

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Welcome once again to the session this afternoon of the Standing Committee on the Alberta Heritage Savings Trust Fund Act. We have with us today the Hon. Dick Johnston, the Minister of Advanced Education. There are essentially two portfolio programs under the purview of Mr. Johnston. If members would look at Schedule 6, page 43, there are two items under the capital projects division in terms of investments, under Advanced Education. One is the Alberta Heritage Scholarship Fund, and the other deals with library development. As well in the annual report, there is a statement on library development on page 12, with respect to expenditures during the 1982-83 fiscal year.

Mr. Johnston, we welcome you this afternoon and would ask that you introduce the two gentlemen who are with you. If you have an opening statement to make, would you please proceed. At the conclusion of your opening statement, we will bombard you with a whole series of questions.

MR. JOHNSTON: Thank you very much, Mr. Chairman. It is a pleasure to be here this afternoon and to introduce to you Fred Hemingway from the Students Finance Board, and Henry Kolesar from the Department of Advanced Education. I'm sure both these gentlemen are well known to you. In the case of Fred, he is in the process of handling a fairly substantial number of applications for student financial assistance. Although outside the parameters of this particular discussion today, he's certainly an important man to know from an MLA's point of view.

However, in the context of what we want to talk about today, Mr. Chairman, you have already made reference to the location of the two items which affect the Department of Advanced Education and the Heritage Savings Trust Fund. Under the capital projects division, there are two items. One is \$100 million, which is the Alberta Heritage Scholarship Fund, and the library development fund of \$9 million: two capital assets which are in place.

I'll deal with the library development fund first, not because it's of any more importance but simply because in terms of the actual dollar amounts through the year, the increase, as the financial statements show, was of the order of some \$287,000, rounding out to the \$9 million. Those of you who have been on this committee before will realize that this is the end of a fairly significant contribution by the Heritage Savings Trust Fund to the development and expansion of library facilities in advanced educational institutions across the province. Since 1979, when we spent something in the order of \$2,700,000, up to 1983 when, as I noted, we spent in the order of \$300,000, \$9 million has flowed to advanced educational institutions in the province. The rough breakdown between the spending shows that 60 per cent of those dollars went to universities, and about 40 per cent, in rough terms, went to the public colleges.

As a result of that expenditure, university and college libraries were able to add about 300,000 entries over the past four-year period — a fairly substantial addition in anybody's measurement. It's safe to say that this is the only jurisdiction, I believe, in Canada where additional funds have flowed to these institutions to allow them to round out their libraries. At a time when the information of the world was changing so rapidly, at a time when so many more publications were being made available, it was a very important time for us to capitalize on that opportunity.

All institutions attempted to devise ways to utilize these funds, and every entry was marked with the Heritage Savings Trust Fund logo — all in all, I think, a fairly successful campaign. If there were any suggestions from the institutions, it would be to bring back

some other form of the program at some other time. But at this point at least, I think we have done substantially what we set out to do in 1979 by implementing and adding some 300,000 additions to university and college libraries.

That's the first item, Mr. Chairman. I don't know if you want to pause there, or would you like me to continue with some very broad statements on the scholarship fund?

With respect to the Heritage Scholarship Fund, this is a special regulated fund of \$100 million, which was set up in 1981. The statutory authority for this is the Alberta Heritage Scholarship Act passed by this Legislature. We have the \$100 million on hand together with some accrued interest, which has accumulated over the past few years.

The statutory requirements signal that there are 10 programs which can be funded by the scholarship fund. This year, as the information you have before you shows, we should be of the order of 6,400 students or people touched by the program. The accumulation since 1981 shows that 16,300 students have received benefit from the Heritage Savings Trust Fund scholarship program.

Again, it deals with 10 programs, the most popular one being the Alexander Rutherford scholarship program for high school achievement, which ensures that if you receive an 80 per cent mark in five select subjects in any grade, you will receive some benefits under the program. It's always a very fulfilling and worth-while experience to go through those who receive them. I note that all parts of the province have participated recently. Of course, it's one of the more attractive elements in assisting students to attend advanced educational institutions — again, unique to the province of Alberta. Hopefully, we can continue with the way in which it has been administered. There are some problems, I suppose, some questions that are being asked now with respect to departmental exams. Perhaps you'll want to pursue that subsequently.

In conclusion, Mr. Chairman, the heritage scholarship trust fund has been operating very successfully with enrolment increases — 16,000 students touched. We expect to be able to maintain our position through the next year. We're facing increased pressures, of course, because of the statutory limitation of the scholarship Act of \$9,250,000. We'll be fully utilizing that amount of money this year in our program.

I'd be more than pleased to deal with any of the questions before us. I might note that in the case of details as to which scholarships affect whom, I will certainly ask the participation of my colleagues to my left, and I'm sure you'll not hesitate to ask them directly.

Thank you, Mr. Chairman, for your few minutes this afternoon to address you on these two important issues.

MR. CHAIRMAN: Thank you, Mr. Johnston. We'll go to questions from committee members, in this order: Mrs. Cripps, Mr. Notley, Mr. Musgreave, Mr. Gogo.

