

[Chairman: Mr. Oldring]

[10:03 a.m.]

MR. CHAIRMAN: Good morning, everyone. We'll call the meeting to order if we can, please.

I want to begin by welcoming the minister here this morning, the Hon. Dave Russell, Deputy Premier, Minister of Advanced Education; the deputy minister, Lynne Duncan; and Leon Lubin. We're pleased to have you with us this morning.

The item in front of us this morning is the Alberta Heritage Scholarship Fund. First of all, Mr. Minister, I want to thank you for all the advanced information you sent out to us. I thought it was an excellent update and overview, and as a result of that I wouldn't anticipate a lot of questions this morning. But it has been customary to offer you the opportunity to open with some introductory comments, if you wish, and from there we'll turn it over to the members for questions. Each member is entitled to one question and two supplementaries. I would encourage all committee members this morning to perhaps be a little quicker, in particular with their supplementaries. We'll try to allow you some leeway on your first question, but if we can leave the speeches to that part and the supplementaries a little more succinct.

On that note, Mr. Minister, we'd be happy to entertain any introductory comments you might have.

MR. RUSSELL: Thank you, Mr. Chairman. I will be very brief. The scholarship fund continues to do its good work. I get a lot of really worthwhile thank you letters from students throughout the province, the kind that make all elected people feel good and warm and fuzzy. We don't always get that kind of mail. But the fund, I think, is doing very well in what it's set out to do and is encouraging serious scholars, whatever their ages, to really try to achieve those academic levels of excellence. The numbers continue to increase.

I'm going to let Leon Lubin, the administrator of the fund within our department, comment on the details of the value of the fund, the integrity, the fluctuations with respect to market conditions and our adherence to the sort of 5 percent guideline overall in awards and in trying to maintain the integrity of the fund as the demand grows.

Just as a matter of interest -- and I think it's a very significant milestone for our province -- we think that sometime in the next two or three weeks a cheque will go out which will mark the diamond anniversary, if I can call it that, but the \$60 million mark in awards from this fund since it was established. I think that's very significant, because on the Canadian scene we're still a relatively small province in terms of population and the fact that we've been able to get \$60 million in addition to the standard nonheritage fund scholarship programs out to young Albertans is, I think, an incredible achievement. So we're trying to find a way to mark that. But we expect that cheque to find its way through the system sometime within the next two or three weeks during this fall crop of award winners.

The summary which I sent the committee members I think shows you the growth of the recipients and the expenditures on a year-by-year basis. You'll notice that the growth in the Rutherford scholarships for high school achievement is quite dramatic, up around the \$4,500 mark last fiscal year. That's really where these rewards, in my view, become significant, particularly with what's happening with the postsecondary system, more and more competition to get into spaces and the juggling act the institutions and our department are doing to keep those spaces available. But the challenge is certainly being taken up

by young people with respect to academic achievement.

So that concludes my introductory comments, Mr. Chairman. We'll be glad to deal with questions put by the committee.

MR. CHAIRMAN: Thank you very much, Mr. Minister. The Chair would now recognize the Member for Calgary-Buffalo, followed by the Member for Lethbridge-West and then Little Bow.

MR. CHUMIR: Thank you. I'd like to welcome the minister, Mr. Lubin, and Mrs. Duncan. This indeed is an excellent feature, representing an investment in our future. The first question I wanted to address is a follow-up on one of the former programs of your department under the Heritage Savings Trust Fund, Mr. Minister, and that is with respect to the library development project that was in place in the four years prior to 1982 and 1983, in which there was an upgrading and expansion of library collections in the 15 Alberta public colleges and universities. I'm sure you are aware of the concerns in the academic community with respect to the erosion in the quality of libraries in recent years as a result of economic pressures, and I'm wondering whether you might be able to comment as to whether or not you envisage or would be recommending any additional program, a renewal of this particular program to that end, and generally what your perception is with respect to the needs of academic libraries in our institutions of higher learning and how we're going to satisfy those needs.

MR. RUSSELL: That certainly was one of the aspects of our institutions that received a lot of attention during the last two fiscal year periods because of the tighter budgeting that applied throughout government. We monitored the situation pretty carefully, and I had promised to do that for the institutions. The libraries were certainly a top priority item. I wouldn't say they were the very top. Generally, equipment, particularly science lab-based kinds of equipment, seemed to be the other item that got a lot of attention as well as conditions relating to overcrowding.

Earlier this year, after two fiscal years of tighter budgeting, when we assessed what the situation seemed to be, we did have that as an option. There were three options we looked at. Number one was taking some kind of capital endowment from the heritage fund and making a special injection into the library system. The second one was somehow using lottery funds, which was not an attractive option, in order to enhance the per student support. The third one was to use the General Revenue Fund. In my discussions with Treasury Board we selected the last option and added a special warrant of just over \$10 million, which has the attraction of being built into the ongoing operating base of each institution. The \$10 million represents roughly a hundred dollars per student for the 100,000 students that are in this system. That was unconditional for the institutions, so they can use it for whatever purposes they want to, capital or operating, but it's built into their operating budget for next year. But we did consider the option you suggested.

