



Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Ministry of Innovation and Advanced Education
Consideration of Main Estimates

Tuesday, April 8, 2014
3:30 p.m.

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Standing Committee on Alberta's Economic Future

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Standing Committee on Alberta's Economic Future

Participants

Ministry of Innovation and Advanced Education

Hon. Dave Hancock, QC, Premier and Minister

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

Justin Riemer, Assistant Deputy Minister, Economic Competitiveness

3:30 p.m.

Tuesday, April 8, 2014

[Mr. Amery in the chair]

**Ministry of Innovation and Advanced Education
Consideration of Main Estimates**

The Chair: Well, good afternoon, ladies and gentlemen. It is 3:30, and we must begin. I would like to start by welcoming the Premier here for the second time, and I'd like to welcome everybody. The committee has under consideration the estimates of the Ministry of Innovation and Advanced Education for the fiscal year ending March 31, 2015.

I would ask that we go around the table and introduce ourselves for the record. Mr. Premier, please introduce your staff when we get to you. I'm Moe Amery, MLA for Calgary-East and the chair of this committee.

Mr. Fox: Good afternoon. I'm Rod Fox, MLA for Lacombe-Ponoka and vice-chair of this committee.

Mr. Rogers: George Rogers, MLA, Leduc-Beaumont.

Mr. McDonald: Good afternoon. Everett McDonald, Grande Prairie-Smoky.

Ms Kennedy-Glans: Donna Kennedy-Glans, Calgary-Varsity.

Mr. Luan: Jason Luan, Calgary-Hawkwood.

Mr. Dorward: David Dorward, Edmonton-Gold Bar.

Mr. Hehr: Kent Hehr, MLA, Calgary-Buffalo.

Mr. Hancock: Dave Hancock, Minister of Innovation and Advanced Education.

I have with me today Steve MacDonald, the deputy minister; Darrell Dancause, senior financial officer; Gord Johnston, ADM, advanced learning and community partnerships; Peter Leclaire, ADM, apprenticeship and student aid.

The Chair: Please wave in the back when your name is mentioned.

Mr. Hancock: I also have with me Justin Riemer, ADM, enterprise division, and Mel Wong, ADM, innovation and advanced technologies division.

The Chair: Thank you, Mr. Premier.

Mrs. Sarich: Good afternoon and welcome. Janice Sarich, MLA, Edmonton-Decore.

Mr. Pedersen: Good afternoon and welcome, everybody. Blake Pedersen, MLA for Medicine Hat and the Wildrose critic for Innovation and Advanced Education.

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

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Ms Kubinec: Maureen Kubinec, Barrhead-Morinville-Westlock.

The Chair: Good. Thank you very much, ladies and gentlemen. Please note that the microphones are operated by *Hansard*, and we ask that BlackBerrys or iPhones be turned off or set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Hon. members, as you know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Innovation and Advanced Education, I would like to review briefly the standing orders governing the speaking rotation. As provided for in Standing Order 59.01(6), the rotation is as follows. The minister may make opening comments not to exceed 10 minutes. For the hour that follows members of the Official Opposition, Wildrose, and the minister may speak. For the next 20 minutes the members of the third party, Alberta Liberals, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, NDs, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining we will follow the same rotation to the extent possible; however, the speaking times are reduced to five minutes.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. Members also are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or the committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Innovation and Advanced Education. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 6:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 16, 2014.

Now, I think we have been joined by Mr. Sohail Quadri. Would you like to introduce yourself for the record, please?

Mr. Quadri: Thank you. Sohail Quadri, MLA, Edmonton-Mill Woods.

The Chair: Thank you, Mr. Quadri.

Now I would like to invite the Premier and Minister of Innovation and Advanced Education to begin with his opening remarks. Minister, you have 10 minutes.

Mr. Hancock: Well, thank you, Mr. Chair. I'm pleased to present the 2014-17 business plan and estimates for the Ministry of Innovation and Advanced Education. Our ministry is one of the government's major drivers to building the Alberta we want. We are continuing to look for new ways to grow, diversify, and sustain our economy and support Albertans in pursuing their educational goals. We're pursuing an aggressive research and innovation agenda to help entrepreneurs bring their ideas and products to market. Our goal is to put Alberta in a stronger position to meet the needs of Albertans and to be more competitive on the world stage. Our mission is to build a resilient economy and a thriving society by engaging Albertans in learning, innovation, and entrepreneurship.

In the coming year we will focus our efforts on expanding Alberta's presence and role in the global marketplace, ensuring that every Albertan has access to high-quality postsecondary education so they can thrive in the economy of tomorrow, removing financial barriers and rewarding student excellence, encouraging collaboration within the Campus Alberta and innovation and research systems, building a business climate that encourages entrepreneurs to innovate and commercialize, and continuing to do our part to support the flood recovery and mitigation efforts.

We are working toward these goals through a number of priority initiatives. Many of these initiatives are key elements in Budget 2014. Since Budget 2013 we've committed to making the right decisions to keep our finances on track so Alberta can continue to drive nation-wide economic growth. That's why Budget 2014 places a high priority on advanced learning to drive our economy forward and to build a better Alberta.

While government is in a better shape financially this year, Budget 2014 reinforces our commitment to live within our means and build Alberta in ways that make financial sense. The ministry's operating budget is over \$2.8 billion, an increase of \$150 million, or 5.5 per cent, from 2013-14.

Over the next year we're committed to improving access and opportunities for postsecondary students and helping apprentices to become the skilled workers that our province needs. We're also working on new and innovative ways to ensure that Alberta's entrepreneurs and researchers have the skills and knowledge to get their ideas off the ground and to help lead the transformative change in our province.

Our universities, colleges, and polytechnics remain a great source of pride for Alberta, and this is reflected in the budget. Alberta's publicly funded postsecondary institutions will receive over \$2.1 billion in base operating grants. This includes an increase of \$32.5 million, or 1.6 per cent, to create 2,000 new full-time spaces and encourage collaboration throughout the Campus Alberta system. The number of new spaces is expected to grow to 4,600 over the next four years. We have been working jointly with postsecondary institutions to determine which programs will benefit from these expansions. We've been looking at such factors as student development, market demand, and the probability that students will transition successfully to employment. Among the areas where these new spaces are being created are engineering, social work, occupational therapy, environmental science, and international development.

We've also set aside \$13 million for Campus Alberta priority projects, including strategic investments related to the importance of learners in the system as a whole such as graduate education investments, emergent infrastructure maintenance funding, funding for aboriginal colleges to partner with postsecondary institutions, and funding for e-learning directions.

In addition, we're pleased to be supporting the establishment of the Peter Lougheed leadership initiative. This important initiative builds on our former Premier's legacy by providing mentorship opportunities and leadership training to some of Alberta's best and brightest. Budget 2014 includes \$7 million, part of a 10-year, \$70 million commitment, to establish this initiative.

As part of our commitment to ensuring accessible, affordable, and quality learning opportunities for Albertans, we are unlocking the access to the future fund. Budget 2014 provides \$50 million in operating support from the fund. This includes \$8 million in one-time funding for targeted Campus Alberta priority projects. Through the access to the future fund we've also committed \$30 million over three years to help MacEwan University realize its vision of a single sustainable campus in downtown Edmonton. This investment will allow the university to move forward on construction of its new academic and arts building on the western edge of downtown. We are also working with postsecondary institutions to determine the best model going forward to achieve the goals of the access to the future fund and to create policy direction for future investments.

To support our growing province, Budget 2014 includes \$725 million over three years for postsecondary capital projects. There's \$13 million in funding for one-time improvements at the University of Alberta Devonian Botanic Garden and \$30 million for new projects under development. There's also funding for the commencement and continuation of six major projects in Edmonton, Calgary, and Lethbridge that were announced last year. Additionally, we're making \$50 million available this year and \$165 million over the next three years for infrastructure maintenance and renewal projects.

3:40

Budget 2014 also reflects our ongoing commitment to make postsecondary education accessible and affordable. This year there is approximately \$234 million budgeted for student aids supports. This includes \$74 million in scholarships for 38,500 students, among the most generous scholarship funding in Canada. An additional \$408 million is available in student loans. A strategic review of the student aids system will also occur this year to ensure that financial need is not a barrier to any Albertan seeking a postsecondary education. The Alberta centennial education savings plan grants remain under review. We've allocated \$11 million this year for this program. While the program is under review, Albertans can continue to apply for Alberta centennial education savings plan grants.

Budget 2014 also addresses our province's need for skilled trades professionals and postsecondary apprenticeship training. Over the next year \$110 million is available to support the development, maintenance, and delivery of designated trade and occupation programs as well as ensuring that anyone who requires apprenticeship training at our publicly funded colleges and institutions will have a seat available to them.

New this year is an investment to help apprentices complete their programs, engage industry, and support excellence across the apprenticeship system. Two hundred million dollars will be added to the Alberta heritage scholarship fund from the Alberta heritage savings trust fund. In the coming months government will work with industry and postsecondary institutions to develop options, which could include bursaries for first-year apprenticeships, industry-matched scholarships to help apprenticeships, basic living and learning costs, and, essentially, working with industry to ensure that gaps to success are met.

Our government's approach to economic development recognizes innovation as a key element in sustainable prosperity.

That's why we're focused on transforming our research and innovation system to be more nimble, responsive, and accountable while providing better co-ordination and clear policies. Budget 2014 continues to support innovators and entrepreneurs to develop their ideas. There is \$203 million budgeted for investment in research, science, and technology initiatives. This includes \$133 million in grant funding for the Alberta Innovates corporations for research innovation and technology commercialization and \$70 million for other investments such as research grants to Campus Alberta, strategic investments and technology development, and commercialization capacity. Our investments are helping to build world-class learning opportunities that are attracting some of the most talented researchers as well as helping to build an entrepreneurial culture.

We are also taking a leadership role in forming the design and expected outcomes of the social innovation endowment fund. We need to ensure that implementation occurs and is aligned in all key sectors from the economic to the social sector.

Alberta is building a business culture that encourages investment and creates more opportunity to grow our province's economy and make businesses more globally attractive and competitive. Budget 2014 includes \$18 million for overseeing the province's economic development opportunities as well as developing a small-business strategy. Additionally, we are supporting business growth in Alberta through the new economic dashboard, an online information source which provides investors, businesses, and Albertans with easier access to valuable economic information.

As the President of Treasury Board and Minister of Finance said when he delivered the budget, "With Budget 2014, we're preparing for bigger growth. We're also preparing for success." Our ministry is ready on both fronts. We have a firm plan to grow our province by engaging Albertans in higher learning, innovation, and entrepreneurship. This is spurring new ideas, improving our quality of life, and ultimately contributing to the ongoing success of Albertans and of our province.

Thank you.

The Chair: Thank you, Mr. Premier.

We have been joined by two other members. Ms Notley and Ms Pastoor, would you like to introduce yourselves for the record, please?

Ms Pastoor: Bridget Pastoor, MLA, Lethbridge-East.

Ms Notley: Rachel Notley, Edmonton-Strathcona.

The Chair: And Ms Woo-Paw?

Ms Woo-Paw: I'm just observing. Thank you.

The Chair: Okay. Good. Thanks.

Now the Wildrose opposition. You have one hour. Would you like to combine your time with the minister? Would you like to go back and forth?

Mr. Pedersen: We'd like to go back and forth if that's all right with the Premier.

The Chair: We will divide it into 20-minute blocks.

Mr. Pedersen: You'll give notice, then, at that time?

The Chair: We will give you notice two minutes before the end of the time.

Mr. Pedersen: Perfect. Thank you very much, Mr. Chair, and all fellow MLAs, the Premier, your ministry staff. Thank you for coming out today and allowing us to review the budget process. This is a new ministry for me, so hopefully I don't fumble it too much and make you look too good, Premier.

If we can just start, we can look at page 130 of the estimates, please, under section 2. Related to line 2.2 of the budget, the operating support for postsecondary institutions, why is the per-student funding so different for each institution under the six-sector model?

Mr. Hancock: We're undergoing a funding review at the moment to update the funding model for institutions, and we're involving postsecondary students and others in that review. But I think it would be fair to say that the funding model has been developed historically and that each institution delivers different programs, has grown in different ways, and the funding that's been built up around that has reflected the history of each institution. We don't actually fund on a per capita model; we fund institutions for the work that they do, the programs that they deliver, and the spaces they provide.

Mr. Pedersen: Okay. But it still breaks down at the end on a per capita student funding model, no?

Mr. Hancock: No. It doesn't break down to a per capita model; it breaks down to a funding model as a base grant that's been provided to postsecondaries. Some years those base grants have just been increased by whatever the common increase was. In other cases, at various times throughout the past number of years, there has been envelope funding for different programs. This year, for example, the additional \$32 million was not done on a per capita basis; it was done on a basis of asking postsecondaries to provide their application relative to where they thought program growth should happen. Then those were reviewed and funded on that basis, so it wasn't on a per capita to institutions.

Mr. Pedersen: Okay. Thank you.

It's my understanding that the department was going to undertake a review – and this might be what you're mentioning – of the funding model for postsecondary institutions in the fall of 2013. Were there any changes made for this budget year? If there are no changes yet, has a review happened? And can you give us some details about the options being considered for changes?

Mr. Hancock: The review has been commenced. It's under way as we speak. It will take some time. Essentially it's being driven by a committee of the representatives from each of the six sectors, and they are bringing forward ideas and suggestions. We have quarterly meetings with the presidents and board chairs of the institutions, so at our next quarterly meeting I suspect we'll have a report from that committee as to progress they've made to date and options that they might have on the table. I can't give you those options at this date; I'm awaiting that report.

Mr. Pedersen: Sure. Thank you.

Tying into the six sectors as well and the different ways that the institutions are funded, has there been any work or are there any plans to address the stigmas between universities, colleges, and polytechnics so that each is held in regard for what they uniquely offer and deliver, not what they don't offer or are perceived not to offer? I hope that makes sense.

Mr. Hancock: Yeah. But I would not agree with the premise that there's a stigma. Each of our 26 publicly funded institutions plays

an important and, I would say, unique role in the system. So we have three what we call CARI universities, that are the – I always have to go back and find out what these acronyms are – comprehensive academic research institutions. Each one of them, whether it's Lethbridge, Calgary, or Alberta, has areas in which they're excellent, and they have a unique opportunity to provide programs as well as, of course, the general programs. Of course, Athabasca University is part of that as well. It doesn't have a residential base, but it also provides, again, a unique way of coverage. Then we have the BASIs, the baccalaureate and applied. That's MacEwan University and Mount Royal University.

So in each area you can go through and say: this is where they fit into the six-sector model, but this is how each one of them provides a unique opportunity. And we need all of them. We need NAIT and SAIT to do the polytechnic stuff that they do. We need our community colleges to provide the comprehensive support for education across the spectrum in their area and to partner with the degree-granting institutions to make sure that's available, to provide access. We need the research intensives to do their work.

I would not agree that there's a stigma. I do think we need that full cross-section so that every Albertan can have access to the educational opportunity that they need to advance their potential.

