

Title: Wednesday, April 5, 2006 Public Accounts Committee

Date: 06/04/05

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: I would like to welcome everyone on behalf of all members of the Standing Committee on Public Accounts this morning. I think we should quickly go around the table and briefly introduce ourselves.

[The following members introduced themselves: Ms Blakeman, Mr. Chase, Mr. Eggen, Mr. Griffiths, Mr. Johnston, Mr. Lindsay, Mr. MacDonald, Mr. Prins, Mr. Rogers, Mr. VanderBurg, and Mr. Webber]

Mr. Backs: Dan Backs, Edmonton-Manning.

Mr. Taylor: Good morning. Dave Taylor, Calgary-Currie.

[The following staff of the Auditor General's office introduced themselves: Mr. Dumont, Mr. Dunn, and Mr. Hoffman]

Mr. Hancock: Dave Hancock, Edmonton-Whitemud, Minister of Advanced Education. I'll introduce our officials in a moment.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: Thank you. Now, the agenda packages were sent around last Thursday. The committee clerk is circulating the follow-up response of Mr. Dunn from the March 1, 2006, meeting.

I would like now to please have approval of the agenda as circulated. Mr. Lindsay. Moved by Mr. Lindsay that the agenda for the April 5, 2006, meeting be approved as distributed. All in favour? Opposed? Seeing none, carried. Thank you.

Now, I would also, please, like to seek approval of the committee meeting minutes of March 22, 2006, which are attached. Any questions regarding those minutes? May I have approval of those minutes if there are no questions? Thank you, Mr. Rogers. Moved by Mr. Rogers that the minutes for the March 22, 2006, committee meeting be adopted as circulated. Carried. Thank you.

Now for our meeting with the Hon. Mr. David Hancock, Minister of Advanced Education, this morning. I would invite the minister to introduce his staff. I would like to remind him that we would like brief opening comments, not to be more than 10 minutes, a brief overview of the Department of Advanced Education. There are many members who have expressed an interest in directing questions. Any of your other staff who wish to participate are welcome to do so, and if they want to supplement an answer, they can just feel free.

Mr. Hancock: Thank you, Mr. Chair, and thank you to members of the committee. I do want to introduce staff members who are here with me because I can say without any equivocation that the people who work in the Department of Advanced Education do a phenomenal service for Alberta students, Alberta learners, and assisting the institutions that provide opportunities for those Alberta learners.

I have with me today Dr. Bill Byrne, who is our deputy minister; Phil Gougeon, the assistant deputy minister of adult learning; Shirley Dul, assistant deputy minister of apprenticeship and industry training; Rai Batra, assistant deputy minister, strategic corporate services; Blake Bartlett, executive director, financial services; John Ferguson, senior manager, financial reporting and accountability; Gerry Waisman, executive director, student assistance; Bill Spaans, director, planning and measurement; Michael Shields, communica-

tions director; and Marg Leathem, director of business integration. As you can tell, I have a superb team here with me, and I anticipate that for any questions you might ask me, I will be able to find the answer. If not, I of course will be more than pleased to report back to the committee with answers to any questions we can't advise on today.

I'm delighted to say that throughout the period of time that I've had the privilege of being Advanced Education minister – and this meeting is, of course, about the 2004-2005 year – advanced education has been a priority for our government. It involves more than Alberta's youth attending classes at university or college in traditional bricks-and-mortar institutions. Equally valuable learning settings also include apprenticeship training, adults learning in communities, community learning councils, English as a Second Language training, rural Albertans participating in adult upgrading courses. I often refer to the department as advancing education rather than Advanced Education because often people think of it simply as the colleges and the universities and the technical institutes, but it's much, much broader than that.

The vision for Advanced Education embodies all of these elements. It's a vision of a province where all Albertans have access to higher learning opportunities no matter where they live. It's a vision of a province that will enjoy even greater success in the century ahead thanks to a solid foundation and legacy of higher learning that we're able to create here today. We want Albertans to be inspired to reach their full potential through advanced learning, to move from where they are now to where they can be. The annual report that we present this morning chronicles the decisive and clear actions, the priority that our government has placed on postsecondary education to achieve that vision.

Much of the work that was done in Advanced Education last year was based on input from stakeholders in collaboration with them. In January 2005 all postsecondary stakeholders came together to share short-term and long-term ideas and priorities for the future of the system. We brought in the presidents and the chairs of every postsecondary institution in the province plus students, faculty, members of the public, agent provocateurs, basically a large group to really talk about what the vision was, what we needed to do to get there, and also, of course, what the stones in the shoes were, what the things were that needed to be done early.

As a result of that collaborative work we launched the landmark Bill 1, Access to the Future Act, the first legislation of its kind in Canada, creating the new and expanded multibillion dollar endowments for advanced education. You'll recall that Bill 1 promised 4 and a half billion dollars' worth of new endowments: \$3 billion for the access to the future fund, a billion dollars to the heritage scholarship fund, half a billion dollars to the ingenuity fund. Of course, we had already announced an additional half a billion dollars for the AHFMR, the Alberta heritage medical research fund. I consider both of those funds, the ingenuity fund and the heritage medical research fund, to be part of advancing education because they're research based.

We committed to 60,000 new learning opportunities by 2020, with 15,000 of them in place by 2008. Some of those, obviously, will be in the traditional classroom, but others will be in areas like adult literacy, community adult learning, full and continuing learning at postsecondary institutions, apprenticeships, and innovative forms of education and delivery. We covered tuition fee increases of public postsecondary institutions last fall.

So there are a lot of major new initiatives, but the annual report outlines other accomplishments in a variety of different areas.

Apprenticeship and industry training. There has been a real focus on that in 2004-2005. New ways of offering apprenticeship training

were provided in 13 different trades, things like mobile classrooms to bring training to students on job sites or in remote and rural parts of the province. The first graduating class from the mobile unit in Conklin in September I think is a significant step forward.

As well, more than 760 aboriginal apprentices were registered in the apprenticeship and industry training program in 2004-2005. That was a 12 per cent increase from the year before and part of the upward trend in that area so that this year we were able to announce over a thousand aboriginal apprentices. A large part is a result of the Alberta aboriginal apprenticeship project and the work of our client services units in reaching more aboriginal people and organizations, increasing industry awareness of the benefits of hiring aboriginal people as apprentices. It represents a major accomplishment, in my view, both in improving aboriginal participation in the workforce and addressing the need for skilled labour in Alberta but, more importantly, for assisting aboriginal people to be full participants in the economic success and the community success of the province.

Access to learning opportunities in rural communities. Adult learning councils were expanded to respond to recommendations from the MLA Committee on Lifelong Learning. Forty-eight community adult learning councils expanded their programming, and in 2004 program participation was increased by 19 per cent, with more than 11,000 registrants in 816 courses in 153 rural communities.

It's no secret that Alberta has one of the most generous student assistance programs in the country. Funding for scholarships, bursaries, and grants totalled \$142 million in 2004-05, more than 10,700 students received \$23 million in Alberta heritage fund scholarships, and more than \$17 million in achievement scholarships were awarded to over 15,000 Alberta students, which was a 15 per cent increase from 2003-2004.

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Alberta opportunity bursaries, special-needs bursaries, and maintenance grants totalled an additional \$21 million. We also provided \$81 million in loan-relief benefits and completion payments in 2004-2005 to reduce student debt levels. So we went a long way to making sure that qualified students can afford their education. Frankly, we do a lot in this province to make sure the system is affordable, but we know that more can be done, and as you're well aware, we're working on proposals in that area. The other thing which we have to work on is making sure that people know that they can access the funding, and that's an area that has consistently been an issue and one that we have to continue to work on.

