarians of their fiscal scrutiny obligations. The results of this first known survey of its kind (at the very least in Canada), suggests that gaps in understanding exist. This, we suggest, implies a reduced ability for parliaments to fulfill their fiscal scrutiny obligations.

Part 1: Defining Fiscal Scrutiny

Legislative fiscal scrutiny is an obligation of legislators to hold the government to account by assessing its economic assumptions, its budgetary plans and by evaluating its performance in these areas. This is no easy feat in established democratic contexts, let alone in emerging ones where fledgling parliaments fight regularly to maintain their authority and legitimacy relative to the executive branch. Regardless of the type of legislature (e.g. parliament, congress), legislators are required to perform these functions (and perhaps more, to varying degrees) to fulfill their duty as overseers and guardians of the public purse.

It is through money that parliament can most effectively and clearly indicate its support or disapproval of government action or inaction. This is no small obligation. The act of appropriation should be undertaken by parliamentarians on an informed basis. While it may appear procedural, parliament's role in appropriating funding precedes a government's budget preparation (Schick, 2002, p. 18). Once the funds are appropriated, the executive branch will be

held publicly accountable for their management of public money in parliament throughout the full financial cycle.

An annual government financial cycle usually includes at least, a budget, appropriations and public accounts. As illustrated in Figure 1, a government will present its broad spending plans in a budget. The budget often presents new funding or reductions to spending, i.e. changes to the status quo. As a policy document, the budget requires tax and ways and means motions in order to operationalize its promises. Legislators must vote in favour or against these spending, revenue raising (i.e. taxation) and cutting measures that inform the budget. Once the measures for the budget's operationalization are approved, rejected and/or reformed (depending on the legislature's abilities), a government will table its main estimates.

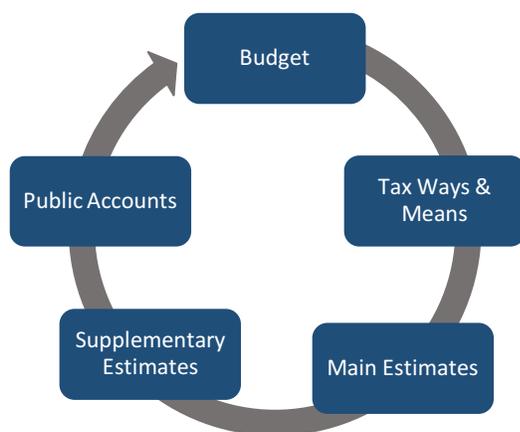


Figure 1: A typical government financial cycle

The estimates put forth all the money a government will need to maintain state operations within a fiscal year. In Canada for instance, the main estimates will contain a funding line for maintenance of the Rideau Canal (a UNESCO World Heritage site) that was built in the 19th century and is still maintained by the federal government. Should it be required, a government can return to parliament throughout the year with supplementary requests for money. These requests for more funding in Canada are known as

‘Supplementary Estimates, A, B, C...’ Since a government must seek the approval of parliament to raise or spend public money, each of these requests should be treated carefully. As with virtually any vote in a majority parliament context, the process can be no more than a ‘rubber stamping’ exercise whereby approval is all but granted through party discipline. In minority government contexts however, legislative debate and analysis can be far more intensive because of the political stakes involved.¹

Following its requests for parliamentary approval for funding, a government must table its accounts to be scrutinized and audited by parliament and the public. The public accounts are a full accounting of how the government spent public money and where it was spent. A supreme audit institution, such as Canada’s Office of the Auditor General, will undertake a full assessment of the public accounts and report back to parliament on their findings. The problem however, is that this process takes over a year to complete. This means that parliamentarians are required to vote on next year’s appropriations via the estimates without knowing how the government managed money in the previous fiscal year. It is the equivalent of a household allocating their next year of spending without first reconciling their spending for the current year.