MRS. CRIPPS: Thank you, Mr. Chairman. Yesterday I addressed a question to Mr. Hyndman, the Provincial Treasurer, on the integrity of the Heritage Savings Trust Fund scholarships. He referred me to you, so I'll ask you the same questions today. How do you envision the integrity of the scholarships being maintained? You did address it and said it would be, but I'd like to know more about it.

MR. JOHNSTON: By integrity, I'm sure you're referring to maintaining the \$100 million capital element so we can continue to use the interest to pay the scholarships. Am I correct in assuming that?

MRS. CRIPPS: To a degree. I'm talking in terms of being able to pay out to the students and maintaining the numbers of students and the size of the scholarships over the years.

MR. JOHNSTON: There are a couple of variables which would come to bear on that. I'm assuming that the expected growth rates in those students taking the opportunity of

applying for these scholarships will continue to increase. I'm not too sure if that's viable in the longer term, but under that assumption we would then have to consider a couple of elements which are important to that question. Number one, the statutory limitations are that I cannot impair by paying out in scholarship form the \$100 million corpus or capital which is in the capital projects division of the Heritage Savings Trust Fund. Of course, that means that I have to get a fairly good return on that money, and that money is managed by the Provincial Treasurer. He has done very well for us in the past three years. Mr. Hemingway advises me that at the present time the balance in the fund is something in the order of \$120 million, but we must recognize that the current allocation of money has not been paid out. So we're in fairly good shape on that side; that is to say, I don't think I'll be impairing the fund or will have to cut back on the amount of scholarships given out next year, because we do have the cushion of additional accrued or earned interest in place.

Should it be that we have to bump up against the statutory limitation, that I cannot pay out more than I earn, then I guess we'd have to examine the ways in which we would change the minimum requirements to satisfy the scholarship test. That is to say, we'd perhaps increase the mark from 80 to 85 per cent, something in that order, to make it more strenuous or more rigorous, and obviously you'd include a lesser number.

I'm not too sure what will happen, given the departmental exams which are now being brought in. It has been suggested by those who are expert in the area of education that there has been some mark inflation. It's not for me to comment as to whether or not that in fact has happened. But it has been suggested that with departmental exams being put in place, if there were any mark inflation, that would tend to be eliminated. You might then conclude that the number of students eligible for the scholarships might in fact flatten over a sum period. We'll wait and see what the outcome of that will be.

As to the overall number of students, again it's anybody's assessment as to what will happen. In a review of the number of students entering universities, we're finding that the number of students in the first year, for example, is not up dramatically from what might be projected from those students enrolling in grades 1 and 12. The enrolment increases have come about as a result of more students going back to school or continuing their studies. So you might find that the student numbers themselves might flatten out over a period of time, in which case you would not have any more or any substantial increase in the number of students applying.

I suppose the major increase since 1981, when we had 2,885 applying to the Alexander Rutherford Scholarship Fund, to the 4,000 which we expect this year, is because of the familiarity with the scholarship program itself. It's quite widely known. We've stepped up the exchange of information in the schools, we are more widely publicizing the availability of these funds, and therefore response has been higher overall.

I have to admit, Mr. Chairman, that there is some conjecture and we are speculating to some extent. But that's the best I can do in terms of describing the integrity of the fund, recognizing that we want to maintain the \$100 million in place and that we'd like to be able to provide as much assistance to as many students as possible.

MRS. CRIPPS: Thank you. Mr. Chairman, a supplementary. Given your concern or your statement that maybe they will level off with the departmental examinations coming into effect, and in addition to that the comprehensives were designed for a 51 per cent average — if the departmentals are designed on the same formula, you may not have any scholarship applicants at all.

MR. JOHNSTON: Statistically, I doubt that very much. But I would suggest that it is in fact possible that if the requirement for satisfying the Alexander Rutherford scholarship this year is to have passed at least four, if not five, departmental exams at an 80 per cent average, you might find that the number of students who are eligible is less than

those students satisfying the 80 per cent minimum requirement in previous years. I am not making any statement that that is the case. I am only indicating that it has been suggested to me that that might happen. But statistically I would imagine that a good student will do well on a departmental exam the same way he will do well in any other testing situation, but that's for those in the areas of education to express a view on. I can talk statistically, but that doesn't help you very much.

MRS. CRIPPS: Mr. Chairman, I really have to commend the department for encouraging the excellence of achievement in establishing the Rutherford scholarships.

In outlining my second question, the comprehensives weren't designed for 85 per cent passage. They were designed at 51 per cent, as I understand it, to 56 per cent for the average to the above-average student.

MR. JOHNSTON: Mr. Chairman, with respect, that was the statistical point I was making. I suppose every exam is designed to meet some normal distribution. Again, I don't want to get into those kinds of descriptive statistics. But a good student, if he's going to do well, will do well on any exam. No matter how you plot that mark in terms of these curves, you'll probably find that the distribution will follow this shape. I'm sure others will describe it better than I, but that's roughly what happens.

