

STANDING COMMITTEE ON PUBLIC ACCOUNTS

April 18, 1989

Public Hearing: Department of Energy and Mines (continued)

Mr. Chairman: — I call the meeting to order . . . (inaudible) . . . and the debate continued that was under way on the motion that the hearing of the Department of Energy and Mines be concluded, subject to recall if necessary for further questions.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Chairman, when I was — I guess it was last Thursday — making some remarks, the clock had run out and we adjourned. But during that point of my conversation, I was going to bring to your attention and to the committee's attention the remarks that the member from The Battlefords had brought forward in regard to the criticizing and accusation of the government, indicating that there was blatant abuse in regards to Energy and Mines and blatant abuse in regards to the Shand-Rafferty and various other allegations.

And I was not surprised, Mr. Chairman, to hear those kinds of remarks coming from the member from Battlefords, as it's not surprising to know that the NDP opposition have always been against these projects. For instance, when he referred to, it was a blatant abuse of . . . at the Shand-Rafferty, we all know that being it was a system where it's a much needed system in this province . . . a project in this province. And that I look at from, and I wanted to point that out to the member from The Battlefords, was that when he talks negatively about upgraders and power projects, etc., that that has a great impact on the upgrader down in my particular riding.

I don't know for . . . and I'd like to bring it to your attention as well as his, that when we're talking about energy, that we're talking about a resource that's fairly limited in my particular area of the province. We've got a situation where we have at least — at least — a 20 per cent line loss. And the amount of power down in my part of the province is definitely short, and there is not enough power in that particular area to even begin to think about running an upgrader.

So with the remarks and the belief that this project should not go ahead, and that he should not, he should not make those remarks, because it's just remarks that he's just going to have continual rebuttal to. And I think probably that the worst thing of all that was stated here was the fact that the opposition members of this committee are now accusing the bureaucrats, from the deputy minister, assistant deputy minister and on down, his officials, accusing them of not bringing forth information or cover-up or whatever. They're accusing them of going along with government administration and the whole operation.

So I want to just put it on record, and I want the civil servants to remember what these guys have been stating in this room, that they are going to head-hunt; they are going to go and if there was ever, ever a chance of the NDP opposition ever coming to government in this province again, that's exactly what they're going to go. They're going to go on a witch-hunt, and they're going to cut the civil servants' positions of those civil servants that

sit in this committee or any other position that bring information and the types of information, because they don't like the information that they're getting; that they're going to get their positions and they're going to fire them from their jobs.

And I want it on record and I know that it is absolutely true because I heard even the member from . . . or Mr. Lyons in the House said, well, we're going to get this guy, we're going to get that guy. You know, and he's hollering it across the floor. And there's no doubt about it, you know, that these guys are on a witch hunt.

So with that, Mr. Chairman, I'm sure that I'm not going to have anything further to say on this unless the debate continues and there are things that are going to be put into the record that I don't agree with. Thank you.

Mr. Chairman: — Thank you, Mr. Hopfner. Are you ready for the question? All those in favour of the motion, agreed?

Agreed

Public Hearing: Department of Education and Department of Advanced Education

Mr. Chairman: — Okay, now the . . . we've got Education and Advanced Education. Are there any questions you want to put to the auditor before we bring the officials in? Okay.

Mr. Rolfes: — Mr. Lutz, in your '86 . . . Shouldn't you recognize me, Mr. Chairman?

Mr. Chairman: — Mr. Rolfes.

Mr. Rolfes: — Thank you. Mr. Lutz, in your 1986-'87 report on Advanced Education and Education you make a number of comments on lack of authority, either supervisory authority, borrowing authority, or lack of authority in regards to legislation. There are so many of them that if we go through each one we're going to be here a long time.

I wonder if we could save some time. Could you run through those for me that you find have not been corrected since your '86-'87 report so that I could concentrate on those? Page 27 in the auditor's report. Could you just point out to the committee which ones have not been corrected, and then we can just leave the others? And I'm referring to page 27 to begin with — borrowing authority, and you mentioned a number of community colleges there that have not abided by the legislation that exists. Could you point out to me which ones have been corrected and which ones have not?

Mr. Lutz: — Mr. Chairman, I am on page 27, which is Advanced Education.

Mr. Rolfes: — That's right.

Mr. Lutz: — In the year under review there were two cases where the boards of two colleges gave to management the authority to borrow money, which was

not approved by the proper authorities. As far as I know, that's still there and still outstanding.

On item 6.04, .05 and .06 have been corrected. Now on page 28, the . . .

Mr. Rolfes: — What about the bonding in 6.12?

Mr. Lutz: — As far as I know, they have not been corrected. This has been corrected. I am advised now that subsequent audit disclosed that 6.12 has been corrected — that's the bonding of employees.

The buying and selling of fixed assets, which is item 6.15, I'm not aware that these items have been addressed by the colleges involved. The 6.16, I think . . .

Mr. Chairman: — Mr. Muirhead, do you have a follow-up on this one?

Mr. Muirhead: — Mr. Lutz, I missed the first two that you said it wasn't correct. I missed the first number . . . (inaudible) . . .

Mr. Lutz: — I'm sorry, Mr. Chairman.

Mr. Muirhead: — The first one you said, you said 6.04, 6.05 . . . or what did you say?

Mr. Lutz: — On 6.01 then I had better maybe clarify the record here. When the other auditor who does this audit reported for the subsequent year, he did not report this matter. There is a possibility that that has also been corrected.

Mr. Muirhead: — Okay, but you're not sure that it has.

Mr. Lutz: — Well, I will have to contact that other auditor and make sure.

Mr. Muirhead: — I will just mark it . . . (inaudible) . . . Thank you.

Mr. Lutz: — We're down to 6.17, 18, and 19. It represents a system problem. 6.17 — and now I'm on page 29 — 6.18 and 6.19. As far as we know that's a continuing problem in the area of fixed asset records. Item 6.21 — we're now into the south east region community college — 6.21 through to 26 have now been corrected.

I'm now on page 30, Prince Albert institute of applied arts and sciences — 6.27, .08, .09, .30 and .31, to the best of my knowledge have not been corrected. Still on page 30, we are now down to the student aid fund. Mr. Chairman, in the student aid fund we get down to 6.32 and on. I think I will have Mr. Heffernan respond to these particular items if you would, please, Mr. Heffernan.

Mr. Heffernan: — 6.34 to 6.39 are dealing with interim financial statements not having been prepared. This has now been corrected subsequently.

6.40 and 6.41 dealing with tabling of the annual report. The annual report for March 31, '87 has now been tabled in this session. Okay, so that takes us to 6.41. 6.42 to about 6.47 — I understand the problem continues.

6.48 was dealing with the situation where the Department of Health administers bursaries. I understand that the Department of Health no longer administers bursaries, so that's no longer a problem.

6.50, 6.51 — I understand that we still have a problem with this, that we're not satisfied that that has been taken care of.

Now on page 33, 6.52 to 6.60 . . . or let's go to 6.59 first. As far as we know, we are still not satisfied with what has been done there.

6.50 . . . or sorry, 6.60 to 6.64 which had dealt with systems development in computer controls which had resulted in incorrect interest calculations. We understand that this has now been corrected. The computer program now does interest calculations.

Disaster recovery — I understand this has been fixed, subject to an audit. We haven't done the audit on this yet, but we understand there is a disaster recovery in place.

Okay, 6.70 to 6.73 — the department continues in the policy or the practice of applying payments to principal first, and accrued interest subsequently, so we continue to have a difference of opinion there as to the authority for that.

Interest rate on loans where the 6 per cent . . . the write-down to 6 per cent, where we had reported that that was in non-compliance with authorities, still hasn't been resolved to our satisfaction.

Mr. Hopfner: — What number was that on?

Mr. Heffernan: — 6.74 to 6.77.

Mr. Rolfes: — What seems to be the problem there? Could I just ask a question on that one? Is that if they haven't passed it by the order in council or . . .

Mr. Heffernan: — Yes.

Mr. Rolfes: — That's the main thing?

Mr. Heffernan: — Yes. It's our opinion that the regulations that stipulate the interest rates don't permit any rate other than what's permitted under the Canada Student (Loans) Act which at that time was ten and three-eighths per cent. So we believe that the write-down to 6 per cent lacks authority. So they would need something like an amendment to the regulations to fix that.