¹ In a Westminster parliamentary system, a government must enjoy the confidence of the House of Commons (or its equivalent lower house) through the sanctioning of its actions and plans (especially money bills which are considered virtually automatic confidence measures) or risk having to request a dissolution of parliament.

Parliaments tend to have specific roles with respect to their own fiduciary obligations rooted in their constitution, legislation, convention and practice. In a Westminster parliamentary context, the financial scrutiny function is supported by a series of processes, resources for decision-support and an information requirement from the executive branch to its oversight function. If parliamentarians struggle with fiscal scrutiny, if they do not have adequate resources, if they lack a basic understanding of fiscal processes, if they are unable to fulfill their scrutiny function or misunderstand their role, this can have repercussions for the health of democratic institutions and ultimately, for citizens.

To unpack the practice of fiscal scrutiny, we define it in three parts and discuss each in turn: 1) contextual analysis; 2) planning; 3) performance evaluation.

Contextual Analysis

When it comes to raising and spending public money through taxation, program and policy commitments and the operation of the state, a country's broad economic environment should be taken into account. How a country and its citizens manage resources, produce and exchange goods and services, informs its economy and importantly, impacts its finances and its access to the money it needs to operate the state and to serve citizens.

Access and use of information and analysis, such as macroeconomic assessments, fiscal forecasting and legislative costing are useful tools and indicators legislators may use to assess and verify the government's defined planning context. Assumptions about a government's planning environment relate to both fiscal and economic considerations. Unchallenged, a government may lay out an unconstrained view of the country's context only to be challenged by a supreme audit institution after the closing of the public accounts. Remediation is possible, but too late to have altered the course of the prior fiscal year. Legislators are not necessarily expected to produce their own forecasts, costings and fiscal plans. They can however, leverage analysis to scrutinize a government's assumptions in an informed manner.

Planning

A government's financial planning exercise should extend through a full fiscal cycle (from budget to estimates to the tabling of public accounts). The content and tools in the plan are indicators of an executive's conception and approach to governing, and also provides the parameters against which their performance (via outcomes) should be assessed.

It is most often the budget that garners the most media and political attention. As an inherently political document, the budget puts forth the government's proposed approach to managing and spending public money for the next fiscal year. These proposals can have repercussions beyond the years in which they are voted upon and accepted. As Aaron Wildavsky (1992) explains, budgeting is an attempt 'to allocate scarce financial resources through political processes in order to realize disparate visions of the good life' (p. 8). Subsequently, analysis of the budget and its implementing and actualizing legislation (e.g. changes to the tax code, increases/decreases in funding allocations, increases/decreases in requested appropriated funding, etc.) should be carefully considered. How a government conceptualizes its country's economic state, how it perceives its society and the role of the state (relative to tax measures, changes to the tax code

and to spending allocations) are included in the budget and represent a government's vision of the 'good life.'

Ex-ante due-diligence on plans and their costs should be undertaken by the legislature. Such due diligence is critical to the debate and deliberation of legislators prior to providing informed consent on bills and holding the government to account on its commitments. Legislators, leveraging parliamentary or external analysis may ask themselves a series of questions when it comes to assessing fiscal matters. For instance, what are the government's plans? What changes need to be made to implement that plan? What are the repercussions for the country's short-, medium- to long-term fiscal health? What are the policy and program implications? What are the desired outcomes and risks? How will the changes impact citizens? Thus, while legislators should scrutinize and assess the content of the budget to approve, reject or in some cases, change it, they must also prepare to leverage the plans they accept to evaluate their outcomes.

Performance Evaluation

Integral to fiscal scrutiny is performance evaluation to assess whether the government's contextual assumptions and plans hold up in reality. What were the outcomes of the government's plans? Did their plans achieve the desired performance goals? Were the outcomes delivered on time? Were they delivered on budget? Was the government transparent in its behaviour? The public accounts provide part of this information by communicating how a government spent the money appropriated by parliament. This type of ex-post assessment is usually supported by an auditor general's report to the legislature (often reporting through the relevant committee(s), e.g. Public Accounts Committee).

