

Standing Committee on Alberta Heritage Savings Trust Fund Act

Tuesday, August 17, 1982

Chairman: Dr. Reid

9:05 a.m.

MR. CHAIRMAN: Perhaps the committee can come to order, and we can proceed since we have a quorum here. This morning we have the Minister of Advanced Education and Manpower, who has two programs from the Heritage Savings Trust Fund, one which I understand is almost complete, and the Heritage Scholarship Fund. The minister hasn't got anybody with him, so there are no introductions to be made. Perhaps he has some initial remarks to make before we go on to questions from the committee. Mr. Minister.

MR. HORSMAN: Thank you, Mr. Chairman. An envelope circulated to all of you contains information most of you have received before, including the brochures and posters associated with the program. The key document, on white paper and entitled Alberta Heritage Scholarship Fund, outlines the nature of the fund, the \$100 million endowment, and describes each of the 10 divisions of the fund in some detail.

If you will, I would like to refer members to Appendix B, which outlines some of the information based upon actual experience during the first fiscal year of the operation of the fund and the projection for 1982-83. The key elements I wanted to point out to members of the committee are that in the first year we had budgeted \$6.7 million for distribution. In fact the actual amount distributed through the various scholarships came to slightly under \$6 million. Based upon that experience and our projections for the current fiscal year, '82-83, the budget has been increased to \$9,245,000. We project that the number of awards will increase from 4,302 to 6,182 total awards, the bulk of those coming in the Alexander Rutherford scholarships for high school achievement. We expect the next greatest increase in the Jimmy Condon athletic scholarships, from 834 to 1,200, and the next, the Louise McKinney postsecondary scholarships, where a decision has been made to increase the number available from 500 to 750. There will be a substantial increase in scholarship funds made available in this program.

I also want to point out to you that we have made some additional changes referred to in Appendix A, entitled Summary of Changes. I would like to touch on some of those. First of all, with respect to the Alexander Rutherford scholarship for high school achievement, the second language requirement has been changed to provide that French is not the only second language which would be eligible. The second language can now be French, German, Latin, Polish, Russian, Spanish, Hungarian, and Italian. Likewise, with respect to high school marks, all grades achieved prior to entry into postsecondary institutions shown on an official Alberta transcript may be used in computing a student's average for scholarship purposes. In other words, if a student is not satisfied with the mark obtained from his teacher and writes an appeal exam sponsored by the Department of Education, that mark may now be used for purposes of calculating the changes.

With respect to the Louise McKinney postsecondary scholarships, I indicated that the number of available scholarships was increased from 500 to 750. We have added a provision that students in professional programs are now eligible for this scholarship. Professional programs are defined as medicine, law, dentistry, optometry, veterinary medicine, chiropractic studies, or any other

program that exceeds a total of four years of postsecondary education. Those awards will be \$6,000 rather than \$3,000, which is the other undergraduate award.

We've also changed the Lougheed, Steinhauer, and May graduate awards so students nominated to be recipients in either of the three categories will be eligible to receive the award for the second term, subject to maintaining a satisfactory level of performance as attested by an official of the institution and by maintaining full-time enrolment. Also, we've removed the restrictive clause which would prevent any recipient from obtaining additional awards in excess of \$2,000.

With regard to the athletic scholarships, I want to bring to the committee's attention the fact that we have made changes with respect to residency, providing that individuals who are Canadian citizens or landed immigrants and have been in full-time attendance at an educational institution in Alberta in the preceding year may be considered eligible to receive the scholarship in their current year. Furthermore, we have made a change so there is no difference in the valuation of awards between university, college, and technical institute level athletes. Previously, students at colleges or technical institutes were entitled to a \$500 scholarship and university students \$1,000. We have removed the distinction and now all qualifying athletes will be eligible for an award of \$1,000. Other changes have been made with regard to years of eligibility and designated sports by adding badminton as an eligible sport at the college and technical level, which will increase the number by 100.

Finally, as I've already indicated, the budgetary limitation is increased to \$9,250,000 from the previous \$6.7 million, so a very substantial increase has been made available. Those are the highlights, Mr. Chairman. We believe that the program has been extremely successful. We are now receiving ideas from individuals and groups throughout the province with respect to the Charles S. Noble scholarships, made available so people could develop new ideas that we hadn't covered in any of the other 10 programs. The first year was rather slow; we didn't make any awards there. As Appendix B indicates, we will be expending \$15,000 for five awards for study at Harvard as a result of one proposal. We expect others will be approved during the course of the year.

