



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS  
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Mr. Lon Borgerson  
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[The committee met at 10:35.]

**Public Hearing: Learning**

**The Chair:** — Good morning. Good morning, ladies and gentlemen. I'll call this Public Accounts Committee meeting to order. I believe you've all seen the agenda. We only have one item on the agenda this morning; it is chapter 3 of the 2006 report, volume 3, Learning. It's a bit complicated though because the government has divided Learning now back into learning and post-secondary.

Last time we dealt with this subject matter it was under one minister's purview and now it is under two, and so we have two deputy ministers with us this morning. Ms. Durnford and Ms. Young, we welcome you to our committee. We will allow you to introduce your colleagues a little way down the road this morning. But as per usual we will ask the Provincial Auditor to quickly review the chapter and bring out the highlights in that chapter. Presenting for the Provincial Auditor this morning is Mr. Ed Montgomery, deputy provincial auditor. So without further ado we will give you the floor for your review.

**Mr. Montgomery:** — Thank you very much, Mr. Chair. Good morning, Mr. Chair, committee members. I plan to quickly guide you through the recommendations for the Department of Learning that are included in chapter 3 of our 2006, volume 3 report.

In this chapter we report the results of our 2006 audits of the department and its special purpose funds. We also report on SIAST [Saskatchewan Institute of Applied Science and Technology], three regional colleges, and the Saskatchewan Apprenticeship and Trade Certification Commission. We also report the results of our audit on the reliability and understandability of the department's performance information.

We make two new recommendations concerning the department and one for the commission. First, with the coming increase in department staff retirements, the department needs to improve its human resource plan to ensure that it has the right people in the right jobs at the right time. We recommend that the department's human resource plan quantify its human resource needs, provide details on the human resource gap between actual and required resources, and provide details on plans to implement their major strategies — for example set out completion dates, assign responsibilities for carrying out the actions, and for monitoring progress.

Second, we recommend the department sign a service level agreement with the Information Technology Office for the delivery of information technology services. Without a signed service level agreement there's a risk that the department's needs may not be met. We also make the same recommendation for the Saskatchewan Apprenticeship and Trade Certification Commission on page 123.

In table 2, on pages 120 to 121, we provide a progress report on previous recommendations regarding the department for your information. We also report that the Student Aid Fund is making progress in verifying critical information on student loan applications.

And with regard to our audit on the reliability and understandability of the department's performance information, we selected the performance information for goal 1 relating to the most recent year reported by the department in its 2006 annual report. We found the performance information reported by the department for goal 1 to be reliable and understandable. And that ends my opening comments, Mr. Chair.

**The Chair:** — Thank you, Mr. Montgomery. We will now ask Ms. Durnford and Ms. Young to respond. Ms. Durnford is the deputy minister of Advanced Education and Employment, and Ms. Young is the deputy minister of Learning. I do not know who chooses to go first, and if you both want to introduce your colleagues before you start, but we will give you the floor and you can surprise us.

**Ms. Young:** — Well good morning. I would like to take a moment to introduce my colleagues who are here today. Behind me is Dr. Helen Horsman, who is our new assistant deputy minister with the Department of Learning; Rosanne Glass, who's the executive director of policy and evaluation; Dave Tulloch, the director of corporate services; and Marlys Tafelmeyer, the executive director of human resources.

Just a couple of opening comments. I'm certainly pleased to be here today to discuss the most recent *Report of the Provincial Auditor* has made around the Department of Learning. And, as you know, this deals with the former department of Learning so I will try to confine my remarks to those that most closely link to the current Department of Learning.

The department both appreciates the Provincial Auditor's work and his examination of the department and does accept the findings of the auditor and agrees with each, with the exception of the finding related to the reporting of pension costs where the Department of Learning must follow directions from the Department of Finance on this matter.

With regard to the new recommendation on the improvements to human resource plan, we regard the human resource plan as critical to our functioning as a department and we certainly look forward to working with the auditor on our human resource plan. The department reorganization and other priorities have slowed this task a bit, but I am pleased to report there has been good progress and that we look forward to finalizing our human resource plan over the next few weeks.

It is critical, as the auditor's office has said, that we are on the cusp of many retirements and we have lots of work to do around succession planning, youth, and diversity employment.

With regard to the service level agreements, again we do agree with the auditor's recommendation and we are at present giving this matter good attention within the department. We believe that over the past year since our IT [information technology] has migrated to the ITO [Information Technology Office], we have increased our understanding of what our IT needs are and what their service response is. And I think we're in a much better position to complete the service level agreement now.

The status of previous recommendations, we believe we have made good progress. Work is underway on the department-wide

risk assessment and, in fact, will be complete over the next few weeks. We are strengthening our accountability relationships between the department and key agencies, and we are putting that work and the definition of the relationships more clearly into our performance plans.

We are setting stronger requirements for school division reporting on performance. We have . . . This is the second year of our continuous improvement framework that all school divisions must adhere to, and it is the key accountability process that ensures the school divisions are accountable for their performance outcomes. The continuous improvement framework requires both boards of education and community school councils to have an annual improvement plan and a cycle of planning, implementing, and monitoring and reporting.

The boards are in the process. We do have the first of the plans in. All school divisions' plans must be in by May of this year, and we are on track to receive all of them. And from that, the first of the school divisions will be reporting in October of this year around their first-year progress on those plans.

We also, in our planning and our work out to school divisions, have in our school operating grant, have specified performance outcomes. And I think there's something like 20 specific outcomes that are reported there. And that is available online for anybody who will be interested.

There was also a requirement that we comply with the general accounting principles. And although the restructuring of the school divisions did slow us because there was other more pressing things the school divisions had to focus on, we have set a firm target for September 1, '08 so that all of the school divisions will be compliant with PSAB [Public Sector Accounting Board] requirements.