Evaluating if a government fulfilled its commitments, whether it made sound economic assumptions and acted transparently and accountably are matters the legislature, as well as other state actors such as the media and civil society should assess. Performance evaluation is an opportunity for legislators, especially those in opposition to showcase that they are a government in waiting by checking and challenging the financial management practices of the current government. Verifying a government's performance record for the previous fiscal year should be just as important as scrutinizing its contextual assumptions and plans.

The exercise of the fiscal scrutiny function has become more complex over time as executive branches spend more and states engage in more functions. At its core however, fiscal scrutiny dates back to some of the earliest assemblies that emerged in connection with the Magna Carta (1215).

Part 2: Literature Review

The Study of Parliament

The history of the evolution of parliament that parallels the Magna Carta highlights the importance of the fiscal scrutiny function as a foundational tenet of the institution's existence and operation. By retracing the emergence of parliament, its early activities and responsibilities, namely assessing and authorizing the raising and spending of public monies, we make the case that parliament as an institution was built on this responsibility. Before the composition and representation of bodies were considered, legislation contemplated or appeals made, parliament

authorized that money be raised for and spent by the crown (especially in Westminster-inspired systems of government). While at its genesis parliament was meant to be an advisory body, what we have today is not only meant to oversee government but meant to reflect the diversity of society and its regions, coloured by partisan politics.

Studies of parliaments around the world abound. Ethnographies of the institution classically assess their legal-institutional frameworks, often from a country-specific perspective, laying out the history, rules and organisation of the institution (see for instance, Bagehot & Taylor, 2001; Fish & Kroenig, 2011; Arter, 2007; Wheare, 1963; Smith, 1999; Docherty, 2005). The roles and responsibilities of individual parliamentarians are discussed (see for instance, Blomgren & Rozenberg (Eds.), 2012; Docherty, 1997; Samara, 2010; Lienert, 2013); as are issues of representation in parliament for reasons of diversity (e.g. ethnic, linguistic), gender equity, etc. (see for instance, Lijphart, 2004; Young, 1999; Power, 2012). The electoral systems through which citizens elect their representatives and the repercussions of these systems are discussed (see for instance, Norris, 2004; Colomer, 2004; Farrell, 2011; Raabe, 2014). The decline of parliamentary democracy and the decreasing effectiveness of the institution have also been readily studied (see for instance, Kurlantzick, 2013; Rosenthal, 1998; Hockin, 1966; Russel & Sossin, 2009; Franks, 1987).

Despite the challenges they face and their imperfections, parliaments endure and legislators retain important obligations to their constituencies and to their institutions. The fiscal scrutiny function in particular has been leveraged by international organisations to support the stability and development of fledgling legislatures around the world. For instance, the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank have recognized and leveraged fiscal scrutiny as a vehicle for parliamentary strengthening, namely through the implementation of independent fiscal institutions (IFI), such as the parliamentary budget office (OECD, 2014a; IMF, 2013; Hagemann, 2011; Kopits, 2011). The growth in the number of IFIs has increased globally, especially since the financial crisis of 2008 as a mechanism for accountability and support to legislatures in their fiscal scrutiny role.

The current literature on legislatures and their fiscal scrutiny function tends to focus almost exclusively on the budget and its related consultation and approval processes (Wehner, 2010; 2004; Lienert, 2013; Schick, 2002; Tellier, 2015; Posner & Park, 2007; Wildavsky, 1992). While insightful, the literature is limited in its assessment of the full breadth of a government's financial cycle and provides little information on parliamentarians' abilities to fulfill their obligations. Some general assessments of legislatures' oversight functions across policy areas do exist (see for instance, Pelizzo & Staphenurst, 2014), but the general emphasis on the budget sheds little light on parliamentarians' own understanding of their fiscal scrutiny obligations and how they relate to constitutional and legislative obligations.

