

## Status update to the Standing Committee on Public Accounts (PACP) on Recommendation 3 of its report on [Public Accounts of Canada 2021](#)

### *PACP Recommendation 3*

In Recommendation 3, PACP asked: “That the Government of Canada consider requiring Crown corporations to divulge all expenditures in the same manner as federal departments and agencies in Volume III of the Public Accounts of Canada; consult with interested stakeholders on the ways this could be achieved, the advantages it would provide and the potential additional administrative burden this could cause; and that it provide the Committee with a report comprising of a comprehensive analysis of this matter, no later than 30 April 2023.”

### *Government response*

In its response, the Government agreed “to undertake a comprehensive review and stakeholder consultations exploring enhanced reporting mechanisms for Crown corporations to reflect applicable expenditures aligned with Public Accounts of Canada Volume III compatible with their legal mandates. A review of this nature along with the required engagement with stakeholders will provide the Committee with a report on findings, including an analysis of the advantages and administrative burden, by December 31, 2023, rather than by April 30, as was recommended.”

### *Comprehensive review and stakeholder engagement*

The Treasury Board of Canada Secretariat (TBS) is carrying out a comprehensive review and has consulted stakeholders. The review has included:

- An analysis of public disclosure of Crown corporations’ expenditures in the Public Accounts of Canada (PAC), their annual reports and quarterly financial statements, and other venues such as corporate websites and through proactive disclosure on the Open Government Portal;
- An analysis of the information disclosed in PAC Volume III to determine its applicability to Crown corporations given these corporations’ unique mandates and the scope of their operations (for example, by considering the type of programs and activities they undertake);
- An analysis of operational factors that could impact the ability of Crown corporations to report in PAC Volume III, such as their different financial systems, policies, and fiscal years; and
- Consideration of the broader policy issues regarding changes to reporting.

As part of its consultations, TBS engaged all 44 parent Crown corporations that would be subject to PACP’s recommendation to explore the impacts and benefits of enhancing the reporting of Crown corporation expenditures. Through these consultations, TBS gathered data about:

- information disclosed in PAC Volume III that Crown corporations currently collect and report publicly;
- estimates of the administrative burden and incremental costs that new reporting requirements could create and Crown corporations’ capacity to absorb that burden; and

- operational barriers - including commercial and legal barriers - that might affect a Crown corporations' ability to publicly report information that is similar to what is reported by departments and agencies in PAC Volume III.

#### *Preliminary findings – Policy considerations*

Two important policy considerations identified by the work to date are the importance of government transparency, and the need for government policy, regulations and processes to accommodate the diversity of Crown corporations and their differences relative to departments and agencies.

The Government of Canada has affirmed transparency and openness as key commitments. Transparency is essential for government accountability and for maintaining Canadians' trust in their public institutions. Ensuring Parliament has the information it needs to oversee the stewardship of public funds is a significant part of ensuring this trust. The obligation to honour these principles will inform all aspects of this work.

Crown corporations also highlighted their unique needs that are a result of the differences relative to departments and agencies, and the diversity in their mandates, size, governance and accountability structures, and the sectors in which they operate. Unlike departments and agencies, many Crown corporations operate in commercial environments and use accounting and reporting standards similar to those of the private sector. To accommodate these differences, Crown corporations are sometimes exempt from some public disclosure requirements and have modified thresholds for others (for example, with respect to access to information and trade agreements).

#### *Preliminary findings – Collecting and reporting relevant information*

A survey of Crown corporations yielded the following preliminary findings regarding current and potential reporting of the subsections of PAC Volume III:

- Some responding Crown corporations already disclose some of the information in other publications (e.g., annual reports).
- For most of the subsections, a number of responding Crown corporations would have nothing to report as they do not have relevant expenditures. The section with the lowest anticipated reporting rate would be Section 7 – Public debt charges. On average across its three subsections, only 35% of responding Crown corporations may have data to report.
- Among the responding Crown corporations that would have something to report:
  - The percentage that indicated that they collect some or all of the required information varied across the subsections from 60% to 100%.
  - The percentage that indicated that they report some or all of the required information varied across the subsections from 4% to 92%.

### *Preliminary findings – Potential administrative burden and incremental costs*

When asked about the potential resource implications of reporting on PAC Volume III, 19% of responding Crown corporations indicated that they would not experience incremental costs because they are already collecting and reporting the data; 77% estimated that minor or moderate investments would be needed, and 3% of respondents indicated that a major resource investment would be required.

With regards to non-salary investments required to report on Volume III information: 25% of responding Crown corporations indicated that they would have no costs; 32% indicated that they would require between \$1,000 and \$100,000; and 43% indicated that they would need over \$100,000.

The most common non-salary costs related to investments in new or updates to software and IT systems, with many identifying that they would need to engage consulting services to do this work.

A number of Crown corporations said that they would need additional resources to cover these costs.

### *Preliminary findings – Non-financial barriers and risks*

Responding Crown corporations identified commercial, reputational and legal barriers and risks to disclosing the information in Volume III. Examples include the risk that a Crown corporation could undermine its negotiating powers or competitive position by providing strategic information to competitors, and the risk of revealing a client's commercial interests.

### *Current status and next steps*

To develop a way forward, TBS is continuing its analysis of the input already received, and engaging internal stakeholders on potential mechanisms for reporting. There may be a need to re-engage Crowns on specific questions and issues before finalizing the report. These efforts will support the development of an approach to enhance reporting from Crown corporations to provide increased transparency to Parliamentarians and Canadians. The work is on track, and a report on this subject will be prepared and submitted to PACP prior to the December 31, 2023, deadline.