MR. CHUMIR: So you apparently don't see any particular need or envisage any specific program for libraries.

I have a more specific question in that regard, and it arises out of a visit I made to Old Sun college at Gleichen about a week ago -- the hon. Member for Little Bow is to my immediate left, I'm pleased to note -- in his constituency. I visited a class there, spoke to a social studies class, and one of the concerns

expressed by the students and by the teacher there related to the shortage of texts. They had one high school social studies text per class of about 22 students. There is a desperate shortage in that particular area. I'm wondering whether the minister is aware of the problems they're having at Old Sun college in that regard and whether he might comment on the state of his knowledge and, if he isn't, perhaps undertake to look into the general problems and this one specifically relating to books.

**MR. RUSSELL:** Well, the financial responsibility for Old Sun on the reserve lies with the federal government. We've had a number of discussions with the Old Sun people, both students and members of the board. You always get into that debate about, on the one hand, respecting the special rights that go with the treaty and, on the other hand, treating Canadians living on Indian reservations the same as all other Albertans. Frankly, in my view the question of the future of Old Sun is way bigger than the state of their library. They are coming to a point of decision-making in the very near future, and that decision will have to be made by the federal government.

**MR. CHUMIR:** I note, if I understand your report with respect to the scholarship fund accurately, that there is no specific program of scholarships directed towards assisting native Indians with respect to their higher education, notwithstanding one of the scholarships is named after the Hon. Ralph Steinhauer. I'm wondering whether you perhaps might ruminate out loud with respect to the pros and cons and the merits of providing some assistance in that direction in light of what is an awakening in our community with respect to the special needs of native communities. We do, as you would note, single out, for example, a million dollars' worth of athletic scholarships out of the \$10 million per year.

**MR. RUSSELL:** You raise an interesting issue, and that is: should the scholarship fund be used to address social issues? To date it hasn't. It's a true scholarship fund. So if a millionaire's son achieves the highest scholastic record in his class, he or she gets an award because they earned it. It doesn't matter what race or religion they are or what the economic status of their family is. So it's a true reward for academic excellence. We've a number of other programs outside the heritage trust fund scholarships which address the issues you raise, Mr. Chumir.

**MR. CHAIRMAN:** The Member for Lethbridge-West.

**MR. GOGO:** Thank you, Mr. Chairman. Good morning, Mr. Russell, Mr. Lubin, Mrs. Duncan. Mr. Russell's opening comments, I think, explain very clearly the value to Albertans of the Heritage Savings Trust Fund. I wanted to ask a general question and then a specific question about the Louise McKinney award. Mr. Minister, the scholarship fund has been in existence for some years, and as you well know, based on government policy in recognizing inflation and cost-of-living increases in collective bargaining, inflation seems to be a factor in Alberta and has been over the years. Yet we've not adjusted, to my knowledge, for inflation with any of these scholarships. Now, if my understanding is correct, your hundred million dollar fund is over \$150 million. I assume that is a result of good management by the Treasurer. Has consideration been given to adjust the scholarship awards for inflation, recognizing that the government has allowed increases in tuition fees and other costs of their institutions?

**MR. RUSSELL:** No, we haven't, and perhaps we should. Where that consideration is being given is in the Students Finance Board which allocates the student loans when you get into the net bottom line situation for the student. But our program, as Leon is pointing out to me, really deals with numbers rather than dollars. You've seen the story in the summary I gave you, and that is that the numbers of students eligible for these awards is increasing, particularly at the high school level. We've dealt with it that way by increasing numbers rather than the value of the awards and still "maintain the integrity of the fund," or close to it, anyway.

**MR. GOGO:** Well, Mr. Minister, you mention student finance which is based on need and not ability, whereas these are in direct relation to ability of the students outstanding and qualify they should then receive them. For example, the McKinney award, that \$3,000 award which is extremely successful, is contingent on people pursuing their studies. As the minister is probably aware, the community college level are large recipients of this award, and we have many mature students 30 and 40 years of age. If it were not for this, many of them simply could not pursue their education. Yet at the same time, I believe the minister is aware that if they receive the McKinney award and apply for a student loan based on ability, they are in effect penalized in their student loan application, because McKinney is included as income. Yet at the same time, as the minister just said, it's based on ability. Yet we, it seems to me anyway, have forgiveness clauses in our student loans. So I suppose a chartered accountant could work it out where winning the Louise McKinney award is really not beneficial other than recognition. I know this touches on a student loan, but in fairness, the minister raised it.

Is consideration being given for the heritage fund saying that awards of the scholarship fund will not be considered as income for purposes of those applying for a student loan?

**MR. RUSSELL:** Yes, we are right into that debate now. The member has raised an excellent point, Mr. Chairman.

There are two points of view. On the one hand, the fact that the student has won a scholarship and thereby can reduce the amount of his loan can be perceived as a good thing. On the other side of the debate is, "Heck, I could borrow more money if you didn't count that scholarship as income." I think members can see the obvious nature of the debate that we're into.

Frankly, I hope we discourage students from going into debt. But the thrust in some quarters seems to be to borrow as much as you can and, if you can't attain that maximum borrowing, you're somehow being penalized. It's an interesting and difficult debate, and we're right into it.