The budget may benefit from extensive media attention and interest, but legislators' fiscal scrutiny obligations extend far beyond sound bites and talking points related to the content of a budget. The exclusion of the appropriations bills (estimates) and the public accounts which together with the scrutiny of the budget, form the core of the legislature's responsibility to scrutinize the government's record on the management of public finances, is problematic. To appreciate the breadth of a legislator's fiscal scrutiny responsibilities, their understanding and

execution of their function throughout the entire financial cycle should be assessed. Beyond a lacuna in the literature, there are implications for accountability and transparency in democratic processes.

Parliamentary systems (notably, Westminster variants), in contrast to the American congressional system, are a weak form of legislature since it can only approve or reject the government's proposed budget (or in some cases, make minor changes) (Whener, 2004). By contrast, in the American system, Congress (the legislature), can change, accept and reject a President's budget. Given Congress's active role in the budgetary process as more than an overseer of government action but a creator of policy, the focus in the American literature on budgetary matters reflects the rights and obligations of its Congress. The result is a robust American literature on all matters of the budget from its balance, to its content, to the approval process (see for instance, Schick, 2007; Wildavsky, 1984). Furthermore, Congress and the Office of the President are co-equal branches of government with distinct powers in relation to the public purse. By contrast, in a parliamentary system, the legislator exercises their obligations by first appropriating funds to the government and then acting as overseer (and not policy maker/spender) throughout the financial cycle.

There is good reason to argue that parliamentarians are unable to effectively fulfil their fiscal scrutiny function. To illustrate the complexities of fiscal scrutiny in a stable, advanced democracy, let us use the case of Canada. Canadian Parliamentarians who are members of the House of Commons Standing Committee on Government Operations and Estimates² have themselves pointed to a lack of understanding and support in their scrutiny role (Canada, 2012). A former Conservative Member of Parliament, Brent Rathgeber (2014) argues that Parliament has failed in upholding responsible government and its scrutiny function, writing that '[...] our elected officials have failed in their duty to be good stewards over the public purse' (Rathgeber, 2014, p. 17).

Difficulties with fiscal scrutiny does not appear to be a new issue for Canadian parliamentarians. In a literature review dating back to 1908, Good (2005) notes the persistent dissatisfaction of Canadian Members of Parliament about their capacity to execute their scrutiny function. While committees, Good notes, may have the tools to potentially improve parliament's fiscal scrutiny function, any reform will require changes in individual practice and behaviour (Good, 2005). Why do most parliamentarians appear unable to fulfill their scrutiny function? If members of parliament in Canada are struggling with their obligations, what happens elsewhere?

Various benchmarks and indicators exist to assess the executive branch's public financial management. The OECD (2014b) has benchmarks to score executive financial management practices (e.g. Principles on Budgetary Governance). The IIMF and the World Bank publish and work globally in support of sound public financial management for executive branches. The International Budget Partnership (IBP) (2015) produces regular reports on openness and transparency assessments on budget-making by executive branches around the world (e.g. the Open Budget Survey). There is very little work, however, that assesses parliament's role in

² The House of Commons Standing Committee on Government Operations and Estimates (OGGO) is responsible for examining how government spends and ensuring the proper functioning of government operations. For a detailed summary of OGGO's mandate, see: <http://www.parl.gc.ca/Committees/en/OGGO/About>

fiscal scrutiny, let alone the potential repercussions from it (e.g. corruption, program failure, unsustainable fiscal structures). In an attempt to better understand parliament's role, a survey of Canadian parliamentarians was undertaken by the authors.