Mr. Hopfner: — Can I just ask a question, Mr. Chairman? In regards to this disaster recovery thing, this says here:

In a computer environment, it is desirable to have a documented recovery plan for the timely reconstruction of computer files to ensure that continuous operations can be maintained in situations where preventative measures fail and computer files, documentation or equipment are damaged or destroyed. This recovery plan would

cover the following:

Now is that the work of the primary auditor to start setting . . . or to question procedure like this, or are we just supposed to be questioning like costs? Like, I mean, it's when I read something like that, it seems to me that it is . . . is something funny? I'm just asking that question . . . (inaudible interjection) . . . You were.

Mr. Chairman: — Order, please.

Mr. Hopfner: — I would just like to know whether that's a cost procedure that you're questioning here or whether it's a procedure where we're questioning work ethics, or whatever it is . . . (inaudible interjection) . . . Yes, but regardless, like if they . . . if any business so chooses to make a decision as to how they're going to do something, I mean, that's fine. That's a business decision; that's a cost thing. Now are you pointing it out to them, or is this a suggestion of change, or are you telling them to change this and to add into maybe further costs or something like that? I don't know. What's the procedure?

Mr. Lutz: — Mr. Chairman, may I respond, please? Section 11(1)(d) of the audit Act requires that I form an opinion whether essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money. This falls into the area of a systems review which we do on all of our audits; we review the systems. And in our view, unless you have this recovery plan in place — and they are addressing the subject, so I think they agree with us — you don't necessarily have the mechanisms in place to control public property. And we're merely advising them that we see this lack, and I think . . .

Mr. Hopfner: — Well the only reason I question it was because now that we're in a computer environment, as to your words, Ed, stated here, is that I was just wondering whether now because of the computer age and everything else like this, now are you suggesting to all departments then that they should get into this various practice . . .

Mr. Lutz: — I think . . . yes.

Mr. Hopfner: — So what you're suggesting to the departments is to spend money to upgrade their . . .

Mr. Lutz: — I think Mr. Kraus is involved in this particular field too, and when the systems review come down, he is also vitally interested in the computer systems and the back-up systems and the recovery systems, are you not, Mr. Kraus?

Mr. Kraus: — That is correct, Mr. Chairman. We have established procedures for developing systems and controlling the data within the computer environment, and so on. And I believe there was a recommendation not too long ago — I'm not sure if it came from this committee, perhaps — that we should review those policies.

We have had policies for some time in that regard but we did upgrade them, I think, in particular to address disaster recovery. And we released a new set of policy and

procedures, probably just a few weeks ago, I believe it wasn't too long ago, upgrading this. But yes, it is important that departments identify those systems and documents that must be protected.

Disaster recovery is a particular situation. It's a situation where you have to determine whether or not the system should be able to run in the event that you have a catastrophe where the main computers, for example, might be knocked out or whatever. At least that's part of disaster recovery.

It's something every department has to do is determine: do they need to run that system the next day or not? If they do, then they have to develop some system, or have some alternate arrangements so that they can be prepared to run very shortly after a disaster. In some cases, it may not matter if they don't run their systems for another six weeks, they can get by. But anyway, that type of thing is addressed here.

As well as on a day-to-day basis, you have to make sure that your computer files are adequately backed up somewhere. You can't have them all in the same site in case there is a disaster, you lose all your records — so on a day-to-day basis.

For example, for our central systems we will take our tapes and make copies of the tapes and files and move them out to safe keeping, and so on. So it's a fairly complicated area, but one that everybody should address to safeguard the assets and records of the government.

Mr. Hopfner: — I wasn't questioning that at all. I think probably they had been doing that even prior to the computer age.

Mr. Kraus: — That's right. It's just a little different now that we have computers. But it's always been . . . the issue has always been there, and in a sense that's right.

Mr. Hopfner: — And now they'll have to. That's fine.

Mr. Lutz: — Mr. Chairman, the other aspect of this is that when we communicate with the department our concerns in this area, we send Mr. Kraus a copy of that communication so that he becomes aware in cases where maybe a department has not followed the policies that Mr. Kraus has put in place. It's sort of a give and take thing here. The department has addressed this subject.

On page 36, Wascana Institute of Applied Arts and Sciences, we commented on the resale of certain items, and the department has acknowledged the points we make here, and they advise us that in '87-88 they will indeed apply their mark-ups to their commodities as required by regulation.

Mr. Rolfes: — Could we have a quick comment on education.

Mr. Lutz: — Mr. Chairman, on the Department of Education, which is located on page 49 in my '86-87 annual report, for some time now we've had a problem with how they make grants to the Northern Lights School Division. We note there is a difference in amount of

318,484. According to our interpretation of the regulations, I believe that is an overpayment. And the department advises us that they are going to . . . or they have amended the regulations to make what they are doing legal, if you will.

On page 50, we have a case of the law being unclear as to what should be done in certain instances here. We have one version of it; the departmental people have another version of it. They are now addressing this particular legislation in regulations, and I think the best we can do is wait until they finish their deliberations and decide how much this should be, in item 10.08 and 10.09.

On page 51, we look on this as really a life insurance business, and we're not aware of any provisions being contemplated for dealing with deficits or surpluses. We want the department to address this subject and come up with some hard and fast regulations.

Mr. Chairman: — I guess we can bring in the department officials.

Good morning, Mr. McFarlane. I wonder if you might introduce your officials to the people in this room.

Mr. McFarlane: — I'd be happy. On my right is Elizabeth Crosthwaite, who is the assistant deputy minister of skill training and apprenticeship. On my left is Mike Benson, who is the executive director of finance and administration. And if I can go over to this side of the room and start there: Don Trew, director of administration; sitting next to him, Linda Jackson, who is our accountant in the financial planning area; Karen Adams, who is the Provincial Librarian; Marine Perran, who is the assistant deputy minister of curriculum and evaluation; Arleen Schultz, who is the executive secretary of the Teachers' Superannuation Commission; Deb Achen, who is the executive director of training, and until recently the director of the student aid program; and Lorne Glauser, who is the associate deputy minister of Education in charge of regional services and field support.

Mr. Chairman: — Thank you very much. I want to, on behalf of the Standing Committee on Public Accounts, welcome the officials of the Department of Education and what was then also the Department of Advanced Education.

I want to make you aware that when you are appearing as a witness before a legislative committee, your testimony is privileged in the sense that it cannot be the subject of a libel action or any criminal proceedings against you. However, what you do say is published in the minutes and verbatim report of this committee and therefore is freely available as a public document. And you are required to answer questions put to you by the committee.

Where a member or the committee requests written information of your department, I ask that 20 copies be submitted to the committee Clerk who will distribute the document and record it as a tabled document. And I would ask you and the members of the committee to address all comments to the chair.

Having said that, I open the floor for any questions.

Mr. Rolfes: — Mr. Chairman, I have a few questions I would like to direct to the officials. In the auditor's report, if we could go to the auditor's report, on page 27, 28, 29, 30, 31, and it goes on for a number of pages, he notes a number of decisions that were made which does not have the authority or the legal authority, if one may put it that way, to make those decisions. I want to refer to 6.01 very quickly. And as I said, we have a number of them that I want to go through, so if we can address them rather quickly.

In 6.01, the borrowing authority, apparently they did not have the borrowing authority. Can you tell me, Mr. McFarlane, why that has not been corrected or what seems to be the problem with that item that has not been corrected yet?

Mr. McFarlane: — I think the situation was, Mr. Chairman, that both the Prince Albert and the Regina Plains community colleges did negotiate lines of credit. Both were authorized ultimately by the Minister of Finance in a memo dated March 27, so I think the view would be that the correct authority was put in place.

Mr. Rolfes: — Prior to, or after the decision was made?

Mr. McFarlane: — It was put in place after they had sought the line of credit and we became aware that the authority was required.

Mr. Rolfes: — Okay, I want to be very clear on this. The decision was made and then authority was given?

Mr. McFarlane: — They decided that they needed a line of credit, and our understanding was at that point they didn't realize that they required authorization from the Minister of Finance, and when it was brought to their attention that they did indeed require that, the due process was followed and they were . . .

Mr. Rolfes: — Before line of credit was obtained.