Looking at overall funding, our government provided almost \$1.5 billion to Alberta's advanced education system, an increase of \$107 million over the previous year. The majority of that funding, \$1.4 billion, went directly to postsecondary institutions, students, and agencies that provide programs to adults. In recognition of outstanding performance in such areas as increased accessibility, graduate employment, and graduate satisfaction, 23 institutions received an additional \$11.8 million in performance-envelope funding to recognize their success in achieving performance targets.

In terms of performance 2004-2005 was a very productive and successful year. We met or surpassed targets on eight of the nine performance measures that have targets. Almost 80 per cent of institution graduates surveyed in 2004 were satisfied with the overall quality of their postsecondary education. Of recent apprenticeship graduates surveyed, 93 per cent were satisfied with their on-the-job training, and 95 per cent continue to be satisfied with their technical training. Ninety per cent of employers surveyed are satisfied with the skills and quality of the work of postsecondary graduates.

The performance measures also show that the department continues to be highly regarded by stakeholders and partners. Ninety-eight per cent of the ministry's partners and stakeholders agreed that Advanced Education staff are collaborative, and 82 per cent of our staff are responsive and flexible. I believe that these are outstanding results. We're headed in the right direction. It doesn't mean that there isn't room for improvement. We constantly strive to improve. That's what advancing education is all about. I look forward to seeing even better performance results in the years ahead as we continue to improve the advanced learning system.

We achieved a great deal in Advanced Education last year. More lies ahead. We've initiated a process for a complete review of the advanced learning system with a focus on meeting the future needs of all adult learners. Many of you participated in A Learning Alberta: Framing the Challenge, designed to examine all aspects of the adult learning system, including current funding, tuition and affordability, rural education, innovation, roles and responsibilities, aboriginal learning, foundational learning, and diversity.

In putting the system under a microscope, we will build on the many accomplishments highlighted in this annual report and create a vision that will carry adult learning in Alberta into the 21st century. Once completed, we'll implement the results of the Learning Alberta review as well as many of the new initiatives launched under Bill 1, such as the single point of access program.

I look forward to building an already strong advanced learning system, as reflected in this annual report, to position Alberta to be a true learning society. We need to make sure that Alberta will become a learning province, where advancing education and lifelong learning are the cornerstones of a healthy and prosperous and progressive society.

I'm delighted to be here. I have officials with me. I will take care of any of the easy questions you might have, and of course if you have any difficult questions, I will look to my staff for help.

The Chair: Thank you, Mr. Hancock. I would like to advise the minister and his staff at this time that they do not need to touch the microphones. If individual users press the button, it actually turns off the *Hansard* console operator. Okay?

Mr. Dunn, do you have anything?

Mr. Dunn: Yes. I'm going to try and be brief, but this is a very large ministry, so bear with me.

Our comments on the Ministry of Advanced Education start on page 77 of our 2005 annual report. In that section we report on three new numbered recommendations for the department and two numbered and several unnumbered recommendations for various postsecondary institutions.

For the department we put two numbered recommendations on pages 82 and 83 related to student loan management processes. The first recommendation is that management should consistently use graduation and employment data and loan repayment in assessing which programs are eligible for student loans. For example, management has not tested graduation and employment data from private vocational schools in the past three years. More complete information will help the department ensure that it is providing student loans for programs with good employment rates and low rates of students defaulting on loans.

The second recommendation is that management should "test and evaluate the risk of issuing excessive loans and [related] grants because of invalid student eligibility information." Management tests a sample of eligibility information, but we noted that further testing would be beneficial in factors such as income and residency requirements. For the information that is tested, management

calculates the specific overpayments but does not estimate the potential overpayment for the entire population. With information on the potential magnitude of total overpayments, management would minimize providing loans and grants to those who are not eligible and, therefore, have more funds to provide loans and grants to those who need it.

We also report a numbered recommendation on page 84: the department should "work with post-secondary institutions to find opportunities to purchase goods and services at better prices." Our testing estimated several hundreds of thousands of dollars of savings on some of the transactions we audited. The amount of savings that postsecondary institutions are able to achieve will depend on the level of co-ordination that occurs, and we believe that the department can help facilitate this co-ordination.

Next, our most significant recommendations for the postsecondary institutions. For the University of Calgary management should improve research management processes. Re reporting numbered recommendation on page 90, that the university "define research management roles and responsibilities," we found that policies are deficient and that roles vary or are not properly defined.

For Athabasca University we report on page 97 that management should

improve its information technology planning and governance by:

- . . . [defining] its overall information technology strategy
- adopting a formal information technology internal control system framework
- creating an overall steering committee to manage [IT].

The university has administrative systems that provide the needed information. However, given the lack of full functionality and integration, sometimes significant manual intervention is required to complete processes. Management's IT strategy should assess the benefits of better integrating the systems against the associated costs.

For Mount Royal College at the request of the board of governors we audited the governance process related to remuneration agreements with two former vice-presidents and one current vice-president of the college. We report three unnumbered recommendations on pages 100 and 101, that the college improve its governance systems to better evidence and appropriate approval for these remuneration agreements.

Finally, we report that both the University of Alberta and the University of Calgary continue to make satisfactory progress in improving their internal control systems. I want to emphasize this because this follow-up is related to our very serious concerns expressed in our 2003 annual report.

Mr. Chairman, those are my opening comments. We'll take any questions directed to us. Thank you.

The Chair: Thank you, Mr. Dunn.

I'd like to remind MLAs other than committee members in attendance that everyone from the Legislative Assembly is entitled to participate in the proceedings, but if there's to be a vote, according to our Standing Orders only members of this committee are allowed to vote.

I would like now to proceed quickly to questions, starting with Ms Blakeman, followed by Mr. Johnston.

Ms Blakeman: Thank you very much. My question flows from recommendation 15, appearing on page 82 of the Auditor General's report. It's around designating programs as eligible and noting that the department hasn't used information consistently and reliably. There is a student loan default risk of almost 10 per cent. It looks like \$225 million in outstanding loans and an allowance for de-

faulted loans of \$25.5 million. So the question is: why is the ministry failing to adequately reduce these student loan default rates?

Mr. Hancock: I'm not sure that the default rate is out of line with the overall default rates.

Ms Blakeman: Let me say risk then.

Mr. Hancock: Okay. We have progressed on the recommendation of the Auditor General. We are testing the reliability of student graduation and employment data for private institutions in our 2005-2006 operational plan, and we're including efforts to automate this work through the program registry system. So that's a recommendation that we're moving on. It's very important because that's one of the real tests: are the programs effective for learners? We don't want to finance learners through programs that are not effective for them, so that's an important test, and we're following up on it.

At the front end of the system and designating the programs: that work is undertaken. But we haven't adequately done the follow-up in the past, as pointed out by the Auditor General's office. So those systems are now being put in place to do that.

8:50

Ms Blakeman: In the year that we're considering, was any work done or any studies completed or considerations around changing the current program for medical residents? They are postgraduate students, but they're not given the same interest relief as some other postgraduate students. They start being charged for interest immediately. A number of other provinces have now changed their programs to address that, and I'm wondering if that was being considered or studied during this year.

Mr. Hancock: I can't answer for the first part of the year, obviously, as to whether it was being considered or studied. I know that I met with the PARA organization and individuals I believe during that fiscal year, and we've been working on the issue in conjunction with the other changes to the student finance system. The question was whether we should move on that ahead of other changes, and we're still resolving that.