Part 3: Perceptions of Parliamentarians: Lessons from Canada

Surveys of Canadian parliamentarians have been (and continue to be) undertaken. David Docherty (1997) published findings of three surveys of sitting, new (rookie) and former Members of Parliament (MPs) in his book *Mr. Smith Goes to Ottawa*. The surveys from the 34th Parliament undertaken from 1992-1993, assessed members' attitudes toward their role in the House of Commons; compared perspectives of new and veteran members of the House; and undertook a follow-up survey of those new MPs. Response rates to the surveys were strong respectively returning 37 per cent, 28 per cent and 90 per cent for the three surveys.

Samara, a citizen-focused research and engagement think-tank in Canada, has produced a series of reports based on MP exit interviews. The report, 'Welcome to Parliament', (2010) highlights the confusion and challenges experienced by many MPs (especially new ones) as they enter the parliamentary system. In general, new MPs felt largely unprepared for their new role due to unclear job descriptions and sometimes, inadequate resources. Despite their initial introductions, MPs shared a clear connection to their constituencies and a desire to represent their views.

By surveying parliamentarians, i.e. members of the upper and lower houses (or, exclusively MPs as in the cases above), researchers stand to gain a clearer perspective of how theory and laws connect to practice. Such insight can drive research agendas, promote more robust training and development programs, and contribute to parliamentary strengthening globally. While the surveys referenced delve deeper into perceptions, challenges, roles and representations of MPs, there has been no known attempt to understand how parliamentarians perceive and execute their fiscal scrutiny obligations.

Spurred by reports of challenges and misperceptions related to parliament's fiscal scrutiny function e.g. from the Operations and Estimates Committee (2012) and testimonials such as that of Rathgerber (2014), the authors asked themselves the following questions: how do Canadian parliamentarians perceive their fiscal scrutiny function? Do they understand their fundamental obligations and role? Are parliamentarians adequately resourced to fulfill this function? As a parliamentary system in an established democracy, results from the survey of Canadian parliamentarians are not only usefully domestically, but also as a case for comparison with other jurisdictions.

Methodology

Two key hypotheses were developed based on the literature review tested through the survey:

H₁: There is dissonance between parliamentarians' perceived roles and their obligations throughout the financial cycle.

The first hypothesis is based on the focus in the literature and in politics on the budget document. With the emphasis on the politicking related to the content of the budget and directions it proposes, it is surmised that parliamentarians may not appreciate or understand the breadth of their fiduciary obligations, especially as they extend far beyond the budget and through the full financial cycle. In a Westminster-style parliament like Canada's, legislators' limited ability to influence the processes in the fiscal cycle should not be license for a lack of understanding of roles and obligations.

H₂: The majority of parliamentarians are not equipped to perform their scrutiny function due to lacks in knowledge and time.

The second hypothesis is rooted in the House of Commons Standing Committee on Government Operations and Estimates' report that indicated that some parliamentarians perceive themselves to be under-equipped to fulfill their scrutiny function (see section 1 of the report). Fiscal scrutiny is not a function restricted to parliamentarians serving on specialized finance-related committees (i.e. Public Accounts, House Finance, Senate National Finance, Government Operations and Estimates), it is a responsibility of all parliamentarians. For this reason, parliamentarians should have resources to support their scrutiny role.

The questionnaire's content was developed by the authors.³ There were four content sections in the survey and one section on indicators for a total of five sections, described as follows:

1. Role of parliamentarians: An assessment of how legislators prioritize their roles and whether they recognize their fiscal scrutiny obligations through the full financial cycle.
2. Capacity and support: An assessment of how a legislator executes their fiscal scrutiny function and the resources they leverage.
3. Office of the Parliamentary Budget Officer (PBO): As the newest organisation at the service of fiscal scrutiny in the Canadian legislature, this section assesses how parliamentarians conceive of the PBO, its outputs and mandate.
4. Improving the scrutiny system: An assessment of how parliamentarians think the fiscal scrutiny process can be improved.
5. Indicators: While most indicators were pre-coded (e.g. home province, gender, etc.) respondents were invited to identify their years of experience in parliament and their service on finance-oriented committees, e.g. Government Operations and Estimates, House Finance, Public Accounts, Senate National Finance.

