

STANDING COMMITTEE ON PUBLIC ACCOUNTS
January 7, 1992

Mr. Chairman: — Before we get going with the next department, Mr. Paton has got something that he needs clarified.

Mr. Paton: — Mr. Chairman, in regards to the information that was requested for Executive Council, we discussed two items. One was salaries under \$20,000 and the other was payees under \$10,000. Were both those items required?

Ms. Haverstock: — May I speak to that, Mr. Chairman? I think it would help if I gave a broader context for this. One of the things that Mr. Anguish had raised is that very often one of the difficulties is identifying where some of the greater abuses may take place. In other words these may be through various departments, and so these \$20,000 or \$10,000 less payees are not really . . . we can't find them readily.

My request was for both of those for a reason. After all we're in the information age; we have computers. To generate a list such as this from Executive Council will at least provide one basis upon which we could then do comparisons across all departments of people who are being paid less than \$20,000 and paid less than \$10,000. It's much more easy for us to establish abuses that way.

Mr. Paton: — Okay. Yes, I just wanted that clarified. The second thing I would ask is whether or not we could consider a minimum limit; we might get quite a ream of information for very small dollar amounts. Could I suggest maybe salary payments at least over \$1,000 and say supply or payments over 500, just so we can eliminate a lot of the little things? Would that be acceptable?

Mr. Chairman: — The next item of business is the Department of Education . . . is it combined? . . . and the Institute of Applied Science and Technology. What has the auditor got to say here.

Mr. Van Mulligen: — Do you want a motion to go *in camera*?

Mr. Chairman: — I guess we should.

Mr. Van Mulligen: — I'll move we go *in camera* to consider the auditor's comments with respect to the Department of Education and SIAST (Saskatchewan Institute of Applied Science and Technology).

Mr. Chairman: — Is that agreed?

**Public Hearing: Department of Education
and**

**Saskatchewan Institute of Applied Science and Technology
(SIAST)**

Mr. Chairman: — Good evening. I guess, Eleanor, we'll ask you to run through your many assistants for the committee tonight:

Dr. Rourke: — Mr. Chairman, I'm pleased to introduce the officials with me. To my left is Rita Archer, the executive director of finance and administration; in the blue at the back is Donna Krawetz, the executive director

of planning and information; Deborah Achen, the executive director of skill training and adult education. Next to Deborah is the president of SIAST, Richard Mackie.

Beside Richard is the vice-president of finance and administration from SIAST, Harold Braun; John Biss, the director of institute liaison and curriculum development; and next to him Ivan Yackel, who's the assistant deputy minister of regional adult services. And in the back corner, Don Achymichuk who is an accountant with Education; and Don Trew, who's the director of administration.

Mr. Chairman: — Thank you, Eleanor. A piece of official business to do here before we get into it.

On behalf of the Standing Committee on Public Accounts, I want to welcome the officials of the Department of Education and also the Saskatchewan institute of applied sciences to the committee's meeting this evening. The officials should be aware that when appearing as a witness before a legislative committee, the testimony is privileged and that it cannot be used against the witness as a subject of a libel action or any criminal proceedings. Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect of anything said by them in their evidence.

However, all that is said in committee is published in the *Minutes and Verbatim Report* of this committee and therefore is freely available as a public document. A witness must answer all questions put by the committee. Where a member of 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. You are reminded to please address all comments through the chair.

Does the department or the institute wish to make any comments before opening it up to general discussion?

Dr. Rourke: — Thank you, Mr. Chairman. The only comment I would like to make is that I have invited the SIAST institute people here tonight, so that if you have specific questions on SIAST I'll ask them to take the microphone.

Ms. Murray: — Thank you, Mr. Chairman. Good evening. I would like to begin with the section on public accountability, .02 to .04. The auditor has expressed some concern that there was not timely preparation of financial statements for '89, and that this delay impaired the department's public accountability.

I wonder if one of you would like to comment on that, and tell us if any action is being planned to change that.

Dr. Rourke: — The annual reports from the student aid funds have been tabled for 1988-89, '89-90, and '90-91. Our '90-91 report was tabled in December. The '88-89 and '89-90 annual reports were delayed due to underestimating the length of time required to complete

the audit of the fund's financial statement. And we were able to have that completed in time to table the annual report at the appropriate time this year.

Ms. Murray: — May I go on to the next section? Section .05 and on to .10.

.05 The verification of the information contained in the loan and bursary application forms was insufficient.

Are you taking any measures to correct this?

Dr. Rourke: — Would it be acceptable if I spoke to the points really from .05 to .10 at once, because they tend to be somewhat the same?

Ms. Murray: — Okay, fine.

Dr. Rourke: — A post-payment audit plan has been developed with a private sector audit firm — Peat Marwick, to wit — and the Provincial Comptroller's office. The plan identified the critical areas for the audit unit to concentrate their resources. And I'd just like to add here that Saskatchewan Education is one of two financial aid units in Canada that have an audit department. So while we are continually improving the way that our audit department works, it, I think, is a step in the right direction that it is in fact there.

Anyway, as a result of this audit plan, the branch during the 1990-91 fiscal year initiated 285 confirmation of earnings audits and 400 post-payment audits which were designed to follow up on pre-payment edit routines that had identified data discrepancies. These investigations cannot be done on a pre-payment basis because they delay loan assessments to an extent where it would be unacceptable. The results of the post-payment audit indicated that many of the edit rejects were unsubstantiated when thoroughly investigated.

Ms. Murray: — Okay, if you go to .07 then, it says that:

... employees were only investigating approximately one in every twelve cases where differences were reported.

Shouldn't you try to look at all the cases where there were differences?

Dr. Rourke: — The investigation that is mentioned there is on a pre-payment basis, and if we investigate all data given on a pre-payment basis, we slow down the timeliness of student loans to an extent that isn't acceptable to the clientele. So instead of very very rigorous pre-payment audits, we conduct post-payment audits.

Ms. Murray: — Okay, thank you. Just another question about .08 that I just didn't understand when I was reading this: these investigations found unauthorized loans of 16,000 and 80,000 respectively.

Is 16,000, is that one loan or is that 174 cases and that was the amount, and 135 cases and that was the unauthorized loan? What I don't understand is, is that one loan 16,000,

or is that an adding up of these 174 cases?

Dr. Rourke: — Perhaps, Ms. Murray, I could. . . or perhaps, Mr. Chair, I could ask the Provincial Auditor if he would clarify that.

Mr. Strelloff: — Mr. Chair, Ms. Murray, my understanding is that those are the totals rather than individual amounts.

Ms. Murray: — I see.

Mr. Strelloff: — And that our point is that we would think that the department would have some way of estimating what the overpayments are in a plan sense or estimate the error rate and then be able to deal or keep the error rate in some sort of tolerable limits.

Dr. Rourke: — Mr. Chair, we have conducted over 500 audits so that we have some estimation of that.

Mr. Strelloff: — Mr. Chair, and that's my understanding for '91 I suppose rather than . . .

Dr. Rourke: — Yes.

Mr. Strelloff: — So you've changed your procedure since then.

Mr. Johnson: — This is a question, how much would — sorry, Mr. Chairman . . . to Peat Marwick and Associates in the year, is that in the year under review that they were hired to set up and assist them?

Dr. Rourke: — Yes it is.

Mr. Johnson: — What would the cost of their contract for this be?

Dr. Rourke: — Excuse me and I will find that.

Mr. Chair, I know we have this information with us. And perhaps we could go on, and we will get that from the officials and give it to you in a minute.

Mr. Chairman: — Is that acceptable Mr. Johnson?

Mr. Johnson: — Yes. In the same regard, what was it that they were actually doing? Did they develop a program for you or . . .

Dr. Rourke: — What they did was, because the audit function was a new function for student aid and the officials needed to know how to perform that function in the most efficient way, Peat Marwick actually did over 50 audits with the department staff and showed the department staff the best way to use their resources in conducting audits.

Yes they developed a system for the department to conduct audits along with the Provincial Comptroller's office.

Mr. Johnson: — So in essence they provided a short, educational course to the educational department.

Dr. Rourke: — Excuse me, Mr. Chair, the answer to the question is \$39,934.

Mr. Chairman: — I believe, Ms. Murray, you had a . . .

Ms. Murray: — Well I'm wondering if I could move on to the Northlands Career College section, unless someone else . . .

Mr. Chairman: — Oh, okay.

Mr. Van Mulligen: — We had an explanation earlier from Mr. Kraus. I think it's useful to have this on the public record. If you could explain . . . Over the years we've had significant problems reported to us by the auditor with respect to student aid administration. And I wonder if you might sort of explain some of the changes that have taken place over the years which might have resulted in some of the auditor's comments, and what your prognosis is for the future in terms of the administration of this unit.

Dr. Rourke: — We have had a new computer system installed that allows us to do different kinds of audits. But to give you the specifics, if I may, I'm going to ask Mrs. Archer if she will respond to you.

Ms. Archer: — Could I ask you to restate your question very briefly?

Mr. Van Mulligen: — It was explained to us that for years you didn't have a student loan program but you had a student grant program; you simply provided grants; that you're now providing loans; that the last number of years that there is a not insignificant increase in the work-load, both in terms of scope, and I guess amount, for the student loan program. And it resulted in, I guess, maybe an administrative lag, and that this has resulted in the problems that the auditor has been reporting on over these last few years. And I guess we're interested to know what the prognosis is for the future in terms of dealing with this. Obviously the audit that you now provide or you've arranged for is part of the solution.

Ms. Archer: — There's no doubt that the major program expansion that took place in '86-87 really stretched the branch's resources in terms of being able to administer the program. That came on the heels of a fairly dramatic increase in loan assistance.

In the last 10 years, the amount of provincial assistance authorized has increased tenfold and the number of students assisted has tripled. Now when the program was expanded and bursaries were eliminated and forgivable loans were put in place — and the free assistance, as we call it the non-repayable portion, was targeted very much at high-need students — the needs-based angle of the program became more complex. Loans are much more complex to administer compared to bursaries. When you have a bursary you assess the need and then you pay the bursary and that's it; whereas, with a loan you track it all the way through.

And in this program, because loan forgiveness is contingent on successful completion and any number of other factors, it's very complex to administer. I think the fact that the program is currently dealing with about

30,000 students today in one . . . you know, at one stage of their studies or another. There's about 15,000 who are in repayment and about 10,000 who are in school, receiving loan assistance; and then about another 4,000 that are what we call in their period of grace. They've finished their program but they haven't started repayment.

So it's a needs-based program which by definition is complex. And the numbers are there, and the ongoing relationship that comes with a loan program as opposed to a bursary program has had implications as well.

Dr. Rourke: — If I may add to that, in terms of just one more statement about the complexity, there are 6 to 7,000 new students coming, receiving loans every year, so that you can see that the numbers really get to be enormous. But some of the ways of addressing that are to have a better computer system to be able to handle the verification of information and the post audit work much more efficiently.

Other ways of addressing that are to reassess the complexities of the program and simplify the program. And one of the things that we're looking at now with our minister is that — just trying to assess whether this is in fact the best way to administer student aid.

There are various programs across the country and we need to be sure that what we're doing is the most efficient way of spending the taxpayers' money, and we will be doing that.

Mr. Van Mulligen: — I guess my concern would be, if I might, Mr. Chairman, is that developing a sense in the last number of years that your preoccupation is far more with the administration of a program such as this than perhaps other educational matters, I might say that with all respect, in that the preoccupation of the department is fixed on these administrative items and I question whether you perhaps should be in that business at all. That's just an editorial comment and you don't have to respond to that if you don't want.

Dr. Rourke: — Mr. Chair, would you allow me to respond to that comment.