The Chair: Thank you.

Mr. Johnston, please, followed by Mr. Taylor.

Mr. Johnston: Thank you, Chair. My question takes us to the Advanced Education annual report 2004-05, tuition fees on page 7. The new tuition fee policy was implemented for 2004-2005. Can you explain what changed?

Mr. Hancock: In that year there had been a formula put in the Post-secondary Learning Act – and I'll look to Phil to correct me if I go wrong here – which provided for tuition fees to be no more than 30 per cent of the operating costs of the university. As I understand it, some of the institutions were achieving that level. So the formula was amended to allow for a maximum increase of \$276 in that year for institutions below the 30 per cent, but institutions that had hit that were allowed maximum annual increases of the Alberta consumer price index plus 2 per cent, to a maximum of 5 per cent total. Prior to that change there were no provisions for institutions that were over the 30 per cent limit. Now, currently there are no institutions over the 30 per cent limit. So I'm not sure that the change really impacted anything, but that was the provision that was made.

Mr. Johnston: Thank you. My final question: can you summarize the issues with the current policy that you want to address with the new policy to implement next fall?

Mr. Hancock: Well, there's still a lot of concern about tuition levels. As you know, last year we kept the tuition levels at the 2004-2005 level by paying the increase, so the institutions had the benefit of the resources, but the students didn't have to pay it. That was intended as a one-time program. That has now in this year's budget been extended to consistently hold the level to 2004-2005. So we've embedded the cost of that in the institutions' budgets.

We're in the process of doing what I've called an affordability review, which will include the tuition policy question as to how we go forward with tuition fees. Tuition is an important part of the process, obviously, for the institutions. It's also part of our consideration as government that there needs to be an appropriate share between the learner and society. It's determining what that appropriate share is and making sure that it's affordable, that every Albertan can afford it and knows that they can afford it, that needs to be built in.

The whole issue is broader than just tuition policy. It's the cost of getting to school and the cost of going to school. For people who have to move, particularly from remote rural areas, the cost of getting there, the cost of living when they are there, all of those impact the cost of getting to school. So I've broadened the discussion beyond just tuition policy. This spring we'll have a policy for discussion on tuition and affordability and have it in place for implementation in the fall.

Mr. Johnston: Thank you, Minister.

The Chair: Thank you.

Dave Taylor, please, followed by Fred Lindsay.

Mr. Taylor: Thank you, Mr. Chairman. I want to congratulate the minister for shining the spotlight on advanced education and making it a much higher priority than it had been in the past. I think he's done an excellent job in that regard.

I want to continue along the affordability theme here, building on tuition policy to an affordability policy. Part of affordability, of course, has to do with the debt levels that students acquire if they have to borrow money to attend school. Page 39 of the 2004-05 annual report indicates what is widely known, that Alberta student loan program interest rates are high: prime plus 5 per cent for a fixed rate, prime plus 2.5 per cent for a floating rate. Could the minister provide a breakdown, based on fiscal year '04-05 numbers, of the additional cost to the ministry of reducing those interest rates, including both prime and interest-free loans?

Mr. Hancock: Well, that would be easy. There's no cost at all to the ministry because we don't record the income. But that wouldn't be the answer you're looking for. What I can tell you is that I have asked Finance to work with us on the cost to government of reducing those interest rates and talked to the Minister of Finance about whether it's possible to immediately move to a government borrowing rate on those loans. We're working on the details of that, and I hope to have an answer very quickly relative to that. It's not revenue or an expenditure in our budget or our annual report. It's revenue to general revenue.

Mr. Taylor: And expenditure to the student.

A supplementary. I believe you mentioned a number of \$81 million total in completion payments and loan relief benefits. Was that the correct number?

Mr. Hancock: Yes.

Mr. Taylor: Okay. I wonder if the ministry has taken a look at the notion of the cost of taking those benefit payments or remission payments that you ultimately make and turning them into upfront grants, whether that would in fact be a more efficient, cost-effective way of doing it.

Mr. Hancock: We've actually talked about all of those things, and I'm hoping that the affordability review will bring back some recommendations on that. Sometimes you have to question whether or not it makes sense to have a whole structure to do loans, particularly with the provincial loans where we do provide grants upfront. In fact, we've got significant grant numbers: \$9.3 million in maintenance grants; \$11.7 million in opportunity bursaries. We're estimating \$8.1 million in a rural incentive bursary for next year; student loan relief, \$35.4 million; \$9.8 million in the Canada study grant; \$28.5 million on the millennium bursary. So there's a lot of granting that happens already.

On the numbers that you were talking about – again, my officials can correct me if I'm wrong – the breakdown of that is between the student loan relief/benefit, which is essentially a grant to a first-year, first-time borrower in lieu of a provincial loan. So for a first-time borrower in the first year, if they qualify for the maximum, we won't actually loan them money. We'll grant them the money on the provincial side. Then if you're a maximum borrower, you'd get the loan relief at the end.

The problem that comes up is that there aren't similar programs on the federal side. So if you're a maximum borrower through the lifetime of your four-year program, you can end up with a maximum debt of \$28,000, and that will be, in essence, federal loans. So we do a lot of loan relief on it.

It's a good question as to whether it would make more sense to come at it from a different direction rather than manage it on a loan portfolio basis.

Mr. Taylor: Thank you.

The Chair: Mr. Lindsay, please, followed by Mr. Chase.

Mr. Lindsay: Thank you, Chair. I also want to thank the minister for his excellent annual report and for the work he is doing to move his ministry forward. On page 7 of the annual report, under goal 1, high-quality learning opportunities for all, can you provide an update on progress in creating 15,000 learning opportunities by 2008?

Mr. Hancock: First of all, I want to emphasize that when we talk about 15,000, 30,000, and 60,000 new learning spaces, we want to make sure that we understand that we're not talking strictly about full-time learning equivalent spaces at institutions across the province because the nature of learning is changing. We're really looking at alternative delivery models so that every Albertan, regardless of where they are in the province, can have access to appropriate learning opportunities.

9:00

It is about online learning. It's about supporting eCampus Alberta and supporting Athabasca University. It is about alternative delivery methodology that NAIT, for example, has undertaken with their NAIT DATE project so that they can do apprenticeship programs for electrical apprentices, for example, in five or six different communities at a time so that those learners don't actually have to leave their communities, leave their jobs, have a second residence, have the

extra costs involved. It's about the different ways of delivering the learning opportunities.

It's also very much about areas of learning that people don't traditionally think of in terms of Advanced Education, and I stressed that in my opening remarks. In Alberta, if you take the latest statistics that we have available, we've got about 42 per cent of adult Albertans at level 1 or level 2 literacy. So the community learning programs are absolutely essential, and the 6 per cent increases that are going to those councils are absolutely essential to help us with the literacy end of the program, with ESL programming for new immigrants to the province who need to get the language of work and the language of community. So those are important spaces.

We're moving very well at the 15,000 mark. We have a 10,500 increase in 2005 in the number of Albertans aged 18 to 64 participating in learning opportunities. That includes 2,550 full-load equivalent spaces at postsecondary institutions. It includes almost 1,500 spaces that will assist us in meeting the demand for skilled workers, apprenticeship spaces.