But we have received letters from students who have gone through that very exercise, saying they worked very hard and achieved a scholarship and they could have done nothing and got a bigger student loan, so why did they need to bother to work? We're into a pretty important philosophical question there.

**MR. GOGO:** Final question, Mr. Chairman, to the minister. To qualify for any of our scholarships a person must be a resident of Alberta. As the minister knows, to qualify for senior citizen accommodation in Alberta has a one- or two-year residency requirement. To participate in a STEP or PEP program one must be an Albertan, I believe one, two, or three years in the province of Alberta. Yet when we look at this program before us, it says

"resident."

So my question, Mr. Minister, is: what is a resident of Alberta? Is it simply someone whose mailing address is the province of Alberta, or is it someone who has been a resident in this province for some period of time?

MR. RUSSELL: Leon, how do you measure that? I don't know.

MR. LUBIN: I'd be pleased to answer that, Mr. Chairman, hon. Member for Lethbridge-West.

We define "residency" as someone who has worked in the province for at least 12 months or whose parents reside in the province or an individual who may have married an Albertan and attained residency in that matter.

One of our scholarships, of course, in the graduate level does make provision for any Canadian to apply to do graduate work in Alberta. That is the only category that is open, but otherwise we're very careful about residency. Time spent at a postsecondary institution does not count for a student. If a student moves here from another province to attend university, that time spent does not count to establish residency. They maintain residency in the province they came from.

MR. CHAIRMAN: Thank you.

Before I recognize the Member for Little Bow, I've noted that we have some visitors in both the public and members' galleries. Perhaps on behalf of the committee I can welcome you here this morning. What you're seeing this morning is a meeting of the Alberta Heritage Savings Trust Fund standing committee. There are 15 members of the Legislative Assembly that serve on that committee, 12 of whom are present this morning. We also have appearing before the committee the Deputy Premier and Minister of Advanced Education, the Hon. Dave Russell. So welcome to our proceedings here this morning.

The Member for Little Bow.

MR. R. SPEAKER: Thank you, Mr. Chairman. My question to the minister is with regards to reassessment and looking at the program's objectives. We've had the scholarship program in Alberta for some eight years now. I go back to a comment the minister made in our last hearings, when he indicated that some of the endowment fund scholarship programs were not being equally well exploited. You referred to the J. Percy Page program at that time, the recreation program. I'd like a comment from the minister as to whether he sees the same sort of problem there at this time. Is there a need at this point to reassess some of the goals and maybe change the objectives of the scholarship plan?

MR. RUSSELL: I'd better let Mr. Lubin answer that, because it varies from year to year, as the member understands. If any of you remembered to bring along the summary report I sent, the comparison of expenditure on a year-by-year basis sort of tells the story. You can see where the competition is and where the awards are going. Some seem to be less popular than others, if I can put it that way, but on a yearly basis.

Leon, if you want to comment on any of those annual patterns.

MR. LUBIN: Yes, and I think with particular mention of what the Member for Little Bow has raised with respect to the J. Percy Page awards. I had highlighted that last year as being one

of the programs that didn't appear to be arriving at the fruition that was expected. I think the objective of that program is still as valid today as it was when the program was developed. It's to encourage grass-roots participation, to allow volunteers in recreational activities to further their training so they can provide further benefits to their community. By the very nature of volunteer organizations there is a change in membership from year to year, and where we have difficulty is trying to ensure that all the new people are advised of the possibilities open to them. You'll notice from the statistics we've provided this year that we have been able to increase the number that have applied and have been successful. It's our hope that it will continue, but we do continuously monitor the performance, and we are hoping to look for new ways of stimulating further participation in that program.

MR. R. SPEAKER: Mr. Chairman, to the minister or Mr. Lubin. Has the consumer demand for scholarships changed out in the educational and research fields? Do you note any new requests coming in that do not fit our present terms of reference?

MR. RUSSELL: I haven't in my office. Do you get it in the department, Leon?

MR. LUBIN: Well, we do have one particular program that does invite proposals for new scholarship programs. It's under the the Charles S. Noble Scholarship program. No, we have not been inundated with requests. There are a few that are being considered at the present time. I've talked with different interest groups in the province, and they have indicated that they may be submitting a proposal in the near future. Then it would be evaluated by the board, and if it meets the criteria, I expect it would be developed. There is a continuing demand for scholarships. There is a very positive effect the scholarship fund has had in stimulating interest in achieving excellence, and that's one of the prime objectives of the program. I think the Alexander Rutherford scholarships really typify that. The extra work students are putting forth is shown in the numbers.

With respect to some of the other scholarships, we have increased the numbers that have been made available. We increased the number of graduate scholarships by 25 percent two years ago to accommodate the increased demands, to the point where it was still within financial feasibility of the fund. I would hope the demand stays high, and I think it has. But we've been reluctant to lower the standards to accommodate that.

MR. R. SPEAKER: Final, Mr. Chairman. At times there may be an overlap between funds that come from the lotteries, for recreation specifically. Is there any kind of liaison with that funding, or is it just informal, to make sure there isn't overlap or double use?