Mr. Chairman: — By all means.

Dr. Rourke: — There is a section of the department that deals with nothing but this. It's like having a complex organization where you have one branch that has a certain function. Because this function is a monetary function, it tends to be highlighted in this particular arena, as do the complex programs we run in improving student learning, that are not highlighted because they're not monetary in the same sense.

So I would be very discouraged if I felt the main focus of the department was handling student assistance. I see that as a branch or a segment that is very necessary but not the main focus of providing educational services.

Ms. Murray: — Mr. Chairman, may we move on to . . . Since sections .11 to .20 have been resolved, may I move on to the Northlands Career College?

Mr. Chairman: — As Ms. Murray said, those areas from .11 to .20 have been resolved. Does anyone wish to make a generic comment on those areas at all before we move on beyond them? If not, we'll go to section .21 then.

Ms. Murray: — Thank you, Mr. Chairman. Again, the Provincial Auditor has expressed concern about reliable accounting records in the Northlands Career College, and I wonder if you have suggested to Northlands that they are working on putting suitable rules, accounting rules and procedures in place.

Dr. Rourke: — Northlands College is taking steps to set up an integrated, computerized accounting system. Payroll and accounts payable are now running on the computer and have been integrated with the general ledger.

Design of the accounts receivable system has been completed. Opening balances and current year transactions are now being entered into the system. Monthly bank reconciliations and accounts receivable reports will be prepared as each month's information is available.

It's expected that the system will be current in 1992 and that management and the board will have the information necessary to properly control the operations of the college.

Ms. Murray: — This is being put in place now, you said?

Dr. Rourke: — Some of it is in place now, and some of it is still in the process of being finalized.

Ms. Murray: — Thank you. Then I wonder if in section .24, this is just something I didn't understand and I wonder if you could explain this to me:

... the College does not systematically compare the money it receives from funding agencies to the amount recorded as owing from these agencies.

Dr. Rourke: — Procedure to review the program accounts receivable and the deferred revenue entries which is basically what that's referring to, on a monthly basis, has now been implemented. So that has been remedied.

The practice of a monthly review, program review, includes all aspects of program activity as it relates to both income and to expenditures, including comparison to budget documentation. This review is carried out by the respective program director with the accounting staff.

Ms. Murray: — I see. Thank you. And if I could just move to .26 where the auditor says that:

In our opinion, the lack of control procedures to ensure accurate financial statements could result in incorrect decisions by the Board.

Are you aware that any so-called incorrect decisions have been made by the board as a result of these lack of control procedures?

Dr. Rourke: — Not to my knowledge. But I do understand the concern that is mentioned in the report, and those concerns have been taken into account and the correct procedures are now in place.

Ms. Murray: — Thank you. I have no more questions on that section, Mr. Chairman.

Mr. Chairman: — Anyone else on this particular series of sections? All right, .27 and .28 have been resolved to satisfaction of the auditor. Perhaps we could move on to, unless there's a comment generically on those two, we could move on to .29 to .37.

Ms. Murray: — Thank you. Mr. Chairman, .29 to .32, again the rules and procedures question not being adequate, is the same sort of computerized program being done to include segregation of duties?

Dr. Rourke: — Prairie West Regional College is a small entity. And to assist in the segregation of duties, they've increased their accounting personnel from 1.6 to two full-time equivalents ... or they did increase as of July 1, 1989. This helped alleviate the problems that were noted.

Mr. Sonntag: — Thank you, Mr. Chairman. Just a general question, I guess. I've been noting the concerns with each college and just wondering if the resolution to all of these problems is — how shall I say? — is the same resolution at each college, or is each college trying to solve their problems on their own. Is there some co-ordination taking place?

Dr. Rourke: — The regional college principals and senior staff meet together every month. They also have department staff at their disposal to help them solve problems, but some of their problems are unique to their particular programs, their income, and outflow of resources. So while they're separated geographically, in reality they work together relatively closely.

Some of their financial problems are dependent on not hiring enough staff, being fairly junior colleges in terms of length of time that they have been established.

Ms. Murray: — Just to go back to my previous question, do you feel that now the college does have sufficient accounting personnel so that, you know, there isn't the possibility of one person being able to conceal an error or fraud?

Dr. Rourke: — I wouldn't like to speak with great confidence to that point because I would think in many operations that's possible. We would hope that the duties would be segregated to the extent that that would be unlikely, and we believe that to be so.

Ms. Murray: — Thank you. I have no more questions on that section.

Mr. Chairman: — If there are no other questions in that area, sections .37 and .38 have also been resolved to the satisfaction of the auditor ... (inaudible interjection) ... oh, I'm sorry. I've jumped to shift here. I believe .33 to .36 is where you wanted to go next.

Ms. Murray: — Yes I have some questions. I just wondered if anyone else had a question on .29 to .32, Mr. Chairman.

About the Saskatchewan Indian Regional College, as I read through that, and I'm certainly not experienced in accounting or finance, but it seemed to me that there were hardly any financial controls at all on the Saskatchewan Indian Regional College. For instance the members of the board are required to be appointed by the Lieutenant Governor in Council and three persons regularly taking part in board meetings were not appointed in that way. Why were these people even there?

Dr. Rourke: — This is a complex question that we hope to resolve. It's a jurisdictional dispute. The Regional Colleges Act allows for seven members; however the Saskatchewan Indian Institute of Technology Act passed by the legislative assembly of Chiefs allows for 10 board members. The Regional Colleges Act will be reviewed probably in the next year because it calls . . . The Regional Colleges Act calls for a review of the colleges every five years and we're getting toward the time that that Act will be automatically, if you will, reviewed. And so we hope to resolve it at that point.

This is an ongoing problem. The auditor will probably remind us that he has cited this before.

Ms. Murray: — Are you saying then that the board will be increased by three people?

Dr. Rourke: — We have at this point to resolve this with the Saskatchewan Indian Institute of Technology. I'm not sure what that resolution will be. I am aware it needs to be resolved in a consultative kind of way.

The Saskatchewan Indian Institute comes under The Regional Colleges Act but is not funded by the provincial government in any way. It's totally funded by the federal government. So we don't have the same controls. Nor do they recognize that the provincial government has the right to require them to conduct themselves in certain ways.

Ms. Murray: — Oh, I see.

Mr. Johnson: — Mr. Chairman, I'd like to ask the auditor then, having just heard the one statement here, what is the reason for it being in the report at all if the funding is not provincial funding?

Mr. Strelieff: — Mr. Chairman, Mr. Johnson, the college is subject to the provincial Regional Colleges Act, and the colleges Act requires a number of approvals by the minister in charge. And we go out, audit, and find out if those approvals are not in place. So we're reporting to you.

Mr. Johnson: — In essence, okay, it's jurisdictional basically on education, who has control of education. And I'd assume that wouldn't let that . . .

Mr. Chairman: — You're still paying the bill.

Mr. Johnson: — The paying of the bill is not the problem. I'm wondering why . . . I would assume that there's an audit being held from the federal government as well, if they are funding the money.

Mr. Strelieff: — Mr. Chairman, Mr. Johnson, no, not on the college itself.

Mr. Johnson: — Okay. Is there another audit being held? Is the Prairie West Regional College audited in any other way?

Oh, sorry I'm in the wrong one here. Yes, Saskatchewan Indian Regional College.

Mr. Strelieff: — Mr. Chair, Mr. Johnson, we do the audit at the regional college or the Indian Regional College through an appointed auditor. The Auditor General of Canada would probably want that auditor to submit a cost-sharing claim of some sort that the appointed auditor would also do that work. So in that sense the one auditor is reporting to two legislative auditors, but it's the one audit.

Mr. Johnson: — That is what's taking place, that he is reporting, he is reporting to two places or is that what you're assuming?

Mr. Strelieff: — Mr. Chairman, Mr. Johnson, my understanding is that's the way it works.

Mr. Johnson: — That's the way it works.

Ms. Murray: — Thank you, Mr. Chairman. Is the fact that it's funded by the federal government then, the Saskatchewan Indian Regional College . . . does that have something to do with why the Minister of Education's approval was not sought for the purchase of term deposits or the approval of the budget before it was adopted by the board?

Dr. Rourke: — Yes, that's why. The province doesn't provide any funding and therefore the Federation of Saskatchewan Indians ratifies the budget and believes that they are the ones that are accountable.

I would point out again, we have a jurisdictional problem here because this still falls under our Regional Colleges Act and yet we don't comply with the Act.

Ms. Murray: — Thank you.

Mr. Chairman: — Would anyone, Eleanor, under this, in this particular institution be receiving financial assistance from the provincial government in the way of educational assistance either through your department or through the Department of Social Services or Indian Affairs?

Dr. Rourke: — It would be my understanding that these would be status Indians attending this institute. And in that case, to the best of my knowledge, they wouldn't be receiving provincial funding. But I can check that, if I am in error inform then.

Mr. Chairman: — As you know there's a . . . of course in

the year under review, C-31 was at that time not in. So the definition of status was very narrow — a lot narrower than it is today. My guess is that in the time frame that we're reviewing here, you very well might have been offering assistance at some way through a provincial institution, and as yet we know the C-31 process has not come to an end, in this province anyway. I'm just curious if you were providing any type of assistance in that way. You, I believe, have a legitimate right to be involved in the perusal of the institution.

Dr. Rourke: — We'll certainly check that and inform the chair if that is so.

Mr. Chairman: — Thank you.

Mr. Johnson: — Mr. Chairman, with this college, what is the reason that it is here besides just the legislative requirement for them to be under some Act to be formed? Is that the only reason that they fall into here?

Dr. Rourke: — They fall under The Regional Colleges Act at the present time . . .

Mr. Johnson: — Because they are . . .

Dr. Rourke: — Delivering post-secondary programs in the province.

Mr. Johnson: — And that is the only way that the person who receives the paper . . .

Dr. Rourke: — Certification.

Mr. Johnson: — Okay, would be recognized is if they are as part of that. Is that . . .

Dr. Rourke: — That would be my understanding, but let me check with my officials, would you, and I'll just make sure that that's their understanding.

I'm informed, Mr. Chair, that the reason that they're there is because of certification and standards. In other words, they deliver adult basic education that is certified by the province, which is I believe . . . would have been your understanding.

Mr. Johnson: — Okay, and the only way that that occurs is if the institution is incorporated or whatever under this particular Act.

Dr. Rourke: — The province retains the right to certify all education and to set the standards. So, yes.

Mr. Johnson: — Are there any private colleges in the province then that would be delivering the same . . . would deliver a program of the same thing where there'd be a certificate issued?

Dr. Rourke: — Private colleges are . . . private vocational schools are not allowed to deliver adult basic education, which is what the primary program of this college would be.

Mr. Chairman: — All done? As I said, .37 and .38 have been resolved to the satisfaction of the auditor. If anyone

wishes to make a comment on those areas, feel free to do so at this time. If not, perhaps we can move on to chapter 30 and do a motion at the end I believe, to deal with both of them. Would that be appropriate? And we'll simply . . .

Mr. Anguish: — Mr. Chairman, if there's questions that pertain to the Department of Education, rather than going to chapter 30, could we ask those now?

Mr. Chairman: — Okay, sure. If you'd rather. I was going to wrap it up both at the same time, but if you'd prefer . . .

Mr. Anguish: — I wanted to ask some questions about student loans.

Mr. Chairman: — If you'd prefer to do that, that's fine.

Mr. Anguish: — I have some concerns about student loans I'd like to get some answers for. I'm wondering what percentage of student loans during the period in review were made to students to attend private vocational schools?

