

April 10, 1990

Mr. Chairman: — Call the meeting to order, Mr. Hopfner, you had the floor.

**Public Hearing: Crown Investments Corporation
(continued)**

Mr. Hopfner: — Thank you Mr. Chairman. Mr. Chairman, where we had left off on Thursday last, it was almost to the point where you could skip some of the dialogue that had taken place. And possibly for the committee's benefit, I'd like to kind of ask Mr. Gibson — and this is just to shorten up the stay of Mr. Gibson here at the committee so that we can get into the Department of Education.

But I'd like to ask Mr. Gibson: Mr. Gibson, the committee had put you through quite a bit, I guess, if you will. As far as my thoughts of it, it would be a kind of harassment as a guest here to give us some answers, and I was just wondering if, Mr. Gibson, you could help shorten my questioning up by indicating to me if there's any point that you'd like to clarify here of accusations that might have been thrown against you by some members of this committee.

And you would probably have had time now to have reviewed the context of what was actually said to you in some of those accusations. And maybe in your own words to shorten it up for the committee, you could clarify or at least have an opportunity to defend yourself on some of the remarks that have been made against you. And while you're doing that, I would tend to get into some more questioning after that probably.

Would you like to kind of clarify some of the . . .

Mr. Gibson: — Very much so. I've gone over the verbatim from April 5, and there's 14 pages of it, and in those 14 pages there's 14 references to my testimony as being in contempt, and one member indicated that I lied to the committee, so I appreciate the opportunity.

I'll just refer to the notes that I've made on my review as I go through this. It might help the members if they want to follow along with me if they have the verbatims from April 3 and April 5 in front of them because I'm going to be referring to them at some length.

But in attempting to make their case to support the accusations against me there's, as I've said, a total of 16 instances that I would like to point out where the support for these accusations is based on wrong facts or a clear distortion of the facts.

In going through these instances I'm confident I'll be able to demonstrate to the committee members that I have not in fact lied to this committee. The allegations are in reality based on a distortion of the facts or the creation of fictional facts which in themselves are not true.

If you turn to the verbatim, I've gone through it chronologically and the first of these 16 distortions appears at the bottom of the right-hand column on page 27 of the April 5 verbatim.

Mr. Hopfner: — Is that on April 5?

Mr. Gibson: — April 5, bottom right-hand column, page 27. And Mr. Rolfes is speaking and he states:

. . . not so much that the legislative authority wasn't there, because we felt it wasn't there last July and we made that point last July that we felt the legislative authority was not there, but I think the shock came when Mr. Gibson last meeting admitted that 95 per cent of the study that was done was not under CIC's authority.

Now this statement contains two distortions because first the committee did not make the point that the authority was not there. It was clearly acknowledged in the verbatim dated July 27, '89 that the Provincial Auditor had reported on the question of proper legislative authority. And in fact, I believe the reason he reported on it was the fact that our auditors at the time, Clarkson Gordon, had also pointed out in their management letter, which I believe was part of the Provincial Auditor's report.

The second distortion was the fact that I admitted that 95 per cent of the study was not done under CIC's authority. I have attempted to be very clear on this matter that I did not do the calculation myself, and I was attributing it to my understanding from something that I had read or heard. And I believe I have indicated to the committee that I was under the impression that these were the Provincial Auditor's calculations.

Just for the purposes of total disclosure, after the public accounts meeting last Thursday, Mr. Wendel approached me and indicated that their calculation showed it to be \$5,000 as opposed to 5 per cent as being attributable to CIC (Crown investments corporation of Saskatchewan). And again, I can neither confirm nor deny that number since I have not done any of the calculations myself. All I acknowledge is that the majority of the work was not done, to the best of my knowledge, for CMB (Crown Management Board of Saskatchewan) Crowns.

The third item's on page 30 in the top, right-hand column. Mr. Anguish was speaking to his motion that I was in contempt of the Public Accounts Committee, and he quoted from the April 3, 1990 verbatim and quoted the following question, and I'm quoting here:

Who actually signed the contract with Coopers & Lybrand, Mr. Gibson, to allow these funds to be disbursed?

The April 5 verbatim goes on to say that Mr. Anguish indicated my response on April 3 was, quote: "Oh gee, I can't recall now."

And in actual fact, if you were to look at the April 3 verbatim on page 10 in the bottom, left-hand corner, my actual response was, quote: "Oh gee, I can't recall now. That was . . ."

And followed by three periods, which indicates that a sentence was not completed. This convenient omission

by Mr. Anguish of the start of the last sentence — “That was . . .” with the three dots — is the basis on which he indicates that I have lied to the committee. In actual fact, if you continue looking through the April 3 verbatim after I was cut off from that response, Mr. Anguish then asked the Provincial Auditor who did sign the contract.

Now if you look at Mr. Anguish’s question, which I was attempting to respond to, he asked, who signed the contract? He did not ask me if Bill Gibson signed the contract; he asked, who signed it? And that is a question as to all the signatories on the contract.

I clearly recall now, and I recalled at the time, that I had signed the contract. What I was struggling with was whether or not there was a second signer, and if there was a second signer, who it was. And I think the verbatim of April 3 clearly indicates that I had paused, trying to give that answer, and was not given the opportunity since Mr. Anguish immediately asked the question of the Provincial Auditor.

The fourth distortion from the April 5 verbatim is approximately half-way down on the right-hand column on page 30 in the paragraph that reads . . . I will quote it:

The point that I would bring the motion to, that cannot I think be denied, is when Mr. Rolfes asked whether or not he could remember who had told him to sign the contract. And without any prompting whatsoever, Mr. Chairman, on page 13 of the April 3 transcript, Mr. Gibson can then recall, and I quote:

And that’s the end of the quote. The choice of words, saying that Mr. Gibson could then recall, is a definite implication I could not recall before, but in fact neither in my memory nor through a review of verbatims from previous testimony relating to the Coopers & Lybrand study can I see a question where I was previously asked who had told me to sign the contract.

The fifth example of the member’s using wrong facts or distorting the real facts appears on the same page, page 30, the second last paragraph on the right-hand column, where half-way down Mr. Anguish is quoted as saying, quote:

There’s no minute to back up what he’s saying; there’s no correspondence to back up what he’s saying.

In actual fact, there’s been considerable discussion on the fact that the approval was documented in Crown Management Board of directors minute dated March 12, 1987.

Mr. Anguish then goes on to question why I can remember receiving the verbal instruction to sign the contract but cannot remember signing the contract for 2.7 million. Well this is absolutely wrong, and as I stated before, Mr. Anguish did not provide the committee with an accurate quote on April 5, in that he did not reflect the fact that he cut me off in my response on April 3. And I was trying to remember who the second signatory was, if there was in fact one.

It is also clear from the April 3 verbatim that I was having difficulty with the second signatory because, when the Provincial Auditor indicated that I had signed the contract but he was having trouble reading the second signer’s name, I in fact guessed the wrong name.

Mr. Henry Matthies, who was the second signer, suffered a heart attack within a number of days of signing the Coopers & Lybrand contract and was off work for several months in early 1987 and retired on June 30, 1987. So I do not apologize for not being able to remember that he signed it since we are talking about one specific contract executed over three years ago and the person I couldn’t remember is somebody who has not worked for CMB for almost three years.

Another point that is relevant is that the members seem to think that because this is a \$2.7 million contract, I should recall it. They are making some assumptions in making this statement. In actual fact the contract did not indicate it was a \$2.7 million contract. And to the best of my belief, at the time of executing the contract, it was communicated to me that it would be a \$500,000 contract. However, subsequent to the execution, the terms of reference were somewhat modified, resulting in the contract being significantly increased.