MR. LUBIN: There is overlap with the Percy Page. We do maintain contact with the department that presents awards through recreation to individuals in that category, and we do try and ensure that a person doesn't come to both offices to take double funding.

MR. CHAIRMAN: Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Thank you very much, Mr. Chairman. Welcome to the minister. Going back to one of the questions I

asked the minister last year relating to the library development fund, which was a four-year project that supported significant upgrading and expansion of library collections in 15 Alberta public colleges and universities, I indicated to him whether he saw the need to perhaps set up another library development fund which would address the needs of rural and municipal libraries which are facing a lot of difficulties keeping up in terms of developing their book section, et cetera, with the inflation in the last number of years, in view of the fact that Alberta is one of the provinces that funds our public libraries the least on a per capita basis. You indicated last year, Mr. Russell, that you thought it was a good suggestion. Now, I notice nothing was done about it last year. Is it a plan of the minister to perhaps create library development funds which would address that need for the next four years?

MR. RUSSELL: No. The regional library system, of course, is supported by the department of culture through annual operating grants. If my memory serves me correctly, that vote was increased in this year's current budget for the support of the regional library system. But that's one which is run essentially by the municipal governments within the region.

The suggestion we had talked about was the value of the postsecondary institutions' libraries within regions and the extra service they were able to give to the residents living within that region. I agreed with you, I think, that that's a good idea. The availability of library resources for citizens who aren't students is a good concept.

I think I dealt with the extra funding and how it was considered this year when I answered Mr. Chumir's question at the beginning of the meeting this morning. The only point I wanted to make in responding to your question is that there is a role for the college and university libraries, but I don't believe it can become a regional library system, in the sense that we have another system that is supported by another department that does those things.

MR. CHAIRMAN: A supplementary?

MR. PIQUETTE: Yes. Going to the discussion we had last year relating to setting up endowment grants or funds in relation to furthering our research, especially in the social sciences and humanities, has your department taken a look at that again? I know it was one of the recommendations rejected last year, although I think it wasn't rejected out of hand in the sense that it was not a good idea. You were indicating that it was more or less because the capital projects division was strapped for funding and there was maybe not the time to set up such an endowment grant. But in view of that research, and especially, I guess, if you go on to the whole aspect of free trade, that's one of the aspects the government has talked about, that they have to be very competitive in a global economy, hasn't that been reviewed by your department?

MR. RUSSELL: Well, the research endowments, of course, are now all collected under the department of research and technology, and Les Young would probably want to comment on your suggestion. But I know the idea you're talking about, because many of the academic associations at the teaching level have suggested the establishment of two more funds, sort of twins to the existing medical research trust. I dealt with that question last year at the committee when I said we'd be borrowing money to do it, which doesn't really make much sense under

today's conditions. But I'm sure Les Young would want to comment further on that. We haven't given any thought to it, because it's not within our department responsibility.

MR. CHAIRMAN: Final supplementary.

MR. PIQUETTE: Well, a final supplementary. I find it difficult to believe that we have millions and billions in terms of oil sands proposals where the government has made very much a decision to provide grants and so on and so forth. If it's part of the overall strategy of the government to enhance research in social science and technology, et cetera, then why isn't that part of the strategy of the government to make a decision relating to providing extra funds that we talked about here last year?

MR. RUSSELL: Well, yeah; we're straying from the terms of this program. But on the one hand, you're suggesting new ways to spend money, and the example you used is a new way of making money. And surely we have to have both.

MR. CHAIRMAN: Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. My questions are related to the questions asked by the Member for Lethbridge-West. It's relating to scholarships and then having that deducted from student loans. The minister responded that the student wouldn't be borrowing as much money. I think the key thing is not the borrowing of the money or the borrowing of less money, but once you get a student loan, there's a certain amount of it that's forgivable, and those that work hard and achieve a scholarship are being penalized in the amount of forgivable loan. They're not getting that forgiveness, so they're being penalized to that extent, and I think that's the portion we should look at and not whether if you borrow less money or not. Once you borrow less or have that \$3,000 or whatever taken off your student loan, you're losing -- what? -- \$500, \$600, or whatever your forgiveness is. You're losing that money. So we're taking the incentive away from them to improve, in that even though they're not borrowing, and we're giving them the \$3,000 because they were good students -- and I assume those are the right numbers -- they achieved that because they were good students, and at the other end, because of living costs or whatever, they borrow for their student loan, we take that off and cut their forgiveness off. I think that's the part about it, not the part whether you borrow more money or less money but the forgiveness part that you're being penalized with in the end.

MR. RUSSELL: Yeah, you've zeroed right in on it. The only thing I want to say in reply is to back up from what the total picture is. The cost of the student's education is already being publicly supported for everybody by at least 85 percent. So when we're talking about this fairness or scholarship or student loans, we're only looking at the 15 percent or less that we're asking the student to support. Then we get into all these kinds of debates, and part of that debate is, I believe, an unhealthy situation which is developing for students to try and get as big a loan as possible, to get into debt to the maximum allowed so they can then enter into that remission program where they get 40 percent of their debt forgiven. In some cases, if the arithmetic works correctly, it's very beneficial for a student to be able to do that. We get the odd case where a student will do the arithmetic and show that winning a scholarship somehow was a financial penalty to them rather than a reward.