3:50

Mr. Pedersen: Yeah. Fair enough. I do agree that we need every one of those different groups delivering the different programs, but unfortunately there is a little bit of stigma and competition between them, and I think working collaboratively with all those groups would go a long way.

Mr. Hancock: And that's what the Campus Alberta model is all about, making sure that they work collaboratively together regardless of what sector they're in.

Mr. Pedersen: Fair enough. Thank you very much.

Now, looking at line 2.4, Campus Alberta innovations, how can we improve the collaboration between institutions on credit transfer not only within Alberta but across Canada? Now, I want to be clear that not every single course should be necessarily transferable but econ 101 at school A should be transferable to econ 101 at school B. There are estimates that the cost of retaking courses is between \$50 million to \$75 million per year. We're just wondering if you're aware of that report. Is there any work being done by the ministry to attack that problem, or do you perceive that a problem?

Mr. Hancock: This is actually one of my passions. I think that's an area that we can justifiably say that we have the best – it's ACAT, the Alberta Council on Admissions and Transfer – in the country. I mean, people have pointed to our system as having the most comprehensive set of transfers, but the reality is that it's way too complex, and it doesn't cover everything. I really said to the department when I first came back in that one of my goals is to really get to work on that piece, to define appropriate principles and to try and simplify the transfer process and make sure that there are no dead ends in the system, that everything you take should lead to the next opportunity that you want to take, that everything should add value to the next piece.

We're not there by any stretch of the imagination. There are challenges in that because there's academic freedom, and right now much of that is controlled from an academic perspective, so we have to deal with that. But, in my view, it should be a principle-based system, not a linear system where you take a course compared to another course.

Now, having said that, we've developed an app. It makes it easier for people to access and to understand what courses they have and where they will ladder to and connect to. So we're making the system we have more effective for students, but we still need to improve the system.

Mr. Pedersen: Just a quick follow-up. So you've asked your department to look into that. Have you asked for a timeline to get back to you on expectations?

Mr. Hancock: Well, this is a project that's going to take some thought and work because, obviously, there are some embedded pieces to it. We're in the process of setting it up. I hope we're in the process of setting up the review, and I've asked them to get it done while I'm still here.

Mr. Pedersen: That's cryptic.

Mr. Hancock: Hey, I've had seven portfolios. You never can tell how long you're going to be able to stick around to get something done.

Mr. Pedersen: They don't tell you your expiry date at all? All right. Thank you.

We'll move on to line 2.7, please, other program support. You have budgeted \$48.7 million, and last year it was indicated that the replacement program for STEP was going to be developed and that that is the reason STEP was cut. We are now the only province in Canada that does not have a student employment program. Where is the development of this replacement program currently sitting? When will it be announced if so? How much is it going to cost, and is this the reason for the increase on this line item?

Mr. Hancock: No. Employment programs actually don't fall within our ministry, but I am intensely interested in the topic. We had to curtail STEP because when we did our review of programs, it was very clear that STEP was no longer actually doing what it was originally set up to do. But that's not to say that it's not an important area. What we really need to do is to be thinking about how we can align a student employment program with outcomes so that students actually get experience in their work area. That's actually a bit more complex than I had originally thought because it really does need to look at what we're actually doing within some of the academic programming. For example, the co-op programs in engineering are very effective ways of getting students some employment as well as getting work experience. We need to look at how we can do something on that basis.

We don't have money in our budget this year for a STEP program. A STEP type of program would normally fit within the JSTL budget. But it is an area that I think we need to really work on how we can develop the right kind of program to actually help students get what they need.

Now, having said that, we have the SCIP program, which we added some resources to last year. The SCIP is a bursary program which assists students with learning opportunities, internships if you will, within the not-for-profit sector. The not-for-profit sector is the area that was actually using STEP quite well, and they were using it to introduce people to the not-for-profit sector and to careers in the not-for-profit sector. The SCIP program actually does a better job of ensuring that they create a proper mentorship-internship program rather than just a summer employment program, where somebody could be employed to do filing or cutting grass.

SCIP is actually a very good addition, and it was scaled up a bit to take up some of that load. We did some other things on the Human Services side last year to ensure that people could get employment in the areas that help persons with disabilities, for example, because that was a good learning opportunity for students and also necessary for those organizations. In the longer term we'll have to look at how we appropriately redesign an employment learning program that really is more like a co-op or an internship type of program that gets students experience in their area of study.

Mr. Pedersen: On the SCIP program, Mr. Premier, what was it at, and what did you increase that to?

Mr. Hancock: It was at \$1 million, and it's gone up to \$1.45 million. In that, I would have to acknowledge a contribution from the Human Services budget that we actually put in last year and that we're looking for them to continue to contribute this year.

Mr. Pedersen: So it's not a substantial amount of money.

Mr. Hancock: Well, \$1.45 million is pretty substantial to me, and it sure hires a lot of students for the summer.

Mr. Pedersen: Fair enough, but compared to STEP.

Mr. Hancock: Well, again, you have to look at what STEP was actually doing. It was not intended just to hire students to cut grass or to do filing. That wasn't really the intention of the program. The intention of the program was to help students get proper work experience. SCIP actually does that very well by providing good mentorship and bursary opportunities. What it does is that it actually subsidizes wages, but if a not-for-profit organization does it properly, they can do a bursary for the period of time the person is volunteering and then hire them to work for the rest of the summer and have the same net effect as they would have had under the STEP program.

Mr. Pedersen: Okay. Just to clarify, SCIP would be under what line item? Are we talking 2.7?

Mr. Hancock: We'll get back to you on that one.

Mr. Pedersen: Okay. Thank you very much.

Mr. Hancock: It's in here somewhere. It's under 2.4.

Mr. Pedersen: Thank you very much.

We were talking about six sectors earlier. In discussions with some of the independent institutions – for example, we could use Ambrose or Canadian or St. Mary's – there's been an expression of interest to move to a full university status or moving into the BASI section possibly. If they did express a desire, are you willing to work with them to develop key metrics and goals for them to work towards to accomplish this change?

Mr. Hancock: I don't think that change is actually possible because they are two distinct operations. The BASI sector is fully publicly owned and publicly funded, and the ones you're talking about are privately funded. However, the privately funded ones actually have a broader range of services and, to the best of my knowledge, can provide all of the things that the BASI sector provides now. What they're actually after is dropping the name, so instead of being called a university college, they'd just like to be called a university. That's not really a change in function; it's just a change in name.

Mr. Pedersen: So are you saying that the ministry is not standing in the way of anything like that happening? You would say that if the independents wanted to simply be called universities, your department and your ministry would work with them to accommodate that?

Mr. Hancock: Those conversations are happening now.

Mr. Pedersen: Fantastic. Thank you very much.

Again along the lines of the independent institutions, in talking to them, there is some excess capacity at those institutions while other institutions are turning away hundreds or possibly thousands of students on a yearly basis. I'm sure you're aware that this is happening. Are you or your ministry willing to do anything to alleviate the pressure points by utilizing excess space, and can that be corrected in any easy way?

4:00

Mr. Hancock: Well, we've just distributed \$32 million based on applications from postsecondaries with respect to where they believed there was either the student demand or economic demand for programs that they could offer. Under that we've provided, I think, \$250,000 to St. Mary's, which is what they applied for, \$75,000 to Concordia, which was the program that they applied for. The other three did not apply for anything under that, but if they had applied and if it fit the criteria of student demand or economic need, they would have likely received those funds.

Mr. Pedersen: But I think what we've discovered in conversation is that these institutions are going through their school year or their learning year and they have unfilled spaces in their institution where they would more than gladly take students that are being rejected at other institutions. Now, I understand that there is sometimes a cost difference, but is there a way to – when we have excess capacity on one side and we have, you know, limited capacity or rejections on another side, is the ministry looking at that problem? We do have institutions that have professors and instructors ready and willing and able to teach and train, yet students are . . .

Mr. Hancock: Well, let's be perfectly clear. We don't set their enrolment. They can take any students they want. If they have extra capacity in terms of the physical space and the instructors and all of the other things there, it would make good sense for them to bring the students in to pay the tuition because that's an added tuition to them with no extra cost. If that's what they're telling you, they should be taking those students. We don't set their enrolment. They get to take whatever students they want. We don't say: you can only have this number of students.

What we've funded with this new programming is a proposal where they say: well, if we had this kind of funding, we could add some capacity in these particular areas. They are certainly eligible for that funding as well. But if they've got capacity, they can take students.

Mr. Pedersen: Sure. I think one of the issues is going back to this dual naming process that has caused, again, what I alluded to earlier as a bit of a stigma. That might help them if we can get that name change.

Mr. Hancock: That's an important part of their discussion because what some of them found when MacEwan and Mount Royal became universities and had that particular status was that enrolment in some of the others went down because people were concerned about their transferability and the recognition of their

credentials. I mean, that's an interest that we have because it's absolutely important that for every student, no matter where they graduate from, if it's an accredited program, their credentials should be recognized and should be transferable and should be able to ladder on to the next credential.

Mr. Pedersen: Yeah. I appreciate that. Thank you.

We have seen the Auditor General report, most recently in February of this year, touch on the transparency and accountability of institutions. One thing that has been a growing suspicion is that some institutions need some help to implement the requirements of baseline reporting but that they aren't receiving this. What is the ministry doing to help these institutions, where is this funding coming from, and how can this be improved?

Mr. Hancock: We provided a \$10 million grant to the University of Alberta as trustee to work with the colleges on the development and implementation of the technology systems that they need to do a better job of their accounting pieces. Some of the critique on that was for some of them a question of changeover in staff and other issues, but the fundamentals of making sure that everybody is on a common system and that that system works for them is something that we in fact identified last year, and \$10 million was set aside to do that. It's not proceeding as fast as it should. We have to do more work in terms of encouraging the collaboration that's necessary to get that job done.

Mr. Pedersen: Okay. Do you foresee a point in time where you will achieve those results?

Mr. Hancock: Oh, absolutely. It's absolutely necessary. In terms of the Auditor General's concerns, those are results that we're hoping will be achieved this year and that they will have good audited statements for the next year. Now, in terms of implementing the full suite of technology that's needed, that might take a little longer.

Mr. Pedersen: Thank you.

The Chair: You have about 15 seconds left. I forgot to alert you at the two-minute mark.

Mr. Pedersen: How do we penalize you for that?

The Chair: I know. I will not do it again.

Mr. Pedersen: All right. Thank you. It's going very well, so I don't think it's an issue.

Again, sticking under line 2, please . . .

The Chair: Your next 20 minutes start right now.

Mr. Pedersen: Sure. Thank you, Mr. Chair.

Under line 2 I would like to pick your brain on mandatory noninstructional fees. I'm sure that's a brand new topic for you. I see this addressed in the business plan under priority initiative 1.2. The minister of enterprise and advanced education seemed to indicate in estimates last year that there was no intention of regulating noninstructional fees. This is still a major issue for students today and student groups across the province. We are wondering exactly: do you and your ministry have a position on these fees?

Mr. Hancock: We have a tuition and fee review project under way – I anticipate that to be done this year – and we are including all fees in that review. I think if there's a fundamental position,

first and foremost, the principles behind the review and what we do going forward would indicate that there is a cost to education and students should pay a portion of that cost. They should have some skin in the game.

It needs to be affordable, and affordable is in the context that students need to be able to see when they come out that the investment they've made is a valuable investment. This isn't about the tuition side, but we do need to have in place financial support – and we do – so that every student can have access to education, that finance is not a barrier to it.

Fees need to be transparent. Students need to be able to see how and why their fees are calculated, and that comes to the mandatory noninstructional fee issue. It's not a matter of just putting the fee on; it's saying that this is what it's for and you can see what it's for. We have student members on the board. They're entitled to get access to that information. It should be fair.

The other principle would be that it should be predictable. Now, predictable and funding are difficult things from a government perspective because our income is not necessarily predictable. But from a student perspective, whether they're an international student or a student from Alberta, they should be able to know and understand what the cost of their program is going to be so that they can plan how they're going to pay for it, how they're going to finance it.

So those are the principles that for me would underlie the fee review, and that's under way now.

Mr. Pedersen: Thank you very much.

I understand, just talking with some of these students, that they are invited to the table, and they are very grateful for that. I do appreciate the fact that you have invited them to the table as stakeholders.

Also, several student groups have a policy that advocates lifting the 2 per cent funding cap on the federal postsecondary student support program, or PSSP. What is the department's position on this issue?

Mr. Hancock: Let me check. I'll have to get back to you on that.

Mr. Pedersen: Okay. I appreciate that. Thank you. Stumped the Premier. Yeah.

Mr. Hancock: PSSP means . . .

Mr. Pedersen: Postsecondary student support program. It's a federal program.

Mr. Hancock: You got me.

Mr. Pedersen: Okay. I like that.

Moving on, what emphasis and what funding is being put into the English language training and programs for adults to allow immigrants with desired trade qualifications and skills to enter the workforce without having to be underemployed in Alberta?

Mr. Hancock: We have adult learning in our portfolio. That's in the community programming line. Community programs is 2.6. Under that, we have a \$5.4 million increase this year. Essentially, that's the line which funds community adult learning councils, comprehensive community institutions to provide programs and services in communities. We've taken over some of the finance of programs from Human Services to ensure that the financial supports are there for students who are in a one-year – is it a one-year or longer program?

Mr. Johnston: Yes.

4:10

Mr. Hancock: Some of the other language support programs would actually, I think, still be found probably under Human Services with respect to their Alberta Works supports and those sorts of pieces. So there are a couple of ways in which particularly an immigrant who needed to learn English as a second language might be able to find support there.

But in the PSI system we fund it through programs at NorQuest and Bow Valley College, for example, or some of the other CCIs and through the community learning councils, the literacy programs essentially.

Mr. Pedersen: Excellent. Thank you.

This is a very important issue for students and, I think, institutions as well, and I'm sure it would be quite important for you. A little over a year ago the Health minister announced \$3 million grants to the U of A, the U of C, and the U of L, and another 1 and a half million dollars went to the Alberta Students' Executive Council. Students have been appreciative of this, but they are saying that more needs to be done. Are there any specific supports in this budget to help deal with mental health, and which budget line or initiative focuses on this issue? Also, why is there such a discrepancy between the various institutions?

Mr. Hancock: That was an agreement we had with Health, that they would provide some mental health funding through the postsecondary system. That was the initial granting process to provide that.

There's some good news on that side. There's some very important work that's being done. For example, at Augustana university they have a program in which – I forget the right name for it – essentially two months into the program they will be able to identify students who are at risk either because they're not attending class, they're not handing in assignments, they're failing, or whatever other indicators flag that. They will be able to then identify those students to the office whose name escapes me, and they will then find appropriate ways to approach the students to determine what kind of support they need, including mental health support.

They're doing the research behind it as they're implementing this, so we should be able to take that and determine how it could be scaled up, for example, or how it could be utilized as best practice in another college. Obviously, Augustana is relatively small, a thousand students. The question is: how would that work in a 40,000-student environment, and do you have the right kind of technology to capture the right kind of information to allow you to do that?