I should also point out that the contract had a clause in it whereby it could be cancelled upon five days notice by either party. So in fact rather than committing CMB to a \$2.7 million contract, what I was signing was a contract that could be cancelled in five days. This is the sixth distortion, since one of the bases of the contempt charge is that the magnitude of the contract would have been such that I should have had total recall.

On April 3 and again on April 5, to further illustrate the above point, there was discussion on whether or not I should have remembered this contract. I’ve had my staff do some research since last Thursday to give the committee members some idea of the quantity of transactions that I do review and/or approve and execute. They have informed me that on average there are probably 15 to 25 items in excess of \$500,000 each month. Based on this figure, it means I have reviewed and/or approved and executed somewhere between 600 and 1,000 half million dollar items since December 1986.

The seventh distortion is in the bottom right-hand corner of page 30, where Mr. Anguish indicates he tried to establish on April 3:

. . . there were more studies done under the name of Crown investments corporation in the magnitude of \$2.7 million . . .

Now again this was not, at the time of signing, a \$2.7 million contract, and the actual question that was asked on April 3 was whether there were studies done. The question on April 3 was whether or not there were contracts. These are two totally different issues. Roughly speaking, I guess you could reasonably conclude that a study is a contract but not all contracts are studies. On April 3 there is a very clear reference to the fact that

cheques can be considered contracts, and there are a great many of these.

And the eighth incorrect factor appears in the first full paragraph in the left-hand column on page 31 of the April 5 verbatim, where in the third line Mr. Anguish says I “could not remember signing a \$2.7 million contract.” As already indicated, I could recall signing the Coopers & Lybrand contract but it was not a \$2.7 million contract at the time and I could not remember who the second signer was.

On page 32, bottom left-hand corner . . . column, Mr. Rolfes says:

I wasn’t surprised when he said he didn’t remember, didn’t remember who had signed it, but I must admit I was surprised and somewhat shocked when Mr. Wendel did read out that it was Gibson who had signed it.

Again, if Mr. Anguish had read the full quote from April 3, which indicates I did not have an opportunity to finish my response to his question as to who signed it, it would have been clear that I did not have a problem acknowledged that I signed it. It was again just a matter remembering who the second signer was.

The 10th incorrect fact is on the right-hand column of page 32 at the end of the fourth full paragraph, where Mr. Rolfes indicates:

And I say, Mr. Gibson was well-informed and knew well that study.

The fact is that I have indicated on many occasions in previous testimony that I was not well-informed and did not know the details of the study.

The 11th item which is simply not true is in that same column in the last paragraph of Mr. Rolfes’s comments, wherein he says, and at this point he is speaking directly to me:

And I must admit that . . . And then when you did say you knew immediately who the minister was and you also knew who the co-signer was . . .

Again, I did not know who the co-signer was, and when Mr. Wendel had trouble reading the second signer, I in fact indicated that it was probably Dan Marce, and that was obviously an incorrect guess because it was in fact Henry Matthies, so I did not know who the co-signer was at the time.

The 12th item on page 32 in the same column, where Mr. Lyons says that there are a number of contradictions in my testimony. I know you will agree when I review these contradictions that Mr. Lyons attributes to me that this in fact is not true.

The 13th point is on page 33, two-thirds of the way down in the third last paragraph on the left-hand side. In the middle of the paragraph, Mr. Lyons says:

. . . commissioned, by Mr. Gibson’s own words, a

situation which at the very best can be characterized as dubious. Commissioned, by what Mr. Gibson in his later testimony, as his memory improved, commissioned by an informal — he used the word informal — or a not formal meeting of the board of directors of Crown Management Board.

Again, I did not indicate in my own words that the commissioning was dubious. And it has been clearly discussed in this committee that the board of directors has formally recorded a minute authorizing the contract.

Number 14, the bottom of the left-hand column, page 33, Mr. Lyons again says:

. . . when Mr. Gibson couldn’t remember who it was that told him what . . . not only who it was that told him, but couldn’t remember whether in fact he had signed that document.

Again, the first time I was asked who told me to sign it, I disclosed the information. On this point which goes over into the right-hand column where in the first full paragraph, Mr. Lyons says:

Then Mr. Gibson suddenly remembers he was told to sign that contract by the board of directors.

Again the same point applies: it was not suddenly remembering on my part since it was clearly disclosed in July 1989 testimony, as well as the April 3 testimony, that the board of directors had given the instructions.

The 15th incorrect fact follows below, which is attributed to an unidentified member where he says: “There’s no evidence that he had board approval.” Again this is wrong.

And the last item, and the 16th item, is a few lines further down where Mr. Lyons indicates:

And upon further questioning, despite the fact that Mr. Gibson says, well I don’t know whether I signed it or not . . .

Which is again clearly incorrect, because I have never indicated that.

And just by way of a general comment to wrap up the response, the verbatim of April 3, 1990 clearly indicates I was not given an opportunity to complete my answer in response to the question of who signed the contract. In actual fact, the question was worded such that I had to respond with all the signers, and that is what I was trying to recollect. The omission of this particular item in making the charges is the whole focal point upon which the motion that was being debated last week was based upon.

While I acknowledged the fact last week that I was not a lawyer, many of the members here are not lawyers either, and the whole line of questioning and the importance placed on who signed the document was and is questionable to me, since even though I am not a lawyer, I am very well aware of the fact that legal agreements can

be . . . that verbal agreements can be legally binding. The contract with Coopers & Lybrand was probably legally implemented in verbal discussions leading up to the contract, and the instructions to me to sign the contract and the subsequent formal board resolution and my signatures were formalities after the fact.

The facts of the matter are that the board of directors entered into the contract with Coopers & Lybrand. Henry Matthies and I fulfilled some of the formalities in executing the contract, and the board of directors completed the formalities by formally documenting that in the minute. I suspect the actual contract was made prior to any of the executions or the formalities.

The fact that Bill Gibson and Henry Matthies signed the contract is irrelevant since the board could have directed anybody to sign the contract and had the same legal effect. And anyone from CMB could have cancelled it on five days' notice. Again the whole issue here is whether or not CMB was legally empowered to enter into the contract, not whether it did legally enter into it. And until 1989, well after the work was completed, there was the full understanding and belief that not all legal authorities were in place. And the only item at issue right now is where it should have gone once it became known that CMB did not have the authority to do what it said it would do.

Thank you.

Mr. Hopfner: — So I guess, probably, with that, Mr. Chairman, I'm not going to have any further questions, but I do want to communicate to the chair, Mr. Chairman, that I think now with the explanation of Mr. Gibson, and hearing of how he was not given the opportunity to answer the questions in full, that whether there's someone in this committee would like to second the motion, I don't know. But I would like to indicate to you, Mr. Chairman, that I'd like to move a motion that this committee, upon receiving a full explanation from Mr. Gibson, that this committee make its apology to Mr. Gibson for the harassment that he had gone through and that this committee therefore apologizes. I so move that.

Mr. Chairman: — Can we just have the wording of your motion? Can you write it out, Mr. Hopfner?

Mr. Hopfner: — I've changed it somewhat, Mr. Chairman, and I do have a seconder, the member from Biggar.

That this committee apologize to Mr. Gibson for any embarrassment he had suffered when he was unduly subjected to a personal attack of his character.

I'd so move.

Mr. Chairman: — I would declare the motion to be in order. Now I'm in a bit of a bind here; I'd like to address the motion and . . .

Mr. Hopfner: — I moved the motion, maybe somebody else should take the chair.

How do you work that?

Mr. Vice-Chairman: — The question before the committee is the motion moved by the member from Cut Knife-Lloyd and seconded by the member from Biggar. Is the committee ready for the question?