The questionnaire asked a series of rank-order, open-response and multiple response questions. All forms of 'trick' questions were avoided in the survey. The intention of the research was not to deceive or trap parliamentarians with wording or to test them on technical matters, but rather to engage them to determine how they perceived their scrutiny function and whether they were equipped to undertake it. Each of the four content sections in the survey opens with a knowledge and understanding question to assess parliamentarians' general familiarity with the topic. This was done to help analyse the subsequent responses of the category. For instance, if a

³ The authors wish to thank Phoenix Strategic Perspectives Inc. and Professor Scott Bennett (Carleton University) for their valuable feedback on the questionnaire and its refinement for survey use and replicability.

parliamentarian could not correctly identify the role or mandate of the PBO, but insisted that they should be established in emerging democracies, this may suggest dissonance between the parliamentarian's understanding of their role as overseer and its execution by leveraging resources at their disposal.

To test H₁ (that parliamentarians' perceptions of their roles, actions and obligations do not align), the survey gathers data on their perceived roles (the scrutiny function specifically), what actions they take to fulfill this role (e.g. perceived effort and time spent on scrutiny (where one means no time and seven means a great deal), and whether or not parliamentarians perceive themselves to fulfill their obligations by connecting role with action.

To test H₂ (on resources and time requirements to fulfill the scrutiny function) three multi-part questions in the survey are attributed to capacity and support. The questions are designed to better understand the sources of parliamentary resources for fiscal scrutiny. For instance, are the sources internal to the parliamentary and political system (e.g. Library of Parliament, party research services) or are they external to it (e.g. think tanks, non-governmental organisations (NGO)? How do parliamentarians use these resources for each of the three main processes in the fiscal cycle? Questions in this section, along with an in-depth set of questions on the PBO are intended to determine if parliamentarians perceive themselves to have access to adequate resources and time to fulfill their scrutiny function and whether or not they leverage them to do so.

Results

During the 41st Parliament, from February 2015-August 2015, the survey of Canadian parliamentarians was brought to the field. There was a 20 per cent response rate for both Houses of Parliament, with the House of Commons⁴ participation at 22 per cent and the Senate⁵ at 12.9 per cent (see Table 1).

⁴ Responses from the House of Commons were weighted by party affiliation to more accurately reflect the baseline population (see Table 1). The statistical adjustment was made to ensure that the data accurately reflects the segments of the surveyed population, i.e. ensuring that the opposition parties and/or government party were/was not under- or over-represented in the survey results. While it is recognized that weighting is not perfectly representative, it is accepted as one of the more effective means of managing non-responses in clearly defined baseline populations. Party affiliation was selected as the weighting variable as it was considered the most significant influence on responses and survey participation among parliamentarians. The authors recognize that a variety of variables could have been used instead of party affiliation (e.g. province, gender, etc.) or along with party affiliation with diminishing returns (when employed together). Given the nature of a Westminster system, especially its setup of government versus opposition, the information asymmetries that exist between the legislative and executive branches, as well as the influence of party discipline, party affiliation was deemed to be the most representative and accurate measure of the results because of its presumed influence on responses.

⁵ Senators' responses were not weighted. There were too few responses and their party affiliations for some were unclear, e.g. Liberal Senators were no longer part of Liberal caucus, Senate spending scandal investigations complicated the status of some Senators (see CBC, 2015).

| House of Parliament | Full Potential Population (2015) ⁶ | Vacancies at dissolution (August 2, 2015) | Actual Population at dissolution including vacancies (August 2, 2015) | Number of participating parliamentarians | Participation by percentage of actual population |
|----------------------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|------------------------------------------|--------------------------------------------------|
| House of Commons | 308 | 4 | 304 | 67 | 67/304 = 22% |
| Senate | 105 | 20 | 85 | 11 | 11/85 = 12.9% |
| Parliament (House of Commons + Senate) | 413 | 24 | 389 | 78 | 78/389 = 20% |

Table 1: Populations in Canada’s Houses of Parliament (current to August 2, 2015) (Library of Parliament, 2015).