As with most things, it's not really just about adding more money and stirring. It's really about how we are making effective use of the resources. I think the important piece on this is that the students are actively engaged in it. I was asked about that by the group that was around on Monday and about how they could play a role. I said that there are two roles they could play: one is to keep the pressure on us to do more, and the other is to take an active role on campus. The most important part of the mental health agenda is taking the stigma away and helping your neighbour.

The bottom line – my wife is a high school principal, and she's been 35 years as a teacher and principal in the system. Students get identified by teachers who see a difference in their behaviour or a difference in their performance or by their friends coming to somebody that they trust saying, "Suzie is cutting," or by someone who has enough of a relationship with them to be able to identify

that. On postsecondary campuses it's difficult, particularly the larger ones, to have those identified relationships.

So there is a large role, I think, for student groups. They may need to be funded for it in some ways to be able to create that kind of atmosphere on campus so that students know where to go for help themselves but, more importantly, where they need to go for help for their friends.

There's work to be done in that area. We need to scale it up more. But we need to learn it as we go along because too often we just throw some money into something and say that we've done it, and that's not an appropriate response.

Mr. Pedersen: I was just going to ask: what is the loop around so that you are reviewing all the work that's being done at different institutions and finding out the best practices? Is that laid out? Is that something that's already been predetermined?

Mr. Hancock: Health is providing the funding and doing the follow-up piece. But I can say this. I personally have a very strong interest in this whole area of mental health. I have championed it at the K to 12 system. I intend to champion it at the postsecondary system for as long as I have the portfolio. It's another one of those passion areas. You know, we have students who commit suicide in February. When one thinks about it, that time at postsecondary should be some of the most exciting time in your life. It's hard to understand why that would be depressing or what stress could be so strong that would drive a person to do that. We need to have the resources there so that we can help people when they need help. But, again, it has to be done thoughtfully; it has to be done effectively.

Mr. Pedersen: Okay. Thanks.

If we can move on to section 5 of the estimates, please. Kudos on the decrease to Alberta Enterprise Corporation on line 5.5. Can we look forward to seeing this eliminated completely next year?

Mr. Hancock: There will likely always be some administrative expense. I don't know whether it'll show up as a line item. We are in transition on that. The \$90 million of the hundred million has been allocated, and now we're looking in terms of how that portfolio is managed as we go forward. There will be some news on that in the next few months once that's firmed up. Likely there won't be a whole structure around managing it, which is why the number has gone down, but there will likely be some costs incurred to pay for the management of the portfolio.

Mr. Pedersen: Okay. Thanks. Sticking with line 5.5, can you provide a list in writing of the recipients of funds from Alberta Enterprise? I'm sure you can appreciate that we just want to make sure that there aren't more taxpayer dollars being spent on companies in Vancouver.

Mr. Hancock: To date, as I said, it's committed \$90 million of its funding: \$10 million was used to establish the accelerate fund, which is a co-investment fund that angel investors can draw on to top off investments in Alberta-based technology start-ups; \$80 million has been invested in seven venture capital funds with information and communications technology, energy clean tech, and agriculture biotech sectors, including 32 Degrees energy; \$10 million is a limited partner in 32 Degrees' energy technology fund, a Calgary-based VC fund that invests in early- to later-stage Canadian energy; Azure Capital Partners III is \$10 million that is a limited partner in a venture capital fund that invests in early-stage information technology companies; EnerTech Capital is a \$15 million investment in EnerTech Capital partners that invests

in early-growth stage companies that use innovative technologies to improve production or consumption of energy; iNovia Capital fund, \$10 million for Internet digital media and ICT; Chrysalix clean energy fund, \$15 million USD for clean energy technologies – they're internationally connected, headquarters are located in Vancouver with an office in Calgary, and they manage \$300 million in assets – Yaletown Venture Partners, \$14 million for information technology and clean technologies, successful in executing regional strategies, headquarters in Vancouver with an office in Calgary; and Avrio Ventures II, which is \$6 million for a life sciences fund, focused on innovation in the agricultural sectors. Details are being worked out on a venture capital fund for the remaining \$10 million.

The neat part of this is that these are all funds of funds, so we don't actually do the investment decisions, and Alberta Enterprise doesn't do the investment decisions. They invest in the funds, which do the investment decisions, so it spreads the risk and actually creates a much greater opportunity for return on investment to us.

Mr. Pedersen: Okay. Thank you. How many Alberta Enterprise projects are still to be announced?

Mr. Hancock: Well, presumably one, if you can get one for \$10 million, or two, if you can get them for \$5 million. Likely one at \$10 million.

Mr. Pedersen: Okay. Thank you very much.

Can you please provide the breakdown of transfers to each Alberta Innovates program under line 5.6? I'm referring specifically to Energy and Environment Solutions as well as Bio Solutions and Technology Futures.

Mr. Hancock: I had that written in my other book. Alberta Innovates: Energy and Environment Solutions would be \$22.515 million this year. Bio Solutions is \$17.778 million this year. Tech Futures is \$93.172 million this year. Health Solutions, of course, is in the Health budget.

Mr. Pedersen: Yes. Thank you.

Moving on to section 6, please. Is Productivity Alberta still receiving funding through the department, and if so, how much, and where is it coming from?

Mr. Hancock: Productivity Alberta. Justin Riemer, who is our ADM in that area can . . .

4:20

Mr. Riemer: Yes, Productivity Alberta are receiving money. It's coming out of the enterprise division's budget. I can get you a precise number in writing. I don't have that at this time, but it is declining in its assistance from government, and it's receiving more private-sector revenue at this time.

Mr. Pedersen: Thank you.

The Alberta Economic Development Authority, on line 6.2, is up an additional \$114,000. I know the authority was reconstituted, but it looks like you're hiring a well-paid staff member here, so why is this increase needed, and what is this project or what will this person be doing to address the priorities of the authority?

Mr. Hancock: Essentially, we've restructured it and got a lot fewer people on the board, so you'd think that the stipends might go down, but that's not actually – in fact, I don't if any of them were actually taking stipends.

Mr. Riemer: No. They were all volunteer.

Mr. Hancock: They were all volunteer, so the reorganization doesn't actually save any money from that side because we weren't paying them. It's really an operational issue. Do you want to give us some detail on that?

Mr. Riemer: Yeah. I believe the increase was approximately \$100,000 or so with the line item in the budget. I believe there's one extra staff member being recruited to do more communications and marketing development to get the word out about the good work that they do for Albertans.

The Chair: Can you state your name and title?

Mr. Riemer: Justin Riemer, assistant deputy minister, enterprise division.

The Chair: Thank you.

Mr. Pedersen: Thank you very much.

Next, I know that the Northern Alberta Development Council doesn't fall within the ministry anymore, but the Orman report laid out some good recommendations last year that I am hoping the Alberta Economic Development Authority will follow. Have any funds been allocated on line 6.2 for this, and if not, why not?

Mr. Hancock: No, we haven't provided any funds. That would be within the Northern Alberta Development Council budget, and that's currently under Aboriginal Relations.

Mr. Pedersen: Okay.

Mr. Hancock: Now, having said that, there are a number of things in the Northern Alberta Development Council budget in terms of bursaries and things which we are very interested in in terms of the opportunity for students to get to postsecondary education. We're really interested in alignment, and we're looking at alignment of those with some of the other investments that we're making, particularly with a view to how we can increase the participation of rural and aboriginal students.

Mr. Pedersen: Sounds good. Thank you.

Line 6.3 has a \$56,000 decrease in spending on industry development. What does industry development do, how much of this \$7 million is allocated in grants to businesses, and how much of the line is spent on consultants?

Mr. Hancock: The development branch engages industry in the development of targeted investment attraction to provide improved market access through processing hydrocarbons into diversified, value-added products as well as programs and services to enhance and stimulate productivity, innovation, and competitiveness. The branch is active in the sharing of industry best practices and implementing strategies for industrial growth in the province and also connects Alberta companies to timely and relevant business intelligence to assist them in making sound business decisions, including supply chain and feedstock analysis, value-added development, expanding market access, productivity improvements, targeted business development opportunities, and is a lead advocate for industry development issues within government policy and sector-level competitiveness analysis.

The Chair: Mr. Pedersen, you have two more minutes.

Mr. Pedersen: Okay. Do you have a breakdown as to how much you spent on consultants at all?

Mr. Hancock: We'll have to get back to you.

Mr. Pedersen: Thank you very much.

I've been told that the employees in industry development do a lot of travelling around the globe to promote Alberta and our businesses. How much of this \$7 million line is to pay for travel?

Mr. Hancock: We could get a breakdown of travel expenses, but I think what's really important here to understand is that Alberta trades out into the world, and we need to have connectivity with markets. We do a lot of work in terms of connecting people that need to know each other, and in some cases, in some parts of the world that government door-opening is an important part of the relationship. We'll get you the breakdown in terms of how much is spent on travel, but in many cases travelling to our markets is part of the overall government marketing strategy and opening marketing access. Very important work.

Mr. Pedersen: Okay. Thank you.

There is a \$1 million increase for entrepreneurship and regional development under line 6.4, and I am sure you understand that government isn't an entrepreneur and that a venture by the government is hardly entrepreneurial, so I hope that this increase is for regional development instead. Please tell me that it is and what your goals and accountability measures are for this increase in funding.

Mr. Hancock: That funding, actually, is relative to the small-business strategy work that's happening. We've had meetings across the province with small businesses to better understand how we can lead, follow, or get out of the way.

Mr. Pedersen: What are they telling you? [An electronic device sounded] Oops. That's got to cost five bucks. [A timer sounded]

Mr. Hancock: That's your timer.

The Chair: That's your timer, yeah. That's your timer, not the Premier's phone. Anyway, you're starting your last 20 minutes.

Mr. Pedersen: It goes so fast, doesn't it?

Mr. Hancock: If you want, I can just continue to respond on that one, then.

Mr. Pedersen: Yes, please.

Mr. Hancock: So we're doing a small-business strategy. Dave Quest led a consultation around the province. A report has been written. I've met with a group of people around that. We want to do a number of things. First of all, we want to understand where we can be more helpful. I mean, we always hear this piece on red tape reduction. Obviously, regulations are necessary in occupational health and safety, employment standards, environmental regulations and other places, so it's not a question of eliminating regulation. What we heard from business, I think, was really important, and that is that it's about how you have access to the right information at the right time and how you can respond to it in an appropriate way, so we're building business tools which will help.

That doesn't mean we shouldn't review regulations and get rid of regulations that are no longer necessary or that don't add value. We need to identify those and do that on a constant basis, but we also need to say: well, there are regulations that do add value. How do we ensure that businesses can access easily what they need to know in order to be able to comply with those regulations,

and how can we ensure that they can comply easily with those regulations? That's some of the work that we do in that area and that I think is necessary. Small business is still the backbone of the province. They employ the most people. That's where the growth is going to be. The big projects are wonderful and the industry is great, but small business is an essential part of what we're doing.

We're creating a small-business portal, which will be – if you go to the Human Services model, you should be able to call our access line and get access to any of the information you need on the Human Services side. We want to do that on the business side so that it's an easy-access piece to any of the government information. One of the first pieces out was the economic dashboard, which provided the higher level information. We're hoping to drill down and get people easy access to the type of information which allows them to make good business decisions easily and to have access to the government information that they need to have easily.

Mr. Pedersen: Under line 6.4: is this where the economic development alliances are funded from, and can you provide some examples, ideally in writing, of instances where advice and recommendations from the economic development alliances have been acted on and successfully implemented?

Mr. Hancock: Line 6.4 is where the economic development alliances are funded. I'm not sure if we can do the second part, but I'll look into that.

Mr. Pedersen: Okay.

Mr. Hancock: We have had some discussions. I met with the representatives of each of the economic development alliances recently at the AAMD and C convention. They are, I think, an essential part of us going forward because they work more locally and can identify opportunities in their area. We have to be smart about what we're doing in that area and not be competing with each other to try to buy business away from each other. We don't want to encourage that kind of behaviour, but we do want to encourage thoughtful, collaborative work within economic regions to determine how we can build better together.

There are some good examples of things that haven't worked. One of them would be the gate to plate project up in the northern part of the province a number of years ago. The idea was to provide all the meat that was needed for the Northwest Territories out of the High Level-Mackenzie area, a great concept by the economic development authority, but it fell apart because the collaboration wasn't there, as I understand it. We need to be able to work with them to develop realistic approaches to how you can build economic synergies within the region, and I think the regional economic development authorities could be a very important part of that.

Mr. Pedersen: Great. Thank you.

Move on to section 7, please. We see that there is an increase of roughly \$1 million for international partnerships. Now, I know that it is important for us to advance our interests and advocate for Alberta on the international stage, and you have probably noticed that we don't criticize you for that effort just for the massive and bloated cost.

With that said, shouldn't any international agreements be done through International and Intergovernmental Relations? As well, shouldn't the cost increase that we're seeing here under line item 7 be a little more in line with inflation and population growth?

4:30

Mr. Hancock: We do work with International and Intergovernmental Relations, of course, and there is a crossministry committee, led by an ADM, there to make sure that our work is co-ordinated, that we're not tripping over each other. I think it's very important. It is costly, but it's important work, so to do it on a strategic basis is extremely important. This area helps us to tie the work that we do and the contacts we have on the research and innovation side of the agenda, particularly, but also on the postsecondary side into the government's international strategy approach, that's co-ordinated by IIR.

There are some costs involved in that, some travel costs and those sorts of things. We have, I think, a very prudent approach to that but also a businesslike approach to that. In some cases you do need to travel business class. If you're going to be flying over the pond and you're going to be reading and preparing for a meeting and you're going to do it when you get there and you're going to come back right away, that's the way business would be done, and that's the way we have to do it. But we have to be careful and prudent in our costs, and we have systems in place to ensure that we do that.

Mr. Pedersen: Okay. Can you provide any reports and any updates on any current projects and initiatives that are being undertaken and funded through this line?

Mr. Hancock: Well, the ARIA committee – that's the Alberta Research and Innovation Authority – is funded through that line, and they do an annual report, I think, about their work. Our international travel reports are, I think, public, so we could probably find a way to point you to some of those.

Mr. Pedersen: Sure. That would be great. Thank you.

If we move to page 134, I just want to ask you a question around the employment increase. It appears that there are 38 new FTE positions in your department. Where are these increases, why are they needed, and what are they going to be doing that warrants an increase to the budget? Is this an indication that all of your current employees are working at maximum capacity and that there are no efficiencies yet to be found?

Mr. Hancock: Well, I would start by saying this. In the period of time that I've been in government, I have been absolutely, extremely impressed by the hard work and initiative of the people. The old jokes about three people standing around a shovel don't work in any department I've ever been in. We have people who are dedicated, who work hard, and who give a lot.

They've been giving more over the last number of years because we're at fewer civil servants now than we had in 1993. I think we were up at around 29,000 back then, and we're down to around 26,000 right now. So I think that's important to be put on the record, that we have done an awful lot to ensure that this is a streamlined process. Is there never a minute wasted? Nobody could say that. But we're doing an awful lot of work, and we're getting a lot of work done by some very dedicated people.