Mr. Van Mulligen: — Mr. Chairman, I don't want to say very much with respect to this committee. Certainly the events of the last few meetings have been unusual, or at least in my limited experience with this committee, has been unusual. We've had many witnesses in the last number of years that I've been involved with the committee, but we've never seen the kinds of questioning and answers and doubts raised about a witness's testimony as we have had in this particular case.

If there's been any misinterpretation of the witness's comments, then the witness himself has to ask why that might be and the committee has to ask why that might be.

As chairman, I asked the Clerk to make it clear to Mr. Gibson that the order of business that we would be discussing at this committee meeting would in fact be the Coopers & Lybrand study. To have the witness then respond in a way that can charitably be described as vague on many occasions, would suggest to me that the witness does not wish to recall certain aspects surrounding that study, or has ignored the comments from the Clerk that we would be in fact examining the Coopers & Lybrand study.

I looked at a number of instances in the testimony just briefly this morning, Mr. Chairman.

A Member: — Excuse me, page 6 on where?

Mr. Van Mulligen: — April 3.

Mr. Rolfes: — When was that legal opinion . . . when was the challenge to that legal opinion verified?

Mr. Hopfner: — Excuse me, page 6 on where?

Mr. Van Mulligen: — April 3.

Mr. Gibson: — Oh, I don't have that date with me.

Mr. Rolfes: — . . . Was it April or May or June?

Mr. Gibson: — You know, I really . . . I can't recall.

Well maybe you don't. The point is that you should have. That's why you are here. Maybe you couldn't recall, and if you didn't, then you didn't do your homework.

And we turn back to a piece of testimony that's been gone over many times on page 10:

Mr. Anguish: — Who actually signed the contract with Coopers & Lybrand, Mr. Gibson, to allow these funds to be dispersed?

Mr. Gibson: — Oh gee, I can't recall now. That was . . .

And you've given your further testimony as to what you might have said.

Mr. Hopfner: — Where was that?

Mr. Van Mulligen: — On page 10.

Mr. Hopfner: — Where abouts?

Mr. Van Mulligen: — On the bottom of page 10. And maybe you couldn't recall whether it was Mr. Matthies and that you were clear that you had signed it. To start off an answer by saying, oh gee, I can't recall now, suggests to me that, well perhaps you couldn't recall or you didn't do your homework. Turn to page 14, just as another example:

Mr. Lyons: — Was there, Mr. Gibson, prior to March 12 approval, was there (any) minute from the board of directors of the Crown investment corporation that instructed Mr. Berntson or other members of the board of directors to go and initiate this study?

Mr. Gibson: — I don't recall any right now.

Well maybe there wasn't any minute and maybe you didn't recall. But the answer doesn't suggest to me that then you didn't do any work or that you didn't prepare for this meeting, although I might say that in some other instances you were quite well informed as to the details of the study.

On page 19:

Mr. Anguish: Why wouldn't you read the sections that would be appropriate to Crown management, (and) Crown investments corporation?

Mr. Gibson: Well the circumstances in which I read them were . . . we were talking about . . . my memory is just a blank on what I actually read even today.

Well, the point is that none of it should have been a blank that day. None of it should have been a blank on April 3. That was your job, to come here, to answer questions about the Coopers Lybrand study. Any reasonable review of the testimony, and in listening to you today, would suggest to me that either you're exercising a selective memory or you were extremely ill prepared for the meeting that day. Whatever excuse or reason you want to proffer are just not acceptable.

So, Mr. Chairman, if you're asking me to support the motion, I can't do that, not given the kind of . . . the vagueness and lack of specificity when questions were asked.

And what accounts for that, well, that's a matter of conjecture, Mr. Chairman. But whatever conjecture it is, I'm not satisfied. I can certainly understand why the kind of questioning arose, which again I might say is unprecedented in this committee, unusual. But then I don't think we've ever seen a witness that's been quite as

ill prepared and therefore I won't be supporting the motion.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Chairman, I'd just like to go back and on some of the comments that Mr. Van Mulligen had made. And that's in regards to the order of business that this committee tends to bring to this room. I don't believe it's just strictly the chairman that indicates the order of business. As far as I'm concerned, there's more to CIC than just the Coopers & Lybrand study. I believe that the whole of CIC is to be brought forth to this room and it's not up to the chairman just to pick exactly what the business will be of CIC in this committee.

And I don't believe that he has the authority to indicate to the Clerk, that particular type of business and to direct that to Mr. Gibson, in regards to what he's coming forth to this committee for and what's going to be discussed. I don't need the chairman to indicate that to anyone. There may be questions that I or any other member of this committee is wanting to ask, away from the Coopers & Lybrand study.

But I'd like to go back to some of the comments he made. And again, now it's the chairman that is making accusations and giving us reasons as to why he wouldn't support this motion. If he would go back to his page 6 and would have been listening to Mr. Gibson's explanation, he would have seen. He chose not to finish that sentence.

Mr. Gibson says:

You know, I really . . . I can't recall. (But he said) The Provincial Auditor people might recall because they were involved, but . . .

And he was cut off. So then it went to the Provincial Auditor — Acting Provincial Auditor. Then the Acting Provincial Auditor went on to say: "If my memory serves me correctly, I think it was about March . . ."

So I mean, like we maybe then we're saying now that the Acting Provincial Auditor isn't ready either because his memory may not serve him that well, or something like that. These are the kinds of things that we've got to stay away from in this room.

On page 10 he goes on with comments and words where he'd indicated that he wasn't quite aware of the names. And well, Mr. Gibson had clarified that position and I see no reason to have to go over that again. Mr. Gibson said he was trying to remember who the second signature was on that document or . . . yes, the document.

And then it went on to page 14 where Mr. Gibson had outwardly said, "I don't recall any right now," to the question of, "Was there . . ." from a question of Mr. Lyons:

Was there, Mr. Gibson, prior to (the) March 12 approval, was there a minute from the board of directors of the Crown investment corporation that instructed Mr. Berntson or other members of the board of directors to go and initiate this study?

Well maybe he didn't recall. I mean, we got to give a

person an opportunity to answer a question when it's put to him. And if he can't recall, he can't recall. It's not to say though that if the member wasn't satisfied with that answer, that he couldn't ask the witness to find that information out for this committee. But that was not asked for in that line of questioning.

And it goes on to page 19 again where you had stated:

Well the circumstance in which I read them were we talking about (and there was some interjection) . . . my memory is just a blank on what I actually read even today.

But you'd forgot to go on where it says:

We were talking about something and was handed a couple of pieces of paper which I perused quickly, and that's the extent of my reading of them.

So again, if the question of the members here would have asked, well could you get clarification; could you get more information; is this information available to this committee? None of these questions were asked of the witness.

And these are the reasons why I say that we handled, as a committee, this witness in a very unfavourable fashion. And I believe strongly through that, that we as a committee apologize to Mr. Gibson. Thank you, Mr. Chairman.

Mr. Baker: — Just for the record. My recall, and I haven't gone back over the verbatim, and we came in half-way through this as a new member, but I remember Mr. Gibson clearly stating to this committee that he was instructed to authorize the expenditure. I remember him clearly stating that he had not saw the study. He wasn't privy to it.

I remember him clearly saying that at one meeting that there was a couple of sections or inserts or pages out of this study that he did peruse, and at that very point in time he said — and I cannot recall today what was on those couple of pages. My recall was not there. I'm not sure that I could remember it even if I kind of felt like it was just a passing thing where he approves a couple of pages from this committee, this study.

And clearly, I mean, Mr. Van Mulligen has either not been listening as we went along or has tried to deflect in fact what Mr. Gibson said. And I've got a pretty decent memory, like it's photostatic and I have not gathered any indication from Mr. Gibson that he has distorted the facts one little bit.