I'd be pleased to answer any questions.

MR. CHAIRMAN: Thank you, Mr. Minister. The Member for Calgary McCall.

MR. LITTLE: Mr. Chairman, to the minister. When persons are honored by having a scholarship named after them, do either they or the estate make any donation in addition to the scholarship?

MR. HORSMAN: No, that has not occurred. We have not asked that that be done. To my knowledge, no one has volunteered any additional funds towards the endowment.

MR. LITTLE: I believe a number of those -- Jimmy Condon, for example -- did make awards on his own. Are those continued after this program comes in?

MR. HORSMAN: Well, they may very well be. That would be strictly on the basis of his own or his estate's decision, but they are not folded into this program.

MR. LITTLE: And it wouldn't affect the impact of the program one bit?

MR. HORSMAN: No, it would not.

MR. MUSGREAVE: Mr. Chairman, I don't have a question. I just want the minister to know that this program is certainly -- in my constituency I've received a lot of favorable comments. In my seven years here, I have not received any comments comparable to what I've received on this particular program throughout the constituency. I want the minister to know that in my opinion it's been very successful.

MRS. FYFE: I second the remarks made by the Member for Calgary McKnight, but I do have a question related to the Jimmy Condon athletic scholarships. From my understanding of the material here, the scholarships are chosen on the advice of the coach. In a situation where there might be a conflict or the applicant feels he may not have been judged fairly, has there been any consideration of an appeal process, or is there any alternative way of making a type of decision?

MR. HORSMAN: No experience which would indicate a conflict between any members of the team and the coach has come to my attention. We have not provided an appeal mechanism in this process, but if there are indications of conflict, I assume we might be able to do something like that. But at this stage I haven't had any of those issues brought to my attention. So at present the answer is no, but we are certainly interested in making changes so that qualified students indeed receive their entitlement.

MR. CHAIRMAN: Any more questions for the minister?

MR. SINDLINGER: Mr. Chairman, I'd also like to say that I got numerous complimentary comments about this program. It's very popular and very worth while. I'm glad to see that the distinction between college and university students has been eliminated too. I might ask that in the future consideration be given to including, as well as the athletes, team managers and team trainers who put in the same number of hours the athletes do and contribute towards the same end.

I'd like to know what happens to the money when it's put into an endowment fund such as this. Is it kept separate from the rest of the Heritage Savings Trust Fund? Is there a separate place where there is accountability for it? Is there any way that the administrative expenses for the fund can be separated from regular departmental expenses? What interest was earned on the endowment fund over the last accounting period?

MR. HORSMAN: First of all, the Provincial Treasurer's Department, not the Department of Advanced Education and Manpower, looks after the investment of the fund, so questions relating to how the fund is invested should really be directed to the Provincial Treasurer when he appears. However, we have an interest in knowing how much money is available to the fund so on that basis, in addition to our past experience as to the number of applications and awards, we can determine how much should be made available in each fiscal year.

In this particular case, the fund is kept separate. One would really have to direct the technical aspects of that to the Provincial Treasurer. But during the period of June '81 to July 31 of this year, the fund earned a total of \$20,302,000. That's a period of 13 months, I believe. Therefore the retained earnings, as of the end of July, brought the total in the endowment to some \$114,500,000. So the rate of return was very high for this particular portion of the total Heritage Savings Trust Fund. On that basis, we can add additional amounts of money to help take care of increased numbers of applications, particularly in the Alexander Rutherford high school scholarship area.

I believe another part of your question was administrative costs. Administrative costs are borne entirely by the budget of the Students Finance Board. None of those administrative costs come from the fund itself. As to the total of those costs, I suppose they could be pulled from the student finance budget. Of course that would be properly dealt with in the estimates of the department. But that's something we can look at for next year's estimates, so they can be identified.

MR. SINDLINGER: Just from what you've said, I take it that the rate of return on that investment for that 13-month period was something in the order of magnitude of 20 per cent, which is extremely high. I wonder if you might be able to give us -- not now, but later -- more details on who was investing that money. Perhaps if we can find out, we can hire them for the Heritage Savings Trust Fund, because we haven't had a rate of return of 20 per cent on any of the divisions in the heritage fund. As a matter of fact, the highest one was only 14 per cent over the last year in deposits and marketable securities. So I'd be very interested in finding out more details about how that extraordinarily high rate of return was achieved compared to what the Heritage Savings Trust Fund earned.