Dr. Rourke: — Mr. Chair, for the 1989-90 loan year there were approximately 17,840 students in the province; 2,073 of those students were in private vocational schools, in other words 11.6 per cent of the total students. They were authorized \$16.9 million out of a total of \$94,000,281, in other words 17.9 per cent of the money allocated in student loans that year.

Mr. Anguish: — And what percentage of students went to vocational schools? You mentioned that as well, I'm sorry I didn't . . .

Dr. Rourke: — Eleven point six. I'm sorry, oh yes, of all the students who received loans. I am speaking of just the students who received loans.

To start with, I believe about 60 per cent of the students who attend any post-secondary schooling apply for and receive loans. So we're looking at 60 per cent of the students to start with. But of the students who applied for and received loans, 11.6 per cent of those students went to private vocational schools.

Mr. Anguish: — And that 11.6 per cent received 17.9 per cent of the funding available under student loan.

Dr. Rourke: — That's right. That's correct.

Mr. Anguish: — Can you tell us a little bit about a program that I don't understand all that well, it's called special incentive program loans?

Ms. Archer: — The special incentive program is the . . . it's for disadvantaged students. Those students are defined as single parents, custodial single parents, native students. Until this year they were also . . . disabled students were also included in that category. As of this year, all financial assistance for disabled students is coming under VRDP (Vocational Rehabilitation of Disabled Persons), which is a federally cost-shared program, so the disabled are no longer included there. The last category is Northerners, northern students.

Now special incentive students receive . . . are eligible to receive higher levels of assistance than non special incentive students, and they are also eligible to receive loan remission, which means that . . . as well as loan forgiveness, and what that means essentially is that they can receive more money than a regular student and they will have more of it forgiven than a regular student.

Now loan remission and forgiveness is contingent on successful completion of the course.

Mr. Anguish: — Is there a set formula you follow, or is there some discretionary forgiveness and remission?

Ms. Archer: — No, it's a set formula. The remission on the Saskatchewan student loan is eligible . . . students are eligible to receive that for their first 60 weeks of post-secondary study. And as far as forgiveness, all students are eligible to receive that if they have a high need, for 165 weeks, which is approximately five years of university. And the last is the special incentive supplementary allowance, which is the last amount of money that they can receive. Normally it would only be single parents who would ever have a high enough need to tap into that money. And that is all forgivable as well for 165 weeks. So you've got the very . . . you know the heavier, free money for 60 weeks and then the rest for 165 . . . up to 165.

Mr. Anguish: — There'd be four components with four categories that funds could be accessed if you met the proper qualifications through this special incentives program? Well you mentioned the supplemental allowance. There must be some basic kind of allowance?

Ms. Archer: — Yes. There is. That's right. All students first receive the Canada student loan. That's true for every student in Saskatchewan. They have to borrow the maximum from the federal government before they're eligible for provincial assistance. So that would be the first piece of money. That's \$105 a week. And all students have to repay that, special incentive or not.

And then the next pot of money, as we call it, is provincial loan money — \$75 a week. That's the portion that special incentive students are eligible for loan remission for that amount for their first 60 weeks of study.

Then we go to the forgivable Saskatchewan student loan which is \$70 a week. And forgivable loans are available to all students if their financial need is high enough, whether they're special incentive or not.

And then the last pot of money is the \$110 a week. And that is available only to special incentive students. That too is forgivable for 165 weeks. And it's that last \$110 that I mentioned previously is normally accessed by single parents because they're usually the ones whose needs are the highest.

So in total you're looking at \$360 per week of study.

Mr. Anguish: — For students who qualify for the special incentive program loans, what percentage of those students would have attended vocational schools . . . private vocational schools?

Ms. Archer: — Well we know that a disproportionate number of special incentive students do attend private vocational schools.

Mr. Anguish: — Why do you think that is?

Ms. Archer: — Partly perhaps because of the pressures on the public institutions; partly because of program choice. Their programs are shorter — a year, two at the most. And often these students are anxious to get their training and get into the work-force. You know, four years at university may seem a little too long or too expensive. There are a variety of reasons.

Dr. Rourke: — I just emphasize the programs tend to be less complex. For instance, you can take pilot training . . .

Mr. Anguish: — Is that just not as high a quality education?

Dr. Rourke: — Pardon?

Mr. Anguish: — Does that mean it's not as high a quality education?

Dr. Rourke: — The private vocational schools, Mr. Chair, are private businesses run as private businesses. They are regulated, and in fact the department has regulated them both through regulations that were passed in this past session, but also constricted their activities through certain qualifications they must meet before their students can get student loans.

In other words, to get a student loan to go to a private vocational school, the school must be registered and it must have been in operation for 12 months before the students become eligible for Canada student loans, and 18 months before they become eligible for the special incentive loans or the Saskatchewan student loans.

So they must have in some way been able to show that they meet the criteria. One would not want to be in a position of trying to pass judgement on the quality of education of 49 different private vocational schools as compared to the class-rooms at SIAST or some other place.

Mr. Anguish: — Programs just aren't as complex, right?

Dr. Rourke: — They certainly are complex.

Mr. Anguish: — The private programs aren't as complex.

Dr. Rourke: — I think most of the private vocational schools tend to run shorter programs, yes, simpler programs with lower skill levels. But I'm generalizing there and that may not be fair, but that's my impression.

Mr. Anguish: — And therefore the quality of education, I would have to think, is lesser in private vocational schools.

Dr. Rourke: — It's certainly different. The goals are different and the programs are different.

Mr. Anguish: — Is it also unfair of me to ask you to make a judgement on private schools? So I'll go back to my original question, that was what percentage of student loans under the special incentive program went to students attending private vocational schools?

Ms. Archer: — I don't think I can give you the answer to that question exactly, but maybe something like it. When we looked at . . . we didn't look at special incentive students per se, but we looked at students who were authorized forgivable loans because that's non-repayable assistance, and a large proportion of special incentive students get forgivable loans in terms of what type of school those students were attending.

And in '89-90 we found that private vocational schools, that 76 per cent of their students received some loan forgiveness.

Mr. Anguish: — Would you state that to me again, please?

Ms. Archer: — Seventy-six per cent of the students attending private vocational schools in 1989-90 were eligible to receive some loan forgiveness.

Mr. Anguish: — Is it possible, or is it a complex task, for you to provide us with the information as to what percentage of the special incentive program loans went to vocational school students, private vocational schools?

Ms. Archer: — I think those were the numbers we gave you earlier.

Mr. Anguish: — Well it's not the question I asked for, I don't think. I asked you about student loans. I assume that you keep some kind of accounting for student loans in general.

Ms. Archer: — In total?

Mr. Anguish: — In total. But there would be the regular stream student loans?

Ms. Archer: — Yes.

Mr. Anguish: — What I'm asking about now . . . I assume that the answer to the first question was general student loans. What I'm asking is under the special incentive program, those loans, what percentage of that fund went to students who attended private vocational schools?

Ms. Archer: — We'd have to calculate that. But if we use the figure from '89-90 that says that 76 per cent of the students at private vocational schools were eligible for some sort of forgiveness, and apply that to the fact that in that same year we know they got about \$17 million worth in loans, you can see that they're eligible for a disproportionate number, amount, of loan forgiveness, partly because it goes back to the fact that they have a disproportionate number of special incentive students which are defined as high financial need students.

Mr. Anguish: — We're either talking about two different things or else I'm not communicating to you properly. When you say 76 per cent of the students that went to

private vocational schools were eligible for some kind of loan forgiveness, that's fine. I want to know if all the students who got money from the special incentive program — some would go to private schools, some would go to university, some would go to SIASST — I want to know how much of that pool of funds went to students who attended privately operated vocational schools.

Dr. Rourke: — Mr. Chair, I believe Mrs. Archer was estimating from the figure she had in front of us. I think it would be more satisfactory if we gave you definite figures, and I would like to get those figures for you.

Mr. Anguish: — Yes, if you could provide that in writing when it's convenient for you to do so that would be acceptable.

Do you have a set of guide-lines for the terms of the loans? I don't understand how the forgivable portion actually works yet. So when you give me these figures for Canada student loan, \$105; provincial student loan, \$75; forgivable, \$70 per week; and a supplemental allowance, \$110 a week — in terms of the repayment of that and how much is forgiven, is there discretion there? Is there a standard formula that everyone . . .

Dr. Rourke: — Mr. Chair, those guide-lines are published and we would be pleased — there's no discretion — and we would be pleased to forward them to you so that you have them at your disposal.

Mr. Anguish: — I imagine they would be in the application forms when the students apply so they know what the repayment terms are and what they have to do to meet their eligibility for forgiveness.

Dr. Rourke: — There is a guide that goes with the application form, and they're in the guide. They're with the accompanying material.

Mr. Anguish: — Okay, that's fine.

You may have mentioned this earlier in the first question I asked of you, but what is the aggregate amount of loans forgiven for students that attended private schools? What dollar amount in the year under review would have been forgiven for students that attended private vocational schools?

Dr. Rourke: — Mrs. Archer was estimating when she gave you that figure, so I would prefer to be a little more accurate in it. It would, I would believe to be about three quarters of the money given out that would be eligible, but how much was actually forgiven, I think would be another matter, and I would like to get you accurate figures if that's acceptable, Mr. Chair.

Mr. Chairman: — Is that acceptable?

Mr. Anguish: — Yes it is.

In terms of the repayment of student loans in the year under review, what would be the delinquency rate, or how do you track delinquency rates on loans? Or do you? Do you leave that to the financial institutions?

Ms. Archer: — Well in the case of provincial assistance, of course, we are the bank, so we collect . . .

Mr. Anguish: — I didn't know you're in the banking business. It's good to know.

Ms. Archer: — Well we collect the loans. The banks deliver and collect the Canada student loans, but Saskatchewan student loans are all administered by the student financial assistance branch.

Mr. Anguish: — I wasn't aware of that.

Ms. Archer: — In terms of assessment, you know, disbursement, collection, repayment.

Mr. Anguish: — So you are the bank and you track the defaults.

Ms. Archer: — Yes, we do.

Mr. Chairman: — If you're real good at it, ACS (Agricultural Credit Corporation of Saskatchewan) would like to talk to you.

Ms. Archer: — Since the program's inception, the Saskatchewan student loan program, the cumulative default rate is approximately 15.5 per cent of all student borrowers. This translates into about 19.7 per cent of repayable dollars. Now I think it's important to note that this, the loan default rate, is not equal to the loan loss rate because collection activity does continue on loans that go into default. The net loan loss rate is probably closer to about 5 per cent, which, as we understand it, is pretty comparable with commercial lending institutions, who usually have between a 4 and 5 per cent loan loss allowance.

The corresponding figures for the Canada student loans program, which most provinces, including Saskatchewan, use as their reference point because it's the program that's been around the longest, their student loan default rate is about 16 per cent and that translates into about 14.3 per cent of their dollars.

Mr. Anguish: — How about net loss with the Canada student loan?

Ms. Archer: — Pardon me?

Mr. Anguish: — What about net loss?

Ms. Archer: — It's about 5 per cent as well.

Mr. Anguish: — What percentage of that would apply to private vocational schools? What portion of those loan losses, or defaults, whichever term you want to express it in.

Ms. Archer: — In the year under review, '89-90, of the 1,544 loans that were in default, approximately 35.6 per cent or 550 were students who had attended private vocational schools.

Subsequent to that was when we introduced the new loan designation criteria for private vocational schools and

made it one of the requirements for them to maintain their eligibility — well not their eligibility, but their students' eligibility for loans — that they had to maintain an acceptable default rate.

And we've been working with them in the past year to first of all to determine what their default rate is by school, and then to share that information with them, and where we felt it was too high, to give them an opportunity to take whatever measures they thought best to try to bring it down — with the understanding that it had to be at an acceptable level if they were to maintain their eligibility for student loans.