We have, as you know, included in this year's budget \$61 million to open new spaces of the traditional space variety. I wanted to start by emphasizing that this is not just about the traditional spaces, but we are funding a significant number of traditional spaces, and we're well on our way to achieving the 15,000, even if we measure it on full-time learning equivalence. We'll be well over that if we take into account what we intend by that concept, which is an opportunity for every Albertan to move from where they are now to where they can be, to get the literacy skills or the English language skills or the learning programs that they need to move to the next level in their area of work or in the formal education system.

Mr. Lindsay: Thank you for that clarification. Could you also describe the activities your ministry has undertaken or is planning to undertake to increase accessibility for rural learners?

Mr. Hancock: There are a number of areas there that we've really encouraged. Of course, we have a very good college system. It's actually a model in this country, in my view: the distribution of learning from university, college, technical institutes, community learning councils, consortiums. We have encouraged greater collaboration within the system, so you see organizations like the University of Alberta that have made agreements with virtually every college in the province to deliver baccalaureate-level programs through the college platform to the local communities. That assists in areas, for example, of expanding a bachelor of science nursing program to a Grande Prairie area or to other areas of the province so that people don't have to go to Edmonton to take that programming. This year, of course, with the budget funding they'll be able to collaborate with Medicine Hat to deliver an education program through Medicine Hat College, those sorts of processes.

We're also working with the rural colleges to collaborate in the apprenticeship area. There are areas, for example, a classroom at the OPTI-Nexen site just south of Fort McMurray, where the employer has agreed to put in place a classroom and the technology that's necessary. The employer has agreed that the apprentices that they have can stay onsite in camp when they're not working so that they can go to school and, in fact, to release apprentices from a portion of their shift to attend school.

Keyano College and Red Deer College have collaborated to provide instructors so that the electrical apprenticeship program and the steamfitter/pipefitter program can be offered onsite. The benefit, obviously, to the employer is that they don't lose the employee. They take the learning opportunities; they go back to work; they apply their learning opportunities. The benefit to the learner is that

they can apply their knowledge immediately and thus cement it. They also don't have to lose wages while they go back to school, and the employer, of course, doesn't run the risk of losing the employee, who might go out to school and then go back to a different site someplace else.

So it's win-win all the way around, and it's a good way of getting the learning opportunities to people who might otherwise delay in going back to school. What we're trying to do is make sure that where appropriate we can unleash the potential in rural communities, whether it's aboriginal learners, whether it's rural learners who because of job or family will not move to the city to take an education, and make sure that that platform is there.

One of the best things that I can recall over the last year was meeting a young fellow – well, I don't know how young – in Slave Lake who has five children and is a single parent. He got his education degree from the University of Alberta without ever coming to the campus here. He's now teaching in a rural community in the north. He lives on a Métis settlement, and when the school's finished at this Métis settlement, I'm sure he's going to be teaching there, and he'll be a role model and a mentor in his community. That single instance is going to move the education of Albertans ahead phenomenally, that one individual, and we can duplicate that in so many ways across this province. That kind of delivery into rural Alberta is going to make a huge difference to the rural economy and rural quality of life and the ability of people in rural communities to participate fully in the economic potential.

The Chair: Thank you, Mr. Hancock.

Mr. Chase, followed by Mr. Webber, please.

Mr. Chase: Thank you very much. My questions all have to do with the blue book. Based on previous ministers' difficulty, in many instances inability, to answer blue book questions, we provided the ministry with these questions in advance. My first reference has to do with page 511 of the blue book. According to its website the Lycée Louis Pasteur is a bilingual, nondenominational, independent school for students from preschool and kindergarten maternelle to grade 9. Why is Advanced Education providing it with a \$20,925 grant?

Mr. Hancock: We don't believe we are. I think that was probably an error in allocation when the two departments were split up, and that is very likely an Education grant rather than Advanced Education grant, but we'll follow up on that.

Mr. Chase: Thank you. You may have partially answered the next question then. How many other independent schools that do not teach postsecondary education receive grants from Advanced Education?

Mr. Hancock: I would expect that the answer to that is none. We will take a look at the detail and make sure that those allocations, any of the ones that showed up in the blue book that you've very kindly identified for us, will be allocated in the right area. There's no reason that I know of, but, Phil, you might be able to tell me if we're supporting any trades or registered apprenticeships or those sorts of areas.

Mr. Gougeon: The only possibility is that we do have family literacy programs. We provide funding to the adult learning councils, so we have to check to see whether some of these might have received a payment in order to deal with a family literacy project that may be run in that particular school. It caught us by surprise when we saw this too.

The Chair: Thank you. I would like to remind the hon. Mr. Hancock and his staff that if there are any follow-up provisions or any information that's to be provided, can you do it through the clerk, please, to all members of the committee? Thank you.

Mr. Hancock: Yes, we'll certainly do that.

The Chair: Mr. Webber.

Mr. Webber: Thank you, Mr. Chair. Hon. minister, I want to refer to your annual report on page 13 with respect to the transfers from the federal government of Canada. It's noted here that the actual figure was \$217 million when your budget was \$244 million. Also, the year before was at \$226 million. So I'm just curious to know why the year 2004-05 was significantly lower at \$217 million.

9:10

Mr. Hancock: That would relate to the fact that money that transfers from the government of Canada under what used to be called the health and social transfer, the Canada social transfer – the formula for that is based on income revenue for government. So when our income goes up, our transfer goes down. That's, I think, the preliminary explanation for it. Is there a more detailed one? That Canada social transfer is allocated to Education, Advanced Education, Children's Services, et cetera. So we get our allocation from it. But when the global number goes down, our transfer goes down, and the reason it goes down is that as our income tax revenue goes up, as the provincial income goes up, we get a lower transfer from the federal government.

Mr. Webber: Great. Thank you.

I have another quick question here. Same page, 13, on investment income: budget \$5 million; actual \$4 million. What does investment income relate to?

Mr. Hancock: Well, I guess, maybe my earlier answer may have been incorrect because it appears on this note that that investment income relates to student loan income. So I guess we do record it in our books. Yeah. Okay. I apologize for that. That would be the student loan income.

The Chair: Thank you.

Mr. Backs, please, followed by Mr. Prins.

Mr. Backs: Thank you, Mr. Chairman. I must applaud the hon. minister on some of the new moves to increase aboriginal apprenticeship. I think those are long overdue and need a great deal of work and hold great potential for the province.

My question is on page 25 in the annual report 2004-2005, and it relates to the percentages of learners completing programs. Now, as I understand it, this year has been a banner year really in terms of the journeymen finishing their apprenticeships. Some of them, as it says on page 25, you know, complete it one or two or three years after their actual apprenticeship period, but they do complete it. With something like between 40,000 and 50,000 people indentured in the apprenticeship programs in Alberta, I find these figures very misleading as a performance measure because I see between 4,000 and 5,000 – call it 4,500 – completing, between 40,000 and 50,000 – call it 45,000 – in the system. That sounds like 10 per cent. As a satisfaction sort of measure I have problems with seeing great satisfaction in a system where you have something like, perhaps, 10 per cent completing apprenticeship.

The question I have is: what is the ministry doing to improve these measures, and can these performance measures be changed in the future to truly reflect beginners and completers?

Mr. Hancock: Yeah. We're always looking at better ways to measure outcomes appropriately. Often the measures that we have I find frustration with because they're often counting the things that have traditionally been counted as opposed to actually measuring the outcomes. So I'm always open for advice on how we can better measure the outcomes that we're trying to achieve.

On the apprenticeship side we do, I believe, subject to correction, start measuring completion actually at second year because in the apprenticeship area there's a lot of opportunity for people to try a job, to get into it and see whether they like it or not, and that's not really a true question of actual dedication to an apprenticeship program. But I think there's room for improvement in terms of how we measure success in the apprenticeship area.

