

STANDING COMMITTEE ON PUBLIC ACCOUNTS

February 28, 1995

The Chairperson: — It's time to begin. I wanted to outline a couple of things for the new members. We have a couple of new members here and I want to outline a few things about how the process works here, and I think it would be of benefit to everybody.

What we generally do in each department or chapter of the auditor's report, we ask the auditor or his staff to detail for us some of the things that were of significance in that chapter. And then when he is finished, then we proceed to the recommendations that each . . . that the auditor has made. And he's highlighted them through each of the chapters that he has written and it makes it very easy for us to deal with.

The second thing that we do with those recommendations is that we tentatively pass each one of them with a motion that then will be voted on at the conclusion, with a recommendation that we pass these recommendations and this chapter and they then become a part of the report that we give. We always leave ourselves open to have recall for any department that is asked to be here as witnesses. That generally is how we do this.

The committee here is slightly different than other committees. The chairman has the . . . well in tradition, I guess, the chairman has the responsibility of being the chief questioner. Now I'm not going to dominate the committee. Generally what I've done is allowed members to access opportunity as we go along, and then at the conclusion usually I ask the questions that I want to. And that's generally the way the process works there for the committee.

There's another thing that we should consider and that is whether we want to meet every Tuesday from now on at this time. And I just called this meeting here to do that and . . . along with meeting with the Department of Education as well, but asking you for either a motion or a consensus to come from the meeting about what we do or Every Tuesday at 8:30?

Mr. Cline: — Yes, I would suggest that we continue to meet every Tuesday at 8:30 until, you know, the work of the committee is done and we have the report for the year ended

March 31, '93. And then we have the fall '94 report. And I would suggest also that what we might try to do, Mr. Chairman, is in so far as there's overlap between the fall '94 report and the March 31, '93 report, we should try to deal with similar issues at the same time.

You know, if the same points are raised by the auditor in both reports and we're having discussion about them, we could note that. And I actually yesterday I looked at the Education chapter in both reports, and I noted there are just actually two issues that overlap. So it isn't a great deal, but we should watch for that so that we don't duplicate our efforts.

The Chairperson: — Okay. Is there a general agreement that we deal with the various departments on a regular basis every Tuesday at 8:30? Agreed. Okay. Thank you.

Then I'm going to ask the deputy minister to introduce his officials and we'll proceed.

Public Hearing: Department of Education, Training and Employment

Mr. Perrins: — Good morning. Thank you, sir. My name's Dan Perrins. I'm the deputy of Education, Employment and Training.

To my right is Mae Boa, from our finance admin branch. To my left is John McLaughlin from the Teachers' Superannuation. To his left is Lily Stonehouse, the assistant deputy minister.

And behind us, Jim Benning from SCN (Saskatchewan Communications Network Corporation), John Janzen and Brady Salloum from student loans, and Ernie Cychmistruk from regional services from kindergarten to grade 12 — regional services.

The Chairperson: — Thank you, Dan. You've been here before but some of the others haven't, so I'll read for them the responsibilities that they have.

Witnesses should be aware that appearing before a legislative committee, your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that a witness who testifies in any proceeding has a right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings except in a prosecution for perjury or for the giving of contradictory evidence.

The witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, submit 20 copies to the Clerk who will distribute it and record it as a part of the tabling of documents with this committee and then he will provide that to the members of the committee.

So that's not to intimidate you, but that's just to put the remarks so that you understand that the privilege of the legislature extends to this committee and to this room when you testify.

I guess what we'll do now is begin with Mr. Strelieff to outline for us some things in the Department of Education that he has in his report.

Oh, there's one other thing that we need to probably expand on from what you said, Eric, and that is: do we do these concurrently or are we getting ourselves bound too much? Do we make note of what we've done in this book for '93 and then when we come to '94 just have that fit in for the things that we've already accomplished?

I don't want to do them twice. I understand what you're talking about but maybe we should go through this and then when we get to the '94 then we will have made a note of what's similar. And I still don't want to exclude the opportunity for people to discuss what is in the '94 report.

Mr. Cline: — That's right. I don't think we should do it concurrently so far as reporting to the legislature goes. I think we should be making our recommendations with respect to the year end March 31, '93, but I think the Clerk . . . we should alert the Clerk to the fact as we go along that we're dealing with something that will also come up in the fall '94 report. And then when we get to the fall '94 report, the Clerk will have recorded in his copy of the fall '94 report that this was dealt with at a

certain time on a certain date. And if anybody wants to go into it again of course they can, as you say. But we would just make that notation for our own reference. And the Clerk could then, when we get to the fall '94 report, refer us back to what we did with respect to the previous year.

The Chairperson: — Can you do that? Okay. Good. We just were told that as long as you identify those issues.

Mr. Cline: — Yes.

The Chairperson: — Okay.

Mr. Strelieff: — Thank you, Mr. Chair, members, and guests. The spring report, page 109, chapter 12, which deals with the Department of Education. With me is Bashar Ahmad, who is our senior director in charge of our education-related audits. And he's going to lead us through our comments in chapter 12.

Mr. Ahmad: — Thank you. Mr. Chairman, members of the committee, our report on the Department of Education is contained in chapter 12 of our report, beginning on page 109. I will briefly go through the highlights of this chapter. Page 109 shows highlight of the appropriations managed by the department, having magnitude of the expenditure made.

As you can see, the most significant expenses here were for grants to operate schools, universities, Saskatchewan Institute of Applied Science and Technology, that is SIAST. The other major expense here were for teachers' pension and benefits. The department also had revenue of \$20 million. A more detailed view of expenditure and revenue is included in volume 2 to the *Public Accounts* — page 8 for revenue, and page 71 to 86 for expenditure.

Page 109 and 110 shows that the department was also responsible for a number of Crown agencies and special purpose funds. This chapter also contains the result of our examination of these entities.

Mr. Chairman, we also audit the University of Saskatchewan and the University of Regina. We do not report the result of our audits of the universities in our annual report. The Provincial Auditor Act does not require us to do so. We report our finding to the board of governors. You may seek our audit finding on

the universities' audit from the Department of Education or from the universities' directory. However, if the committee desires us to report our finding on the universities' audit in a future annual report, we will do so.

For most of the agencies listed on page 109 and 110, we found the rules and procedure to safeguard their assets and to comply with the legislation were adequate. Where this was the case, there is no further mention of the entity in this chapter. Page 110 indicates we did not do sufficient audit work to report on the department's compliance with governing authorities, of the department's rules and procedures to safeguard and control its General Revenue Fund appropriation and revenue, except for operating and capital grants to schools.

Mr. Chairman, members, we will do this work for 1994. We did not report on whether the Correspondence School revolving fund complied with the authorities governing these activities because of the delays in completing the audit.

Page 110 to 111 include our observation on the department. The department did not follow the regulations regarding usage factor when calculating the capital grants. Management has told us that the regulations will be amended to apply usage factor to major projects only. We also reported the department has not evaluated this information system and prepared and tested a written contingency plan.

Page 111 to 124 relate to the Saskatchewan Institute of Applied Science and Technology, that is SIAST. We are reporting on both the 1992 and '93 year in this report. For 1992, page 122 to 123, we concluded SIAST financial statements may not be reliable because we could not verify whether a grievance liability of 1.4 million was properly recorded.

