



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Public Accounts

Enterprise and Advanced Education

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Standing Committee on Public Accounts

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Standing Committee on Public Accounts

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Darrell Dancause, Executive Director/Senior Financial Officer, Corporate Services

Margaret Haughey, Vice-president, Academic, Athabasca University

Gord Johnston, Assistant Deputy Minister, Advanced Learning and Community Partnerships

Gerry Waisman, Executive Director, Postsecondary Investments and Outcomes

Mel Wong, Assistant Deputy Minister, Innovation and Advanced Technologies

8:31 a.m.

Wednesday, December 5, 2012

[Mr. Anderson in the chair]

The Chair: Good morning. I'd like to call this meeting of the Public Accounts Committee to order. My name is Rob Anderson. I'm the committee chair and the MLA for Airdrie. I would like to welcome everybody in attendance this morning.

We're going to go around the table to introduce ourselves, and we'll start with the deputy chair, to my right.

Mr. Dorward: Good morning, everybody. My name is David Dorward. I'm the deputy chair and the MLA for Edmonton-Gold Bar. Thank you for coming twice. I don't know if you came twice, but if you came twice, thank you. We couldn't meet last time.

Mr. Fraser: Hi. Rick Fraser, MLA for Calgary-South East. It's a good day for me because there's another paramedic at the table.

Ms Fenske: Good morning. Jacquie Fenske, Fort Saskatchewan-Vegreville.

Dr. Starke: Good morning. Richard Starke, Vermilion-Lloydminster.

Ms Calahasen: Pearl Calahasen, Lesser Slave Lake.

Mr. Stier: Pat Stier, Livingstone-Macleod.

Mr. Bilous: Good morning. Deron Bilous, Edmonton-Beverly-Clareview.

Mr. Hale: Jason Hale, Strathmore-Brooks.

Mr. Allen: Good morning. Mike Allen, Fort McMurray-Wood Buffalo.

Mr. Dancause: Darrell Dancause, executive director, corporate services, Enterprise and Advanced Education.

Mr. Johnston: Gord Johnston, assistant deputy minister, Enterprise and Advanced Education, here on behalf of David Morhart, deputy minister.

Ms Bouwsema: Darlene Bouwsema, assistant deputy minister of apprenticeship and student aid.

Dr. Haughey: Margaret Haughey, vice-president, academic, at Athabasca University, here on behalf of the president, Frits Pannekoek, who is ill at the moment.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Dumont: Jeff Dumont, Assistant Auditor General.

Mrs. Fritz: Good morning. Yvonne Fritz, Calgary-Cross.

Mr. Donovan: Good morning. Ian Donovan, Little Bow.

Mr. Bikman: Gary Bikman, Cardston-Taber-Warner.

Mr. Anglin: Joe Anglin, Rimbey-Rocky Mountain House-Sundre.

Mrs. Leskiw: Genia Leskiw, Bonnyville-Cold Lake, in for Alana DeLong.

Mrs. Sarich: Good morning. Janice Sarich, Edmonton-Decore.

Mr. Amery: Good morning. Moe Amery, Calgary-East.

Mr. Quadri: Good morning. Sohail Quadri, Edmonton-Mill Woods.

Mr. Tyrell: I'm Chris Tyrell, your committee clerk.

The Chair: Thank you, everyone, and welcome to all the other staff members from the department, Athabasca University if there are others, and, of course, our own research staff and assistants for different members on the committee.

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First, we need to approve the agenda. It's all been circulated to everybody. Do we have a mover to approve the agenda? Mrs. Sarich. All in favour? Any opposed? Carried.

Next we'll need to approve the minutes from the last meeting, which were circulated. Do we have a mover for that? Mr. Donovan. All in favour? Any opposed? Carried.

All right. The documents, the reports to be reviewed today are the 2011-12 annual report for Alberta Advanced Education and Technology as well as Alberta Treasury Board and Enterprise; reports of the Auditor General for March, July, and October 2012 are a specific focus although any reports of the Auditor General are always available and are fair game; and the 2011-12 annual report of the government of Alberta, consolidated financial statements, and the Measuring Up progress report as well. You also have a copy of a briefing document prepared by committee research – that should be in the materials that were circulated to you – as well as a briefing note by the Auditor General.

What we'll do is that we'll now go to Alberta Enterprise and Advanced Education to make a brief five- or seven-minute or so introduction and opening statement, and then we'll go to the Auditor General to do the same.

Go ahead, Mr. Johnston.

Mr. Johnston: Thanks, Mr. Chair. It's a pleasure to be here this morning on behalf of the hon. Stephen Khan, Minister of Enterprise and Advanced Education, and thank you for the opportunity to present highlights of the former advanced education and technology's accomplishments from the 2011-2012 fiscal year.

The ministry's mandate was to secure Alberta's economic future by working to build a more educated population and broadening and diversifying our economy. The ministry's activities directly support the Alberta government's goal of creating opportunity by enhancing value-added activity, increasing innovation, and building a skilled workforce to improve the long-run sustainability of Alberta's economy.

The ministry had three goals in 2011-2012. They were to provide a globally recognized, quality advanced learning system that meets the needs of Alberta; excellence in research, innovation, and commercialization that drives Alberta's success; and a learner-centred, affordable advanced learning system accessible to Albertans. We made great progress in 2011-12 to reach toward each of these strategic priorities. Through the Campus Alberta innovation program we continued to build a culture of innovation by recruiting research leaders in key areas: energy and environment, food and nutrition, neuroscience/prions, and water.

Sixteen research chairs are being put into place in Alberta's four comprehensive academic and research-intensive institutions. Notably, total sponsored research funding at Alberta universities has continued to rise, increasing by almost \$32 million to \$850.4 million in 2010-11, up from \$815.5 million in 2009-10. This measure suggests our research and innovation system is very competitive.

The student aid Alberta program was improved and simplified to make it more accessible and transparent for Alberta learners. Changes included the introduction of a flat-rate student contribution, which eliminated the use of savings, part-time earnings, RRSPs, and eligibility assessments and meant that more Albertans have access to the funding they need to support their educational goals. Students that move from full-time to part-time studies will no longer be charged interest on their provincial student loans, nor will they need to start repaying loans while they are still studying.

Alberta's students continue to excel. We rewarded student excellence with over \$70 million in scholarships. As well, we continue to successfully attract foreign students to Alberta postsecondary institutions. International visa student registrations increased by more than 500 to 13,143 in 2010-11, up from 12,614 in '09-10. This suggests that our advanced learning system continues to be very well regarded internationally.

Our postsecondary participation rates remained stable in the province, between 16 and 18 per cent over the course of the last five years, and our educational attainment remains on par with the Canadian average. We continue to work with the Alberta Apprenticeship and Industry Training Board, industry, and stakeholders to ensure Alberta has a skilled workforce to meet present and future labour demands. We piloted alternate forms of apprenticeship delivery and established a framework to evaluate foreign credentials. By growing valuable partnerships with multinational companies and foreign institutions this year, we stayed at the forefront of innovation and worked to improve the quality of life of Albertans through new technologies.