The survey results confirmed both hypotheses. In regards to H₁, there appears to be some dissonance between parliamentarians’ actions and perceptions and the full breadth of their fiscal scrutiny function. Confirming H₂, Respondents indicated that a lack of time is a significant challenge in executing their fiscal scrutiny function. There also appear to be gaps in knowledge among parliamentarians, especially in relation to organisations that are meant to support their fiscal scrutiny function.

Fully 91 per cent of respondents found it at least moderately challenging to perform their fiscal scrutiny function, with 51 per cent indicating that it is extremely to virtually impossible for them to perform their role effectively. The majority of parliamentarians (79 per cent) pointed to a lack of time as the most significant difficulty to fiscal scrutiny, followed by a lack of expertise and a lack of information (48 per cent) as well as a lack of external support (40 per cent). It was principally opposition parliamentarians that cited a lack of information as a problem in comparison to parliamentarians of the governing party (86 per cent v. six per cent). This finding is not surprising, given the information asymmetry that exists between the government and the legislature (although members of the governing party are not part of the government).

What does this tell us? There is an information problem and a capacity problem and there is a clear problem executing the fiscal scrutiny function. Parliamentarians unequivocally indicate that it is difficult.

Despite the clear indication that fiscal scrutiny is challenging and that they lack time, information, expertise and support to fulfill their role, 45 per cent of parliamentarians suggest that they are at least moderately equipped to perform their scrutiny function, compared to 40 per cent who claim they are not well equipped. Opposition parliamentarians more often than parliamentarians of the governing party indicated that they are not well equipped for fiscal scrutiny (58 per cent v. 21 per cent). The difference may result from government members having better access to information through the executive or their unwillingness to dissent from the government’s position on these matters.

⁶ As of the 2015 Canadian Federal Election, 30 seats were added to the House of Commons for a new total of 338 Members of Parliament.

A significant majority of parliamentarians (81 per cent) cited the budget as the focus of their fiscal scrutiny efforts. Reflecting the political nature of the budget and its analysis, parliamentarians depend in an important way on their caucus research staff for its scrutiny (59 per cent). As the plan for the government's new spending, the focus on the budget is understandable.

However, the estimates and the public accounts only garner 12 per cent and six per cent respectively, of respondents' time over the course of a parliament. Parliaments also depend principally on their caucus research staff for support: estimates (48 per cent) and the public accounts (42 per cent). The results demonstrate the substantial difference in the scrutiny of these three elements of the financial cycle. The budget bill is relevant as a political document, but the estimates and public accounts disclose far more about the state of government spending. While the budget showcases new spending, it is the estimates that indicate how much money overall the government is requesting to be appropriated for all of its operations (which is much more than the new spending in the budget). The public accounts then report on how the appropriated funds were spent and where. The budget, while an exciting political event tells only a small part of the government's spending story.

Scrutinizing the full financial cycle however, is not an easy task, say parliamentarians. Just over half of parliamentarians (51 per cent) said that current financial reporting mechanisms are not sufficient to discharge their scrutiny function, while 48 per cent suggested they were sufficient. The government-opposition split is worth highlighting: 94 per cent of government parliamentarians considered current reporting practices sufficient, whereas 94 per cent of opposition parliamentarians believed them to be insufficient. Again, the differences in perspectives may be a function of the information asymmetry between both government and opposition sides of parliament.