Generally accepted accounting principles — that is GAAP — require recording of losses for liability if the losses are likely and can be reasonably estimated. SIAST records do not provide the information necessary to determine whether the losses were likely and did not show the basis for the liability. Therefore we could not verify the liability.

As well, SIAST did not disclose the required information about contingent liability in the notes to the financial statement. Paragraph 94, page 123 outlined the information required by GAAP.

SIAST lacked proper financial reporting in 1992. SIAST's financial report did not follow GAAP and SIAST did not prepare an accurate financial forecast. In March of '92 the projected operating surplus was 500,000, but in August '92 when the financial statements were prepared, the actual surplus was 3.5 million. It's on paragraph 51 to 52 on page 117.

For 1993 our office, with an outside auditor, conducted a joint audit of SIAST. As noted on page 112 to 115, a weak management structure combined with a lack of written policies and procedures caused most of the problem we reported. Specifically, we noted there was no internal audit function at SIAST, making it difficult for the audit committee to fulfil its responsibility. That's on page 115.

SIAST lacked proper financial reporting in 1993. The reports prepared for the board did not follow GAAP and therefore did not show properly the operating surplus . . . operating reserves, that is. On page 115 to 117.

SIAST monthly reports to the board did not allow management or the board to effectively compare actual reserves to the budget. That's on page 117.

As well, the build-up report to the boards are different than the boards given to the members, making variance in the . . . (inaudible) . . . very difficult.

SIAST did not have a long-time human resource plan. Job descriptions did not exist for all positions and SIAST lacked rules and procedures for dealing with grievances. That's on page 118. This contributed to the problem with the grievances liability in the previous year.

SIAST did not have good system development controls. So when SIAST started a new accounting system in July of 1992, significant problems developed and the system did not operate effectively. That's on page 119 to 121.

SIAST had poor segregation of duties. Deposit clerk may handle cash receipts to pay a bank

deposit and therefore ... (inaudible) ... payments. Accounts payable clerks can initiate payments and approve them without management knowledge. Accounting staff can change accounting records without management's knowledge. This is especially serious since SIAST did not reconcile its recorded bank balance to the bank's record, or reconcile its accounts receivable record with general ledger for more than a year. That's on page 121.

Page 124 to 128 deals with the department administration of student aid fund. We include the audit finding for both '92 and '93 in our report.

The department implemented a new system, student loan system, in 1992. The system was not adequately tested prior to start-up and did not function properly or produce reliable information for much of the year. One of the results of this was the department did not prepare monthly financial statements. The trustees failed to administer the funds since they did not meet regularly or receive adequate financial information to monitor the fund's operation, as there were no monthly financial statements.

The department lacked adequate procedure for writing off student loans on a timely basis.

The department did not adequately verify the information on student loan applications. They did not have the authority to limit the interest write-down subsidy on loans made from May 1, 1986 to July 31, 1989. Both these measures were previously voted on in '91 reports.

Pages 129 to 131 deal with the Teachers' Superannuation Commission. Due to a poor system of development controls, the commission failed to control the development of the new pension information system, resulting in the loss of 582,000 to the Crown. The amount the Minister of Finance is required to contribute to the superannuation fund is uncertain. We previously reported this matter and the department has informed the Public Accounts Committee that appropriate ... (inaudible) ... changes are planned.

I would like to add here that this problem has been resolved since then.

Page 132 to 133 deal with the

Correspondence School revolving fund. There is a reservation of opinion on the value of inventory recorded in the Correspondence School's financial statement. We did not attend the inventory count at March 31, '93 because we did not plan to do the audit unless the department paid our fees. The department did not decide to do so until November, 1993.

Pages 133 to 139 deal with the regional colleges. Carlton Trail financial statements are reliable except for not properly recording purchase of 59,713 of capital assets and a donation of 33,500.

Northlands' rules and procedures to safeguard and control its assets were adequate except for the failure to reconcile its accounts receivable to the total receivable and to regularly follow up accounts receivable. As well, Northlands did not regularly reconcile bank records to its recorded bank balance.

Prairie West's rules and procedures to safeguard and control its assets were adequate, except that staff did not reconcile bank records with recorded bank balance during the year and could not account for 5,700 over the year. As well, Prairie West did not balance its general ledger for several months during the year.

As in prior year, we note that the Saskatchewan Indian Regional College, although subject to The Regional Colleges Act, does not comply with the Act. As well, we were unable to determine whether the payment totalling 18,000 were made for the educational purposes.

Our report on the Southeast contained a reservation of opinion. Southeast College changed its accounting policy for the capital expenditures and reserves but did not apply the policy retroactively as required by GAAP.

In summary, as you can see, the department discharged its responsibilities using a number of organizations. These organizations include school divisions, universities, SIAST, regional colleges, and special purpose fund.

Mr. Chairman, we planned and conducted our audit of SIAST for the year ended June 30, 1994 jointly with appointed auditors, that is, KPMG Peat Marwick Thorne. SIAST has taken steps to address the issues reported in our

1993 report, but have not completely resolved all matters as yet. The appointed auditor for the regional colleges, except for the Saskatchewan Indian Regional College, have not reported these matters again for the year ended June 30, 1993. The auditor for the Saskatchewan Indian Regional College have reported similar matters in their 1993 report.

This concludes my summary of the audit. Any questions?

Mr. Strelieff: — Thank you, Mr. Ahmad. As you can see, Mr. Ahmad is involved in a number of education organizations, as he moves from the department to the universities to SIAST to the regional community colleges. And there have been in the past significant issues to bring to your attention. So are there any questions or comments?

The Chairperson: — If not, then what we will do is begin with some observations. As we go through these recommendations, I guess we'll accent each one by dealing with each recommendation. And what I will begin with is ask the department to respond to each one of them, and then we'll ask committee members for their questions of the department.

The first one we have is item no. 13 there: the department should comply with school grant regulations. And, Mr. Perrins, what has your department to say about that?

Mr. Perrins: — Well, Mr. Chair, the department's intent on establishing a utilization factor was to apply it only to major projects initially. And the wording in the '93 regulations has been amended to establish the utilization factor itself to in fact apply only to major projects.

So during '92-93, the department was consistent in applying with school grant regulations and utilization factor as it was intended. Consequently no utilization factor has been applied. During '93, 10 major projects were approved, and the utilization factor was applied to the 10 projects in accordance with the regulations. So in effect the regulations have been changed to apply just to the major projects.

The Chairperson: — So the new regulations are going to just apply to the major project, not to the others.

Mr. Perrins: — Right.

The Chairperson: — Okay. Did any of the other projects require any payment after the fact, or are you going to close the door on that? Or did any other projects qualify for grants?

Ms. Boa: — We're fully in compliance with the regulations now.

The Chairperson: — So that then you paid . . . if there were grants to be paid out, then you did pay them out after the fact?

Ms. Boa: — If we approved the grant basis, the one set of regulations, they would have been paid accordingly. And when new projects were approved, then they would have been approved and paid under the new regulations.

The Chairperson: — As I understand this, there were some things that happened where there were no grants paid because the department didn't realize that they were supposed to be paid under the regulations. And I was wondering whether you'd gone back and paid them up or whether you changed the regulations so you didn't have to or whether there were none that were required to be paid.