Moving on to the subject of spending, department expenses in 2011-12 totalled approximately \$3 billion. This included \$2.2 billion in base operating grants to publicly funded postsecondary institutions to support instruction and operating costs. It also included investments of approximately \$255 million in Alberta's public postsecondary system infrastructure. Student financial assistance totalled \$356 million. This included \$70 million in scholarships, which is more than all other provinces combined, \$18 million in grants and bursaries, and \$268 million in Alberta student loan support.

8:40

Department expenses related to research and innovation were \$267 million to support research excellence, innovation capacity, and technology commercialization. This included initiatives in areas such as renewable energy, health, and nanotechnology. This year marks the completion of the Alberta government's three-year capital plan announced in April 2009, which devoted \$1.2 billion to postsecondary institutions.

Looking briefly at the March and October 2012 reports of the Auditor General, the ministry continues to work on the issues raised by his office. The March report had 15 recommendations, two of which were repeated, and the October report had four new recommendations for the public postsecondary institutions. The October report also had two new recommendations for the department. Our ministry and our department have taken steps to comply with all of these, and we are prepared to review progress on them with the Auditor General's staff. The OAG report also had a number of recommendations for public postsecondary

institutions. The institutions will comply with the recommendations with the assistance of the department, and we are encouraging institutions to work with each other to develop and use best practices for common purposes.

In closing, I'd just like to recognize the hard work that our staff dedicates to this ministry day in and day out. It's thanks to their commitment that our ministry was so successful in 2011-12, and we are continuing to be focused on building a culture of innovation, making student aid more accessible and transparent, ensuring Alberta has a skilled workforce to meet present and future labour demands, and improving the quality of life of Albertans through new technology. I'm proud to work with all of them and look forward to the new challenges and opportunities that the year ahead will bring.

Thank you.

The Chair: Thank you very much, Mr. Johnston.

Welcome to Ms Pastoor, of course, our MLA for Lethbridge-East.

We'll go to the Auditor General.

Mr. Saher: Thank you, Mr. Chairman. Our March 2012 report focuses on the postsecondary institutions that have a June 30 year-end while the October 2012 report includes the results from our audits of the four research universities, the ministry, the department, Alberta Innovates corporations, and the Alberta Enterprise Corporation, that have March 31 year-ends. The recommendations in these reports are all by-products from our financial statement audits. We issued unqualified, or clean, audit opinions on the June 2011 and March 2012 financial statements.

The report card on page 7 of our March 2012 report highlights those institutions that need to improve their internal controls and those that have effective controls. Page 106 of the October 2012 report – that's our last report – provides an updated report card for the universities with a March 31 year-end. The October 2012 report also recommended that the department improve its controls over financial reporting as we found several errors in the financial statements for the ministry, the department, the access to the future fund, and two of the Alberta Innovates corporations. Pages 9, 11, and 13 of the ministry annual report identify the nonfinancial performance measures used by the ministry. We reviewed one of these measures and issued an unqualified review engagement report.

Thank you.

The Chair: Thank you very much.

Okay. We have an hour and 10 minutes for questioning. That will break down so that the PC members will have 35 minutes, the Wildrose members will have 17 and a half minutes, and the Liberals and NDs will each have eight minutes and 45 seconds, give or take a couple of seconds.

We'll start with the government members. Usually we break their time in half, and we'll start there. Mr. Dorward will kind of referee that.

Mr. Dorward: Thank you. I'm going to pass the time over to Mr. Amery.

Mr. Amery: Well, thank you very much, Mr. Chair and Deputy Chair. Thank you for your presentation this morning. My first question is around Athabasca University. I'm particularly interested because I have a lot of students from my area attending that university. What is the population of Athabasca University at the present time?

Mr. Johnston: Perhaps I will defer that question to the vice-president, academic. Margaret?

Dr. Haughey: Yes. We have 40,000 students, about 7,900 FLEs.

Mr. Amery: My understanding is that over the last few years you have seen a decline in enrolment.

Dr. Haughey: Over the last few years we have seen a reduction in the level of increase in enrolment. Prior to about 2007 we had about a 10 per cent increase per year. That increase has flattened, and we're now running somewhere around 1 to 2 per cent.

Mr. Amery: Okay. So that's another way of putting it.

Now, Athabasca University is not the only university in the country that's offering online education. Was that a part of that decrease in the increase in enrolment?

Dr. Haughey: Well, since our numbers have gone up each year, I'm a little bit – I mean, I don't believe it would be possible for us to continue to increase at the 10 per cent level given the stresses that it puts on the system. Nonetheless, yes, there is no doubt that many of our peer universities across the country have chosen to add an online component, basically because students are seeking flexibility.

What Athabasca offers them is somewhat unique in that it provides them with the opportunity to study part-time. It provides them with the opportunity to study while they're working. It provides people with an opportunity to structure it over time so that it's not built into a four-year time block. Those strategies all enable us to continue to grow.

What makes the reduction, if you were to use it that way, is that our numbers of Alberta students continue to rise. The number of students across the country in general, where they are in areas where there is not as strong an economy, has certainly been an influencing factor. We recognize that in any environment like that, where employers are sometimes contributing to students' post-education, it becomes a discretionary item for both the student and the employer when times are tough.

Mr. Johnston: If I could just add to that response, there is no question that the learner expectations, both in Alberta and Canada and internationally, continue to evolve and change and perhaps change in very rapid ways. I had the pleasure of attending postsecondary education about 25 years ago, and I can tell you that from the student groups that I have conversations with now and the expectations that learners have as it relates to the different modalities for learning, opportunities for learning closer to home are significantly different than they were 25 years back.

There are opportunities ahead of us from an Alberta context as well, in partnership with AU and in partnership with all of our other 26 postsecondary institutions, to really create a new, Alberta-based vision for what online learning opportunity looks like for Albertans. We're actually going to be having some discussions with postsecondary leadership on this issue among other things beginning in January.

Thank you.

Mr. Amery: Thank you.

I see that you have been running a deficit, and the deficit will be continuing for the next three years. What does it cost to educate a student in the Athabasca University institution in comparison to other online universities and other universities – the U of C, the U of A, the U of L – comparing apples to apples?

8:50

Dr. Haughey: In terms of comparing us with other totally online institutions, we are relatively unique in Canada in that regard, but last year we had a study undertaken by KPMG in order to look at cost and program analysis in order to look at these kinds of figures, and it indicates that both from a capital and an operating perspective we have the lowest costs of any of our peer institutions in Alberta.

Mr. Amery: I believe I heard in the presentation of Mr. Johnston that you have an increase in international students. When you're looking at the University of Calgary or the U of A, you would see the foreign students pay the whole fee, the whole shot. Is it the same practice at Athabasca University?

Dr. Haughey: Yes.

Mr. Amery: Do they pay higher fees?

Dr. Haughey: They pay higher fees. The university's three-credit fee is about \$663. The international student pays \$988 per course.