So it's a situation that mixes arithmetic with philosophy, and it's one we're working on. We're working with the students' unions throughout the province on the administration of that Students Finance Board fund, because it's a big fund, and it's supposed to be there to give loans to students who don't have the resources to make it on their own. With the good co-operation of the students we're keeping the students who don't need it out, and that money is being more directly awarded to students who need it.

Now, the scholarship program we're talking about this morning is pure academic merit, and in some cases the two clash because of that darn remission aspect on loans. So it's a complex issue, and I agree it is one which is not entirely fair if arithmetic is the only criterion.

MR. CHAIRMAN: Calgary-Forest Lawn.

MR. PASHAK: Yes. I wonder if the minister could give us a bit of an overview of the heritage scholarship fund itself. Being relatively new to this committee, I guess my understanding is that originally, in 1980, some hundred million dollars was invested. Where's that money invested? What's the current value of the fund? Then, how are decisions made as to whether or not you're going to try to develop that fund in a way that keeps pace with inflation as opposed to providing grants to students that would keep pace with inflation? How are those decisions made?

MR. RUSSELL: There are some good guidelines, and I'm going to let Mr. Lubin go through it. The fund was established in 1980 with \$100 million. At that time it was able to get in on the high interest rates and build up its capital base at a faster degree than it was giving money out. So after all these years and the award of -- I said we're going to approach the \$60 million mark within a couple of weeks -- the current market value of the fund is estimated to be this morning \$168 million. The fund is administered by the experts in the Treasury Department that administer the other components of the fund; we don't do it within the department. As a guideline, in order to make the point you're raising, they try and limit the value of the awards each year to 5 percent of the estimated value of the fund. Now, because of market fluctuations, sometimes they achieve that and sometimes they don't. But the average over the years has been very close to that figure. Leon's got some detailed arithmetic, and I'm sure he'd like to give that to you.

MR. LUBIN: What I could add to what the minister has passed on: the portfolio is structured in such a way as to provide liquidity to accommodate the cash flow requirements we have for the various scholarship programs without having to cash in on equity or long-term bond investments. The portfolio of the investment, of course, will fluctuate to maintain the highest rate of return and the lowest risk at any given point in time, and that does fluctuate. We're not involved in those decisions. We have experts who have done an exceedingly good job, and as the minister mentioned, in the first few years that the endowment was placed under the guardianship of the Treasury for this particular purpose, they did outperform the market to a considerable degree, and we got a very good start.

We know research indicates that over the long run -- and we're talking about 15 to 20 years -- in order to maintain the integrity of the fund for perpetuity, you should try and restrict spending to somewhere around 5 percent. I think, keeping that in mind, you must be aware that when we maintain spending

somewhere between 5 and 6 percent, as we currently have -- and I might add that at the beginning of the year we had projected that we would be at the 5.4 percent level -- there was quite a major drop-off in the market, as it happened, and we ended up at the end of the year expending in the neighbourhood of 5.6 percent. The integrity of the fund has been maintained, and while there was a slight drop-off, we are still in a very healthy situation.

The other thing to keep in mind is that when we're spending between 5 and 6 percent, the real value of the fund is growing, and we have two choices at that point: one, you have a bigger balance to spend on the next year, so the percentage will drop, and you'll be getting closer and closer to the 5 percent; or else you would have more money available to distribute, and then you'd raise your percentage again.

So we weigh those factors, and over the last few years we've had increasing numbers of scholarships that we've made available to Albertans through the Alexander Rutherford Scholarship for High School Achievement and in some of the athletic areas where we've had increasing demands for teams. We've had the inclusion of women's soccer last year. Two of the universities had seen fit to eliminate some athletic programs to accommodate financial difficulties. They are now going back into track and field at both the University of Alberta and the University of Calgary, I understand, so the numbers will increase. So rather than restrict the number of scholarships and slavishly be bound to a 5 percent level year by year, we've allowed that to float, and with the increasing value of the fund, of course, we'll drop it so our aim in the long run will still be 5 percent.

So the \$100 million will never be touched. The real value as well as the nominal value of the fund will be maintained and protected. That is what the aim is, and I think we are well on our way to keeping that intact.

MR. PASHAK: I'd like to thank the guest for the comprehensiveness of his answer.

Just perhaps a point of clarification from the minister. I understand that at one point the value of the fund was included in this document, which is the annual report of the heritage trust fund, and it's not in this statement that was issued today. Is there any intention of returning to that practice of including some estimate of the value of the fund at a given point in time?

MR. RUSSELL: Well, I agree with you. I think it should be in. The Treasurer is responsible for getting the annual report out, and I'll certainly pass that suggestion on. Because I looked for it in there this morning, too, and I didn't see it.

MR. CHUMIR: The last comment anticipated my first question relating to the adequacy of the annual report. I might note that I attempted to get a copy of the annual report from the Legislature Library, and they haven't received one. I just might mention that perhaps there might be some liaison to ensure they have the annual reports.