Mr. McFarlane: — . . . they were given the authority by the Minister of Finance. But they hadn't realized, when they set out to get it, that they needed that authority.

Mr. Rolfes: — Okay, my question simply was, was the line of credit received before authority was given or after?

Mr. McFarlane: — It was received before. They had gone through the process before they . . .

Mr. Rolfes: — That's what I want to know.

Okay, let's go on to 6.15 on fixed assets. Again, why has this not been addressed on fixed assets additions and dispositions? In 6.16 the auditor notes that I guess a number of assets were written off. Why has that problem come up again?

Mr. McFarlane: — I believe with regard . . . if we can deal with 6.16 first, Mr. Chairman. We're dealing with two write-offs, one in the amount \$1,200 and one in the

amount of \$1,500. In that case, it was brought . . . the department has brought it to the attention of the college that this was an inappropriate procedure, and we've been advised that they now understand what the appropriate procedure is, and that they won't be proceeding in that manner again.

With regard to the 6.15, you brought . . . if I can, you asked about 6.15?

Mr. Rolfes: — Yes.

Mr. McFarlane: — With regard to 6.15, what we have here, I guess, is some degree of flexibility which the college has about dispositions of its assets. I think the view of the college is that it has, in the way it has handled its assets, demonstrated appropriate financial responsibility. Proceeds from the sale of assets have been netted against. I'm advised, have been netted against their billings. In short, there is a degree of flexibility that is provided to the Indian Community College so long as they operate within generally acceptable procedures, and we believe they've done so.

Mr. Rolfes: — Am I given to understand that you do not agree with the Provincial Auditor's criticism then?

Mr. McFarlane: — I think we feel that in this case that they were acting in a reasonable manner, and that we are generally sufficiently satisfied with the management of the college that we did not want to interfere in this case.

Mr. Rolfes: — If I could address a question to Mr. Lutz then. What seems to be the, if I may use the phrase, "bone of contention" here, if they feel that they have taken into consideration the legislation that exists and then carried out their mandate according to law of the land? What seems to be the problem here?

Mr. Lutz: — Mr. Chairman, the problem, as we see it, is non-compliance with legislation, notwithstanding any arrangements that the department may make with the college. We say, if the legislation is in place, the legislation should be followed.

Mr. McFarlane: — I would not want to get into a debate with the auditor. I think our view is, in the majority of the cases that are brought forward here, we're in complete agreement. We do have some degree of difficulty in this particular case because of the relationship that exists between the government and the Indian Community College which is a traditional one of allowing them a little bit more discretion in the way they manage their affairs than would be the case.

Mr. Rolfes: — I'd like to just make a comment there, Mr. McFarlane, and not being critical, but I think if the legislation just can't accommodate the department, then the department should seek changes in legislation rather than saying, well, we'll make this arrangement regardless of what the legislation says, then bring forward legislation which will accommodate you. I don't argue with you; flexibility, but then I think you should seek changes to legislation which will give you that flexibility.

Mr. McFarlane: — I think our position at this point, Mr.

Chairman, has been that the existing community colleges, now The Regional Colleges Act does provide a degree of flexibility and policy. And as a result, we have not traditionally obtained approval for dispositions which are part of the normal way of doing business of the college so long as we're satisfied that overall, the organization is being run in an appropriate manner. And I think what we're saying here is that we are satisfied that the Indian Community College overall is following, in the majority of cases that are dealt with here, appropriate practices, and so it's perhaps not a matter of seeking a legislative change but knowing where the line is within the existing . . . to interpret the existing legislation.

Mr. Rolfes: — All right. One further question, just to be clear on this. What you're telling me then is as far as you're concerned the legislation has been followed, and it gives you the flexibility that you require even though the Provincial Auditor feels otherwise. But you're quite satisfied then with the legislation.

Mr. Neudorf: — Point of order, Mr. Chairman. Is that a legitimate question to ask an official an opinion on legislation? It seems to me that we're stretching the boundaries here a little bit.

Mr. Chairman: — We're dealing in an area of compliance with legislation. Let's leave it up to Mr. McFarlane if he has problems with it.

Mr. Neudorf: — My suggestion would be not to answer an opinion question.

Mr. Lyons: — Are you suggesting that? Are you telling them?

Mr. Neudorf: — Yes, yes we are. We're not interested in their opinions when it comes to legislation.

Mr. Rolfes: — Well he's, I think, attempting to answer, if he can get the nod or a compliance from Mr. Neudorf.

Mr. Neudorf: — If he wants to answer the question, that's entirely up to him. I'm just suggesting that I wouldn't . . .

Mr. Rolfes: — Well I don't care whether you answer it or don't answer it. It's not that important. All I wanted to know is . . . Well the Provincial Auditor has suggested that there is non-compliance with legislation. If the deputy minister, in his opinion, feels there is compliance, I'm not going to pursue it. It's not that important to me. Obviously you must feel that you are complying with legislation.

Mr. McFarlane: — In this particular case, as I've indicated, I think our view is that they are in compliance.

Mr. Rolfes: — Fair enough. Let's go on to 6.23 — I believe 6.23, bonding must be . . . A bond with a bonding company must be in place. It seems like in 6.25 that it was not there. Can you tell me, has that been corrected, and why was it not in place?

Mr. McFarlane: — There has been a review, Mr. Chairman, of the bond coverage. It is agreed that the proper coverage should be put in place, and it is now in place.

Mr. Rolfes: — Okay, 6.27, on Prince Albert, my understanding is from the Provincial Auditor that that has not been corrected and there is the possibility or the risk that there could be increased errors or fraud. Can you tell me why corrective action has not been taken on that one?

Mr. McFarlane: — It is our understanding, Mr. Chairman, that corrective action has been taken. The difficulties that arose here, we believe, were of a short-term nature around the start-up of, at that time, the Northern Institute of Technology, which began its life that year. The difficulties that are raised here were of a temporary nature and new procedures, including the introduction of new staff, have been put in place to deal with the problem.

Mr. Rolfes: — Okay. So we won't see this again next year?

Mr. McFarlane: — That's correct.

Mr. Rolfes: — Thank you. On 6.41, what was the problem with tabling of the annual report? Why was the tabling of the annual report so late in coming?

Mr. McFarlane: — That was the year, Mr. Chairman, in which a significant number of changes were made in the student loan program, resulting in a very significant increase both in the number of students who were receiving loans and in the money that was being disbursed from the fund.

In the preceding year, 1985-1986, the number of students who were receiving provincial loans and bursaries was just over 6,000, and it jumped in one year, the year in question, to over 16,000. At the same time, the amount of money that was being disbursed in the previous year had been \$9 million, and increased to over \$35 million.

So we had a very significant increase, both in the size of the loan portfolio and in the number of students who were receiving loans as a result of a change in government policy, and it took just a little bit longer to get the annual report together to reflect all of the changes that had been made.

Mr. Rolfes: — I know there was a significant change. I can't quite understand why that would have any real bearing on the preparation of the annual report. You knew what the changes were. Certainly they could have been incorporated into the annual report. I read the annual report last night and could find nothing there that should have prevented that report to be tabled on time, even though changes were made. I don't quite follow as to why that should have delayed the report to that extent.

Mr. McFarlane: — Simply, as I indicated, I think, Mr. Chairman, the student loan program was responding to a very significant, I believe a historically significant, increase in both, as I've said, in the amount of moneys that were being disbursed and, perhaps more importantly, the sheer number of case-loads that were being handled, and that put a very considerable stress on the staff and held up other activities such as the completion of the report.

Mr. Rolfes: — A couple of questions: when are most of your loans approved? I mean, what time of the year are most of your loans approved? The bulk of them take place when?

Mr. McFarlane: — The peak period begins in August and goes on until about November.

Mr. Rolfes: — Yes, that's what I thought, from August to November, so that most of them would have been done by the end of November of '86 . . . '87, right?

Mr. McFarlane: — You asked about approvals, and that would be the period of time in which the internal decision is taken about whether or not a loan would be approved, and then following through after that, of course, the loans actually have to be put in place and paid out.

Mr. Rolfes: — Was that also not the time where you had a fair disruption in staff in the department?

Mr. McFarlane: — We're having some trouble recollecting, but I don't recollect any changes in the student aid area at that time. I don't recall there being any staff changes, and there may have been some, but I don't recall any staff changes in the student aid program at that time.