Mr. Amery: I see. I will move to the Auditor General's recommendations. It says that the October 2010 report, recommendation 10, page 11, included a progress report that the university has not yet established a disaster recovery plan and recovery capability for its main data centre and student services although the university did begin a DRP project to resolve this issue. In 2012 it redirected the required funding and IT resources to the new administration system renewal project. What steps has the university taken to ensure that it can continue to provide access to student learning materials during a disaster at its data centre since we have provincial, national, and international students, depending on the university, and now we have an international reputation?

Dr. Haughey: It is a very important issue for us. Some years ago we developed a disaster recovery plan. We call it the systems recovery plan. It's been refreshed as new developments happen in the field because you have to be continually updating it. We do not have one component of that, which is the second site capacity, and we're continuing to work with our postsecondary partners, most recently the U of A, in trying to identify that.

In our most recent capital plan, that has been submitted to EAE, the cost for a full SRP is about \$25 million, somewhere in that ballpark, and we're not currently in a position to be able to expend that level of resources and funding to complete that task, so we've chosen to mitigate the highest level risks. You can see that in our ICT risk framework document, and I think some components of it were referred to in the Auditor General's report.

The issue of a second site is one where we've chosen to accept the risk, and we're working on new developments to continue to keep that going forward. It's an issue that is not ours alone. The U of A has managed after many years to be able to resolve theirs, and we are expecting that with partners we will be able to see some forthcoming work, but we are not sure when. It's a question of funding.

Mr. Amery: My understanding is that I only have less than two minutes left, maybe a minute left.

If a failure was to occur and the university could not recover its data centre, how and where would the university recover its system? What would it do to provide online learning?

Dr. Haughey: When I said that we have taken mitigation strategies already through the risk framework, it means that we already

have second-source pieces that we have worked out with other institutions. It would take us about a week or more to be able to pull those together again, but we would at the end of a week be back fully online again. It's just not a full second site, which is what the preference is, that you switch from A to B, but I think that as we all discovered earlier this year with the fire in the Calgary centre, the best-laid plans still don't automatically mean the switch will work.

We continue to consider this very important, and we continue to try to work the balance together to make it happen.

Mr. Amery: Thank you. I think my time is up.

The Chair: Thank you very much.

We will now go to the Wildrose. Mr. Bikman is our Enterprise and Advanced Education critic. Would you like to take all your time at once, Mr. Bikman?

Mr. Bikman: If I could.

The Chair: Sure. You have 17 minutes and 30 seconds. Go ahead.

Mr. Bikman: Thank you. I appreciate this opportunity. I want to know: is your faculty tenured? Do you have tenured faculty?

Dr. Haughey: Yes, I do. We have about 143 research faculty. We have somewhere around – what have I got? – 582 teaching faculty. That includes tutors. We have professionals, about another 268. We have about the same number of support people. Management is about 24. So the total is about 1,353.

Mr. Bikman: Do you have students that are on campus at all, or is everything online?

Dr. Haughey: Everything is online, but we have an opportunity for our partners in Campus Alberta among the colleges to decide that they would like to be able to offer a course on-site, so we cooperate with them to offer courses on their sites, which enables students to continue to complete a degree but to stay in their local area. That's our only on-site provision, as it were.

Mr. Bikman: Right. I'm asking that because of the relation to the cost of doing so. Are your researchers, then, researching to build courses, or are they doing scientific or other kinds of research?

Dr. Haughey: They have both responsibilities in some ways, but the researchers as you're referring to them have all got research requirements. They do their own research, as everyone does at a university, and then we've structured the university's research capacity into a number of what we've called nodes or research institutes. We have a strong emphasis in the whole area of digital technology innovation, and we have everything there from sustainability and software development areas through working in personalization and adaptation, working on software and mobile and social media. So there's that kind of an area.

We have a second one, which is called ARBRI, which focuses on the Athabasca River basin, where two of the CAIP chairs, that Mr. Johnston referred to, are going to be based. They're looking at sustainability in the basin but using computerized data to do that, so very much like the machine-learning work that you see at the U of A. This is work, but it's focused on the environmental area, and we'll have a second chair there.

We also have another area which looks at project management and at new developments in project management because it's an increasingly important skill for everybody, particularly in the oil and gas sector.

As well as that, we have developed a small node in the health area, particularly around chronic disease management. We have an AHFMR scholar there and a CRC chair proposed and a new health chair.

Mr. Bikman: That's very extensive. How is this research funded?

Dr. Haughey: The research is funded in the same way that everybody's research is. You apply for national and private donorship in order to be able to do that. It was about \$4.6 million last year. It's not terribly much when you consider it, but when you look at Athabasca University and realize that it began its major focus in a teaching focus and that over the last 40 years we have moved into, particularly within this last decade, a strong research focus, I think we have – I counted out that over 25 per cent of my faculty have held national or international awards within the last five years.

Mr. Bikman: How does that enhance your ability to provide your main product, if you will, or service, which is online education to your students?

Dr. Haughey: The way that I see these two things integrating is that they've come particularly around the whole area of ed technology. In the ed technology sector what we're looking to do with Athabasca University is that it is not only in its vision to provide an online, seamless learning environment that meets student needs right throughout the student life cycle, but it also is a platform for researchers and for companies and developments that would be able to create new advances around ed technology that will benefit both our Campus Alberta partners on one side and at the same time grow and increase innovation on the other.

9:00

One example that has happened in co-operation with government is that we have been working with a local company on an online examination system. At present we send our examinations out. Students go to an invigilation site, obtain the exam, write the exam. It's sent back to us. We send it off to a tutor. It gets marked. It gets sent back to us. It's too long for a student to have to wait when the anxiety level is so high, and we get an enormous number of calls. I'd like to reduce those to be able to deal with prospective students, so one of the things that we've been doing has been putting money into looking at this. We have already got a number of courses into the system and tested it. We're now hoping to move into the next stage, which is the whole booking your examination and automation piece. The piece after that is the online home invigilation.

We're very fortunate in Alberta to have a company that has developed algorithms that are based on keystrokes that are able to tell who it is that's using it. If you think about your password, you type it in at the same speed each time. We can tell who you are by virtue of the way you do this. That I think is something that will benefit not just us. It'll benefit the company to sell elsewhere. It will benefit our Campus Alberta partners, who can then work with us in being able to use and access that. So it has transformational potential right across the system.

Mr. Bikman: In an attempt to help control the costs or reduce the costs of providing education to the online students, have you considered an untenured practitioner-faculty?

Dr. Haughey: Part of what we have within that faculty complement is teaching faculty as well as research faculty, so those are people whose major responsibility is – I have about 32 of them who are permanent faculty – to help co-ordinate and work with

courses. At the next level everybody else is teaching, and they're working either through a tutorial system or through a sessional lectureship system.

Mr. Bikman: Are any of your instructors . . .

Dr. Haughey: They're not tenured.

Mr. Bikman: Okay. Good.

Are any of your instructors actually working in the fields that they teach?

Dr. Haughey: Yes. Among the group, for example, that I'm talking about that deals in information systems particularly, we offer graduate programs in that area. They write their own courses. They teach their own students. Many of the projects that are done in that master's program are done with their employers on-site, so it's a contribution to the local industry as well as a development.