We're very happy, actually, now with the fact that we're able to, first of all, acquire more apprentice spaces – more employers are stepping up to the plate to take apprentices and recognizing their role in the education system – with the number of apprentices that we're able to enrol, particularly proud of the success of the aboriginal apprenticeship project in terms of encouraging more aboriginal people to participate in the project successfully, and the success that we're having in providing new ways of completing the theoretical part of the program so that more apprentices actually do complete. As you will appreciate, in a very strong economy where there are lots of job opportunities, sometimes it's difficult for apprentices to get release time to go back and take the theoretical part, and other times it's hard, perhaps, to convince an apprentice that it's a good idea to move ahead with it, particularly when you find that in some areas employers are prepared to pay bonuses. So the financial incentive of moving to the next level is not there immediately.

In light of those sorts of forces we're very satisfied that we're doing a good job of encouraging more apprenticeship, more employers to take apprentices, and more successful completion. But you're absolutely right: we could do a better job on how we measure success in terms of the outcomes we're trying to achieve.

Mr. Backs: Just one extra question, which is on the same page and deals with first-year leavers. First-year leavers are a huge problem and an increasing problem in our system. It should be tracked, in my view, because I'm getting many reports from the field about employers not signing books, new apprentices getting frustrated and leaving their trade because they have no trust in the system. Is there any sense in the next year of ensuring greater compliance in this area?

Mr. Hancock: Well, first of all, if you do have any reports of those sorts of things, I'd ask that you either ask the individual to bring them to our attention immediately or that you do so that we can find the barriers to success in those areas and deal with them. Shirley Dul may want to supplement my earlier answer on what you're talking about. That is an area that we are focused on.

It's a question of how we do even preapprentice programs so that students in high school through the RAP program can get a sense of the trade. The key is: is somebody ready to go to work? Do they have the preliminary stuff that they need to know what they're getting into? That will reduce some of the early leavers, but it doesn't deal with the questions you might have with respect to a student's frustration with respect to the system.

I'll ask Shirley if she has any supplement on that.

Ms Dul: Perhaps I can make two comments. One is with respect to comparing the completion to the 47,000 apprentices. What really needs to be compared is how many people started four or five or six years previously. In 1999, for example, 9,300 apprentices started. This last year, 2005, almost 18,000 apprentices started. It takes three or four or five years to complete depending on the length of the trade, so we have to compare how many people completed with how many started, the appropriate time backwards.

[Mr. VanderBurg in the chair]

The other comment is with respect to first-year leavers. Yes, apprenticeship is 80 per cent on the job and 20 per cent technical training. We're working with employers to encourage them to sign up apprentices, which I think is your reference to employers not signing books and not registering people. I think we're gaining more success there with the fact that we had almost 18,000 new apprentices signed up last year. It's something that we're working on. The quality of on-the-job-training, of course, will reflect in whether people stay or not. We're working with employers on that.

Mr. Hancock: One of the essential pieces of improvement in any area is to get feedback from the front end of the system. So, again, if you have individuals who are experiencing frustration, we need to know that because we need to know what the barriers are to success on either an identifiable or a nonidentifiable basis, preferably identifiable, so that we can zero in on the exact nature of the problem. We need to have that kind of feedback to improve the system.

Mr. Byrne: Might I add one more factor that's influencing all of this? There is a notable shift in how the apprenticeship environment operates, if I might put it that way. A number of years ago, five years ago or so, the majority of apprentices were actually in what you might call small-shop situations, 10 employees or less. But given the change in demographics, given the change in the labour market, what we're seeing is a shift where, increasingly, large firms are now stepping up to the plate and taking on large numbers of apprentices, which is going to have a profound effect on how the apprenticeship system operates in the longer term because, of course, they bring different resources to bear.

Now, some is good; some is bad. You gain some things in terms of the numbers and some of the background supports that the large firms can bring to an apprenticeship world. Perhaps you lose some of the direct mentorship that you would get in a small shop. So it's kind of, as I say: you win some; you lose some.

There is very much a sea change taking place in the whole apprenticeship environment, and we're going to see that impacting as well the nature of the students who are going through the system and the kind of training that they get as a result.

9:20

The Deputy Chair: We're going to have to tighten up the questions and the answers. It's great information, but we're not even halfway through the list.

We're going to have Ray Prins, followed by Dave Eggen.

Mr. Prins: Thank you, Mr. Chairman. To the minister. Turning to page 44 in your report and looking at the top of the page, there are some numbers there related to grants to public postsecondary institutions and to private postsecondary institutions. The privates get about 1 per cent or less than the funding of the publics. There's no indication of the number of students in the publics versus the

privates, so it doesn't say what the level of funding is for these students. I'm wondering how much per student is paid to the public postsecondary institutions versus the funded, not-for-profit, private, independent schools. Is it paid on a per-student basis or a per-course or credit basis? What's the comparison?

Mr. Hancock: We'll have to get back with detail on that. But I'd say that a per-student comparison is not necessarily a good methodology. You know, I get beat up all the time because the University of Calgary on a per capita basis gets less than the University of Alberta on a per capita basis. The standard response, of course, is different programming, different students, different expense issues.

What we'd have to do is compare the similar type program to the two to make the difference. I think it's fair to say – and, Rai, you can correct me if I'm wrong on this – that the formula for the private, not-for-profit, publicly supported programs is based on 75 per cent of what's paid to the public institutions, 75 per cent of the level that it was at in the year 2000. That's not exact because there's a formula there. We're in the process of reviewing the funding formula. I've invited the private, not-for-profit institutions that we support in their public programming to make representation with respect to the funding formula. We'll get the numbers as best we can in that area.

Mr. Prins: Okay. My second question would be somewhat related to that answer, I guess. What's the rationale for the difference then? Is it being reviewed? I guess you've answered that question, but I think what I would like to know is: what is the difference doing to the actual viability of these institutions?

Mr. Hancock: The institutions, of course, would like to be funded at par, and there's some excellent rationale as to why they should be. I mean, it should be clear that we're talking about programs that are being offered that have gone through and achieved appropriate recognition. We've already agreed that they're capable of delivering the program and that the program is rigorous enough to warrant the degree and that it's a program that offers an appropriate credential that the public funds. As you know, we had only funded four of those previous to last year. Last year we expanded it to include, I think, the seven. It was eight, and then Augustana joined the University of Alberta. We don't fund all their programs. We just fund the ones where the publicly accredited courses are offered. They, of course, bring the capital to the table in terms of the institutional infrastructure and those sorts of things. So it is a good benefit to Alberta to have them in the field.

We're looking at the funding formula. We're looking at the representations they've made with respect to funding and having a look to see what the appropriate level is. Right now it's consistent with the philosophy right across education that recognizes that private, not-for-profit institutions have a role to play. Because they're not under our board-governed structures, are not directly under our authority with respect to control on tuition and those sorts of issues, the differential is in place.

Sorry. That wasn't as short as you'd asked. I'll try harder.

The Deputy Chair: Dave Eggen.

Mr. Eggen: Thanks, Mr. Chairman. My questions are in regard to private postsecondary institutions. There's been an increasing trend to support and expand using postsecondary institutions. For example, private vocational schools are allowed to keep tuition, which is often fully publicly paid for, once a student has completed half of the program. My question is: is there a tracking mechanism

to ensure that these schools are maintaining high completion rates, considering the public monies that are going in there? Do we even know how their completion rates are comparing to public institutions, either high school or postsecondary institutions that are public?