Mr. Rolfes: — Well I wasn't referring specifically to the student aid program; I was referring to the department as such. In the Department of Advanced Education, there was quite a disruption of staff at the department and at that particular time. Am I not correct?

Mr. McFarlane: — At the executive level, within the department, is correct.

Mr. Rolfes: — It had no bearing on the delay?

Mr. McFarlane: — No, I don't believe so. We're dealing specifically with the student aid program and, if my recollection serves me, I don't believe there were any changes in the staff there.

Mr. Rolfes: — Okay. Mr. McFarlane, on 6.50, bursary and loans payments, the auditor indicates to us that that particular area of:

. . . regarding the control functions and responsibilities expected at the educational institutions.

That that has not been corrected, or have you taken action now since the auditor's report?

Mr. McFarlane: — Mr. Chairman, the institutions have been informed of their responsibilities in writing, and I'm told that a new enrolment form has been implemented and now that . . . and puts in place . . . corrects the problems that are identified here.

Mr. Rolfes: — Okay. On data security, can you tell me in that whole section — I don't want to spend very much time — have you taken corrective action in those areas?

Mr. McFarlane: — Yes we have.

Mr. Rolfes: — So that we won't see that next time around.

Mr. McFarlane: — That's correct.

Mr. Rolfes: — Okay. I want to turn to page 35 of the auditor's report, 6.71. I want to go to the interest charged on loans.

Mr. McFarlane, there are, my understanding is, two things that we must look at. One is that I believe the Government of Canada, the Canada student loans says the interest rate shall be ten and three-eighths per cent. Is that not correct? That's the first aspect.

Mr. McFarlane: — Can I ask him, just as a point of clarification, are you referring to the present interest rate or to the interest rate at that time?

Mr. Rolfes: — At that time. Why did we not abide by that — what's the word I want? — that ruling or that regulation of the Canada student loans? Or why did we not seek changes if we wanted changes made?

Mr. McFarlane: — I'm going to ask Deborah Achen to give an explanation if I may.

Ms. Achen: — You're referring to 6.71? Is that . . .

Mr. Rolfes: — Yes.

Ms. Achen: — Okay. I believe that the point that was brought up by the auditor was related to the rate that was used in terms of the calculation of the provincial student loan program. And since that time we received a legal opinion that the rate that we did calculate interest on was properly applied, so it's a difference in opinion on the legalities of it.

Mr. Rolfes: — Okay. I have not read the federal regulations on this, but I don't see how that can — maybe I have to ask the Provincial Auditor — I don't see how there can be a difference. Either it's ten and three-quarter per cent for the length of the term, or it's 6 per cent, or whatever, you know. But how can there be a difference of opinion?

Ms. Achen: — It depends on what order the interest . . . if a payment comes in, how it's applied to interest versus principal.

Mr. Rolfes: — Oh, well, okay. That's another item. Oh, okay, I'm sorry. I'm sorry; I was on another item here. That's my fault. No, I know you applied it, I think, to the principal rather than to the accrued interest. I'm really not overly concerned about that. No. What I'm concerned about is the ten and three-eighths per cent interest that the Canada student loan says must apply, or did apply at that time. Isn't that correct?

Mr. McFarlane: — It may help, if I may, if this is appropriate, if I were to read a section of the opinion that was provided by the Department of Justice which provides the right language, and that may help. This is from Larry Anderson, who is the Crown solicitor for the

department, to Mike Benson, the executive director. I'll begin from the beginning and go down as far as is relevant.

This is in reply to your memo of July 29, 1988. In my opinion the provisions of subsection 11.1(6) of the student assistance and student aid fund amendment regulations, 1983, which require the calculation of interest rates based upon the rates established under the Canada Student Loans Act, only deals with the establishment of the rate of interest and not the application of loan payments or other aspects of the method of interest calculation.

In my opinion, it is clear from section 11.1(6) of the regulations that all that is being adopted are the interest rates established under the Canada Student Loans Act.

Does that help at all?

Mr. Rolfes: — No. Now I would ask, for fear that I might get a different interpretation, I'd ask you to explain it further.

Well, okay, again, I guess we have several different interpretations on this. Tell me, your contracts with the students in the year under review, I think, stipulated that the interest rates would be 6 per cent for the contract. Right? For the length of the contract.

Ms. Achen: — It depended on the particular contract and the timing of the loan. There's two . . . The student loan year begins August 1 of each year, compared to the fiscal year of the reporting period, so it depends on which loan program we're talking about.

Mr. Rolfes: — Well the auditor indicates here that . . . It says:

This appears to contradict the contractual loan agreements that trustees entered into with the student, as no time limit was set on the 6 per cent rate.

He seems to indicate to me that the contract that the students had with the government was for 6 per cent for the term of the contract. My understanding is the department said, no, that only applies to three months, and after that it will be ten and three-eighths per cent.

Did we or did we not sign a contract with the students that the interest would be 6 per cent for the term of the contract?

Mr. McFarlane: — You've moved on to, if I may, Mr. Chairman, to 6.74 at this point. Is that . . .

Mr. Rolfes: — I just left the other one. I didn't think we could clarify it.

Mr. McFarlane: — I wonder if I could on that, if it would help, I could leave with you the memorandum that we received from the Department of Justice on this issue, and that could be provided. And it provides, in better

language than I'm able to do, the explanation that we have.

Dealing with 6.74, the department has also in this area asked the Department of Justice to advise us about the proper interpretation of that part of the program that's in discussion, and we have not yet finalized those discussions.

Mr. Rolfes: — Mr. Lutz, could I ask you to comment further on that. Again, it seems to me from when I read yours and read it a few days ago, I thought, well it isn't very clear. A contract was signed for 6 per cent, no time limit was indicated, therefore the interest rate should be 6 per cent for the term of the contract. It seems to me that they have, however, limited that to the first three years, and after that a different interest rate should apply. Am I not interpreting what you are saying correctly, in 6.75?

Mr. Lutz: — Mr. Chairman, what I am pointing out here is that in my view there has not been compliance with authority. That is really what I'm saying. Whether or not the department complies with the Canada Student Loans Act, which they apparently must, is something you will have to discuss with the department. We really point out the non-compliance with authority on the application of these rates, and that's all; we're finished.

Mr. Rolfes: — Yes, right. Well that's the point that I am trying to make here, and I seem to get two different opinions here. What seems to be the problem?

Mr. McFarlane: — The department has asked the Department of Justice to give us a legal interpretation of what form of commitment has been made and how it should be interpreted. And obviously whatever that ruling is, is what we would abide by.

Mr. Rolfes: — You haven't received that — you haven't received it yet?

Mr. McFarlane: — No. We received some initial advice on the subject, and we've asked for further clarification, and that's still pending.

Mr. Rolfes: — Is that information available to the committee? Is that an internal document, or is that a document that can be made available to the committee so we can get further clarification on this?

Mr. McFarlane: — I don't have anything that could be made available at the present point in time.

Mr. Rolfes: — No, but I mean when you get it.

Mr. McFarlane: — When we are in a position to be able to clarify the issue, I imagine that the minister would make a clarifying statement.

Mr. Rolfes: — The problem I have with that, Mr. McFarlane, is that we're trying to do the year under review, and I'd like to get some clarification on that, and unless I get it from this committee, I'm not sure I'll get it. So that's why I'd like some assurance that you'll give us that clarification for the year under review and how it applies, okay?

Mr. McFarlane: — Okay.

Mr. Rolfes: — Okay, I'll have to see if that has been corrected.

I want to go now to the Department of Education. I have a few questions on the Department of Education. Mr. McFarlane, I have only one section in the Department of Education that I want to refer to. My understanding is that 10.03 has been corrected, and that's in the Northern Lights School Division — that corrective action has been taken there. The auditor thought there was an overpayment of \$318,484. You now, I think, have the right authority to do that.

Mr. McFarlane: — That's correct.

Mr. Rolfes: — Okay. But I want to turn to the Teachers' Superannuation Commission, and I must admit, having read this through several times, I don't quite understand what seems to be the problem here. Is it that the legislation is not clear as to what the mandate of the Department of Education is in regards to teachers' superannuation, or is it that the department is not complying with the legislation that presently exists? Can you further enlighten me on this?