Mr. Bikman: Thank you.

Do you have online libraries? Are your students charged a flat rate for resources, textbooks, and things that they access online?

Dr. Haughey: Yes. We have, for the ease of the student, rolled up together any textbook costs, IT costs, library costs. All of those are rolled into a flat fee. Indeed, what we have done particularly given the new Copyright Act and its provisions is that we've been one of the leaders in helping to use fair-dealing policy. In our courses more and more of it is entirely digital, so you don't get any paper copies. We're also now in negotiation with publishers to begin the whole look at e-texts and how that e-text work will go. We see all of those as helping students and helping as a way to reduce costs for students. I am very concerned that we are reaching a tipping point.

Mr. Johnston: If I could just jump in there. In the broader Alberta context as well, although this is a 2011-12 fiscal year conversation, the whole idea of open educational resources and e-textbooks is an active source of dialogue. I know that the government of British Columbia has had some recent really solid announcements there, and we are currently exploring some options for e-textbooks and OERs as well.

Mr. Bikman: Good. Have you examined either at the department level or at Athabasca University, since online is your specialty, the things that your competitors, as it were – in other words, other online institutions – are offering as ways to enhance your own offering or at least be more competitive?

Dr. Haughey: One constantly keeps an eye on one's, quote, competitors. One of the big differences at the undergraduate level for us is that at the beginning of any month you can start a course. You don't have to wait for a cohort; you don't have to wait for anybody else. You've got six months to do it. You can say: I've got it now, and I'm going to read it, but I'm actually not going to use it for another month and a half because I've got other things to do. Or you might want to do it right now to have Christmas free. You have choices around that.

That, in turn, means that we have a great deal more flexibility than our peers in the ways that we try to structure those courses and try to provide resources. At the same time, the issue of discussion with others and interaction is important although I always like to sort of understand that for adult learners you talk as much to people outside as you do inside. The idea that you just

talk to your peers in class is only one part of what in social media is an increasingly important piece.

We are always aware of two kinds of things. One, looking at what our peers are doing. We had Western Governors, for example, come up to give us a daylong presentation on their activities, just to keep an eye on what kinds of things they were doing. Out of it there are things that we plan to do, like a single open page for students so they can access all their courses, all their marks in a single place at the same time.

So, yes, you're always looking for ideas.

Mr. Bikman: Are you familiar with the University of Phoenix's new smart phone app to allow their students to take their courses using their smart phones?

Dr. Haughey: Yes. We have mobile applications for ours as well.

Mr. Bikman: What about corporate partnerships, where companies will help students with their tuition because they can then hire those students? The students are kind of tailoring their education to continue working, perhaps at a higher level, at the companies where they're currently employed. Do you have any of those situations?

Dr. Haughey: At least 40 per cent, I think, of our business students have some support from employers; particularly within the MBA program that would be true. Because the majority of them are already employed, that makes a big difference, just like nursing, where there is perhaps less support directly but support for trying to do exams and to have time off to do clinical and so on. Those are very important when you are in a profession.

Mr. Bikman: If I could just read from something that I obtained from my contact at the University of Phoenix, that she thinks is going to be huge in the industry. Maybe you're already there, but I'll just share it. She indicates that the partnerships that we just talked about with employers allow them to focus on education to careers. In other words, they can reverse engineer to get their dream job. They look at their dream job, and then reverse engineer not only the degree that will best fit the student's path but the jobs along the way that the student can move into as he or she reaches various milestones. She sees that as something that's going to be huge in the industry of education. Are you doing anything like that?

Dr. Haughey: I think when you look at the demographics in Canada, unless we have an enormous amount of immigration at that level, we are going to find ourselves with a decreasing number of students in the postsecondary system. You can see that my peers have done a lot of work internationally to try and make sure that we are able to continue to sustain the Alberta economy through initiatives that bring international students to Alberta.

For us, we see that, really, another part of our portfolio in part-time learning is working with employers and being able to grow this piece. We're doing some work around productivity right now. Indeed, yes, we're beginning to do that kind of tailoring. We do not generally have enough employees, shall we say, a big enough employee base to do this. The American market is somewhat different from ours in that way, so we have to tailor differently. But we're very conscious that both professional associations, which in business is a large group that we work with, as well as some of the large-scale employers – this is a conversation that's ongoing around what their needs are.

If you were to push it into the long distance, you're looking at a much more modularized learning, which allows for many more

options. The degree structure we're using right now may well not be the degree structure we use in the future.

Mr. Bikman: Thank you. Those are all the questions that I had.
Mr. Chairman, I'm done.

The Chair: You're done. All right.

Well, I'm not done. We've got three and a half minutes left. I would like to understand how you do your internal auditing. I find it very concerning that you have run consecutive deficits and that your projected consecutive deficits, that the Auditor General has identified, and your internal controls need improvement and so forth in that regard. I would like to understand why that's happening.

9:10

The problem is, I think, that the expectation is that you folks will balance your budgets and make sure that you do not have structural deficits. One year, maybe two years sometimes: there are excuses for that. But when it becomes an every year thing and I'm hearing you're in the midst of putting a very expensive new IT project together, one would question why you're doing that now when you can't balance your books. If you could please respond to that.

Dr. Haughey: Thank you. I'm going to begin this, and I'm not sure if I've got helpers on the backside there who can help me out on this question. Athabasca has been moving from a print-based format, which is the methodology that it had when it began 40 years ago, into an online format. You do that in concert with where your public is, so you're trying not to be quite at the cutting edge but a little behind. In doing that, the university has planned to do a number of developments that help to improve service.

Each year what we've been doing is designating some money that will help to make those kinds of things possible. We have a long-term capital plan that has not yet realized its funding level. We had allocated \$10 million per year. I think we've spent not quite \$20 million in total, but out of the \$10 million because we've been able to recapitalize – that kind of money is going forward, and we have been using it on major projects like, for example, putting in a complete LMS system, which is your learning management platform, and then having to put all of your content into a digitized format – what we're using is Alfresco – in order to be able to better access that. It is a massive transformation, but it is absolutely essential. You do this . . .

The Chair: Sorry. Just to clarify because I've only got a minute left, I understand that you might feel that it's essential. But, again, it's essential that you are building capital and making expenditures in a way that still allows you to fulfill your budget, a balanced budget. I guess I would ask if your group is looking internally and saying: "What can we defer? What can we do operationally to cut costs? What can we do that will allow us to balance the budget that we have? Does that mean more tuition costs? What does that mean?" Is there a plan to get yourselves balanced? Not every university is having this issue. Out of the 22 postsecondary institutions that we have, yours was selected because you are in the least well financial shape. That's saying something. So what are you doing to get yourself in financial shape?

Dr. Haughey: Okay. One of the things that is happening immediately are all of those short-term things that you do, which are things like freezing hirings, looking at deferring travel, reducing costs, and those short-term kinds of initiatives that are there. But

we also have a longer term plan, which is that we are looking at how it is that we need to reconfigure and re-strategize around that. Because we did the KPMG study, it not only gave us that figure about how efficient we are but it also indicated where it is that we can make more efficiencies, where we can do that.