I think I will stop there and, after Bonnie concludes, I will be pleased to take any questions.

**The Chair:** — Thank you. Ms. Durnford.

**Ms. Durnford:** — Thank you. And I am joined today by Rob Cunningham who is the assistant deputy minister responsible for labour market services; Karen Allen who is the executive director of corporate services; Raman Visvanathan, the executive director of institutions branch; Tammy Bloor Cavers who is the acting executive director of student financial assistance; and I'll introduce Marlys Tafelmeyer again because she is also my executive director of human resources as a shared service between the two Departments.

Thank you for the opportunity to talk about the progress made with regard to the auditor's recommendations. And as Wynne's indicated, I'll speak to the issues as they relate to the Department of Advanced Education and Employment. And I'll start with the issues and the update on the provincial training allowance.

As the auditor's report indicates, in July '04 the department approved a maximum rate for incorrect payments of 5 per cent with a commitment to take corrective actions to achieve a maximum rate of 4 per cent within 24 months. And at March 31, 2006, the rate was at 5.3 per cent. I'm pleased to update this

figure. As of January 31 of this year the rate of incorrect provincial training allowance payments has been reduced to our target of 4 per cent. So we've made progress over these last few months on this.

We've done that through implementing a number of enhancements including system and procedure changes, critical information verified against independent third party sources, 100 per cent data entry verification, and program changes to reduce incorrect payments. Here one of the program changes that we've made is flat rating of daycare allowances. And we can talk more about that.

We've also made progress on verifying critical information on student loan applications within a reasonable time frame. And I think, consistent with the direction or the urgings of the Provincial Auditor, we have moved to adopt a risk-based approach to verify critical information in the student loan area. So we've implemented verification measures for what we consider to be the very high-risk data elements, such as number of dependents, single parent status, course load, and student earnings. And those things are the highest risk pieces that will determine accuracy or help us determine the level of accuracy with student loan payments.

Student loan factors that we would consider to be in our analysis lower risk, we are going to move those to a rotational review — a five-year rotational review or earlier, depending on our program or system changes.

With regard to conflict of interest situation, work continues with individual branches to ensure staff are aware of conflict of interest guidelines and how those particular guidelines can relate to the work within individual branches.

Similar to Wynne, we concur with the recommendations regarding the need for service level agreements with the ITO and work is under way with the ITO to complete this work. And we'd hope that we'd have it done in the first half of '07-08.

And we agree as well with the recommendation with regard to human resource planning. Our human resource plan for the department will address the issues that has been identified by the auditor, and that will be helpful for us in formulating the plan. We are working this plan through with executive and senior management teams as well to ensure the identification of specific actions to meet the specific goals of the plan. So we can, you know, answer further questions on that.

And I would also just like to say that I appreciate very much the working relationship that we have with the auditor's staff, and I find the interaction helpful. Thank you.

**The Chair:** — Thank you very much, Ms. Durnford. Just before I open up the floor for questions, I do note that on page 116 of the auditor's report, where table 1 is placed, we notice in several cases there's a significant difference between the estimates for 2005-06 and the actual. And there's a note a little farther down that says that the 2005-06 annual report sets out the reasons for the major differences.

I didn't have an opportunity to review that report, so I wonder if one of you could just quickly explain. I thought perhaps it was

because of the dividing up of the two departments that the actual was significantly higher in a couple of areas. But it certainly wasn't, you know, where one department gained and the other lost because particularly post-secondary saw a rather huge increase from just under \$400 million to over \$500 million, and there was a smaller increase in K to 12 [kindergarten to grade 12] education. Perhaps the auditor . . . Would the auditor be the right person to ask why these . . . No? Okay well we'll ask one of the deputies then to respond as to the . . . and of other numbers where there is significant variation as well.

**Ms. Durnford:** — Perhaps if I can, I maybe can start with this because one of the areas where there is significant variation is with regard to post-secondary capital. Over the course of that year we received a number of envelopes of funding for post-secondary capital. One of them was \$100 million for the academic Health Sciences Building at the University of Saskatchewan. So that would of course mean a very large change in terms of the presentation of the actuals.

We also provided them 14 . . . just under \$15 million for inflationary pressures related to post-secondary capital and another 7.5 million was provided that year for the Western College of Veterinary Medicine. They are improving and expanding their building in Saskatoon and so additional funding was provided to them.

I think there's other explanations that relate to school division restructuring. I'll maybe let Wynne speak to that in K to 12 capital. But there was . . . I think the big one on the post-secondary side was relative to post-secondary capital.

**The Chair:** — Do you have a further comment, Ms. Young?

**Ms. Young:** — I guess I would just add on Learning, also around capital, that there was recognition for school division restructuring — some additional \$4 million that was reallocated. And that capital did, we did exceed by about 15.6 millions and that was around extraordinary inflation, and also to address some capital project commitments to move up the timing on them. And I think that was really the major shift in that year.

**The Chair:** — Okay. The other thing that really jumped off the page for me was almost a \$20 million reduction in student support programs, which sounds like an awful lot when we're looking at 70 million down to 50 million. Can someone explain that?

**Ms. Durnford:** — I'll start and I'll maybe ask Karen to assist me with this. I think one of the things that we have seen in this envelope of programming would be the student financial assistance program, provincial training allowance, skills training . . . Oh no, sorry, I'm translating it into its new world. Skills training benefit would have come to us in '06-07, but we would have had a package of income support programs.

One of the things that we have seen over the last few years is declining take-up in terms of our student loan programming. And so we're not changing rate structures at all. This is just we have fewer students coming to the program to avail themselves of loans, and that seems to be a trend across the country.

**The Chair:** — So the money was sitting on the table. It just wasn't taken. Is that what you're saying?

**Ms. Durnford:** — Well it would be dealt with in the context of how the accumulated surplus would be managed in the student loan program.