Having said that, of the 38 FTE increases, 10 of them are to address changes in the delivery of innovation and technology commercialization programs, to increase international partnership activity with less reliance on consultants, to support human resources strategies of building strength within the public service and to promote the government of Alberta as a positive career choice through succession planning and the hiring of interns, and to address the transfer of two Alberta Innovates staff to the department. Another 10 are to allow for the hiring of more

department information technology staff instead of consultants, which results in incremental savings that can be invested back into further systems development and enhancements.

Eight are to address increases in volumes of students applying for aid, a 51 per cent increase in volume since 2008-09 with no corresponding increase in FTEs. Staff have been hired to reduce backlogs and bring processing times back in line with targets on an ongoing basis. We have five to address workload pressures in human resources as a result of increased numbers of department staff, expanding mandate, and increases in department staff turnover; three to staff volume increases in inquiries and correspondence and connecting with Albertans; and two communications staff who were transferred to our line from Executive Council with no increase in budget.

Mr. Pedersen: Okay. Thank you.

Moving on to the capital plan spending, please, shortly after the budget was tabled, you announced \$30 million over three years for MacEwan University for the downtown arts campus, and you said that these funds would be coming out of the access to the future fund. Looking at page 133, there is \$50 million related to the fund under operating. There is also \$10 million related to this fund under capital on page 133. Can you please explain these amounts, where the announced funding for MacEwan comes from, and what the plan is for additional announcements this year?

Mr. Hancock: Well, the \$10 million is the first \$10 million of the \$30 million for MacEwan, so that's the capital under the access to the future fund. The other \$50 million is the amount that's available in the access to the future fund for distribution, and we are working with the postsecondary institutions to determine what the most effective way to reimplement the access to the future fund is.

The access to the future fund was set up as Bill 1, actually, in 2005, and its purpose was to provide an endowment fund which would provide for innovative funding to the system to encourage and build the system. At that time we broke it into two pots. One was a matching grant pot so that the postsecondaries could be encouraged to go out and get their communities involved more directly, and the other was an innovation pot. The Lois Hole Campus Alberta digital library was the first project under the innovation pot. That was funded out of the access to the future fund monies. The Mactaggart gift to the University of Alberta of their Chinese textiles and Chinese collection was the foundation of the China Institute at the University of Alberta. So two very important innovations to show how the access to the future fund could be used.

Over the years it succeeded wildly. Postsecondaries are now raising way more money under the matching fund program than could be matched out of the fund, so it had to be put on hold. Now we're in the process of reinventing it with the postsecondaries to say: how can this endowment be used for its original purpose, to really create innovation and move forward in the postsecondary system? There may still need to be a component of matching for some of the smaller institutions. They're going out into their communities, and they may need that to help build. They don't have access to as many opportunities for fundraising. With the larger ones, there's no way we're going to build this fund large enough to match the fundraising that's now being done out of the U of A, the U of C, and other larger institutions.

That \$50 million will be distributed this year. Now, it could be distributed on the basis that there is a backlog of gifts and some expectation that they'll be matched, but what we hope to do is sit down with the postsecondaries and say: how can we deal with

those expectations but also reinvent this so that it can do what it was intended to do in the first place?

Mr. Pedersen: Perfect. Thank you.

Again, staying on page 137, it shows that there is revenue from the access to the future fund for the last couple of years even though there are no expenses. Has this money been spent, and if so, where and why? The reason I ask is that there is a hundred million dollars in funding showing in there.

Mr. Hancock: Yeah. There was a 4 and a half per cent spending rule as sort of a normal endowment in there, and because it wasn't spent, the fund continued to grow. In theory, that's available for us to utilize, but in practice we can only spend what's budgeted. It'll stay in the fund until it's budgeted to be spent, and this year the \$50 million plus the \$10 million in capital is eligible to come out of the fund as a voted expenditure.

Mr. Pedersen: So the hundred million went someplace. It shows as income.

Mr. Hancock: It builds in the fund. It stays in the fund.

Mr. Pedersen: Okay. All right. Thank you.

Just a simple question here: why do some institutions not receive infrastructure money?

Mr. Hancock: Why do they not receive infrastructure money?

Mr. Pedersen: Yeah.

Mr. Hancock: The privately owned ones do not receive infrastructure money.

Mr. Pedersen: Why is that?

Mr. Hancock: They're privately owned, and we only fund public institutions because we retain the ownership of them on behalf of the public.

Mr. Pedersen: Okay. Fair enough. Is that part of the discussions ongoing?

Mr. Hancock: No. I mean, there are opportunities. Augustana at one point in time was private, and it became public through a discussion with the University of Alberta. That's always, I guess, an option if finances are a problem or if there's a better opportunity for students, to take a private public if they want to do it. You know, I wouldn't say no to sitting down and having that kind of a discussion, but as long as they're private, they have to maintain their own capital.

Mr. Pedersen: Right. Okay. Independent?

Mr. Hancock: Yeah.

Mr. Pedersen: For those institutions that do not receive infrastructure money, would you be willing to allow access to the Alberta Capital Finance Authority for low-interest or no-interest loans like those that are offered to municipalities for major infrastructure projects?

4:40

Mr. Hancock: I don't know if we've ever been approached to do that. [interjection] Apparently we have been approached on that, and the discussion is an ongoing one.

I'm not one to suggest that we should be competing with the private sector in areas where it's not necessary, but in areas where

it's public money and we can get a better deal, I'm not averse to doing that. So if there's an appropriate way to do it, I certainly don't have any problem with it conceptually.

Mr. Pedersen: Are the discussions under way, or has it been broached and so it's not a topic right now?

Mr. Hancock: I'm not aware of any that are on the table at the moment.

Mr. Pedersen: Okay. So you would be receptive to that conversation?

Mr. Hancock: I'm always receptive to ways that we can expand access to opportunities for education.

Mr. Pedersen: I appreciate that. Thank you.

Will there be any performance measures and public accountability to track the outcomes for the new innovation endowments?

Mr. Hancock: Yes.

Mr. Pedersen: Any idea what you plan on tracking? What are your ideas?

Mr. Hancock: Well, the social innovation fund is a real opportunity for us to extend innovation into the social sector as well. You'll know that we spend a significant amount of our budget on social issues and social problems, and we do need to find better ways to overcome some of those issues, and research is an important part of it. Data collection and utilizing data for appropriately driving decision-making is an important part of it, and quite frankly we should be looking at the social investment concepts that are out there in terms of saying: how could we support growth in that area and people getting into that area?

There are a number of different aspects to it, but to be frank, the first part was to get the endowment fund set up. Now the design of it is the important piece of work, and as part of that design the metrics in terms of how it's being successful will be part of the discussion. The good thing about an endowment fund is that you need a year, actually, to build up the interest before you can spend it, so we've got a whole year before there's any money available from the endowment. We'll take that year to design it appropriately.

Mr. Pedersen: Okay. Thanks.

Back to page 130 of the estimates, section 3. The throne speech outlined a new pipeline training facility, and though I'm not entirely convinced that the government needs to fund and operate this, I do see the merit. That being said, is the funding for this coming from the apprenticeship delivery in line 3, or is it coming from somewhere else?

Mr. Hancock: Well, it depends on what you mean by the funding for it. Essentially, it is a concept in design. We are funding a modest amount of money with Portage College and Alberta Innovates: Technology Futures to do the gap analysis study now to determine what an institute needs to include. I mean, there's a wide range of things. Portage College has of course already invested some of their money in their Boyle site relative to an actual installation practice site, if you can call it that. They want to create pipeline loops – they don't have them there yet – and the equipment to go with them so that you can practise installing and having best practice in sort of on-the-ground things.

They're already running some of their heavy-equipment programs and that there. The fund for their operational piece would be in line 2.2. The capital funding that they would be looking for to fully expand that particular site as part of the institute is not in the budget this year because it's not ready to go. That would show up in future years once the plan is put in place as to what they actually need to have and how we would support it. That's one part of the overall institute, which might include other things that you might include in terms of metallurgical research, other things involving pipeline safety and those sorts of things. That's what we're looking at now to see what would constitute a pipeline institute, what pieces it would need to have, but I think it's fair to say that it's contemplated that the on-the-ground and in-the-ground sites are the sites at Boyle. The capital side of that isn't in the budget yet. Operating, in terms of what they're doing now, is already in their budget.

Mr. Pedersen: Okay. The last question for this round: where are the line items and programs for First Nations, Métis, and Inuit students? We know that these citizens face substantial barriers to postsecondary education and that there was an election commitment from the last election to fund this. I'm just hoping that with all the changes in government they are not falling off the radar.

Mr. Hancock: There are a number of things that we're doing in that area. One is that the federal government actually has a program called Indspire, so they've moved on that side, and they've asked provinces to match some of their funding. We're doing a modest amount in that area this year. About \$400,000, I think, is what we're committing in this year to do that. They've moved forward, and we're quite happy that they're moving into that area, which is quite appropriate.

Having said that, we need to look more at all of our access to finance models that . . .

The Chair: Thank you very much, Mr. Premier and Mr. Pedersen.

Now we will move to the Liberal Party. Speaking on behalf of the Liberal Party, Mr. Hehr, you have 20 minutes. Would you like to go back and forth?

Mr. Hehr: Yeah. I think that if the hon. Premier is respectful of my time and I'm respectful of his, that'll be fair enough, and we can go from there.

The Chair: The clock is on.

Mr. Hehr: Yeah. Sure. We'll go back and forth.

This actually wasn't in my topics to discuss, but I had assumed, since it made the throne speech, that there was an institute of pipeline development here in this province that would actually be a little closer to being developed rather than what I sort of heard from the hon. Premier here just a couple of seconds ago. It is my understanding, when I heard it in the throne speech, that this pipeline institute would be up and running inside of a year, maybe two, and there would be something that we could actually point at. I didn't get that sense from what you'd discussed with the Wildrose critic.

Mr. Hancock: Well, I'm not sure where you'd get the idea that there was a specific, finite time frame. I would hope that Albertans would want us to first of all say: yes, we've identified an area of need. Portage College has actually taken some leadership on this, and quite appropriately so, to identify a site for some in-ground training. I think that if you're going to really say, "Okay, we've

now got an understanding with industry and with the post-secondaries and with government that there is a value to having a pipeline institute," the next step is the comprehensive design piece in terms of what all needs to be part of that institute. Now, that doesn't stop the progress that's being made now by Portage with respect to its heavy equipment programs and the work that they're doing on the ground. I don't understand why anybody would think that just because the pipeline institute was announced in the throne speech, we were going to go ahead with one, that somehow we could pull it out of the box and put it on the ground tomorrow.

Mr. Hehr: Silly me for assuming that, hon. Premier, but I've got dollars to doughnuts that after this speech we're not going to see the pipeline institute that was stated in the budget speech. Call me crazy. That's just sort of where I'm at on that.

In any event, moving on, it's difficult to take sort of what happened in 2012 into what's happening with this year's budget and not have a little bit of some of that spill over into this conversation. I hope you appreciate that. When we look at that budget, the \$147 million cut in operating support to postsecondary education in last year's budget was blamed on market forces or the bitumen bubble on the provincial finances. As its fiscal position improved later on in the year, the government restored \$50 million of that funding to hard-pressed postsecondary institutions. Given the further improvement of its finances in the month leading up to this year's budget, why has the government of Alberta chosen not to restore the remaining hundred million of the \$147 million cut last year from the PSI operating grants?

Mr. Hancock: Well, if you add it all together, we actually have come pretty close to doing that. However, I'd say this. There's not much point in going through an exercise of looking into the corners and figuring out if you're doing the right things in the right way. On a fairly regular basis one should actually have a pretty good look at what you're doing and how you're doing it and determine if you're doing all the right things in the right way. If you do that, then you don't just automatically pour things back into the things you just cut out. What we've done with the postsecondaries – and I would admit that it was too abrupt an adjustment. That's why the \$50 million was identified to be put back in right away, because the cut was too severe.

4:50

Postsecondaries have had a good look in their corners, they have rationalized their programming, they have made those tough decisions, and now we need to look at it and say: how do we fund going forward to add the additional spaces we need in the places we need them, to fund student demand and the demand of the economy and the community?

Mr. Hehr: One might say: what's the point in putting it on the election platform if you're not going to follow through with it either?

Mr. Hancock: But that wouldn't be a budget question.

Mr. Hehr: I understand that. I understand that, but it's the same answer that I kind of got.

Nevertheless, we go from there. One of the things that is challenging is that we've talked now for eons, I think, about trying to get some predictable, sustainable funding to your department. What steps has your ministry or even your government now done to ensure some of that takes place? Or are we just simply going to hopefully rely on ever-increasing raw bitumen sales to have predictable funding, at least for a few years, going forward?

Mr. Hancock: Well, I think the budget that you were criticizing last year was a good start towards that. The results-based budgeting project, that we have ongoing, is taking a look at everything the government does on a programmatic basis and determining: what are the outcomes we were trying to achieve, are we achieving those outcomes, and are we doing it in the most effective and efficient way? That's an important piece of the review.

It wasn't just postsecondaries that went through some difficult times. All of us, in each of our departments, went through some difficult times, looking in the corners, deciding what we're doing. That is the best way to get us on a sustainable platform, and then, growing forward, you can say: where do you need to make the investments, and what investments can you make that will have the maximum possible result?

It's very difficult to do sustainable, predictable funding without a sustainable, predictable income stream or a sustainable platform, and we're working on both.

Mr. Hehr: Have any people in this department or maybe in the Treasury and Finance department given you hints and ideas on how to develop a relatively predictable, sustainable income stream from the current Alberta structure, much like some economists have said, much like every former Finance minister in your party, from Minister Dinning to Minister Morton and the like, who have warned about raising revenue? Did you guys discuss that at all?

Mr. Hancock: That would be a very appropriate question to raise with the Minister of Finance in his estimates.

Mr. Hehr: I hear you.

Graduate students play a vital role in the world-class research that goes on at our universities. Given the recognized need to increase the number of graduate students at Alberta research-intensive universities, if we are to compete with the best universities in other jurisdictions, will the government commit to providing new funding to allow universities to hire increased numbers of full-time faculty needed to supervise a larger number of graduate students?

Mr. Hancock: Yes.

Mr. Hehr: When will they be doing this?

Mr. Hancock: This year.

Mr. Hehr: This year? Well, by how much?

Mr. Hancock: Four million dollars.

Mr. Hehr: Four million dollars. How many staff will that convert to?

Mr. Hancock: That we don't know. It's a modest increase, but it's a start. We're sitting down with the postsecondaries right now to determine how best to utilize that funding and to start to experience that piece for the CARIs.

Mr. Hehr: Okay. You have no idea, then, how many students this will support?

Mr. Hancock: No. We've identified that it's an area that we need to move on, and we've identified some, albeit relatively modest, resources to get the start on that, and we're sitting down with the CARI universities, actually, this month, I believe, to start that discussion about how best to do this going forward.

Mr. Hehr: Okay. Thank you.