Mr. McFarlane: — Just so that we can get our discussion as sharp as possible, Mr. Chairman, I wonder if I could ask if you would indicate specifically which of the . . .

Mr. Rolfes: — Yes, page 50. There seems to be . . . It says, 10.08:

The Minister of Finance shall cause to be paid into the Teachers' Superannuation Fund sufficient money, as may be required from time to time, to make it possible at all times to pay the allowances granted under this Act or a former Act . . .

Now I think that seems to me fairly clear as to what the mandate of the minister is. Now where's the problem? Where does the problem come in? The Provincial Auditor says that we're not complying with that.

Mr. McFarlane: — I think we have to begin discussion and try to get the difficulty clear. I'm not going to be able to state it all in one go, I think, Mr. Chairman. The department's position at this point, and has been for many years, is that the obligations of the government are being met, and that those obligations are that we are required to put into the fund, as indicated, sufficient money as may be required to pay out the government's share of obligations.

In addition, provision is made for earnings to earn, I believe it's 7 per cent, or more if the fund does better than that. So I believe the department for many years has been of the view that we are complying with the spirit and the intent of the legislation.

Mr. Rolfes: — Mr. Lutz, I'd like to just ask you then, what, in your opinion, seems to be the problem here? They say they are putting sufficient moneys in to meet the

requirements from time to time, or the requirements that are needed to pay the allowances. What seems to be the problem here?

Mr. Lutz: — Mr. Chairman, our concern is that the legal advice provided to the commission has indicated that subclause 18(1)(a)(i) is sufficiently unclear that it should be amended. We think there is a grey area here, and we think that it doesn't provide for possible losses which may incur in this type of operation.

... it is recommended that the Act be amended to clarify what amounts the Legislature intends are required to be paid under subclause 18(1)(a)(i).

Mr. Rolfes: — Now I don't quite understand what the problem is here. My understanding is the law requires right now that a minimum of 7 per cent must be put in, and more if it is required. And you say that that has been done.

Mr. McFarlane: — In every case that has been done. The difficulty that exists here is a difficulty of ... not of following the spirit of the law. All sides are agreed, I believe, that that has been done and there has been no situation in the past when the government has not been in compliance with its responsibilities.

The auditor has pointed out across a number of years that there is the ambiguity that he has referred to in the legislation. This goes back well into the ... I believe into the '70s, so this ambiguity has been here for more than 12 or 14 years.

And the difficulty in correcting it, if it needs correcting, is that this section requires to be negotiated at the bargaining table with the teachers' federation and the trustees' association, and it has not been the case in the last couple of years anyway that the other parties felt that this was either in their interest or sufficiently important to get negotiated, so we ... I think there is a collective understanding among all of the parties that the present situation is acceptable so long as the government continues to meet its obligations, and we've been doing so.

Mr. Rolfes: — Okay, I don't want to quite get into that, but my understanding is, being an active teacher myself, that we would prefer to have all the moneys that are made by the fund to be put into the fund, not just a minimum of 7 per cent. Maybe that was an error when we were the government to put a minimum of 7 per cent on there. I think it would have been better if we had said all of the moneys that accrue to the fund should be paid to the fund, and I think my colleague from Rosthern probably would agree with that in this particular case for the protection of teachers.

Mr. McFarlane: — I think to some extent what you win on the roundabout you lose on the swings.

In the last couple of years in which the market has performed not as well as it has historically, for reasons that everyone's familiar with it, the interpretation that we're all following here is require the government to put, I think, a total of almost \$35 million out of the public purse

into the fund because the market did not provide that 7 percent level. So if it does better, you could do better, but I think the fact that, you know, we're performing on the other side of the line, that when it's fallen short we've picked up the shortfall.

Mr. Rolfes: — Yes. Okay. We're getting into policy, and I know someone's going to correct me on it, but just a comment on that, you can always put in legislation a minimum of 7 per cent or whatever the fund ... whatever accrues to the funds. We could be protected that way, or 8 per cent or 9 per cent minimum, protect my own interest there, you guys. Okay ...

Mr. Neudorf: — Conflict of interest.

Mr. Rolfes: — No, there's no conflict at all. I'm protecting Mr. Neudorf's over there.

Mr. Anguish: — Mr. McFarlane, on page 64 of the *Public Accounts*, there's a William Wheatley who received some \$65,588. Can you tell me if this is the same Bill Wheatley who is a lawyer in the city of Moose law?

Mr. Benson: — What page was that?

Mr. Anguish: — On page 64 of the *Public Accounts*.

Mr. McFarlane: — I don't believe so, Mr. Chairman.

Mr. Anguish: — This is a long-term employee of the department?

Mr. McFarlane: — I believe so, yes.

Mr. Anguish: — So it's a different Bill Wheatley?

Mr. McFarlane: — I believe so, yes.

Mr. Anguish: — On page 65 of the same document there's a payment to the All Nations Institute of Technology for \$185,000 plus. And on page 67, there's a payment to the Thunderchild Technical Institute of \$165,000. Are these not both the same institutions?

Mr. McFarlane: — We would have to take a minute to find that out.

Mr. Anguish: — Okay.

Mr. McFarlane: — If we went on and came back?

Mr. Anguish: — Certainly. The department also paid itself \$185,000. Can you explain that transaction? Page 65, in *Advanced Education and Manpower*, there's a payment to the Department of Advanced Education and Manpower for \$185,800. Why do you pay yourself?

Mr. McFarlane: — The funds in question here are paid out as training allowances, and this is an accounting procedure to recover the funds.

Mr. Benson: — It's an imprest account, and there's a reimbursement to it. It's almost like a petty cash, although it's not exactly petty, but it's for training allowances, and then the funds are replenished after a certain period of

time.

Mr. Anguish: — It's kind of a revolving fund?

Mr. Benson: — It's kind of like a mini-revolving fund. It's called an imprest account.

Mr. McFarlane: — If I may, if I could go back to your previous question. Apparently the All Nations Institute of Technology was an earlier version of the Thunderchild institute, and we had training agreements with the same organization which changed its nature part of the way through the year.

Mr. Anguish: — And so the total amount that went to the one institution would be the total of the 185,000-plus as well as the \$165,000-plus went to the one organization, but there's a name change during the year?

Mr. McFarlane: — Correct. It may have been more than just a name change. I believe they changed their corporate . . . you know, they changed their structure as well.

Mr. Anguish: — During the year, there were payments made to the Chase Manhattan Bank of Canada, Chase Manhattan Leasing Canada Ltd., and to First City Capital Ltd.: 250,000-plus to First City Capital Ltd., 18,500-plus to Chase Manhattan Bank of Canada, and 58,000-plus to Chase Manhattan Leasing Canada Ltd. Can you tell me what those payments are for?

Mr. McFarlane: — I missed a couple, but the majority are for rental or lease of computing equipment. That would be the case for First City Capital and for Chase Manhattan, and I missed the other ones.

Mr. Anguish: — What computing equipment, Mr. McFarlane.

Mr. McFarlane: — I think to be more specific than that, we would have to submit something to you in writing. All I have is that it was for rent and lease of computing equipment.

I'm advised that part of it was the purchase of some Wang equipment for the . . .

Mr. Anguish: — Some what?

Mr. McFarlane: — Some Wang equipment for the Teachers' Superannuation Commission. But I think if we want to be specific, we should follow up in writing, if that's all right.

Mr. Anguish: — Could you provide us with that in the future at some point, when the department has a chance to do that?

Mr. McFarlane: — Yes.

Mr. Anguish: — I'd like to know where the equipment is located and what the equipment was that was leased or purchased from those three organizations.

Mr. McFarlane: — Yes.

Mr. Anguish: — During the year, you also paid in excess of a million dollars to the Sask Property Management Corporation, which in fact we were told by the chief executive officer, or the president, one Otto Cutts, that when they were before the committee that the Sask Property Management Corporation did not exist actually during that year. And I'm wondering what the payment in excess of a million dollars is for to Sask Property Management Corporation.

Mr. McFarlane: — The funds in question were for purchase of equipment and furnishings for the new institute of technology in Prince Albert.

Mr. Anguish: — Mr. McFarlane, where does the Meadow Lake Regional Vocational Centre show up in the estimates of Advanced Education and Manpower?