Mr. Anguish: — Do you have a list of those defaults by private vocational school?

Ms. Archer: — A listing by school, you mean?

Mr. Anguish: — Well you said some of them were high. You indicated some were unacceptable to . . . You wanted some better control, some better regulation, I assume. And you must be able to track private vocational schools by the number of defaults that they have. And I'm asking you if you have a list you could provide the committee with of specific private vocational schools and what their default rate is.

Ms. Archer: — Not for the year under review we don't. We will be in a position, you know, to produce that for every school eventually. But our computer system isn't able to do that at present.

Mr. Anguish: — Would you be making that information available to the public?

Ms. Archer: — At this point, the department's policy has been to share it with the schools and to give them the opportunity to rectify it.

Mr. Anguish: — It would be nice also if you shared it with the students so they'd know which schools to go to and which ones maybe they wouldn't want to go to. I'm just wondering if the department has given any thought to sharing it with students as well as the schools?

Dr. Rourke: — I believe, Mr. Chair, that this was a serious problem and that there have been steps taken to rectify this. But I also believe your point is very well taken, that one of the reasons that students default is that they don't complete their program. And if they don't complete their program there are all kinds of possibilities. But if you get a very high default rate from a school, then I would certainly want to look at the quality of education of that school. So I appreciate the point that you're making, and the answer to your question is yes, we will consider that.

Mr. Anguish: — Okay. About the only way I would . . . I'd assume about the only way that a school could control the default rate is by making sure the student stays in through the program. Is that correct, or are there other things that they can do to ensure after that student leaves their institution that they actually pay their student loan?

Dr. Rourke: — There are several things they can do. They can, first of all, be sure that the student is registered in a

correct program, that the student has the qualifications to complete and the ability and the background to complete the program that the student registers in, that he or she is interested in that particular program.

So I'm really talking about pre-registration counselling. And we have encouraged private vocational schools to be much more strenuous in that pre-registration counselling.

We've also been very particular about not allowing students to stay in private vocational schools an unusual length of time, in other words to move from course to course without really increasing their skills when it came to applying those skills to a job after they graduated from that private vocational school. So there are career counselling matters that I think play in here.

The other thing is attendance. A student is much more likely to complete successfully if they attend, and we ask private vocational schools to in fact take attendance and to be sure the student's attendance is acceptable.

Mr. Anguish: — The answer that you gave me in terms of the defaults, it seems very high from private schools as compared to the public institutions. Are those figures for the year under review?

Dr. Rourke: — I believe those figures are from '88-89, which is really previous to the year under review, and I was just pointing that out to Mrs. Archer. But we do track those default rates, and it's my understanding that those default rates are decreasing. And we believe that 35 per cent is much too high.

Mr. Anguish: — Is much too high?

Dr. Rourke: — Is much too high.

Mr. Anguish: — What's the average size of a student loan for a student in the year under review that goes to . . . for university, for a SIAST program, and for a vocational program?

Dr. Rourke: — Mr. Chair, we have a great deal of data here about different institutions but we don't have the exact answer to your question. We would be pleased to get that.

Mr. Anguish: — And of course provide that along with the other commitments that you've made.

Dr. Rourke: — As quickly as possible.

Mr. Anguish: — I have no further questions on this section. I have some other questions on SIAST though when we get to that, Mr. Chairman.

Mr. Johnson: — Mr. Chairman, I have two questions that I'd like to bring up referring to sections .33 to .38, if the committee is agreeable. Basically the question I want to ask first of all is that I'm told, if I understood what was said here today correctly, there is no provincial funds going directly to the Saskatchewan Indian Regional College?

Dr. Rourke: — Mr. Chairman, I said I believe that to be

true and that I would verify that. And if I was incorrect in that belief, I would forward that information to the committee immediately.

Mr. Johnson: — Okay. In that particular respect, Mr. Chairman, and being a farmer yourself, and that's where I come from and that indicates that payments to lawyers and accountants there always appear to be an expensive item with very little return.

I am asking the auditor if auditing, in that a lot of requests that the auditor has put forward is access to doing audits for things where provincial money is flowing back and forth, and if he would take a look at something of this nature where there is no provincial money involved at all and perhaps write into the audit report of a previous year, not to be involved in auditing something that is not of economic consideration to the province. And I say that in the sense that neither end here has a finite statement as to whether there is actual money flowing or not.

Mr. Strelloff: — Mr. Chairman, Mr. Johnson, in our Act which is in the appendix I of our report, the regional college falls under the definition of a Crown agency which then means that we have to carry out the audit. So if you want us not to look at that regional college, you would have to somehow make a change to the Act saying that we shouldn't.

Mr. Johnson: — Yes I understand that that would require total things. What I'm saying is that it is not uncommon and found in this book where indications have been made by yourself that you should have better access for auditing other areas of government because there is money flowing there from the province that isn't found.

In this particular case, exactly the opposite occurs — no money flowing. Why is the province paying for an audit? The only reason is, I can interpret it is, that the program certification is the part involved. And so I'm asking whether in consideration and looking at it that you indicate whether or not there is any reason for it being audited.

There is a reason, of course, there is the Act. But I mean a reason why you would audit . . . why the provincial government would be paying any money for auditing something where they have no money involved in. So that's . . .

Mr. Strelloff: — Mr. Chairman, Mr. Johnson, I understand the concern. I think it relates to Mrs. Rourke's concern about who is exactly responsible for this college. There's a jurisdictional problem. If it all relates to the federal, then the federal people probably should take over.

Dr. Rourke: — Mr. Chairman, if I could just make one comment. The province is responsible for education and therefore retains the right to set the standards and set the certification, and we guard that right jealously. So . . .

Mr. Johnson: — But I agree. But that has nothing to do with the money involved.

Dr. Rourke: — Yes that's true.

Mr. Johnson: — If it costs the federal government four times the amount of money to meet the certification of the province, so what? They can pay their auditor to look after that.

I don't know. It might only be a day and a half of auditing time, but I mean . . .

Mr. Sonntag: — Thank you, Mr. Chairman. Just tagging on to what my colleague, Mr. Anguish, had to say, a question regarding the private schools again.

If there's any question as to the viability of a private school, would there be any — how do I say? — hesitation in providing loans for students? I can maybe anticipate your answer, but I'd like to hear it just the same.

Dr. Rourke: — The answer is a simple yes. There are several ways of showing that a private school is in trouble, if you will. One is their inability to post bonds, and they can't be registered without posting bonds. Last year we increased the upper limit of the bond fivefold to \$50,000. So they have to register every year now, and they have to post their bond. So there are several signs that they're in trouble.

Once we know a college is in trouble — and I think the department is getting more sophisticated in our way of approaching this, and more capable of discerning when a private vocational school is in trouble — the department staff has the right to move in or to ask auditors to move in and find out if indeed they are in financial trouble. We can suspend their right to operate if we think that that's the case.

The other thing that, for instance, the department did last year when Gateway College collapsed in Prince Albert was that we worked with the students to find them places in SIAST. And the SIAST people were very helpful. So we moved them from a private to a public institution at no cost to the students. So we try to accommodate the students in every way we can. It's certainly not foolproof.

Mr. Sonntag: — I'm not sure that quite answers my question, Mr. Chairman. What I'm asking is, would a student have more difficulty in getting a loan at a school that you anticipated viability problems in?

Dr. Rourke: — The answer to your question, as I understand it, is that if a school is registered and meets the criteria for registrations and it's operated for 12 months — or for 18 months in the case of Saskatchewan students loans — then it's viable. If we have any reason to suspect it not being viable, it's our responsibility to take action.

Mr. Sonntag: — Okay, thank you.

Mr. Chairman: — Ms. Rourke, one thing that has troubled me in the last few years — and I know you've changed your criteria vis-a-vis farm families and net worth and that sort of thing — but I still find a lot of circumstances, because of the downturn in agriculture, where farm people are finding it increasingly difficult to keep themselves whole. Where their children find it very difficult to achieve student loans because of physical assets that don't necessarily mean a whole lot these days.

And I think given that — and I think most people in my part of the world would say that a disproportionate part of the educational tax system is borne by land right now — that given the percentage of tax paid in relationship to the total amount of student loans granted, that there maybe has to be a look at criteria again if the agricultural situation continues to stay in the state that it is.

I often hear the comment made, and I'm sure it's as applicable in '89-90 as it is today, that this stuff has been paying educational tax for four generations in a fairly large way and yet my kid can't get a student loan. And I just wish you to comment on that.

Dr. Rourke: — Mr. Chairman, first I would like to make what may sound like a facetious comment, but because I empathize with the difficulties that MLAs (Member of the Legislative Assembly) in all parties find themselves in with respect to student loans, I would like to say that very few people thank the department for student loans, and I would hazard a guess that very few people thank MLAs for student loans. But if student loans aren't forthcoming one hears about it.

Parental assets are not considered as criteria for student loans. In other words, as a farmer, if your land were worth X amount of dollars, that isn't one of the criteria. Your income from farming is. So net assets, parental net assets, are not considered, but parental income . . . in fact, income statements are asked for, parental income tax statements are asked for.

Mr. Chairman: — But the problem that is arising is that you get a disproportionate part of farm income being derived from depreciation of assets these days, assets that are absolutely fundamental to making a living. You have no choice but to own them. They're living off of that depreciation because of the lack of income basically coming in other ways. So the penalty is double if you will.

You have a combine that's wearing out. You're living off the depreciation of it. You've got to replace it at some point in time and your kid has to get an education. That's why I get the comment thrown at me. Besides that I'm paying all these educational taxes of which I have seem to have very little control over the damn mill rate. And it is a very difficult situation for you I realize, but I think one that we must think about, given our situation.

Dr. Rourke: — The minister is working with the other ministers of education, with the federal government, to revise the criteria for student loans. And in fact, we have some reason for understanding that that may become part of the federal budget in the upcoming budget. The last council of ministers looked at this topic again. The federal government has commissioned a report, so we're hoping that there will be some action.

Mr. Chairman: — I have one other question I would pose your criteria vis-a-vis farm families and net worth and that to you on student loans. Has there ever been any thought given, and I will confine myself to the year under review, to a different method of counselling? I realize that counselling occurs within the high school system now on a fairly regular basis. But my experience, particularly as minister of Energy and Mines doing economic development work, is that we in this province, for

instance, had a very difficult time accessing certain skilled tradespeople the last couple of years because of the number of projects in place.

There is a definite bias built into high school counselling toward university educations. When you have to access skilled tradespeople, indeed in other provinces and outside your country, it tells me that you perhaps are not directing people in the best way possible to use other facilities within your educational system.

And I often wondered if, because we're dealing with money — you in essence are a banker — and very large amounts of money, that perhaps a system similar to the business resource centres which are situated throughout the province that have access to pertinent commercial data on almost a weekly basis . . . if there wouldn't be another step that could be implemented to direct people in a wider spectrum in our educational institutions than what we have now. Because I know in my home community the bias toward university is definitely there. And I'm not sure that that's where we need to be going into the next century.

Dr. Rourke: — We recognize the need for more skilled tradespeople in many, many occupations. We also recognize the need for more counselling in schools and for better co-ordination between the K-12 and the post-secondary sector. We are working with HRLE (Human Resources, Labour and Employment) at the present time to look at labour market development to see how we can tie in more closely the needs of the province with the skill training available. And in fact, SIAST probably would appreciate a chance to comment on what they're doing in this area.

We have a disproportionate number of students in this province who at least wish to attend university. We find that skills training is not held in the esteem that we would like it to be. But we also find that, for instance, the average person entering apprenticeship is between 26 to 28 years old, and if that student graduated from high school at 18 there's a problem about where he or she has been during those years. So we are aware of this problem and are working towards finding solutions.