I guess those funding cuts resulted in job losses and program closures that will reduce the accessibility range and quality of postsecondary opportunities the system can provide. With no increase in the Campus Alberta grants for 2014 and '15, the only new operating funding is a total of \$32.5 million for additional enrolment in high-demand programs across the system. Won't adding 2,000 new student spaces without addressing the shortfall in the base grants only serve to further dilute the quality of the system?

Mr. Hancock: I wouldn't believe so, actually. I think what happened over the last year is that if programs were cancelled – and if you look across the programs that were cancelled, in many cases they were programs that didn't have an awful lot of uptake, so it was a necessary renovation of the system, I would suggest. Was it all done in the easiest possible way? No. Were there some programs that we would have differences of viewpoint on? I would have differences of viewpoint with some of the postsecondaries as to whether that was an appropriate program to cancel, yes. In fact, in Human Services I was looking at early childhood development. I didn't want anybody to shut down early childhood development programs because we need them more even though the demand hadn't quite been created yet. That's one of the pieces.

So there's work to be done. It's not a simple process. The reality is that most of the postsecondaries looked through what they were doing and decided what stuff they didn't need to do anymore. Those renovations have been made to the system, and now we can grow forward.

Mr. Hehr: Well, they didn't need to do it anymore because they couldn't do it anymore. Let's be clear.

Mr. Hancock: No. Let's be clear. Every now and then they have to actually sit down and take a look at what we're doing and say: is what we're doing of the most value and needed? Most of the programs that postsecondaries identified were programs that had little uptake or that they could bring into other programs, that they could do differently.

Mr. Hehr: So by that logic you're telling me that last year's exercise was not a result of the bitumen bubble. It was merely your government putting universities through their regular paces of whacking the funding so they could better develop their programs. Is that what I'm to believe by your answer?

Mr. Hancock: No, but I think what you could believe by my answer is that when you're faced with adversity, you should look for the opportunities in it. The opportunity in it was to look at our system and say: how can we do this better so we can provide better opportunities for students, we can focus the resources on where they will make the most difference and achieve the best results for students in the province? I think the postsecondaries went through a valiant effort to do that. Would I agree with everything they did? No, but that's why you have independent institutions and ask them to do those sorts of things. We had a very bad situation with respect to the finances, but there was a good opportunity to come out of it, and I think we made the best of that opportunity as a system.

Mr. Hehr: Well, that answer is at least a little more plausible than the first explanation as to why we went through this at the last little go-round.

The government news release dated April 3, 2014, which provides a detailed breakdown of the \$32.5 million for new enrolment and high-demand programs, notes that \$11.3 million will go to create spaces for 1,200 more students in engineering, engineering technology, and power engineering programs. This works out to an average cost of about \$9,400 per student. At the same time, \$12.3 million will be spent to create 800 new spaces in programs, including social work, OT, environmental science, and international development, at an average cost of around \$15,400 per student. Why are the engineering spaces apparently receiving so much less per-student funding than spaces in these other programs? Wouldn't engineering programs actually be more rather than less expensive to run? I'm just trying to understand that.

Mr. Hancock: Well, each institution put forward their proposals based on what capacity they actually have, what they needed, what it would take to do it, and how they could maximize the number of student spaces with their resources. The grants were based on their proposals, having vetted their proposals, to say: does this make sense, and can they do it? You know, different institutions with different programs are starting in different places with different capacities. The funding is to try and get the maximum number of student spaces in the areas that they've proposed. It's not a simple matter of sort of averaging them out. It's a matter of saying: what do you need to deliver, and how many student spaces can you deliver for that need? If you have some capacity already, you need less money to do more.

Mr. Hehr: Okay. Well, you point out an interesting point, that a lot of this was based on the submissions made by various institutions and universities and colleges throughout the province. Yet I note that there is hardly any funding for arts and social sciences despite high enrolment in the areas. Were these areas not targeted by their schools and their admissions, or was their exclusion at the discretion of the government?

Mr. Hancock: Actually, we funded every application, I believe, that postsecondaries put forward within the parameters of student demand or economic value and ability to translate to a job. I think that's a fair statement to say. Nobody was left out. We were able to fund all of the applications in those areas. We had some other applications which didn't fit those parameters which were not funded.

5:00

Mr. Hehr: Okay. Well, tell me about the student demand and economic outcomes you're looking for. It sounds, then, by definition like your department was deciding for students and for institutions what was economically viable and what was not.

Mr. Hancock: No, I don't think that's the case at all, but what we are wanting to assist institutions with is developing programs where there is a student demand, and there tends to be student demand where students have looked to see where they might actually be able to get an outcome. So there's a fairly high correlation between the demand areas and the program.

That's why you see so much of the resources going into the engineering field. In each of the postsecondaries that's where they want to expand, because they have student demand in those areas, and there happens to be economic demand in those areas as well. So it's not really a question of planning from an economic or jobs basis. It's really a focus on postsecondaries understanding their student demands, and the student demand is related to the student result.

Mr. Hehr: Okay. Maybe I'm a slow learner on this, hon. Premier, but just enlighten me a little more as to what the application process actually was and how your program evaluates both the program as well as the economic outcomes. Would your department be willing to share the letter that went out so I better understand it and better understand, then, what universities were asked to provide for in their submissions to the department, just to help me?

Mr. Hancock: I don't see why we couldn't provide you with a sample of the letters that went out. The letters went out to all of the institutions last fall, saying that we would anticipate enrolment growth, funding being available, and we'd ask for your submissions. So I think we could provide a template of that letter.

Mr. Hehr: Yeah. But I'm looking for more specifics on how you base economic value, on sort of an explanation to institutions, on how that works in terms of this program: this introductory Greek philosophy course has no potential for any economic value; therefore, it's not going to get any funding. I don't know how this works or how it's done.

Mr. Hancock: You're probably getting a little too sophisticated in the process. You know, it's really a letter out to postsecondaries saying that we will have some funding available, we believe, so we would ask you to submit what your priority programs are, and obviously those programs should be within the realm of student demand and economic opportunity.

We can get you the letter, but it's not a great deal of science. We do actually allow postsecondary institutions – because they are board-governed institutions, they are the ones that have the ability to determine where they could put their resources to use, but we have to prioritize them in some way. Luckily, all except about four institutions actually put in program demands, and all of them we were able to fund.

Mr. Hehr: What in particular is the money for Campus Alberta innovations being spent on? What benefits can we expect beyond cosmetic branding efforts? Is there a risk of each institution becoming overspecialized under the Campus Alberta plan, thus limiting the scope or program choice for students at institutions nearest them?

In the budget highlights you claim to be committed to improving distance education as part of Campus Alberta. Does this include ensuring a wide variety of program choice at physical institutions across the province?

The Chair: Mr. Hehr, you have two minutes left.

Mr. Hehr: That's probably about – if the hon. Premier could assist me with those questions.

Mr. Hancock: The Campus Alberta innovations cover a number of things which need to be done on a system-wide basis; for example, support for learners with disabilities. We fund, through the Campus Alberta innovations, supports in those areas. The Peter Lougheed leadership initiative is in that area because that's a collaborative approach between two institutions, so it's not funded to one. Radiation therapy program, for some reason, is funded in that area. Perhaps somebody could tell me why that fits into that area. I don't know off the top of my head. The SCIP funding is in that funding area. eCampus Alberta funding is in that area. Strategic initiatives such as the new e-books initiative would be funded out of that area.

So the Campus Alberta innovations piece is where we can do things on a collaborative basis between institutions, either just several institutions or the system as a whole.

Mr. Hehr: Just the overspecialized question: is there a risk of us become overspecialized under Campus Alberta? It seems to be a move to specialization. Is there a concern on that?

Mr. Hancock: I don't think I would agree with that characterization. Campus Alberta is an attempt to ensure – we have 26 publicly funded institutions in the six-sector model. Each of them is unique in terms of what they provide and whom they provide to, in terms of their region and their scope. Each of them is unique in terms of what they actually are really good at, what you could say they specialized in. But the key with Campus Alberta is to make sure that every Albertan has access to an appropriate educational opportunity somewhere in the system so that within the system we're offering the full suite of services, including an eCampus Alberta so that people can go online where that works for them, including an apprenticeship system, including . . .

The Chair: Thank you very much. Thank you, Mr. Premier. Thank you, Mr. Hehr.

As I mentioned earlier, with the concurrence of the committee I would like to call a five-minute break. We will be back at 5:11 sharp, please.

[The committee adjourned from 5:06 p.m. to 5:11 p.m.]

The Chair: Ladies and gentlemen, it's 5:11 already. Please get back to your seats. Thank you very much.

Now we will go back to Ms Notley, speaking on behalf of the Alberta NDPs.

Ms Notley: All righty.

The Chair: You have 20 minutes. Would you like to go back and forth with the minister?

Ms Notley: Sure. I would. Thank you.

The Chair: Okay. Great. With the Premier, in this case.

Ms Notley: With the Premier, yes. In fact, let me begin by congratulating you on your new role because I don't think I've had a chance to do that in person yet. Congratulations to the Premier. Obviously, this is a good ministry. Apparently, it's good for the career trajectory. We'll see.

Anyway, a few questions that have not yet been covered. It's kind of difficult because, of course, some of them have been, and I want to kind of drill down a little bit more with respect to some of the ones that have been already. I'm going to just start by looking at your business plan very quickly.

Looking at page 65, item 1(d), which is the percentage of Albertans age 18 to 34 who are participating in postsecondary education, your number for last year and, in fact, the last several years is 17 per cent. Your target for next year is 17 per cent, and then we have a target that finally moves in 2015-16 to 18 per cent and another one to 19 per cent. Meanwhile we have the average participation rate nationally being 24 per cent, and indeed, of course, we have Ontario and Quebec around 26 per cent and B.C. at about 25 per cent. I guess the first question that I have, relatively briefly, is why do we have such unambitious targets for planning for the future education of young Albertans?

Mr. Hancock: That's a very good question. I think it's, quite frankly, way too low, but we have to target what we're actually building towards, so if I don't have a budget to add a hundred thousand more spaces, I can't probably target to fill them.

That being said, we need to look going forward at what the opportunities are going to be in this province. We have a baby boom that's hitting the K to 12 system, that will be coming through to postsecondary. We have a hundred thousand people moving every year to the province, and a lot of them will need skilling or reskilling, and we have a low participation rate. On all three bases we need to get that up. We need to have the system as efficient and effective as it can be and then start growing it so that it can handle the students that should be there.

But we also have to find more ways to be adaptive to the needs of the students: part-time student accessibility, online accessibility where that works for people, access in rural areas because we know that there is a lower educational level in rural areas. That's not because they don't have the capacity. It's because access is difficult. It's the same thing with the aboriginal population.

So there are a lot of areas that we need to work on. Those targets should be higher.

Ms Notley: Okay. Really, I would suggest that that answer is somewhat helpful in terms, I would argue, of clarifying your response to the Member for Calgary-Buffalo. I think it would go to support the fact that probably the housecleaning that we did last year was not terribly productive in terms of getting us to these goals.

On the issue of access, that raises another question. I know I'm going to have to be pretty quick. Last year the minister was questioned rather thoroughly on the issue of the promised aboriginal and rural student bursary. We talked about the fact that it was, in fact, part of your election platform and that there was an annual investment that we were to have seen every year for a total of about \$70 million over the course of your term, the plans for which, of course, you ran on. At the time the minister said: well, you know, we've got a real heck of a problem in terms of the bitumen bubble, yada, yada, yada. So rather than getting into the merits of that particular fiction, we just simply talked about the fact that next year he hoped to be able to bring it in. So now we've got the budget that would take us into year 3 of your four-year mandate. It's not there. Can we assume, then, that we're not going to get the full \$70 million in the last year? Where does that sit?

Mr. Hancock: First of all, I would like to go back to the other question a bit. One of the things we do have to recognize is that we have a significant influx of population with education already. The participation rate isn't totally reflective of the education status of our population. I think that's an important piece. Often we focus on the deficiencies, and we don't focus on the capacities. We do have a lot of capacity in this province. We have a lot of people coming here with education already, so our educational level is not as low as would be experienced by that participation rate. The other piece is that the strength in the economy is a high competition for postsecondary in many cases.

On the other one, that's a very important question. I guess my answer would be that it would have been, perhaps, something that we should have done, put the money right into the bursaries. But I'm really interested in how we can plan for success. We are funding more to the aboriginal colleges. We're funding some money this year in some of the funds that we have in the budget for more collaboration between aboriginal colleges and the rest of the system because we see those colleges as being great entry opportunities for persons with an aboriginal background. It's not

just a money issue. So if we're planning for success, we have to actually look more holistically at it.

We do have bursaries. We're putting more money in with the federal program that I mentioned earlier. But that can't be the end of it. At the end of this year I'm hoping that we will have a broader idea of how we can actually be successful in bringing aboriginal students into the system and planning for their success. It's not just financial.

Ms Notley: It's not just financial, but I think that it's fair to say that most people expected that when that promise was made in the election for the bursaries or for the scholarships, whatever is the correct term, for aboriginal and rural students, it was understood that that promise was made within the context of also ensuring that the system was more accessible to them. So if what I hear you saying now is that, no, those objectives can be met through other changes in the system – I mean, I'm not sure if that's what you're saying or not. What I'm trying to get at is: is that particular line item, that \$70 million that was promised to those particular students, notwithstanding the import of other efforts that can be made systemically to also increase access, still going to happen, or is it being diverted to other systemic changes?

Mr. Hancock: Well, I wouldn't say that it's being diverted to other systemic changes. No. Is it going to happen? I don't know what kind of a budget we'll get next year. We have to go to Treasury Board every year and advocate for things. I certainly will be advocating for resources for the success of postsecondary students in the system, including, where necessary, financial assistance. In doing that, we will look to say: if we get some more resources, how do we best deploy them to get the best results?

5:20

Ms Notley: Okay.

Mr. Hancock: Yes, I would be a strong advocate that we fund that bursary program but only if I can show that that's the most effective use of the resources that we get in terms of ensuring that aboriginal students have access to education and participate in education.

Ms Notley: Well, okay. Fair enough. I guess I will just sort of summarize my understanding, particularly in comparison to the answer that we got from the minister last year, who said: oh, no, we didn't break that promise; we've still got four years, and that money will be coming. Now, it's not as clear that we can count on that money coming, notwithstanding your efforts to advocate for it to cabinet.

Mr. Hancock: Well, I think I'd put it more in the context that the promise to aboriginal students is that we're going to work very hard to ensure that they have access to education, and financial barriers will not be . . .

Ms Notley: Fair enough. I got that part.

Okay. Carrying on with that issue and on performance measures 1(a) to 1(c) on page 65, just generally speaking, I've got to tell you that the satisfaction measures are really not of value, and I would suggest that your officials ought to go back and come up with much more concrete measures. Those are not helpful to your objectives and the objectives of this system. Of course, some of the information that I would like to see and that I'm hoping you can provide me today – historically your ministry has provided stats on turnaway numbers, and we can't find anything more

recent than 2011. I am wondering if you can provide us with the turnaway numbers for 2012 and 2013.