One of the ways to do that is that you have to have funding, so you take money from your reserves in order to help you put those kinds of efficiencies in place. We have a plan that we're working on at the moment that will be going forward to government, which is looking at how to do that. It's not a position that we want to stay in, for sure.

The Chair: Oh, good. Thank you for that.

All right. The Wildrose time is up. Let's go back to the government for 10 minutes. Then we'll go to the Liberals, NDP, and back to the government to finish off.

Mr. Dorward: Mr. Quadri, followed by Ms Fenske, please.

Mr. Quadri: Thank you. I have a question regarding the October 2012 report, recommendation 19, page 108: conflict of interest policies are not updated. Did you make a plan, or did you update the policy? Are you complying with that recommendation?

Dr. Haughey: Yes, we are. We're working on that particular one. We had one. The increase in research makes it really important that you have one of these in place. Yes, we are.

Mr. Johnston: I think it's important for me to say as well that in a broader context, from a ministry perspective, we continue to work with all of our postsecondary institutions from a policy perspective to share best practices in relation to what some of the Auditor General's former recommendations are. So that type of dialogue exists on a monthly basis with our comprehensive academic research institutions, of which Athabasca University is one, both on the finance and controls side and on the academic side as well.

Mr. Quadri: And they're all connected?

Mr. Johnston: Well, we are working toward making our institutions more and more connected on a go-forward basis. There are 26 publicly funded institutions in this province, as you would be aware, sir. There's lots of expertise in policy delivery, finance, internal audit, and risk control within each of those institutions. So as a ministry we are actively working to pull a lot of that expertise together so we're not reinventing the wheel.

Mr. Quadri: Thank you.

Mr. Dorward: Ms Fenske.

Ms Fenske: Thank you. I'd like to continue to move away from Athabasca University since this department is more than just one university. What I'd like to go to is the Alberta Innovates corporations. I know that several of them will probably have to be updating their strategic plans this year because it's within that three years. So I want to know: what are the performance measures that you are using, and are they adequate to make sure that we know that those corporations are meeting the objectives of the government and also their own personal objectives? How do you evaluate those?

Mr. Johnston: On this one, if I may, I'd like to ask Assistant Deputy Minister Mel Wong to come up to the microphone.

Mr. Wong: Mel Wong, assistant deputy minister of innovation and advanced technologies.

That's a very good question. Essentially, historically what has happened is that the Alberta Innovates corporations have been creating their own measurables, their own indicators and basically linking that back to the overall business plan of the ministry and the government. What we're moving towards – and we've started that process already – is to look at how we might harmonize some of those measurables so that they are common to all Innovates corporations, with a direct linkage to government of Alberta measurements and also indicators. Within that, we'll give them some allowance that will allow them to have some specific ones based on their own specific areas of business.

Ms Fenske: So do you have a measurement that would somehow say – I mean, the idea of that is to take it from the specific corporations to the enterprise, to actually have a retail type of product. I know that retail is not the correct word but to have something that generates an income as time goes on. How do you know if they're doing their job?

Mr. Wong: Well, as you put it, to generate income. Really, they're there to help private industry to generate income. Essentially, we have something called an open innovation policy, which does not allow them to hold equity or anything like that, so that equity in whatever is produced is available to the private sector. So they might take it to the marketplace.

Ms Fenske: Okay. Just a little further on that, if I may, some of their research projects might be short term. Some are mid-term; some are long term. Do you have some kind of performance measurement to say that they have the right balance of what they're actually producing?

Mr. Wong: Thank you. Each of the corporations has its own board, and each one of them has its own criteria in terms of how they select projects to work with. Basically, those boards provide the governance for them and make those decisions because they are, in that sense, independent. But they should be doing it in the context of what the government's priorities are. Now, having said that, the industry has a lot to say in terms of what these corporations work on because they are based on market need and market demand.

9:20

The other thing that I should mention is that there is an overall Alberta research and innovation plan that is developed in conjunction with the corporations and the postsecondary institutions. That plan is published annually. Essentially, that plan then lays out and sends a signal to other players, other researchers in the system and outside of Alberta on what Alberta's priorities are.

Ms Fenske: Okay. Thank you. I might be ruled out of order in asking this question, but that's never stopped me. This would be generally for Advanced Education. The people of Alberta through the government create, put money into developing courses, and then these courses belong to a specific institution, but if another institution in Alberta wants to be able to use that course – and I'm thinking of our rural people and how to get that out there – they are often charged a fee again. We've already paid as a province. Are there any kinds of controls on not making us pay double for that?

Thank you.

Mr. Johnston: Well, what I can tell you is that we are always looking to improve learner pathways for Alberta learners between institutions. There are a number of partnerships out there in relation to what we call collaborative degrees between Grande Prairie Regional College, Medicine Hat College, Red Deer College, Keyano College, the University of Alberta, and the University of Lethbridge. On the chargebacks I agree that that is something we definitely need to have a look into. I believe the policy of the institutions is that any cost that would not have been incurred in the course of the normal provision of curriculum is in fact charged back to the partnering institution. In the case of Medicine Hat College, as an example, if they would have had to hire additional administrative support or a finance person or something like that to ensure that those learning opportunities for those learners could be provided in Medicine Hat, then those costs are in fact charged back to the host institution.

Ms Fenske: Thank you.

Mr. Dorward: I have a question. On page 12 of the March 31 annual report the area of venture capital in Alberta is brought up. How is that coming along? Has it come along? Should it come along? Is it possible to have a financial venture capital entity in Alberta versus Toronto? Can we just talk a little bit? About a minute and a half is all.

Mr. Johnston: Absolutely. I'd like to call on Mel again.

Mr. Wong: That's also a very good question. In Alberta, as you know, we've had a shortage of access to capital. It's not so much the supply of capital. We've always had that argument: is it the supply of capital or access? There are many that believe the supply is there, but access is a real problem for high-technology industries, in particular, and for other start-ups. Essentially, for a lot of years other than debt financing instruments there was not a lot of venture capital activity in this province except for angel investors and so forth. Even the angel investors tried to get organized and tried to meet some of that demand and some of that need.

Now, having said that, it was seen that it was necessary to provide a vehicle which would do two things: one, increase access to capital and, secondly, help introduce and produce a venture capital industry in the province of Alberta. Hence, the Alberta Enterprise Corporation was born with a hundred million dollars to do that. That corporation, through a series of investments not in companies but in other venture capital funds co-invested with them, would then create a venture capital industry with some requirements that whoever came in as general partner to those funds had to have a presence in this province so that they would not be fly-by-nights and would not be taking flight and not have a vested interest in being here.

That has begun. They are now in the later stages of that. So through a series of investments I believe they have about another \$10 million left to invest. Some of those investments they made as recently as six months ago, even one just announced recently. What happened was that, let's say over the last three years, we've started to build that industry, and we've attracted through that investment other limited partners that, I would say, would not have been attracted to the province had it not been for that fund.

Mr. Dorward: Thank you, Mr. Chair.