MR. NOTLEY: Mr. Chairman, the first question is just more narrow information rather than any sort of policy. Looking at the Alexander Rutherford scholarships, I take it that the average amount, if you take the amount paid out and the number of awards, has been going down slightly. It works out to about \$1,200 from 1980, '81, '82, and it will be about \$1,050 if you look at it this year. I presume that's just the mix of the 10, 11, and 12?

While I am at it, and rolling some of these technical questions into one question, in the Sir James Loughheed Awards of Distinction for masters programs, we had 20 and 11, for a total of \$428,000 in '82-83, and a projected 10 and 18 for \$395,000 this year. So I am curious about the technical aspects first.

MR. JOHNSTON: First of all, Mr. Chairman, I can deal with the first question. We have not changed the pay-outs; that is to say, since 1981 through to 1983 it's 300, 500, and 700, based on your mark performance in grades 10, 11, and 12. So the conclusion which the hon. member has made is in fact accurate.

With respect to the James Loughheed, I might ask Fred to comment on that. He has the details as to how and why it was paid out. Mr. Hemingway.

MR. HEMINGWAY: In the initial year of the program, we had originally budgeted for 20 awards each year. Hopefully, after the first year, perhaps 10 to people in second year and 10 in first year. It was decided in 1982-83 to provide some tenure associated with these awards; in other words, when one receives it in the first year, subject to satisfactory performance in the second year the funding would continue. So we had a slight ballooning of the awards, if you will, in that year. We are now in the process of working our way back gradually to that overall 20 awards per year level.

MR. JOHNSTON: I would simply follow up by stating that as I understand it, Mr. Chairman, the selection is done by a separate committee, made up of university and college representatives.

MR. NOTLEY: The second question would be a little more policy oriented. With the burgeoning enrolment in our institutions, there's no question that there will be a greater demand for student assistance of one kind or another, particularly with heavy unemployment in the province. Is there any evidence at all, particularly with respect to the Rutherford scholarships, which provide a maximum total but not enough for

university unless one has access to money earned, money provided by parents, or student loans, that students are not able to get their scholarship because they haven't the ability to make up the rest of the money necessary to go through a year of university?

MR. JOHNSTON: I would say that generally speaking — there are obviously exceptions — the answer would be no. Don't forget that together with the scholarship fund, Alberta has the loan program, which is administered by Mr. Hemingway. That is a joint assistance with the province and the federal government to bring student loan assistance to any other student who can qualify.

Through these times, of course, we are under extreme pressure to make sure that adequate money is available. There has been a fairly substantial increase in the number of applicants. I would say that we have not turned away many who have not satisfied our minimum requirements in a very broad way. At the same time, of course, you would be piggybacking, I guess — at least factored into the loaning consideration is the fact that the Alexander Rutherford scholarships are made available. So they would not be exclusive; you would be able to compound and build on the strength. I think it would certainly assist particularly those who are academically more qualified than others, simply by a test of marks at the high school level, to advance their education.

Perhaps, Fred, you would like to comment further on that.

MR. HEMINGWAY: I would just like to add to what the minister has already stated. In all cases, we look at both the loan application and the scholarship application if we have two from the same individual. The scholarship, with a \$750 exemption, is utilized as a resource in the calculation of need under the need-based loan and grant programs.

Just to follow up, I know of absolutely no case — at least that has been brought to my attention — where a student has indicated that they were declining the scholarship because they felt they could not attend for financial reasons. Out of a total of 3,600 last year, I think we had a total of three that indicated they would like to defer receipt of the award, but that was done for personal reasons.

MR. NOTLEY: Could I just pursue the Lougheed Awards of Distinction for a moment? It seems to me that one of the areas we should be focussing on — it's important at the undergraduate level, the first years of university, and certainly we all support the Rutherford scholarships. But is there not some danger that we have placed a little too much emphasis on the undergraduate and not enough on the graduate programs? I think it's very crucial that we move students from a BA to a masters to a doctorate. If we are going to remain abreast of what's going on in the world, it seems to me that the investment we make in education in the masters and doctorate programs, not just the first degree, at this juncture is a very crucial one. It's particularly true in the sciences, but I think in the humanities to a lesser extent as well. I recall when we had the recession in the late '60s. At that time we saw the development, quite effectively it seems to me, of our master and doctorate programs at the University of Alberta and Calgary. Perhaps I'd invite a comment from the minister or whoever.

MR. JOHNSTON: Mr. Chairman, I don't think you can look only at the Sir James Lougheed award in terms of graduate opportunities. I think you have to look at a variety of programs, some which we've touched on. But in the case of the heritage savings scholarship programs, both the Sir James Lougheed, which deals with graduate programs anywhere in the world — and I guess the Ralph Steinhauer award also must be factored in.

In terms of the broad objective of what the member has stated, I think I concur that in fact we should, wherever possible, be encouraging postgraduate studies. Postgraduate would not just be those pursuing master and PhD programs, but postdoctoral programs and, I suppose, to a great extent professional programs as well, which would embrace

dentistry, law, and those areas. I think the scholarship program is generally directed in that area. So the first point is that there is more than the Sir James Lougheed program.