Mr. Hancock: The number I've just been given is that 89 per cent of students are accepted into the program that they first applied for. We've also made it more possible for students to find a second choice if the first one isn't available through the single-point-of-access application process.

Ms Notley: That's great, but we used to get absolute numbers.

Mr. Hancock: The problem we always had with absolute numbers – and Gord can correct me if I'm wrong on this – is that each institution reported their individual turnaway numbers, and the total amount of turnaway numbers actually very significantly overrepresented because students who were turned away from one institution often were able to get a spot in another institution. That's why the 89 per cent number of students who get into their first-choice position is actually a more relevant number.

Ms Notley: It's just helpful for us as well to be able to compare year over year. Changing the way you measure it sort of in midstream, coincidentally at a time of having the single biggest cut to this particular ministry in the last 25 years, is just problematic.

Mr. Hancock: After years and years and years of increase.

Ms Notley: Which we're making up for the previous decade of decreases. Let's not get too excited about the previous increases.

Mr. Hancock: Never get excited about the good things; just get excited about the bad ones.

Mr. Johnston: The only thing that I would add there is that a lot, if not all, of the data that you would probably be looking for is published annually in our Campus Alberta planning resource, the most recent version of which was put on our website late last calendar year.

Ms Notley: I believe that's where we got the 2011 numbers.

Mr. Johnston: There are more recent numbers than that on there, I believe, in relation to the percentage of applicants.

The Chair: Can you please introduce yourself and your title, please?

Mr. Johnston: Yes. It's Gord Johnston, assistant deputy minister, advanced learning and community partnerships.

The Chair: This is for the benefit of *Hansard*.

Ms Notley: Thanks.

Mr. Johnston: Thank you.

Ms Notley: Well, I'm just wondering if, perhaps, you can even provide us later with absolute, raw turnaway numbers more recent than 2011. My understanding is that that's what we're at right now. Again, as I said, we're trying to compare year over year. That goes back to my question around performance measures and performance indicators.

I have another question. With respect to, on page 65, which I think gets at some of these issues – well, it's another way of getting at these issue – 1(b), the percentage of students entering postsecondary programs, including apprenticeship, within 10

years of entering grade 10. My question to you is: is that the percentage of students who enter grade 10, or is that the percentage of students who enter postsecondary?

Mr. Hancock: It's entering postsecondary within 10 years. So after they've entered grade 10, what percentage of students get to postsecondary within 10 years?

Ms Notley: Okay. So it is a percentage of the kids that entered grade 10. So you're telling me that of all the kids that enter grade 10 in Alberta, 70 per cent of them are entering a postsecondary institution. That seems high. Are you sure it's not that of all the people entering postsecondary education, 70 per cent of them are doing it within 10 years of starting grade 10?

Sorry. I was prepping for this, and I was just trying to understand what that was. Do you understand the difference in the question that I'm asking? Okay.

Mr. Hancock: I believe I interpreted it the right way, but I'll get back to you if I'm wrong.

Ms Notley: Okay. I will say that, you know, if 70 per cent of the kids in grade 10 are in postsecondary within 10 years, that's not bad, but it does seem high to me compared to numbers I've seen in other communities.

Mr. Hancock: That includes apprenticeships.

Ms Notley: Apprenticeships. For sure.

Mr. Hancock: When we talk about our high school completion rates, what we don't talk about is that high school completion actually improves between age 24 and 35. We have a significantly better high school completion rate. Some of that is people who are completing, actually, at the postsecondary level.

Ms Notley: Absolutely.

Mr. Hancock: So the numbers actually do work, in my mind.

Ms Notley: So that includes, then, people that are continuing high school.

Mr. Hancock: It would include people who've enrolled in Bow Valley College or NorQuest, and some of those programs could well be programs which involve completing their high school equivalents and moving on to other degrees.

Ms Notley: Okay. If you could just double-check and confirm that that's what it is, that would be great.

On page 66 – I thought I was going to get through a lot more than this – of the business plan item number 2(b) is a performance measure: sponsored research revenue attracted by Alberta's comprehensive academic and research institutions. The last actual year was essentially \$760 million, and now we're targeting \$684 million. Why are we targeting an \$80 million decrease?

Mr. Hancock: The pool of research dollars at both the federal and provincial level has actually not increased, so I think it would be fair to say that the ability of the research institutions to – they tend to go to various pots of money, and some of those pots are not there anymore.

I was just reminded that one of the real issues we have is that our system hasn't adapted as quickly in terms of the application process to the changes in the criteria that have been made at the federal level. Essentially we have to re-educate our grant writers.

When they're making their applications – and we've just had a discussion, actually, around this last week. They've been used to making their applications based on certain criteria, and a number of the federal programs have actually changed criteria. The research projects can probably still qualify, but they need to do their grant applications to focus on the criteria that they're now being measured on. We haven't been nimble in that process in Alberta in terms of keeping up with that.

Ms Notley: I'm just concerned about why that would result in something as significant as almost an \$80 million drop that actually continues over three years. Presumably, once they become more nimble, the number would go up again. So we've got a fairly significant decrease in what we're expecting there.

Mr. Hancock: My hope would be that that would not be predictive, that we actually would be able to move it back up. I think it's fair to say that we're overrepresented on that side, that historically we've had significant success on that side through our CARIs, primarily. Others are catching up to us on that. Also, we should be able to adapt and to get back into that in a better way.

5:30

Ms Notley: I guess I will just conclude by saying that I'm very concerned that we seem to be lowering the bar so significantly in something that's so important.

The Chair: Ms Notley, you have two more minutes.

Ms Notley: Two minutes? Thank you.

I'd maybe ask you to take another look at that because we seem to be planning to do less over the long term.

Mr. Hancock: I quite frankly agree with you. I would much prefer to put in some stretch targets and really be aspirational. There's always the challenge when you do that that you're then criticized for overreaching and not achieving those aspirational targets, but I think we should be much more aspirational in our targets.

Ms Notley: One would think that status quo might constitute aspirational, if we were lucky, and this is well below status quo.

All righty. The next thing I wanted to ask you about really quickly, because I'm running out of time, is the fact that the U of A's comprehensive institutional plan did a very good job of describing the problems we have with respect to maintenance and talking about the fact that we are on the verge of – I think they talked about catastrophic failure of some of our building systems if we did not get an additional \$50 million in the budget for maintenance to what actually is in the budget for maintenance. We've got roughly \$50 million in the budget for maintenance and renewal, and the U of A was talking about how it had been double that up to '11-12 and that now we're looking at catastrophic failure potential. I'm wondering if you can talk about why that would be something that we'd want to let happen.

Mr. Hancock: Well, it's not something we would want to let happen. We're actually doing a comprehensive capital plan to take a look at the deferred maintenance issues across the province and the growth issues that we need so we can build it into a 10-year capital plan and advocate for that. But I would say this. The university has had significant move forward in terms of new buildings to replace old buildings. They've been able to take, for example, V-wing and other buildings out of service entirely. That's been a very important part of this, too.

The Chair: Thank you, Mr. Premier.

Now we will move to the independent member, Ms Donna Kennedy-Glans. You have 20 minutes, and it's my understanding that you want to do it in blocks of 10. You will go for your 10 minutes, and then the hon. Premier will answer in the following 10 minutes.

Ms Kennedy-Glans: Thank you.

The Chair: Are you okay with that, Mr. Premier?

Mr. Hancock: We're going to do a 10-minute block? Sure.

Ms Kennedy-Glans: Yes. Okay. I have several questions. If you prefer to answer them later, that would be totally fine with me. Again, I offer my congratulations. You talked about getting excited about the good things. I'd also like to note your ministry's ability to accommodate the redirection of funds and resources by postsecondary institutions in Calgary and in Fort McMurray, in particular the University of Calgary in my constituency, during the flood. That was something that was quite commendable and adaptive and much appreciated by everybody involved.

I'd also like to point out the work of your enterprise group. In particular, Justin Riemer is a star to people in my constituency. The economic dashboard has been really well received and well used, so I thank you for that.

In terms of questions I'm going to start with the Alberta institute concept, that's noted on page 66 of the business plan. There isn't much more information provided there in terms of the budget, but as you progress that idea, questions that I'm receiving from my constituents are around who pays for what in this new model. Some of that has been made public, and much of it has not. What funding will come from the private sector? What funding will come from government? That, I think, needs to be clearer ultimately. I'm sure that you're working on it.

Another big piece. In my constituency I've got the University of Calgary, CETAC-West, Innovate Calgary, Genome, Alberta Innovates tech futures, and all of them independently ask the same question about: who is responsible for the funding and the leadership of sharing Alberta's research and innovation? Personally, I think if people understood what was happening, they would be very excited about this. People in the public space are just not aware of that. I would point to, most recently, renewables as an area where there's so much work being done but very little public awareness. I think it's incumbent on the government to make sure that that is communicated. If that's a line item somewhere in a budget where somebody takes leadership on that, I think that would be quite important and strategic.

Also dealing with innovation and economic development, I chaired two of the results-based budgeting panels on economic development. One of the primary recommendations coming out of both of those results-based budgeting reviews was the need for clarity in policy alignment. What is the government of Alberta's goal in incentivizing or participating economically in economic development? We've had a full range of responses that are often not consistent, and sometimes it's intentional and sometimes it's not. In particular, as I look to the value-add opportunities for gas, which your group has done some great work on, that I'm really hoping comes forward, I think some clarity around who pays for what is really, really important. It's not clear right now.

Moving on to P3 models. You referenced them in an earlier question. The University of Calgary, Mount Royal, SAIT in Calgary have been able to attract investment from corporations, and that's had a significant impact on those institutions' ability to build infrastructure. We all know that the Infrastructure ministry is

looking at the P3 model, and you've talked about matching funds. But I think P3 models go beyond that, and I'm really hoping that your ministry is working in collaboration with Infrastructure to redefine how we participate in P3 models in this province, especially around postsecondary education and institutions.

I'd also like to make a plug here when we're looking at these kinds of things on the infrastructure side. Could you encourage or would you consider encouraging allocating funds for district heat, more innovative green electricity? We're not seeing it in postsecondary institutions. West campus in my constituency thinks that, you know, there's a financial barrier to doing this. Is that something that's a priority for your ministry?

Calgary demographics. I know this is a very sensitive topic, so for everybody who's not from Calgary, you can surely correct me on this. What do we do with Calgary demographics? A very good question was asked by Neil Brown in the House on this. We assume that we have Campus Alberta and that if the increasing number of students, because of the population in Calgary, don't have access to postsecondary education in Calgary that they will go to another educational institution. I have asked for but have not seen stats that actually corroborate that. We assume that if a student, you know, doesn't get access to an educational institution in Calgary that they will go somewhere else. I don't know that that's true, and I would like to understand that. I think it's an important fact for us to understand.

International students. There's been a lot of activity from a lot of postsecondary institutions, including the University of Calgary, around attracting international students. I get a lot of questions from the public about the cost associated with that. I think that if the public had a better understanding of the public cost for that, it would be a better conversation, a more informed conversation.

Open data. The students' unions groups have been advocating for open data. I've published on an open basis, so I very much support this. But I wonder about, you know, the cost of that. I also think we need to look at the savings of that. I'm hoping you can reflect in your budget information what the implications are for that on a net basis.

One other issue that comes up in discussions with student groups but also with other board members on postsecondary education boards is their ability as board members to actually assess the budgets and the decision-making of those postsecondary institutions. One of the recommendations we've evaluated at U of C is the possibility of actually doing training, in particular for the student board members, to have the capacity, to improve the capacity of the students and other independent board members to actually assess the financials and the decision-making processes of postsecondary institutions because often they don't have the capacity and they don't have access to the resources to do that work.

My last point is around the social innovation endowment. It is a novel thing to be doing. I'm very familiar with that work. I've done a lot of work in social entrepreneurship over the last decade. It is still novel work. I'm wondering if you're phasing in that endowment program and testing your assumptions before you make decisions about the next stage of that investment because it still is very novel work. So I'm just wondering about your investment of Albertans' money in those programs and your measuring of the impact – is it what you thought it would be? – because I still think this is novel.

That's it for my questions. Thank you.

5:40

The Chair: Gosh. You have two minutes left.

Ms Kennedy-Glans: I'll talk slower next time.

Mr. Hancock: I'll go somewhat in reverse order. The social innovation endowment: that's something I'm extremely excited about. When Indira Samarasekera was inaugurated as president of the University of Alberta, one of the things that she indicated in her inauguration speech was that we had the heritage trust fund for medical research, we had the ingenuity fund for energy and technology, and we needed the third leg of the stool. That's something that I've discussed with her and with many others over the last – well, I've been advocating in this area for 16 years. So I am absolutely excited about the social innovation endowment fund being put in place.

A lot of people immediately went to the concept that that was about social finance. Social finance is certainly one of the innovations that we should be looking at in terms of how we can do that, and as we do that, we need to be able to identify appropriate projects and evaluative processes to understand how effective they've been at achieving a result. So, obviously, those metrics would have to be put in place.

But I think we should not jump immediately to that and assume that that's what this is all about because social research in terms of understanding the causes of social failure and what we can do about it – in other words, the preventive side of the whole process – is extremely important. We can no longer afford, if we ever could, the cost of social failure, yet we don't seem to really amass the appropriate data and, more importantly, if we do have the right kind of data, understand how to implement it in a meaningful way.

I use on that side the early childhood development pieces. Fraser Mustard did a lot of work on family violence, for example, and the impact of family violence on early childhood development and what implications it had for the later development of a youth and an adult, and we've known that information since he did that work a number of years ago. There's been a lot of work over the last 10 years on brain development and the impact of early childhood development and all those sorts of pieces. What we haven't been able to do is to translate that knowledge into action in terms of how it impacts what we do and how we have more effectiveness on that side.

We really need to first of all have the best data available. We have a lot of data across government, but we haven't amassed it in an appropriate way to make it usable for research in this area appropriately and to inform decision-making in this area appropriately. Then, secondly, I mean, we just had the TRC here a week ago. You know, we have the effects of that tragic history, but we haven't really grasped very well what we can do in appropriate ways to overcome that. We need to do a better job of research both in terms of understanding the knowledge base and how we apply it to action on the ground.

So I'm really excited about the impact that that social endowment fund can have over time on the quality of life in our province and in reducing the cost of social failure. Obviously, there will have to be metrics as we go along that are implemented in terms of whether we're actually getting the results that we anticipate getting out of it.

In terms of the ability of board members, I think that's a very good point on the ability of board members. Our department does run board audit committee training for PSIs. I think that's an area that even Campus Alberta as a collaborative could focus more on, and it doesn't have to be reinvented. AUMA does a lot of work on board training. Alberta School Boards Association was looking at how they could do a better job of boards. It's a common issue around public boards in terms of how we ensure that everybody

has the access to the professional development they need to be able to do the best possible job.

Open-data implications on a net basis: that's an interesting concept for me. I have to admit that I'm not sure I've given any thought to that particular thing. I think what's important for us going forward is to ensure that we organize our data in a way that it can be made publicly available through open data portals, and if we do the upfront work right in terms of how we collect and utilize data, then making it available on open data portals shouldn't add additional cost.