The Chair: All right. Let's go to the Liberals; 8:45.

Dr. Sherman: Thank you, Mr. Chair. Raj Sherman, last-minute substitute for Kent Hehr.

I appreciate your appearing before the committee. Alberta's economic engine is screeching for a more educated workforce, but we continue to remain behind all Canadian provinces in postsecondary participation rates. On page 13 of the AET 2011-12 report it's reported that amongst 18- to 34-year-olds our postsecondary participation rates dropped to 17 whereas the target is 18 per cent. With next year's goal being 19 per cent, what actions is the ministry taking, and why is our rate dropping? Is this a case of not enough spaces or seats, or is this a case of enough seats but cost being a barrier?

Mr. Johnston: I will jump in there, and then I'll ask my colleague Darlene to talk about some of the initiatives that are going on on the apprenticeship side of the equation.

The drop of 1 per cent: I can let you know that that rate has remained relatively consistent for about the past 14 years, fluctuating between 17 and 20 per cent, never changing more than 1 per cent year over year. The '11-12 target of 18 per cent was set to increase conservatively from the last available actual in 2009 of 17 per cent. Some of the factors that may influence the slight fluctuation in results, obviously, would include the province's current unemployment rate and in-migration rate. I think that we heard during the last couple of weeks that the province's population continues to increase by approximately 95,000 new Albertans every year. I would suggest that the large majority of those new Albertans are not coming here for postsecondary education. They're coming here for jobs given the relatively robust labour market in the province. Seeing some of the changes, as you've just alluded to, sir, those types of realities are perhaps not a big surprise.

I'll hand it over to Darlene to talk about the apprenticeship.

Ms Bouwsema: Some of that decrease would also be reflected in apprenticeship numbers. Apprenticeship, unlike the rest of the postsecondary system, is countercyclical. So when the economy is down, the apprenticeship numbers go down, too, as opposed to going up. In that last couple of years, when we had a bit of a downturn, there were a number of our apprentices in the province that were laid off. This year those numbers are going up again quite dramatically. There are no quotas in apprenticeship, but the seats that are there reflect the number of apprentices that employers are hiring.

A real focus of the department and the Apprenticeship and Industry Training Board in the last two years has been on working with employers to talk about the return on investment for them in hiring young people as apprentices. There have been two studies out that show that it's about \$1.47 for every dollar spent on training young apprentices. So we're talking to employers about that and on alternative delivery so that apprentices aren't taken out of the workplace for as long as they were in the past. We have a blended learning model, where they can do much of their bookwork online and just come into the school for the practical part, and mobile delivery and weekly training, where you only go to school weekly. That's where the focus has been.

Numbers have really gone up, so I expect you'll see participation rates going up as well.

Dr. Sherman: Thank you. In fact, one of the real success rates is the RAP program. Unfortunately, you're right. Part of the heated economy is that young people are deciding to take that easy, unskilled job when faced with a lot of postsecondary education

and the high costs of tuition and living, especially if they're living away from home.

My question. We have about a 20 or 25 per cent high school noncompletion rate. Do you have any plans to expand the RAP program to connect the postsecondary institutions, especially the technical institutions, to further invest on what I believe is a very good program?

9:30

Ms Bouwsema: Yes. And I agree with you entirely. I mean, right now that's a very strong partnership between the high schools across the province, Careers: the Next Generation, and the department. There are a number of schools that are increasing their CTS programming. Currently there are five streams in that that give you advanced standing in the paramedic program, the RAP being the work side of it, but CTS is the technical training side of it. They're increasing that to include three more trades, so that will really strengthen that tie and the RAP program and the connection with the community and industry. That's what Careers does for us. They really bring the industry to the table on that.

Mr. Johnston: The other thing that I would like to add there is that a provincial dual credits strategy is currently being developed in partnership with Alberta Education and Alberta Human Services. The goals of this strategy are to increase learner retention and high school completion rates, increase participation of young adults in postsecondary, and assist young adults in making a meaningful connection to the labour market. We hope to have that through the policy approval process shortly.

Dr. Sherman: I want to touch on that a lot of immigrants are arriving here from across the country and across the world. According to the United Way approximately 24,000 immigrants arrive in Alberta each year from across the world, but despite high qualifications – many have very good postsecondary degrees and relevant work experience – many can't find work in the fields they're trained for. According to the 2010-11 progress report on Alberta's foreign qualification plan the department has a goal of 81 per cent of immigrants with foreign credentials finding employment in their field by 2015. Where are we at? Are we yet meeting those goals? How much more do you think needs to be done? How many more investments need to be made? I personally know we have a lot of very bright engineers, doctors, educators, teachers doing menial jobs. I remember my parents, having masters degrees and teaching degrees, doing menial jobs for 35 years. Where are we at with this?

Mr. Johnston: I think for the large majority of that question we will have to get back to you with a more specific answer there, sir. What I can tell you is that on the English as a second language front we are doing a significant amount of work with our partners in Human Services in relation to ensuring that we have ESL training and programming in a whole variety of different communities across Alberta. I believe that 6,000 learners had the opportunity to go through some ESL training in the context of '11-12 through our postsecondary institutions and an even larger number of 12,000 learners were supported through our community adult literacy councils.

In relation to the first part of your question we will get back to you on that in writing.

Dr. Sherman: Thank you.

The Chair: Thirty seconds, Raj. Just read your next question into the record.

Dr. Sherman: I'm a big fan of the postsecondary system. I think we have a good postsecondary system, and I consider education to be an investment, probably the best investment. My question is real simple. Do you think we need to invest more in postsecondary education, and how much more?

Also, we are the wealthiest place on the planet. I've heard from many students saying that, you know, when you've got a young working family with three kids living in a small town, the costs of living and learning are huge, and people are picking up mortgages for their education. Do you believe we should significantly reduce the cost burden on the students?

The Chair: Thank you for that. He's read that into the record. If you'd like to get back to him on that, that'd be fantastic.

All right. Let's go to the NDP and Mr. Bilous.

Mr. Bilous: Thank you very much for coming. I have quite a few questions, so I'll ask you, if you could, to try to keep your answers fairly short. I'd like to just start off by talking about in general six different institutions that were audited by the Auditor General. The report makes it clear that some of the postsecondary institutions in Alberta have significant difficulties implementing the Auditor General's recommendations. According to the table on page 7 of the March report significant improvements are needed on outstanding recommendations at six institutions. It's also important to note that it's a responsibility of the minister and the department to hold the boards of these institutions accountable.

My first question is: does the department provide any assistance or internal assessment independent of the Auditor General's audits to determine what obstacles are preventing the implementation of the Auditor General's outstanding recommendations?

Mr. Johnston: Yeah. I think I gave an answer to that question earlier insofar as the regular and ongoing dialogue. Obviously, concerns raised by the Auditor General are issues that are of concern to us as a ministry, so the partnership that we have with our postsecondary institutions across the province is significant. From a policy and a risk perspective there are frequent opportunities for that dialogue, to share knowledge and opportunities to strengthen policy options and directions within institutions. So our work continues with the postsecondary institutions in this province to in timely and appropriate ways address the recommendations of the office of the Auditor General.