Of course, we've already noted that the loan programs are enhanced as well, and that would be applicable with respect to graduate studies. Roughly speaking, although subject to checking, I think the number of recipients in graduate programs relative to the number of students would just about replicate the number of recipients under the Alexander Rutherford program and the number of students entering advanced educational institutions in the province. So it is replicated to some extent.

I do share the view that we should be focussing perhaps a touch more on the postdoctoral and at least the graduate programs, but I think we have to look at the overall assistance program rather than simply judge one element. Maybe Mr. Hemingway would like to comment.

MR. HEMINGWAY: Just to add to what the minister has said, I should point out that in our budget this year, in addition to what we have in front of us, the graduate scholarships and fellowships the board has had for quite some time continue to exist, notwithstanding the administration of the heritage fund. We're providing directly about \$900,000 this year to Alberta graduate students in addition to the figures we have before us. In addition to all that, I think the assistantships and so on offered through the universities provide a reasonable base of support.

DR. KOLESAR: The awards that are made available through the various granting agencies in Ottawa that help to support graduate students have to be taken into account as well.

MR. MUSGREAVE: Mr. Chairman, to the minister, I'd like to ask him a philosophical policy question, I guess. The idea of the scholarship program was discussed in this committee on several occasions, and those of us who have been on the committee a long time are pleased to see the program is in effect and working. One of the reasons for its being suggested was to try to ensure that young people would pursue careers in science and engineering and stay in university or go on to higher education.

As part of that encouragement, though, could we establish some way of funding science exhibits or science centres in, say, Calgary, Edmonton, or major cities of the province? Would the idea of encouraging an interest in science at the younger level within the community and would in effect complement the program you have here — and I suggest that there be an involvement with the local communities and the ongoing operating costs. I'm thinking somewhat along the line of the model that's being built in the province of Ontario at the Ontario Science Centre, which I understand is a very successful endeavor.

I'm well aware of the restrictions on money these days. But on the other hand, as the Member for Spirit River-Fairview said, if we're going to keep pace with the contemporary world we have to think of all these kinds of opportunities. I just wonder what the minister's response would be to that idea.

MR. JOHNSTON: Mr. Chairman, I'm not too sure if that's particularly included within the two items under my vote or what elements of flexibility are allowed.

MR. CHAIRMAN: I think, Mr. Johnston, we've been rather flexible here, and it is a policy-type question under the heritage fund. I would encourage you to proceed.

MR. JOHNSTON: Well, thank you very much. First of all, I think it's safe to say that the \$300 million from the medical research fund has been very successful in attracting the best people to the province of Alberta, and over the longer term that will probably be reinforced infinitely in terms of the people, the contribution to the research of the

nation and the world, and in terms of discoveries.

I also think something should be done in the province of Alberta to encourage science and technological research to take place within our province. Advanced educational institutions in the province are doing a tremendous amount of research. I don't know if I can give you any particular quantifiable amount of the resources which are committed by the universities to research, but everybody in the milieu of the university is directing part of their time to research. I think we need to capitalize on that to a greater extent.

A substantial amount of money from a variety of sources has and is being spent by universities on research, but I think we need to have a focus, which would be similar to the medical research foundation, wherein scholars from all over the world would be brought in, would be free to pursue with their peers a set of studies which would be of interest to them and which would, I think, have scientific addition to the province but also would assist in triggering and exploring economic opportunities for us as well.

Beyond that I would simply ascribe with the highest priority something of that order, because I think that's one of the things which, in terms of diversification, has to take Alberta beyond the current levels where we now find ourselves. I think that is one of the keys. It's one of the things I hope to be exploring with other members, other people who are interested. There's a certain degree of information now on behalf of universities. University presidents themselves have suggested this to us, and I would certainly leave it as one item which I would expect this committee to consider.

MR. GOGO: Mr. Johnston, inasmuch as Mr. Hemingway is with us and inasmuch as the heritage fund scholarships are administered by the Students Finance Board, which tends to include the whole question of student loans, I wonder, Mr. Chairman, with the concurrence of the minister, if he would entertain some questions while Mr. Hemingway is here if there is time later on in the meeting. I don't want to propose them now, but maybe the minister could indicate. If so, I'd be prepared to ask some questions later on the whole question of student loans, if the minister will concur.

MR. JOHNSTON: Again, I would leave it to the chairman to decide what flexibility is allowed to us. But I know Mr. Hemingway would be more than pleased to clarify, explain, or perhaps outline some of the problems he's currently facing.

MR. CHAIRMAN: I'm most interested in the questions you'd want to propose, Mr. Gogo.

MR. GOGO: Perhaps, Mr. Chairman, if there's time.

Minister, the claim is made that there's \$5 returned to society for every dollar invested in education, whether it be through scholarships, or any other way. I can't dispute that, because I don't know the difference.

I'd like to ask a couple of questions, the first one perhaps to the deputy, in that he probably administered the library development grant program of \$9 million. You mentioned, Minister, that there were some 300,000 publications that were published. I think I just heard that used by you in your opening remarks. I wonder, for example, if the deputy is familiar as to whether that's limited simply to purchasing books or if indeed some of those funds have been utilized with regard to computer access to other libraries throughout North America. With that would be the question of what the formula was for the breakdown of the dollars between those institutions; i.e., was it enrolment?