Ms. Haverstock: — Mr. Chair, Ms. Rourke, my question, as well, is related to student loans. With the exception of perhaps workmen's compensation, I get more calls about student loans than anything else, with that one exception.

I'm wondering if in fact there's a built-in system of evaluation for measuring efficiency, fairness, that kind of thing, in this particular program. Is there a mechanism in place whereby you can go back and evaluate, either by contacting people who've used the program, or those who didn't receive funds, or whatever?

Dr. Rourke: — I'm trying to just ascertain exactly what your question is, and I'm looking at Mrs. Archer, hoping that she is better able to identify . . .

Ms. Haverstock: — The key word here is, how does one evaluate the program? Because I get a disproportionate number of people who phone because they're dissatisfied. You had mentioned earlier about, when

people get what they want, they don't call and say thanks; when they don't get what they want, they phone and they complain. But I'm just wondering, how does one reflect on ways in which we can improve upon what's already there, without an evaluation.

Dr. Rourke: — We've had technical audits of the program. We're working at the present time . . . We've just put in a new computer system. We're working on improving the . . . The problems are several, but one is simply in the turnaround time, the length of time it takes from the time a student applies, to when they know whether they're going to get a loan and how much it's going to be. When the new computer system is fully installed and working, that turnaround time should at least halve, and we hope be decreased more than that.

It is possible to assess the program in a fashion of how that program works in an organizational sense, in terms of management decision making, those kinds of things. And in fact we're in the process of doing that right now with student loans.

And then we need to look at the complexity of the program itself. A very complex program such as this is difficult to manage efficiently and effectively, and so perhaps there are ways of simplifying the program and still meeting the needs of the students and still being accountable for the money spent. So at the present time we're looking at those three aspects and are tackling it in that way.

Ms. Haverstock: — Thank you. Mr. Chair, one more question related. One of the other things I talked about was sort of evaluating fairness. It appears with the calls that I receive is that if there's one consistency, aside from the turnaround, it's that there are a lot of people who felt that as a result of being fully disclosing, completely honest, that somehow they were punished and that . . . They had endless examples — and this happens, truly, on a consistent basis — of people who get their loans and go on a ski trip versus themselves who are in great need and really did divulge all information, and felt punished as a result.

Now I'm just wondering if there's a mechanism that . . . I know that there's a way in which people can reapply. Is that correct? Is there something in place so that people can . . .

Ms. Archer: — Reassess.

Ms. Haverstock: — Reassess? Yes.

Ms. Archer: — If their circumstance . . .

Ms. Haverstock: — Not if their circumstance changes, because they've stated that they've been fully disclosing and totally honest and obviously these other people weren't, because they didn't see them as in as much need as themselves.

Dr. Rourke: — I believe there are two issues here. One is the fairness of person A as compared to person B in the granting of loans and whether being honest pays, and that's an issue of personal ethics. I believe it's partly an

issue of personal ethics. The second thing is if you believe that . . . If you're person A and you believe that person B received their loans unfairly, if you write or call, the student aid staff checks on that particular complaint. Fifty per cent of the money that is either reclaimed or on the books to be reclaimed is from calls such as that. So we take those calls very seriously.

Ms. Haverstock: — That is interesting.

Dr. Rourke: — The second part is, if I believe I . . . or if person A believes that they have been treated unfairly, can they in fact apply a second time and ask to have their application perused?

Ms. Archer: — Well they can ask for . . . There are two things actually. They can appeal their assessment or they can just ask . . . or a reassessment is done if their information has changed or their circumstances have changed. If their parental . . . if their parents' incomes is less than they had thought, or if their own income is less than they had thought.

But you can't appeal on the basis of, I was honest and the other person wasn't. We like to encourage them to be honest. And you know, we try and profile as subtly as we can in all our material that we do have an audit unit, and that the consequences are serious if you have been found to have defrauded the program, either intentionally or otherwise. There have been a number of legal actions taken. And once again in Saskatchewan, we've been much more stringent in that regard than in most other provinces.

But I think we often hear that as well: why is someone else getting more money than me? And a lot of the time, it's because the criteria of the program is not well understood. You know, the whole issue of, are you a dependent student or you're independent — as soon as you're independent, parental income is completely irrelevant. And, you know, that's not well understood. How do you become independent? And at what point are you or are you not? Are single parents independent immediately by virtue of being single parents, or parents?

So a lot of the time, you know, the feelings of perhaps not having been treated consistently come from not really understanding what the rules of the program are, or not agreeing with them, perhaps as well, obviously.

Ms. Haverstock: — Thank you.

Mr. Muirhead: — Thanks Mr. Chairman. I just have a few questions that I'll go through as quickly as I can. Thanks to the member from North Battleford; he asked a lot of the questions that I was going to ask.

Just quickly, because we're running into time shortage here, can you tell me if you have a breakdown from the amount of students that receive loans, that attend school out of province — schools or universities.

Ms. Archer: — Yes, we do. I believe, Mr. Chair, that it's . . . in the year under review, it was 14.9 per cent.

Mr. Muirhead: — Do you have a breakdown for out of

country then? — 14.9 per cent? What about out of country?

Ms. Archer: — I would only be guessing. I think out of country is between three and four. We can verify that.

Mr. Muirhead: — Is there any . . .

Dr. Rourke: — Excuse me, if I could add to that. That would probably be graduate students into the United States. People doing masters or doctoral work in the United States — the out of country part of it.

Mr. Muirhead: — Or would there be some special schools, maybe like . . .

Dr. Rourke: — Yes.

Mr. Muirhead: — I just know of one instance in my constituency where a person has to attend school over hearing problems, things like that.

Dr. Rourke: — Yes, sure.

Mr. Muirhead: — Anyway, the main question was again: is there a special review or special criteria that anyone has to live up to or has to have to attend out of province or out of country? If a person just so chooses, well I'm going to take university in Winnipeg or Calgary or Edmonton or in the States some place, is there a criteria?

Ms. Archer: — Canada student loans, which are administered by the student financial assistance branch as well, are available to all students to study wherever they want in Canada. Provincial loans, beginning this loan year, are available only for study in Saskatchewan.

Now there are a number of exceptions to that rule. One of them is graduate study. You can get assistance to go out of province. The other is if the program that is offered out of province is not available here, that's fine as well. Or if you couldn't get into a program in Saskatchewan because of a quota system then we will give you assistance to go out of province. There are a few other categories of exceptions but those are the main ones.

And it may be interesting to note that those are exactly the same policies that are in place in both Alberta and Manitoba in terms of their provincial assistance, and we essentially copied their exceptions as well because they seemed pretty comprehensive.

Mr. Muirhead: — Thank you. So then . . . See the reason why I asked the question, because in the year under review I had constituents that had no problem getting student loans out of province and this year . . . this is getting out of the year under review, but that might answer the question why this year there is maybe a problem. Do I have that correct?

I just want to leave a comment, as Mr. Chairman did and Ms. Haverstock did, that it is kind of a policy question that we're talking about, but I just want to leave my comment that I sure believe that we have to do something about the criteria for student loans. There's just too much complaints out there where you can be the wealthiest

individual in the province of Saskatchewan, if you're away from home for one year and you're on your own, you're away for a student loan. Then there can be the farmer — we don't have to just say the farmer; today it can be just any business man that are having this here economy catch their pocket-book — where I understood you to say that assets doesn't affect a student loan, it's just the income. I understood you to say that.

Dr. Rourke: — Parental assets, not student assets, the parental assets.

Mr. Muirhead: — Yes, right. You're talking about maybe your first loan and you're still under your parents . . . you're still staying at home.

I'm quite interested to follow this up because . . . and maybe I have to get the student to go back and get it clarified because on this particular case — which I'm not going to get into here of course and we shouldn't — where a father give his complete assets and was considered to be quite a well-to-do man but he wasn't able to borrow, and he was told by the department, you go borrow money on all those assets because you have a lot of clear land. But he wasn't able to; no bank would lend him the money. So the student never got a student loan.

So that's kind of contradicting what you said there. So maybe someone should be looking at this again.

Dr. Rourke: — It could be that the student counsellor is giving superfluous advice that would have been better not given in this case. But there could be many other factors taken into account, and if the student reapplies or asks for a reassessment that would be the way to go.

Mr. Muirhead: — The reason why I ask the question is I had it happened in the year under review, and it seems to be a case or two or so every year — the same thing. But maybe it's not being followed up. I won't carry it on any farther. I did have a few more I could ask, but I did have, Mr. Chairman, a few questions to ask under SIAST when we move into theirs.

Ms. Haverstock: — Yes, one more please. Mr. Chairman, Ms. Rourke, in the 1989-90 year I'm wondering what sorts of loans are available to people in post-secondary education who in fact can work off the loans once they are employed in a literal sense. In other words the agreement is that you must work in the province of Saskatchewan in order to repay the loan.

Dr. Rourke: — No. There are no restrictions on any of the loans that the department gives out now. For students in some of the health occupations, the Department of Health may have something in place. I'm not sure. But the Department of Education . . .

Ms. Haverstock: — That would be under the Department of Health jurisdiction?

Dr. Rourke: — Yes. But the Department of Education doesn't administer any loans, either Canada student loans or Saskatchewan student loans that restrict the place of employment after graduation.

Ms. Haverstock: — Is that something that you see as being only valuable in areas such as health or some specific discipline?

Dr. Rourke: — The Canada student loans are federal money, and they are administered by the provinces with the idea that quite a few students do move from province to province and should be able to take their training in one province and feel free to get a job in another. That's part of being part of a federal country, if you will. So I can see advantages to giving students the freedom to fulfil their own destiny in that sense.

I think where it comes into play for health professions are really incentive loans.

Ms. Haverstock: — Yes they are indeed.

And I think that that's probably where I'm moving away a bit from the endless examples again that I can cite of not only physiotherapists but those in speech therapy and otherwise who have all left this province. All are young, going to be tax-contributing people, to now other provinces where they have received loans and are going to be working for the next three years, meeting people, getting married and staying there forever and not coming home.

Mr. Chairman: — If there are no other questions on Education, perhaps we can take a six minute break and then get into SIAST, if the committee is in agreement?

Ms. Murray: — Mr. Chairman, I just had one I would like to ask on Education. Could I be very quick?

Mr. Chairman: — Just cuts your break down.

Ms. Murray: — On page 105 of *Public Accounts* volume 3, Corporate Strategy Group, a payment of two hundred and seventy four hundred, or whatever—that's it, too late in the evening — could you tell me what that payment was for, or what services were . . .

Dr. Rourke: — Certainly, Mr. Chair, Ms. Murray. Are you referring to the \$274,196 payment?

Ms. Murray: — That's it, thank you.

Dr. Rourke: — That money was paid out for several specific areas, and I can go over those areas for you. There was a parent mail out to all parents on K to 12 education. There was development of a parent booklet on understanding evaluation, a parent guide. There was development of the reading campaign ads. There were consultation on strategies to encourage business partnerships with education. There was consultation on strategies to obtain feedback from post-secondary educators on changes in the K to 12 system. There was development of strategies to increase public awareness and involvement in post-secondary education, and there were evaluation of department campaigns in communications.

The Department engaged the Corporate Strategy Group to assist with the development of plans to expand public

involvement. The company also assisted in implementing plans by providing project management.

Ms. Haverstock: — Mr. Chairman, Ms. Rourke, I'm just wondering has any group within Saskatchewan been used prior, like we're talking about the year, this particular time frame, but I'm wondering if prior to this time there were people who did similar sorts of work for Saskatchewan who were from Saskatchewan?