One of the interesting areas for the postsecondary system is, of course, the massive open online courses, MOOCs. There are some real opportunities here in terms of how we can share not just data but how we can actually share learning opportunities and focus on that. I'll have to get back to you if I can find any more information on that.

International students: that's always an interesting discussion. Postsecondary systems have moved into this area, quite advisedly, because international education is an important part of education. International and community are the two pieces that most postsecondaries have understood are necessary for a well-rounded education and are very important to Alberta, our students going out and other students coming here.

It's not just about the cost. It's really about the value of that educational model. Having said that, I think it's fair to say that with the tuition costs that international students pay, they bear a significant amount of the cost of their education, and some would perhaps ask whether even too much. But I think it is fair to say that international students do not push Alberta students out of the system, that they're a net gain to the system.

Calgary's demographics. Where do the kids go, and do we have any ability to track that through our single point of access? I'm not sure that we would be able to answer that question in terms of if we know where the kids go. We do know that 89 per cent, as I mentioned earlier, of the students get into their first place of application, and we do have a pretty good sense that we are actually providing spaces for most students who want to go. We have the data that Edmonton-Strathcona was asking about earlier, which would help us to identify. At least, we'll take a look to see what the currency of the data is with respect to that and see if we can get that.

The P3 model: I'm not sure exactly what you were getting at with respect to that. Maybe a quick clarification.

Ms Kennedy-Glans: Yes. You talked about the matching grants, you know, that if a private-sector player comes forward or a philanthropic donation is offered up, then there is matching. The Infrastructure ministry is evaluating the whole concept of P3s for a multitude of things – hospitals, roads, schools, postsecondary – and I'm wondering about your co-ordination with that ministry on that model, because they're going far beyond the matching concept.

Mr. Hancock: Actually, the matching concept is, I think, an entirely different thing although we are using some of it in capital areas, i.e. the MacEwan one. That one is a good example of us sitting down with MacEwan over time and saying: you have a number of different things that you can put together to create this. I think that's what we need to do because a P3 model is not one thing. It's understanding what the opportunities might be and sitting down and making best use of those opportunities. The MacEwan one is not exactly a P3 because there is not a private-sector partner involved in it, but they are selling two campuses, raising some private funds, and putting in some commercial

opportunities, and all that massed together will finance a very good facility for learning and learning opportunities on that campus.

That's the type of thing where we need to work with postsecondaries instead of the old model of saying: "What would you like to have? No, we can't build it this year. Maybe we can build it next year or the year after." We would sit down and say: what are the needs that we have, and what are the opportunities in putting together the partners that can come together to help make that happen? We will obviously work closely with Infrastructure with respect to their building models.

The Chair: You have one minute left.

Mr. Hancock: Okay. Policy alignment is clearly one of my favourite topics, and we're doing a lot of work in that. For example, with the applied research institute model, the report that's come back, that will be made public relatively quickly now, does talk about the fact that what we need to do is not build another bricks-and-mortar institute but do policy alignment and then bring together the many facets of the innovation side that we have in this province that are working well but independently and often in different directions and provide better alignment.

5:50

That's exactly the process we're going through right now, bringing all of the stakeholders – the postsecondaries, the private sector, the Alberta Innovates corporations, and others – together to actually focus on that policy alignment and how we do that work going forward and make sure that people do understand where the money is coming in, where the money is going out, and what the opportunities are for the private sector to invest in it and to lever it.

The Chair: Okay. Thank you very much, Mr. Premier. Thank you very much, Ms Kennedy-Glans.

Ms Kennedy-Glans: Can I just clarify that a couple of those questions that weren't answered will be followed up, then?

The Chair: In the next rotation.

Ms Kennedy-Glans: Thank you.

The Chair: We still have the PC caucus, and speaking on behalf of the PC caucus, Mr. Quadri. You have 20 minutes. Would you like to go back and forth with the minister?

Mr. Quadri: Sure.

The Chair: Okay. The floor is yours.

Mr. Quadri: Thank you. That's good.

My question. The government of Alberta is currently tackling a general infrastructure concern to make sure that Alberta is able to get its people and products to market. I would like to focus on the labour shortage in regard to the skilled trades. Alberta continues to forecast a labour shortage in a variety of skilled trades. How is your ministry supporting the students going into trades education?

Mr. Hancock: Well, there are a number of ways. First of all, as you'll be aware, under Bill 1 not only was there the social innovation fund but an additional \$200 million added to the Alberta heritage scholarship fund. That was specifically tagged for apprenticeship in trades and technologies, and we are in the process now of project design, of saying what of that should go into scholarships and bursaries as a front end. But how do we

identify a gap analysis with respect to, for example, issues like: how do we have more employers taking on apprentices, and what could we do to attract businesses to do that? We have a bit of frustration in that area with businesses that have taken on a lot of apprentices, but then somebody else comes along and hires them away when they have their credentials. So there are issues in that area.

There are issues with respect to first-year apprentices actually completing their first year. Some of that might have to do with pre-apprentice programs in terms of getting some assurance that people are actually in the right trade or the right place. Some of it will be with respect to finances perhaps. Some of it will be with respect to encouraging employers to release apprentices to take their schooling or perhaps adapting the schooling so it's more nimble for the employer. For example, a number of years ago at the OPTI/Nexen site at Long Lake they actually had Red Deer College provide courses on-site so their apprentices didn't have to go out, which gave them the advantage, perhaps, of not having somebody poach their apprentices while they were out at school.

There are a number of different ways that we can assure that, and we're looking at that \$200 million, which will be about \$9 million a year, which will help us in that area with scholarships and bursaries but more.

We also are building supportive financial programs focused in that area, but we're actually looking at doing a gap analysis on that whole area to say: how can we be more effective at ensuring that we actually get students into and out of those programs? Some of that is dual crediting, that we're working on with the K to 12 system, in terms of saying: how can we get people to try out areas and find what they're good at? We've had great success with the registered apprenticeship program at the high school level. There are a number of different areas where we can move.

Mr. Quadri: That's good.

Can you specifically outline with what incentives the \$200 million of the Alberta heritage scholarship fund will support the trades?

Mr. Hancock: No, I can't because we're working with the sector to identify exactly what we should do in that area. The easiest answer would be to say: well, we'll create scholarships and bursaries. I've resisted that easy answer, and I say: we should look at what financial aspects we need to enhance. But we should look more broadly than that and do a gap analysis to say: where can we actually be most effective at assisting students getting into the apprenticeship program, getting past that first-year hump, and then getting out? We need to register more apprentices, but we need to make sure that we get them through their program.

Mr. Quadri: How much money will you allocate to address the last incentive you mentioned, regarding working with the postsecondary institutions to develop innovation in service delivery?

Mr. Hancock: We haven't partitioned up the \$9 million. Again, I've done that in a conscious way. I would like to sit down with industry, with students, and with the schools and really identify where we can have the greatest impact in applying resources. Rather than sort of designing it ourselves and saying, "Here are a lot more bursaries," it sort of comes back to the same answer I had with respect to the aboriginal bursary. Rather than do the bursary up front and say, "Because we promised we'd do it, this is the answer to it," I really want to know how we're going to be most effective and allocate the resources in that way.

Mr. Quadri: Thank you, Mr. Chair.

The Chair: That's it?

Mr. Quadri: Yeah.

The Chair: Good.
Mr. Rogers.

Mr. Rogers: Thank you, Mr. Chairman, and thank you, Mr. Premier/Minister.

Mr. Premier, I'd like to focus on the government's investment in postsecondary institutions. From reading the budget and listening to critics and others, I think it begs some clarification from you as to whether or not Alberta's postsecondary institutions are actually receiving less or more funding in 2014 than they did in last year's budget.

Mr. Hancock: We're actually funding more than last year's budget if that's the question. They're getting a 1.6 per cent increase over last year's budget. That's the \$32 million. It's not allocated evenly or on a pro rata basis to all the institutions. It was allocated on a program-specific basis with respect to the expansion model. We're also putting a million and a half dollars into the Lois Hole Alberta digital library and putting in some funds in a few other ways. The short answer is that the institutions have a 1.6 per cent increase, but every institution doesn't get a 1.6 per cent increase. It's targeted funding.

Mr. Rogers: Thank you for that.

There's reference to 2,000 new full-time spaces. I'm wondering if you could share with us the timeline to actually see those spaces, to have those available for new entrants into the system?

Mr. Hancock: Most of them are trying very hard to get those in place for this fall's academic year. In one or two cases there's a program approval yet outstanding, but in most cases those 2,000 spaces will be available this fall. That will result in growth over the next four years up to 4,600. So the first cohort of 2,000 moves in, and additional ones come in behind.

Mr. Rogers: If I may, we talk a lot about trades and, of course, the fact that Alberta trains, I think, a much larger percentage of apprentices than the rest of the country. Does that include apprenticeship training as well?

Mr. Hancock: Sorry?

Mr. Rogers: The 2,000 spaces: does that include apprenticeships, additional opportunities for the trades?

Mr. Hancock: We are budgeting for an increase in registered apprentice spaces. There's \$900,000 in there for apprenticeships. Apprenticeship training grants: there's \$900,000 for additional apprenticeship training grants in there.

Mr. Rogers: Thank you very much.

With regard to the Peter Lougheed leadership initiative what metrics will be used to determine eligibility?

Mr. Hancock: We're working with them relative to that. We've got a funding commitment on the table. The U of A is in the process of working with the Banff Centre to develop the programming. It's under development at the moment, but we will be looking for a well-developed program as part of the funding model.

6:00

Mr. Rogers: Thank you.

Just one final question, then, Mr. Premier. We've put a lot of emphasis on results-based budgeting right throughout government over the last while. What changes has Innovation and Advanced Education made relative to results-based budgeting, and what can you shed light on in terms of some great initiatives coming out of that review?

Mr. Hancock: Bear with me for just a second. The results-based budgeting first rounds were before my time, and I have to admit that I haven't actually gone back to those in detail as of yet.

In cycle one 46 programs from eight ministries were reviewed, between December 2012 and March 2013, based on the connection to the goals of market access, value-added, and diversification. The final report summarized the review results. Action plans have been developed for all programs reviewed to address findings and recommendations. Three Innovation and Advanced Education programs underwent an additional in-depth review – a fibre road map, science awareness, international science and technology partnerships – with findings shared with the results-based budgeting ADM governance team in January. The implementation teams for recommendations show that in-depth program reviews are being developed at the moment.

Mr. Rogers: That's sounds very encouraging. Thank you very much.

The Chair: Thank you, Mr. Rogers.
Mrs. Sarich.

Mrs. Sarich: Thank you very much, Mr. Chair.

The Chair: You have nine minutes.

Mrs. Sarich: Nine minutes. Oh. Thank you very much for that update.

The Chair: Would you like to go back and forth with the minister?

Mrs. Sarich: Yes, please. Thank you.

The Chair: Great. Thank you. Go ahead.

Mrs. Sarich: Mr. Minister and Premier, I'm interested in further clarification on page 65 of the Innovation and Advanced Education business plan for 2014-17. Performance indicator 1(c) – and maybe there has been a bit of a focus on aboriginal Albertans – focuses on off-reserve ages 18 to 24 participating in postsecondary education. If we have a look at the data that's provided there, it goes from 11 per cent to 15 per cent within the years if I'm reading it correctly: 11 per cent is attached to 2009, 15 per cent for 2010 and 2011, and 13 per cent for 2012. What is this area all about? What are you looking at, and what are you targeting for this budget year? Any improvements in this area, or any comments that you care to make?

Mr. Hancock: I'd ask Gord Johnston to answer that.

Mr. Johnston: Sure. Thank you, Premier. We're cognizant of the fact that there has in fact been a reduction in the overall participation rate year over year, from 15 down to 13. That's the very reason, as the Premier has alluded to, we want to continue to work with the aboriginal colleges and our postsecondary institutions across the province as well as our community adult

learning councils on the literacy side of the equation to ensure that those numbers do increase in meaningful ways on a go-forward basis. So a significant amount of work lies in front of us.

Mrs. Sarich: Just a follow-up to that. If I were to now turn to, you know, the financial statements that you're looking at in terms of the budget, which line item would address exactly the directions that you're talking about, Mr. Johnston?

Mr. Hancock: I think it would be fair to say that they're covered across the lines because postsecondary institutions have their programs, so in their funding models that they would provide, some of them are looking at sort of welcome centres and other things to make sure that aboriginal students are well placed and have opportunities for success. We do have budget lines that support, as I mentioned earlier, the funding for aboriginal colleges as well as the collaborative funding that we're putting in place to have postsecondaries in the PSI system work collaboratively with the aboriginal colleges. We believe that we can develop some programming there that will create greater access and success in terms of making sure that there's a plan for success if you will.

So I'm not sure you could point to any individual line that says, "This is the aboriginal funding line," but I think in each of those areas that's a very important target for us, to ensure that every postsecondary is looking at how they can make sure that what they have to offer is accessible to aboriginal students and that it's the kind of environment in which an aboriginal student can succeed.

Mr. Johnston: Yeah. I was just going to add that under program line 2.7 there actually is a specific allocation within the \$48.7 million estimate for aboriginal colleges.

Mrs. Sarich: Earlier you had mentioned one of your focuses, you know, the attention to the details on the mental health issue. Very recently there have been some students coming to speak to MLAs on this very important area, and I was wondering if you could point to it in the budget. Is that the academic health centres? Just how is the money going to be allocated to address the concerns by the postsecondary education institutions in the area of mental health? It seems to be rising exponentially year over year, and they've got some things that are exciting initiatives on the ground. I just wanted to allow you some more time to explore this particular issue and the commitment in the budget to that.

Mr. Hancock: Well, the budget commitment is actually made out through Health. It's a three-year commitment that they've made and they've funded directly to the postsecondary institutions. The idea there essentially was to have postsecondary institutions work to develop the kinds of programs that they think would work with respect to their campuses. We would want to look very closely at what they're doing to find the best models and to help.

As I mentioned earlier, Augustana has got, for example, what sounds like a very good program. I mean, with every program you have to do the metrics and determine what the successes look like, but the program looks like it's designed for success. So the question would be, then, if that's the case: how could you scale it up? How could you utilize those best practices on other campuses, recognizing that different campuses have different residential models, for example? Some of the success of the Augustana model is that most of their students are in residence, so they know, for example, if they're eating and that sort of thing.

That's part of the issue, but the funding for that, the mental health funding, is part of the Health budget, and we will be working to understand how we can do more and what we can do that's effective on that side.

Mrs. Sarich: Okay. Another focus would be – back to the business plan on page 65 under 1.10, where it says, "Enhance the delivery of the Apprenticeship and Qualification Certificate programs to better respond to learner and industry needs." Yet on page 131 of the budget, line item 3, apprenticeship delivery, in terms of capital plan spending, if I am reading this correctly, for 2014-15 there is quite a considerable reduction in that direction, yet it is identified as a priority. I'm just wondering if you have any insight to help us understand that.