Mr. Bilous: To follow up on that, though, I mean, it's great that, you know, the framework is being developed and that there is a dialogue back and forth, yet it seems that many institutions are getting a failing grade from the Auditor General. So what concrete steps is the ministry taking to improve this process? What are your timelines, and when can we expect a much healthier report card from these institutions?

Mr. Johnston: I would suggest that the 26 publicly funded postsecondary institutions across this province are in fact making significant progress related to many, many, many of the previous and current observations of the Auditor General. I'm reminded of the University of Calgary. If I recall correctly my numbers in terms of the number of audit observations in the context of the March report, I believe that eight of the outstanding recommendations from the U of C were followed up in a very satisfactory way, and there was one new one. I'm just having a mind block on exactly what it was. Again, our conversations with the U of C and other institutions across the province are regular and ongoing as is our dialogue with the Auditor General.

Mr. Bilous: Okay. Now I'm going to kind of jump all over the map. I'm just curious. Currently is there any way for the department to assess whether separate legal entities established and controlled – so this deals with partnerships and joint ventures – individually or collectively by postsecondary institutions have made donations to political parties or have paid the expenses of staff members who attended political fundraisers?

Mr. Johnston: As you would be aware, these are independent, board-governed entities. All of them could and should be aware of legal realities specific to donations and whatever other types of issues. When we are made aware of issues like the ones that you just raised, obviously, we work in partnership with the institutions to look at how that decision was made in the first place and ensure that those types of activities aren't repeated in the future.

Mr. Bilous: I'm going to switch and just touch on the online model. The Ontario government's commitment to build an Ontario online institute follows a model that's different from ours here in Alberta. The new institute will not award its own credentials to students but grant degrees from existing institutions. Considering that Athabasca University will undoubtedly face enrolment challenges as its, you know, unique product will become more widely available, is the department assessing Ontario's proposed model of attaching online degrees to existing university brands to see if that would make sense in Alberta as well?

Mr. Johnston: Margaret, did you maybe want to talk about the recent conversations that you've had with Ontario?

9:40

Dr. Haughey: Okay. Sure. Four ideas all sort of hit me at exactly the same time. My first challenge is your comment about us being challenged.

The Chair: You know what? What I think we'll do there is that we'll ask you to give a written response to that. It was pretty policy oriented, but it was a fantastic question. So if you could maybe get back to him, that would be great.

Mr. Bilous: How much time do I have left, Chair? Probably a couple of minutes.

An Hon. Member: Three minutes.

Mr. Bilous: Okay. Following that, a question for the ministry: what role does the ministry play in the movement toward online distance education by postsecondary institutions across Alberta, and does the ministry manage competing interests of postsecondary institutions moving into this area of educational delivery?

Mr. Johnston: I think that I addressed a large part of that question earlier in relation to: this is a rapidly evolving and changing space. The growth of online postsecondary learning opportunities for learners, not only provincially but nationally and world-wide, continues to increase, for sure. We need to make sure as a province that, again, we're capitalizing on the individual expertise of institutions like Athabasca, some of the new partnerships that are developing such as the one announced last month between the University of Alberta and I believe it was Udacity specific to some of the massive online learning opportunities that are available. Certainly, a renewed vision related to what online learning opportunities look like for Alberta learners is a topic of regular and ongoing conversation within the ministry and between our 26 publicly funded institutions.

Margaret, is there anything that you want to add there?

Dr. Haughey: You know, I think there are always opportunities. I think the situation around online is that we are working with peer institutions at the moment around how one can provide provision for them. So that conversation is ongoing with our colleagues around the opportunity for them to take very large courses where they cannot have enough classroom space and lecture space and be able to provide students with the option to take the course through us using a combined curriculum that meets both needs and provides face-to-face clinics for students. We have quite a few ideas around how to do this, which will expand their capacity yet at the same time eliminate overload and costs.

Mr. Bilous: Can I just read the last question in?

The Chair: Real quick.

Mr. Bilous: It's about apprenticeship programs. I'm just curious to know what the ministry is doing to provide apprenticeship programs especially in remote communities in Alberta. For example, I was up in Fort Chip talking with the Mikisew Nation, and they had indicated a real interest in having more apprenticeship programs available. So if you could get back to me, that would be great.

Thank you.

The Chair: All right. The government has about 13 minutes left.

Mr. Dorward: All right. We'll try to have some short snappers. There are three individuals who have indicated they want to ask questions. We do always have the option, MLAs, to go to the written option.

Mrs. Sarich, please, followed by Mrs. Fritz, and then Ms Calahasen.

Mrs. Sarich: Thank you very much. Also, thank you for the information provided thus far. It's very insightful. Thank you to colleagues for the questions as well.

I read with interest the comprehensive institutional plan for Athabasca University. I have to say that Albertans are very sensitive about money invested into postsecondary education, and I'm struggling with some of the assertions that were made today. For example, the department says that you're making progress. You speak of the working relationship and best practices shared amongst the postsecondaries so that you're driving and striving for excellence. The working relationship is the minister, the board for governance, and the management group.

I've also learned that there is an internal Audit Committee in place for Athabasca University, and Athabasca is one of the examples that we're exploring today. We're trying to get a sense of what the tone at the top is from the governance and the oversight and management of that from the perspective of the department in relationship to the example that we have, that we're focused on today with Athabasca.

For example, when I read the institutional plan for Athabasca University, where is the failing in this? There are the descriptors of performance measures yet no targets. I look for the best practices, and I read the department's report on providing strategic leadership for Campus Alberta, meaning postsecondary, and very eloquently in the report there are performance measures and whether or not the targets have been reached, yet when we have an institution providing a report to the board of governors, that has an internal committee, that has some oversight in this as well as the department does, what is the level of tolerance for a postsecondary institution to put together a report that has performance measures but speaks of no targets? What value is this information to the board of governors of Athabasca University, what value is it to the

ministry, and what is the level of tolerance for a huge gap in information reporting? Where is the best practice here? And how long has this been going on? That's my question.

Mr. Johnston: I'll try to address your questions here. All of our publicly funded postsecondary institutions across this province are required on an annual basis to submit comprehensive institutional plans, one of which is the one that you're holding in your hand from AU. That is the accountability document in relation to how the minister holds the board accountable. I don't know which performance measure you're referring to in particular here.

Mrs. Sarich: All of them listed in the report. There is a listing only of performance measures but absolutely no indication of targets. So when you talk about best practices and providing strategic advice to the postsecondary, where's the evidence of providing some sort of guidance in this area for this particular institution? And then for the institution today, you know, the board of governors: where are they on their oversight of this particular issue?

Mr. Johnston: Maybe, Margaret, if you want to jump in from an AU perspective, and then I can jump back in from an overall system perspective here. Okay?

Dr. Haughey: Sure.

Mrs. Sarich: We probably don't have time to hear the answer today, but it's a serious question that requires a comprehensive answer. You had mentioned that this is their accountability report, yet it falls short in a large area of accountability on all of their performance measures from an institution. For the institution today, again, it's the lack of oversight, I have to say, from the board in this particular area, that they would even approve a document to go forward to the ministry short this information.