Mr. Hancock: Well, I think that the latter part of that was answered earlier when we were talking about the Auditor General's recommendation. We're in the process of making sure that we track the success rate and apply it.

We should be clear. There are no public dollars going directly to private, for-profit institutions. The public dollars that get there get there through a student learner by way of a student loan or student assistance. So we don't fund the private, for-profit colleges or vocational schools and are not intending to, but we do fund learners, and private colleges are a choice. You're right: they need to have some assurances that they are an appropriate choice.

The other thing, of course, that we do and we're strengthening is the security bond, the security that they have to put in place to make sure that they're there to provide the course that they've committed to or that there's an alternate way for completion if they go out of business. So we're increasing the security requirements. We're working with the association in terms of their getting together an assurance fund to share their risk with each other. We're not contributing to that, but we're working with them so they can set it up. We're looking to increase the security requirements to ensure that every student that goes has the assurance that they can either complete their program there or transfer to an appropriate program or get their money back.

Mr. Eggen: Okay. Thanks. Student loan monies are in fact dollars, and we have a regulatory responsibility through your department to ensure that these institutions are giving our students value for money. We have a lot of complaints coming to us about different private institutions, and we're looking for performance guarantees. Are there any plans for, say, inspections of private postsecondary institutions to ensure that we're getting value for our money?

Mr. Hancock: I'm advised that we do that now. Phil can fill us in more on that.

Mr. Gougeon: We do it now, but we may have to do it on a more regular basis.

Mr. Eggen: Thank you.

The Deputy Chair: Thank you.

George Rogers, followed by Paul Hinman.

Mr. Rogers: Thank you, Mr. Chairman. Mr. Minister, I'd like to thank you for the zeal with which you've approached this ministry and thank your staff for an exceptional report. As a father of two students in the postsecondary system I have a huge interest in this area. On page 8 of the report under Excellence in Learner Outcomes – I believe it's about the fourth bullet – it mentions that \$11.8 million was awarded under the performance envelope. Can you describe how performance is measured in this program?

Mr. Hancock: Yeah. The performance envelope is there to incent certain behaviours in the system to encourage spaces, to encourage quality. There are some key areas: accessibility, affordability, research quality, excellence, and student satisfaction. Those are the factors that go into awarding a performance envelope contribution.

Mr. Rogers: So, then, that's basically the criteria for how the performance works?

Mr. Hancock: Those are the criteria. For example, to obtain the maximum 30 points for graduate employment, over 90 per cent of recent graduates must be employed. Graduate satisfaction: over 95 per cent of recent graduates must have been satisfied, somewhat satisfied, or not dissatisfied with the overall quality of the education received. In the accessibility area, an institution must have grown by at least 4 per cent over the average enrolment of the previous three years. So those are the types of measures that we use to encourage institutions. They can get additional resources if they grow their student population, if the quality of the program is measurably acceptable by way of graduate employment and graduate satisfaction, if they keep their administrative expenditures less than 6 per cent of total expenditures, and if they have additional revenues, other revenues to support their programming. Those are the types of factors that go into it. There's a point system, and they get allocated points based on how they meet the system.

9:30

[Mr. MacDonald in the chair]

Mr. Rogers: Thank you. Sounds like a very good management tool. Keep on.

The Chair: Thank you.

Mr. Hinman, please, followed by Reverend Abbott.

Mr. Hinman: Thank you. I appreciate the opportunity to be here to ask a question. I guess there's no question that we have a priority and that the loans and the grants and the bursaries that you're giving out are a huge help to the students throughout the province.

I want to go back to the \$81 million loan relief, that you referred to earlier, and to PARA, which Ms Blakeman brought up. It's a major problem. You talk about accessibility. I guess it's like a waiting list. How far up is your priority? I know they've met with you a couple of times in actually addressing their desire to defer those payments and to be able to have better accessibility. From the PARA people that I talked to, it's a real burden on them. We have a shortage of people coming in to be doctors. We're trying to move that forward. Is that high on the priority list, or is it really down and not going to be addressed? They'd sure like an answer to know if that's coming up.

Mr. Hancock: High on my personal priority list there are a couple of things that I've been working on to try and achieve in the short term, and I appreciate that sometimes things get mixed into budget cycles and into the planning of the overall system. A thing like reduction of the interest rate, to me, seems to be something we ought to be able to do, and I'm working on getting that done. Issues like the PARA issue are something we ought to get done. Issues like the pharmacy students not being eligible for Jason Langs ought to be something we can get done. All of them have impact on budget items, so all of them are things you have to deal with in the system. Those are specific issues that have come up. When you look at them, there's sometimes good rationale on both sides of it, but I think those are areas that we ought to be able to move on.

Mr. Hinman: So are you going to be able to move on those?

Mr. Hancock: Well, you know, you get caught in the whole timing process and appreciate that you try and deal with the fact that there

are people who are impacted by it on a daily basis. You also have to look at the fact that we're looking at whether we need to redesign the system, so that's the question. Do you move on the individual items, or do you wait till you have a package? That's what we're juggling.

Mr. Hinman: Okay. Just to follow up with PARA and some of their questions that they've brought up. Accessibility, like I say, for doctors is a real concern. Tuition has gone up fourfold in 10 years, I believe, for them. You've talked about tuition being of major importance to the institutes and collecting that. They've asked the question to me – and I couldn't find the answer – on the number of foreign doctors who actually come in and pay full tuition. Are they bumping Canadian doctors who want to come in? Then they go back to their resident country. Are they getting priority because they're willing to pay full tuition whereas here they're not getting it? Is that a problem that you're aware of?

Mr. Hancock: I don't know the answer to that off the top of my head, on how many foreign applicants would come in. I'm not sure that that's directly related to the annual report, but I'm happy to see if I can find some information for you on that area.

One of the things we've got to always be conscious of, though, is that the whole concept of internationalization of education is extremely important to Alberta. Whether you take one narrow area like medical doctors or whether you take a look across the spectrum, there's a value to having international students study with our students in Alberta. There's a value to students who study here and go back to their own country to help build the relationships that we have with those countries because Alberta trades out into the world, and we need those relationships. So I would not accept the theory that a student coming in in any particular program is displacing an Alberta student and therefore is bad for our system.

The system is complex. The needs are complex. What we ought to be aspiring to is a place for every Albertan that wants a place, not restricting our places to Albertans, because the importance of that interaction is very important. We have Alberta students who are going and studying abroad as well. I guess that if we restricted our schools just to our students, we could not expect that other places would take our students. So it's a larger matter than just simply saying, you know: we're selling our spaces to the higher paying people. I don't think that's a fair representation of what's happening in the system.

Mr. Hinman: It was a question, not an accusation.

The Chair: Mr. Hinman, thank you.

I would like to remind all members of the committee, please, that your questions should deal with information that is provided in the Auditor General's annual report from 2004-05, the department's annual report, the government of Alberta's annual report. This is not a policy committee.

Reverend Abbott, please.

Rev. Abbott: Well, thank you, Mr. Chairman. I also would like to add my accolades to the ministry and to the minister and his team. I think it has done great things for advanced ed since we separated it out away from basic education and gave it its own ministry. I think it's been advancing, as you said, Minister, very significantly, and that's excellent.