I mean, how on earth, three years ago, would you ask him to recall these sort of things that he wasn't involved with other than a direction, a signing, did he pick documents in place, never have read the study, was not privy to it. And how would you be able to expect him to come in to this committee prepared for something that he knew nothing about other than that?

And if you take a look at the magnitude of the study and

the overall picture of CIC when you're dealing with several billions of dollars worth of fiscal responsibility in a given year, to remember details on something that he had no access to details on. And I would ask at this moment if Mr. Gibson would like to comment on the further allegations that was laid upon him by Mr. Van Mulligen to our committee at this time.

Mr. Gibson: — Well I think you've covered them, Mr. Baker. The couple of pieces of paper that I did peruse, that was just perusal of them — I was not given them to keep — so there's nothing to go back to refresh my memory on them there because I don't have them now.

Again, by way of a general comment, this is an issue that is three years old, one that I had very little involvement in and have very little knowledge on, and there isn't a whole bunch that I can prepare for when you don't know anything.

And you know, some of these questions, you know, a date of a legal opinion, it really doesn't matter that whether — in my mind anyway it doesn't matter whether it was January or February or March or April. It was after May '88, which is when we finished doing the work, which to me is the relevant point. Whether it was June '88, December '89, really doesn't make any difference, significant difference in my mind, because the work had been done. It was after the fact that we found out that we had this apparent legal problem.

So, you know, there's a . . . well, that's about all I can say. I think it's just more of the same allegations. And as I said earlier, the allegations made last week were based on 16 distortions and incorrect facts. And there are probably some distortions going on here today as well.

Mr. Baker: — And I accept, and I accept that.

Mr. Rolfes: — Mr. Chairman, I just have a few comments that I want to make. I want to say from the outset that I do not accept and support the motion that is moved by the member from Lloydminster.

First of all, if we recall very clearly the words of Mr. Anguish's motion, it says:

That this committee consider if the testimony of Mr. W.B. Gibson before the Public Accounts Committee on Tuesday, April 3, 1990, was in contempt . . .

It didn't say it was in contempt. It simply said let us consider whether or not it was in contempt. Let's see if we can establish that or disestablish that. That was the point that was being made here.

And I want to say to Mr. Gibson, I haven't had a chance to peruse the minutes in detail here, but I thought there was ample opportunity for you to say, after the Acting Provincial Auditor indicated who the names were, there was ample opportunity for you to say: the members are under misunderstanding; there's some misunderstanding here; I fully recall that I signed it, but I couldn't recall who the second person was.

Nothing came forward from you, sir, until the motion was made by Mr. Anguish. If you had recalled that you had signed it, why didn't you correct the committee on that?

Mr. Gibson: — There was a question there. It was disclosed three questions later.

Mr. Rolfes: — Mr. Gibson, I have the floor right now.

Mr. Gibson: — I thought you said, why would you not disclose it? So I was responding to that.

Mr. Rolfes: — Respond after, okay, please?

Mr. Gibson: — Well I thought you had asked me a question.

Mr. Rolfes: — No, respond after. I thought there was ample opportunity.

The other thing is that on July 27, when I questioned you on Coopers & Lybrand at that time, you didn't have the information and that was understandable because we were doing CIC in general, and it could be particular things.

And I very specifically asked you, at the next meeting that we meet, to make sure that you had the particulars of Coopers & Lybrand, that I was going to ask for the details. I asked you that on July 27. That's my job as a member of the opposition on this side to get the details of whether or not the moneys were properly spent, and whether or not you had the legislative authority to spend that money. That's my job as a member in the opposition, and I've given you ample opportunity over the months to study that Coopers & Lybrand, to know exactly the details of the study of Coopers & Lybrand.

Mr. Sauder: — He answered that.

Mr. Rolfes: — No, he didn't. He came to this committee. He was not prepared for the questions that were asked in April when he had all the time, from July on, to study the details . . . (inaudible interjection) . . .

Mr. Vice-Chairman: — Order, order. Mr. Rolfes has the floor.

Mr. Rolfes: — So I must admit, Mr. Gibson, I was surprised that you didn't know the details of those questions. Now the member from Biggar says Gibson hadn't seen the study. Now it is true, it is true that Mr. Gibson did not admit that he saw the whole study, but in a question that I asked him on July 27, did you read the final report, his answer to me was the following: I've read portions of it.

Now that can be interpreted as saying he only got a portion of the report, didn't get all of it; or it could be interpreted as saying he got the whole report, had access to it, but only read a portion of it. I don't know which one is true. Whether they xerox certain copies, certain portion of it for you and gave it to you, or whether they gave you the whole report and you only studied those portions which you thought were relevant to you, I don't know. We didn't get into that. I didn't think at the time that that

was important.

I asked you a number of questions of health, on dental care. You said, I don't know; I didn't study those. And I took your word at it. It's fair enough. You didn't . . . wasn't part of your authority, so you didn't bother reading it.

But the other thing is, in a sense, Mr. Gibson, I don't blame you for not recalling three years ago. The blame really lies on the members opposite that we are studying three years ago. If those reports had come in on time, we wouldn't be studying 1987-88. We would be right now considering '88-89, but because they . . . because of all the delays in tabling of reports, yes, it's three years ago, and that makes it tough on civil servants. But it is our job here to try and find out the information and to make sure that moneys are expended according to legislative authority. And I didn't think that that had happened, and that was my concern.

Provincial Auditor indicated that he didn't think that there was legislative authority. And I know what you're saying: we thought we had legislative authority, found out later on we didn't have legislative authority, or at least the legal opinions that came in that we didn't have. That's not my problem. That's not my problem. That is your problem, and that's the government's problem. They should know whether or not they have legislative authority to do certain things. And if they don't have legislative authority to spend \$2.7 million, it's up to us then to bring that out to the public.

And I don't think you should take exception to that, but I think you have to be forthright with this committee. And if I am somewhat reluctant to give you that benefit of the doubt, well, I looked at the transcript, I thought you were quite forthright with all of it. and maybe you couldn't recall; but I think that the committee simply moved this motion to see whether or not your testimony was in contempt and whether or not you were forthright with this committee.

I still don't . . . I mean, I could refute many of the arguments you gave this morning and say, look, I'll put my interpretation on it. You put yours and that's your right to defend yourself to do that, but I could counteract many of those same statements that you made with my opinion as to how I saw it from my perspective.

So I don't think the committee has any apologies to make to Mr. Gibson. It is our job to see to it that forthright answers are coming forth, not just on this side but on both sides, that we get the information so that we can bring it before the Legislative Assembly and make some recommendations to government. That's our job; not just on this side, on both sides, and we just haven't done that in this committee.

It just seems now it's the opposition to pull out the information and either the government member to say, no, we won't let that go in, and trying to protect the government. That's just not the . . . that's not the purpose of this committee.

The purpose of this committee is to investigate and elicit answers so that we can make a recommendation to

government so that moneys will be appropriated according to legislative authority. And I'm sorry if through our investigation and through our questioning it has possibly embarrassed some person. That's, I guess, the name of the game. That's all I have to say, Mr. Chairman.

Mr. Vice-Chairman: — Did you want to respond, Mr. Gibson?

Mr. Gibson: — Well I don't think much is served by it, but the essence was that I've appeared here unprepared. And as I said earlier today, somewhere between 600 and 1,000 items of equal magnitude have crossed my desk, and I can assure you that I know a lot more about this one than a lot of those, so I have done some preparatory work on items that I thought would be reasonable questions, but it's a moot point.

I think I've made my case that their allegations were based on a whole series of distortions, and I guess I'm satisfied that I put that on record. I can sleep at night knowing that I have done my best and told the truth to this committee. I'm satisfied to let it go at that.