Dr. Rourke: — I think, Mr. Chair, that you're aware of my tenure with the Department is relatively short, in fact . . .

Ms. Haverstock: — How about subsequent to?

Dr. Rourke: — Right. The department employed Charlton Communications that did some work that was somewhat similar, but the particular type of consultation that the Corporate Strategy Group did, to my knowledge, at that point was unique and not available in the province.

The committee recessed for a short period of time.

Mr. Chairman: — We'll reconvene the committee and move to chapter 30.

In chapter 30, I understand points .01 through .24 have been resolved to the satisfaction of the auditor. I wonder if anyone has any generic comments in that area that they wish to comment upon. If not, perhaps we could go to sections .25 and .26.

Ms. Murray: — Mr. Chairman, on section .25, the deficit which . . . and according to section 20 of The Institute Act prohibits the institute from incurring a deficit unless approved by the minister. And there was a deficit of 1 million — that number there. Are you concerned about this or is this something that you're working on, or what comment would you like to make to us about that?

Mr. Mackie: — Through you, Mr. Chairman, that was a contingent liability that we accrued owing to the need for that liability-anticipated salary settlement. That's why we accrued that amount so that when the salary settlement came due we would have sufficient moneys in our budget to account for. Our previous government accounting systems did not allow us to do that.

In this instance we are attempting to follow the guide-lines that are used in colleges, institutes, and universities in Canada, and follow that practice.

As it happens, we did accrue a liability later on that year. However that liability or that, I should say deficit, has been completely eliminated and this past year we produced a surplus of, I believe it's \$415,000.

Mr. Kraus: — Mr. Chairman, if I could, this is a situation where I think the SIAST may have been cited no matter what they did because if they hadn't set up this contingent liability, which was there because there was a possibility of retroactive salaries being paid because of a collective bargaining process being it was in process . . . the collective bargaining, and it was a possibility that a settlement would be made. Therefore wages would have

to be paid for the year under review.

If they had not estimated that there would be a possible liability, because obviously they thought they'd settle at some increase, I believe it's fair to say that the auditing firm of SIAST would have qualified the financial statements of SIAST because they didn't set up the contingent liability according to the accounting principles that are espoused for an organization like this. Had that happened, the Provincial Auditor would have had to, according to his Act, cite them because their financial statements were qualified.

On the other hand we have a situation here where they are properly . . . I think the accounting principles they use are appropriate for SIAST. And that is that they were estimating that they may have to pay some moneys out if this settlement took place. But the government wasn't going to fund them until they actually had to pay it out in the next year. So they were kind of stuck with this liability.

And therefore again, because the minister had not approved this deficit, the auditor was forced to cite them. So they were caught either way. But in the end, once the collective bargaining process was completed and it was found that the moneys were going to have to be paid, the government funded that contingent liability. So everything worked out okay in the end. But it was something of a technical problem from my perspective anyway.

Mr. Muirhead: — Thank you, Mr. Chairman. Just a couple of quick questions. What year — was it the year under review or prior — that SIAST picked up a separate identity to the Department of Education?

Mr. Mackie: — The year of the merger you were talking about, sir?

Mr. Muirhead: — Yes, the year of the merger.

Mr. Mackie: — That was '87 . . . January 1, '88.

Mr. Muirhead: — The year under review they definitely were. What was the reason for doing this? And I should know this, but I don't. I know it happened a few years ago. What was the reason for separating?

Mr. Mackie: — There was no separation at that time, sir, through you, Mr. Chairman, again. In January 1, '88, there was an amalgamation, a merger of four urban community colleges, if I'm interpreting you right, and the four technical institutes. A centre of advanced technology located at Kelsey and the Meadow Lake vocational centre. There was an amalgamation at that point.

Mr. Muirhead: — There have never been any separation since of any of those?

Mr. Mackie: — No there has not, no.

Dr. Rourke: — Excuse me, Mr. Chair. If I could add to that. I believe that I might amplify the answer a bit by just saying that in 1987 there were arrangements made for SIAST to be put . . . for the technical institutes to be put at arm's length from government, and there was legislation

passed that allowed the amalgamation that Mr. Mackie spoke to. But the arrangement was quite different. Instead of the department controlling what happened in the technical vocational institutes, a board of governors was put in place and the vocational institutes then became responsible for most matters to the board of governors. Now they are still an agency of the Crown and the Minister of Education is still responsible for approving their budget. And there are certain other items that the department is responsible for.

Mr. Muirhead: — Okay. So it's just at arm's length then.

Dr. Rourke: — That's right.

Mr. Muirhead: — That's what I wasn't understanding. Is there any cost saving by doing this?

Mr. Mackie: — The institute began during that time with less grant money than it had previously. Since that period of time we, through the amalgamation and introduction of new administrative systems and what not, I think have introduced efficiencies so that if you could do an accounting model and parallel what would have happened if you had had four different institutes, four different urban community colleges, and the present configuration, I think you would probably find that we are probably more efficient than the previous structure. There is evidence to suggest that if you compare, for example, four similarly sized institutes in B.C. or Ontario, for example, to those which exist in Prince Albert, Moose Jaw, Saskatoon, Regina, that the administrative overhead charged on the smaller units is usually about 16 per cent, whereas the administrative overhead charged at SIAST at the present time is between 10 and 13 per cent, and getting lower.

Mr. Muirhead: — So you're saying it's quite efficient the way it's structured now.

Mr. Mackie: — Yes, it is. And through the introduction of new computer systems that will provide a new financial structure, student record structure, and information systems structure, I hope by next year to have that administrative overhead even lower than it is now.

Mr. Muirhead: — Yes. I'm sorry, Mr. Chairman, that I didn't quite understand what . . . I should know it from before, what this merging, this arm's length was. I thank you for your information, and I just wanted to know if you're quite satisfied that the merging is cost-efficient. That's all the questions I have.

Mr. Serby: — Just a quick question, Mr. Chairman, to Mr. Mackie. The one million eighteen hundred . . . or eighteen thousand, hundred thousand, is based on a salary overexpenditure. Is that what it was?

Mr. Mackie: — No, it was an anticipated amount that we were accruing based upon an estimate of the salary settlement we would have to make with the unions, with whom we were negotiating at that point.

Mr. Serby: — My follow-up to that, Mr. Chairman: when you were developing then your 1988 or '89 budget, would you not have anticipated that there would have

been an expenditure that needed to be made respecting to the salaries here?

Mr. Mackie: — Yes we did anticipate and essentially that amount represents our anticipated, the anticipated amount.

Mr. Serby: — So if it was included . . . Just as a follow-up, if it was included in the budget process, why would it be cited here then as a deficit that wasn't approved by the minister?

Mr. Mackie: — My understanding is that it was not included in the budget, that it showed at the end of the year as a contingent liability because of our knowledge of what the cost of the settlement would be.

Mr. Serby: — Mr. Chairman, that then just begs the question why in the budgeting process the department wouldn't have included an expenditure for the salaries to ensure that they could be covered within the government fiscal year.

Mr. Mackie: — I'm sorry, I apologize. Is there a question there, sir?

Mr. Serby: — I guess my question would be why we hadn't included in the budgeting process the anticipated type of expenditure that would be required for salary in that budget year.

Dr. Rourke: — Mr. Chair, if I could reply. One of our problems is that none of us were involved in this. So you're speaking to three people none of whom were there at this particular time and we too are trying to figure out the answer to your question. But I think the official to my left may have the answer for me so if I may . . .

Mr. Biss is noting that there hadn't been a . . . This was right in the transition period where these, the people, the staff at SIAST had to this point been part of the government employees' union, and then when SIAST was put at arm's length they were in a position where they were no longer part of the government employees' union and had to make a decision whether they would become a professional union or a branch of SGEU (Saskatchewan Government Employees' Union) which is ultimately what they chose. So this was during a period of flux where actually there wasn't even any bargaining unit.

So I think suffice to say it was a period of flux and change both for the employees who were trying to decide what union they wanted and for the administration of SIAST as one unit, because before that it had been administered by the department as four separate technical institutes and regional colleges. So I think that was what happened at that particular point.

Mr. Mackie: — If I may, Mr. Chairman, on that point as well. We are of course showing those accruals at the present time so that there are budget amounts that are anticipating salary increments that are included as part of the budgeting process at this point, so that we don't entertain finding ourselves in a similar situation again.

Mr. Chairman: — Are there any questions pertaining to

these two sections?

Mr. Sonntag: — Very brief question, Mr. Chairman. This is to the auditor. Is there any process where . . . I mean the question was answered I guess to my satisfaction with the information that we were given here. Is there any process where — I would assume that you recognize the situation as well — any process that you could make notes that would not leave sort of myself and the general public questioning as to whether things were done properly or not? Because I recognize that you have to adhere to the Acts and so forth, but is there a process for you, is what I'm asking?

Mr. Strelieff: — Mr. Chairman, Mr. Sonntag, you're thinking that what we've reported is okay? The . . . (inaudible) . . . of the Act requires the institute not to incur a deficit. They incurred a deficit. So as Mr. Mackie pointed out, probably the institute didn't budget properly for cost of their operations. So there is a management problem there in the year under review. Did you not want us to report those kinds of things?

Mr. Sonntag: — No, that's not what I'm saying.

Mr. Strelieff: — Oh, I'm sorry.

Mr. Sonntag: — I'm just saying, and maybe I may not be . . . I don't have to refer to this instance specifically, but use that one if you want.

Is there any process for you as an auditor where you know why this has occurred? Is there any place in the auditing process where you'd report that or is that just too lengthy to go into?

Because the answer that we received here I think, I mean explained it fairly well, that they were in a position where they had to do one or the other . . . (inaudible interjection) . . . Yes, that's right, because their auditor would have accepted this and would have recommended probably this process.

Mr. Strelieff: — Mr. Chairman, Mr. Sonntag, their auditor, I think it's Deloitte Touche or whatever, they reported this item to our attention that we should report this to you.

I suppose you're leading to me to write in what management's explanation of the problem is, so that instead of passing management . . .

Mr. Sonntag: — I suppose that . . . Maybe I'm getting off base here a bit and probably you'd have to go into a lot of detail in many other areas as well then if you were to start doing that.

Mr. Strelieff: — To put management's explanation of problems.

Mr. Sonntag: — You wouldn't normally do that is my . . . I guess I'm answering my own question by stating that, then . . . (inaudible interjection) . . . Okay.

Mr. Chairman: — Any other questions in this area?

Mr. Sonntag: — That's satisfactory.

Mr. Chairman: — If not, perhaps we can move into a general discussion then.

Ms. Murray: — Thank you, Mr. Chairman. I just have about four SIAST expenditures here and I'm wondering if you could tell us, please, what the payment was for at Gold Square travel shop?

Mr. Mackie: — Gold Square travel shop. I'm sorry, my vice-president may be able to respond to some of those, I don't know. But I would expect in respect to individual expenditures, through you, Mr. Chair, that we would have to look those up and come back to you with some answer on that. I'm not aware of that precise level of detail. If it's perhaps something I expended I might be but if not, I might not be.

Ms. Murray: — Could I give them to you then and ask you to . . .

Mr. Mackie: — Yes, indeed.

Ms. Murray: — All right. Gold Square travel shop, a premiere luncheon, the Regina Inn, Strategic Direct Marketing, Westscan Media Services, and the Saskatchewan Roughriders football.

Mr. Anguish: — What was the cost of the corporate office for 1989-90?

Mr. Mackie: — The corporate office consists of two costs. It consists of the cost of my office, the vice-president of academic, vice-president admin and finance, and vice-president of institutional resources. Beyond those costs we hold central costs that are held for the campuses — things such as insurances, registrarial function, capital equipment allocation and a variety of central costs that are reallocated some time during the year to that end.