Mr. McFarlane: — I wonder if I could get you to . . . Mr. Chairman, I wonder if we could get a clarification. The Meadow Lake vocational centre does appear in the *Estimates* as a . . .

Mr. Anguish: — I'm sorry, not in the *Estimates*, in the *Public Accounts*. I asked the question inaccurately. I don't see any item that's specifically Meadow Lake Regional Vocational Centre in the *Public Accounts* of this year. You start on page . . . oh, I'm sorry, I've found the page, 49.

Can you tell me, Mr. McFarlane, if there was any polls conducted by Advanced Education and Manpower or by the Department of Education during this fiscal year?

Mr. McFarlane: — There was none. No polling was conducted for the Department of Advanced Education and Manpower, and a poll was carried out for the Department of Education for the spring 1986 omnibus, which looked at issues of evaluation of educational progress and practices.

Mr. Anguish: — Who conducted that poll?

Mr. McFarlane: — It was conducted by an organization called the C O R Group. That's C-O-R Group, market research and management consulting, so their name is the C O R Group market research and management consulting, and it was in the amount of \$4,800.

Mr. Anguish: — What was the poll done for, Mr. McFarlane?

Mr. McFarlane: — It was an examination of issues around evaluation of educational progress and practices; in other words, issues of student evaluation, curriculum evaluation, education system evaluation.

Mr. Anguish: — Can you tell me again when the poll was conducted? You mentioned a date.

Mr. McFarlane: — I believe early in 1986.

Mr. Anguish: — Who was polled in the poll that was conducted by the C O R Group? Was it just teachers, was it just the parents of students, was it students? Who was

actually polled?

Mr. McFarlane: — It would be a broad sample of the public.

Mr. Anguish: — So it wasn't selected for any special target group?

Mr. McFarlane: — No.

Mr. Anguish: — It would be whoever answered the phone, or if it was in the house, whoever answered the door would have completed the questions.

Mr. McFarlane: — Yes.

Mr. Anguish: — It was a telephone survey or a telephone poll?

Mr. McFarlane: — That's correct.

Mr. Anguish: — I don't understand how the department could get a poll done for \$4,800.

Mr. McFarlane: — We simply tacked on some questions to a broader omnibus survey that was being done.

Mr. Anguish: — I see. Do you know who initiated the survey?

Mr. McFarlane: — There are omnibus polls that are carried out each year. I believe this was carried out by an outfit called Can West who do omnibus polls on a range of issues, and you can have three or four questions added to the list for your own purposes.

Mr. Anguish: — Well if CanWest did the poll, what was the function of the C O R Group?

Mr. McFarlane: — I believe it's the same organization. That's their trade mark name for polling.

Mr. Anguish: — Are they a Saskatchewan company?

Mr. McFarlane: — I don't believe so.

Mr. Anguish: — Do they have an office in Saskatchewan, the C O R Group?

Mr. McFarlane: — I'd have to find that out. I don't know.

Mr. Anguish: — Could you provide that information for us at some future date, please?

Mr. McFarlane: — Surely.

Mr. Anguish: — Mr. McFarlane, is there a formula that you use to determine the funding under Advanced Education and Manpower to the community colleges in Saskatchewan? And if not, how do you determine their budgets?

Mr. McFarlane: — If it's acceptable, I'd like to have Elizabeth Crosthwaite answer.

Ms. Crosthwaite: — Yes, I believe it's a core-base fund

and then it's adjusted by a per capita.

Mr. Anguish: — Could you tell us what that formula is?

Ms. Crosthwaite: — Gosh, I haven't got the specific figures.

Mr. Anguish: — Could you provide that to us in writing then, please?

Mr. McFarlane: — Yes.

Mr. Anguish: — During the year under review, Advanced Education and Manpower, page 65 of the *Public Accounts*, the department paid \$96,000-plus to Dome Advertising Ltd. and \$137,000-plus to Dome Media Buying Services Ltd. Could you explain those two expenditures to us, Mr. McFarlane?

Mr. McFarlane: — I can give it to you in four sections. There were four separate sections.

Mr. Anguish: — Can you give me the date as well that the campaign, the advertising campaign, went on, if that's possible?

Mr. McFarlane: — Yes, we're dealing here with a number of different campaigns, and I believe that they went on throughout the year rather than there being one individual one. There were a series of pamphlets which were produced pursuant to changes in the apprenticeship Act and regulations, and these were sent to industry and to apprentices and employers.

There were brochures and posters for the new crossroads program which were sent to high schools and also Canada Employment Centres. The crossroads program is a computer program which contains information on the qualifications that you need to get into all of the different technical training programs in the province — who you would write to, who the registrar is, what the cost of the . . . In other words, it's a computer program that provides information for people who are interested in training programs.

There was material on the introduction of the new institute of technology in Prince Albert, explaining the new program, and in particular, explaining the competence-based education format which was being introduced.

And finally, there was some general advertising for all four institutes — promotional advertising explaining the programs and what was available and where.

Mr. Anguish: — It seems to me that when we usually talk of Dome Advertising Ltd. and Dome Media Buying Services Ltd., we're talking about either television production and placement or radio production and placement. And what I heard you telling me, Mr. McFarlane, is that this money that was given to those two companies was done for the production and printing of pamphlets. Is that correct?

Mr. McFarlane: — In some cases, yes. There was also some radio and TV advertising as well, so it was a

combination. I also, if I may, missed . . . There was also some material which was produced on the student loan program and there were kits that were mailed out to students explaining changes in the new program, and that was the year in which those significant changes that I talked about earlier were made.

Mr. Anguish: — Would there be another expenditure in the *Public Accounts* for actual printing of the same brochures or pamphlets that were supposedly designed by Dome?

Mr. McFarlane: — I don't believe so.

Mr. Anguish: — So those amounts, the 96,000 and the 137,000 would include printing costs?

Mr. McFarlane: — Yes, for the brochures and things that I read.

Mr. Anguish: — I think I just have one final question. I'd like you to explain to me Mr. Wheatley, that I asked you about earlier. Mr. Wheatley was paid from Advanced Education and Manpower, and he was also paid from the Department of Education.

Mr. McFarlane: — Yes, he changed over from the . . . He had been previously from the Department of Education and he changed over to the Department of Education as it then was; I believe it was in mid-year.

Mr. Rolfes: — Could I just follow upon that — but a total salary of about 104,000? He got 39,000, I believe, from Education and 65,000 from Advanced Education.

Mr. Kraus: — Mr. Chairman, if I could just raise a point here on this item. I'm not certain, but it may be that this individual, while I understand he was on secondment and there may be problem with the *Public Accounts* to some extent, where secondments have occurred; we're just looking into that. We were made aware in another situation where, when somebody was seconded from one department to another, their salary was appearing in both departments inadvertently. I would undertake to just look into this and perhaps bring an explanation back to the committee on it. Possibly it's an oversight here or an error that some of his salary's been reported twice.

Mr. Chairman: — I would appreciate that. I think there's a lot of people would be interested to know what's happening here.

Can I just ask on Mr. Wheatley, what did he do? What was his job?

Mr. McFarlane: — To the best of my recollection, Mr. Chairman, when he was in Advanced Education, he was the acting director of planning, I believe, and when he moved over to the Department of Education, he worked in the superannuation board and teacher services area.

Mr. Chairman: — Is he still employed by the department? Like, was he working before this particular fiscal year? Was he working after? Is he a long-term employee?

Mr. McFarlane: — I don't believe he works for the

department any longer, no.

Mr. Anguish: — Neither department?

Mr. McFarlane: — Neither department.

Mr. Anguish: — Could you . . . I'm particularly interested in the people in the department that make more money than you do, sir. Ronald C. Ware, \$87,742.41. Can you tell what Mr. Ware did in the Department of Education?

Mr. McFarlane: — As I understand it, he worked in the communications branch for a time and then moved into the computer information branch, management information branch — management information services, I think it was called.

Mr. Anguish: — At a director level?

Mr. McFarlane: — He had been a director, I believe, in the communications area, and I believe was demoted into the information services area.

Mr. Anguish: — He was demoted and he makes more money than the deputy minister. Explain that to me.

Mr. McFarlane: — He was then laid off, and some of the money that's included here reflects the severance settlement.

Mr. Anguish: — He was fired from the department? Laid off due to work shortage, or what might . . .