Mr. Hancock: That's the capital vote, and that's a system that we're building. What is it called? ATOMS.

Mrs. Sarich: ATOMS? Okay.

Mr. Hancock: Yeah.

The Chair: Mrs. Sarich, you have two more minutes.

Mrs. Sarich: Sure. Good.

Mr. Hancock: That's the building of the ATOMS system. That budget line is really just the capital necessary for the next phase of that process, and we're just about ready for a switch on.

Mrs. Sarich: Oh, okay. Very good. That's all I have. Thank you, Mr. Chair.

The Chair: Good. Thank you.

Ladies and gentlemen, we still have one minute and 35 seconds. Mr. Luan.

Mr. Luan: Very quickly, Mr. Chair. Thank you, Premier. I just wanted to say that last year, when we had the budget cuts, your department, your former ministry, bore some of the impact there. I certainly felt that from my contact with the constituency of Calgary-Hawkwood, which is not very far from the University of Calgary, so lots of people attend from there. I know we've asked you question after question for last two hours. I want to give you the opportunity to help me to address people at the constituency level about what positive impacts this year's budget can bring to students.

6:10

The Chair: In 40 seconds, please.

Mr. Hancock: Well, what we're aiming for, I think, as part of the system growing from the restructuring of last year and the necessary work that postsecondaries had to go through because of the budget cut, is also, then, understanding that now we can move forward and grow the system in appropriate places so that there's that opportunity for every Albertan who wants to advance their education to do so, that finances are not a barrier to a student getting an education, that the education system is a quality education system, and that there's ability to move through the system, to come back into it when you need to, to ladder so that there's no blockade. That comprehensive system is important for all students.

The Chair: Thank you, Mr. Premier.

Colleagues, it was noted that two minutes remains in the 20-minute block of time for independent members. I will ask Ms Kennedy-Glans if she wishes to utilize this time before we return to our final rotations. It is my understanding that you have some clarifications?

Ms Kennedy-Glans: Yes, please.

The Chair: Thank you. Go ahead. Two minutes.

Ms Kennedy-Glans: Thanks very much. I'll just go back to two of the questions that I'd asked, and I'll rephrase them a little bit. The first one was around stimulating innovation and economic development, and that came up in the results-based budgeting discussions. I understand your comment that it's a lot of history to absorb, and you've got a lot on your plate. But on the gas side, the value-add of gas, for example, as an area of stimulating innovation and economic development, there's a range of things that the government of Alberta can do to stimulate that innovation and investment. It was clear from the results-based budgeting discussions that there was a lack of clarity in terms of government policy on how to do that, and I'd like you to address that.

The second question. We talked a little bit about the Alberta institute model going forward. I still think there will be certain research and innovation that will be housed under that umbrella, but some of it won't be. I still think the idea of who's responsible primarily for making sure that any government-funded research is made accessible – that the public is at least aware of what's going on and where that role is assumed by your ministry. I just would like you to expand on that.

Mr. Hancock: Sure. On the first one, absolutely, there needs to be a better policy alignment. We're working with Energy and with others on those opportunities. Sometimes it feels like it's almost on a one-off, you know: every time an opportunity comes forward, who has to get together to figure out what the policy piece is? So we're actually working on how that process can be aligned better so that it's clear. There are probably at the current time 10 different value-add projects that could go ahead with the right policy, and determining what the right policy is and whether or not government should be involved to that extent are critical questions that we need to address.

The Chair: Thank you.

Mr. Hancock: I had a good answer to the other one, too.

The Chair: Thank you, Mr. Premier.

Now we will go back to our rotations, and we'll start with the Wildrose again for a total of 10 minutes, five and five.

Mr. Pedersen: Back and forth, Mr. Premier?

Mr. Hancock: Sure.

Mr. Pedersen: Thank you. Thank you, Mr. Chair. Has there been any discussion on increasing the legislated student representation on institutional boards? We've been hearing that three elected students is probably the right number for the board of governors, but legislative action would be needed on this front. Students aren't asking for a majority; they're just asking for an increased presence at the table.

Mr. Hancock: The short answer to that is that I've heard the advocacy on it. We haven't at this stage considered a direction relative to changing the acts. The fact is that I think there are two students now on most of the boards. I'd have to go back and have a look at that. We've heard the advocacy in that area, and it's necessary that there's balance. I certainly understand the concept that says that students, you know, need to have another student's support, at least with respect to a board in order to provide sort of the strength, if you will, to participate on a board, where oftentimes the other board members have had a lot more experience on corporate boards or those sorts of things. Having

been on one of those boards myself as a student, I understand that, but I haven't made any commitments in that area.

If you would bear with me for a second, I can give you some quick answers to your earlier questions. The enterprise division provided \$1.6 million to Productivity Alberta for operations as part of our funding agreement with them. Amounts will be declining in future years as the private-sector money is secured.

Total travel for the industrial development branch last fiscal year was approximately \$200,000, both domestic and international.

Total consultant funding for the industrial development branch last year was approximately \$627,000, and we anticipate that going down as we're moving more of that stuff in-house.

The postsecondary student support program, the federal program that you referenced with the 2 per cent cap: would we support removing the 2 per cent cap? I always support any initiative that would have other people putting more money into postsecondary education and more success for aboriginal students.

Mr. Pedersen: Thank you very, very much.

Following up on that, on page 130 how much under line 4 is allocated for nonrepayable financial aid, and has this been increasing or decreasing over time?

Mr. Hancock: Well, we have \$35 million in there for completion incentive grants, which were introduced in August 2012; \$26.2 million for maintenance grants and special-needs bursaries – those are also nonrepayable – \$7.5 million in funding for the Alberta low-income grant; \$0.6 million in funding for the northern Alberta development bursary. That actually is a question that was asked earlier, and I said that all of that money was in the other one. I guess there's actually \$0.6 million in this one here.

Now, as to whether that's more or less than previously, I think that's less than previous because prior to this completion grant being put in place there was a remission program in place, which I think was at a higher level, but I would . . .

Mr. Pedersen: If there's other information that follows, if you could possibly . . .

Mr. Hancock: If there's more that's nonrepayable than that, I can get it to you.

The change over the last number of years would be that change from the remission program to the completion incentive grant program.

Mr. Pedersen: Okay. Thank you.

In a typical year how many consultants are hired to write reports and provide recommendations for your department? How much does the ministry spend on consultants annually, and have you seen these costs increasing or decreasing? Could cost savings be achieved if you better utilized existing staff instead of consultants?

Mr. Hancock: Well, we're always looking at better ways to do things and more effective use of our resources. I think as I indicated earlier, for example, in the enterprise division we were spending \$627,000 on consultants. In the last fiscal year we anticipate that going down because, as I said in another earlier answer, we've added some FTEs to the department and we're bringing some of that stuff in-house. I think it's still appropriate to use consultants in places where you don't need to add a permanent staff position to get a particular task done. I think that's prudent business practice, to understand what you should do in-house because you're doing it consistently over time and what you should go out to consultants or other contract work for because it's

a periodic piece and you don't need the overhead of having the continuous staff in place to do it.

Mr. Pedersen: Okay. Thank you.

The \$203 million under section 5, earmarked in this year's budget for innovation and technology commercialization, does not appear to include any money for the much-touted Alberta institute for applied research and commercialization. Will the government proceed with the institute, and if so, when? Does the government still intend to release the long-delayed report of the expert panel which was commissioned last year to study and make recommendations on the institute concept?

Mr. Hancock: As I just indicated, yes, the report will be released imminently. But what the report essentially says and confirms is that the institute is more of a virtual institute than a bricks-and-mortar institute, so it's not funding another institution in terms of a bricks-and-mortar model. What it's suggesting is a clear policy alignment in the area and a clear alignment of our delivery mechanisms. We have the Alberta Innovates corporations, which are delivery mechanisms now. There is perhaps confusion between funding and doing in some instances that should be clarified. There are many different very successful pieces in the system. What the expert panel report on the institute suggests is that what we need is an appropriate alignment.

6:20

We're in the process of doing that. In fact, I have a round-table at the end of the month bringing the representatives of all of the players to the table to help in that design process. We're doing a document which will be useful in identifying the policy direction. This is an area where I think a lot of work has already been done, so rather than doing a complete policy process like we did, for example, with the social policy framework, we're trying to capture what we understand to be the policy direction and what we would like to see as a policy direction, and then we'll take it to the stakeholder group for development.

So that's a work in progress. We don't anticipate at this stage a significant budget increase to do that. What we're looking for is an alignment of the resources we already have, as identified by the expert panel.

Mr. Pedersen: Thank you.

Under priority initiative 1.7 international education and international efforts are mentioned. What is the department's goal when it comes to international students, and what are the measurables you have in place?

Mr. Hancock: That's not really a department piece. For international students the postsecondaries themselves are the ones that determine how international students fit into their education model. I think that as a system what we would expect is that there's a good understanding that the important directions with respect to education, that virtually all of them have embraced, are the need for a broad integration of international students within our programs so as to provide a better learning opportunity for all of our students and better relationship-building as well as opportunities for students to go internationally in appropriate ways.

That internationalization is an extremely important part of the postsecondary learning system, but it's implemented through the postsecondary systems themselves. They decide how to recruit students, what students they want to recruit, those sorts of issues.

Mr. Pedersen: Thank you.

This probably is the last question, Mr. Premier.

The Chair: One and a half minutes.

Mr. Pedersen: Thank you. While capital spending has seen an increase, maintenance and renewal has decreased. According to a FOIP that we have done, we've identified that deferred maintenance at postsecondary institutions is running at about \$625 million on approximately 15 buildings. How do you expect to maintain the growing inventory of buildings with the reduced spending levels here?

Mr. Hancock: Well, that's certainly one of the challenges that we have to deal with, the whole capital piece. As I mentioned earlier, I've asked the department to develop a 10-year capital plan that identifies where we have deferred maintenance issues and the magnitude of them. Part of that would be working with the postsecondaries to identify in what cases those particular buildings should be upgraded and in which places they might be surplus to need or past the point of upgrading. As I mentioned earlier, at the U of A we built the new CCIS building, which was started in my last term as minister of advanced education. That actually took a couple of deferred maintenance buildings out of play. We built the Edmonton clinic at the university campus, and now the dental-pharmacy building is there for redeployment.

So there's active ongoing work as you build the new buildings. But the clearer piece that we need is to have that 10-year plan that looks at: what do we need for new buildings, and how do we rehabilitate our old buildings in a reasonable time?

The Chair: Thank you, Mr. Premier.

Ms Notley.

Ms Notley: Thank you.

The Chair: You have about five minutes and 54 seconds.

Ms Notley: Okay. So what I'm going to do is that I'm going to use a timer and ask you a bunch of questions for three minutes or slightly less than three minutes, and then you can go and answer as much as you can, I guess, is the way I'll try and do that.

My first question relates to the centennial education savings plan, or that grant, and I just need clarification. You mentioned in your opening comments that \$11 million would still be dedicated to that this year. I was looking at the comments from last year and it implied – because the budget doesn't break down exactly how much that budget is, I can't tell, but last year it appeared from the minister's comments that the plan was to phase it out over two years, \$11 million last year and another \$11 million phased out this year. So it would be done, I think.

The reason for that was and his direct quote was that it basically wasn't doing any of what it was intended to do and that it wasn't increasing access for low-income families to postsecondary education. My question is: is the \$11 million that's currently being dedicated to that a change in plan from what was planned last year? Regardless of whether it is or it isn't, what is the status of the plan that the minister spoke about last year to do something else with that \$22 million to increase access to postsecondary education for students living in low-income families? That's my first question.

My second question relates to tuition. I know we've had some talk about it, but I'd like to know as clearly as possible if you plan to extend the freeze. Of course, I use that number in quotation marks because you've been increasing it for inflation every year

except last year for some time. However, will you plan to increase that or maintain it in 2016? Students need to know. They need to plan ahead.

Also, with respect to the noninstructional fees you talked about the fact that you are talking to students right now. The real issue, what they're asking for, as much as I would say that it should just be banned, is the ability for a campus to vote on noninstructional fees. This is something that's been debated and discussed for a good four years, as long as I've been here. By now we have to have an answer. Is that going to happen, or are we just going to simply allow the institutions to carry on with noninstructional fees without giving students a vote? That's my second question.

My third question is with respect to deferred maintenance. What is the total deferred maintenance for which your ministry is responsible at this point in time? You've said that there are new buildings online, that other buildings have become unnecessary, yada, yada, yada. That all makes good sense, but we need to track total deferred maintenance, and I'm just wondering if we can get that information.

How am I doing? You know, every time I check this, I have to go and log in again, so I keep losing access to my timer.

The Chair: You've got two minutes and 45.

Ms Notley: Student loans . . . [An electronic device sounded] Oh, darn. Timer done.

The Chair: No, no. You've got two minutes and 35.

Mr. Hancock: She wants to give me some time to answer.

Ms Notley: I will.

My quick question on student loans. Last year you had anticipated an \$80 million increase in student loans uptake. This year it appears it was only about \$38 million, and this year you're predicting a lower uptake. Why?

Mr. Hancock: ACES was a program that was invented when I was minister before. I have a very strong affinity for it. I was very strongly opposed to us phasing it out, and now I'm minister. Caucus also was convinced that there is some value to a program like that even though it hadn't lived up to its potential of helping low socioeconomic status individuals build assets. What we hoped to do was to discuss with Human Services what the appropriate way to invest in that area is to help people in poverty build assets

and aspire to a postsecondary education and to encourage that. That was the original invention, and I think it still has merit.

In the meantime it's a statutory amount, so we have to have that money in there. It's a demand-driven approach, and the estimate of that demand is \$11 million. We'll continue with that program until we find a better way to actually accomplish the outcome, whether it's ramping up the program or whether it's finding a different way to help people build assets.

There's \$823 million in deferred maintenance.

There continues to be a requirement that tuition fees only increase by the cost-of-living index. Noninstructional fees are part of the tuition review piece that we're dealing with. We hope to have a result for that tuition and fee review this year so that there will be a consistent and understandable application going forward, that students can plan with.

With the student loans we overanticipated the increased demand based on the changes that were made in the program, so the new numbers reflect the actual increase in demand and the new target.

The Chair: Twenty-seven seconds.

Ms Notley: Is there a place where we can get information on the number of student loan applicants, the average amount of student loan, and the average amount of debt on graduation, and if so, where? If you can provide it, great. If there's a place where it's already publicly reported, just tell me where that is.

Mr. Hancock: I'll have to get you the information or the booklet.

The Chair: Thank you very much, ladies and gentlemen. I do apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

Premier, I'd like to thank you and your staff for being here tonight.

I'd also like to thank all committee members, *Hansard* staff, and all those people sitting in the back of the room, the audience, for being here tonight, too.

I would like to remind committee members that we are scheduled to meet tomorrow evening, Wednesday, April 9, at 3:30 p.m. to consider the estimates of the Ministry of Tourism, Parks and Recreation in room B.

Thank you, everyone.

[The committee adjourned at 6:30 p.m.]