**The Chair:** — There was also a shortfall in take-up on the early childhood development, and there's been a lot of focus on that area. Why was that not realized?

**Ms. Young:** — You're referring to the point 3?

**The Chair:** — Yes. It's a \$3.3 million budget, not a high budget, but \$300,000 was left on the table. Can you explain why?

**Ms. Young:** — I'll have to just dig into that.

**The Chair:** — Okay. Well we won't hold up the meeting. I'll open the floor for questions, and if you have that later you can provide that. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Thank you to both deputies and their officials. Ms. Durnford, Ms. Young, thank you for coming here today to Public Accounts.

I want to begin my questioning starting with the human resource point. The auditor points out that:

The Department needs to improve its human resource plan to ensure it has the right people, in the right jobs, and at the right time to meet the Department's goals and objectives.

I must admit I wasn't totally surprised to see this in here. In dealing with school boards across the province — and certainly ones that I deal with the most in Saskatoon — there has been some frustration voiced on their behalf in dealing with especially the K to 12. And they said to me that there was a large turnover at the very senior levels, so we had people acting in certain positions; certain positions weren't filled. If the deputy could just outline to us the human resource record over the last year — what has happened in K to 12 and what has happened to rectify the situation.

**Ms. Young:** — Certainly. There has actually been notable turnover in the department in the past couple of years and some of them very senior positions. And it's been for a variety of reasons. Certainly some of it is around retirement. That has been referred to in the human resource plan. But also a number of the changes have been around the competitive work environment that we're in. The labour market is quite competitive and certainly several of the employees have moved to jobs that have more responsibility, maybe more remuneration accompanying it. So there's been a variety of reasons for the change.

I certainly have made a decision that we need to focus hard on filling the gaps, and I am pleased to say that we have done so in many cases.

We lost our ADM [assistant deputy minister] before Christmas,

and he had retired from the service. And we, as I've introduced, have a new assistant deputy minister on board, Dr. Helen Horsman, who has many, many years of experience in this school sector and so a very welcome addition to the department.

And I'm also pleased to say that the important position of the executive director of school finance and capital, we have recently filled that position with Ms. Valerie Lusk who has a long history with finance and corporate affairs with the health system, the Regina and Qu'Appelle Health District and is a chartered accountant herself. So we are very pleased to have her on board, and she is working now. And the process is in place to fill other vacancies that are in her area.

So we are being quite aggressive about filling these vacancies. We feel that where we filled them, we have got very strong individuals on board. And so we are looking to . . . It is a bit of a time for a refresh in the department, and we are looking forward to moving ahead with the new team.

**Mr. Cheveldayoff:** — Thank you, Ms. Young. The auditor points out that the plan as it existed when he examined it only provides a broad description of the gap that exists between required and actual human resources. Is that indeed still the case today or have you refined that somewhat to detail and flesh out that plan?

**Ms. Young:** — I will comment on the new Learning portion and Bonnie may choose to comment on AE & E [Advanced Education and Employment]. The new plan in place that will be tabled with the Public Service Commission in the months to come has made good progress on being more specific around the gaps that we have and the needs that we have in human resources.

Our human resource plan, like all departments, is a bit of a work in progress, and I think that we can continue to make gains as we go forward. These comprehensive human resource plans are relatively new to departments. There has only been several years we've been working on them. And so I think that they will continue to gain strength as they go forward. But, yes, we will address many and hopefully all of the auditor's requirements around that with our new plan that we're going to table.

**Mr. Cheveldayoff:** — Thank you.

**The Chair:** — Ms. Durnford.

**Ms. Durnford:** — I think I would reiterate the comments that Wynne has made. I think one of the . . . You know, we are working through it and I think it will be a work in progress. I think this is helpful for us to think about it, the recommendations in terms of how we start to quantify some of the gaps. One of the things that we're working through and thinking about in this area is how we can do better or a different job, I guess, relative to youth recruitment and recruitment of young people into the public service. And here, you know, I'm speaking sort of corporately around the public service at large.

And so we think we have a responsibility, given the nature of our department and the fact that we hosted the youth summit about six weeks ago. We heard pretty clearly from young

people about what interests they have and what they look for in terms of employment opportunities. And I think that's going to really kind of, for us to take that and to start to think it through, that's really going to challenge how we do our work. But I think it's an important, it's something important for us to follow up on. And we think we have a big responsibility on this piece of it.

**Mr. Cheveldayoff:** — Thank you, Ms. Durnford. You've started to answer my next question which was, how do you come up with a plan? How do you judge yourself? How do you put your work plan in place, and what kind of targets do you try to meet? Do you look at the average age of your employees? Do you look at the changing economy and try to identify certain needs?

**Ms. Durnford:** — Well it would be all of those things, I think. I mean certainly we have to look at our, the age of our workforce and understand where some of those key positions are going to be where we're going to face retirements. But I also think that we have a responsibility to think about how we can, you know, develop managers so that they're ready and interested and wanting to take on more senior roles, so sort of how we interact with our mid-level of managers. But also how we bring young people into the service so that whether they choose to have a, you know, choose a job in Advanced Education and Employment or go to Learning or go to the Department of Finance or whatever department they happen to be working in, that they see that there's career potential and there's career opportunities in the public service in Saskatchewan.

And, you know, this is part of what we've been thinking about over the last couple of months is we have an opportunity here, I think, to think about how we could use internships, graduate student placements, those kinds of things, to bring young people in and to give them a sense of what the work is like and what the career opportunities are for the future. And if they choose to stay with our department, that would be great. But if they choose to go to another department, that's fine as well.