MR. HORSMAN: Well, this is part of the Alberta Heritage Savings Trust Fund, and those people making the investments are indeed the same people who make all the other investments. Those questions should properly be addressed to the Provincial Treasurer when he appears before the committee. I don't have the information because, as you will recall, the Act provides that the investments will be made by the Provincial Treasurer. I'm just reporting information provided to us by Alberta Treasury and, as I say, those are the figures I have available. It may be an interesting line of questioning for the Provincial Treasurer, but there's no use pursuing it with me. I can't answer the question.

MR. SINDLINGER: I don't intend to be critical about it. In fact I'm ecstatic that the endowment fund has earned around 20 per cent on an annual basis. I think I will pursue it with the Provincial Treasurer. It would be worth while finding out why the difference. It's quite a difference. I'm happy about it. I'm not being critical. That's all.

MR. PAHL: This is slightly off the topic, but I'll work my way back if I may, Mr. Chairman. I remember last spring the minister assuring the Assembly that given the prospect of students wanting to further their education there would be an accommodation for additional funding to meet those needs, given a poor summer work season. I wonder if the minister might be able to comment on to what extent that accommodation is made within this endowment and, I suppose, most particularly the Alexander Rutherford scholarships. Will that in effect accommodate, I guess not the needs, but all those who may be eligible to enter the scholarship program?

MR. HORSMAN: I think it's important to keep it absolutely distinct from the student financial assistance program. This whole program is based upon reward of excellence and is not to be regarded as a financial assistance program, which we have in extensive numbers of programs based on need. Of course if the student is in receipt of scholarships, then that's taken into consideration in assessing need. So to some extent it will have an impact upon the total amount required for students' financial assistance. But we must make sure that it's not turned into or regarded as a financial assistance program. In fact almost \$3.25 million additional funds will be made available to Alberta students through this program this year.

To go back to the question. It is off the topic, but I think I should respond briefly. If additional amounts are required for student financial assistance as a result of the work experience students have had this summer, of course additional funds will be considered by Executive Council when we have a better reading on what the actual needs will be. As I indicated to the Assembly, I am confident those funds will be made available through the regular student financial assistance programs.

MR. CHAIRMAN: Are there any further questions for the minister from the members of the committee?

MR. R. SPEAKER: Mr. Chairman, to the minister. On August 25, 1981, in the early stages of the program, I raised the question whether there was any indication if people receiving scholarships, specifically the recipients of the Alexander Rutherford scholarships, entered technical schools or postsecondary institutions. The minister indicated that maybe after a year or two of experience there would be a possibility of knowing what's happening, and I wonder if the minister has any update on that.

MR. HORSMAN: We don't have an absolutely clear picture of that, Mr. Chairman. It seems that a fair mixture of students has been taking funds and using them at all postsecondary institutions, other than the vocational centres of course. We don't have an absolutely clear reading on that at this stage. We can certainly try to obtain that information and make it available to members of the committee, but it's not a clear picture.

I should point out one thing. In increasing the number of Louise McKinney postsecondary scholarships, we did make a decision to allocate a much larger number of those to students in the colleges and technical institutions than had been previously allocated in the first year of operation. So there will be a very substantial increase in the number of undergraduate scholarships available in colleges and technical institutes as a result of the increase from 500 to 750. Most of the increase will go to the colleges and technical institutes level.

MR. CHAIRMAN: Are there any more questions for the minister regarding the two programs? It looks like that's it then.

MR. HORSMAN: Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Minister.

MR. HORSMAN: If I could just comment very briefly on the library development grant. In the current fiscal year we are only spending the balance that is required to accommodate the difference in the fiscal year of the colleges as opposed to the fiscal year of the government and the universities. I think I explained that in some detail earlier. That will conclude that particular program.

MR. CHAIRMAN: Thank you, Mr. Minister. We'll see you next year -- at least some of us will see somebody next year.

I think we'll now have to take a short adjournment until we can get the Minister of Economic Development in front of the committee. Perhaps we could take 10 minutes and reconvene about 20 minutes to 10.

The meeting recessed at 9:30 a.m.