MR. JOHNSTON: I think Henry would be glad to respond to that question, Mr. Chairman.

DR. KOLESAR: I have a list here. I'm just looking at some correspondence of the things we did acquire: books, periodicals, journals, microfiche, microfilm, and audio-visual. The project was intended to enhance the library collections in the various locations. Therefore there was some limitation on the kinds of things the institutions could acquire.

As a result of these acquisitions, in fact one of the consequences described to us by the librarians was that there was actually a diminished need for interlibrary loans because of the enhancement of the holdings of the various libraries.

So specifically, in answer to your question as to whether the funds were used for these other purposes, they were not intended to be used for those other purposes.

Some of the other things you said in your introductory statements: I don't know if you want opinion added to your own.

MR. GOGO: Mr. Chairman, to the minister, just so I'm clear. None of that \$9 million, or about \$3 million to the U of A, was used to purchase computer equipment that would then necessitate purchasing software down the road to access at the libraries. These indeed were publications; that's really the question I was asking.

DR. KOLESAR: That's right.

MR. GOGO: Mr. Chairman, a supplementary to the minister. I would think the Rutherford scholarship is probably the only area with regard to the endowment fund in which you overlap with the Department of Education, in that high schools would fall under the hon. Mr. King. In reading the conditions of the Rutherford scholarship, I look at the criteria. That then leads me to the Jimmie Condon award, which is for athletic achievement at the postsecondary or college/university level.

Minister, could you advise the committee whether any consideration is being given to changing the eligibility criteria with regard to high school students away from the five subjects to include perhaps physical education? It would seem to me, looking at U of L and others, that there are many people pursuing education with regard to physical education.

So the question would be: is any consideration being given to changing those criteria, whereby athletic achievement would be included in the Rutherford scholarship?

MR. JOHNSTON: No.

MR. GOGO: No. Do I have another question? Why?

MR. JOHNSTON: Because the intention of the Rutherford scholarship is to recognize those who have achieved in academic standing. That's why we have been very rigorous in applying the tests, to ensure that they're academic tests as opposed to other tests which may be applicable. Some might argue that there are other sets of criteria which might better measure a student's ability to succeed in university or to succeed in life, but I will not debate that at this point.

The one test which seems to be reasonably accepted is the academic test. That's why, in the case of the Rutherford scholarships, we have applied it to an average of 80 per cent or higher in five subjects; those five subjects are obviously well known to you. The only difficulty we're facing now is how we make the transition to the departmental examinations, which has perhaps led us to re-examine the academic tests.

In the case of those students who want to be more rounded, perhaps, and have a wider opportunity to participate in all activities on a campus, in particular athletics, you did mention the Jimmie Condon athletic scholarship. That, of course, goes to those students who are Alberta residents, in full-time attendance at a postsecondary institution, and who are recognized by the Alberta athletic development program as qualified team members. I think in the past year a fairly substantial number of awards have been given to those students and, in the case of outstanding athletic students, I think there are other athletic scholarships which of course are also open to them.

So although my first comment was not meant to be flippant, we are not really considering factoring in anything, in terms of the Rutherford scholarship, for athletic

ability.

MR. ANDERSON: Mr. Chairman, my original question has been answered already; however, I would like to follow with a question related to the Sir Frederick Haultain Prize. I'm interested in how many applications have been made for the granting of that particular prize in Alberta. It's the only real category in this program, at least as far as I'm aware, that recognizes Albertans outside of the academic community. I'd like to know how many we're not recognizing and what comes into calculating those three people a year we're allowed to give this very significant prize to.

MR. JOHNSTON: First of all, you're very accurate. This is an exceptional opportunity to award citizens of Alberta who have achieved success in their own personal area. Three areas have been defined; you're well aware of that. The recipients this past year were Ruth Carse, Dr. David Lander, and Fred Jorgenson. They were selected by a committee headed by at least two members of this Legislative Assembly, Mr. Bob Clark and Madam Helen Hunley; Archbishop MacNeil, I think, is the third member on that committee.

They received the applications — frankly, I don't know if we can give you that information. I don't know if they give us the number of people suggested to them. That's why we establish the committee, to allow them to deal with the recommendations, to accept those who are meritorious, and to relay to us their recommendations. I suppose I could get that information for you, should you want to pursue that.

MR. ANDERSON: Mr. Chairman, I'd be personally interested in that information, just from the vantage point of knowing how many prominent Albertans are nominated, and particularly in what categories, so that we can see whether we're indeed recognizing a good cross section of people.

I guess the one question that would follow from that is: does the minister see any merit to the idea of recognizing Albertans in other than those three categories, particularly the kind of community commitment made by individuals who may be less easily defined than the three who won the awards this year, or those last year?

MR. JOHNSTON: First of all, Mr. Chairman, just on a rough basis, Mr. Hemingway advises me that in the past two years approximately 25 recommendations were made, so you would argue that we're not really ignoring too many people. In fact, I guess we're satisfying the objective of recognizing those who have really achieved the best possible performance relative to those who are being considered. So we're not ignoring too many.