**Mr. Cheveldayoff:** — Thank you for that answer. Just referring back to an earlier answer from Ms. Young, she talked about the new person in, Ms. Lusk in HR [human resources], or the new person in capital, overseeing capital developments. And I certainly hope . . . I know over the last couple of years we've seen some real pent-up demand for capital in K to 12 learning, and I'm speaking in my own backyard as well, needing a new school in a growth area of Saskatoon. And oftentimes the answer has been that we don't have the people to deal with it at the present time. So I'm suggesting that we probably have the money now, and I hope you have the people in place to address those capital needs.

I'm looking at the clock and I just want to move along here. There's a topic of service level agreements on a couple of fronts that the auditor brings out and, you know, I consider this pretty standard but, you know, we should have service level agreements in place. They should exist across the government. If the department doesn't have one in place, they should be able to talk to a sister department and be able to get that information. I know ITO operates with agreements in several departments. So can you just quickly comment on the service level

agreement and address the auditor's concerns?

**Ms. Young:** — I'll speak from Learning's perspective. Certainly when we migrated to the ITO it was right around the same time as we were beginning to think about the splitting of the departments, so that there was a lot of internal change that needed to be considered. So certainly the split of the IT services between Advanced Education and Employment and Learning caused us to pause and make sure that we had that split correct as we go forward, because there will be two service level agreements.

Also in the past year we have been focusing hard on the IT management structure within our department itself. As you seem to be aware that in addition to the ITO providing services, every department is to have a management committee, an IT management committee that oversees IT for the department. And we have been working on building the capacity of that management committee over the past year, and I think we have got it in quite good shape.

While we don't have a service level agreement with the ITO, as I mentioned earlier I think that what we have learned about our service needs as a free-standing Department of Learning, and also the ability of the ITO to meet those needs, I think that we're now much better positioned to create a more accurate service level agreement. And we will be doing so in the coming months.

**Mr. Cheveldayoff:** — Thank you, Madam Deputy. I'll take that answer and I just hope that we don't see, you know, this being one area that's brought up again and again by the auditor. I think it's something that can be addressed quite quickly.

Student loan applications. The Chair had asked the question about that and that raised a red flag for me as well, especially when we look at the numbers of student loan applications in the information we've received, is that there was in 2005, 16,000 loan applications; in 2006 15,000 loan applications. We see those numbers going down. Do you have some forecasts for what we will see in the future? Is this the start of a trend in the province? And how are you doing your budgeting accordingly?

**Ms. Durnford:** — Well I'll make a few comments and then Tammy Bloor Cavers has joined me at the table as the exec director of student financial assistance. This has been a phenomenon that we've seen over the last few years around reducing numbers of loan applications. And as I mentioned in my earlier comments, this is, you know as the deputies responsible for student financial assistance come together, this isn't just a phenomenon in Saskatchewan. This is a phenomenon that numbers of jurisdictions are trying to sort through and understand better. You know, I think I'll maybe let Tammy speak to some more of the detail of this. But I think as we've started to try to unpack sort of, so what's causing that, I think there could be numbers of things.

In the immediate timeline, we are seeing reducing enrolments at the universities, so there could be declining uptake as a result of that. I think that's one of the things that, one of the dynamics that you typically see when you've got the kind of labour market that we've got right now is a lot of students defer the choice around post-secondary education. They go straight into

work, thinking that, you know, they'll take the job now and they'll come back and go to university or make other choices around post-secondary at a later point. So we see a lot more activity of, I think, sort of direct entry.

I think we have some questions, and I think these are questions that, you know, I think other jurisdictions, including the federal government, share with us about the nature of the program and could we make the program more simple or simpler and more responsive to student needs, and if we did that, would we see more students using it.

I think the other thing that's starting to happen in this area is that we see lots of the private banking industry having come more into this area in providing more options to students as well, so that sometimes students are finding a particular loan product or loan service through the private banking industry as something that works better for them. And so they make a choice about participation there. So, Tammy, would there be other things or is that it?

**Ms. Bloor Cavers:** — I think you've done an excellent job describing the situation. I think the only thing that perhaps I would add is that we've, through an FPT [federal-provincial-territorial] arrangement working with the Canada student loan program and other provinces, we've worked towards establishing a research agenda that looks more closely at what are the types of students that we're serving now. We're obviously seeing a change in the demographics, a change in the dynamics, and we're looking towards a move to simplifying the program and trying to develop a program that's more responsive to students' needs.

**The Chair:** — Ms. Durnford, if I could just interject, you mentioned that the banking sector is now meeting some of this need. Would that be, or have you reviewed whether the reason for that is, because the student loans program criteria is too narrow?

**Ms. Durnford:** — It may be that. I think it may be also some of the responsiveness. But Tammy, can you add some more detail to that?

**Ms. Bloor Cavers:** — Yes. I think to a certain, to a certain extent, we've learned over the past number of years that the complexity of the program may contribute somewhat to individuals going to banks, generally middle-income individuals. We find lower-income generally don't have that ability to just go to the bank easily, that they do rely on our program heavily. And I think more and more, as we move towards areas where we can make improvements in making the program simpler to understand, more predictable, I think we'll find that the program will start to level out.

But in large part, I think it's just the nature of local labour market opportunities in Saskatchewan are just a huge pull, if you will, for any individuals contemplating post-secondary education, that I think that's just a part of the dynamics right now.

**Mr. Cheveldayoff:** — Mr. Chair, do you have any numbers that you could share with us for, say, graduating students from Saskatchewan over the next five years, you know, the

percentage that you anticipate will enter post-secondary education? Just some projections that . . . You don't have to have them right now, but if you could commit to sharing that with us in the future, tabling a document later on, we'd appreciate it.

**Ms. Durnford:** — Certainly.

**Mr. Cheveldayoff:** — Yes? Okay. Thank you. Going to the provincial training allowance that has been addressed partially in your opening comments and talking about the default rate, I guess, of loans that are happening in that area. And you mentioned that the target is down to 4 per cent from above 5 per cent. And I just want to say that's something that we like to see in this committee is, you know, addressing the problem head-on and setting some targets to achieve and to rectify the problem.