Secondly, I did note that the annual report does not include a financial statement, financial data. That has just been commented on, but I would like to emphasize my concern about that as well. I think it's very important.

I did want to ask one question about the investments. I'm wondering whether or not either Mrs. Duncan or Mr. Lubin might be aware of what the value is now, the net value, and what proportion of the fund is invested in common stocks.

MRS. DUNCAN: I don't have the answer to that, Mr. Chumir.

MR. CHAIRMAN: You might want to repose that question to the Treasurer when he appears before the committee. I should say to the Member for Calgary-Buffalo, as well, that had he checked his mail, he'd probably find a copy of this year's annual report.

MR. CHUMIR: There is a copy of the annual report. I wasn't sure that it was the annual report. We did receive material. I wasn't sure that was the annual report because it wasn't headed. I had hoped -- when I looked at that material, I was looking for financial data, and I'm saying this doesn't look complete enough to be an annual report. I eventually got one from my office.

MR. RUSSELL: I don't know if this is adding to the dilemma or not, but this endowment fund is one of the deemed capital assets, and we then get into that ongoing debate about whether or not a deemed capital asset of the fund should be shown on the balance sheet of the fund. You know, we have this debate in the Legislature every year, and so . . . You know, there it is in that quarterly report for the end of December, the deemed value of it: \$100 million. But it doesn't show you what the current market value of the investments today is.

MR. CHUMIR: [Inaudible] but I would hope that we would have, and I note that the figures for the year ended March 31, 1987, are in the public accounts. It just seems to me we should have them. The published report, the one I got from my office, is the 1986 annual report with the formal cover on it and so on. That's what I was referring to. In any event, I'll pass on.

Another thing that has interested me arises from comments in the minister's statement to this committee last year on January 14, in which he states:

I'm sure all of the members have had constituents who have benefited from the awards in this program, and you've probably participated in awards ceremonies . . .

I note that the chairman of this committee, Mr. Oldring, later on at page 230 of the transcript of the minutes of this standing committee, states:

I know that all of us have had the opportunity of going out and presenting them in our own constituencies in reference to Alberta heritage scholarships. I must state that I was some surprised, seeing as I've never, never been asked to go and make a presentation. So I'm wondering whether the minister could advise as to what policy is with respect to MLAs presenting scholarships, and is there any policy whereby only government MLAs are to make some such presentation, or whether it's to extend to elected representatives regardless of what party they represent?

MR. CHAIRMAN: Suffice to say to the Member for Calgary-Buffalo, in my own instance it was at the invitation of the local high school principals. I don't know if that's the case in all constituencies or not, but it seems to me, certainly in my constituency, it's arranged locally.

MR. RUSSELL: That's the understanding I have. I've never participated in a ceremony in a school or anything in my own riding, but I believe every member gets a memo from me at some point with a copy of a congratulatory letter I've sent at the time their constituent gets an award, and then you're advised of it. That goes out to everybody, as far as I know.

My understanding is that some high schools in some ridings make quite a ceremony of this and invite the local MLA, and in other cases it's different. The ones in which there is a direct MLA involvement are the Sir Frederick Haultain scholarships, the big ones, the \$25,000 ones, which generally go to people who are out of the learning system already. In that case there is a presentation dinner because of the size of the award, and the MLA, whoever it is, is always invited to that.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Buffalo.

MR. CHUMIR: Yes. Thank you, Mr. Minister. I've had representations made to me by those involved in advanced education with respect to the difficulty of getting top-quality students to universities in Alberta in light of competition elsewhere, the need in particular for more scholarships in the sciences. We've seen that in the medical field there are shortages of some specialties such as geriatric specialists and some areas of pediatrics. I'm wondering whether there is a planning process, an assessment process, within the department of education which attempts to link our scholarship policies with respect to scholarship funds that we have available, in order to determine whether or not they can more effectively meet the needs of higher learning and, ultimately, the province in the long haul. Is there an assessment process within the department, and if not, why not?

MR. RUSSELL: Mrs. Duncan, is there an assessment process within the department?

MRS. DUNCAN: Well, I wouldn't say that there's a formal assessment process. Those are issues we look at from time to time relative to skill shortages, but it's not a formal process.

MR. CHUMIR: Would the minister perhaps ask his department to provide a bit more focus on that direction? Because it seems to me that this funding -- there are certain benefits that can be derived from trying to direct funds to areas of social need, and what concerns me is that we seem to have a rather scattergun approach to this. There doesn't seem to be much of a sense of policy direction.

MR. RUSSELL: No, it's not scattered. I had difficulty with your question, the way you put it, because there's quite a concerted effort of three major programs. One is our thrust in research support, particularly medical research and the allied sciences, and the groups of special scholars that are being collected around there. Second, of course, is this scholarship program, which is unique in Canada, and third is the Students Finance Board's program of financial support, which is also the richest in Canada.