Ms. Boa: — Let me check on that for '92.

Mr. Perrins: — Yes, because my understanding of that, Chair, was we were looking at . . . the distinction was between it being applied to all grants or just major ones.

The Chairperson: — Right.

Mr. Perrins: — And my understanding was that we had changed the regulations to comply because it was intended only to apply to major grants. But I'm not . . . we're at a bit of a disadvantage in that none of us here were part of that decision. So what we check for compliance was the fact that the regulation had been changed to apply only to the major grants, but we'll confirm your question for you.

The Chairperson: — Would you give us those volumes of dollars, if they were paid, and if they weren't, whether they in fact should have been?

Mr. Perrins: — Yes, we will.

The Chairperson: — How long do you think that would take?

Ms. Boa: — When would you like to have it back?

The Chairperson: — Well I'd like to have it back so that we could look through it and see whether there was some more questions we could raise, or we should raise.

Ms. Boa: — Within the next two weeks?

The Chairperson: — Pardon me?

Ms. Boa: — Within the next two weeks?

The Chairperson: — Okay.

Ms. Boa: — Would that be satisfactory?

The Chairperson: — Sure. Does anybody . . .

Mr. D'Autremont: — Thank you, Mr. Chairman. You mention it's only for major projects. What do you classify as a major project?

Ms. Boa: — A major project would be one that would be classified other than what we fund under block funding. So it would be, as an example, any of our joint youth projects that would have been undertaken. So it would be considered major in terms of a renovation as opposed to a small roof repair or a small project with respect to accessibility, that type of thing.

Mr. D'Autremont: — And what effect would it have on the non-major projects if you had to use the utilization factor?

Ms. Boa: — And we'll need to check that impact. And we'll do that when we return with the other information, the impact on that.

Mr. D'Autremont: — Thank you.

The Chairperson: — Any other questions?

Mr. Serby: — Just one follow-up to what Mr. D'Autremont was asking. Is your major projects determined by volume of dollars or projects or the type of project?

Ms. Boa: — It's actually a combination of both. It's usually the level of funding applied to the

project. And that's normally how it's determined.

Mr. Serby: — Okay.

Ms. Boa: — And some projects are phased over more than one year.

Mr. Serby: — Okay, good.

The Chairperson: — That's it?

Mr. Serby: — Yes.

The Chairperson: — I wonder if we could leave this recommendation open till we get that information? Because I think there might be some questions that we want to raise in relation to that when we get them.

Is the committee comfortable with that? Because I think there are some significant things that we need to take a look at and I'd have some question about the volume of dollars that we're looking at in relation to this too.

So if we could leave that open — can you make a note of that for me, please — and then we could go with item no. 17:

The department should evaluate its information systems, prepare a written contingency plan and test the plan.

Ms. Boa: — On this one we do have a complete system of backup which is done weekly. And that in fact is stored off site with respect to our systems.

A disaster and recovery at this point in time was a priority and we were looking at it as our resources became available. We've been in the process of acquiring additional hardware to provide disaster recovery capabilities, specifically with respect to the student financial aid program.

And so we are in the process of doing that now, and the documentation obviously would accompany the installation of the hardware/software.

The Chairperson: — Any questions?

Mr. D'Autremont: — Have you ever suffered a loss of information?

Ms. Boa: — Fortunately, not so. We had the backup. But our SUN equipment, the new equipment we're putting in, will ensure it doesn't happen.

Mr. D'Autremont: — So where are you storing your data disks, tapes, whatever you're using off site? Is somebody taking them home? Or do you have a separate location that you can store them at? What are doing with that?

Ms. Boa: — They're stored in a separate location, and we have some of it actually in a safety deposit box.

Mr. D'Autremont: — Okay. You have more than one set of backup disks or whatever medium you're using?

Ms. Boa: — We have one set for backup.

Mr. D'Autremont: — From what I know about computers, that's not always a good idea either. I think the recommendations that I've always heard is that you should have at least two sets of backups: the one that you just did and the one from the week before in case . . . because your medium can get corrupted.

Ms. Boa: — Excuse me, you're correct. We have one current, and then we have the previous. I misunderstood the question. Thank you.

Mr. D'Autremont: — Okay, thank you.

Mr. Sonntag: — You said you were in the process of doing this. Maybe I missed it at the very start because I was reading some of this stuff. But when do you anticipate this being done?

Ms. Boa: — In the new fiscal year we'll have it completed, the installation. We have the hardware now, and we're working on it now.

Mr. Sonntag: — Okay.

The Chairperson: — How many accounts do you have with the student loan program?

Ms. Boa: — I'll have to defer to my colleague.

Mr. Salloum: — We have about each year about 24,000 students applying, and that's somewhere between 16 and 18,000 people receive student assistance.

The Chairperson: — I think that somebody's got to put that closer to the mike here so you get a . . . Thank you.

Mr. Salloum: — Each year we have about 24,000 people that apply for student loans. And about somewhere between 16 and 18,000 people receive Saskatchewan student loans. So each of those people would be . . . they'd have a record. And until they're paid in full, then that record would be active on that account.

The Chairperson: — And how many of them would you have in total?

Mr. Salloum: — I think it's . . .

The Chairperson: — 50,000. 100,000?

Mr. Salloum: — 69,000.

The Chairperson: — 68,000. There has been a concern that has been raised over the years about a number of things that relate to bankruptcies by students and inability to pay. Can you outline for us some of those problems within the framework of the student loan program that you've encountered?

Mr. Salloum: — The students come into repayment six months after they finish their schooling or discontinue studies. And at that time they're expected to begin making monthly payments. And we've, over the years, developed several options for students to pick. They've got five different repayment options: one, paying it off very quickly; two, paying it off very slowly up to 114 months.

In addition to that, because we recognize that students weren't necessarily getting into work very quickly, we have an interest relief program so that if you're unemployed or underemployed or medically unable to work, you can apply for your payments to be deferred for up to an additional 18 months. So there could be a 24-month, interest- and payment-free period at the end of your schooling.

We also have various interest . . . when students only pay interest if they've exhausted those other arrangements. As long as the student keeps in touch with us, we keep their account current.

You'd also asked about bankruptcies and that's been . . . there's been many students that have been declaring bankruptcy. It's about 3 per cent of our . . . of the numbers of students. That's the total number of students that have ever gotten money. And we can test some of the bankruptcy claims depending on whether the person has a reasonable chance of getting employment related to what their schooling was.

The Chairperson: — On interest relief, do you just defer interest payments or do you say that their interest isn't accruing? How do you work that?

Mr. Salloum: — Interest stops and payments are not expected, and a student has to apply in three-month blocks. So that they apply for that benefit and we feel that three months is . . . their circumstances may change; they may find work.

So they will apply every three months up to an additional eighteen months from the first six months that we gave them.

The Chairperson: — Or they may go to school again?

Mr. Salloum: — They may go to school again.

The Chairperson: — And then does it stop then too?

Mr. Salloum: — If they go back to school . . . The way it works is when you start school in September, let's say, and if we gave you assistance to go to school, it would be interest free while you were at school plus for six months after you finish. If you go to school again, everything goes back into interest-free status and you get an additional six months at the end of that period.