I guess in looking at the 4 per cent target, can you tell me how that compares to other provinces and other jurisdictions across the country? Is that something that's quite average or do we still have some work to do in that area?

**Ms. Durnford:** — I'm sorry, I don't have that kind of information available today as to what other jurisdictions would be doing on this front. So we can undertake to provide you that if we can get that information from them.

**Mr. Cheveldayoff:** — Okay, in just coming up with that number I guess I just wanted a general sense of how you, you know, how you set that target — if there's other criteria that you look towards as well. But I would just assume that looking at other jurisdictions would be something that you would take into account.

**Ms. Durnford:** — I think a bit of a target, I think the target was set just before I came to the department. But I know it's a similar target that we had used when we were establishing error rates for the social assistance program so I suspect that that was one of the measures that we looked at because it is . . . The provincial training allowance is quite closely associated to social assistance. We probably were guided by that error rate.

**Mr. Cheveldayoff:** — Okay. Well the important thing is that it's moving in the right direction and that you have set some targets. And we hope that improvements continue to be made there.

One other question on the K to 12 side and it again . . . The Chair had referred to the early childhood development and some money looks like it's been left on the table. And that's something that I hear from school boards that I deal with, that programming for early childhood education and pre-kindergarten and full-day, all-day kindergarten . . . We've got some pilot projects going on around Saskatoon and around the province. It's something that I hear from people when I'm talking to them on their doorsteps or just, you know, unprompted discussions, that residents across the province talk about the need for innovation in pre-kindergarten and early childhood development. So I would certainly encourage the deputy — and I'm sure that's not the first time she's heard this — that anything that can be done to have some innovation in that area and for Saskatchewan to be a leader would be well-received.

**Ms. Young:** — Yes, well thank you. And as you are aware there is a Saskatchewan plan around early learning and child care which involves pre-K [pre-kindergarten] and other areas of early childhood development and it's certainly a plan that . . . we have implemented it as we could so far. We had hoped to be further ahead, but because of the federal withdrawal of money a year ago we had to modify the plan. But the plan is still intact. And as we can proceed, we will.

Just to be clear on the under expenditure, I was able to find the reference and it was during that time period that we centralized in the department, centralized the IT money before sending it to the ITO, and the point three actually reflects the centralization of payment to the ITO. And so that's what it was; it was simply an administrative move. So instead of funding it out of the early childhood branch it was moved to the ITO. So that accounts for that point three.

**The Chair:** — Does that mean, Ms. Young, that the money went to ITO rather than to early childhood development?

**Ms. Young:** — It would have still been . . . The ITO would have been providing the computer and IT services for early childhood development, so it was for the same thing but the funding was centralized to the IT rather than stay in early childhood development.

**The Chair:** — So the money was really used for administrative purposes rather than early childhood learning.

**Ms. Young:** — Well it would be the case that in any of the early childhood development there's always a component. You need an IT system to be able to run this. And so it was in the branch up until then and, as we moved to the ITO, that amount just moved over to the ITO. So the purpose didn't change.

**The Chair:** — Okay.

**Mr. Cheveldayoff:** — That's all, Mr. Chair. I think my colleague has some questions.

**The Chair:** — Ms. Crofford, and then we'll go to Mr. Chisholm.

**Ms. Crofford:** — Yes. I'm going to follow up on this. And even though I was the minister at the time we signed the federal daycare plan, I cannot remember exactly what the figures were. I have to claim to have . . . never having had a perfect memory.

And now in this current budget — and you may not have had time to analyze it all yet — I understand that there's some recommitment to some portion of the child care plan. Can you give me a sense of how much money we lost a year ago when the current federal government decided they weren't going to have a national child care plan that the Liberals had agreed to, and then how much we've regained in this budget of that lost money that was intended to provide early learning and child care in a comprehensive way across the province?

**Ms. Young:** — I'm just trying to refresh my memory about what the original money was too. Certainly the money that is now coming is a fraction of what it was. There was an announcement in the federal documents yesterday around early



learning and child care, and they seem to be committing \$250 million in this coming year to the creation of child care spaces. And there's enough words around that that we aren't certain what conditions might be placed on that money, and so for right now we're unsure.

But we know that there is an . . . I believe it's coming, I believe I understood it to be coming per capita, which would be very roughly for Saskatchewan about seven and a half million dollars. And if you can give me a minute I'll tell you what it is, but it really is a fraction of what it was. So there will be that.

And then in '08-09 onwards to '13-14, I think the commitment is that money to be rolled in to the Canada Social Transfer, the CST, and that there will be an inflator in that Canada Social Transfer of about 3 per cent a year. So I suppose it's positive news for us because, as this started out, it was going to be a business tax credit for building child care which was not a useful way. Saskatchewan couldn't take advantage of that. So what we see now is something that is more flexible but we aren't yet sure how much more flexible it is.

I'm actually going to be in discussions this afternoon with the federal department to see if we can . . .

**Ms. Crofford:** — Well, interesting to see how it develops. But I just wanted some clarity that in fact there was a plan of moving towards universal child care and it was greatly stalled out by the change in policy that occurred. And I won't put any more pressure on yourself.

I think the money was 5 billion across Canada.

**Ms. Young:** — I think the amount Saskatchewan was going to get was 146 million.

**Ms. Crofford:** — 146 million is a little different than 7 million.

**Ms. Young:** — Last year their new space initiative sort of took to about . . . over the five years took it to 42 million. So a little less than a third, I guess.

**Ms. Crofford:** — Okay, thank you.

**The Chair:** — Thank you, Ms. Crofford. It's interesting that the federal government has more than doubled the amount for early childhood learning that the province supplies. Mr. Chisholm.