Second, with respect to widening the award to include others in community involvement, I think it's significant to note that if you really looked at all the people involved, they were essentially community-minded people. Although they may have had a professional career, essentially they were people who took a lead or contributed infinitely not just to their families but to the community, the family at large, in which they live. Classically, in the case of Ruth Carse from Edmonton, she has touched hundreds of thousands of dance students in her career. Although she received the award for fine arts and performing arts, frankly she shaped the future of a lot of dance students and a lot of people you and I know.

So I think in that sense, almost all of them, without exception, have had community involvement. I think, however, to apply a specific test might not be the best in terms of bringing wider applications, if that was the intention.

MR. ANDERSON: Mr. Chairman, I was not questioning at all the community involvement or commitment of the people who have received the prize; indeed, I think the choices have been excellent, and they have recognized people who have contributed a great deal to the province of Alberta. However, my question really is: are we excluding any people

who might possibly be contributing an equal amount but would not fall into these categories? If that is the case, should we from this committee be considering recommending a broadening of those parameters? Or does the minister himself feel that that's a possibility?

MR. JOHNSTON: There might be some merit in considering politicians; that's an extra area. I don't know if any of us would ever win an award, but it does come to mind. [interjection] Yes, that's right.

I think that the three areas which we have categorized probably embrace at least 95 per cent of the activities. Frankly, you can include most people in the arts, the sciences, or the humanities, and I think those are the broad categories where we were attempting to define recognition. Should the member, however, be able to describe in a more finite way another category, I'd be glad to hear from him in more specific terms.

MRS. CRIPPS: Mr. Chairman, looking at the numbers of scholarships here, is there a set mix in the number of scholarships that are available in any one of these categories, or are they balanced according to the applications?

MR. JOHNSTON: I'll let Mr. Hemingway respond to that.

MR. HEMINGWAY: I think the general answer to that would be that the number fixed at the present time would include the Louise McKinney Postsecondary Scholarships set at \$750 annually. As I mentioned earlier, we are attempting to return to our level under the Loughheed, Steinhauer, and May awards to 20 each for Loughheed and Steinhauer, and 10 yearly under the May. With the obvious exception of the Haultain, the balance of the awards are governed generally by applications received, and are selected by committees.

MRS. CRIPPS: Second, at the very beginning you mentioned the applications. Is it necessary for students to apply for the Alexander Rutherford scholarships?

MR. HEMINGWAY: Yes.

MRS. CRIPPS: My third question is by way of a comment. Last year you put out this brochure on scholarships and awards that are available, and I think you made it available to all the schools. I'd just like to commend the department for doing that, because if my calculations are accurate — and it's been a while since I did them — there's over \$3 million worth of scholarships in here. It seems to me that this is one of the very best ways of extending the scholarship program. I don't care how you fund it, but for heaven's sake keep funding it and make sure it's available in the schools, because it's an excellent brochure.

MR. JOHNSTON: Thank you very much.

MR. HYLAND: Mr. Chairman, my question is partially on part of the question the Member for Lethbridge West raised, and I don't think it was answered. That was how the amounts on the library grants were paid to the various universities and colleges. Was a formula used, or just how was it done?

MR. JOHNSTON: There was a formula, Mr. Chairman. I'll ask Dr. Kolesar to respond to that.

DR. KOLESAR: Essentially it was based on enrolment. The primary criterion was the enrolment in the various institutions.

MR. JOHNSTON: I think you'll find that the distribution of funds roughly tracks the student population. The University of Alberta, with the largest student population, got the most money.

MR. HYLAND: So according to that, there must be many of the colleges with roughly the same enrolment, because anywhere from two to four of them ended up with the same amount. What brought my question on was the vast difference between the University of Lethbridge, at \$330,000, and Mount Royal College, at \$525,000.

MR. JOHNSTON: Well, of course Mount Royal College has more students.

MR. HYLAND: So that would be in the '82-83 enrolment, or previous enrolments? Enrolments jumped dramatically last year, didn't they?

MR. JOHNSTON: They did jump last year. But as I noted, we really didn't have very much money to spend last year: \$300,000. Most of the commitments were patterned after the enrolments we experienced in '79-80 and '80-81. Clearly in those cases — I'm glad you mentioned the University of Lethbridge. You're essentially saying that enrolments there are leaping, and in fact that's the case. But up to that period, up till last year, student enrolment numbers had not yet touched 2,000, as you well know.

MR. CHAIRMAN: Are there additional committee members who would like to raise questions? I've exhausted my list of speakers. That being the case, I wish to thank you, Mr. Johnston.

MR. GOGO: I'm sorry. I had asked earlier if, with the minister's and the committee's concurrence and while Mr. Hemingway was here, we could perhaps put some questions regarding student loans generally.

MR. CHAIRMAN: Please proceed.

MR. GOGO: Mr. Minister or Mr. Hemingway, first of all could you indicate for the student loan fund the current outlay and the anticipation for the next short term? Are we looking at a massive increase in applications for student loans?