Mr. Hopfner: — I won't take long here. Just in the . . . some of the remarks that were made by the members opposite is when this all started. Mr. Rolfes had indicated that it was a consideration of testimony and was a motion brought forth by Mr. Anguish last Thursday. But this was the testimony of Mr. Gibson, and the way the motion, if the member remembers, was that there were accusations or innuendoes kind of left lurking there because of the fact that . . . of the things that were said in the 16 various or 17 various points that were distorted with Mr. Gibson's . . . on behalf of Mr. Gibson's viewpoint there.

I agree with the member one thing, though, that Mr. Rolfes is right when he's indicating that this committee is to scrutinize and make sure that dollars are properly spent, and that this committee scrutinize that and make sure that when we do a report to the Assembly, that we can do that with a feeling that this committee has done a good job.

And I don't believe for one moment that it should be just a point where members of the opposition feel that way, because I feel that way as well. I feel that my duty as an elected official, and not only that but as a member of this committee, is that if I have any concerns that I would ask questions as well.

The government members allow members of the opposition to ask the questions, mainly because we recognize the fact that they are looking maybe for things that we wouldn't be looking for. But at the same time we had agreed last year that we would keep the politics out of it, and I accept that from Mr. Rolfes when he said, well he doesn't really blame you, Mr. Gibson, but he blames members of the opposite side, meaning government.

A Member: — I said the . . . (inaudible) . . .

Mr. Hopfner: — Yes. So I accept that. That's politics, and that's what you have to accept. But when you, Mr. Rolfes, had indicated directly that you don't blame Mr. Gibson . . .

A Member: — That's right.

Mr. Hopfner: — Well then, that's what the motion is saying. I'm not saying that . . .

Mr. Vice-Chairman: — Order. The member from Cut Knife has the floor.

Mr. Hopfner: — . . . you don't blame the government. I expect you to blame the government for everything and anything. I expect you to blame the government if it's raining outside or if it's drought or if it's anything out there, or I expect you to blame the government if you get up on the wrong side of bed. But I don't believe for one moment that we can pass a motion in this committee apologizing to Mr. Gibson because you, with your own words, said you don't blame him.

And so that would be a decent thing to do. We don't bring witnesses here before this committee to harass them. We don't do that. We shouldn't do that.

Anyway, I would just say this, is that, Mr. Chairman, when we have summed everything up after the two days' deliberation over CIC, if there are any further questions that the members opposite think that we do not have answered yet, then after this motion is duly dealt with, ask Mr. Gibson to bring any information back that he is allowed to bring back, that's not internal, and we will be able to get the answers to those questions.

And so therefore, Mr. Chairman, I think that if Mr. Rolfes doesn't blame Mr. Gibson, I think he could find in his heart that we just, as a committee, apologize directly to Mr. Gibson. I'm not asking him to apologize to government. I'm not asking him to apologize to anybody else but to Mr. Gibson.

Mr. Rolfes: — Mr. Chairman, I was not going to make a comment but the member from Lloydminster insists on making a political statement so . . . Mr. Gibson, I want to address my comments to Mr. Chairman.

When I said I do not blame Mr. Gibson as much as I blame the government, that doesn't leave Mr. Gibson off the hook for not coming here and being prepared on answering questions on Coopers & Lybrand. He was told it was going to be Coopers & Lybrand. I asked him last July that I was going to ask him further details on Coopers & Lybrand.

Apparently he was informed that that was going to be on the agenda, and therefore I expect that he would know some of the details. And if Mr. Hopfner reads the transcript, I have asked the very same questions that you said we should be asking now, whether or not it was an internal study. The answer is yes, whether or not any of that. the objective of the report could be made public. Again I think, if I remember correctly, Mr. Gibson said he would look into that for me. I don't think I've received an answer yet.

I wanted that study to come before this committee so we could analyse it, see whether or not moneys were . . . whether we got value for our money in the Coopers &

Lybrand report.

I have nothing further to say except, Mr. Chairman, that I don't intend to support the motion.

Mr. Baker: — I'd just like to clarify. Mr. Rolfes, you asked some specific questions, and that was before my time, but my recall of the morning, the first morning we were here, there was two or three questions that you had asked primarily around whether or not there was legal authority or legislative authority. And Mr. Gibson clearly clarified that right out of the chute. I mean, he said, we found out we had legal opinion that thought it was legal. We found out later it didn't. And yes, we spent money that we didn't have legislative authority to do. The questions that you specifically asked, he brought forward and had the answers for.

Mr. Rolfes: — Some of them he did.

Mr. Baker: — I'm just looking through the verbatim and that was before our time . . . or my time, but clearly there was I think about four questions on the sheet, and I thought that he clearly . . . and there was nothing talking about the date that he received a notice from a lawyer and the date of this and the date of that in there. It was dealing with whether or not they had the legislative authority. He was right up to speed on that, brought those forward and said, we did it and we didn't have authority, and laid it all on the table. So anyway, I'm ready for the question.

Mr. Vice-Chairman: — The question before the committee is the motion moved by the member for Cut Knife-Lloydminster, seconded by the member for Biggar:

That this committee apologize to Mr. Gibson for any embarrassment he had suffered when he was unduly subjected to personal attack of his character.

All those in favour? Opposed? The motion's carried.

Agreed

Mr. Chairman: — If there's no further questions of the witnesses, they may be excused.

Maybe if someone wants to move the motion . . . This is a standard motion:

That the hearing of the Crown investments corporation be concluded subject to any recall that the committee might deem advisable at some future point.

That motion is moved by Mr. Hopfner. Any discussion on the motion? All those in favour of the motion? Opposed? The motion is carried.

Agreed

Mr. Chairman: — We'll take a five-minute break and then we'll come back with the Department of Education. Maybe after the break we'll just do an *in camera* with the auditor on Department of Education before we bring in the witnesses.

Public Hearing: Department of Education

Mr. Chairman: — Good morning, Ms. Rourke. Perhaps you might introduce the people that are with you here today.

Ms. Rourke: — Thank you, Mr. Chairman. I'd like to introduce Lorne Glauser, who is the associate deputy minister — perhaps I could ask the people to signify who they are; Deborah Achen, who is the executive director of skills training, and that's our post-secondary side, and it includes SIAST (Saskatchewan Institute of Applied Science and Technology) and the regional colleges; Karen Adams, who is the Provincial Librarian; Dianne Anderson, who's the director of university affairs; Rita Archer, who's the acting executive director of finance and operation division; and I have beside me Mike Benson, who was until a very few days ago the executive director of finance and operations, and Mike has moved out of that position, but because of the recency of Rita's appointment, she's here, but Mike is also with me; Arleen Schultz, who is the executive secretary of the Teachers' Superannuation Commission; Linda Jackson, an accountant from financial planning branch; Don Trew, the director of administration and resources; and Cheryl Hanson, the acting executive director of human resources.

Mr. Chairman: — Thank you very much. I want to welcome all the officials here today on behalf of the Standing Committee on Public Accounts. 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 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 to address all comments to the chair. Are there any questions of the officials?

Mr. Rolfes: — Mrs. Rourke, on the list of individuals, officials that are with you, just one clarification on Mike Benson. It says here, special advisor to the deputy to the Premier. Was this position . . . is this just a recently new position or is it . . . I mean was this in existence for a long time?

Mrs. Rourke: — I am not able to answer that because I'm not privy to that kind of information from Executive Council. Mike's move from the department was a week ago?

Mr. Benson: — A week ago, yes.

Mr. Rolfes: — He's no longer with the department?

Mrs. Rourke: — No, he's no longer with the department.

He was moved from the department, and Rita Archer is now taking that position as executive director in the department.

Mr. Rolfes: — But for the year under review, Mr. Benson was with the department, is that correct?

Mrs. Rourke: — Yes.

Mr. Rolfes: — And is that the main reason why he is beside you?