All three of the principal documents of the financial cycle were viewed as requiring some improvement: the public accounts (63 per cent), estimates (62 per cent), and budget (59 per cent). To improve parliamentarians' capacity for scrutiny, just over half of respondents (54 per cent) suggested that resources and efforts should be focused on the enhanced financial transparency of government. Approximately half of respondents (51 per cent) valued additional resources like the Office of the Auditor General (OAG), PBO and Library of Parliament to support them in their role. Other options such as additional support for fiscal scrutiny committees (46 per cent), financial training for parliamentarians (41 per cent) were also considered priorities for respondents. Of moderate importance were increases to staff budgets for parliamentarians (45 per cent) and additional resources for political party research functions (48 per cent).

While parliamentarians appear to value additional support, especially from parliamentary resources, respondents appear to have some difficulty correctly mapping organisations to their support function. For instance, the OAG was considered a resource for budget analysis (17 per cent) and assessment of the estimates (20 per cent). The OAG however, is involved in only ex-post analysis for parliament via the public accounts. Similarly, the PBO was attributed a 33 per cent supporting role in analysis of the public accounts, yet the PBO produces only ex-ante

analysis to support parliamentarians in their decision-making and does not produce assessments after the fact (as would the OAG).

These results suggest that parliamentarians may not have a holistic view of the financial cycle. Parliamentarians appear to focus on a portion of the cycle that emphasizes planning and that draws a lot of media attention (i.e. the budget), to the exclusion of the estimates and the public accounts. While the estimates and public accounts may draw less media attention, they are critical parts of the financial cycle and indicative of the overall state of the country's finances with the government's management.

As a baseline, this survey offers a first empirical assessment of Canadian parliamentarians' perceptions and knowledge of the fiscal scrutiny cycle and their role in it. With data to substantiate parliamentary calls for increased transparency in the collection and dissemination of financial information, this study provides an entry point for a broader conversation on parliamentary strengthening.

Conclusion

This paper made the case that parliament's fiscal scrutiny role is at the very core of its existence from historical and functional perspectives. Ensuring legislators are able to hold governments to account by discharging their fiscal scrutiny function is a crucial element of the health of democratic institutions in mature democracies and may be key to the survival of fledgling ones. How legislators scrutinize the raising and spending of public money matters for both democracy and fiscal prudence. Parliaments and their scrutiny function, however, remain understudied in academic literature.

In an effort to help to fill this void in the academic literature, this paper explored fiscal scrutiny from various perspectives. First, a definition of fiscal scrutiny (throughout the full financial cycle) was proposed to frame the ensuing conversation. The three-part definition rooted in contextual analysis, planning and performance evaluation, encapsulated the symbiotic relationship between the information produced by the executive and its communication to the legislature.

Second, legislative fiscal scrutiny was assessed from a historical perspective and through a literature review. As guardians of the public purse, parliaments were able to exercise their eventual role as representatives of the population through the scrutiny of executive spending. In the academic literature on parliaments and money, the focus has been almost exclusively on the budgetary process. While it is an important part of the financial cycle from a planning perspective, a broader assessment that encompasses the full cycle is required to effectively understand and study legislative fiscal scrutiny.

Third, a survey of Canadian parliamentarians provided a baseline set of data on their perceptions and understanding of their fiscal scrutiny function. Reflecting the view of the academic literature, parliamentarians spend most of their time scrutinizing the budget. This finding and others, suggest that parliamentarians may not have a holistic understanding of the financial cycle.

Attributing their challenges in fiscal scrutiny to a lack of time, lessons from the Canadian experience can be compared against those of other countries.

From this study, various research directions can be proposed. There is a small community of scholars and practitioners currently studying aspects of legislative fiscal scrutiny. Both practitioners and the academy would benefit from an enhanced understanding of the role of legislatures within the fiscal ecosystem. This research could potentially impact the approach and nature of public financial management reform around the world. Drawing attention to this particular field of study could support the development of the literatures on democratic development and sustainability, parliamentary democracy and public finance. Practitioners in the field and researchers would stand to benefit from this work with increased data, case studies and analysis. An increased focus on legislative fiscal scrutiny, could reinvigorate the very core of parliaments at the nexus of money and democracy.

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