

STANDING COMMITTEE ON PUBLIC ACCOUNTS

March 16, 1989

MINUTE NO. 2

March 16, 1989 at 8:30 a.m.

1. **PRESENT:** Mr. Van Mulligen in the Chair and the following Members: Anguish, Lyons, Martens, Muirhead, Muller, Neudorf, Hopfner

Officials

Provincial Auditor's Office

W. Lutz, Provincial Auditor
F. Wendel, Assistant Provincial Auditor
M. Heffernan, Deputy Provincial Auditor

Comptroller's Office

G. Kraus, Provincial Comptroller
T. Paton, A/Director, Financial Management Branch

2. **Public Hearing: Department of Finance (Department of Revenue and Financial Services and Municipal Employees Superannuation Commission)**

Officials:

Art Wakabayashi, Deputy Minister of Finance
Bill Jones, Assistant Deputy Minister, Treasury and Debt Management
Dennis Polowyk, Director, Cash and Debt Management, Treasury and Debt Management Division
Bob Blackwell, Executive Director, Operations and Budget Review, Treasury Board Division
Walter Biech, Director, Audit Branch, Revenue Division
Doug Matthies, Director, Accounting and Administration, Saskatchewan Pension Plan
Brian Smith, Executive Director, Public Employees Benefits Agency
Bill Van Sickle, Executive Director, Administration Branch

3. The Chairman made the following statement:

On Tuesday, March 14, 1989 the Member for Regina Rosemont asked a question approximately as follows:

Would the Department provide the financial background information regarding how the amount of \$109,000,000 for loan loss provision was determined?

The Deputy Minister responded that the requested information was part of the budgetary decision making process and thus was internal information which he was not able to provide.

A Point of Order was raised and after receiving considerable advice on this matter, I deferred my ruling.

I have now had an opportunity to review the matter and to review the precedents and practices of the Committee.

A brief review of some past committee verbatims reveals that the issue of what constitutes a question of policy or what information is internal and confidential has been the subject of debate in the Committee many, many times over the years.

I wish to read into the record an excerpt from the Seventh Report of the Public Accounts Committee of the 20th Legislature which was adopted by the Legislative Assembly on June 11, 1985.

On page 7 of this report under the heading "The Operations of the Committee" the Committee described in some detail its understanding of how policy issues were dealt with by the Committee as follows:

"The Committee's primary concern is with the cost effectiveness of policy rather than its objectives. However, the Committee is becoming more interested in analysing the process by which those objectives are determined. This interest in policy determination is reflected in the Committee's close relationship with the Comptroller and the Provincial Auditor.

As a general rule the Committee does not question the adequacy of policies laid down by the government but is concerned with their implementation. However, for the purposes of its inquiries the Committee must have a clear understanding of the background and formulation of administrative policies that underlie the implementation of government policy. For this reason the Committee reserves the right to question public servants in depth on matters of administrative policy and to request, by Speaker's warrant if necessary, any information required to understand an issue. It does not, however, request public servants to express opinions on the adequacy of government policy. Administrative policy which is relevant to the efficient functioning of departments or authorities is clearly within the Committee's sphere of responsibility. Consequently, public servants have, (on) their own volition, expressed value judgements on the nature, purpose and justification of departmental policies. There are occasions when the Committee has found serious inconsistencies between the government's policy and its implementation by the department concerned.

By adopting these principles the Committee has proved over the years that, although it is a Committee of the Legislative Assembly and an all-party Committee, it is able to work successfully. The acceptance of government policy avoids the risk of the Committee finding itself divided permanently on party lines which would tend to result in internal conflict and in ineffectual reporting."

It is on these principles enunciated by the Committee itself that I must base my ruling. After a careful reading of the verbatims it is my understanding that the Deputy Minister of Finance declined to produce the documents which were provided to the Department of Finance by the Agricultural Credit Corporation relating to the establishment of the figures for the loan loss provision. Based on his specific interpretation of the question, I rule that the Committee must accept the Deputy's answer that the documents in question are internal and form part of the budgetary decision-making process. Major budgetary decisions by their very nature are ultimately a ministerial or cabinet level decision. I find that this particular issue then is one that should be pursued with the Minister.

However, there are a couple of further points that I want to make clear to the Committee and to witnesses called before the committee. This ruling should not be interpreted as restricting the committee's right to ask related questions regarding whether the money provided for the loan loss provision was properly managed and efficiently spent or whether the production loan program was administered properly — both of which are questions that should be put to the

officials of the Corporation itself.

The final point I wish to make is that each time a question such as this is refused by a Deputy Minister, the Chair and the Committee will look very carefully at the particular circumstances before making a decision. What I do not want to see happen is for witnesses to find it convenient to hide behind the shield of "policy." I am confident however that the professionalism of our public servants will ensure that they continue to be as forthright and helpful to the committee as in the past.

4. The Member for the Battlefords raised a question seeking an opinion from the witness. A Point of Order was raised and the question was withdrawn by the Member.
5. The Department agreed to check their records and provide the Committee with the dates that the quarterly revenue reports were received by the Deputy Minister's Office during the year under review.
6. The Committee adjourned at 10:30 a.m. until Tuesday, March 21st at 8:30 a.m.

Agenda:

Department of Finance (including Department of Revenue and Financial Services and Municipal Employees Superannuation Commission) continuing.