Mr. McFarlane: — I believe he was laid off.

Mr. Anguish: — Well when someone's laid off they don't get severance pay. He must have been fired to get severance pay.

Mr. McFarlane: — No, I believe if your position is . . . if you lose your position through no fault of your own, you do get . . . there is a settlement.

Mr. Anguish: — Well was there a work shortage, or why was he laid off?

Mr. McFarlane: — I believe there was no longer a requirement for what he had been doing for the department.

Mr. Anguish: — In communications, or in computers?

Mr. McFarlane: — I suspect in both areas.

Mr. Rolfes: — Could I just follow up on this? Did the same reasoning apply to Jack Lloyd and Glen Penner?

Mr. McFarlane: — Jack Lloyd and Glen Penner — Jack Lloyd retired, if I recall, and Glen Penner still works for the department.

Mr. Rolfes: — Oh, he got demoted, eh? I know that he's very happy.

Mr. Anguish: — Mr. McFarlane, what about Rodney Wickstrom, the \$85,795.74?

Mr. McFarlane: — He was the previous deputy minister of Education when the two departments were separate, and that was his salary.

Mr. Anguish: — Can you tell me what he did in the department?

Mr. McFarlane: — He was the deputy minister.

Mr. Anguish: — He was the deputy minister when?

Mr. McFarlane: — When there were two separate departments; when there was Department of Advanced Education and a Department of Education, Rod Wickstrom was the deputy minister of the Education department.

Mr. Anguish: — And now you're the deputy minister of both?

Mr. McFarlane: — Correct.

Mr. Rolfes: — Mr. Anguish, could I ask a question? John Bujea, B-u-j-e-a, could you tell me what his position was in the year under review?

Mr. McFarlane: — Can you say where you find that?

Mr. Rolfes: — 56. B-u-j-e-a — I would assume it's Bujea.

Mr. McFarlane: — I'm sorry. I would have to find out. I don't know.

Mr. Rolfes: — Could you provide that for me, please. Could you tell me if John Norman McKendry, in the year under review . . . well, what was his job in the year under review? And is he still with the department?

Mr. McFarlane: — He is not with the department. I believe he worked in the university affairs area. He had been, if I recall, the director of university affairs.

Mr. Rolfes: — Raymond Meyer, what was his position?

Mr. McFarlane: — He was the principal of Wascana Institute. When it was a . . . when the four institutes were separate, he was the principal of Wascana.

Mr. Rolfes: — And he's still occupied there?

Mr. McFarlane: — He's with . . . he became part of the management group of SIAST (Saskatchewan Institute of Applied Science and Technology) when it was created and he is still there.

Mr. Rolfes: — James Andrew Nicol.

Mr. McFarlane: — Was the principal of the Saskatchewan Technical Institute in Moose Jaw.

Mr. Anguish: — Mr. McFarlane, can you tell me how many other people in the Department of Advanced Education and Manpower, or the Department of Education, who appear in the schedule of payments under salaries, would have received severance pay and

been terminated or fired or laid off during the year under review?

Mr. McFarlane: — I believe it's the case that Ron Weir is the only one, but if I may, I would like to take time to check that.

Mr. Rolfes: — Could you tell me what Donald J. Wright, year under review, what was his position with the Department of Advanced Education?

Mr. McFarlane: — He was the assistant deputy minister in charge of university affairs and planning.

Mr. Rolfes: — Is he still with your department?

Mr. McFarlane: — No. He is now the deputy minister of Trade and Investment.

Mr. Lyons: — How about Ken R. Horsman? What was his job and is he still with the department?

Mr. McFarlane: — He was the executor . . . either the director or the executive director of curriculum, I don't . . . I can't be more specific.

Mr. Lyons: — And Mr. Horsman, was he involved in the curriculum review?

Mr. McFarlane: — I would imagine he would have been.

Mr. Lyons: — In fact, wasn't it more likely to say that he would have headed up the curriculum review committee?

Mr. McFarlane: — I don't believe he chaired the committee, but he would clearly have been involved.

Mr. Lyons: — Yes, and is he any longer with the department?

Mr. McFarlane: — No.

Mr. Lyons: — And could you tell for us the reasons why he was let go.

Mr. McFarlane: — I would look to the chair for some advice on this. I think he worked . . . okay let me back up. Yes, if we're dealing with the year under view, I believe he worked with the department all the way through that year.

Mr. Lyons: — He was employed by the department during this fiscal year?

Mr. McFarlane: — Yes.

Mr. Lyons: — For the whole year?

Mr. McFarlane: — I believe so.

Mr. Rolfes: — I'd like to ask a question on Rene Archambault. Does he still occupy the same position? What is his position, I should ask, and what are his duties and responsibilities?

Mr. McFarlane: — During the year in question he was the director of French minority education.

Mr. Rolfes: — Does he still occupy that same position?

Mr. McFarlane: — I believe he is on secondment at the present point.

Mr. Rolfes: — Secondment to whom?

Mr. McFarlane: — I believe it is College Mathieu.

Mr. Rolfes: — Could you find that out for us, please.

I'd like to ask one further question. I want to return to Glen Penner. Did he not work for you for the whole year, the year under review?

Mr. McFarlane: — No. In the year under review he worked for the Department of Education which was at that time a separate department. So no, he didn't work for me.

Mr. Rolfes: — Pardon me?

Mr. McFarlane: — No, I was the deputy minister of Advanced Education during that year.

Mr. Rolfes: — No, but I mean . . . All right, on page 129 in *Public Accounts* there's other expenses, Glen Penner — I assume it's the same Glen Penner — for \$11,106.10. Could you tell me what those other expenses were for?

Mr. McFarlane: — Could you provide the page number again.

Mr. Rolfes: — Page 129, *Public Accounts*.

Mr. McFarlane: — I understand that those were his moving expenses when he moved from Saskatoon to Regina to become the associate deputy minister of Education.

Mr. Rolfes: — And he's no longer in that position, is that correct?

Mr. McFarlane: — That's correct.

Mr. Rolfes: — Was he promoted?

Mr. McFarlane: — No.

Mr. Rolfes: — Demoted?

Mr. McFarlane: — He occupies different responsibilities.

Mr. Rolfes: — Okay. I have one further person here, Lionel Sproule, on page 129 also, education payments. This is for travel. I don't see — maybe I've overlooked it, but I don't see his name as an employee of the department, yet there were travel expenses of \$2,969.44. Could you tell me what those were for and what position did he occupy at the time?

Mr. McFarlane: — He had been a teacher with the Long Lake School Division and he was seconded to the

department, and the expenses that are recorded here are for travel expenses and other expenses while he was seconded to the department. But his salary was being paid for by the school division.

Mr. Rolfes: — Can you tell me what his job was? I mean, what were his duties or functions?

Mr. McFarlane: — He certainly worked in the communications area. I don't recall.

Mr. Rolfes: — Could you provide those to us in writing, please.

I want to ask one further question. United Cabs, for 18,855. I don't see — I may have missed it, but I don't see any other — I don't see Radio Cab, or Yellow Cabs, or any others listed here. Does the department only use United Cabs?

Mr. McFarlane: — The situation is, I believe, that the school for the deaf has a contract or has some kind of arrangement with Yellow Cabs to take deaf children to and from school, and that is why this . . .

Mr. Rolfes: — That is in Saskatoon?

Mr. McFarlane: — This is in Saskatoon.

Mr. Rolfes: — Could you tell me . . . They have a contract, you say.

Mr. McFarlane: — I don't know if it's a contract or if it's simply an understanding that they would work with United Cabs. They have some kind of agreement with United Cabs.

Mr. Rolfes: — Could you provide that for me, please? And also, the owners of United Cabs — who are the principal owners of United Cabs?

Mr. McFarlane: — Okay.

Mr. Rolfes: — Okay, I have a couple of quick questions I'd like to ask on . . . In the *Public Accounts*, would you tell me, Mr. McFarlane, I notice going through this in a few days, I notice a lot of work being done by temporary, labour service, contractual. They amount to hundreds of thousands of dollars. Now can you tell me in the temporary, labour service, and contractual, are they considered part of the government employee group? I mean, are they considered as employees of the government or the department?