The Chairperson: — For the total . . . Like what I'm asking is, that say a student has a \$4,000 loan and he completes his school at SIASST and then he doesn't find work but he decides to go to university in six months from that period of time, then does the interest relief go back to square one on the first loan as well?

Mr. Salloum: — It's not called interest relief — it's called interest-free studies. But every time, every single time that you're a full-time

student, you get an additional six-month grace period where you don't have to . . . where interest doesn't accrue and payments aren't expected. And that's for the Saskatchewan loan.

The Chairperson: — On the volume of dollars that this costs the province, can you give us . . . for the year under review, on those 68,000 students not all of them are getting this interest-free loan, but at some point in time, they did; but in 1992 what was the volume of interest that was paid by you on behalf of these students?

Mr. Janzen: — The interest relief back in that year was probably averaging about \$60,000 a month.

The Chairperson: — Have you got a total for the year?

Mr. Janzen: — I would have, but not here. We can get that total for you.

The Chairperson: — Sixty thousand a month. That's 720,000. Is that classified as interest relief, or is that no . . . or interest paid on behalf of individuals who are going to school?

Mr. Janzen: — No, that's just the interest relief program.

The Chairperson: — Okay. Can you give me the volume of dollars that it's costing the department in relation to no interest being paid by the student as he's going to school?

Mr. Janzen: — We can get that for you, yes.

The Chairperson: — Okay. Can you get that for '93?

Mr. Janzen: — Okay.

Mrs. Bergman: — About how much is paid back? You say '93; how much was paid back on that student loans, for those?

Mr. Janzen: — During that year there was 11 million repaid.

Mrs. Bergman: — Thank you.

Mr. D'Autremont: — You're talking about bankruptcy at a rate of 3 per cent. Is that increasing or decreasing in the historical

norms?

Mr. Salloum: — We've been in the student loan business provincially since 1986-87, and bankruptcy is really . . . we really just started tracking it over the last few years. So my sense is that it's increased a bit, but I'm not real comfortable saying that it's increased. I think it's increased, but we're now seeing, like, from last year to this year we're seeing a levelling off and maybe a reduction.

Mr. D'Autremont: — When you were talking about the bankruptcies, did you indicate that when you could go to court to contest the bankruptcy, were you looking at the future prospects that that student might have, their potential income? Or when they apply for bankruptcy, do the courts just base it on what their current status is?

Mr. Janzen: — Well it's generally on their ability to repay, and I guess their current status would be the major thing we look at. Are they employed and what level of income, and I suppose are they employed in the field of their training, that type of thing.

Mr. D'Autremont: — When a student applies for bankruptcy — well I suppose they're not a student any longer, but the past student — do they do so fairly shortly after exiting their educational institution of choice, or is it a significant time down the road?

Mr. Janzen: — There's some of everything, I guess. Some do it immediately after finishing school. Some go into repayment and sometime during their repayment period will do so. And I don't think we've noticed any particular pattern there.

Mr. D'Autremont: — You wouldn't have any numbers of how many within the first six months, the first year, the first five years?

Mr. Janzen: — Not here. We might be able to get them.

Mr. D'Autremont: — Yes, I'm concerned about that because particularly it looks like student loans may be increasing in the future because of budgetary considerations. And I would be suspicious that we may see an increase in bankruptcies as soon as a student leaves school.

I mean if you're sitting there with a \$50,000 debt, no assets whatsoever and no employment, looking at some avenue to relieve yourself of that debt can be attractive. And I would be concerned that we may develop in that direction. So I think it would be important to have historical patterns that we can track this with.

If a student has a student loan in September and they start their course and drop out in October, what happens with that student loan? Has that been applied to the institution at which the institution would have carried that and used it through the year? Or has it been a lump sum payment that is due to the institution and therefore they get to keep the whole amount, or is some of that repaid? How does that work?

Mr. Salloum: — In the specific example that you're using, if you started in September and withdrew in October, the Canada student loan is paid on your first day of classes. And so that loan would go to pay your tuition normally and books and supply costs and maybe relocation expenses. And then the provincial loan is paid on a monthly basis, so it's paid October 1, November 1, and each month thereafter.

If you would discontinue in October, in the example you gave, the Canada student loan would have been cashed. The institution would have taken their tuition fee and would refund whatever refund you had coming to you, directly to the bank.

And if there are overpayments as a result of that, then we would calculate those overpayments based on when you quit school, and that would continue to sit on our computer system for the next time you applied.

Mr. D'Autremont: — So the student in essence would get back . . . they only used up that portion of the student loan that they were there for the time of the institution. So if it was an eight-month course, they would have used one-eighth of it if they had been there for a month.

Mr. Salloum: — Yes, there's a different formula for every single institution. And so the exact numbers of days you're in school determines how much money you get back, what percentage you get back. It's laid out in the school calendars on each of the . . . like

the University of Regina, University of Saskatchewan, all of SIAST and the private vocational schools. And those refund policies are written up.

Mr. D'Autremont: — So the institution, if a student had dropped out, would then repay that to student loans.

Mr. Salloum: — The Canada student loan, any refund that's coming to the student is paid to the bank where they negotiated their Canada student loan.

Mr. D'Autremont: — And the Saskatchewan portion hasn't yet been paid out, so there wouldn't have been anything to pay off.

Mr. Salloum: — We would cancel any subsequent payment, any payments in the future.

Mr. D'Autremont: — Do you have any method of tracking the Canada student loans, whether or not the institution has returned them to the bank?

Mr. Salloum: — We have no way of knowing whether the institution has repaid it to the bank.

Mr. D'Autremont: — And so whose responsibility would it be to see to it that that student loan was returned?

Mr. Salloum: — It's the student's responsibility with the bank . . . pardon me, the student's responsibility with the institution.

Mr. D'Autremont: — So if there's a problem, the student has to deal with the institution and try and get the money out of the institution.

Mr. Salloum: — Yes.

Mr. D'Autremont: — Not a very satisfactory method, in my opinion.

If a student is short their student loan repayment to the bank, then how are . . . (inaudible) . . . approach the University of Saskatchewan and get it back?

Mr. Salloum: — As a matter of course the University of Saskatchewan automatically sends cheques back to the banks.

Mr. D'Autremont: — Have there been problems with any of the institutions?

Mr. Salloum: — With some of the private vocational schools I believe there's been some problems. There certainly hasn't been with any of the, what we call the big six: the two universities and the four SIAST campuses.

Mr. D'Autremont: — With the vocational schools, what avenues would the student have to — other than civil action against that institution — to get their portion of the student loan, Canada student loan, repaid to the bank?

Mr. Salloum: — I believe they can claim on the bond when they pay at the school.

Ms. Stonehouse: — Brady's response is correct if the school has closed.

They can claim on the bond, but they're not able to do that if the school continues to function which I think is the situation of some of these students. Under the current legislation, it's very difficult for the department to intervene at all. Under the legislation we've introduced, we have a broader range of abilities to intervene and could in fact take up the concerns of the particular students that I'm aware of in this situation.

Mr. D'Autremont: — Will the new legislation then apply to those circumstances where the school is no longer operating? If the student loans . . . if the students had a Canada student loan; they stopped going to school before the completion of their course. Their student loan has not been repaid by that institution to the bank.