I'm not sure for the year in question what those precise costs are, but this particular year they happened to be around \$13 million, of which \$2.6 million is the cost of the office. And that 2.6 is . . . perhaps if I may back up just a bit.

When SIAST was created, we were allocated an amount of approximately \$2 million to run the office. Accounting for inflationary increases, that 2.6 that we have today is precisely the same amount that we were given to start with. The only difference is we've built a lot more functions into our office in terms of research and other needs which are demanded by the type of educational milieu we live in today. So we have . . .

Mr. Anguish: — Why would you want the criticism of 13 million showing up when it actually only costs you 2.6? Why wouldn't you appropriate that where it should be?

Mr. Mackie: — Because we hold those moneys centrally to distribute capital funds and they're distributed during the year. We hold central insurances. We hold other central funds that are distributed to the campuses on a needs basis. We hold those because oftentimes, for example in the instance of capital funds, a capital

allocation strategy has to be evolved. A process has to be put together so that those funds can be equitably distributed to the areas which have highest priority and need within the institute. So rather than allocate them on a budget basis at the first of the year, we hold those funds centrally and redistribute them as the need arises on the campuses or in the programs.

Mr. Anguish: — I'm sure it must be a very efficient system but I don't think it sounds very efficient. And for the sake of time I won't get into that argument with you here this evening because we have another department to come before us. But it will show up as 13 million but actually it only costs 2.6 million to run the corporate office.

Mr. Mackie: — That's right.

Mr. Anguish: — Okay. How many people were employed in 89-90?

Mr. Mackie: — I think in the year there were 32 or 34 if I'm not mistaken . . . (inaudible interjection) . . . Pardon? Thirty-seven.

Mr. Anguish: — Were all these employees paid out of the corporate office account or were the costs out to the campus accounts?

Mr. Mackie: — Those people would have been paid out of that fund. There would be other people at the campuses that would also be paid out of that fund who were performing . . . supporting a central function.

Mr. Anguish: — Who were the 37 people paid by?

Mr. Mackie: — Who were the 37 people paid by? They would have been paid out of the president's offices, the vice-president academic's office, the vice-president admin and finance office . . .

Mr. Anguish: — Out of corporate office accounts?

Mr. Mackie: — Those would be account . . . Yes, that's right.

Mr. Anguish: — There were two corporate offices in 1989-90, as I understand it, one in Regina and one in Saskatoon. When was the second office actually closed?

Mr. Mackie: — Perhaps I'll refer to my friend to my left who has a bit more corporate memory than I do on this particular matter. Harold would you like to . . .

Mr. Braun: — Mr. Chairman, the moves of the corporate office, which I believe you are questioning us about, took place in June or July of 1990, at which time we had an office in Regina, we had an office in Saskatoon. The office in Saskatoon was opened in 1989 and it stayed open until the move to our new premises . . .

Mr. Anguish: — In Saskatoon.

Mr. Braun: — In Saskatoon.

Mr. Anguish: — At the date of closing, what was the annual cost of each office?

Mr. Chairman: — Is that in the year under review?

Mr. Anguish: — Well it would be, Mr. Chairman, because I thought the second office . . . the closure to move I thought was in the year under review, but obviously it's not. But I'm asking for the cost of each office in the year under review.

Mr. Braun: — Mr. Chairman, the annual lease costs of Innovation Place in Saskatoon was \$63,000. And the annual lease costs of Saskatchewan Place in Regina was 274,500, for a total of \$337,500.

Mr. Anguish: — Mr. Chairman, I have some other questions. Could we just read them into the records and you give us your undertaking that you will respond back in writing to the committee?

Mr. Mackie: — Sure.

Mr. Anguish: — I'd like to know how many programs were cut in the year under review. And what the cost saving from this action was. I want to also know how much were the cost cuts at the corporate office during this period of time. We'd like to know if the corporate office costs for senior employees totalled \$692,500 more in 1989-90 than it did in '91-90. And the other questions, Mr. Chairman, aren't really in the year under review so I'll leave it at that.

Mr. Chairman: — Undertake to have those for the committee?

Mr. Mackie: — Yes indeed.

Mr. Chairman: — Are there any other questions of the officials?

Mr. Mackie: — May I have a comment, Mr. Chairman? Thank you. One should be careful interpreting the cost of education. I know there is some fondness to focus on corporate office as the cost of administration. It is not the cost of administration. The cost of administration over the entire institute as I mentioned earlier is one that's highly favourable and comparable to NAIT (Northern Alberta Institute of Technology), SAIT (Southern Alberta Institute of Technology), BCIT (British Columbia Institute of Technology), Vancouver Community College, Seneca, Algonquin College, and all other institutes and technical colleges of a similar size. We compare highly favourably with those. Seneca College, who has 14 campuses, which I worked at at one time, has an administration on one of those campuses and not at any other campus, so it's even a similar structure to what we have.

But I think that's an important point to consider when you're looking at the cost of education, to look at all of the administrative costs and to compare those within a milieu that is comparable so that we're looking at apples and apples. And we do have good data on those comparisons and would be most willing to share it with any who are interested.

Mr. Chairman: — Thank you, Mr. Mackie.

If there are no other questions, then I would thank you for appearing tonight, and you're free to go.

Mr. Van Mulligen: — I'll move:

That the hearing of the Department of Education and SIAST be concluded subject to recall, if necessary, for further questions.

Agreed

Public Hearing: Department of Rural Development

Mr. Chairman: — I wonder if we could call the committee back and we'll all get out of here sometime tonight. We have before us the committee of Rural Development. I wonder, Mr. Reader, if you would introduce your officials to the committee, please.

Mr. Reader: — Yes, thank you, Mr. Chairman. Larry Chaykowski, director of admin services; Ron Kessler, the associate deputy minister; Lloyd Talbot, executive director of admin and financial services; John Babcock, lands; Ernie Anderson, transportation; and Sandy Lauder, agriculture and extension.

Mr. Chairman: — Thank you. The department was not cited in the auditor's report at all so obviously in this particular year you did not raise his ire. However, I know there are a few questions from members on certain aspects of your department. Mr. Muirhead, did you want to . . .

Mr. Muirhead: — I'll have some questions later on.

Mr. Anguish: — I guess I can ask some questions. On page 346 of *Public Accounts*, volume 3, the minister under travel, there's \$22,985 for travel. I take that that would be in addition to the charges for the executive aircraft to SPMC (Saskatchewan Property Management Corporation). It would also be in addition to the CVA (central vehicle agency) vehicle issued to the minister.

And I want to know where a minister on the move would go in rural development to spend that much money on travel over and above the executive aircraft and the CVA vehicle.

Mr. Reader: — I think, Mr. Chairman, that includes CVA and exec air and his car. The minister in that year — if my memory serves me without looking at any other documentation — went to Edmonton . . . was the only out-of-province trip that the minister made that year.

Mr. Anguish: — I would ask Mr. Kraus: isn't it unusual to have your executive air and your CVA vehicle show up under the schedule of payments in the departments? If it includes his car, Mr. Reader, if it includes his car and executive aircraft, then the figure is low, and you didn't send him down hardly anywhere. But if it doesn't include the CVA vehicle and the exec air it's extremely high.

Mr. Reader: — Yes, I see opposite mine there's no figure there, so my CVA car should be there as well. So probably you're right.

Mr. Kraus: — I didn't respond to that question. I . . . (inaudible interjection) . . . As far as the CVA, or rather executive air, I'm just trying to think; we've had so many changes on this in the last few years. I know at one point we were not having it billed to the department, so I had to record it separately on a separate statement, but I don't see that it's . . . it's not in this particular year. So yes, this must be the year then that they began to charge the minister's department directly for executive air travel, so that should include the air travel.

Mr. Anguish: — I'd like a more definitive answer than that. I think whether it does or it doesn't maybe you could report back to the committee.

Mr. Kraus: — I can do that.

Mr. Anguish: — So we can have a breakdown of the \$22,985.

Mr. Van Mulligen: — Still on the travel if I might, Mr. Chair. I'm just struck by the fact that travel costs for the Department of Rural Development seem to be high, and there's probably reasons for that. Just as an example, looking at Parks and Renewable Resources, their total salaries were \$17.5 million compared to 14.9 or say 15 million for Rural Development, yet the travel costs for Parks is 1.2 and for Rural Development is \$1.6 million.

In looking through it, like there's a fair number of individuals that have high travel costs. Let's pick one out, Dale Derkatz, travel costs at \$9,007. What accounts for that?

Mr. Reader: — Mr. Derkatz is a land agrologist and this year was working out of Regina, serving the Swift Current area — Moose Jaw, Swift Current area — and did a lot of travelling. We've subsequently moved his place of residence to Swift Current.

Mr. Van Mulligen: — I have another question too. On page 348 of the *Public Accounts* there's an expenditure of \$18,904 to Darryl Binkley Consulting Ltd. I wonder if you might be able to tell the committee what the purpose of the expenditure was.

Mr. Reader: — That was a special project, Mr. Chairman, for job creation for the timber workers in the north-east, the Sask Forest Products and the Simpson Timber people at the time of lay-off.

Mr. Van Mulligen: — Are there any reports or documents that were produced as a result of this contract that have been retained by the Department of Rural Development?

Mr. Reader: — Not in the department.

Mr. Van Mulligen: — Would this have been a contract that the minister stipulated you should enter into?

Mr. Reader: — Yes.

Mr. Van Mulligen: — Would the Department of Rural Development's normal . . . I suppose you have mission statements and objectives. Do they normally concern themselves with . . . What was it?

Mr. Reader: — Forestry workers?

Mr. Van Mulligen: — Yes.

Mr. Reader: — Yes. As a matter of fact we have a community development officer in Hudson Bay working in that area today.

Mr. Van Mulligen: — In Hudson Bay with respect to community development for Hudson Bay?

Mr. Reader: — And area.

Mr. Van Mulligen: — Okay.

Ms. Haverstock: — My questions are related, Mr. Chair. On the same page of 348, I'm interested in for \$83,967, Dome Media Buying Services.

Mr. Reader: — Yes.

Ms. Haverstock: — Could you tell us please for what the services were purchased?

Mr. Reader: — I guess, Mr. Chairman, that would be made up of several items, but most of it for our tender sales, land sales, tendering for lease and purchase.

Ms. Haverstock: — Mr. Chair, as well Smail Communications on the same page right-hand side, 147,224 what work . . .

Mr. Reader: — Okay, that was to do with the implementation of the rural services network, the 52 rural service centres.

Ms. Haverstock: — And similarly Strategic Direct Marketing Inc. for 19,000.

Mr. Reader: — Primarily to do with the opening of the rural service centres, specifically the opening ceremonies for each of the rural service centres, the invitation lists and so on.

Ms. Haverstock: — I have one more question please, Mr. Chairman. On the next page, 349, payees under \$10,000 total more than \$2 million, and I'm wondering if you could explain to us the kinds of recipients that would have been receiving these funds and for what purpose.

Mr. Reader: — All . . . (inaudible) . . . two to five for the ferry operations and the past year operations for maintenance and supplies would go in here. Ten dollars for a part for a ferry, for example.

Ms. Haverstock: — So these are not just individuals. These are primarily . . .

Mr. Reader: — Organizations, companies . . . (inaudible) . . . others.

Ms. Haverstock: — Sorry, I forgot that I had one more thing. I won't look back much further. I'll make everybody like me better.

WESTBRIDGE Computer Corporation, could you just explain to us what sort of work WESTBRIDGE did for you for 670 . . .

Mr. Reader: — They're maintaining our Crown land management system which is a very extensive system. Also our accounting system is on WESTBRIDGE. Those are the two main ones.