Mr. McFarlane: — Mr. Chairman, I need to get you to clarify the intent of the question a little bit. I'm not sure . . .

Mr. Rolfes: — Okay, intent of the question is, for example, if you go to 49, page 49, Wascana Institute of Applied Arts and Sciences, you have department head and branch head — salaries; permanent positions — salaries, 9 million; temporary positions — salaries, 791,000. And then we have labour service, casual, and part-time employment, 2.417 million. You go down a little bit further, your contractual services, 246,986. What I wanted to know was: are those people that are

employed in those three categories, are they included in your employee numbers when you . . . I ask you how many employees are working for the department or how many employees are working for Wascana. Are they included in your numbers? Which are and which are not?

Mr. McFarlane: — I believe so. If you recall some years back when the estimates were changed to go from people to person-years, and so these would be aggregated up into the total number of person-years that are represented, and they would be included in the numbers that are shown in the institute subvotes.

Mr. Rolfes: — Okay, and if I . . . So that follows through also with the department, right? So all of those are included in your person-years.

Mr. McFarlane: — I believe so, yes.

Mr. Rolfes: — I have one minor thing, and this . . . my English is coming out here, but if you read "department head" and "branch head," to me that says two people — department head, branch head. Am I correct in that? I have a specific reason to ask that question.

Mr. McFarlane: — Maybe you could say what the reason is.

Mr. Rolfes: — Well, the reason being . . . No, I'd like you to answer first and then I will give you my reason.

Mr. McFarlane: — I believe this is a standard phrase which is intended not to indicate two people, but that it might be someone who is classified as a department head, or it might be someone who is a branch head, and so it . . .

Mr. Rolfes: — I would appreciate really, if there are more than, let's say, two people in the branch head, that we put an s' behind it indicating it could be one person or more than one. And the reason I'm asking, because it's misleading. You go to page 47 and you have department head and branch head. Now if you read that literally, that's two people. But \$183,804 and I say, hey, that can't be — it's got to be more than two people. But when you read that, grammatically speaking, it's two people.

Mr. Kraus: — I guess that question should be directed to me, and perhaps we'll take that under consideration; perhaps we could come up with a better description.

Mr. Rolfes: — Well, it doesn't . . . I mean it's just, you know, when I read it I thought, and I looked over it, and I said it can't be right. There's got to be something wrong here.

Mr. Chairman: — We appreciate your attending to this matter — matters?

Mr. Rolfes: — Matters, correct English. Mr. Chairman, I have one further question I want to ask of Mr. McFarlane. On the Advanced Education and Manpower, Public Accounts, '86, '87 — I have xeroxed this copy — I notice that on the original estimate and then the actual expenditures you were out considerably, either up or down. In most instances, you were considerably out —

up. You know, for example, financial, \$1,326,080. We actually expended \$1,893,265 — out 42.8 per cent.

The next one, grants to student aid fund. Now, you've explained that one before, we were out 67.9 per cent; planning and evaluation, we were out 49.1 per cent; Advanced Education and Manpower training, we were out 44.1 percent; and university affairs, we were out 67.2 per cent. Is that because of the reorganization that was done in the department that year, or what were the reasons for being out so far?

Mr. McFarlane: — It would have reflected to some degree the reorganization that occurred in the department in that year. It also reflects the ongoing process of moving money between subvotes if, on the way through the year, something is found not to require the funds that were originally believe necessary, but, as I think you understand, there were changes in the department and its management structure and organization in that year, and clearly that resulted in some moneys having to be moved around.

Mr. Rolfes: — Yes, if that was the reason, fine. I just, when I looked at those, I found those to be quite far out, and usually that doesn't happen in those line departments. I have no further questions.

Mr. Lyons: — Yes, just on a couple of individual payments. Could you tell me, the Advanced Technology Training Centre, on page 65 under Advanced Education and Manpower, 202,000 . . . who the . . . for what were those payments made for; for what reason were they paid out?

Mr. McFarlane: — The Advanced Technology Training Centre in Saskatoon handled, as its name suggests, technology training, and the funds that were provided were provided under the Canada-Saskatchewan training agreement to train students in the various technologies that the centre offers.

Mr. Lyons: — How many students are trained under that program at the Advanced Technology Training Centre?

Mr. McFarlane: — I would have to provide that to you.

Mr. Lyons: — Okay, I wonder if you could, please? Also, AM International Inc. was paid 141,000. Can you tell us what they payment was made for?

Mr. McFarlane: — The only information that I have is that it was for the repair and supply of educational equipment. If you like, I can supply you with a detail of what it was.

Mr. Lyons: — Okay, if you would, please. Gerald P. Weinstein and Associates Ltd.

Mr. McFarlane: — If I may, I think we're going to have to provide you with that in writing also.

Mr. Lyons: — Okay. International Tele-Film Enterprises.

Mr. McFarlane: — Sorry?

Mr. Lyons: — International Tele-Film Enterprises.

Mr. McFarlane: — We purchased audio-visual equipment from them. If you need more than that, we can provide it in writing.

Mr. Lyons: — Management Systems Ltd., for 231,000.

Mr. McFarlane: — I believe it was for . . . MSL are a computer consulting firm, and I believe that the Northern Institute of Technology in Prince Albert used them to develop their learning support system and software.

Mr. Lyons: — I thought there was another, from an earlier response, that another company had supplied that service.

Mr. McFarlane: — There very well may be more than one firm supplying computer equipment and software.

Mr. Lyons: — I'll just go back and check the *Hansard* . . . I've got questions concerning a company called Westburne Industrial Enterprises Ltd. On page 66, there was \$16,006.36 paid to Nedco — Western Division of Westburne Industrial Enterprises.

Mr. McFarlane: — I'm sorry, could you give the name again?

Mr. Lyons: — Nedco — Western Division of Westburne Industrial Enterprises. And on page 67 there was 29,166 paid to Zentronics — Division of Westburne Industrial Enterprises, and on the same page, Westburne Engineering & Plumbing Supplies Ltd. The question is, I guess, several parts. First of all, is Nedco and Zentronics — what were those payments paid for; and secondly, is Westburne Engineering & Plumbing Supplies Ltd. the same as Westburne Industrial Enterprises Ltd.?

Mr. McFarlane: — I think we would have to undertake to provide it to you. The only notes I have is that it was for the purchase of equipment and supplies.

Mr. Lyons: — That's both from Nedco and Zentronics?

Mr. McFarlane: — Yes.

Mr. Lyons: — And Westburne Engineering and Plumbing Supplies Ltd., you will provide us with that?

Mr. McFarlane: — Yes.

Mr. Lyons: — If you would, please, would you provide us with the names of the principals of those companies and that, with the exception of SHL Systemhouse Inc., on page 67, and Systemhouse Ltd., is that the same company?

Mr. McFarlane: — Which was the other one?

Mr. Lyons: — There's SHL Systemhouse Inc., and there's Systemhouse Ltd.

Mr. McFarlane: — I don't know. We'd have to look that out for you.

Mr. Lyons: — Do you know what they were paid for?

Mr. McFarlane: — In the case of SHL Systemhouse, it was for maintenance charges on computer systems. For Systemhouse Ltd., I don't know, we'd have to find out.

Mr. Lyons: — Okay. Would you provide that to the committee in writing please?

Mr. McFarlane: — Yes.

Mr. Lyons: — Thank you.

Mr. Anguish: — I have one final question that could be provided in writing at a later date if you don't have it with you. Could you tell us, Mr. McFarlane, during the year under review, the names of individuals and the amount of money received during the year who were charged against either advanced education and manpower or the Department of Education that worked in the minister's office or reported directly to the minister.

Mr. Chairman: — Is that it for questions?

Mr. McFarlane: — Yes, in the case of Advanced Education, the names are . . . would you like us to supply this in writing, or do you want me to read it?

Mr. Anguish: — Yes.

Mr. McFarlane: — Okay, we'll supply it in writing.

Mr. Anguish: — And their salaries.

Mr. McFarlane: — And salaries.

Mr. Chairman: — If there's no further questions, I want to thank you very much and your officials. It's unlikely . . . there is a possibility we may call you back, but I would say that it's very unlikely, and certainly we'll give you lots of notice.

I guess we'll deal with the motion next day.

The meeting stands adjourned until 8:30 Thursday.

The committee adjourned at 10:30 a.m.