**Mr. Chisholm:** — Thank you, Mr. Chair . . . [inaudible interjection] . . . Do I still have the floor?

**The Chair:** — Yes, you do.

**Mr. Chisholm:** — Thank you. I had a question that came about on reading page 121, in that area, regarding the Learning department having all school divisions reporting their financial results in accordance with generally accepted accounting principles. And I think you addressed that. And actually, if I was correct, the date that was proposed was August 31, 2009 that this would be in place, and that it's actually going to be prior to that. Is that correct?

**Ms. Young:** — It will be in place beginning September '08, but it will take the full year for implementation so August '09 is when it will be fully implemented. So both dates are correct.

**Mr. Chisholm:** — Right. Thank you very much. And perhaps this question might be addressed by the auditor's office. By not following generally accepted accounting principles in the financial reporting of the school divisions, what would be the significance . . . or what were the areas that would have been affected when a person's reading the financial statement that might have thrown somebody off onto what . . . if it had been done by GAAP [generally accepted accounting principles] and it hadn't? Were we just talking about valuation of assets and depreciation and those kinds of entries or . . .

**Mr. Wendel:** — I'm going from memory. It's been a few years since this matter was reported. I'd have to go back and read that particular report. But one of the things that I remember was that debt repayments were called expenses. So that would be a significant difference from generally accepted accounting principles. And it seemed to me that was one of the major things.

**Mr. Chisholm:** — Okay. Thank you. I was just trying to get a feel for the significance of that because I also noticed, even though the Learning department is taking a lead on seeing that all the school divisions comply fully with GAAP, we still have the question of the way the pensions are reported which certainly is a significant amount of money.

On page 122 it refers to . . . The amount in the annual report of 2006 is \$55 million, and it understates the total amount of the teachers' pension by \$2.6 billion. So I'm wondering if, with the lead that the department has taken in having the divisions fully comply with general accepted accounting principles, would the department be recommending that they also follow generally accepted accounting principles in reporting pension costs and the amount of the unfunded pension amount?

**Ms. Young:** — I guess my only comment would be that we take our direction on this from the Department of Finance and the direction around how this is accounted for. And the direction from Finance, it's my understanding, is applied to all pension plans — not just the one that we administer. And so if there's any other specific questions, I guess I would refer them to the comptroller.

**Mr. Chisholm:** — I guess then I will refer to the comptroller and just ask exactly what is happening on the reporting of pensions that the auditor's report does keep bringing up. And this particular department certainly is one of the most affected.

**Mr. Paton:** — Mr. Chair, this is the same issue that was discussed last week when the Department of Finance was before the committee, and as was stated at that time, the policy that the government currently follows is the same policy that has been in place since these plans were first started up many years ago, being that government does account for its cash obligations on an annual basis. And the further information that the auditor is looking for as it relates to the pension liabilities, as we said, is fully disclosed in the notes of the financial statements.

If you want to see the impact of this on the accounting basis for what the auditor's recommending, when you look to the summary statements, you do see that full disclosure. As was said last week, normally we don't change the way we account for something this major during the middle of a four-year plan. And if there were some move for this to take place, it would be at the beginning of the next four-year plan. But it's not currently under consideration.

**Mr. Chisholm:** — Thank you.

**The Chair:** — Thank you, Mr. Chisholm. Obviously as the Chair of the Public Accounts Committee, I've been watching this debate unfold for several years now. It would certainly save the auditor and the Public Accounts Committee a lot of work if you guys could get together at some point and decide on generally accepted accounting principles that you could work together with in the next four-year cycle. Mr. Borgerson.

**Mr. Borgerson:** — Yes, on page 120 — I think you may have answered this, but I just want to be clear — the very first recommendation, previous recommendation which ends with, "the risk assessment to be completed by March 2007," I understand there has been progress there. Can you just sort of clarify where we're at?

**Ms. Young:** — We are on time to complete, and there is a risk assessment for both departments. We have built up our internal audit capacity within the department — and by the way that is a shared service between the departments — and so we have much more capacity there, and it is that internal auditor capacity that's undertaken the risk assessment. And my understanding is it is on target to be complete. Is that right? Right?

**Mr. Borgerson:** — Right about now.

**Ms. Young:** — Right about now.

**Mr. Borgerson:** — March 2007.

**Ms. Young:** — Yes.

**Ms. Durnford:** — That is the same situation for Advanced Education and Employment. We have an internal audit committee, and that has been proceeding with this work. I chair it, and the assistant deputies sit on it along with the executive director of corporate services. We've asked for that work to be completed and been brought back to the executive audit committee by the end of the month so . . . And we expect that, you know, it will be there. We've already used that type of thinking and process relative to how we are now doing our audits on student financial assistance. If I'm correct it will have a draft report by March 31 for our consideration.

**Mr. Borgerson:** — And this is a question I raised before, and I raised it with the Provincial Auditor as well. The development of a continuous improvement framework has obviously required staffing, funding, and time within your department. Has this been accomplished with new resources to your department, to the Department of Sask Learning, or have you had to shift resources and staffing? And if you had to shift it, where have you had to shift it from?

**Ms. Young:** — Part of this was done prior to my coming so I'll have to get some advice on that, but we did not have new resources to do it. We did shift from with internal resources. And if my recollection holds, they actually came from a variety of branches depending on the particular skills that the individuals brought. So I think that they came out of curriculum for one and might have been policy for other, but we've put together . . . It's a very small unit and their job is to set the framework and the oversight for the school divisions. School divisions are right now building their capacity for this too.

**Mr. Borgerson:** — Yes, and I mean the concern that some people have raised is that by moving resources from curriculum you can in fact have an adverse impact on the scores, which is one of the reasons for the framework in the first place.