MR. JOHNSTON: I just think I'll make a very broad comment. First of all, the statute of limitations is of the order of \$100 million right now, and we would expect that we will be bumping up against that this year, with our expected level of requests for student assistance. In the past, immediate year the numbers have increased dramatically; the amount of money has increased substantially. As I indicated in my consideration of estimates, I had to request additional money by way of special warrant to meet the demand last year, and I expect that a similar demand will take place this year. It would be on the order of some \$30 million, and I would imagine roughly something on the order of 30,000 students would take advantage of the program. But in terms of those details, Mr. Hemingway will be able to give you more specific information, and should you want some specific information with respect to the criteria for the loans themselves, I'm sure he can provide that as well.

MR. HEMINGWAY: First of all, I can indicate that two years ago we assisted approximately 14,000 students under the program. Last year it was 32,000. To this point this year, we have received 32,000, and approximately 700 or 800 per week are still coming in. We are projecting, when the fiscal year is said and done, something in the area of 38,000 students, issuing approximately \$90 million in a combination of Canada and provincial student loans and \$20 million in need-based grants. So we anticipate that

the overall level this year of combined loan and grant assistance will be in the area of \$110 million.

MR. GOGO: Minister, recognizing that 18 is the age of majority and, based on the age of majority, perhaps 90-odd per cent of all students going into your departmental institutions are adults, is it still the policy of the department that those applying for student loans will make reference on their application to assistance or anticipated assistance by their parents, whether they're living at home or not?

MR. JOHNSTON: Yes.

MR. GOGO: I don't want to get into other jurisdictions, although I understand some of them perhaps are different. Is any consideration being given to reviewing that policy, do you know?

MR. JOHNSTON: Every application is reviewed in the context of a reasonable amount of money for the student, with the priority being: let's get as many students going to university or college as possible. And although the question as to the resources provided by the family is asked, I think in the overall considerations that weight is factored in with other factors. Given the economic times today, I think each case is adjudicated fairly carefully. It is to be expected that the family contribution should be recognized, and if there is assistance available from the family, that should be part of the commitment which the student and the family make towards furthering the education of an individual.

MR. GOGO: Mr. Hemingway, as executive director of the Students Finance Board, have you received many either written or oral complaints about having that requirement in there?

MR. HEMINGWAY: Our complaint ratio has been pretty constant over the years, at about 10 per cent of all awards issued. That's not to say all those complaints reached the level of the appeals committee, however. Our counsellors then review the situation and, in almost all cases, adjudicate the award to the student's satisfaction. If we absolutely cannot reach agreement, then the issue is looked at by a public appeals committee, which does make the final decision. About 2 per cent of all applications get that far.

MR. GOGO: Mr. Chairman, if I could, I just have two questions. I don't wish to monopolize the conversation. But are you saying, Mr. Hemingway, that the appeal board can overrule that?

MR. HEMINGWAY: We have never even considered changing any decision the appeal board might make. So yes, they can in fact waive the expected parental contribution if they feel it is reasonable to do so.

MR. GOGO: Mr. Hemingway, I don't know offhand the maximum limit of a loan per year, but let's assume it's \$4,500, so presumably there could be an outstanding loan of some \$20,000 to \$30,000 when a person finishes his education. I'm just guessing; I don't know. But if that's the case, there's a liability of \$25,000, let's say, at the end of the student's education. The government of Alberta has guaranteed to a lender, probably a chartered bank, the interest charged on that loan over all those years, which I would think — I don't want to knock anybody — has probably been pretty substantial. The student graduates, the student finishes, the student does something. Then within a given time — I think it's six months or I've heard the story of maybe 18 months in certain circumstances — the student commences repaying. An interest rate has been set at some point — and I'd like

you to say when — and then the student retires that debt over a specified period of time, no longer than 120 months.

My question is that I had occasion to talk to a constituent whose interest rate was 15.75 per cent, I think, for a period of 120 months. It happened to be 120 months in that case. It just seemed to me that with interest rates, notwithstanding the Bank of Canada rate, the prime rate was around 11 per cent. So here we were at least 50 per cent above that rate, with a fully 100 per cent guaranteed loan by this government toward that lending institution, with no opportunity for that to be renegotiated. I mean, it could be renegotiated if he had the money. But in fairness, the student didn't have the money. I recognize Ottawa's probably involved; the minister made reference to the Canada/Alberta thing.

Could you comment on the inference I'm putting? That is, the 15.75 or whatever rate seems very high to me. A hundred years ago we could put people in jail for that, and yet we condone it today.

MR. HEMINGWAY: Yes. I think I'll first address your issue of the average student indebtedness, and I can report that while averages mean very little, and I think we all recognize that, we're looking at something around \$5,000 net indebtedness after remission has been paid to students on loan consolidation. So while that amount is going up and no doubt will go higher, very, very few people would ever reach the level of \$25,000. In fact, we never let an undergraduate student get that far. Our maximum loan is \$4,300 a year at the undergraduate level, on which we pay remission, so the net amount would be something under that. It would only be people in medicine or dentistry, let's say, that would be allowed to go that high; only those people we feel are in a position to repay.