Mrs. Rourke: — It is the only reason that he is beside me.

Mr. Rolfes: — Okay. Mrs. Rourke, we have asked a number of questions of the Provincial Auditor before you came in, and he indicates to us that many of the concerns that he had raised in his 1987-88 report have been dealt with satisfactorily, so we're not going to deal with those. I had them marked and I'm glad that they have been corrected.

I want to turn to the Saskatchewan Indian Community College on page 39 of the auditor's report. And if you could very quickly tell me, has that . . . oh, that problem was resolved, wasn't it. I'm sorry. That one was resolved.

Eight, ten — 8.10 and 8.11, can you tell the committee, have those problems been resolved — the non-compliance with authority and The Community Colleges Act in regards to those cheques that were written?

Mrs. Rourke: — It is my understanding, Mr. Chairman, that those problems have been resolved. Two cheque signers now sign all cheques.

Mr. Rolfes: — So that's been resolved. Okay. Let's turn to page 41, and here, segregation of duties. He indicates here that on the Saskatchewan Student Aid Fund:

Segregation of duties is inadequate when one employee can conceal error or fraud.

Has action been taken to rectify that situation, and if not, why not?

Mrs. Rourke: — Mr. Chairman, it's my understanding that action has been taken to rectify that situation. Microcomputer applications using a fixed disc storage device are now password protected to limit access to authorized individuals, and all other microcomputer applications are removable storage devices which are kept under lock and key.

Mr. Rolfes: — Does the same thing apply for the correction of 8.25? I know it was as a result of the weakness, but has that then been taken care of. that no fictitious student loan names or applications can be put into the computer? Or can that still be done? Can an individual still put fictitious names into the computer?

Mrs. Rourke: — I would turn to Mr. Benson, if I could. Perhaps, Mr. Chairman, I could point out that Rita Archer was, until she received her promotion, in charge of the student aid fund and now it's responsible directly to her,

so Rita will answer.

Mrs. Archer: — Okay. Since this fiscal year there have been some pretty significant improvements in terms of systems and the pre-verification and all the rest of it. So there have been additional safeguards put in, in terms of unique user IDs, limiting access to the system overall, or certain components of the system to, you know, certain people.

So there have been improvements, but I don't think that we could say that at this point that it was completely impossible, you know, for this to happen.

Mr. Rolfes: — How could it be stopped? Would it be very expensive to make sure that that security is there, that all the names that are entered are real names and not fictitious names?

Mrs. Archer: — Well I think the . . . You know, as the auditors pointed out, it's mainly through a very sophisticated approach to segregation of duties, with all sorts of checks and balances in place.

The problem that the program faces is that, when the loan applications . . . You know, they come in large volumes over a very short period of time, and it's just a matter of balancing the need to process and meet some sort of a reasonable time line with the need to have, you know, adequate controls in place. I mean, I don't think it's unlike a lot of other areas in that regard; you do what you have to do with what you've got.

And, you know, as I said, I think the controls have certainly been strengthened. There's no question about that.

Mr. Rolfes: — Are you aware of any fictitious names having been entered?

Mrs. Archer: — No, no. As a matter of fact, I don't think in this audit or in any of the . . . like the subsequent one that . . . the two that we've done, there's never been any indication of anything untoward. I think the auditor is simply concerned that, you know, the potential is there. It's not impossible.

Mr. Rolfes: — No, that wasn't quite my question, although I think it's satisfactory. Are you aware of any fictitious names? He may not be aware.

Mrs. Archer: — No, no. We are not aware of any . . .

Mr. Rolfes: — Okay. That's what I thought you were answering.

I don't have any further questions on that unless somebody else . . .

Mr. Chairman: — Just maybe one question. The auditor informed us also that he, in the year ended March 31, 1989, that he had not seen a resolution of the problem as identified in this particular report. So we're assuming then that any corrections that have been made have been made subsequent to that time. Is that correct?

Mrs. Archer: — The biggest improvements have been made in this fiscal year that we're just finishing. That's true, in terms of the unique identifiers and especially the limiting access, which is probably, you know, more important to this issue than a unique identifier. Because all the unique identifier lets you do is you'll find out who did it. The limiting of access is more preventive.

Mr. Hopfner: — Just a small point to the Acting Provincial Auditor under Mrs. Archer's . . . It's Mrs. or . . .

Mrs. Archer: — Mrs.

Mr. Hopfner: — Mrs. Archer's own submission. She said that it may not be foolproof. So by that, are we going to see this back in your report next year or the following years?

Mr. Wendel: — If I could, Mr. Chairman, and Mr. Hopfner. I only speak to what we've seen. This report that we're dealing with today is for the year ended March 31, 1988, and it deals with certain deficiencies in the control procedures.

We have audited 1989 and we found a number of these deficiencies continued, so they'll be likely reported again . . .

Mr. Hopfner: — For ever and ever and ever until somebody comes up with some foolproof system.

Mr. Wendel: — No, Mr. Hopfner, Mr. Chairman. It's . . . If they have taken these actions in 1990, as they say they have, then likely for 1990s report these matters won't be here.

Mr. Rolfes: — Mr. Chairman, I'd like to go to 8.29. And by the way, I'm going to come back later on with more detailed questions on student aid — I don't want to spend the time on it right now — but I have a number of questions on student loans and student aid that I want to ask later on.

But on 8.29, I'm sure that other MLAs have the same complaint as I get on this one. If an applicant is turned down, that applicant seems to know of one or two other people who make twice the amount of money that they do and they got approval, but this particular person didn't get approval. And that of course I think refers to . . . is directly related to 8.29.

What do you do to verify that the information that is given is correct and valid?

Mrs. Rourke: — Mr. Chairman, I'd like Mrs. Archer to answer this again because she works very closely or has been working very closely in this area.

Mrs. Archer: — We have three different what we call prepayment electronic interfaces, where we get . . . we match up our student loan applications with SGI (Saskatchewan Government Insurance) data base and we verify vehicle assets. Because for most students their vehicle actually is their primary asset, by and large, and that's an important one for us because anything valued in excess of \$4,500 is considered income. So we verify that.

We also at the same time verify if there have been transfers of vehicles in the last six months or a year, I'm not sure which, because that's also a consideration. We verify in terms of their residency requirements and their actual address and number of dependants, which is an issue for single parents or married students; we verify that with SHSP's (Saskatchewan hospital services plan) registration file.

The other electronic interface we have is internal to the Department of Education where we check on the graduation date, because that's key to whether or not a student is dependent or independent. If they're dependent, of course the parental income is a consideration; if they're independent, it's not. And if you've been out of school, if you graduated four years ago, that's one of the criteria for independence.

So we've got basically those three things in place, and we do that on prepayment basis. In other words, as soon as we get applications in, we match the loan applications names against these three data bases and we get either a discrepancy report or a rejection report. And it's fairly technical but, you know, anything that looks untoward, we get a report and the people in our audit unit will follow up. And there are obviously some judgement calls made about, you know, does this look significant enough to hold up this person's application, because the turn-around time is an issue. I mean they all come very quickly; everyone wants to know as soon as they can; they're all going to school in September, and all that sort of thing. So there are some judgement calls made, but that's in place.

In terms of information that people are asked to submit, they have to provide photocopies of their health cards, which is important in terms of residency, especially under the Canada Student Loans Program. It's also important in terms of dependants when we're talking about married or single parents.

And the other major piece of course is parental . . . copies of parental income tax returns, because that's probably the most important information in terms of determining loan eligibility for dependent students.

So that's essentially the extent to which we verify. Essentially we take students' words for an awful lot of things. We do post-payment verification; like, we do audit a certain number of files every year, and we're doing more of that with the new staff that we've received in the audit unit, but that's after the fact. And those are very intensive audits where they have to verify everything that they've said or provided on the form.