Ms. Stonehouse: — Those students can now claim on the bond in the situation where a school is closed, and that will not be different under the new legislation.

Mr. D'Autremont: — Where will they fit into the picture on claiming on that bond? If there's a bond in place, perhaps the Department of Education has a claim against it. Perhaps other creditors would have a claim. Where would the student fit into that picture?

Ms. Stonehouse: — The department coordinates the total claim on the bond. The student's concerns will be dealt with.

Mr. D'Autremont: — So they would not, in the terms of a bankruptcy, be claimed as a secured creditor? They'd be an unsecured creditor?

Ms. Boa: — I'm not sure how they'll fit.

Ms. Stonehouse: — We'll have to check that out.

Ms. Boa: — I think they have a priority, Lilly.

Ms. Stonehouse: — Well I assume they do, but I don't know.

Mr. D'Autremont: — Because if an institution has gone bankrupt — let's say — the employees are going to have a claim against some place. And if that bond is in place, they may have a claim against that bond. Their pensions may have a claim against that bond, so I think it's very important to find out just who has priorities and who might be termed as secured and who's unsecured.

Ms. Stonehouse: — Well we'll check that out.

Mr. Sonntag: — Thank you. Dan, you pull at my heart here a bit when there are . . . The credit union system also lends, not just the banks. I just want to point that out to you.

I'm interested in following up what Mr. Martens was talking about a little bit earlier because obviously we have lots of these in our area as well, student loans. And I just want to understand this a little bit better, and let me use an example to explain.

If a student were to convocate in April and then went the entire summer which would be . . . six months would be about October and then started their master's in January again, so there'd be two months where there's interest accruing, and then took another student loan in January, what would be the status then of that two months? Would that just be held indefinitely until they then graduated from their master's?

Mr. Salloum: — No. They would be expected to make payments for two months and then payments would stop when they went back to school, in your example, in January.

Mr. Sonntag: — Okay.

Mr. Salloum: — And then they would have the interest-free status the whole time that they were full-time students again and for an additional six months at the end of that period.

Now that's specifically on the Saskatchewan loan. On the Canada loan they do not get that extra six months of interest-free status. The interest accrues during that period on the Canada student loan, but not the Saskatchewan.

Mr. Sonntag: — The interest would accrue while they were taking their masters as well?

Mr. Salloum: — No. I'm sorry, during the six-month period afterwards.

Mr. Sonntag: — Okay. I understand. Otherwise all things are equal?

Mr. Salloum: — Otherwise all things are equal.

Mr. Sonntag: — Another question. You referred to the 18 months where they apply every three months to have interest relief. What happens if . . . in the condition of illness where it would be long-term illness that went beyond 18 months, what are the expectations then?

Mr. Salloum: — On the federal Canada student loan, the student can apply to have their account considered to be not collectable because of the long-term disability or long-term illness.

On the provincial loan program we would . . . the person would first go into interest relief for 18 months, so in total 24 months, and then we would monitor their account. Eventually if the person couldn't pay, we would recommend that it be written off.

Mr. Sonntag: — I see. Okay. And the last question is, and I'm not quite sure how to ask this, but how restricted are the terms and conditions of the Saskatchewan student loan program by the . . . how restricted are they by the Canada student loan program?

As I understand it, they run very similar, one to the other, and for instance if Saskatchewan wanted to run its student loan program hugely different than the Canada student loan program, we would not be allowed to do that.

And I sort of heard this; I'm not clear on this, I'm just curious how restricted they are.

Mr. Salloum: — The Saskatchewan loan program is a mirror of the Canada student loan program in terms of eligibility, of how much money you need to get to go to school. It's possible that the provincial program could have completely different criteria than the federal program. But we're the office that does both the federal loan and the provincial loan, and so conceivably it would be much more confusing because there would be different rules for both pledges of money, if you will.

We've tried to have the rules similar between the federal program and the provincial program, or identical in many cases, so that we could tell people that there's one rule and this is the rule for both programs.

Mr. Sonntag: — Okay. The rules are for simplicity, not because of obligation then?

Mr. Salloum: — Well in the year in question the rules are for simplicity. The federal government mandates certain things. One of those are, you know, the maximum amount of money that the federal government will provide.

And in the '94-95 year the federal government has said that whatever need a student has has to be met 60 per cent federally and 40 per cent provincially.

Mr. Sonntag: — Good. Thank you very much.

Mrs. Bergman: — Thank you, Mr. Chairman. Back to the issue of the 3 per cent declaring bankruptcy. You contest some claims; how successful . . . and what cost is it to the department to contest those claims.

Mr. Janzen: — Well the costs of bankruptcies can be quite high for us and that's one of the reasons why we choose very carefully which ones we pursue and only try and pursue the ones where there's a good chance of recovery.

Mrs. Bergman: — What would be a typical one with a good chance of recovery that you would . . .

Mr. Janzen: — Typical cost?

Mrs. Bergman: — Typical cost, and what sort

of typical situation would be that you would likely to be successful.

Mr. Janzen: — Well where a person, say, studied to be a professional of some kind and is employed in that field and is making a decent wage but has other obligations that they feel that they cannot continue on and they declare bankruptcy. And that's a case where we would probably contest the bankruptcy.

Mrs. Bergman: — What percentage of those, that 3 per cent, would you say you contest?

Mr. Janzen: — I really don't know off . . . we can probably get numbers for you.

Mrs. Bergman: — Okay.

Mr. Janzen: — I think it's quite low, but I think we'd do better get you some numbers to be more accurate.

Mrs. Bergman: — Sure.

I'm not sure who to direct this to. In 1993, how much money was there in the provincial student loan plan as compared to the federal for Saskatchewan students.

Mr. Salloum: — Federally, we would have authorized about \$54 million; provincially, we would have authorized about 44 million. So a total of close to \$100 million.

Mrs. Bergman: — Thank you.

Mr. Cline: — Just following up on this question of bankruptcy. If the Liberals go through with this plan to transfer more indebtedness to the students, and my understanding is that for tuition alone it would mean a difference of about 9,000 to 19,000 for an average student, would that money be payable . . . I presume that money would be payable to the federal government, not the province? Is that correct?

Mr. Salloum: — What the federal government has called what you're talking about is income contingent loan repayment and it's based on what the tuition may increase by if established program financing money is taken away.

It's real difficult to know because that money would be collected through the income tax system and whether that would be assignable in bankruptcy is not clear yet. That may be a

debt that follows you for your life independent of bankruptcy issues. It may not be. The details of that program and how a person entering bankruptcy — you know, what would happen — is just not clear yet.

Mr. Cline: — The other question I had is: in terms of Mr. D'Autremont's question about the rate of people going bankrupt, was there not some change within the last short number of years that enabled people to claim student loans as a debt in bankruptcy and that didn't used to be the case?

Mr. Salloum: — It used to be the case that student loans were debts of the Crown and we were considered to be a preferred creditor. That is no longer the case. That would have changed about four years ago.

Mr. Cline: — The other question that I had is — I don't need to know the numbers in the cases where this would occur, but do you have cases where, say, the ... (inaudible) ... student loan goes bankrupt and the judge ends up saying, well I'll discharge you in bankruptcy but you must pay off a certain portion of your student loan as a condition of the discharge?