I would like to ask a couple of questions from page 22 of your ministry's annual report. It's the core measures and goal 1 that I'm referring to. It was sort of touched on by Mr. Taylor earlier in the questioning this morning. Yesterday I think there were 19 of us

government MLAs that met with CAUS, the Council of Alberta University Students, and they did talk about the affordability issue. In fact, they gave us this graph that I'm looking at right now on page 22. This was the graph that they put in front of us, and that is on the affordability or the perception of affordability. It's really been dropping significantly over the last five years, and I see there that you have a target of 65 per cent. It dropped down to 46 per cent in '04-05, and I see you have a target of 65. I guess I'm wondering: why isn't the target higher? If you had 75, that certainly should be a goal you could meet. How are you doing since '04-05 to get that? What are you doing to meet that target?

Mr. Hancock: That's one of the real struggles in the area. First of all, I think it should be clear that people actually perceive that education costs more than it actually does. The studies, the data that's been collected indicate that people have an expectation. For example, I think the national study shows that people think that tuition fees are around the \$8,500 level when actually the national number is about \$4,700 and Alberta's is about \$5,100. So people think it costs more to go to school than it actually does. That's part of the problem. But there's no question that we have a public perception with respect to the cost of education that we have to overcome. You know, part of it is because we keep talking about how much it costs to go to school, and that creates the impression that it costs a lot.

The fact of the matter is that we have a very good student finance system to support those people who can't otherwise afford the education. But even in the seven years I spent on the Student Finance Board, that was one of our real challenges: getting people to understand that it was there for them and that the risk was low. So that is something we have to do an awful lot more on. I think it has really got to be a high priority to be able to sell to Albertans that it's a good investment, that it doesn't cost as much as they think it does, but that even at the cost it's something that's worth investing in. I mean, to graduates of postsecondary education we can demonstrate the value.

It's beginning to be a more difficult challenge, as the economy is stronger, to sell people on long-term or delayed gratification versus immediate gratification when the student can go out and get a job at a good rate, earn good money, to indicate that the actual cost of getting to school and going to school isn't as significant as they think it is and that it's well worth the investment. But that's an area that we have to do a lot more on in terms of both making sure that it is affordable for every Albertan and then making sure that they perceive it's available.

Some people point to the Irish example of free tuition as a model that we ought to go to, and we've been looking at that and other models around the world. The interesting thing about the Irish model as I understand the results that have been reported is that you'd think that free tuition would increase participation, and they had an initial spike in participation, but the participation rate has come back down. What it has done is flatten the demographics so that more people from lower socioeconomic segments of society are attending, and I would attribute that in my own analysis to a perception of affordability and lower risk. That's what we have to try and find a way to achieve so that people know that they can go, know that they can afford to go, and know that the risk of taking on whatever debt load they need to take on is overcome by the value to them of the investment.

9:40

Rev. Abbott: Okay. I guess that ties right in, then, with my supplemental, which is on the graph underneath the top graph, the

second graph on page 22 of your report, which is on participation rates. I see that those really have not significantly changed between the years 2000 and 2004. I know that's probably partially because the economy has been steadily picking up since then, but I guess I'm wondering if there are other things that the ministry is doing or maybe is not doing as to why these numbers haven't changed significantly over that time period, when we know that our population is going up.

Mr. Hancock: Well, that's one of the reasons why we launched the consultation A Learning Alberta, the policy framework discussion about: how do we make Alberta a learning society? How do we get Albertans to agree that learning is important to our future, that if we want to compete in a global marketplace, if we want to move past the oil and gas economy at some point in time, we need to be investing in innovation and in unleashing innovation, and that that requires knowledge?

But it is a struggle. I mean, that's why we had Bill 1 last year, which talked about not just the access to the future fund and the \$3 billion there and the \$1 billion to the heritage scholarship fund but also about how we make it easier for Albertans to access it and how we put a priority on those Albertans who haven't typically accessed the system at the same rate as others: persons with disabilities, for example, and the barriers to access that they face, aboriginal people and how we inspire and motivate participation there. We know that in result aboriginal people with education participate in the economy at the same level or actually a little higher than other Albertans.

How do we make sure that there's opportunity for rural Albertans, who participate at a lower level than urban Albertans, by distributing learning opportunities out so that they're accessible? Those are the things that we're focusing on. Thirty-one per cent is not an acceptable number in an economy and a society where we know as we go forward that 67 per cent to 70 per cent of the new jobs are going to require some form of postsecondary education. That is why we need to have a priority on postsecondary education, and it's not a one-year or two-year task. That priority has got to continue right through the next number of years until we get the participation rate up to where it needs to be.

The Chair: Thank you.

Mr. Taylor, please, followed by Mr. Webber.

Mr. Taylor: Thank you, Mr. Chairman. Affordability, of course, from a student point of view relates to funding levels from the institution's point of view. Institutions often complain that they can't move funds around within the institution to respond to what they regard as changing needs. A significant amount of operating grants to institutions is restricted in some sense, targeted, enveloped. Page 50, schedule 6 combines operating and conditional funding even though it breaks out access funding. Can you provide a breakdown on how much of this grant is targeted, restricted, or otherwise conditional?

Mr. Hancock: Can we?

Mr. Gougeon: Yes. We can give the information. But on the access grants, they're only conditional until the institution reaches the enrolment target that they've set for that program. Then it goes into the base operating grant of the institution, and those monies, once they're part of the base operations grant of the institution, are within the board of governors' purview to move wherever they want. There are no restrictions in terms of the grant except for conditional at the beginning of the program.

Mr. Taylor: Okay. Sticking with access funding, then, and referring back to something that you said earlier in terms of monies to private, for-profit colleges, any ministry monies, in fact, being monies that the student brings to the college, I note again on page 50 access funding of \$92,000 in fiscal '04-05 to Columbia College, which is a private, for-profit institution. Can you explain, can you justify, can you shed some light on what that funding is, what it amounted to? Is it a subsidy? What?

Mr. Hancock: I'm glad you raised that because that's the one exception. About four years ago, three years ago . . .

Mr. Gougeon: Ten.

Mr. Hancock: . . . 10 years ago, in the early stages of the access grant, there were two colleges, I think . . .

Mr. Batra: Columbia College and Henderson college.

Mr. Hancock: . . . which did qualify for access program grants. They never achieved the full enrolment that they were expected to achieve. We haven't allowed the private colleges to participate since then in the access growth fund.

There is constant pressure, obviously, from them to participate. They make the argument – and there may be some validity to it – that they provide a lower overall cost programming, obviously at a higher cost to the students. So they've asked to participate, but I think it was at the beginning of the access growth fund they were allowed to put in submissions. Two of them did qualify and got the funding. One of them is not in business any longer. The other one, Columbia, still has that particular funding for that particular program, but that's the only one that is there.

Mr. Taylor: All right. Thank you, Mr. Chairman.

The Chair: Thank you.

Mr. Webber, please, followed by Mr. Chase.

Mr. Webber: Thank you, Mr. Chairman. Hon. minister, on page 7 of your annual report the new veterinary program at the University of Calgary is referenced at bullet 8. I live within minutes of the University of Calgary campus, and I have yet to see any cattle grazing on the grounds. I'd like to know if you can just provide an update on the program and maybe describe some of the benefits of this program.

Mr. Hancock: It certainly wasn't intended to be a grass-control measure. The program was put at the University of Calgary to align with their medical faculty and one of the focuses being the crossover diseases and those sorts of issues and that type of research. The faculty will provide a research and teaching facility in Alberta to address detection, containment, or eradication of diseases that spread from species to species. They'll co-ordinate with other animal health programs and universities and colleges throughout Alberta, so we're asking them to develop a very collaborative model. They're expected to graduate 30 students. The initial size level is at 30 students per year. We expect that they will begin operations in September 2007.