You're right. In terms of students last year, they were subject to a formula that over the last 18 years of student loan programs in this country, 15 of those 18 years have worked to the students' benefit very, very well. It's a formula that was placed in legislation and is drawn from the average return on government of Canada bonds. The students last year unfortunately were subject to the same extreme interest rate fluctuations that I guess we all have been. The difficulty is that the legislation provided for a rate to be set, and last year on August 1 that was done in the 15 per cent range. That was followed immediately by an immediate decrease in interest rates generally across the country. So some students were caught in that situation.

We have had some degree of correspondence on this issue. The thing that I've been telling students is: yes, you do have an opportunity to renegotiate that loan. The 15 per cent rate is the maximum rate that the banks are allowed to charge a student; they're free to charge any rate less than that without affecting the government guarantee at all. We've been trying to encourage the banks to be reasonable in this situation and to attenuate those circumstances.

MRS. CRIPPS: Just one question on the same topic. I understand that if a student reaches the age of 23, I think it is, then they are no longer eligible for student loans. Is that true?

MR. HEMINGWAY: No, not at all. There's no age limit on it at all. A person from 16 to 66 could well receive student assistance under our programs.

MRS. CRIPPS: Then I'm misinformed.

MR. ANDERSON: Mr. Chairman, on a point of order. I didn't interrupt the hon. member's last discussion, because I thought it was an important one and we do have time today. But I wouldn't want to see discussion outside of heritage fund topics establishing a precedent in this committee, since we have a great deal of work to continue in coming

weeks. So I want to state that for the record. If we were busy, I would consider the topics just discussed not in keeping with the mandate of the committee. Because we've had some time today, I think it's been helpful information for all of us.

MR. GOGO: Mr. Chairman, on that point of order, the reason I requested the minister to have Mr. Hemingway speak to it is that we no longer use a subcommittee system in the estimates and, as a result, departmental officials no longer attend the debate on estimate. So I thought it was important, while Mr. Hemingway was here. I very much appreciate his response to the questions, Minister.

MR. JOHNSTON: Thank you, Mr. Chairman and members of the committee.

MR. CHAIRMAN: Mr. Johnston, before you go, Mrs. Cripps pointed out the existence of a pamphlet or booklet called Awards & Scholarships, A Directory for Albertans Entering Postsecondary Institutions. I obviously have not paid as careful attention to my mail as I might have in the recent past months, because I've never seen this booklet before. I would encourage you to circulate this to all Members of the Legislative Assembly, in particular all members of this committee. It seems to me an excellent book.

Well, gentlemen, thank you very much. If all goes well, we'll see you one year hence. If committee members could remain for about three minutes — just a bit of detail.

The first item I'd like to quickly deal with deals with the agenda we had yesterday. I indicated to you that on the agenda attached in the administrative binder that you got, we originally had the Hon. Don Sparrow scheduled for Monday, September 12, 1983, and he has advised me that he is unable to attend on that day. We have rescheduled him to Monday, October 3, 1983, at 10 a.m. till noon. No member has discussed a concern with that . . .

MRS. CRIPPS: Oh yes I have.

MR. CHAIRMAN: . . . since yesterday. You had done that prior, Mrs. Cripps. While there may be a concern with one member, I take it that it would be okay with the rest of the committee members?

The other item was that we have now scheduled the appearance of the Auditor General, Mr. D.W. Rogers, on Tuesday, September 27, 1983. That's now the most confirmed agenda that we have. I do not anticipate any problems with scheduling with anyone.

I might suggest that as we move into September, we're going to have to start giving thought as a committee to the report that we're responsible for preparing and tabulating. So I would suggest to members that as we move towards the end of September, we might at least pay very careful attention to the recommendation area that we as a committee would want to get into. I might make a suggestion that in the next number of days you will receive the transcripts of the meetings to date from Mrs. Davidson, plus the minutes. She informs me that she'll have most of them in the next several days, which I'll be able to read, sign, and have submitted to you.

So I make the suggestion that you might wish to keep Monday, September 12, 1983, open as a reading date so that you can get caught up on everything you want. You might be able to assemble all the documentation you have with respect to this committee so that, in essence, when we move into the next series of committee dates that are set aside for the recommendations, you will be here prepared. I know that you all will be here prepared, but perhaps that might be useful.

MR. GOGO: The 12th is considered a meeting day, then?

MR. CHAIRMAN: That's basically what I'm suggesting. If members don't use it, that's fine.

I would move to adjournment now and, prior to doing that, just make mention of one thing. I would like to receive the approval of the committee to recognize the efforts that I took on behalf of this committee on August 24, 1983.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay. The last item is that we would wish one of our members a safe and speedy return home, as he is on the eve of his 32nd wedding anniversary tomorrow. I know that all members of the committee would want us to pass our good wishes — not to Mr. Gogo but to Mrs. Gogo for having maintained 32 years of loyalty, integrity, and love for her spouse.

MRS. CRIPPS: She has a strong constitution.

MR. CHAIRMAN: Mrs. Davidson has the administrative forms, which I think we might just resolve now, and then we'll adjourn and see you Monday, September 12. So if you'd like to take care of those forms, we'll sign them now and then have that aspect completed.

[The meeting adjourned at 3 p.m.]

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