Mr. Salloum: — It happens, yes.

Mr. Cline: — Yes, okay. Just depending on the circumstances.

Mr. Salloum: — Exactly.

Mr. Cline: — Thank you.

Mr. Serby: — Mr. Cline has just asked my question. Thank you, Mr. Chairman.

The Chairperson: — Okay.

Mr. D'Autremont: — Thank you. I'd like to touch again on the vocational schools. And I came into this on the student loan personally so that's why I'm kind of interested.

The Chairperson: — Excuse me, Dan. Why don't you just pull up a chair on the side by Mr. Kraus there, and then we don't have to . . .

Ms. Stonehouse: — You're tired of musical chairs.

The Chairperson: — I'm not, but you may be.

Mr. D'Autremont: — I'm just wondering, what responsibility towards the students in the vocational schools does the department have because the department is the one who license and regulate the vocational schools?

Ms. Stonehouse: — The current legislation focuses on licensing from the perspective of the operation of the school. Its provisions, in terms of consumer protection of the student, relate primarily to the ability to claim on the bond and the ability to get a tuition refund and the nature of the contract the student signs with the school.

Mr. D'Autremont: — How does the department track and regulate that responsibility to the student?

Ms. Stonehouse: — We receive information on an annual basis from the schools, but primarily our monitoring relates to students raising complaints directly with the department. If a student does raise a complaint with the department, we ask them first to attempt to resolve it directly with the school. If that fails, then we go through a fairly well-defined process of raising the issues with the school as a department, inviting the school to identify what it has or what it will do in terms of addressing the student's concerns.

Failing that, in the current legislation we have no real vehicle; in the proposed legislation, we will have a vehicle for mediation.

Mr. D'Autremont: — When . . . I'm assuming audits are done . . . okay, maybe I should ask first: are audits done on the vocational schools by the department in any way, shape, or form?

Ms. Stonehouse: — No. We receive financial statements from the schools, but we do not conduct an audit.

Mr. D'Autremont: — So you have no real way of tracking then, other than student complaints, whether or not students have dropped out of the system within the vocational school?

Ms. Stonehouse: — We currently monitor the schools with a visit twice a year. And at that time the staff person who does the monitoring does check through student records and does visit in classrooms, so that it's possible we could uncover difficulties at that time.

Mr. D'Autremont: — Well I can see checking the records perhaps might uncover something, but I don't know what use in this particular context, a visit in the classroom would have.

Ms. Stonehouse: — Sorry, the monitoring visits are for many purposes, and of course the classroom visit has to do with quality.

Mr. D'Autremont: — So when a person has a number of complaints come forward, do you get the student to try and resolve them with the school? The department would then, if that failed, talk to the operator of the school to try and resolve it? Let's say, nothing has happened yet. Then it's simply up to the student to either make an application against the bond . . . Who would they make that application to?

Ms. Stonehouse: — Through the department if the school is closed. The student doesn't have that option if the school is not closed.

Mr. D'Autremont: — Okay, if the school is still operating, the student then . . . what recourses do they have — the court system?

Ms. Stonehouse: — That's right.

Mr. D'Autremont: — That's kind of a cumbersome club for a student to wield.

Ms. Stonehouse: — I agree. That's the current legislation.

Mr. D'Autremont: — Okay. . . . (inaudible interjection) . . . That's why I'm pushing for more changes too. If the school is closed, they would apply through the department then?

Ms. Stonehouse: — Yes.

Mr. D'Autremont: — Okay. For those schools that have closed in the past — there's been a number of them over the last three or four or five years — how many would that be?

Ms. Stonehouse: — How many schools have closed or how many claims have there been?

Mr. D'Autremont: — Closed; vocational schools.

Ms. Stonehouse: — I don't have that at the tips of my fingers, but I'll get it for you.

Mr. D'Autremont: — Okay. Are the bonds or any of the bond still in place for those schools that have closed?

Ms. Stonehouse: — Generally, it's about a year in which claims are processed for a bond and the students are all made aware of the time line in which we'll make the claim.

Mr. D'Autremont: — What happens in the circumstance where a school would change hands? Now operator A sold the school to operator B. Students had problems with operator A. What recourses do they have in that particular case?

Ms. Stonehouse: — Well the school is a corporation and the students' sort of legal claim is to the corporation, it isn't to the individual owner.

Mr. D'Autremont: — So if the students had any problems with A, they should either go after B or take a civil action against A.

Ms. Stonehouse: — Yes.

Mr. D'Autremont: — Let's carry on with A in my scenario. A has exited with the first vocational school and now can they be . . . if they've had problems — the department knows they've had problems with A — would A be given a licence to operate another vocational school?

Ms. Stonehouse: — The current legislation provides for a number of criteria which an owner must meet in order to be licensed. If A met the licensing criteria, they would be licensed under the current legislation.

Mr. D'Autremont: — What criteria is there in place? What is the criteria to operate that school, and what would disqualify them?

Ms. Stonehouse: — Again, I don't have this with me. They do file a business plan. They do have to demonstrate that they have appropriate curriculum, appropriate facilities, appropriate standards for instructors. It's a program-related approval at the moment.

Mr. D'Autremont: — Okay, so if they established a vocational school and met the criteria, can they change what they're doing if say, they're doing welding? Can they turn around within that same vocational school

then, without changing their licence, do hairdressing?

Ms. Stonehouse: — No, they must get approval for the programs they offer within their licence.

Mr. D'Autremont: — And so then they would have to be able to meet the same standards as . . .

Ms. Stonehouse: — For each program.

Mr. D'Autremont: — . . . vocational school was.

Okay, are there requirements for a certain amount of classroom space per student, depending on the various courses that they're offering?

Ms. Stonehouse: — I don't know; I'll have to check that one. I know there are some requirements with respect to facilities, but I don't know the detail. I'll provide that.

Mr. Cline: — Did you get your hair cut at the welder's?

Mr. D'Autremont: — Sometimes I wonder.

Well perhaps I'll just leave this for now and come back to it when we get the answers.

The Chairperson: — That's why he's got curly hair; he did.

Mr. D'Autremont: — Yes. They used more than 110.

The Chairperson: — We have been moving forward in our discussion beyond the item no. .17 and we have probably been moving on to parts of the student aid fund.

And would it be in place then if I asked the committee to deal with .17 and then go to item no. .104; and then we'll finish off student aid if we can this morning, and then we'll coordinate it a little bit that way.

If I have the committee's observation on .17, it would be of importance to us to proceed.

Mr. Cline: — Yes. I would suggest, Mr. Chairman, that insofar as our report goes, perhaps we might note that the department

has resolved this concern with respect to . . .

The Chairperson: — Is in a process of resolving?

Mr. Cline: — Or is in the process of resolving, sure. And I think it's a very good suggestion that we move on to deal with the student aid fund.

The Chairperson: — Have we got agreement on the recommendation relating to .17?

The Chairperson: — Agreed. Okay.

We have a number of items under the student aid fund that we've talked about this morning. We have item no. .112 and .113 that are recommendations by the Provincial Auditor.