Mr. Rolfes: — Mr. Chairman, if I may, just a couple of questions on that. What happens if after the fact you find out that the information that you were given was false information?

Mrs. Archer: — Well, a couple of things can happen. If it was . . . I guess it depends if we think we were deliberately misled or . . .

Mr. Rolfes: — Well let's say that you were deliberately

misled.

Mrs. Archer: — If we were deliberately misled, we would do an investigation and we would refer the file to Justice, if we were deliberately . . . if we feel that we were deliberately misled and there could be legal charges laid. In fact there are, you know; we do deal with fraud cases on that basis.

Mr. Rolfes: — One further question: if a parent declares that they no longer will take any responsibility for their child, is that child automatically considered as an independent applicant?

Mrs. Archer: — No, no, because in fact that, you know, that is attempted fairly frequently, where either the parent or the student will sort of disown each other in terms of any sort of responsibility. The only instance in which a student who would normally be considered dependent on the family income as far as our criteria go, the only instance where we would ignore that — or not ignore it. make an exception — is if there is family breakdown, which has to be documented usually by some third-party professional, either a social worker, or a doctor, a minister, something like that. And these are all handled through the appeals committee. Like, that wouldn't be, you know, done at the officials level. We have an appeals committee where there's representatives from the universities and SIAST and student reps as well as academic reps, and they're the ones who decide those. Those are fairly unusual because the whole issue of independent/dependent is so key to the whole program really.

Mr. Rolfes: — Okay. Mr. Chairman, I want to now turn to 8.33:

During the year, the Trustees made plans to expand pre-payment verification. These planned procedures are to include:

- checking with Saskatchewan Government Insurance . . . (okay);
- checking with the Department of Health . . .
- checking with Department's files to verify the applicant's high school graduation date; (and)
- requiring parents' income (tax) forms to be submitted at the time of application.

My question on these procedures: does the same thing apply for private vocational schools; students who apply from private vocational schools?

Mrs. Archer: — This applies to all loan applications.

Mr. Rolfes: — All loan applications, okay. I will come back to, as I said, to student aid later on because I have a number of questions I want to ask on student loans.

In 8.34 the Provincial Auditor indicates that that has not been resolved. Can you tell if there's anything in there that you are working on to try and resolve it, or what steps are you taking?

Mrs. Archer: — This is the disaster recovery fund?

Mr. Rolfes: — Yes, right.

Mrs. Archer: — We have in place now a disaster recovery plan for our mainframe computers. It's been in place as of November, or December of '89, so it is operational. And on the microcomputer side we've taken some steps as well because we have quite a bit of information on our microcomputer applications, and we now have back-up copies and off-site storage of the disks, and that sort of thing. So there's been some fairly good progress made there.

Mr. Rolfes: — So we shouldn't see it in the next report?

Mr. Chairman: — You're referring to the 1990 report?

Mr. Rolfes: — That's what I meant, 1990 report, which will be before us very shortly.

A Member: — We hope; we hope.

Mr. Rolfes: — Okay, we'll see. If it is, I'll ask the question again.

Okay, file changes, 8.39 to 8.42. Can you tell me if . . . what steps you have taken there in your master files and student master file.

Mrs. Archer: — Well we've implemented new procedures for making changes to the criteria master file and the student master file. And both of these are automated files that are stored on our mainframe. Basically we've introduced some steps that make sure that there is a supervisory approval for the change, and that there's some sort of verification at the supervisory level that the changes have been made and that they're agreed to the output reports.

Mr. Rolfes: — Okay, 8.51:

My officials also noted operating school grants . . .

And this does not apply to Mrs. Archer, but:

My officials also noted operating school grants for the year ended March 31, 1988, were not paid according to the regulations which were in place, and these operating grants were paid according to regulations dated August 8, 1988.

Would someone like to give me an explanation on why that occurred?

Mr. Benson: — Basically, Mr. Chairman, school grants, as you will know, are paid on a calendar year basis or calendar year. Regulations can only be really put in place once the budget comes down, which is a little bit after the beginning of the fiscal year for boards of education. And so consequently it's for very many years been the case that the regulations were not in place at the time that the grants were being paid.

This problem has been noted and in fact, as of August 25,

1989, there was an amendment to The Education Act that would allow for regulations with respect to operating grants to schools to be made retroactive to cover the problem that the auditor has identified.

Mr. Rolfes: — Okay, so that problem no longer exists.

Mr. Benson: — The problem will still be there, but can be corrected in a legal fashion, I guess is the way I would have to describe it. Perhaps the auditor has a comment on that.

Mr. Wendel: — Mr. Chairman, yes, I would agree with that.

Mr. Rolfes: — Okay.

8.58 During the audit it was discovered that revenue totalling \$130,080 and expenditures totalling \$142,765 had not been recorded due to the lack of accounting system controls discussed above.

Has that been corrected, or has that been taken care of, because Wascana now is under SIAST?

Mrs. Rourke: — In February 1989 an accountant was assigned the specific role of being responsible for monitoring all Wascana contract activity, so that has been taken care of.

Mr. Rolfes: — Mr. Chairman, I'd like to now turn to student loans, and I have a number of questions. These you may not be able to give me the answers for now, but I would appreciate it if they could be provided to the committee.

First of all, my questions pertain to private vocational schools and that's, I'm sure, no surprise that I'd be asking some questions on that. Mr. Chairman, my first question that I want to have answered is the total amount of student loans that were made to private vocational schools in the year under review, 1987-88.

Mr. Benson: — One point of clarification, Mr. Chairman. The total loan is paid to the student. We don't pay anything to a private vocational school, of course, but to students who subsequently went to a private vocational school.

Mr. Rolfes: — That's questionable, but I can give you instances where the cheque goes directly to the . . . or did go directly to the school. And I hope you are right that that will no longer occur, but that has occurred and it's put a lot of pressure on students where the schools had simply said, sign; they signed; the schools took their portion and gave the rest of it back to the students. Now I can verify that in a number of cases, so I'm glad to hear that you're saying that that's not happening any more.

So I want to know the . . . okay if I say vocational schools, I mean, too, of the students, I didn't address that maybe properly. Okay, I want the total amount of loans in dollars that was approved to private vocational schools, and I'd like to have a listing of each individual school: how much went to Bridge City, how much went to Universal, how

much went to CompuCollege, and so on.

Mrs. Rourke: — Mr. Chairman, would it be acceptable, would it answer Mr. Rolfes' question if the information was supplied that gave the total amount of student loan dollars to the students and the particular school that those students were registered at?

Mr. Rolfes: — Yes, absolutely, yes, because then I can simply figure out where the money went.

A Member: — But not the name of the student.

Mr. Rolfes: — Oh no, no. No, I don't want the name of the students.

Mrs. Rourke: — The number of the students.

Mr. Rolfes: — Yes. No, no. I don't want the names of the students. I simply want to know how many students that went to Bridge City College received student loans. I wanted to also know the total number of loans approved. Okay. You received 100; how many of those were approved for each particular college? Value of the loans, I've asked that. I want to know the average amount of the loan of students that went to private vocational schools.

Mrs. Rourke: — Excuse me, pre-school? Pre-school, or just in total?

Mr. Rolfes: — Well I'm not concerned here. I would assume that they'd probably be the same. If you have it, fine, but if you don't have it, if that causes you a lot of work, don't bother with giving it for each individual school.

I'd like to know how many of the applicants were social recipients, SAP (Saskatchewan assistance plan) recipients. In other words, how many were — and the breakdown on that — how many were single parents?

And I'd like to also know if you can tell me what rate of default there has been. That may be too early to establish under this year. I understand that, but I will be asking the question for next year when you're back here in a few weeks. If it doesn't apply for this year, I can understand it because I think it was only one year in existence, is that not correct? — or two at the most.