At the same time, we have tried to keep the direct tuition costs for anybody coming into the system at a very low level, and I think the support of other government departments, particularly Agriculture, Technology, Research and Telecommunications, and Economic Development, in blending their commercial research programs as customers with the supplier being the advanced education institutions has been quite successful. Now that in turn is generating, I think, a very fair share of research funds from the national or federal funding agencies. When you get down into it and look at the development of research based and high technology based industries in Alberta

over the last decade in tandem with what's been happening in our postsecondary system -- and I could go on to specific examples. One that jumps to mind is the purchase of the super-computer at the University of Calgary a few years ago and what it was able to do.

Now, I'm really opening up the debate, Mr. Chairman, way beyond the realms of this scholarship program. But there is not just a random approach to this. There is some organization to it.

MR. CHAIRMAN: Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. Mr. Russell, you've said many times publicly in my experience with you over the years that there's more to life than simply working and learning; there's that dimension called leisure-time living. What I'm addressing now is the question of fine arts, culture and appreciation for culture, drama, and so on.

As you know, this government has committed substantial dollars on the receiving end of that, through the Citadel Theatre system here and the Jack Singer hall in Calgary and so on. One of the scholarships that is not included in the 10 scholarships that have been going since our 75th anniversary is in the area of fine arts achievement, and perhaps I would include drama, music, and those things within that term. This committee last year made a recommendation to the investment committee -- recommendation 10, I believe, last year -- to include that as an 11th scholarship. Could you share with the committee, Mr. Russell, your views as to whether there's merit in that? Would you consider a new scholarship for the fine arts, not with an age category but just generally, and whether or not you've taken that recommendation to the investment committee for consideration?

MR. RUSSELL: Yes, we have. That recommendation has been made, I believe, two successive years in a row. Just one minor comment. I believe there's a little bit of misunderstanding that there somehow is no support for fine arts students, and of course, that's incorrect, because any fine arts student has the same access as an engineering or a science or a law student would have to the general pool of scholarship awards.

Even further than that, to guarantee that fine arts students are recognized, the institutions that benefit from these scholarships have a system of quotas which they allocate internally among their faculties. Again, Leon has some figures which indicate that fine arts students are given a specific quota. Students wanting to go, say, to the Banff Centre, which is nothing but visual or performing arts, have access to this and to many other scholarship programs. There's a specific category in the Sir Frederick Haultain Prize at the end of the year for the arts category. So I think it is being recognized. But when we got the recommendation two years running from the committee, we did assess whether or not the scholarship terms ought to be expanded beyond what they are now to the artist who isn't in an academic institution.

I'll let Leon just give you a précis of his discussion with Tommy Banks and the advice we were given. Leon.

MR. LUBIN: Thank you, Mr. Minister and Member for Lethbridge-West. I would just reiterate some of the points the minister made. We do have very good representation from individuals in the arts in the three categories of graduate scholarships that we offer. Again, as the minister mentioned, with respect to the Louise McKinney Postsecondary Scholarship, each faculty is to get a proportionate share of those scholarships, and

we do have special institutions such as the Banff Centre. In addition, we have special recognition of those students who may have to leave the province for studies, and many of them are in the area of the fine arts. They are allowed a special category of Louise McKinney, and they are entitled to compete for it.

The other thing I think we can get back to before I deal with some of the problems in having a special category: when the program was first envisaged, the intention was not to make it subject specific. We said that it was open for competition and that those who have attained excellence were going to be recognized. We took a very balanced view to it. It wasn't seen as an instrument to be used as a specific initiative to encourage or to dangle a carrot in front of students to go into an area that they may not be really dedicated to. And that is one problem.

In looking at the feasibility of trying to select people in the fine arts, it would have to be through competition if it weren't on the academic scene, which is covered. The problem with that is that so much money would be spent on the administration of a juried panel that I'm afraid we wouldn't have very much money left to give out to the people that we're trying to recognize. It's an extremely costly procedure in trying to judge who the recipients should be. We would have to have a traveling jury, I expect. We would have to have a large facility. We would have to have musical accompaniment available, and then we would have to have separate categories, because it would be very hard to judge between an artist and a musician or between a dancer and another category. So you would have to set up a number of categories.

The competitive aspect of trying to define who would be successful is another problem. Given that we have an objective of trying to maintain our spending at about 5 percent of the value of the fund, this would take us into a dangerous level where the integrity of the fund might be jeopardized.

MR. GOGO: Well, Mr. Chairman, perhaps then a better communication job is required. I've had various music teachers in the elementary school system come to me. One that comes to mind is Mrs. Barbara Walker of Lethbridge who has taught music for 20-odd years, and her view is that the Alberta government does not endorse the fine arts, music and drama and so on, in that system. Now, I can appreciate we're dealing with the Minister of Advanced Education, the postsecondary system, but I'm now talking, Mr. Minister, about a dedicated teacher involved in the education of our children who will some day be within your department. They perceive, along with people at the University of Lethbridge, that the government has not in any meaningful way given an indication -- and as the minister well knows, and Leon certainly knows, it's these things at a very early age that bear fruit in later years. I think that was my motivation for moving that motion a year ago; it was that we recognized that. I view it as very important.

Maybe, as indicated now, it's fraught with problems, and maybe it's a matter of communication. I would like to think, Mr. Minister, that the people responsible for the heritage scholarship trust fund, which deals only with postsecondary institutions, could perhaps get that message to the elementary system of our education program from whence those students come that, indeed, this is considered at the other end. Perhaps the minister would want to comment.