And, Mr. Perrins, would you discuss them with the committee and then we'll proceed with some questions from there. Item no. .112, excuse me.

Mr. Salloum: — Yes. During '91-92 the department planned to run the new system parallel to the old system, but costs were prohibitive. At the time we were dealing with WESTBRIDGE, ISM (Information Systems Management Corporation) — I don't know exactly when they changed their name — and we were coming . . . we had purchased our own computer system. And so what was happening was we had monthly payments to ISM and we also had our own computer system. And so because of the expense of the WESTBRIDGE contract, we simply stopped that one and went onto the new system.

The Chairperson: — Do you have anything to add? Okay. Any questions?

Mr. D'Autremont: — When you made this switch-over, did you incur any difficulties?

Mr. Salloum: — Yes, it had its bumps along the way. And we implemented it in a very busy season for us. It was in June when we're getting all our application forms in and it was a very trying year. We worked almost around the clock many times to just get the system working properly and getting people their money in a relatively timely way.

Mr. D'Autremont: — That would explain all the phone calls I got then, would it?

Mr. Salloum: — Probably.

Mr. D'Autremont: — While you were making this switch-over you cut off the contract with ISM. Did you still have the capabilities though, had your system failed, of going back to ISM and picking that up again?

Mr. Salloum: — I think so. The simple answer is yes, we would have. It would have involved some more complexity because some of our fields changed around a little bit, but we could have gone back.

Mr. D'Autremont: — So the information that you would have lost would have been what you had input from the time of switch-over to the time of going back to ISM; you would have had to re-input all of that?

Mr. Salloum: — That's correct.

Mr. D'Autremont: — What kind of studies had you done on your system prior to the switch-over? I would hope that you had run some models on it though, prior to the switch-over. That was done, was it? So you were confident at the time of the switch-over that you would not have a catastrophic failure?

Mr. Salloum: — We did some tests and we didn't have a catastrophic failure. It's just that we were slower getting results out to students.

Mr. D'Autremont: — How much slower were you than you would have been under the previous system?

Mr. Salloum: — We were . . . I call it turning around a document from the time it comes in the door to the time we mail the results to the student with their money. Previous to the system it had been about six weeks. And when we first put the system in, it was about eight weeks, and ten weeks in some cases, particularly in the summer crunch. Now, after we've gotten all the bugs worked out, it's about two to three weeks.

Mr. D'Autremont: — So do you, from your sector, recommend to the department heads the time frame in which student loans should be applied for and come into your system so that you can turn that around and get it back out to the student at a time that makes it convenient for them?

Mr. Salloum: — Well we encourage students to apply as early as they possibly can. We're in a . . . There's a bit of a problem in the times when they can apply though, because we have students that are, in the next month, will be applying for intersession and summer session, and then students that will be applying on a new application form for the programs beginning in September.

So we have . . . In some ways we have two separate processes going on at the same time. But application forms are ready in late May for the new year and we encourage students to apply as soon as they possibly can.

And we've been getting a lot of good response from them in doing that. We get about 6,000 application forms in the month of June right now.

Mr. D'Autremont: — The students that are coming out of the high school system, I would suspect, are the more difficult ones to deal with in time frame-wise, because they're not going to have their results until the end of June, whether or not they completed their classes, or what kind of grades they got in those classes.

Does that cause a problem when they start applying for their student loan, say, in early July or through July into August?

Mr. Salloum: — As far as my branch determining whether a person has need, it is not dependent on what their marks are coming out of grade 12. That may affect what school they get into in the final analysis. But most students get a conditional accept sometime around April, May, for the universities or SIAST. And so they can apply as soon as they . . . as soon as the application's in their hand and as soon as they know where they're hoping to go to school.

They don't even need an accept from the school to apply for a student loan. They can anticipate that they're going to go to the University of Saskatchewan, let's say, and fill out an application form. And if they don't happen to get into the University of Saskatchewan, they can write us back and say, I've decided to go to a different school.

Mr. D'Autremont: — I've had phone calls about that very type of thing, where a student had applied . . . had been attending school in

the U.S. (United States), had applied for a student loan to carry on her studies there, had been wanting to get to a school in Saskatchewan but couldn't because of availability, did get accepted into a Saskatchewan school and then ran into problems with her student loan. When she tried to transfer the student loan — I don't know what happened to the paperwork, if it got lost or whatever — anyway, she was informed that she was no longer attending school, therefore send in the money. And she was attending SIAST here. And so that did cause a bit of problem for one student that I know of.

Does this kind of a problem occur very often; that those kind of transfers create problems?

Mr. Salloum: — They don't normally create problems. The loan document in and of itself is a legal document, and it says: the bearer is going to this school. And so if the bearer of the document is not going to that school . . .

As long as we're informed at student aid what the student's intentions are and what they want to do with their schooling, we can make it happen for them. We can, you know, change the certificates, or do what needs to be done to make the transition smoothly.

What often happens though is that the student leaves school, expects a payment. We've been notified by the first school that they discontinued and we don't know where the student is. So provided we're informed along the way, we can help them through the process.

Mr. D'Autremont: — The student loan application forms — and I've never filled one out, so I'm not exactly sure — but I get a lot of complaints on that; students having concerns that they're very complicated and one small error on them disqualifies the whole things.

Mr. Salloum: — They are complicated. It's a 10-page application form and most students would only have to fill out about six of those pages.

But there are for many of the conditions you've just talked about . . . students are going to school all over the world and we try and provide them with enough information so that they will keep us informed and enough information about how we determine their

needs so that they won't . . . they'll have some sort of an idea about whether they could possibly get money from the program.

We've tried to put as much information as we can in the packages and we also try and go out and do career days to explain to people what the program's all about.

But it's a needs-based program, and most of the needs-based programs that I've been in contact with are pretty complicated because there has to be a line where people receive and people do not receive and you have to explain where that line is.

Mr. D'Autremont: — Okay, on the needs base, what impact do parent's assets have on the student loans?

Mr. Salloum: — None.

Mr. D'Autremont: — None whatsoever any more? Because at one time they did have a major impact.

Mr. Salloum: — Yes, years ago.

Mr. D'Autremont: — Okay, thank you.

The Chairperson: — Item no. 12, a recommendation from the committee.

Mr. Cline: — I would suggest, Mr. Chairman, that we note that we agree with the recommendations and the department has taken steps to resolve the concerns of the Provincial Auditor in this regard.

The Chairperson: — Would you include no. .112 and .113?

Mr. Cline: — Yes.

The Chairperson: — Okay. Is the committee agreed? Okay. No. .117 says that:

The Trustees should meet regularly and review financial information to oversee the administration of the Fund.

Mr. Salloum: — The trustees began meeting semi-annually in December of '93 and they've requested quarterly financial statements for their review. We have, as recently as January, met with the trustees again and have provided them with quarterly financial statements.

The Chairperson: — Could you provide a list of the names of the trustees?

Mr. Salloum: — Lily Stonehouse, Dan Perrins, and John Wright.

Mr. Cline: — Two out of three of them are here. Are you meeting regularly? Are you overseeing the administration part?

Mr. Perrins: — I can say we are.

Mr. Cline: — I think, Mr. Chairman, we might note that the department is taking steps to ensure compliance with their recommendation.