Then I would like to have all of that information, except for which are not relevant, for public institutions. Okay. Some of these will not be relevant, so just ignore them. I mean, I really don't care whether I have the name of U of S or U of R, but for public institutions. Those are some of the questions that I would like to have answered, if you can, for the committee, on student loans.

The other question I want to ask now, and that is more of a verbal, and maybe somebody could answer that for me. If private vocational schools — I don't have the quote here but I will be getting it — my understanding is that you people, when you license a private vocational school, do a number of things. Before you license it, I understand you check the program, see what the program is like.

Number two, you check to see whether they have

qualified staff.

Number three, my understanding is that you check to see whether or not there's any possibility or reasonable possibility for jobs after they graduate. In other words, if the market is already flooded with a certain individual or certain people in a particular profession or job, then you look somewhat askance on the applicant.

My question, I guess, is this: how is it, if that is the case, that in some — and I want to underline "some" — some of our private vocational schools, that they can offer and get away with some of the programs that they are offering and still student loans are approved to these schools.

Let me give you an example. And by the way, I want to thank you people and maybe it was because of pressure that was being put on, but I want to thank you anyway for shutting down Bridge City in Saskatoon. I happen to believe there should be two or three others that should have been shut down at the same time, because the programs they are offering are very questionable.

Let me give you an example. We have a school, a private school, vocational school in Saskatoon is offering a security course and private investigators course. You would think that before they check out . . . before they take in a student and a student gets a student loan, that they would check to see or not whether the person has a criminal record, because there's no sense putting that person through that particular program if that person can't get bonded after.

And yet that happens, and has happened.

I had a student in my office the other day who's had a criminal record. He's gone . . . He almost completed the private vocation school but he quit because he ran out of money. That's another question I want to ask. And no way he can get a job in that particular area because he can't get bonded.

Why do we approve student loans, first of all, for such a school, and secondly, why would we approve a student loan for an individual that had a criminal record and is taking a security course or a private investigator's course?

Mr. Baker: — Well there's such a thing as somebody at a young age having a criminal record that can, down the road, conceivably have that put in abeyance and struck from the records. And just because he made a mistake doesn't mean to say he has to pay for it for the rest of his life.

A Member: — I know.

Mr. Baker: — And if they want to get into that field, I would see nothing wrong with it. Maybe it should be outlined to them that in fact they may have some difficulties with this; it's still around their . . . you know, encumbrance. But there is ways that they can . . .

Mr. Rolfes: — There's a time lapse has to occur.

Mr. Baker: — And they have to go before a judge and explain the situation.

Mr. Rolfes: — Well, Madam . . . or, pardon me, not Madam Chairperson . . . (inaudible) . . .

A Member: — Well that's questionable.

Mr. Rolfes: — Yes, okay. Mr. Chairman, could you answer some of those? And then I'd like to . . . I have a few more questions that I'd like to ask on that. Those private vocational schools really do concern me, and what's happening out there.

Mrs. Rourke: — Mr. Chairman, I believe the questions really would break into two categories as far as the department is concerned. First of all, there is the skills training division which deals with the licensing aspect of it, and then there's the student aid branch that deals with student aid.

So with your permission, I'm going to ask the people with me to break the questions into those two types of categories. And if we fail to answer specifically the questions that you wish to have answered, I hope that you point that out to us, because there are several questions . . .

Mr. Rolfes: — Before she answers that, I have one further question. I know she'll answer it . . . take it into consideration. Why is it that some of the schools don't have prerequisites? And by the way, we have proven that by sending someone there, to the schools. We've tried it in several schools. And, you know, once they get you into the door, some of them, you're in.

Mrs. Rourke: — I think that probably around admissions and the mature admissions policy that you're speaking to . . .

Mr. Rolfes: — Yes.

Mrs. Rourke: — . . . so we'll answer that probably along that vein.

But I'd like to ask Deb Achen if she will talk about the licensing, the questions that pertain to licensing, Mr. Chairman.

Ms. Achen: — In terms of your question, you went through a number of points that we do look at when we do license a school. And several of these were put into effect as of May 1, '89, when certain things were tightened up. And we're also looking at further things, through possible regulation changes, to have further requirements upon the schools.

When we look at things like checking the program and for qualified staff and whether there is a reasonable aspect for jobs, we look at the minimum requirements. And what comes to our attention are areas where there may be problems arising, and then at that point . . . Just because a school is licensed, it doesn't mean that they stay licensed. We could go in and do an in-depth program audit — for example, in the case of Bridge City College that you raised. So that is how some of the schools get approved and some of the problems come to our attention.

In the situation with a private investigator, why could somebody possibly take the course with a criminal record? We have investigated whether somebody with a criminal record could be precluded from taking such a course, and we are advised that we cannot preclude someone from taking such a course, because not all jobs that would use this type of credential would require someone to be bonded. Certainly many of the types of jobs would, but not all jobs. But it certainly is an area that we are looking at closely in terms of, if a number of students come out who are not being employed, what type of reflection is that in terms of the acceptance of the students into those programs.

Why is it that some of the schools do not have prerequisites? — your last question, in terms of the licensing area. All the schools do have prerequisites. It may be grade 12 for a certain program. One of the prerequisites may include, though, a mature admissions policy. And that may be some of the areas that you're referencing when a school accepts somebody on the basis of mature admissions, the same way that the university might when someone doesn't have a grade 12. And that's one area that we are looking at strengthening through our new regulations.

I might also add one other point. Since last year, I believe you're also aware that there has been a moratorium on any new schools or new programs being approved while we have the regulation review process in place.

Mr. Rolfes: — I understand that, and I certainly appreciate the moratorium, but it still doesn't solve some of the problems that are out there.

Adult maturity, I was well aware that that occurs, is simply an excuse for some of these schools to allow the people in. Adult maturity, for someone who example that comes off the reserve has possibly — and you know, I've met these people; they've come to me — has a grade 7 or 8 education and they require a grade 12 education to do the program, simply isn't good enough. Just isn't good enough.

Well I'm not . . . (inaudible) . . . Don't get me wrong; I'm not blaming you people. I'm really concerned about the schools out there. And many of them are good schools. What students say to me is they can't determine which are the good schools and which aren't. Once they get you inside the door, there's a real sales pitch.

You know, a former worker at one of these schools, she quit because she just couldn't stand to see so many of the students being ripped off. She said, my job was that when I got that student into the door, not to let that student out until I signed him up. That was my job.

In fact, we can't . . . well, I shouldn't say in fact . . . Rumours have it that some of the schools give increased merit pay to their staff for each individual they get into the school, their incentive. But, I mean, but these people are supposed to be counsellors to help the student, rather than to trick the student into signing and then not knowing what the program is.

I think we need to do . . . Manitoba and Alberta, by the

way, had the same problem until they've had very stringent regulations put in force about a year and a half ago. All I'm saying is, I think we better rush those regulations. Let's look at what Alberta and Manitoba have done. They have good regulations in place. Let's see if we can't get these regulations in place.

We need the private schools out there. And what I'm concerned about is some of the very good private vocational schools which have been existent for 70 or 80 years. They have phoned me, and their reputation is being hurt because some of the sort of fly-by-nighters.

Mr. Chairman: — Mr. Rolfes, it's now 10:30. Do you think that you're going to be another . . .

Mr. Rolfes: — Five minutes. Two minutes.

Mr. Chairman: — That's it for all of Education?

Mr. Rolfes: — Oh no, on this item.

Mr. Chairman: — Okay. Then we should probably adjourn.

The committee will adjourn until 8:30 a.m. Thursday, April 19.

The committee adjourned at 10:32 a.m.