**Ms. Young:** — On the scores?

**Mr. Borgerson:** — Or on the outcomes.

**Ms. Young:** — Okay. Yes. I mean we hope we have created a continuous improvement framework that is objective and is looking at . . . And the framework is for student outcomes and actually looking at student achievement.

But the framework has four broad goals and all of them important to the learning system. So one is around student outcomes. One is around equity for students in the school system, in the K to 12 system. One is around strong transitions for students, whether it's transitioning from pre-K into school or transitioning out of school to post-secondary or work, or even in the case of Saskatchewan schools transitioning off- and on-reserve. So it's an important goal for us. And the last goal of the continuous improvement framework is around accountability and strong governance. So all four pieces make up the continuous improvement framework.

**Mr. Borgerson:** — Thank you. What is, in terms of the schools divisions — this is with regards to the department — in terms of the school divisions then have they had extra resources or have they as well had to shift resources?

**Ms. Young:** — You know, I couldn't say for sure. We'd have to ask school divisions specifically. We do have money that has . . . The foundation operating grant manual declares that the money in there, part of that is for the continuous improvement framework, some of their funding. So we recognize that in the funding formula. And we certainly know that they are in the process of staffing up more now. We also know that with the restructuring, the school divisions that went through restructuring, they actually opened up some flexibility for them so people who may have had a role in a different, in a smaller school division may be moved into that capacity of the accountability system. So that they have had some flexibility to work with over the past couple of years.

**Mr. Borgerson:** — Okay, good. Thank you very much.

**The Chair:** — Thank you. Mr. Borgerson, if I could, before we wrap up, just touch on a couple of points. I noticed where Mr. Borgerson left off on table 2 on page 120, the second unimplemented recommendation has to do with conflict-of-interest situations. I wonder if the Provincial Auditor

could help us understand what is the nature of these conflict-of-interest situations. Are they related to financial interests, or are they a conflict in duties? I think it would be helpful if we knew what those conflicts were.

**Mr. Montgomery:** — I think we noticed first in the student aid area for perhaps a son or a daughter was receiving an award, a loan.

**The Chair:** — The son or daughter of an employee?

**Mr. Montgomery:** — Yes.

**The Chair:** — That may have some impact on whether or not . . . Okay, has that been corrected? It wasn't corrected as of the time of this report. Has it now been corrected?

**Ms. Durnford:** — Yes, we're in the process of doing that. In my earlier comments I had indicated that we were reviewing conflict-of-interest guidelines with every branch to ensure that they understood the public service broad guidelines relative to conflict of interest, but also to understand how those guidelines would interact within the context of their individual work.

So we've gone through, I think, the three branches right now — student financial assistance, human resources, and corporate services — to remind people of those. And I'd say, you know, as you look at the kind of work we do, those are probably the three areas where there would be the highest risk for people who would be processing payments and might get themselves or might have to understand the conflict of interest guidelines.

But we need to finish the work, and we need to make sure that all our employees understand that, because it's an important piece of our work relative to the public service.

**The Chair:** — Thank you. It's one thing to be reminded and to understand, but it's another thing to have a policy and procedure in place that removes that conflict. So you're saying you're at the reminding stage but you haven't yet addressed the policies and procedures necessary to ensure that this conflict cannot exist.

**Ms. Durnford:** — I think I'll ask Tammy to speak a bit more to student financial assistance. But I would remind the members of the committee that the Public Service Commission has very clear standards and policies relative to conflict of interest. What we are doing in this work is reminding people of those, of those and then working with them to how they interpret those guidelines in the context of their individual work on a daily basis. And I'll ask Tammy to give you a bit more information on that.

**Ms. Bloor Cavers:** — Sure. Within the branch, we've made a point of incorporating the Public Service Commission's conflict-of-interest guidelines within an orientation package that we provide to our staff annually, and as a reminder to existing staff as well. And I think it just is a good reminder for staff, not just within our branch but throughout the department, that there are a number of circumstances where you might be exposed to, particularly in a program like ours, that you might come across either family or friends and that you need to be well aware that you need to step aside and step back from those circumstances.

So we have gone through a process annually now, ensuring that all staff is exposed and have gone through and read the conflict-of-interest guidelines.

**The Chair:** — So I would ask then, is the process in place one that more than one person and there's a joint review of these applications so that if an application falls across the desk of a person who would be in a conflict situation, there's a second person who would, who would also be reviewing that?

Otherwise, you know . . . And again, I know that 99.9 per cent of our, you know, the people that do these things are honest and would follow the procedure. But if the opportunity is there, that point one per cent, which we've seen in the past, may abuse the opportunity that they have. So is there a procedure? Is there a . . .

**Ms. Bloor Cavers:** — Absolutely.

**The Chair:** — A second review? Is there a process so that that, that type of conflict can be adequately dealt with?

**Ms. Bloor Cavers:** — Absolutely. I think that's sort of the next stage to this. As we move to more automation there'll be less opportunity for individuals and manual processes, that there'll be less need for manual interventions.

**The Chair:** — Okay. A secondary that I have a question on is the very last non-implemented recommendation which my colleague has already touched on. But there are several other . . . There are school divisions that are not complying with GAAP. Are the majority of the school divisions now complying with GAAP or are the majority not there yet?

**Ms. Young:** — This has been caught up a little bit with restructuring too, but Helen has advised that the majority are there now and then restructuring has slowed us up, but we think we will be on target to make sure that it's fully implemented. And the Saskatchewan Association of School Business Officials, SASBO, is working very closely. That represents the secretary-treasurers or the director of finance from each of the school divisions is working as a group around this implementation.

**The Chair:** — Could you inform the committee as to which school divisions are not yet complying with GAAP and what the target date is for compliance.