Mr. Anguish: — In the extensions branch, page 326, relocation expenses seemed a little high — \$139,269.

Mr. Reader: — Yes I guess this again touches on the rural service network, the 52 rural service centres where we juggle some expertise to various offices — extension agrologists, ag reps, to different locations.

Mr. Anguish: — So it's unusually high for this particular year.

Mr. Reader: — Yes.

Mr. Anguish: — What happened on the ferry you had to compensation payment?

Mr. Reader: — Say it again please.

Mr. Anguish: — What happened on the ferry? You had to make a compensation payment for \$955.

Mr. Reader: — Ferries?

Mr. Anguish: — Yes, same page 326, subvote 2.

Mr. Anderson: — That compensation, is that the \$955 item?

A Member: — Yes.

Mr. Anderson: — I've got that down here as pay-out for damaged mufflers and things like that that happen on ferries.

Mr. Anguish: — I always ask about compensation and it's quite interesting. A couple of years ago we found an out-of-court settlement for well over \$100,000 in one of the departments. So it's always of some interest, and certainly damaged mufflers and things like that, I'm surprised that people would come against the ferry. But it's comprised of miscellaneous items of damage to vehicles on the ferry?

Mr. Anderson: — Yes.

Mr. Anguish: — Under lands branch, subvote 23 on the next page, 327, compensation payments of \$9,664.

Mr. Reader: — I'd have to give you a guess, Mr. Chairman, but I think we should come back with something more substantial on that. We could guess . . .

Mr. Anguish: — Don't guess.

Mr. Reader: — Some dead cows, but we'll give you something . . .

Mr. Anguish: — No. Provide something back in writing . . .

Mr. Reader: — Yes, we will.

Mr. Anguish: — . . . as indication of compensation payment or payments were.

Mr. Reader: — Yes.

Mr. Anguish: — One other question. Who was the insurance agents of record for the Department of Rural Development?

Mr. Reader: — We don't have one.

Mr. Anguish: — You don't carry any insurance in Rural Development?

Mr. Reader: — No.

Mr. Anguish: — Why do some departments have insurance and other departments don't have an insurance agent where they place their insurance?

Mr. Kraus: — In general the government self insures. There may be exceptions to that situation, but in general that's the case. That doesn't mean there aren't money paid for insurance coverage in some situations, but that's the general policy.

Mr. Anguish: — Well, for road services for example then, why would the title be there on subvote 10, page 324 — rents, insurance and utility services? If you don't have any insurance, why would the word insurance ever appear in your public accounting?

Mr. Kraus: — It may be that its wording that has been there for a good number of years. There may or may not be any actual insurance costs. It's more likely it's rents and utility services.

Mr. Anguish: — Then I think the words shouldn't be there.

Mr. Kraus: — I believe in the new *Public Accounts* that they won't be. Because we have found that these words that we use here, and they go back decades, probably cause as much confusion as they do clarification.

Mr. Anguish: — But we've got that all fixed up now for the next year we do.

Mr. Kraus: — We hope the committees . . .

Mr. Anguish: — At least an improvement.

Mr. Kraus: — Yes.

Mr. Anguish: — One last question. Can you give us a list of all people and their annual salaries, not just what they were paid in the year, but all people and their annual salaries that worked in the minister's office in the year under review?

Mr. Reader: — You bet.

Mr. Anguish: — And you can either read that into the record now or provide it in writing, if it's more convenient for you.

Mr. Reader: — Would you like me to read it in, Mr. Chairman? Okay.

Name: Sandra Braaten, ministerial assistant, monthly salary, 2,805; Gloria Riou, ministerial assistant, monthly salary, 2,779; Vanda Wall, ministerial assistant, monthly salary, 2,293; Pam Parent, ministerial assistant, salary, 2,210. Last three, Mr. Chairman, were secretaries.

Mr. Anguish: — Could you read those in please as well.

Mr. Reader: — I did.

Mr. Anguish: — Oh, you did.

Mr. Reader: — Yes, the last three names were secretaries.

Mr. Muirhead: — Thank you, Mr. Chairman, the deputy minister. You have the figures of how much . . . how many acres or quarter sections of land that the department of lands branch sold to farmers in the year under review?

Mr. Muirhead: — If it's going to take too long to look it up you could just . . .

Mr. Reader: — Mr. Chairman, was the question for acres?

Mr. Muirhead: — Acres or quarters.

Mr. Reader: — Acres — 89,930 acres.

Mr. Muirhead: — Eighty-nine thousand . . .

Mr. Reader: — . . . nine hundred and thirty acres.

Mr. Muirhead: — Was this under the plan or for cash or do you have a breakdown on that?

Mr. Reader: — I have a breakdown.

Mr. Muirhead: — A breakdown?

Mr. Reader: — Yes. Mr. Chairman, tender sales or 32,579 acres; cash sales, 36,514; time sales, 20,837.

Mr. Muirhead: — Would those time sales be under that policy where they had the 10 per cent down or is that under the . . .

Mr. Reader: — No.

Mr. Muirhead: — That's not under the . . .

Mr. Reader: — No.

Mr. Muirhead: — What year did we bring that in?

Mr. Reader: — 1990.

Mr. Muirhead: — 1990?

Mr. Reader: — Yes.

Mr. Muirhead: — So what policy was . . . on the time sale, what policy would be under the year of the review? I got time policy . . .

Mr. Reader: — Fifteen per cent down over 15 years, Mr. Chairman.

Mr. Muirhead: — But the policy has changed today, is it?

Mr. Reader: — Well we have a new program today that offers land to leasees. This is different from that.

Mr. Muirhead: — Okay, I'll just stick to the year under review. That's okay. Thank you.

Mr. Johnson: — On page 348 there's a Software 2000 Inc. for 433,000. What did they provide?

Mr. Reader: — They provided software and some hardware for our 52 rural service centres, the design of our system as well, Mr. Chairman.

Mr. Johnson: — Okay. That would total then, in that particular year the expenditures were about a million one for computer services, including WESTBRIDGE Computers.

Mr. Reader: — And it could be even a little higher, Mr. Chairman, because we have education services here on the same page that the member's looking at for a hundred and twenty-seven thousand six, which is also pertaining to the rural service centre — the systems and the network.

Mr. Johnson: — That is basically teaching people how to operate . . .

Mr. Reader: — That 127, yes.

Mr. Johnson: — Okay. Am I looking at a year that's higher than normal?

Mr. Reader: — You bet.

Mr. Johnson: — How much higher than, say, a subsequent year?

Mr. Reader: — We spent about 1.6 million last year, and there's ongoing upgrading of not only the system but the information that's on it and the breadth of the information and the training, of course.

Mr. Johnson: — Okay the WESTBRIDGE Computer Corporation then is besides equipment, the program is providing personnel as well. Is that . . .

Mr. Reader: — No, no. They're only housing data for our financial system and for our Crown land management system. They hold the main frame computer for that.

Mr. Johnson: — Software 2000, is there any personnel services in there?

Mr. Reader: — Yes.

Mr. Johnson: — That's where the 1.6 million is coming. Is it an increase, basically what I'm wondering is it an increase in hardware or software, or is there an increase in service personnel being employed that direction.

Mr. Reader: — Probably in this particular year, a lot of it would be software but a lot of it would be personal services in terms of getting that system up and going and designed. We don't have that in-house.

Mr. Johnson: — Just one other question, has there been any other . . . like in designing the system. Has that system . . . did the ownership of that system to the department or did someone else retain ownership?

Mr. Chaykowski: — We own it.

Mr. Johnson: — We own it? Has there been any ability or any way of selling it to someone else?

Mr. Reader: — I guess if someone had the same kind of need and facilities as we do, I . . .

A Member: — We share it with our partners.

Mr. Reader: — Yes. That's another point. We share it with our partner agencies in the rural service network: Crop Insurance, ACS, for example.

Mr. Johnson: — Okay, so it's that particular aspect. On the lands end is what you're talking about?

Mr. Reader: — Yes.

Mr. Johnson: — Then there are some quarters in the province of Saskatchewan that do not have a soil classification then?

Mr. Reader: — Crown lands?

Mr. Johnson: — Yes. Well no. Lands that would be farmed but may be leased from the Crown or . . . but yes I would think yes leased from the Crown.

Mr. Reader: — They're all appraised or classified.

Mr. Johnson: — Why would Crop Insurance, if it's on this system, why would Crop Insurance be indicating to people that it's going to take a couple of months to get that in . . .

Mr. Reader: — I think we've been talking about two different things here, haven't we? You've been talking about the Crown land management system?

Mr. Johnson: — Yes.

Mr. Reader: — I'm sorry. I thought we were still on the Software 2000, the system for the rural services network. I'm sorry.

Mr. Johnson: — Okay. It doesn't matter. Is that information in the system? I'm not concerned as to which system you're talking about. It's in the system?

Mr. Reader: — Yes.

Mr. Johnson: — Every quarter?

Mr. Reader: — Yes. That we administer.

Mr. Johnson: — Okay. I will . . . good enough. That's all I need to know. I'll follow it up elsewhere.

Mr. Harper: — Thank you, Mr. Chairman. Mr. Chairman, on page 348, Darryl Binkley Consulting Ltd. received \$18,904. Can you tell me what services were provided for that price?

Mr. Reader: — Yes.

Mr. Chairman: — I believe that's already been asked, has it not?

Mr. Reader: — Yes.

Mr. Chairman: — In the year under review, Mr. Reader, did the department assist in setting up any rural development corporations?

Mr. Reader: — Yes.

Mr. Chairman: — If so, can you tell us how many and at what cost?

Mr. Reader: — We set up 11 in that year, Mr. Chairman.

Mr. Chairman: — Can you give me — and I don't need an exact figure — an average cost of what setting up an RDC (rural development corporation) would entail from your end of it?

Mr. Reader: — It takes approximately 120 man-hours of meetings with the municipalities to get them to the point where they're ready for incorporation. Beyond that we have lesser activity, direct involvement with them, but the initial amount of time is quite concentrated. We've never put a number to it in terms of staff costs, but we do know that it's on the average of about 120 man-hours of meetings.

Mr. Chairman: — Is that requirement of the department continuing to grow?

Mr. Reader: — Yes.

Mr. Chairman: — Anyone else have any more questions? If there are no more questions I'd thank the department for their patience and for appearing before the committee.

I wonder if I could . . . Mr. Johnson and Mr. Babcock would exit the room. Just take a second, John. The motion by Mr. Van Mulligen, is that accepted? Carried.

Agreed

Mr. Anguish: — I have a line of business to deal with before we depart tonight as well, Mr. Chairman, and it concerns the chair of this committee and the vice-chair of this committee who set the agenda. And if you ever schedule night meetings when we start in the morning intersessionally I'm going to lobby members of the

committee to boycott the evening session of the meetings.

I don't think we should be holding meetings after supper.

Mr. Van Mulligen: — Well, okay. We'll take that into account for you.

Mr. Chairman: — I must say I relied extensively upon the vice-chairman for his previous experience in this matter.

Mr. Anguish: — Well I suspected that, but I didn't want to centre him out in front of the entire committee.

Mr. Van Mulligen: — Maybe we could bring you back for another week or so.

Mr. Chairman: — Your concern is noted on here. I was quite surprised myself tonight that we weren't working both tomorrow night and Thursday night.

Mr. Anguish: — Yes, I was extremely disappointed myself, Mr. Chairman.

Mr. Chairman: — Everyone has their schedule for tomorrow. We'll begin at 9 o'clock with Saskatchewan Liquor Board and then the Department of Social Services prior to lunch.

The committee adjourned at 10:10 p.m.