With respect to the year in question we provided some initial planning money – I think it was originally about \$3 million – and we've committed now \$18 million to help them with their program development. We've worked with them outside of the year in question in terms of the funding model for their initial students. As

well, I believe that in the fiscal year in question we provided \$16 million for capital improvements necessary to get the program up and running.

Mr. Webber: That's great. Thank you, Mr. Minister.

Mr. Hancock: I'm sorry. The \$16 million was in the next year.

Mr. Webber: Great.

I guess I asked my two questions already, Mr. Chair.

The Chair: No, please proceed.

Mr. Webber: Okay.

Well, actually, I'm just curious. Hon. Member for Edmonton-Centre, you had a problem with the question I had asked here? I overheard you complaining. I'm just curious.

Ms Blakeman: No, you didn't hear me complaining. I did raise the issue that they were to be asking questions that are in the fiscal year under examination, and your question didn't appear to be directed towards that, other than it was mentioned in the book.

Mr. Webber: All right. Thank you.

That's the end of my questions. Thank you.

The Chair: Okay. Mr. Chase, in the time we have, please proceed quickly.

Mr. Chase: Thank you very much. My questions have to do with the blue book on pages 864, 865. Whether it's the size of the individual student grants, institutional grants, or student spaces, the University of Calgary has been shortchanged in comparison to the University of Alberta. The 2005 grant blue book indicates that Advanced Education provided the University of Alberta with \$1,788,700 in grants, and that's from page 864. In that same fiscal year the University of Calgary received only \$262,200 in grants, page 865. I'd like to know why the difference.

9:50

Mr. Hancock: Different sizes, different programs, different people, all sorts of things that go into the formula. You can't just take the grant to an institution and divide it by the number of students and come up with a per-student number and then compare institutions on that basis. There's no validity in that type of a comparison.

Now, we've reviewed the funding formula in 2000, and there was commitment to review it every five years. We're in the process of reviewing it now. We recognize that there are differentials that need to be overcome because institutions change and their mix changes. This year, for example, there was a grant both in terms of number of students and in terms of trying to close the differential, and I think the U of C received some money on that grant.

Phil, you may want to give a more definitive answer because this is a question that constantly comes up.

We're reviewing the funding formula now and will be implementing it. One of the reasons, for example, of the differentiating with the University of Calgary is that at one time they had all of their students in first year in a general program. The general program, of course, is funded at a lower level than the specific programs, so if an arts program is 1, maybe a science program is 1.2, and a medicine program is 2.5. I'm making up those numbers but that kind of process. Well, in the first year, you know, at one time all of their students were in the general program. Things change, and we try

and adapt the formula to do it, but the per capita process doesn't work.

Phil, do you want to expand on that?

Mr. Gougeon: Well, I was just going to say that in this particular year the University of Calgary received \$207 million in operating grants, but at the same time the University of Alberta only received \$315 million, larger so more money. The \$1 billion: the only thing I can think of is that it's a combination of operating and capital grants that might have gone out in this particular year to deal with some of the capital because we've never provided a billion dollars to the University of Alberta on the operating side. We'll have to check that.

Mr. Chase: In the 2004-2005 year why did Calgary postsecondary institutions receive considerably less spaces for student entry than their northern neighbour? I'm not suggesting that it's a Peter-Paul scenario. I'd just like some clarification.

Mr. Hancock: Program access growth spaces are allocated on the basis of a number of things. We ask institutions to provide proposals relative to where they think they ought to grow spaces, what new programs they want to implement, what programs they want to expand. That, typically, would be in response to, first of all, student demand, secondly, their perception of what's needed in the community; in other words, community demand. Also, we have to look at proposals on the basis of priority areas. You know, it's no secret, I don't think, that health care professionals and technologists right across the spectrum have been a priority over a number of years.

The proposals are analyzed on that type of a framework. First of all, they put in what they believe are their institutional priorities, and then we look at it and assess it from a question of the priorities for growth and the economic and social needs of the community.

Phil, do you want to expand on that, please?

The Chair: Okay. Thank you very much.

Mr. Hancock: That has nothing to do with geography. That has everything to do with where the spaces are being proposed that are needed.

The Chair: Thank you. Mr. Hancock, it has been a tradition of this committee – there are still two members waiting patiently to direct questions to your ministry. We're out of time, but we're going to now ask them to read their questions into the record, and if you could provide written answers through the clerk to all members, we'd be grateful.

Mr. Griffiths, please.

Mr. Griffiths: Thank you, Mr. Minister. I know that Mr. Eggen's going to laugh at this because I ask the same question to every single minister that comes here. I see in your report approximately 20 pages of surveys, performance measures that are satisfaction surveys. I see a few pages of input/output performance measures, how many students went in, how many students went out, but the deepest and most meaningful level of measurement is outcomes, you know, bang for the buck. That's what the purpose of this committee is. I'm wondering what your department did through this year to improve the outcome measures to see if you are getting more bang for the buck.

My supplemental, my follow-up, then, would be: on page 82 of the Auditor General's report it says that Advanced Education should "consistently use graduation and employment data . . . in assessing

which programs continue to be eligible for student funding." I think that's an important outcome measure, and I'm wondering what your department did to meet the Auditor General's recommendations from that year.

The Chair: Thank you.

David Eggen, please.

Mr. Eggen: Thanks. Actually, this question is better as a written response anyway. I'd like to ask how much public money is going to private institutions via the Students Finance Board through taxpayer-funded student loans and grants. I know that there are 147 and some institutions. Many of them are operating as commercial businesses. The ones that are operating as commercial businesses – I would like to know how much public money is going there through the Students Finance Board to each of them.

The Chair: Thank you.

I would like to thank the minister and his staff for their time and patience with us this morning.

Mr. Dunn, do you have anything to add at this time?

Mr. Dunn: No further comments.

The Chair: Okay.

Mr. Hancock: If I could just say, then, Mr. Chair, thank you very much. If there are other questions that people have with respect to the operations, I would certainly appreciate any feedback or questions sent to me directly and any input that you have from constituents as to how we can improve the system. We don't have to wait for every two-year opportunity to come to the committee.

The Chair: Okay. On behalf of all members in attendance this morning we wish you and your department the very best in the

upcoming year. Thank you. You can feel free to leave at this time if you wish. We have a couple of other items to attend to.

Item 5 on the agenda, please. Other business. I would like to provide this information to committee members. Attendance at the 2006 Summit on Results Based Management, Taking it to the Next Level, in May in Victoria: five members of this committee indicated their interest in attending. However, I received a letter from the Speaker yesterday indicating that he was not going to approve the funding for attendance because it was not budgeted for. So that's that unless people want to, I suppose, travel on their own.

Mr. VanderBurg: Do you want to go fishing?

The Chair: No. I cannot.

Mr. VanderBurg: I'll take the boat.

The Chair: I would love to go fishing, but unfortunately we're too busy. So that's that for that matter.

Is there any other business to deal with this morning by members? No. Thank you.

Item 6 is the date of our next meeting which is, of course, next Wednesday, April 12, with the hon. Mr. Gene Zwozdesky, Minister of Education.

Item 7 is an adjournment motion, please.

Rev. Abbott: So moved.

The Chair: Reverend Abbott. Thank you very much. Moved by Reverend Abbott that the meeting be adjourned. All in favour? Opposed? Seeing none. Carried.

Thank you very much.

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