**Ms. Young:** — Yes, I can certainly do that. I can't do it this morning but I can certainly do that.

**The Chair:** — All right. And just one final question. On page, well it goes from page 122 into page 123, regarding the Saskatchewan Apprenticeship and Trades Certification Commission, we know there's tremendous demand for apprenticeship and certification in the trades and yet I note that the auditor finds that the commission has accumulated a surplus of \$1.6 million. Does that mean that they're not doing their job given the demand? What happens to the \$1.6 million? Is it allocated to other areas in the department or is it returned to the General Revenue Fund and then reallocated in the next fiscal year?

**Ms. Durnford:** — I wouldn't say that they're not doing their job because we are seeing increased registrations for apprenticeships through the commission. One of the things that we have asked them to do from their surplus, and they have agreed last year, was to look at the youth apprenticeship program and implementation of the youth apprenticeship program in high schools where they're providing information to high school students on the nature of apprenticeship to try and encourage young people to see that as a career and as an option. So they're using some of their surplus on that front.

But I'll ask Rob Cunningham to respond further to that. Rob is one of the Government of Saskatchewan's representatives on the commission.

**Mr. Cunningham:** — Hi there. Thank you. In fact one of the things that the apprenticeship commission have done for the current fiscal year which we're ending is to budget a deficit so as to provide more training than their revenues supplied for, so that they could start to tap into that surplus amount of dollars. We have seen a pretty significant increase in the number of apprentices who are registering or indenturing with an employer.

And the way the apprenticeship commission works is they generally try to provide the technical portion of apprenticeship training in each chunk in each year that an apprentice is eligible. And so while they have a portion of dollars allocated for training, the actual schedule in which the training takes place there could be more or less. And what we're starting to see now or have seen for some time is that many more apprentices are starting to register and be looking for their technical training. And that will put a greater call on the resources that the apprenticeship commission has. And so I would anticipate that they would start to use up some of these dollars.

**The Chair:** — So what you're saying is after the result of '05-06, they are now spending more money in '06-07 and may in fact exceed their budgeted allocation.

**Mr. Cunningham:** — They certainly budgeted to spend more than they ... They budgeted a deficit. We will see exactly where they end up, I guess, at the end of their fiscal year.

**The Chair:** — Just for information, can you tell me what their budget is for '06-07?

**Mr. Cunningham:** — \$13 million.

**The Chair:** — All right. Very good. Colleagues, are there any other questions for the deputy ministers? Mr. Chisholm.

**Mr. Chisholm:** — I had one question. In the last round of Public Accounts for Learning, it was reported that the deputy minister had indicated there was a case of fraud that was under investigation. I just wondered if we could get a report on the investigation and whether charges were laid and where we're at there. Thank you.

**Ms. Durnford:** — Certainly. I reported it the last time I was in front of this committee and I undertook at that time to write to the Chair of the committee, which I have done recently, to advise that the situation was investigated and no fraud was

found and so the situation has been concluded.

**Mr. Chisholm:** — Thank you.

**The Chair:** — All right. Are we ready for dealing with the three recommendations in this chapter? The first recommendation you will find on page 119. The Provincial Auditor recommends the following:

We recommend the Department of Learning's human resource plan:

quantify its human resource needs

provide details on the human resource gap between actual and required resources

provide details on plans to implement the major strategies

Is there a motion? Mr. Borgerson.

**Mr. Borgerson:** — I'll move that we concur and note progress.

**The Chair:** — The motion is to concur and note progress. Is there discussion of the motion?

**An Hon. Member:** — Agreed.

**The Chair:** — Agree that there's discussion of the motion? All right. We're ready for the question? All in favour.

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried unanimously. The second recommendation is at the top of page 120. It reads:

We recommend the Department of Learning sign a service level agreement with the Information Technology Office.

Is there a motion? Mr. Borgerson.

**Mr. Borgerson:** — Well, Mr. Chair, the word sign is a pretty concrete word so I'll make this motion a little different. I'll move that we concur with the recommendation and note progress towards developing such an agreement.

**The Chair:** — All right. You've heard the motion. A motion to concur and note progress to a point, I guess, is what you're saying. Is there discussion of the motion?

**A Member:** — And we haven't signed it yet.

**The Chair:** — You're trying to be as positive as you can. We could just concur but you want to note that it's moving towards signing?

**Mr. Borgerson:** — I want to be as specific as I can, Mr. Chair.

**The Chair:** — All right. Are we ready for the question? All in favour? That's carried again unanimously.

The third recommendation is in the middle of page 123. It

reads:

We recommend the Saskatchewan Apprenticeship and Trade Certification Commission sign a service level agreement with the Information Technology Office for the delivery of information technology services.

Is there a motion? Mr. Borgerson.

**Mr. Borgerson:** — And again I'll move that we concur with this recommendation and note progress towards developing such a service level.

**The Chair:** — A motion to concur and note progress. Discussion of the motion?

**An Hon. Member:** — Question.

**The Chair:** — Seeing none, we'll call the question. All in favour? Again carried unanimously.

Thank you, colleagues. And I want to thank the two deputy ministers for appearing with other staff members before our committee. We appreciate you being here this morning and we wish you well in your duties.

Before we adjourn the meeting I just want to bring to the attention of the members of the committee that, barring any unforeseen problems, next Tuesday we expect to be dealing with Environment, chapter 5. You'll be getting a written notice but we expect to be dealing with Environment, chapter 5, and possibly Labour, chapter 22. The following week, April 3, Information Technology Office. And on April 17, Public Service Commission and First Nations and Métis Relations. Again you'll be receiving written notice but I thought I would just give you a heads-up.

I believe we have concluded today's business. Thank you very much. Thank you, Provincial Auditor, my committee members, the Department of Finance, the witnesses. I declare this meeting adjourned.

[The committee adjourned at 11:43.]