Thank you.

Mr. Johnston: Thank you for the question.

The Chair: Well, I think the questions are very appropriate. You know, the point of Public Accounts is to get answers to these exact questions. I would ask that you give a very detailed response to that question as I do also feel that the answers have not been provided at this meeting.

Go ahead. We'll continue.

Mr. Dorward: Mrs. Fritz.

Mrs. Fritz: Thank you. My question will be brief just given the time. I wanted to speak about the heart of our universities and colleges and institutions across the province, and that's our students. I often meet with students, which we all do, and we continue to hear about the student loan relief program. I'll refer you to page 26 of your annual report. You said there that there is \$761 million in student loans that are outstanding. I know that last year the department announced changes to the loan relief completion program. I don't know if those changes surrounded any of the loan payment back, the prime plus 2 per cent, or the repayable time, which I think is about 114 months. I'm not certain, but I think the maximum term was 114 months. Also, with the loans as well, when many students may go to pay back their loans, they're unable to complete the payments.

9:50

So if you could just put that in writing back to me because it would assist students that I meet with, and I'm sure others as well,

as to the impact of your loan relief completion program, what that impact is for the students in their ability to repay their loans. Thank you for that.

In closing, just before I do, Mr. Chair, I really want to commend Athabasca University overall, though. I know I've taken courses from Athabasca University. I was impressed that I think you've said that over the last five years 25 per cent of your staff and faculty have national and international awards. There are a lot of good things happening at the university as well, so I appreciate that.

Mr. Dorward: If we could get a written response on that one.

Ms Calahasen, and then we'd like to have Mr. Bilous, who has another question just to get on the record.

Ms Calahasen: Thank you very much. First of all, I'd like to commend Athabasca University. You seem to affect a lot of northern and aboriginal students – and I think that's very important – in terms of access, and I know that we have many challenges. Thank you very much for the work that you have done. I know that we still have a lot of challenges that we have to meet and that Athabasca University has to meet.

My question is relative to page 101, recommendation 17 of the report of the Auditor General of Alberta to the ministry. There are some recommendations relative to resolving outstanding sector accounting issues. As you know, there are some areas also within the institutions that we have some issues relative to. There is outstanding stuff that has not been completed. I wanted to know where you are relative to page 102 of the outstanding ones, where the department and institutions have not complied or completed or ensured entity control. Can you give me some information on that to identify or resolve outstanding sector accounting issues?

Mr. Johnston: I can. On this one I will ask Mr. Gerry Waisman to come up to the mike.

Ms Calahasen: Would that be in writing?

Mr. Dorward: Well, if you think you can tackle the question, that's fine.

Mr. Johnston: Yeah. In one minute or less, Gerry?

Mr. Waisman: We're probably better off taking that as a written response. The question, I think, is extensive.

The Chair: We cannot hear you. You're going to have to get right up close to that microphone.

Mr. Waisman: Sorry. I'd probably want to take that question under advisement. The answer would be reasonably long in terms of what we can respond to.

Ms Calahasen: That's good. Thank you.

Mr. Dorward: All right. We'll pass our last minute to the NDP.

The Chair: Okay. Mr. Bilous. There you go. You've got some extra time.

Mr. Bilous: Thank you for that. I appreciate it. This piggybacks on Ms Calahasen's question, so talking about departmental accounting. On page 100 of the October 2012 report the Auditor General states that he found many errors and inconsistencies in the department's financial statements. Two questions. One, how can the department assure this committee that its internal financial processes and controls meet the standard necessary for proper

decision-making at both the board and departmental level? Two, in line with Ms Calahasen's question, has the department begun working with the office of the Controller and with institutions to develop a process for the resolution of accounting issues as recommended on page 101 of the Auditor General's October 2012 report?

The Chair: You have two minutes to answer that.

Mr. Dancause: Thanks. I can answer the first part of that question, and the second part maybe we'll take away because I don't know if we'll have enough time. In the last fiscal year we had a number of substantive challenges as far as staff turnover, loss of knowledge, loss of experience. Subsequent to that time, we've hired new staff, gotten them back on track with learning opportunities, working closely with the Auditor General and the Controller's office on addressing numerous issues as far as what happened with the financial reporting last year.

Sorry. What was the second piece?

Mr. Bilous: Working with the office of the Controller.

Mr. Dancause: Right. Working with the office of the Controller to address the concerns on the postsecondaries. We can provide more on that, but we have had several meetings with them. We've met with the postsecondaries and the offices of the Controller and the Auditor General to come to a resolution on the majority of the issues that were previously presented. We continue to work with the postsecondary institutions as we transition them through to the new accounting standards this year, and we will continue to do that.

Mr. Bilous: As a closing follow-up, I understand that there has been staff turnover and all the rest, but how can you assure this committee that in the future if there is a staff turnover, we're not going to have major inconsistencies in financial reporting? If you could put that in writing for us, that would be great.

Mr. Dancause: Sure can. One of the changes that we've made is cross-training and rejigging of the staff to make sure that we don't have a broad base of knowledge contained within one individual, so if that individual happens to leave we lose that. What we've done is we've substantively put in place, particularly in the reporting environment but across the financial group in the ministry, cross-training, cross-job pollination so that they know what everyone is doing. Then if we lose someone to incident, illness, whatever, we can quickly replace them with someone else who has the background.

Mr. Bilous: Thank you.

The Chair: Raj, did you have one 30-second question to read into the record? Please make sure it's not a policy question.

Dr. Sherman: Just real quick, on the grants and bursaries. My understanding is that grants and bursaries were reduced from \$33 million in 2010-11 to \$18 million in 2011-12. Why is that?

The Chair: A very good question, very appropriate for Public Accounts. So if you could take that under advisement and provide a written answer.

Just so you know, our committee clerk is going to put together a list of all of the written questions, and he will forward it to your office as well as to Athabasca if it pertains to the Athabasca University. If you can please have answers to those in the next

little while, that would be great. Hopefully, certainly, over the next couple of weeks. That would be fantastic.

Thank you so much for coming today. We very much appreciate it.

Dr. Haughey: Thank you.

Mr. Johnston: Thank you very much.

The Chair: We very much appreciate your participation in this.

Is there any other business committee members wish to raise at this time?

Our next meeting will be held on the first sitting Wednesday once the House resumes in February. The estimated date of our next meeting is Wednesday, February 13, 2013. If the House should come back earlier or later than that, our meeting, of course, will be held on the Wednesday of that week.

An Hon. Member: Which department?

The Chair: It should be with Service Alberta, I believe. Yes. But we'll have our committee clerk follow up with committee members in mid-January once the sessional calendar has been released.

We're not completed the meeting yet, so if everyone could just calm down. With that, would anybody like to make a motion to adjourn?

Ms Calahasen: I do.

The Chair: All in favour? Those opposed? Carried. Now the meeting is adjourned. Thank you.

[The committee adjourned at 9:58 a.m.]