Mr. D'Autremont: — Since you've asked for quarterly reports but you're only meeting semi-annually, what's the benefit of a quarterly report if you're not going to review it?

Ms. Stonehouse: — We review it and raise questions.

Mr. D'Autremont: — If you're going to get the quarterly reports though, why not meet quarterly to review them?

Mr. Salloum: — At the last meeting what we agreed to is if anybody had questions about any of the quarterly statements, that we could meet whenever anybody sort of thought that there was an issue that they wanted to discuss, so either by . . . or conference call.

Mr. Perrins: — Yes, there's really no reason we couldn't. It's just in terms of timing. The information is there and we've actually just chosen to meet twice a year because I think that was one of the recommendations, but there's no reason we couldn't meet quarterly to review it.

Mr. D'Autremont: — Well perhaps I should ask a question of the auditors. Your recommendation is that they meet regularly. Since they're receiving quarterly reports, would it be advisable for them to review those reports quarterly, or is semi-annually sufficient for the auditor's concerns?

Mr. Strelieff: — Mr. Chair, Mr. D'Autremont, I'm glad to hear that they're receiving quarterly reports and that therefore have the option of calling a meeting more frequently when they receive it, and that they're meeting semi-annually is also good. So receiving the

quarterly reports gives them the option to say, well let's meet more frequently, and that makes sense.

Mr. D'Autremont: — Okay, thank you.

The Chairperson: — I have one question. Does this . . . do these trustees provide options for change to the Canada student aid fund? And . . . or is that some other body or agency within the student aid group?

Mr. Salloum: — Well the Canada student loan program, as part of the Human Resources Development division with the federal government, is the driver for the Canada student loan program. But there is a . . . through the Council of Ministers of Education, there is a subcommittee called the intergovernmental consultative committee on student financial assistance. I'm a member of that committee. And that's one of the committees that brings forward recommendations on how the program may change. And we get our information in this province from students' groups, like the University of Saskatchewan and University of Regina and all the SIAS students' unions, of what they think may work better for them. And we take those recommendations forward to that committee.

Mr. Perrins: — I think too, Mr. Chairman, if I can, one of the assets of having the three people as trustees, myself, Lily, and John Wright, is that, particularly given the attention that's been paid to Mr. Axworthy's proposals on student loans, there's been considerable attention paid through the trustees' group, both in that context and in our normal work context in re-examining the relationship between what the province does and what Canada does. So there's been a great deal of attention paid because of the auditor's report itself but also because of the overall impact that the proposals could have. So I think it's fair to say we've given a great deal of attention to it as well.

The Chairperson: — And the reason that I asked the question is that I have struggled with this for a long time on some of the qualifications and the disqualifications. Some of them make sense from a logical perspective from those people who are dealing with the complaint side of it.

And I just . . . I don't know whether this has ever happened before, but it probably does, where I've had a family who have contacted me, who daughter number one couldn't get a student loan because parent's income was too high, both of them, a combination of the two. Daughter number two moves out of the home and sets up a home with a fellow and she qualifies for a student loan. And daughter number three comes — and this is actually a fact, this lady had four daughters — daughter number three comes along and says, which is the best way to get a student loan and which would disqualify me?

So then what is the normal procedure to take when you apply for a student loan? Go out of the home and do that sort of thing . . . isn't really I think your intention to promote that, but that's the way that the process evolves. And this actually did happen.

So then one of the reasons why assets were taken out is because assets could be disclaimed or there was a whole lot of things and rural Saskatchewan people were at a disadvantage in a lot of those cases.

And I look at income, and I'm not sure that has changed recently. But their income has definitely . . . I believe parents should look after their children, coming from that perspective, but there are times when things change. For example, a \$35,000 combination income between two parents starts already to begin to disqualify you for funds being made available. And \$35,000 is not an extremely high income these days because of all of the demands on that income.

And so are there any changes expected to come with that, and how do they calculate that out or how are they going to?

Mr. Salloum: — There are changes coming in the '95-96 loan year. Some were announced in this budget; most of them were. I think that the biggest change that you'll see is exactly for those people that you talked about, and those are parents who have — what we call — dependent children. And instead of, you know, 35,000 being the point at which contributions are expected, that'll be raised quite dramatically. And they're going to be allowing for a moderate standards of living, and then discretionary income above that. So there's tremendous change in that regard.

The Chairperson: — Okay. Are those changes going to be made available in this summer's applications or . . .

Mr. Salloum: — It's for any program that would begin after August 1 or any application that's made for courses starting after August 1 of this year.

The Chairperson: — '95.

Mr. Salloum: — '95.

The Chairperson: — Okay. Have those all been established already, or are you still working on them? And if they have been, would you be able to provide them to the committee?

Mr. Salloum: — All the changes?

The Chairperson: — Yes.

Mr. Salloum: — Yes. I can provide them.

The Chairperson: — Okay, I'd appreciate that. Well we have two minutes to 10, and we've had a fairly interesting discussion this morning. I'm not sure whether you're going to be available for next Tuesday as well, but we could continue from our perspective this discussion at that time, if we'll allow our Clerk here to coordinate that with you to determine whether you're available. We will be here next Tuesday beginning at 8:30.

I just want to make one observation about the student aid fund that I think is important. I've dealt with a lot of departments through the years, and I think this one probably causes some of the most frustration but also has some of the most willing workers in the department in order to accommodate some of the things that occur. And I think that's a compliment to your staff, and from my perspective, I think you can even tell them that. And I've told them that too when I've called them, and I have a fairly good working relationship with them, and I appreciate that very much, especially with Rose Ann. Her father lives in Swift Current so I know her. I didn't know her and never met her so I find that she works well and does a good job.

Anyway, we will conclude our meeting here this morning and we . . . Oh, we have a recommendation under .117 and Mr. Cline

said: the department has taken steps to ensure compliance with recommendations. And we could conclude that one and then . . . Is it agreed?

Agreed, okay. We will continue on student aid under item no. 120 next session. Thank you, gentlemen.

A Member: — Thank you very much.

The Chairperson: — The committee . . . Could I have your attention, just for a moment before we go.

I have, from our perspective, asked to have the Department of Education, which is obvious, the Department of Environment and Public Safety, the Department of Finance, Saskatchewan Gaming Commission, Crown Investments Corporation, and Department of Community Services.

Mr. D'Autremont has some questions. We've had them in here before and if we could get them in just to conclude with some of the questions. Those are the ones that we have, as of today, asked the Clerk to call.

Mr. Cline: — If I can make an observation, Mr. Chairman. It seems to me, given the number of recommendations in the Department of Education, we're not likely to finish with them next week, if they're coming next week. And if they are coming next week, I would suggest that we not plan to have any other department until the week after because I'm sure that . . . And I doubt that we'll even get through it next week.

The Chairperson: — What I kind of suggested to Mr. Cline earlier on, and that was it's better for us to conclude at 9:30 rather than have people sit here for two or three days and just waste time; so we'll operate on that basis and hopefully that will help the process.

I'm sorry for interrupting your private little meeting there but we'll move adjournment and then we're . . .

Mr. Cline: — No problem, Mr. Chairman. We were just talking about what a good job you do as chairman of this committee.

The committee adjourned at 10:03 a.m.