MR. RUSSELL: I suspect your suggestion that it's a communications problem is probably correct. Just looking at the figures, last year there were just under 4,500 students in the ele-



mentary and secondary system that received Rutherford scholarships, and I have to assume that students who are interested in music or art would get their fair share of those scholastic rewards, just as somebody who's got law or medicine as a goal. I think we've dealt with the subject that indeed there are scholarships in the formal postsecondary system which are also available to students pursuing fine arts careers.

The difficulty is the one Mr. Lubin described, and that is, giving scholarships out of this program to students of the fine arts who are not enrolled in an institution. But again in that case there's a heavy series of awards given by the department of culture to any number of people, just based on operating expenses. I think we've all had copies of letters from the minister of culture giving awards to our constituents for whatever purpose. I've seen a wide range of those. So I believe the support is there, but the thing you've zeroed in on, I think, is communication. There's a misunderstanding there, and secondly, there appears to be a gap that heritage scholarships don't go to fine arts students not enrolled in an institution.

MR. GOGO: A final question, Mr. Chairman. Mr. Minister, I don't know of anything more gratifying as an MLA than presenting on behalf of the fund the Louise McKinney scholarship. I mean the Rutherford, and so on, but I'm thinking of the Louise McKinney because of the type of people, many of them mature students -- the 17th of this month it's going to happen at Lethbridge -- and their fine scroll, and they are signed appropriately by you and so on. Have you ever considered, because we seem to be in the era of medallions -- not thinking of the Olympics so much, but we did that on the 75th anniversary; we gave them a medallion -- something in the form of a medallion that recipients of the Louise McKinney award could receive? I don't know how costly that would be to your program. But I'm wondering if you would consider that in addition to a scroll we could in fact present a medallion to the recipients of certain of the awards. I'm thinking of the Louise McKinney awards.

MR. RUSSELL: No, I hadn't considered that, but we could. I don't know what it would cost. I can't see it being a large amount of money. But that's a suggestion we'll consider, certainly. These days you wonder if we'd have to get involved in urine testing as well, before they get their medal.

MR. PIQUETTE: Well, a couple of my questions were asked by the Member for Lethbridge-West. I'm not sure if this information was provided just before I came in, but how much was expended this year in terms of the scholarship out of the total endowment fund?

MR. RUSSELL: Well, for '87-88 it was \$9,409,921.

MR. PIQUETTE: For 1987-88? And that comes out to the 5 percent or more than the 5 percent?

MR. RUSSELL: It's slightly more than 5 percent. Our estimates are that it's 5.6 percent.

MR. PIQUETTE: Which is about the same as last year. Last year we were over the 5 percent.

I guess I would have to ask this question of the Treasurer. But with the drop in the stock market, et cetera, last year it still seems that the endowment fund, even though it still continues to

grow -- is that on market value analysis here?

MR. RUSSELL: You may have been out of the room, but Mr. Lubin dealt with that in some detail earlier this morning. Just in summary, the assessment is that over the years of the program we've done better some years and a little poorer in other years, but it's balanced out satisfactorily.

MR. PIQUETTE: Okay; thank you.

MR. CHAIRMAN: Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. One quick question, and it's related to heritage learning resources, the program that was launched in 1979 as part of our 75th celebrations. Now, this is -- what? -- eight or nine years later. I wonder if we have any information that would indicate our desire to put that information out in creative publishing, in books and material and whatever to use in classrooms, if that's shown a result in more information about our history, rather than, as a lot of our history books used to be, about U.S. history and British history and everywhere else but Canadian and Albertan. It should have started with some students in grade 6, and they should be either almost through or through university now. I wonder if it's shown any improvement in our knowledge of our own country and in our own province rather than that of everywhere else.

MR. RUSSELL: I can't answer that question. I know when Mrs. Betkowski had the Education portfolio, she and I had some pretty vigorous discussions privately about the necessity of these English and grammar exams, the written tests that the freshmen were having to pass. I said that if she was doing her job properly, we wouldn't have to have the exams, and she said that if we ran fair exams, you know, the results would be better. So let us say it's a clouded result at the present time.

MR. CHAIRMAN: Thank you. Well, there are no further questions at this time.

Mr. Minister, I want to thank you and Ms Duncan and Mr. Lubin for appearing before the committee this morning. Again, thank you for that excellent overview. I think a lot of the information was provided to the committee ahead of time, and it was most helpful for those who took the time to go through it. We can see that our scholarship fund is receiving good stewardship and is in good hands and indeed accomplishing the objectives that it set out to. It really is heartening to note that we're going to be approaching the \$60 million mark in the next couple of weeks and that at the same time the actual endowment has grown from \$100 million to \$168 million. So the concept really is working extremely well. We thank you, and we congratulate you on that as well.

MR. RUSSELL: Thanks, Mr. Chairman.

MR. R. MOORE: I move that we adjourn.

MR. CHAIRMAN: Motion to adjourn by the Member for Lacombe.

HON. MEMBERS: Agreed.

[The committee adjourned at 11:14 a.m.]